

Strengthening agricultural cooperative management in Nepal



08/02/2017

Background

The majority of Nepalese people depend on agriculture for their livelihoods. Hence, there is a high demand for agricultural resources such as inputs, seeds and fertilisers. Agricultural cooperatives are a crucial means by which to provide all the services needed by farmers under the same umbrella. It is therefore vital that agricultural cooperatives be managed effectively.

In the framework of the IFAD-FAO initiative “Capacity development for better management of public investments in small-scale agriculture in developing countries”, the Nepalese government, FAO and IFAD engaged in the elaboration of the Accelerated Capacity-Development Plans (ACDP). An important component of this work focused on strengthening farmers’ cooperatives.

The Nepal Agriculture Co-operative Central Federation Ltd (NACCFL) is an umbrella organization of agricultural cooperatives, which currently has 815,000 members, belonging to 750 member cooperatives. Its member cooperatives are fully owned and managed by local communities, and NACCFL provides them with non-financial support – such as capacity development, policy advocacy and marketing management – and supports members to develop links with financial

institutions.

In November 2014, FAO began a collaboration with NACCFL, to strengthen its capacities to support its member organizations.

Capacity development support for cooperative performance

As a starting point, FAO carried out a [capacity needs assessment](#) in collaboration with NACCFL. It did so to understand both NACCFL and its members' needs, so as to respond with appropriate [capacity development activities](#). Two main activities were identified as an initial response. The first, knowledge sharing, i.e. to learn about good practices of other successful cooperatives, particularly in regards to good governance and access to credit. The second, a Training of Trainers, to support NACCFL in transferring important learning related to organizational performance to their members.

To respond to this, FAO organized an initial 3-day national level workshop in Kathmandu, in which experts from successful cooperatives across Asia shared their best practices on cooperative management. Important lessons were shared by cooperatives in Sri Lanka, India, Korea and Japan, among others.

Following this, FAO delivered a five-day Training of Trainers to the NACCFL board of directors, as well as cooperative members, members of local development banks and other relevant stakeholders. These trainings were focused on cooperative performance and financial management, and were designed to enable participants to learn about good cooperative management, to assess their own organizational performance, to develop a vision and an action plan for change, and to pass their knowledge on to others. During these trainings, practical tools have been used by the cooperatives helping them to [analyse their organizational performance](#) and to [plan the organizational change](#).

Results and impact

In February 2016, as a result of the Training of Trainers delivered in Kathmandu, NACCFL organized five district level trainings in Western Nepal, to a total of 155 participants. These were delivered directly by NACCFL, with guidance from FAO, to the management of local women's cooperatives, and aimed to support cooperatives in increasing their member bases, their internal resources, and their financial viability. In order to achieve this, the members of the cooperatives learned how to assess their organizational performance and develop plan of action for the future. Each group developed clear objectives for their cooperatives, strategies and plans to implement in their villages. 25 action plans were developed in total – five per district.

Since the trainings, cooperatives have put in place their action plans. As a result, their internal resources and capital have increased, as have their member bases, and this in turn has supported them in fulfilling the criteria to become affiliated with local farmer development

banks. This is a crucial step for cooperatives, as it enables them to receive loans and pass them on to their members, which in turn support farmers and builds their trust in the benefits of being members of cooperatives. In addition, NACCFL through this process not only upgraded its cooperative management module and is rolling it out in the country but engaged in its own strategic planning process and adjusted its vision to remain relevant to the needs of its membership. This virtuous cycle will support food security and agricultural development, and as demand increases for further trainings from NACCFL across Western Nepal, the benefits promise to continue spreading.

This story about organizational change is a clear example of successful capacity development: in this case, the entire project was carried out in close partnership between FAO and NACCFL. This ensured that activities truly reflected the needs on the ground, whilst also building a strong sense of ownership and commitment among national actors. The capacity development activities were sequenced in such a way that they built on each other and progressed incrementally so as to respond to the needs in their appropriate moments. Ultimately, this has led and is continuing to lead to concrete impact on the ground, whilst FAO's direct support becomes less needed, as national expertise increases.

More resources on organizational analysis and development are available in [FAO's Learning Module 4 on Organizational Analysis and Development](#).

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