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## SPECIAL REPORT

# Values Based Social Entrepreneurs Women Cooperative the idea and the ambition



Women in cooperative shop.

### What are Social Entrepreneurial Women's (SEW) cooperatives?

Cooperatives have been marked as one of the pillars for Nepal's economic transformation after it was declared a republic; the other two being the state and the private sector. The notion of cooperative is not new to the country but Nepal's fast growing cooperative movement has however failed to have any significant impact. Recent development discourse has also shown keen interest in promotion of community based cooperatives focused on production and market establishment. But the question remains: How can cooperatives be successful in creating a ripple effect of economic and social prosperity? At this point, it is important to look back at what was done and analyze what needs to change for cooperatives actually be that pillar.

Social, business, and institution development are the three areas that are critical for the success of a cooperative. The failure of most of the cooperatives can be attributed to neglect of a critical but vital social aspect. Successful cooperatives depict strong cohesion and mutual prosperity. The values-based foundation that Heifer lays through intensive social mobilization has resulted in a strong social capital induced sustainability signified by the fact that most groups formed under Heifer's projects continue to practice the values and procedures long after funding has stopped. Under the flagship of Social Entrepreneurial Women's Cooperative Limited, Heifer's cooperatives aim to be value positive, power negative and politically neutral with strong emphasis in capacity building for production and marketing as per market signals and value addition while building institutional capacity and ensuring effective and efficient management.

### Heifer International-Nepal

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### **Why were they formed?**

Latest numbers show that more than 3174 Self Help Groups (SHGs) have been directly assisted involving more than 57829 families throughout the fourteen years Heifer has worked in Nepal. These families most of who did not have the resources to make enough for two meals a day, started saving monthly to create a group fund, supplemented by Heifer's gift of livestock, agriculture and trainings. This group fund which was mobilized within the group for small loans has now grown into a considerable sum. In the process of visioning a sustainable future for these SHGs, a strong need to further strengthen and institutionalize their increasing funds was felt. Most evaluations, including an external evaluation by West Michigan University conducted in 2006, have noted that "retention of members in the SHGs and active functioning of SHGs long after Heifer's direct support has ended" as one of the strong indicators of project success and have recommended for "second level" project. Cooperatives offer an effective solution for the use of capitalized resources of livestock and other inputs. The services provided by the cooperatives will benefit people who don't have easy access to formal financial services and lead to investment in income generation activities and micro enterprises. The cooperatives will also be in a better position to advocate for effective services from the government to small farmers, benefitting more farmers in the long run. Managed and led by women, the cooperative will create opportunities for other women like them. The Values Based Cooperative Pilot Promotion Project was launched in 2009.

### **What was done?**

All SHG members were given pre-cooperative education to help them understand the possibilities of a cooperative. There were concerns initially regarding pooling of funds and control. To address this concern SEW

cooperative was designed to be limited to women who had or would receive Heifer's Cornerstones training ensuring that all members have a values base. Heifer in partnership with experts from the Cooperative Division Office provided trainings in cooperative account keeping, basic cooperative management and business plan development. Executive, loan, financial and social committees were formed to decentralize power. Exposure visits to some exemplary cooperative that have already made their mark in the community they operate in like the Tamakoshi Sewa Samiti in Ramechhap district were paramount in inspiring the formation of SEW cooperatives and drawing lessons learned.

### **What has been achieved?**

Two years into the project considerable achievements have been made. Sixteen, instead of the planned twelve cooperatives were formed in Chitwan and Nawalparai alone involving 4540 members and a total combined fund of 28,307,809 rupees as of end of July 2011. All cooperative have completed their first general assemblies and the financial reports show profits. The cooperatives have also completed their first business plan. Expanding their membership to more families, increasing and improving the production have been prioritized in the business plans. Along with investments in agro-vet and other micro enterprises, the cooperatives are also focused on identifying their niche by identifying cash crops and produce exclusive to their localities and adding value to produce. While production can remain individual, cooperatives will market the products in wholesale minimizing middlemen and assuring maximum profitability for small scale farmers.

