

MAPPING: KEY FIGURES

NATIONAL REPORT: NEPAL

ICA-EU PARTNERSHIP



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Federal Democratic Republic of Nepal- Key Figures National Report

I. Introduction and context

This report is part of a global mapping exercise launched by the International Cooperative Alliance (ICA) and its regional offices within a partnership signed with the European Commission for the period 2016-2020, which aims to strengthen the cooperative movement and its capacity to promote international development. Other research projects include a worldwide legal frameworks analysis, and several thematic researches on themes of significance for cooperatives.

Responding to challenges and existing knowledge gaps facing the cooperative movement, this research provides exhaustive information on cooperatives worldwide. This has been achieved by collecting the input of ICA members through an online questionnaire, and completing it with relevant national statistics, in order to obtain an accurate picture of the national situation. Mapping out cooperatives in each country provides a more precise picture of the cooperative context at national and regional levels, enhances the movement's visibility, networking, partnerships opportunities, as well as advocacy, and empowers cooperators by providing them tools for positive change.

Within this framework, the present report showcases information about the cooperative landscape in the Federal Democratic Republic of Nepal, hereafter referred as Nepal.

i. Historical background

Nepal has a long tradition of informal community-based groups engaged in savings and credit, grain savings and labour exchanges. Since their formalization in the mid 1950s, cooperatives have grown significantly, are found in diverse sectors and play an important part in the development of the Nepalese economy by integrating people from different ethnic, social and marginalized backgrounds. In the current times, the cooperative movement is focused on poverty alleviation while promoting women's participation in cooperatives in membership and leadership roles.

Nepal was ruled by kingdoms until 1951. The cooperative movement in Nepal was established only after the end of the Rana oligarchy in 1951. In 1953, the Department of Cooperatives (DoC) was established under the Ministry of Agriculture for Planning and Development. 1954 marked the establishment of cooperatives with limited liability, such as the Bakhan Credit Cooperative (BCC) in Chitwan district. These were promoted by the government as part of a flood relief and resettlement program, and later BCC functioned as a multipurpose cooperative.

In Nepal, development of cooperatives has been closely integrated with the national development plans. In the Development Five Year Plan (1956-1961), the government actively endorsed the establishment of agricultural multipurpose cooperatives. Subsequently, in 1969, the government launched a large-scale reorganization program which continued till the end of the Fourth Five

Year Plan (1970-1975). The program focused on strengthening the business efficiency of cooperatives. From 1975 to 1980, the government launched the 'Sajha' Program or Cooperative Expansion Program which converted cooperatives and village committees into 'Sajha Snastha' or cooperative societies. While the program ensured a manifold increase in cooperatives and its members, it had limitations, such as, forcing farmers to compulsorily use their savings to procure membership; and local politicians becoming ex-officio members on the board of cooperatives. The Sajha Programme was altered between 1980 to 1985 to account for the needs of small farmers. The ex-officio board representation was replaced by elected office bearers. The focus was on improving the quality of cooperatives and setting up new cooperatives only after feasibility studies. The Sajha Programme for cooperative development was regulated by the Common Associations (Sajha Snastha) Act of 1984.

From 1953 to 1991, cooperatives in Nepal were government-controlled institutions leading to slow progress of the cooperative movement in the country. The primary reason was oligarchy rule in Nepal. With strong People's Movement for democratic reforms in the 1990s, the oligarchy rule was substituted with multi-party democratic system with strong rural governance through the Panchayat model. The phase marked a major shift for the cooperative movement with the promulgation of the Cooperative Act 1992. The Act specified that the government would no longer directly promote cooperatives. As a result, the independent growth of cooperatives took off and the number of cooperatives had reached over 26,500 as of July 2012.

