



**COOPERATIVES AS A MEANS OF
FOSTERING INTEGRATED AND
SUSTAINABLE DEVELOPMENT –
A CASE STUDY OF
NEPAL**

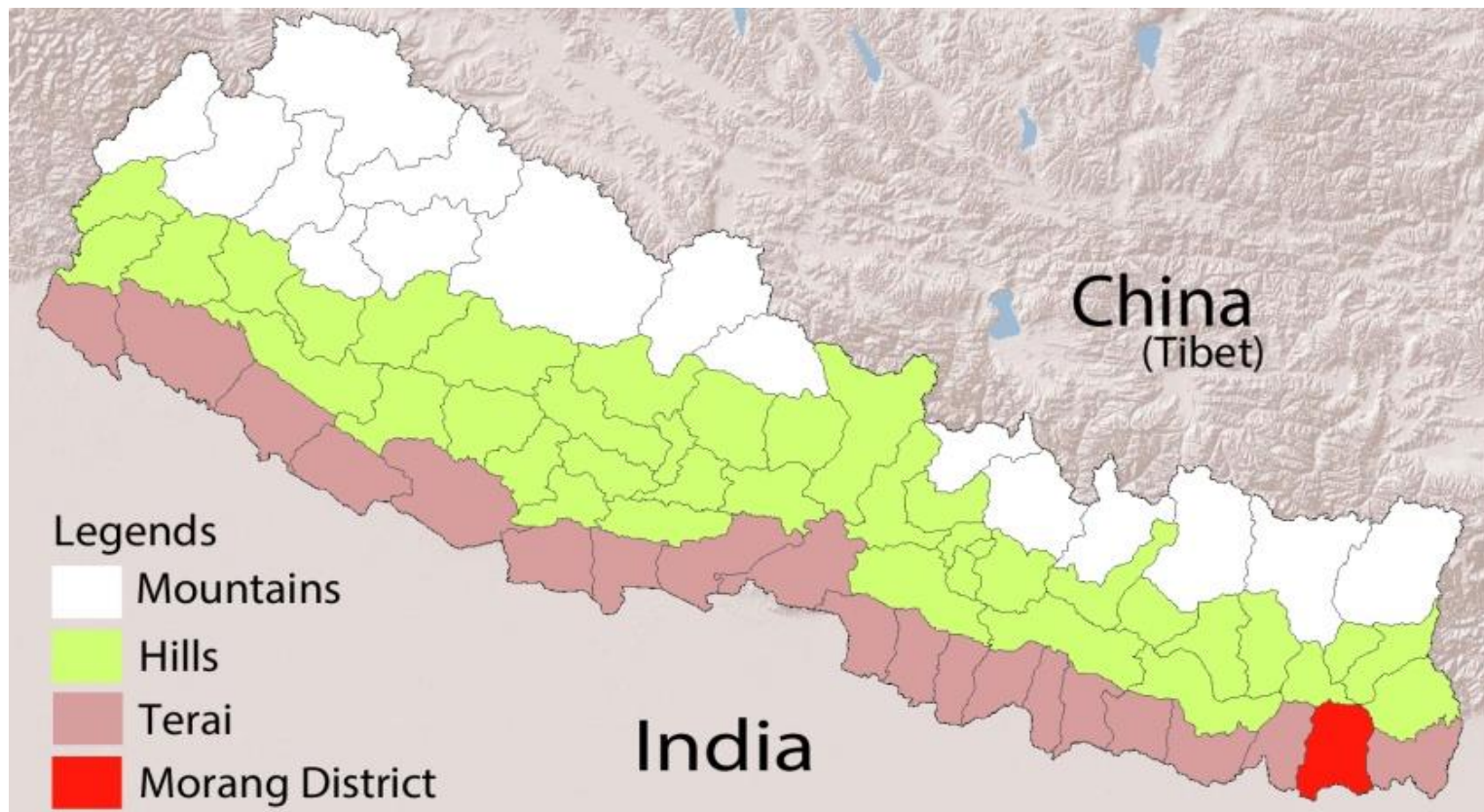
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Map of Nepal





Background & Motivation

- Through the concept of social and solidarity economy there is an attempt to sustainable and inclusive development in an alternative way.
- Social and solidarity economy incorporates cooperation, collective sharing and action, while putting the human being at the centre of the economic and social development.



Background ...

- Economic development of a developing country is greatly facilitated through the striving of the public enterprises as well as development of co-operatives.
- As a business model, cooperatives are fundamentally different from conventional profit-driven companies.
- They operate in line with the values of self-help, participation, democracy, equality, equity and solidarity.



Background ...

- The present paper intends to explore the role of cooperatives in the continuation and sustenance of socio-economic activities of the members in a conflict economy.
- This study shows that cooperatives are helpful in minimizing the adverse impact of insurgency problem in a nation.



Background ...

- It has been argued in this paper that development of cooperatives is possible in a conflict economy.
- Cooperative societies can set strategies to facilitate improvement in socioeconomic condition of the members in a situation of conflict.



Background ...

- Nepal faced conflict situation during 1997-2007.
- Communist Party of Nepal, Maoist (presently it is Communist Party of Nepal) did not believe in the existing parliamentary system and started the revolutionary underground war to capture power.
- Unequally treated people, unemployed people, deprived, poor and other unsatisfied groups of people supported the war.



Background ...

- In the time of conflict, the commercial banks and other financial institutions except co-operatives were gradually closed, merged or shifted towards the urban area, where more security is available.
- The villagers of the district were seriously affected by this move of banks and financial institutions.



Background ...

- The Maoist activists attacked banks and financial institutions of government sector.
- They also attacked other private firms and industries.
- Therefore, the number of banks, financial institutions and industries gradually decreased during this eleven-year conflict period.



Background ...

- It is interesting to note that during this period, the co-operatives managed by the villagers had not been affected.
- Numbers of co-operatives increased in this period and there were active participation of the members.
- Every co-operative operated efficiently.



Background ...

- Two major hypotheses of the study:
- Conflict situation led to enormous growth of cooperatives in Nepal especially in rural areas, during the period of conflict.
- Cooperatives helped in improving the economic status of the members even in the time of conflict.

