

**Workshop 5: Economic Development and Good Governance, Tuesday, June 21 2005.**

**Presenters:**

**Cooperatives:** Yagya Ghale, Senior Program Officer, Centre for Micro Finance, Nepal.

**Corporate Social Responsibility:** Lisangela Gnocchi da Costa Reis, Committee of Entities Against Hunger (COEP), Brazil.

**Recorder:** Carolyn Peach-Brown

\*\*\*\*\*

**First Presentation**

**Title:** Savings and Credit Cooperatives for Economic Empowerment of Women

At the beginning of the presentation the speaker gave some background to Nepal as a mountainous country of 23 million people, from 102 ethnic groups that speak 91 different languages. She noted that although most people think of Nepal as being entirely mountainous it really is made up of three distinct landscape types; 35% mountainous, 42% hills and 23% plains.

Women, who make up 50.1% of the population, are the most impoverished of the people of Nepal and only 26% are literate. Due to the culture, women have limited access to and control over resources. Only 8% of women own land. For all these reasons the Centre for Micro Finance focuses on women. There are 6484 cooperatives in the country of which 557 are women's cooperatives. There are 532 savings and credit cooperatives in Nepal with 280 being women's cooperatives. The speaker noted that a savings and credit cooperative is similar to a trade union in Canada. The Centre for Micro Finance (CMF) has as its goal to improve access to sustainable micro finance for communities. Among the services they provide are micro finance training programs, technical services, study tours and internships, networking and communication, and research and documentation.

After giving the background the speaker focused on a project that has been funded by the Ford Foundation to strengthen the micro finance sector, assess the impact of savings and credit cooperatives in the hill areas, and strengthen women through pilot projects and community based help. Within this global project, one specific project funded by the Canadian Cooperative Association had as its goal to increase effectiveness of the savings and credit cooperatives in order to reduce poverty. Through this project they have been able to cover 30 districts of the 75 districts in Nepal. They have involved 15,000 women in 50 community-based savings and credit cooperatives. They have been able to do capacity-building and also institutional development of these cooperatives.

Among the achievements outlined were improved finances for women and social intermediation through provision of links to other services such as information on HIV/AIDS and legal aid. They also built capacity through training in bookkeeping and

development of business plans. CMF has been satisfied with their progress since 2002 as the numbers of households covered and numbers of members have more than doubled.

The main challenge to their work has been the ongoing civil conflict in Nepal. However, this has provided an opportunity to see the effectiveness of their work. Due to the conflict most banks in rural areas have closed down, and so the savings and credit cooperatives are now the only ones to provide this service to the poor. The cooperatives are not affected by the rebels. However the rebel activity has sometimes limited the CMF staff in getting out to villages. They have tried to overcome this by having mature, experienced staff who are able to deal with the uncertainty and instability. Some internal challenges to the cooperatives are their small size and their lack of assets, which sometimes makes them difficult to sustain. CMF has developed tools to monitor the effects of the work they do. However, it is always a challenge to scale up to self-sustainability in the cooperatives, as they need to develop financial sustainability to really be sustainable.

Among the lessons learned outlined by the speaker was the fact that the savings and credit cooperatives are very effective in spite of the ongoing rebel activity. They also provide a forum for women to be involved in community development. They also have found that targeting women is effective as women are more responsible than men in managing money.

## **Second Presentation**

**Title:** FURNAS Corporate Social Responsibility and COEP Community Development in Brazil

To begin the speaker explained that FURNAS is a state owned company for power generation and transmission. It is the fifth largest state owned company which provides 51% of the population with electricity and generates 65% of Brazil's GDP. Prior to 1993, FURNAS dealt with the social aspects of its work mainly through compensation and mitigation of impacts, for example when displacing people for a dam. In the early 1990's there was a rise in social movements in Brazil and it was in this climate that the Committee of Entities in the Struggle Against Hunger and for a Full Life (COEP) was created in 1993. In linking with FURNAS, COEP's goal was to motivate the public enterprise towards more social justice and to reduce hunger and poverty.

COEP is an active citizen committee movement that brings together all stakeholders – employees, environmentalists, suppliers, clients and the community. They published a social report on corporate social responsibility in 1998. Actions they take are strategic, institutional and communitarian in perspective. One success they have had is in creating linkages of different groups and institutions. FUNAS benefits from this in enlarging their social performance, the array of actors they dialogue with and in gaining new strategic partners for public policy. Another success factor for COEP has been in increasing the capability of their partners. This has been accomplished through information dissemination, training and a mobilization network. This has enhanced the social performance visibility and improved social practice of FUNAS, as well as supported a

cooperative volunteers program. Success at the community level included partnership projects and the increased social and political inclusion of the community in decision-making. This has also enlarged the array of actors that FURNAS dialogues with and led to changes and an alternative agenda. As an example in how FURNAS has changed its practices, the speaker told of how there is now a new negotiation process when people are to be displaced for a dam project and alternative measures agreed upon.

FURNAS and COEP have modeled a new way of working for social responsibility within the national movement for active citizenship and solidarity in Brazil. FURNAS has also adopted the UN Millennium goals as part of its action plan. The speaker noted, however, that FURNAS has a long way to go in improving its social responsibility. She also noted that much of the change in how FURNAS works has been driven by government policy since the election of the new government in 2003.

**Discussion:**

Much of the discussion was focused on the Brazil situation and questions were raised about how socially responsible the company really was. There were concerns raised about “green-washing”. In terms of questions concerning cooperatives in Nepal, they ranged from a discussion of how groups dealt with lapses by members to questions as to how money was used from these cooperatives, and where they received financing if they wanted to start larger businesses.