The following section is a description of tracing back the flourishing autonomous and independent cooperative movement since 1991 to the current period. In 1991, National Cooperative Development Board (NCDB) was established to revitalize existing cooperatives through policy-based norms such as by-laws. During this period, the growth of cooperatives was witnessed in savings and credits, dairy, and agro-based sectors such as chemical fertilizers, insecticides and seeds. In 1993, National Cooperative Federation of Nepal (NCF) was established as the apex body representing the Nepalese cooperative movement. In 1997, after becoming a member of the ICA, NCF observed the International Cooperative Day for the first time. Since 2000, cooperatives have played an important role in service delivery, market promotion and infrastructure development in Nepal. They have been actively promoted by the government and NCF. In 2000, NCF initiated the National Cooperative Award to recognize the best performing cooperatives. In 2001, NCF started publishing 'Sahakari Sandesh' on a weekly basis to disseminate news about cooperatives. In 2004, the National Cooperative Development Fund was established by NCF to promote the development of cooperatives. Central sectoral cooperative unions were established such as Central Coffee Producers Cooperative Union (2006), Central Fruits and Vegetables Producers Cooperative Union (2006), Central Sugarcane Cooperative Union (2010), Central Tea Cooperative Union (2011), Central Communication Cooperative Union (2011), Nepal Health Central Cooperative Union (2011), Central Multipurpose Cooperative Union (2012) and the Central Seed Production Cooperative Union (2012).

Since 2012, cooperative movement in Nepal has become a vehicle of social and economic development of the country. In 2012, the government established the Ministry for Cooperatives and Poverty Alleviation. In 2014, the first National Cooperative Congress was organized jointly by the government of Nepal, Ministry of Cooperatives and Poverty Alleviation, NCF, NCDB and DoC.

The second National Cooperative Congress was organized in 2018. In 2018, the Ministry for Cooperatives and Poverty Alleviation was converted into the Ministry of Agriculture, Land Management and Cooperatives. It is now called the Ministry for Land Management, Cooperatives and Poverty Alleviation (MoLCPA).

Along with expanding the cooperative movement, Nepal is also focusing on encouraging women's participation as members and in leadership roles in cooperatives. This practice is legally enforced by explicit mention of 33% representation of women in the board of cooperatives in the Cooperatives Act of 2017. The Act was adopted after the proclamation of the Constitution of Nepal in 2015. It consolidates all the prevailing laws on cooperatives in different sectors and provides for the development of cooperatives in a federal structure. In 2019, Cooperatives Rules were enacted to fully implement the Cooperative Act of 2017.

ii. Public national statistics

For a more comprehensive picture of the cooperative movement in Nepal, the present section provides key data from the country's public registers as a useful background context to the ICA members' data showcased in Section II of the report.

The data presented here stems mostly from DoC, Economic Survey of Nepal 2019-2020 and Long-Term Strategic Plan drafted by NCDB.

NUMBER OF COOPERATIVES:

As per 2019-2020, there are 34,837 cooperatives.

EMPLOYMENT:

As per 2019-2020, there are 68,400 employees in 34,837 cooperatives.

COOPERATIVE MEMBERSHIP:

As per 2019-2020, there are 6.5 million members in 34,837 cooperatives.

PRODUCTION VALUE:

As per 2019-2020, contribution of cooperatives to Nepal's GDP is 3%.

iii. Research methodology

The aim of the mapping research is to collect and make publicly available reliable and up-to-date data to understand what the cooperative movement represents in the targeted country. With this view, the data detailed in the present report has been collected using the methodology detailed below.

The methodological tools include a questionnaire used to collect the data, which was distributed online to the members, as well as a methodological note provided for further guidance. They were built jointly with all ICA regional offices with the support of external experts from the



European Research Institute on Cooperative and Social Enterprises (Euricse) and are applied in a harmonised way in all the target countries.

The classifications used in the research are consistent with the internal system used within the ICA movement (e.g. on membership status and types of cooperative organisations) and with standards increasingly adopted in recent studies and by international organisations like the ILO – e.g. using international classifications of economic activities such as the International Standard Industrial Classification (ISIC) rev. 4, which ensures the comparability of statistics both nationally and internationally, as well as with statistics on other forms of enterprises.

Regarding the target organisations, considering that a worldwide survey has very challenging goals, and while the value of directly collecting data from non-member cooperatives must be recognised, the present Mapping exercise targets cooperative organisations members of the ICA.