DEVELOPMENT OF COOPERATIVES IN NEPAL DURING THE STUDY PERIOD



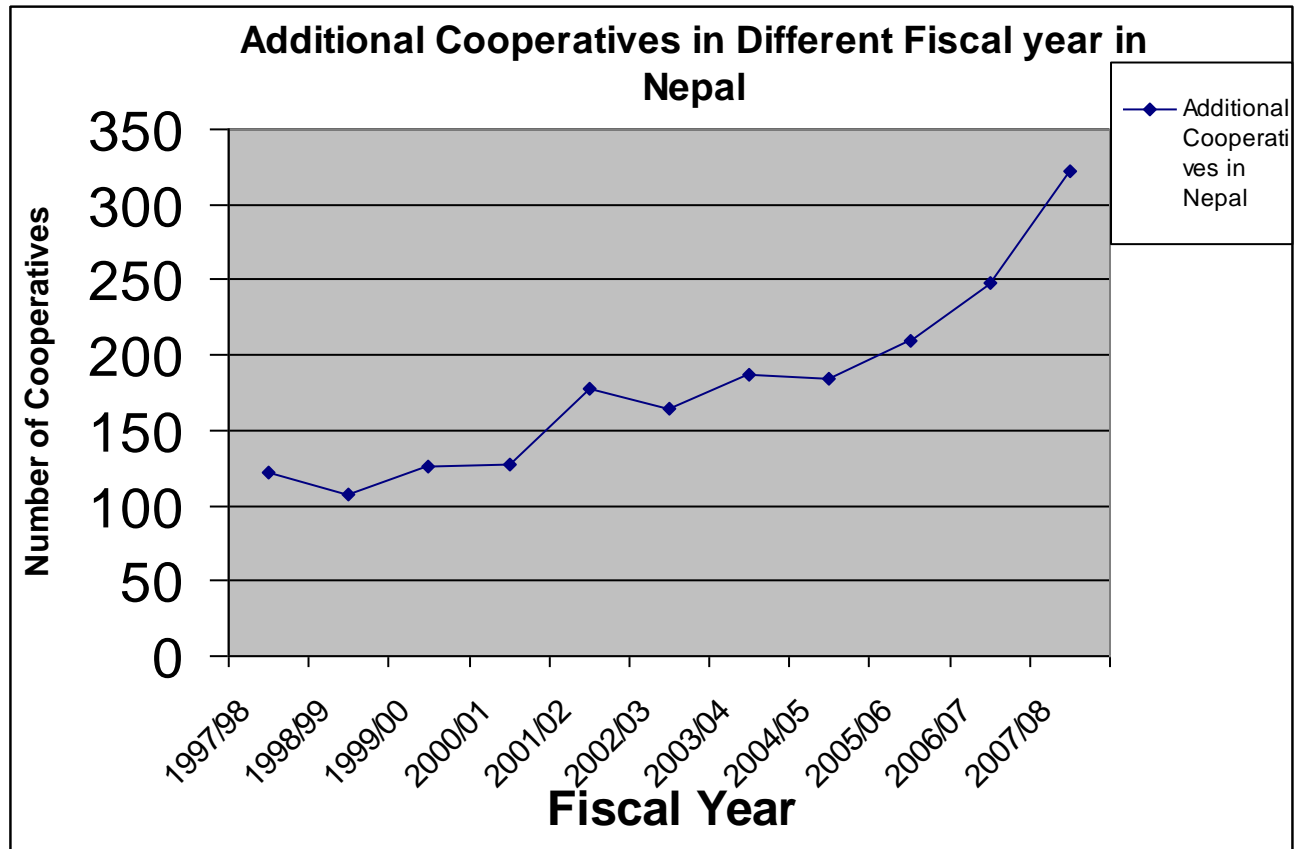
- The number of cooperatives in the country as a whole had been increasing in the study period.
- Because of the spread of conflict all over Nepal, the expansion of cooperative societies was also widespread in the economy.



DEVELOPMENT OF COOPERATIVES ...

- They proved to be better source of finance to the remote areas as well as many village areas in Nepal.
- The nationwide increasing trend of the cooperatives is depicted in Figure 1 below.

Fig. 1: Additional Cooperatives During Study Period in Nepal





GROWTH OF COOPERATIVES IN MORANG DISTRICT DURING THE CONFLICT PERIOD – A CASE STUDY

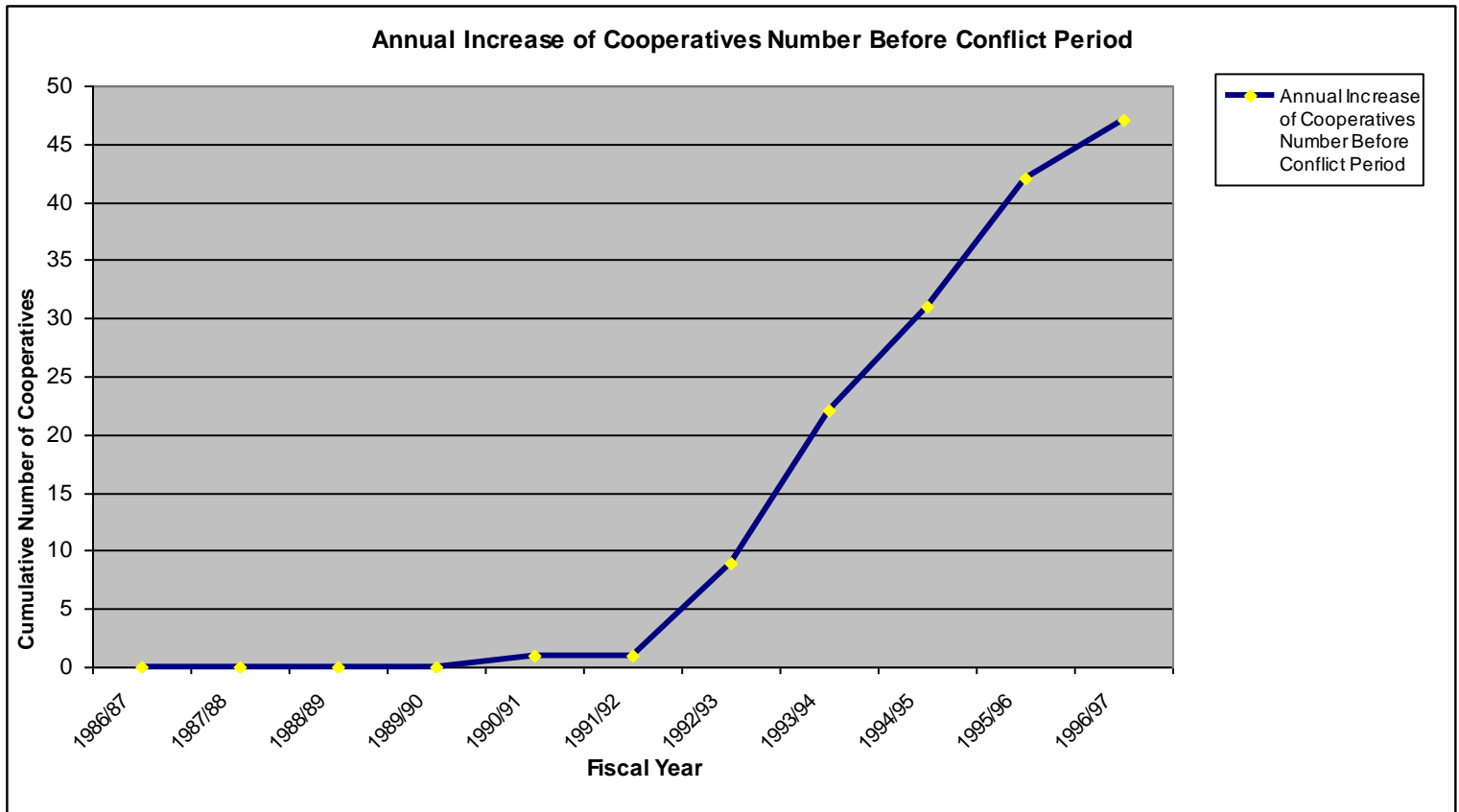
- Densely populated Morang district on the background of conflict was chosen for this research study.
- This district was chosen in view of the rapidly increasing activities of co-operatives along with the whole country.
- Ten co-operative societies were chosen for in-depth investigation.