### **How are SEW cooperatives sustainable?**

These cooperative are already showing signs of sustainable social entrepreneur businesses. Most cooperatives have been appointed as the official fertilizer distributor for their localities by the District Agricultural Office. Many have

opened fair priced consumer shops. In Kawasoti and Shantikunj, the SEW cooperatives received a 100,000 rupees grant, awarded to socially responsible cooperative ventures, from the governments' Cooperative Division Office. The cooperative Bijaynagar is focusing on forage production and has already succeeded in becoming the resource center for improved forage seeds for the district. Their strong cohesion and mutual prosperity have convinced many government and non-government entities to trust them with monetary or non-monetary support aimed at production and community development. Sarvangin cooperative has received a loan of 1,000,000 rupees from Himalayan Bank - a private bank, without any collateral for investment in dairy buffalo. Others have received grants from entities like Soil Conservation Office. They are also acting as information centers and agents. Many cooperatives have joined forces to advocate for violence against women, family planning, education for girls and children, hosting health camps and vitamin supplement distribution centers.

### **What the future holds?**

The cooperatives are geared for expansion and determined to give more and more women and their family access to the services and opportunity to do more. More women and families are being incorporated into the cooperatives. 879 such members have been incorporated to date. The success of the initial cooperatives have led to the formation of many more SEW cooperative in different parts of the country. Six more cooperative have been formed in Heifer communities in Kathmandu, Sarlahi, Mohattari and Morang districts. Many more are in the pipeline. This project also acts as a pilot for Heifer Asia South Pacific (ASP) region. Heifer will draw from this experience to promote cooperatives in other ASP countries like India, Thailand, Cambodia, Indonesia, Philippines and Vietnam.

## FROM THE COUNTRY DIRECTOR'S DESK

Dear Friends,

We have always believed in the potential of the communities we work with. Scaling up projects to serve more communities at a time will make Heifer's work more effective, efficient, consistent and sustainable. Heifer Nepal's ground work, created in the past 14 years, will assist us in achieving the scale we envision for the future. Heifer's skilled partners and inspiring project beneficiaries will be our tools. Heifer CEO Pierre Ferrari visited our projects in February. His vision for Heifer is synchronous with Nepal's vision for Heifer's future - bigger projects with visible impacts. We are confident in what we do - build cohesive communities

pro-actively seeking a better future. As our impacts become evident, more and more resources are channeled to these communities fueling our work more. Co-operation is the new direction that development has to take to be sustainable. Local development partners have to coordinate and cooperate to discourage duplication so that more people benefit from the limited resources available. The SEW cooperatives have proved that Heifer's vision can come true, that communities, women specifically, can institutionalize on their own and operate success financial institutions that not only make profit but are also socially responsible. It is a lesson that we as a country need to learn for Nepal realize its dreams.

I thank our local, regional and global partners for their partnership in development and assure that Heifer will contribute what it can towards achieving the country's development ambitions.



*Shubh N Mahato*  
**Yours Sincerely**  
Dr. Shubh N. Mahato  
Country Director

## CONVERSATION



Ashoke SJB Rana is the CEO of Himalayan Bank Limited, a leading private bank and the Chair of Rural Microfinance Development Center Limited, a public company funded by the Asian Development Bank with the mandate to operate as a wholesale lending agency for microfinance institutions. As a seasoned banker, Rana is passionate about the country and its people and feels that access to credit for the rural poor can be one of the key factors in helping people overcome poverty and live with dignity. He recently visited a Heifer supported cooperative in Shantikunja, Chitwan and shares his thoughts in a candid interview.

**Q: What are your most prominent impressions of the visit to Shantikunja?**

A: It was great to go out of our comfort zones and visit one of these rural cooperatives. I was taken aback by how well managed the cooperative was. They had financial data, business plans and massive support from the local people. It was very impressive.