Furthermore, in order to complete the ICA members' data, the decision was taken to also look at external sources, to provide additional and more exhaustive cooperative statistics for the country. As a result, the data is collected following two strategies contemporaneously: 1) collecting statistics already available in the country; 2) carrying out a survey targeting ICA cooperative members.

In Nepal, the Mapping questionnaire, was distributed to, and completed by three ICA member organisations in the country. After some additional follow-up and clarifications from the members, the figures provided were compiled to be presented in the next section.

II. Key figures

This section presents the results of the data collection directed by the ICA members.

Nepal has five ICA member organisations:

1. National Cooperative Federation of Nepal (NCF)
2. Nepal Agricultural Cooperative Central Federation Ltd. (NACCF)
3. National Cooperative Bank Ltd. (NCBL)
4. National Cooperative Development Board (NCDB)
5. Nepal Multipurpose Central Cooperative Union Ltd. (NEMCCU)

NCF: NCF is the apex body for all cooperatives in Nepal. Established in 1993, it is based on the universally accepted cooperative values and principles. It functions as a bridge between cooperatives and the government at the national and international levels and leads the cooperative movement of Nepal.

NCF is the leading advocate for the cooperative movement at the national policy level. In coordination with cooperative organisations at different levels, NCF was able to endorse the cooperative sector as the third pillar for economic development in the Constitution of Nepal 2015. After the restructuring of the State, a three-level government was envisaged which consisted of federal, provincial and local level governments. To adapt to the new federal structure, the Cooperative Act of 2017 was enacted. NCF has been instrumental to provide tangible feedback regarding national cooperative policies and programs to strengthen cooperatives and promote an inclusive, equitable and sustainable development in the country.

NCF as an active member of the ICA and Network for the Development of Agriculture Cooperatives (NEDAC), has been playing an active role in the international cooperative movement. NCF has also successfully conducted two National Cooperative Congress in Kathmandu in 2014 and 2018.

NACCFL: Established in 2008, NACCFL aims at providing appropriate financial and non-financial services to the member organisations for their institutional development and socio-economic development of small farmers across the country. Its functions are related to capacity building, policy advocacy and cooperative network expansion. It became an ICA member in 2012.

NCBL: NCBL was established in 2003, as the only bank in the cooperative movement of Nepal at the national level. It was primarily established to meet the financial needs of its members and launch different promotional activities to support its member cooperatives to address major socio-economic issues related to poverty, unemployment and inequality in Nepal. It became an ICA member in 2013.

NCDB: Founded in 1992, NCDB is a semi-governmental organization which advises government on cooperative development policy and its implementation. It carries out development and research work. The Government appoints the Executives, Member Secretary and Members of the Board, which are made up of a combination of Government ministries, cooperative researchers and leaders. The Board is however, an autonomous body. It became an ICA member in 2011.

NEMCCU: Established in 2012, NEMCCU is a member based national organization of multipurpose cooperatives. They were established to promote multipurpose cooperatives. They carry out promotional activities in order to develop and strengthen the multipurpose cooperatives in Nepal. It became an ICA member in 2017.

i. ICA member data

The data collected was provided by NCF for 2019, NCBL for 2017 and 2020 and NACCFL for 2019.



NCBL represents user, producer, worker, multi-stakeholder, and saving and credit cooperatives/mutuals (SACCOS). The sectors in which the represented cooperatives operate are: agriculture and food industry; wholesale and retail trade; transport; information and communication; banking; and human health and social work activities.

NACCFL represents agriculture cooperatives.

NCF represents all types of cooperatives across all levels in Nepal.

ii. General overview

The present section provides an overview of the ICA membership data for Nepal. It is displayed in several categories. For the purpose of analysing the findings, common variables that are considered include- number of cooperatives represented, membership, number of employees, percentage of women employees and percentage of youth employees. The data provided by the members cannot be adequately compared graphically or computed due to difference in the reference year. Thus, the tables below present the data provided by members as it is.