Annual Growth Rate of Cooperatives before Conflict Period

- The cooperative development in Morang district before the conflict period was characterized by a slow and halting progress.
- Figure 2 shows the annual increase in the number of cooperatives in Morang district before the conflict period.

Fig. 2: Annual increase of cooperatives number before conflict period at Morang district





Annual Growth Rate of Cooperatives during Conflict Period

- Figure 3 shows the enormous increase in the numbers of cooperatives in Morang district in the time of conflict.
- Large numbers of cooperative societies were established and were in existence in the time of conflict because they proved to be the better source of finance in the villages.

Fig. 3: Annual Growth of Cooperatives during Conflict Period in Morang

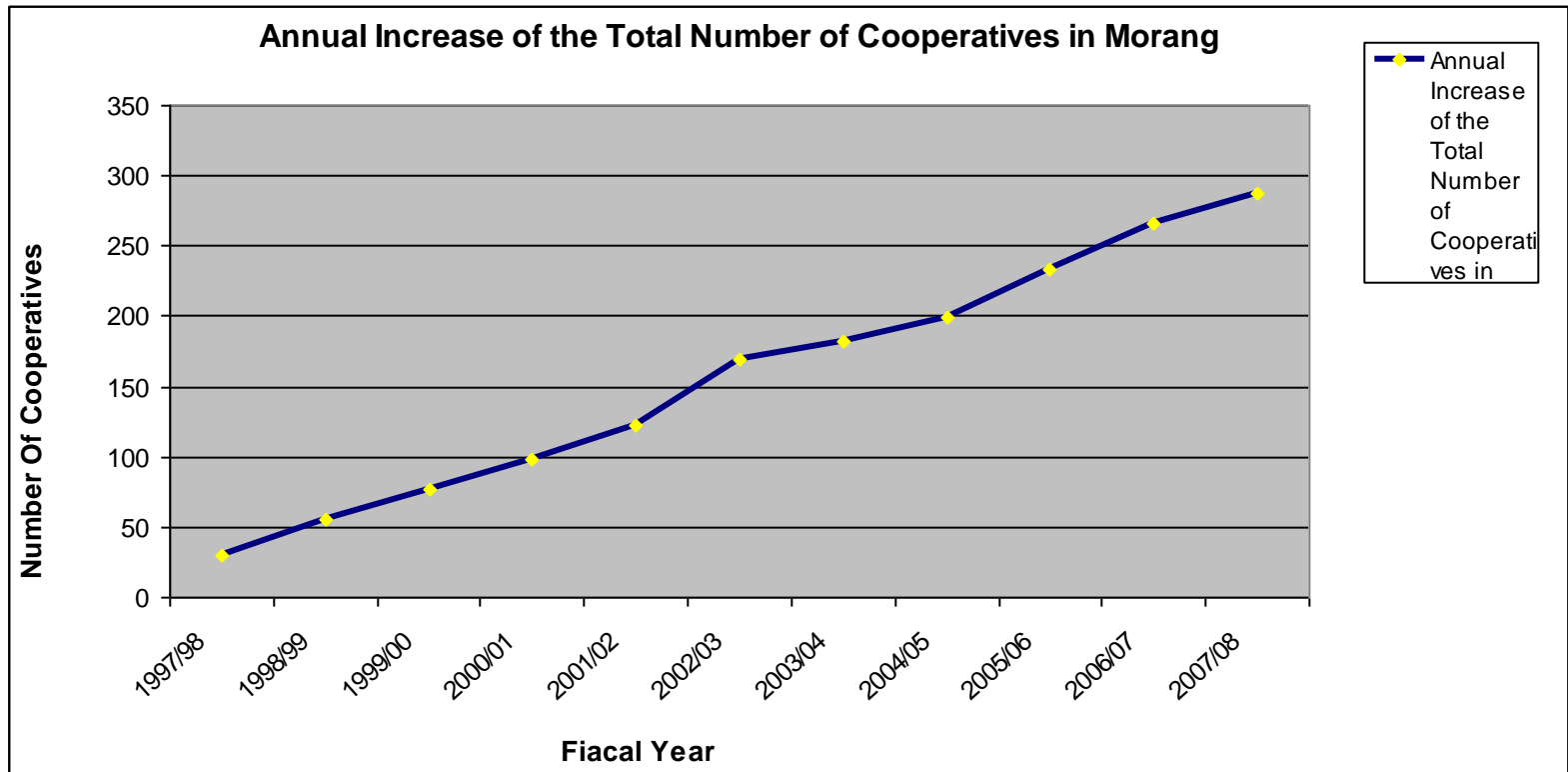