**Q: Himalayan Bank approved a loan of 1,000,000 rupees without collateral to Shantikunja Social Entrepreneurs Cooperative. This being its first foray into real deprived sector lending, what led you and your board to making this decision?**

A: The concept of banking is very limited in Nepal. Of course that has its reasons. But only a small percentage of people have access to banking services. To add to this, more and more private banks are coming up every year making the market very saturated. In these circumstances one has to make a move to reach more people. This loan approval was a part of that move.

**Q: So this is not a Corporate Social Responsibility move for Himalayan Bank?**

A: No its not. This is business. It's banking.

**Q: Do you think that working with entities like Heifer will help you identify communities who are in real need of investment and also assure that your investments are safe?**

A: Yes we do. We don't have the experience and the framework necessary to go to rural areas on our own. Also Heifer's work with these cooperatives and the groups who formed these cooperatives assures us that the individuals we are investing in have the required skills to profit from the investment. The social capital will - we hope - help assure timely payback of the loan money.

**Q: Heifer has facilitated in establishing seventeen more cooperatives like Shantikunja Cooperative. Will Himalayan Bank be willing to provide loans for them too?**

A: Of course. Provided that we have the funds and the business plan seems feasible, we are excited to explore more into this.

### CEO Pierre Ferrari in Nepal

#### 15 - 21 February 2011

Heifer International's CEO - Pierre Ferrari visited projects in Janakpur, Chitwan and Nawalparasi from 15 to 21 February 2011. The objective of Pierre's trip was to see how values-based development model catered to the special needs of Nepal and how it could be replicated in small but complex countries that Heifer works in. Pierre talked to project participants in Bhispati near Janakpur and their families to understand how Heifer was able to bring personal and social change in a part of Nepal marred by negativity, violence and stringent cultural taboos aimed at women. In Chitwan and Nawalparasi - the CEO witnessed the impacts of a sustainable values-based development in form of empowered women who manage cooperatives that was sensitive to the needs and rights of small farm holders and aimed to prioritize social entrepreneurship and the values of the Cornerstones. With



his business background, Pierre brings to Heifer a new approach towards making Heifer a global and sustainable organization while at the same time

creating critical mass and scaling up the programs. Emphasis on production and establishing market reach, he said, would be key to achieving this.

#### Former Prime Minister visits Heifer community

The Passing on the Gifts month this year was celebrated in March with 3650 families receiving the gifts of goats, buffalo, pig and poultry from prior Heifer recipients. The events were attended by many distinguished guests ranging from members of the constituent assembly, regional heads of development organizations, politicians, media representatives and a former Prime Minister. Madhav Nepal, a respected politician of the Nepal Communist Party (UML) and a former Prime Minister attended a Passing on the Gifts event in Garuda, Rautahat. The former prime minister stated that he regarded Heifer's development approach as one of the few effective approaches to sustainable development. He encouraged those in the development community including the government to replicate it for the welfare of all deprived and marginalized in Nepal.

#### Leadership expert and writer finds 'Anywhere leaders' in Nepal

Mike Thompson, the writer of the book *The Anywhere Leader* visited Nepal this July. His quest for anywhere leaders who achieve their goals despite challenging circumstances took him to rural Nepal. In Itahari, Belsi, Shaktikhor and Palpa, he met Heifer participants who - given their limited education, cultural barriers and economic situations - showed individual and collective leadership that changed their lives for the better. His book focuses on developing leaders who can succeed in any environment. In Nepal - a world away from where he wrote his book - he found examples.

Traits of *The Anywhere Leader*: driven for progress, sensationally curious and vastly resourceful applies to leaders in rural Nepal

and to leaders who lead the most successful companies in the US and the world. Leadership - says Mike, the CEO of SVI, a company specializing in leadership development also authored another book on leadership, *The Organizational Champion* - is primarily about the mindset.

In his blog [www.theanywhereleader.com](http://www.theanywhereleader.com) Mike explains how Heifer participants are an embodiment of anywhere leaders as stated in his book.