Category	NCBL (2017)	NACCFL (2019)	NCF (2019)
Number of cooperatives represented	9,379	1,033	34,837
Number of memberships of cooperatives represented	34,00,000	9,61,200	65,15,460
Percentage of female membership represented	51% (17,34,000)	82% (7,88,184)	51% (33,22,885)
Percentage of youth membership represented	-	18% (1,73,016)	35%
Number of employees of the cooperatives represented	32,625	5,650	68,400
Percentage of female employees of the cooperatives represented	52% (16,965)	60% (3,390)	43% (29,042)
Percentage of youth employees of the cooperatives represented	-	49% (2,760)	-
Number of employees in ICA member organisations	295*	33	21
Percentage of female employees in ICA member organisations	32% (95) *	27% (9)	33%
Percentage of youth employees in ICA member organisations	76% (225) *	76% (25)	33%

Table 1: Statistics received from NCBL (2017), NACCFL (2019) and NCF (2019); *data on NCBL employees is as of 2020

ICA member, NCF represents all 34,837 cooperatives in Nepal with 65,15,460 memberships and 68,400 employees.

iii. Sector overview

The sectors used below correspond to the categories used in the ISIC rev. 4. to classify the economic activities carried out by the organisations concerned. With regards to the turnover, the amount is provided both in NPR, and in the equivalent amount in EUR¹.

General overview of cooperatives by NCBL

Category	User cooperatives	Producer cooperatives	Mutuals	Others	Total
Number of cooperatives	152	2,107	4,953	2,167	9,379
Number of memberships	55,101	7,63,812	17,95,521	7,85,566	34,00,000
Number of employees	528	7,329	17,229	7,539	32,625
Assets	NPR 63,52,916 (EUR 56,208)	NPR 88,063,119 (EUR 779,147)	NPR 20,70,13,114 (EUR 1,831,569)	NPR 9,05,70,851 (EUR 801,335)	NPR 39,20,00,000 (EUR 3,468,259)

Table 2: Statistics received from NCBL (2017)

Sectoral overview of cooperatives by NCBL and NACCFL

Members	Sector	Number of cooperatives and/or mutuals	Number of memberships	Number of employees	Assets (NPR and EUR)
NCBL (2017)	Agriculture and food industry	1,540	5,58,268	5,357	6,43,65,070 (EUR 569,476)
NACCFL (2019)		1,033	9,61,200	5,650	-
NCBL (2017)	Banking (SACCOS)	4,953	17,95,521	17,229	20,70,13,114 (EUR 1,831,569)

¹ This amount was calculated based on the annual average rate (as per 1st April 2017) between the two currencies, using the currency converter InforEuro: http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro

NCBL (2017)	Other services	2,886	10,46,209	37,930	12,06,21,814 (EUR 1,067,213)
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Table 3: Statistics received from NCBL (2017) and NACCFI (2019)

Sectoral overview of cooperatives in Nepal by NCF²

Sector	Number of cooperatives	Number of memberships	Number of employees	Assets/Turnover (NPR and EUR)
Agricultural (Includes allied sectors like livestock, dairy, tea, etc.)	13,407	1,266,704	8787	26,249,702 Thousand (EUR 232,246,866)
Communication	143	17,053	556	111,281 Thousand (EUR 984,570)
Consumer service	1,423	70,725	671	958,124 Thousand (EUR 8,477,098)
Electricity	463	81,370	418	156,395 Thousand (EUR 1,383,720)
Financial (savings and credit)	13,578	3,445,554	35,447	179,998,347 Thousand (EUR 1,592,553,390)
Health	128	14,453	880	507,809 Thousand (EUR 4,492,890)
Multipurpose	4,371	1,273,777	12,085	25,145,103 Thousand (EUR 222,473,815)
Others	999	143,945	1673	3,709,412 Thousand (EUR 32,819,393)

Table 4: Statistics received from NCF (2017)

² Due to the unavailability of disaggregated data in the Economic Survey of Nepal 2019-2020, this data has been taken from DoC for the year 2017.