Fig. 4: Increasing Trends in the Number of Members in Morang district

■ Member trends

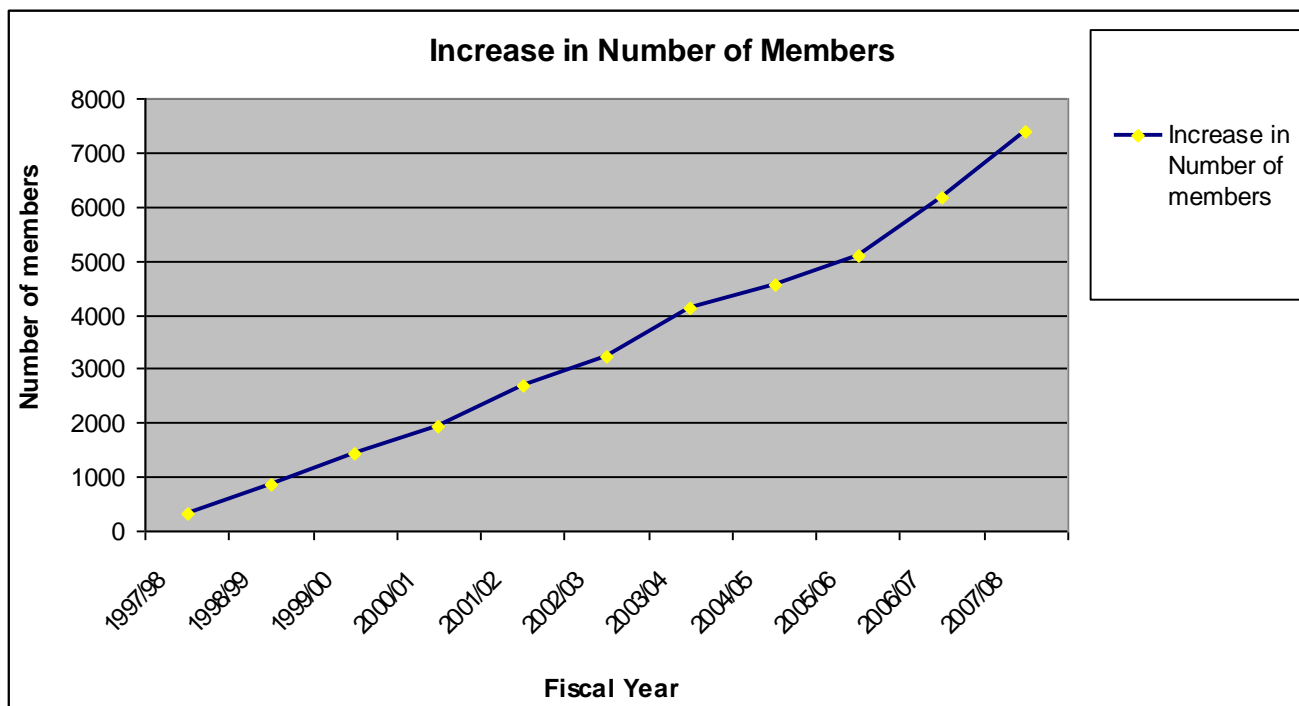


Fig. 5: Member's Saving Amount in Study Area

■ Saving trends

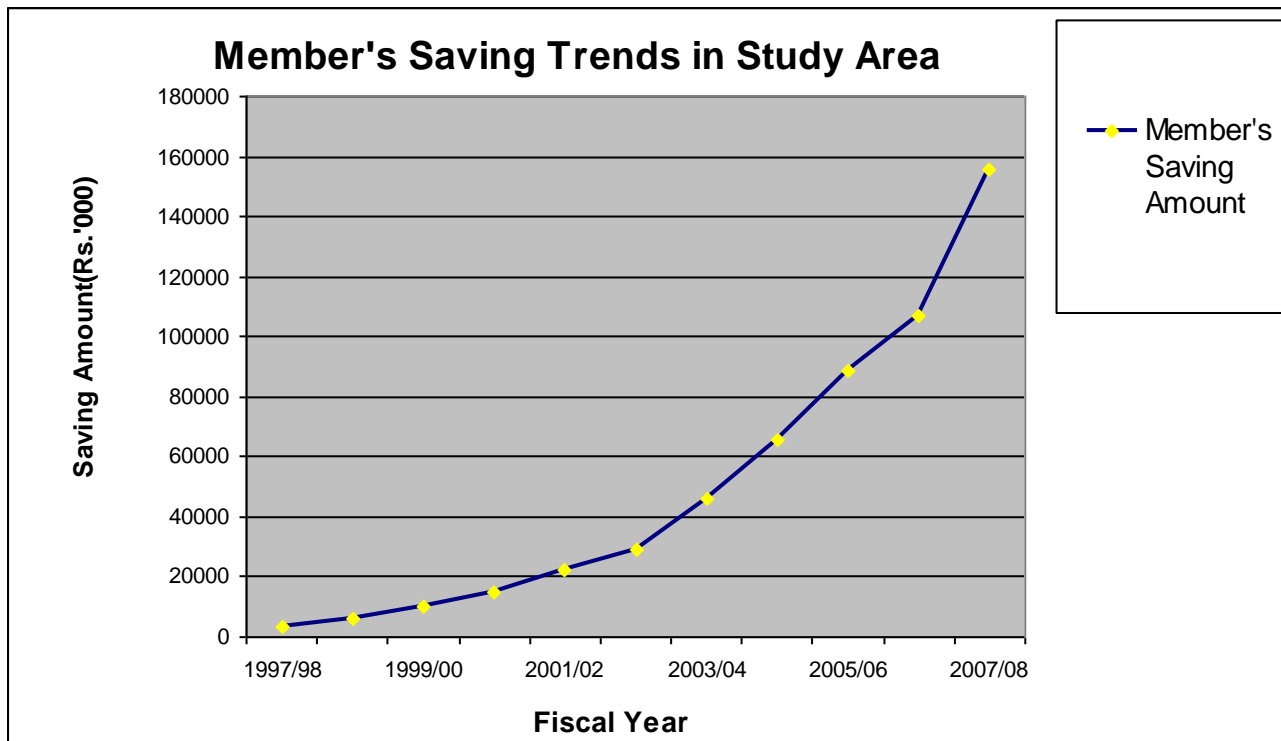


Fig. 6: Investment Amounts of Cooperatives in Morang district

- Trends of Investment Amounts of Cooperatives

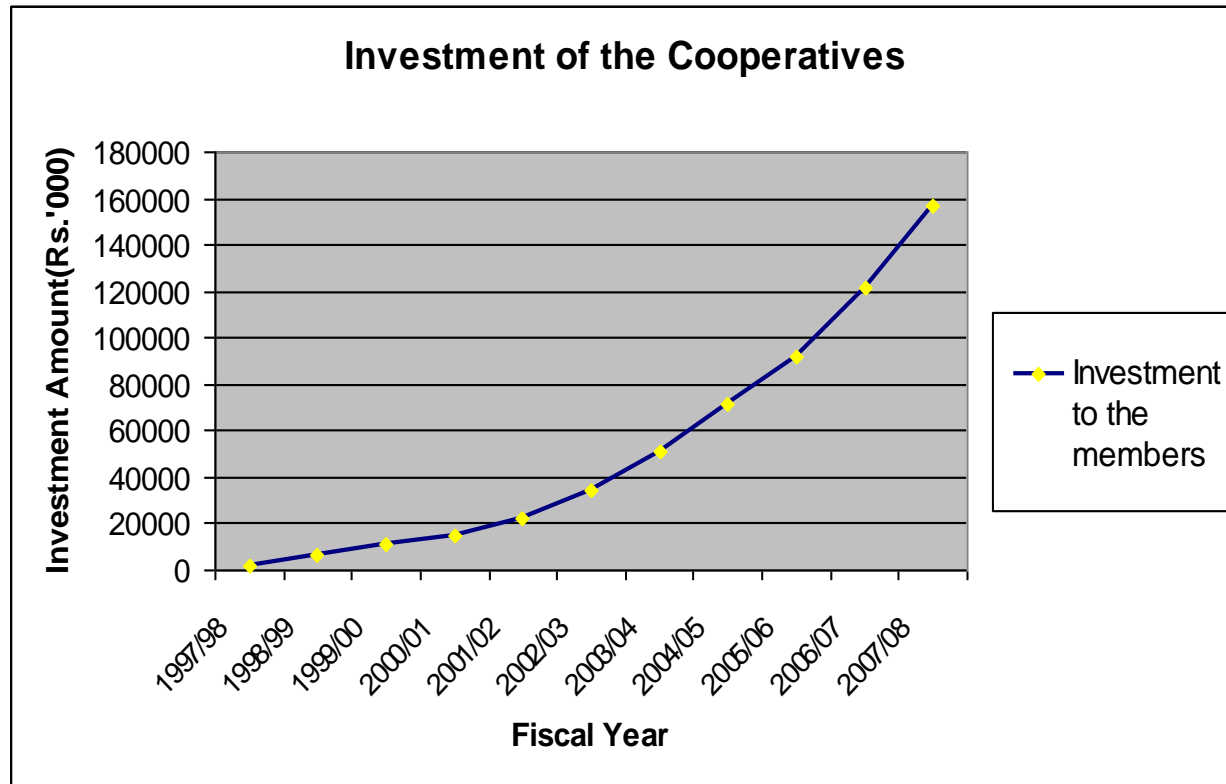


Fig. 7: Total Assets of the Cooperatives in Morang District