# FOCUS: THROUGH THE LENS

Women lead the meeting with Heifer CEO Pierre ferrari in Bhisipiti, Dhanusa.



Excerpts from final evaluation of Heifer International Nepal's two umbrella projects Livestock for Poverty Alleviation-Hills and Livestock for Poverty Alleviation-Terai region conducted by Dr. Krishna P Paudel and Ashok Paudel.

### **Objective:**

The study aimed at assessing and quantifying the achievement made in areas of family income, environment conservation, women empowerment and social harmony against the objectives and indicators of the above two project.

### **Methodology:**

The study primarily based on surveying beneficiary households applying statistical principles to a representative sample of reasonable size (n = 198). The other methods included application of PRA techniques to derive gross achievements (FGD with focus on PSRP) and Key informant survey to assess implementation process, resultant multiplier effects and larger impacts. Direct observations of the program sites and interaction meetings with beneficiaries were also made to further validate and cross verify the primary data.

### **Findings:**

Values Based Holistic Community Development (VBHCD) Approach VBHCD has been an established approach to participatory rural development aimed at poverty reduction. The model is based on understanding and application of 12 cornerstone principles (CS) of Heifer International. Every stakeholder/member of the "Triad" (HPI/N, Partner Organization and SHG member) has its understanding and dedication for practicing CS values which is reflected in the daily activities and behavior of the persons involved in Heifer programs. The approach has established deep roots in the participating community and created lasting impacts.

Both the HPI/N umbrella projects had been planned and implemented focusing on poor and marginalized sections of the community in conformity with the national policies and periodic plans. The HPI/N project goal of enhancing family income, achieving gender equality ensuring positive discrimination for equity and care for the environment reflect HPI/N priority and commitment towards achieving national goals of poverty reduction, women empowerment and conservation of the environment. The sub projects developed by partner NGOs can be considered part of and are directed to contribute to achieving the national goal.

### **Scope and Impact of project:**

The study team found that more than 80% households organized in SHGs were lying below the poverty line<sup>1</sup> before the project. Heifer has made practical interventions to address poverty issue and has brought about discrete improvement to livelihood in some of the families even under present adverse economic conditions facing the country. These two projects have been successful in uplifting about 1,583 families above the poverty line during the last five years.

### **Impacts on income:**

Heifer Project inputs have geared positively to promotion of activities to raise the total annual family income. Median household income had increased by 78% when cash remittance sent to Nepal is considered as the part of the income and included in the calculation. The median annual income with exclusion of remittance is raised by about 55% from NRs 58,173 for the year 2005/06 to NRs 89,986 for the year 2009/10. In both before and after project situations the share to total family income of agronomical crops (cereals and pulses combined), regular jobs in Nepal and livestock is

comparable (about 20 percent each) and these three sources constitute more than 60% of the total family income. The income increment of Terai families in absolute term is higher than that of hills. Land purchase, construction / renovation of houses and addition of livestock, mainly buffalo, are the major asset addition from the savings.

### **Impact on food consumption:**

An increment in mean quantity of food consumed annually by a family is discernible. Mean quantity consumed by a family has increased for all most all commodities, most prominent being of wheat, spring maize, pulses, legumes, potato, fresh vegetable (both summer and winter), fruits and to a some extent of milk and meat.

### **Impact on livestock holding:**

The mean flock size per household of goat and poultry has significantly increased. An increasing trend in mean herd/flock size appears in buffalo, pigs and cattle though the increment is not high enough to substantiate at the statistically significant level. This change in herd structure implies that a considerable capital in the form of livestock asset has been accumulated as an additional project benefit which is not accounted in the 2009/10 income (consumption or sale). The larger impact is in expansion of ownership pattern of livestock. The number of households keeping various livestock has increased tremendously in the last five years. The absolute number of households keeping buffaloes, goat, pigs and poultry has increased by 11, 23, 15 and 14 respectively during the period of 2005 to 2010. (n=198)

