

REPORT ON
THIRTEENTH SOCIALLY RESPONSIBLE
BUSINESS DEVELOPMENT NETWORK

THEME: “INTERNATIONAL TRADE & CSR”

May 11, 2007

Socially Responsible Business Development Network (SRBDN)

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ACKNOWLEDGEMENT

On behalf of Socially Responsible Business Development Network (SRBDN) we would like to thank the presenters Mr. Navin Dahal, Executive Director, SAWTEE for taking his time to present the importance of responsible business in International Trade in Nepal and Ms. Nerisha Vaidhya, Export Department Coordinator, Association of Craft Producers for sharing her thoughts on responsible business and international trade. We would also like to express our sincere gratitude to Mr. Siddha Raj Pant, Tara Management for moderating the forum.

Our thanks goes to all the participants who attended the thirteenth forum on Socially Responsible Business Development Network, who took time to participate, discuss and share their views and ideas.

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ACRONYMS

AAN	ActionAid Nepal
ACP	Association of Craft Producers
CSR	Corporate Social Responsibility
FTG	Fair Trade Group
ILO	International Labor Organization
INGO	International Non Government Organization
OECD	Organization for Economic Co-operation and Development
LO	Lotus Opportunities
NGO	Non Government Organization
SAWTEE	South Asian Watch on Trade, Economics and Environment
SRBDN	Socially Responsible Business Development Network

1. RATIONALE BEHIND THE MEETING

Corporate Social Responsibility (CSR) is part of an international drive towards transparency and accountability of business activities and a way of monitoring how business perform against environment, ethics and society. SRBDN is a platform to share information, knowledge and experience on CSR. The rationale behind the meeting was to have a well functioning knowledge and information-sharing network on CSR.

Objective of SRBDN

- Facilitate sharing information, experiences and ideas on Corporate Social Responsibility in Nepal.
- Facilitate identification of common interests and development of joint efforts and create synergy among facilitators, providers and donors.
- Awareness raising
- Cooperation between large organization and SME.
- Integrating CSR in education

2. OBJECTIVE OF THE THIRTEENTH FORUM

The objective of the thirteenth forum on SRBDN was as follows:

- To know the importance of responsible business while doing international trade.
- To know the demand for responsible business in international market
- To share experience on responsible business and international trade

3. PROCEEDINGS OF THE PROGRAM

3.1 Programme Overview

The Thirteenth Socially Responsible Business Development Network took place at Yala Maya Kendra, Patan Dhoka on May 11, 2007. The theme for the forum was **“International Trade & CSR”**.

To begin with the session, Ms. Reema Shrestha, Coordinator of the Forum welcomed the entire guests; she gave a brief background about the forum. Also, she informed all the new participants about the SRBDN yahoo group for membership and the website www.srbdn.org.np. Then she invited Mr. Siddha Raj Pant to moderate the forum.

3.2. Importance of Responsible business in International Trade Navin Dahal, Executive Director, SAWTEE

Mr. Navin Dahal started his presentation with the definition of International Trade – the free flow of services, goods and capital usually facilitated by WTO regional and bilateral trade agreements. But the growing concern is that despite of the economic benefits associated with increase in trade worldwide, there are still vast differences between the rich and the poor. According to the global governance, businesses are supposed to operate within the legislative and economic framework created by governments. Delay in establishing institutions/arrangements for global governance, are particularly related to international trade.

Speaking of CSR, it is a process in which corporations take responsibilities and can be held accountable for the social, ecological and economic impact of their activities. Human rights, environmental compliance in the workplace, fair price, and employment of marginalized groups are the issues of CSR. So, looking at the link between the global governance and CSR, it meets at the increasing rate of finance and trade liberalization in opposition to the time needed to elaborate an international regulatory framework for these changes. Also, it can be differentiated at the economic and social regulation in industrial countries and those in developing countries as well as at international level. If compared to global governance, the imbalance is still high. To

fulfill these gaps many institutions have approached with voluntary gaps such as binding legal requirements, social and environmental practices of business and by accepting the international standards, conventions and agreements. For example, ILO have taken initiative in developing Code of Conduct for Multinational Enterprises, also, other guidelines and tools developed are OECD Guidelines for multinational enterprises, Kyoto Protocol etc.

Towards the end, Mr. Dahal added that CSR is important to the institutions as pressure from consumers is increasing. There are reporting standards and labeling requirements for institutions to implement CSR in their business.

3.3. Experience sharing on responsible business and international trade **Ms. Nerisha Vaidhya, Export Department Coordinator, ACP**

Ms. Vaidhya's presentation was divided into three sections. The first section being the introduction of ACP, she said that ACP was established since 1984 A.D. working as a not-for-profit NGO for 23 years. From the beginning, its mission has been to provide full range of services to low-income craft producers, primarily women that result in regular adequate wages to supplement family income and improve the overall standard of living. So far, they have 1200 producers in 15 different districts working in 20 skill categories such as ceramics, weaving etc. They have one retail outlet in Kuponhole called Dhukuti and are exporting their products to more than 15 countries.

In the second section, she shared ACP experience on responsible business. She said that ACP is responsible to the producers with whom they are working with as well as with the customers. Ms. Vaidhya explained the definition of Fair Trade, which is defined as a trading partnership based on dialogue, transparency and respect that seeks greater equity in international trade, is also a part of responsible business. ACP is following all the nine standards of Fair Trade such as creating opportunities for economically disadvantaged producers, transparency, capacity building, promoting fair trade, fair wages, gender equity, healthy working conditions, child labor free, and using environment friendly raw materials. ACP comply the first ever waste water treatment plant and also the rain water conservation plant. They also have Social Welfare

Program for their employees, such as retirement funds, scholarship to their children, counseling, 90 days of maternity leave etc. and other environment policies.