- Trends of Total Asset Amounts of Cooperatives

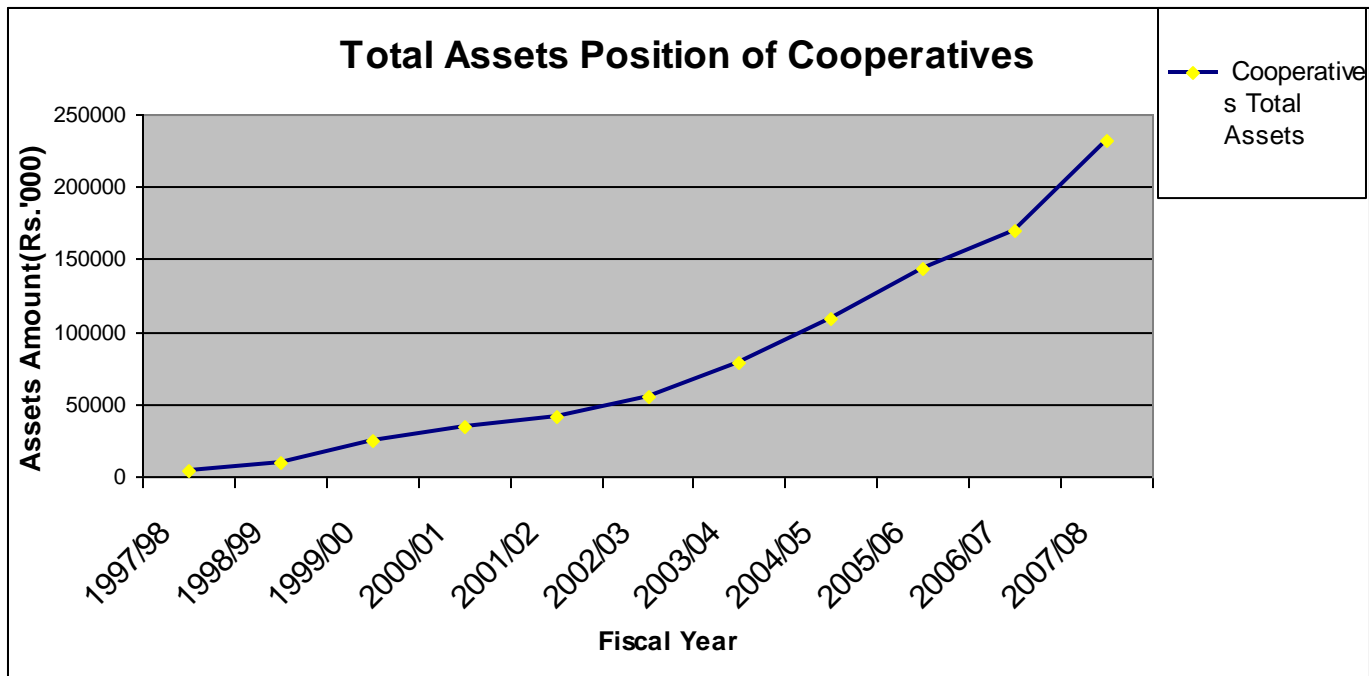


Fig. 8: Annual Profit of the Cooperatives in Morang District

■ Trend of Profit Amounts

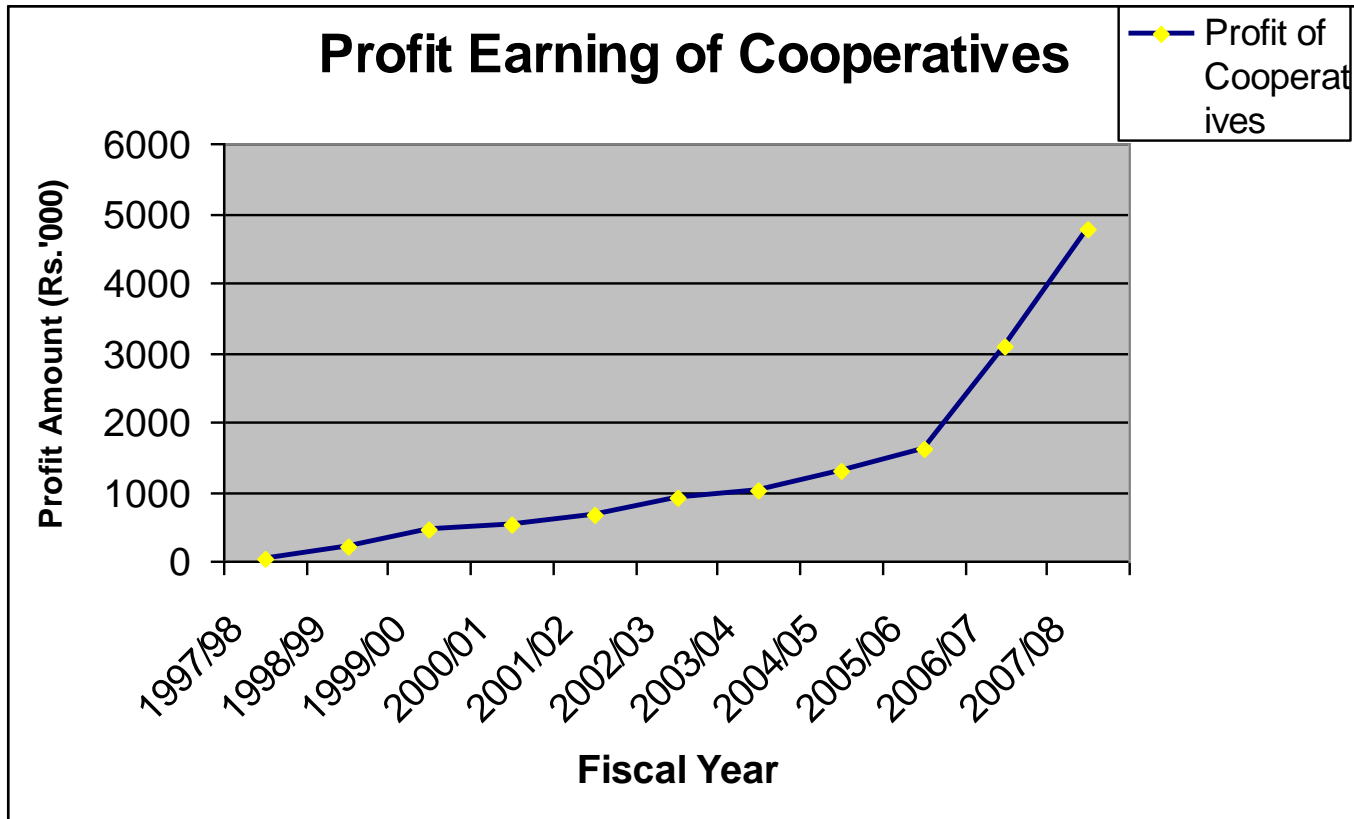


Fig. 9: Fixed Assets trends of Cooperatives in Morang

- Trends of Fixed Assets

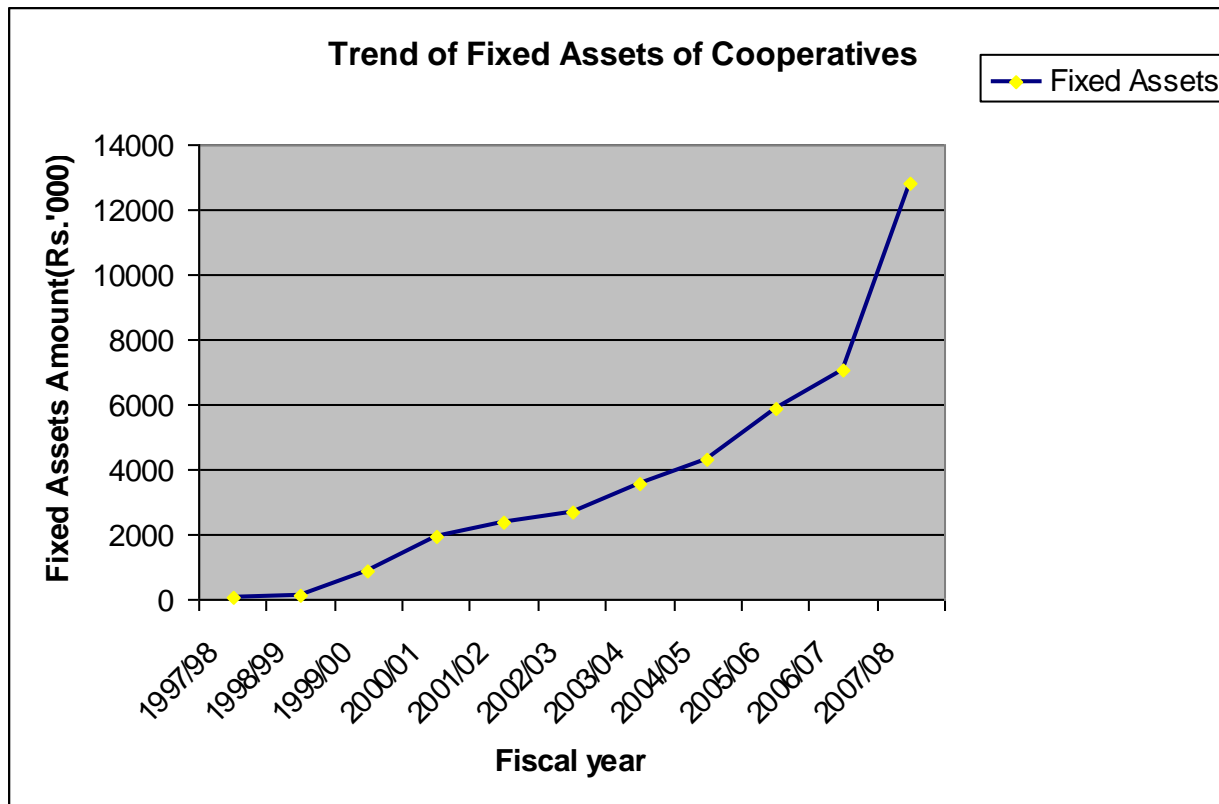


Fig. 10: Overall Position of the Cooperatives