III. Graphs

i. Number of cooperatives per sector

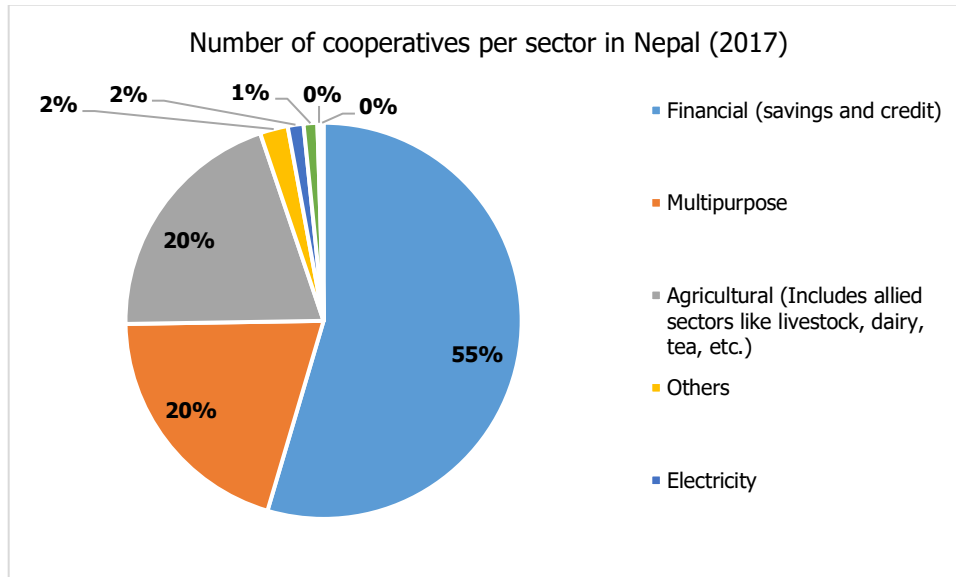


Figure 1: Number of cooperatives per sector in Nepal (2017)

ii. Number of memberships per sector

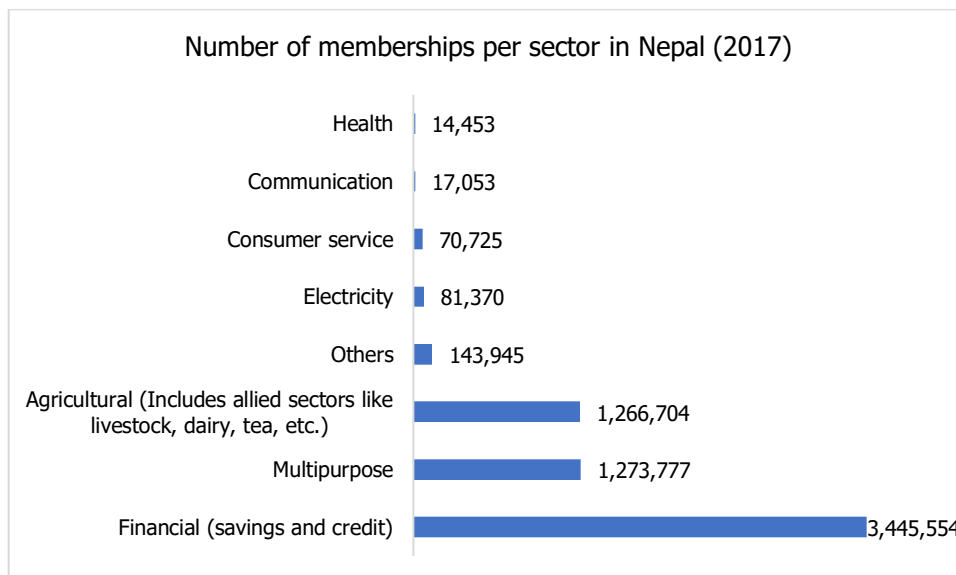


Figure 2: Number of memberships per sector in Nepal (2017)