### **Impacts inferring to sustainability:**

Formation of peoples' institutions are the strongest part of social capital formation that in the long run help reduce development cost and direct people to entrepreneurship and self reliance with

<sup>1</sup>NB: poverty line (PL) = Minimum expenditure needed to maintain a tolerable life. As per World Bank recommendation \$1.25/person / day for 2005 base year, benchmark for the PL has been calculated to be NRs 173,000/annum for a family size of 5.44

increased capacity for management. Now HPI/N has changed its strategy to graduate matured groups into higher institutions such as Cooperatives, Federation of SHGs and even CBOs or local NGOs. A few of the SHGs have already evolved as federations, a few as cooperatives and others as local NGOs. But, much is to be accomplished to cover all HPI/N districts. The study team infers that social harmony has been achieved among SHG families and others by mutually respecting each others' dignity and traditional culture and also by reducing the gap in distribution of existing opportunities and access for individual's growth based on actual need. The joint efforts have contributed to build a just society by ensuring rightful sharing of what they have and active participation in what they are doing. The behavioral practices have been transformed to such an extent that there is very little chance for social disharmony to conceive and flare up in the community.

**Impacts on literacy:**

The literacy rate in HPI/ project areas is about 80%, much higher than the

national average of 55%, for the age group above 16 years for both men and women. This is a remarkable impact and substantial contribution to MDG achievement, though it is confined to project target areas only. The other achievements in education that we consider is outstanding is that all (100%) the children of school going age (five years or above) go to school. The study team did not find a single case of school dropouts during interaction with the project beneficiaries.

**Impact on the environment:**

The impact of the project on environment conservation and care for the earth are appreciable and envisaged indicators in the project plan have been achieved. The programs on social mobilization, livestock development, environment protection and promotion and institutional development are progressing in right direction in terms of sustainability.

**Recommendations:**

Recommendations are made for setting criteria to phase out facilitation of the SHGs and their higher institutions

(Federations, cooperatives, Producers associations, and NGO/CBOs), increasing program size depending on the capacity of the individual family so that income level surpasses poverty line quicker than now. As livestock is the essence of Heifer, production of livestock of genetic merit is essential to support future programs for enhancing the income level from livestock farming. Promotion of livestock resource centers is strongly recommended. Formulation of effective strategies for advocacy and execution of VBHCD approach by other development partners with facilitation for District Development Committee to play the pivotal role for its wider adoption is also advised. Suggestions are made for introduction of activities on Early Childhood Development and parenting education for continuity of Heifer values in new generations. Lastly, for HPI/N management, it is advised that some minor amendments be made in the present monitoring and evaluation database system for deriving information on achievements at the effect and goal level of the project logical framework.

**MEASURING THE MEANS**

**Project families benefitted since 1993 till June 2011**

56780

**Animals placed**

Goats	101900
Buffalo	3638
Swine	5324
Sheep	427
Poultry	10769
Ox	76
Cattle	749

**Scholarships provided to girl children since 2000**

1477

## REFLECTIONS:

We have visited several projects [in Nepal] and have met women who have started improving their lives. We saw how the [Heifer's] 12 Cornerstones empowers women to change their lives from within and it manifests itself into changes in the community at a pace that is simply startling. After determining what they needed as a community they have gone about to getting it with the help of the men. These communities are led by women, envisioned by women and driven by women – and all this started with goats. My friend Tom Bluewolf, a Native American said that the world would be a better place if it was led by women. My experience [in Nepal] confirmed that.

Pierre Ferrari, CEO, Heifer International



## VOICES FROM THE FIELD:

I am what I am because of my sisters in this group. They inspire me, nurture me and have so much confidence in me that even though my legs shake with fear, I stand up and speak for them. I wonder what I would have become if Heifer had not brought me closer to them at a spiritual level. Heifer did not just give me goats and training, it gave me a new life and a new family.

Chammi Kumari Rana Magar, Devitar, Shaktikhor, Chitwan



Stamp

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