- Trends of number of members, fixed assets and profit

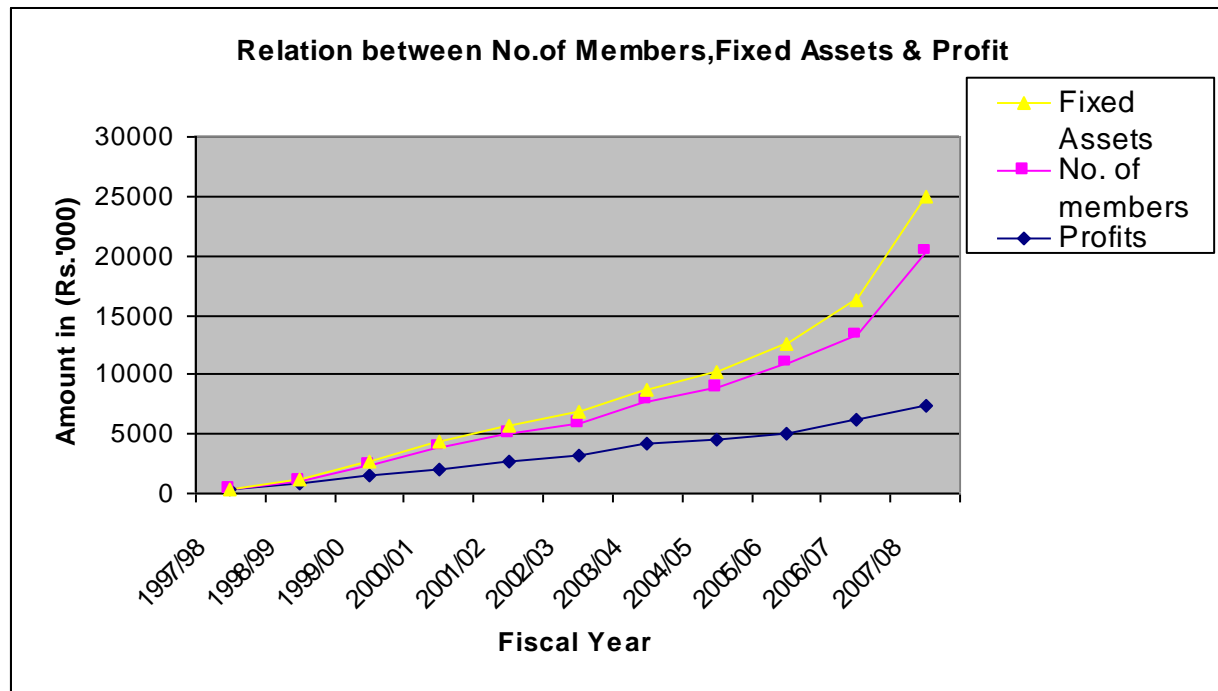


Fig. 11: Overall Position of the Cooperatives

- Trends of share, saving, investment and total assets

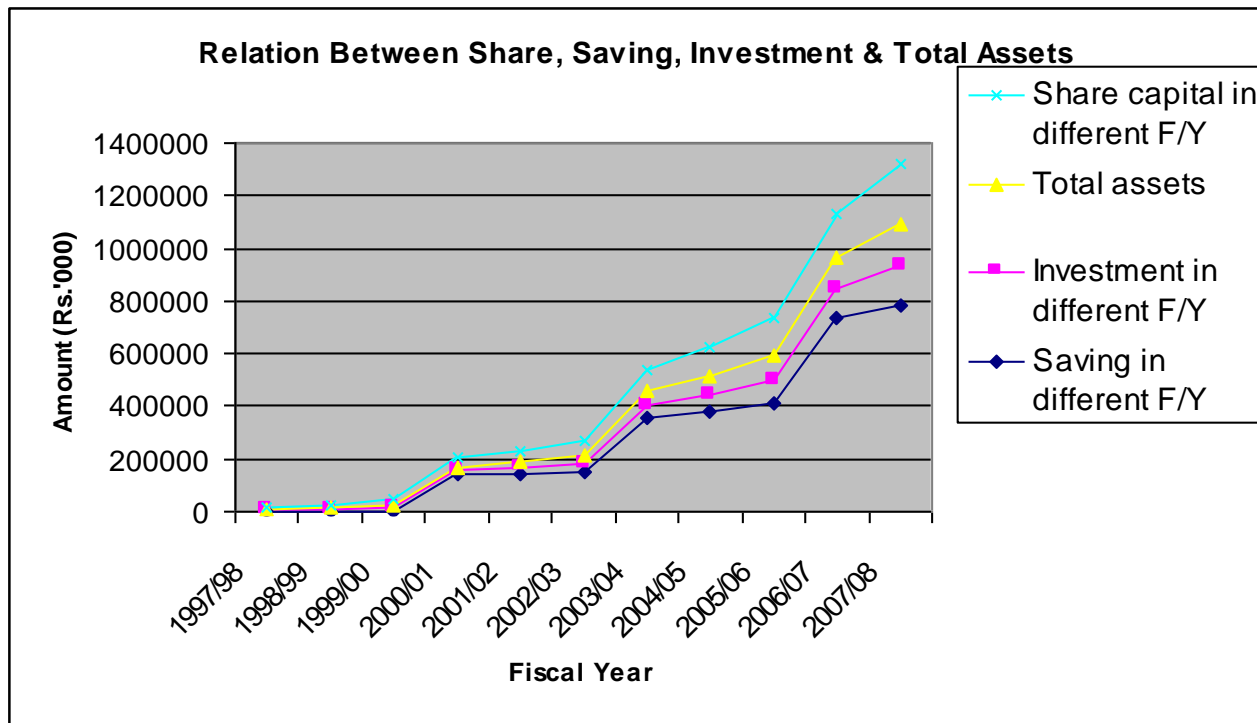


Fig. 12: Number of cooperatives registered in Nepal during post-conflict period

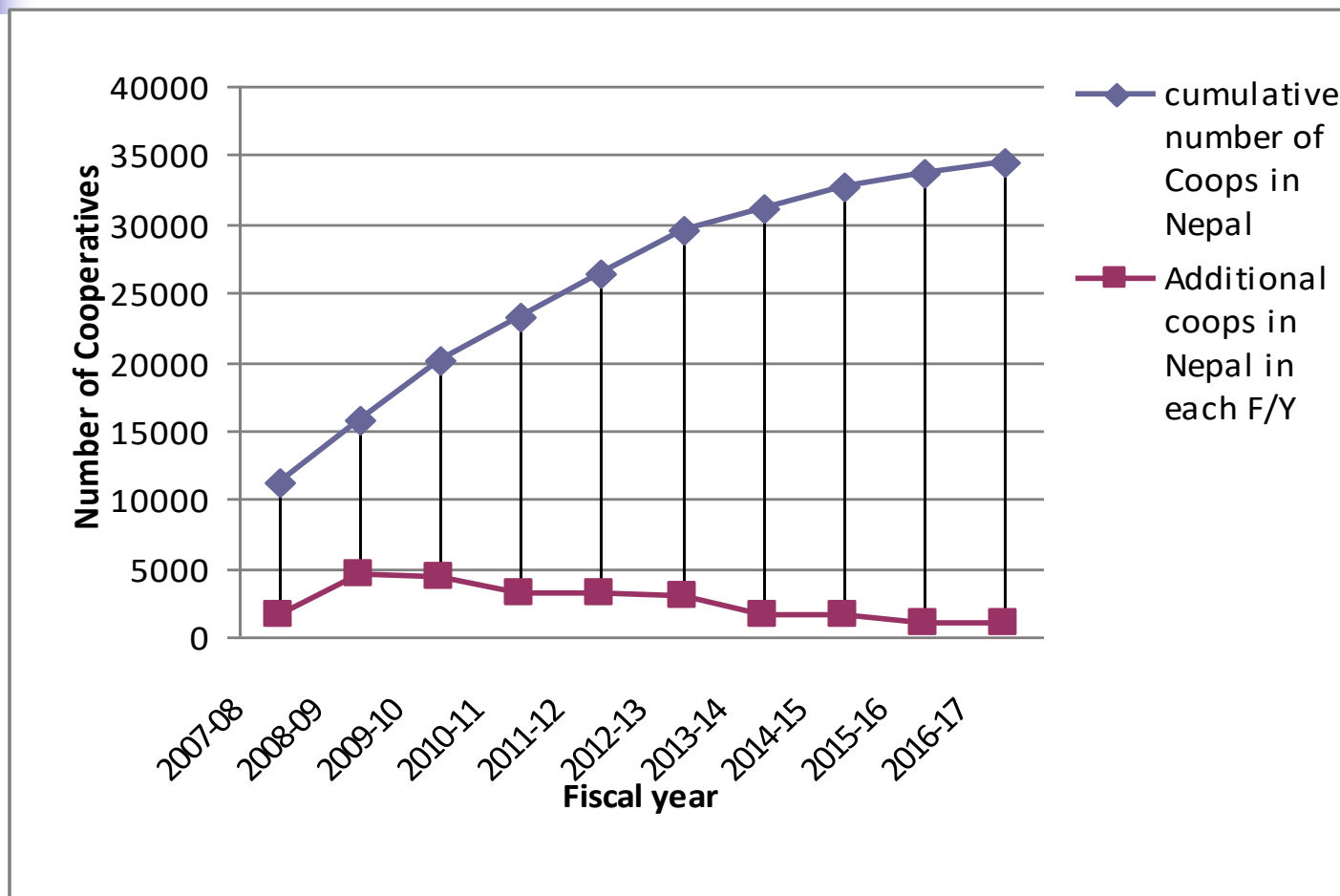
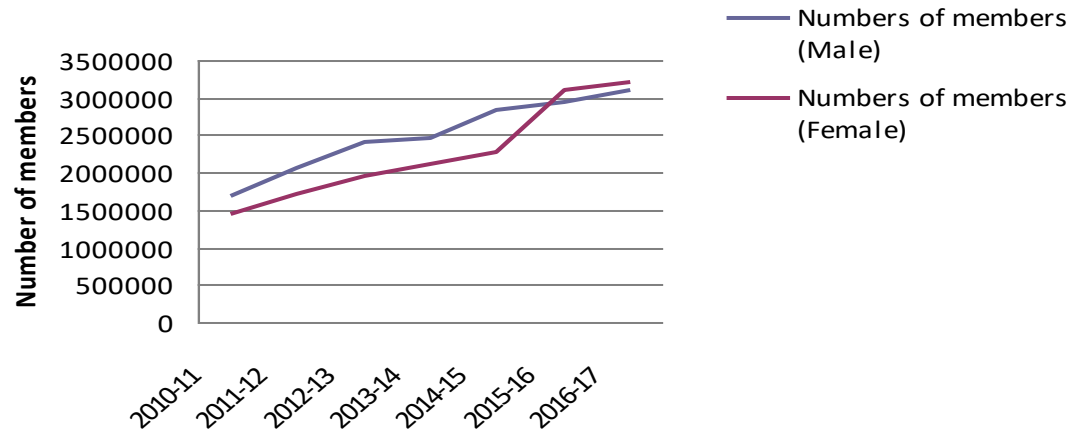
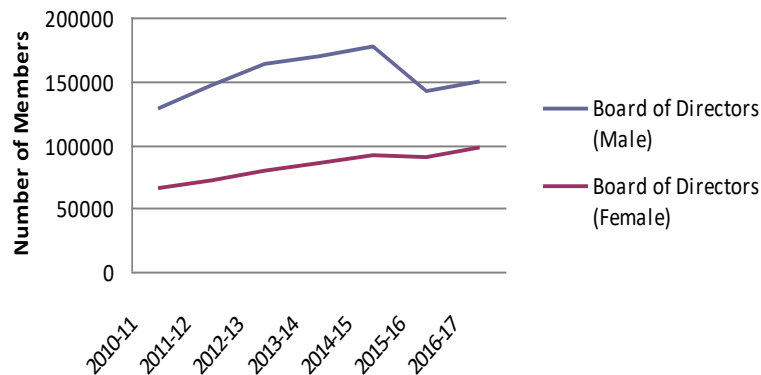