iii. Number of employees per sector

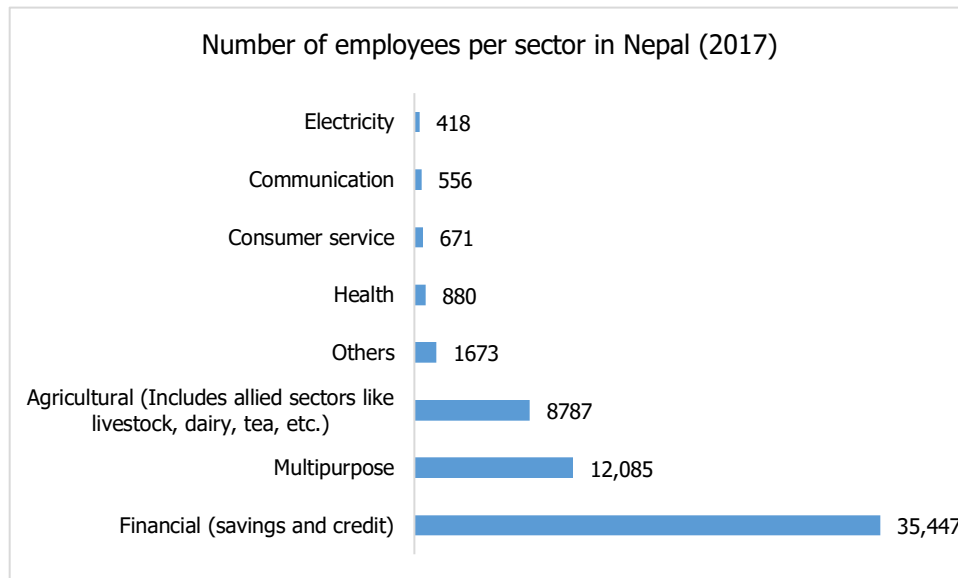


Figure 3: Number of employees per sector in Nepal (2017)

iv. Turnover by sector in EUR

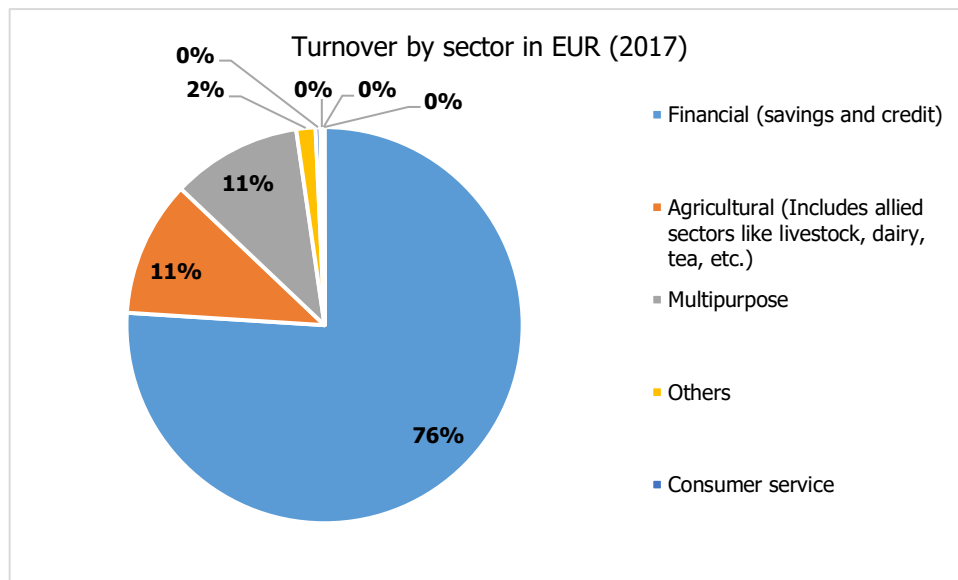


Figure 4: Turnover by sector in EUR (2017)

IV. Annexes

Sources and contacts are listed below.

Sources

1. The public national statistics for Nepal were provided by NCF referring to these sources: Department of Cooperatives (DoC), Economic Survey of Nepal 2019-20 and Long-Term Strategic Plan drafted by the National Cooperative Development Board.
2. ICA-AP (2019). [Nepal country snapshot](#).

Contacts

Further details on the Mapping research and other country reports are available on www.coops4dev.coop

The production of this report was overseen by staff from ICA-AP Office. For any further information or clarification, please contact mappingresearch@ica.coop

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