Fig. 13: Gender inclusion

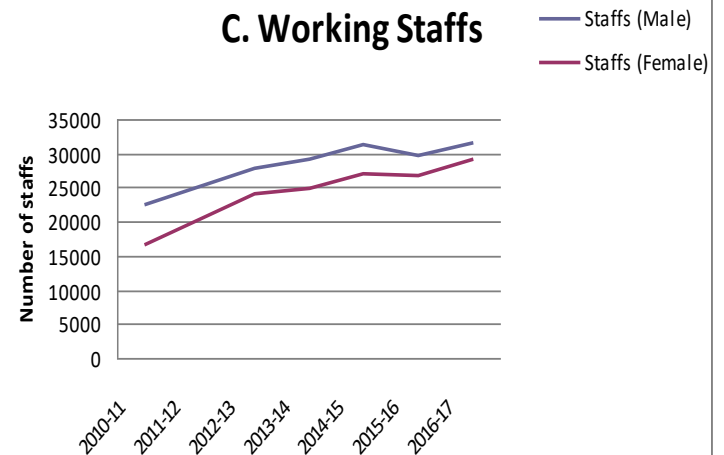
A. Membership trend in coops



B. Gender Participation on BoD



C. Working Staffs





Cooperatives and Sustainable Development in Nepal

- Development of cooperative societies during the insurgency period facilitated in achieving several targets of SDG 16.
- Participation of both men and women especially belonging to poor and underprivileged sections of society in large numbers in cooperative activities helped to fulfill the conditions needed for achieving a just and inclusive society.

Cooperatives and Sustainable Development ...



- It also created conditions for peace and normalcy in a society marked by violence made by a group of people who were themselves members of cooperative societies.
- If they did not become members of cooperative societies then their uncertain and unstable income could have made them more violent.

Cooperatives and Sustainable Development ...



- In addition to reduction of nationwide violence created by the trouble makers, violence at domestic level was also reduced as a result of participation and empowerment of women members.
- Activities of cooperative societies have helped to reduce bribery and corruption because the members felt that these societies are their own.
- Therefore, there were least need and chances of bribery and corruption.



Cooperatives and Sustainable Development ...

- Moreover, in Nepal moral lessons are imparted to the members through cooperative education on corruption, environmental protection, respecting the elders etc through regular meetings and workshops organized by the societies throughout the country as a component of their social activity.



Cooperatives and Sustainable Development ...

- Finally, increased level of inclusion and participation of common people that happens in the above manner, makes the fostering of integrated and sustainable development possible to a large extent in the Nepalese economy and society.



Concluding Observations

- Cooperative societies registered enormous growth in Nepal during the conflict period.
- These institutions increased their investment, saving, shares, total assets, fixed assets as well as profit margin during the study period.



Concluding ...

- These cooperatives experienced growth not only in terms of increase in the number of members but also through the creation of employment opportunity in their offices.
- The earlier increasing trends of profit, deposit, membership and the level of share capital were sustained during the conflict period in the selected cooperatives of Morang district.



Concluding ...

- Therefore, cooperatives are useful in the time of social conflict if they are used for fulfilling the expected social objectives.
- Through cooperation and solidarity among people collapse of the rural economy could be resisted as a result of sustained economic activities of cooperatives during the crisis period.



Concluding ...

- It is revealed that there is a clear connection between people's cooperation and solidarity with sustainable and inclusive development even in a period of major social upheaval.
- It proves that it is possible for cooperative movement to foster integrated and sustainable development during a period of insurgency.



Policy Recommendations

- On the basis of the study, the following policy recommendations can be made for the further development of cooperatives in Nepal, which may be applicable for other developing countries with similar levels of social and economic development.



Policy ...

- It is necessary to establish a separate agency to supervise these institutions.
- Currently the density of cooperatives is more in the urban areas rather than in rural areas.
- Therefore, encouragement should be made to establish more cooperatives in rural areas.



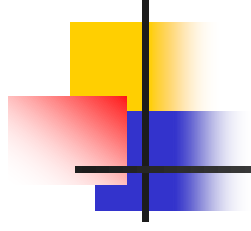
Policy ...

- Participation of lower and lower middle class members should be encouraged by policies and plans of the cooperative societies.
- More and more female membership should be encouraged because the cooperatives operated by female members were found to be more successful.



Policy ...

- Some degree of state regulation is necessary to control the evils that may creep in to the system.
- Some mechanism of providing subsidy to rural cooperatives who perform well and necessary penal measures for the wrong doers should be there.



THANKS!