Ms. Vaidhya also added that the reason for ACP sustainability is due to the implementation of responsible business in her business. She showed the continuous growth in the number of producers from 38 to 1200 and number of staff from 5 to 60. Their office area has increased from 3 rented rooms to 43,000 sq. ft. of private facility. Their products are now categorized into 20 different skills whereas in the beginning it was limited to 3 skills only which was block printing, weaving and spinning. Their sales are constantly increasing nationally and internationally. Even their producers who started with a very small production are now able to establish an independent salesroom. Though ACP is having tremendous growth in their business they are still preserving their motive in commitment to the Fair Trade and increasing awareness of social responsibility in organizations and general people.

Towards the conclusion, Ms. Vaidhya said that in her experience, the customers now are recognizing the value of the fair trade products and also that poor groups of people are benefited if these products are bought. The illiterate producers are much more aware about the importance of the quality in their product. Speaking about their achievement, ACP was donor dependent till the first 3 years of their establishment. After that they sustained themselves.

Discussion:

During the discussion session with Mr. Navin Dahal, a participant wanted to know that as WTO and IMF have more power to enforce and by any chance, CSR can be made as a duty. Also, he wanted to know if CSR could be implemented in the business if it is not sustainable by itself.

On this, Mr. Dahal answered that giving healthy environment and human rights to the employees is must in every business. That is also a part of internal CSR. And talking about community development or the external CSR is not compulsory until your business is well established. But what we should understand is, being socially responsible is for our own benefit.

Meanwhile, another participant asked why CSR is needed for International trade.

On this, Mr. Dahal answered that the influence of multinational companies are developing. CSR is now more in demand by the international buyers and CSR brands like RUGMARK increases the value of the product and there will be more financial as well as promotional benefit.

During the discussion session with Ms. Nerisha Vaidhya, one participant asked the percentage of sales in fair trade stores nationally and internationally, also if there was any exploitation happening through ACP.

On this, Ms. Vaidhya answered that in the context of ACP, 50 % of the total sales is through fair trade channels and the rest is through the social channels, which respect fair trade.

About exploitation, she said that there is not any and the wages paid to the producers in ACP are higher in comparison to other places.

Another participant asked about the criteria required to become a member of ACP.

Ms. Vaidhya answered that skill is the main factor to become the member of ACP. Besides that, they carry out a need assessment test to see is the producer is really in need of the job or not.

One of the participants inquired about the mechanism of work in ACP, like does it works in groups or individually.

She answered that most of the producer works individually. They supply the raw materials and collect the products directly from the producers.

During the discussion, one of the participant asked is ACP ever need a Fair Trade Certification label in their products.

Ms. Vaidhya said that few years back there was an issue about it but it is not decided yet. The buyers do trust ACP so there is not need of any label yet.

Another participant asked what was the standard fair price according to the Nepal Government, and also among the 1200 producers, how do they maintain the standard export quality.

On this she answered that unfortunately, there is no standard price to call it Fair trade. There is a study going on about it initiated by FTG & AAN but not completely sure.

One of the participants wanted to know if all 1200 producers of ACP know about the standards of Fair Trade.

On this Ms. Vaidhya answered that they orient all their producers in the beginning. And also, they have printed the standards in Nepali and posted around their working areas.

The participants wanted to know about the reaction of the consumers towards their products and how much aware the consumers are and on this she said that in last 2 years, more and more Nepalese customers are visiting their stores and buying things though they are expensive. They are slowly becoming aware about the fact that buying these products is directly helping a poor family of their own country.

4. WRAP UP

Mr. Siddha Raj Pant, Moderator of the Forum concluded the session. He briefly reviewed the both the presentations. He said that it was really knowledgeable to hear about CSR from two different NGOs from their own point of view. There is definitely an important link between CSR & globalization for internal trade. Whereas, factors like fair wages, healthy working environment, human rights etc that we call as internal CSR is also equally important. As one of the participant said, CSR should be marked as a duty for every business by the government. Society and institute should be governed equally. Speaking about fair wages, there is a standard price in Government office but in private, there is minimum, but no maximum limit. Mr. Pant admires ACP that they are supported by the spirit of its employees rather than by the donors.

At the end Ms. Reema Shrestha, Coordinator of the Forum informed that our next forum, 14th SRBDN forum would be held on July 6th, 2007.

5. ANNEXURE

5.1 Program Schedule

Thirteenth SRBDN Forum Tentative Program Schedule

Date: 11th May 2007

Venue: Gaushala Hall 2, Yala Maya Kendra, Patan Dhoka (Near Post Office)

Theme: International Trade and CSR

2:15 - 2:30	Registration
2:30 - 2:40	Welcome Address
2:40 – 3:10	Importance of responsible business in International trade Mr. Navin Dahal South Asian Watch on Trade, Economics and Environment (SAWTEE) 30 minutes
3:10 – 3:30	Discussion Round 20minutes
3:30 – 4:00	Experience sharing on responsible business and international trade Ms. Nerisa Vaidhya Export Department Coordinator Association of Craft Producers 30 minutes
4:00 – 4:20	Discussion Round 20minutes
4:20 - 4:30	Moderators wrap up 10 minutes

5.2 List of Participants

S.N.	I.	F. Name	L. Name	Organization
1	Ms.	Nerisa	Vaidhya	Association of Craft Producers
2	Mr.	Chanchal	Tamrakar	BizMantra
3	Mr.	Binay Raj	Poudyal	CRP Nepal
4	Mr.	Nabaraj	Bhattarai	CRP Nepal
5	Ms.	Prakriti	Adhikari	CRP Nepal
6	Mr.	Prashant	Pant	CRP Nepal
7	Mr.	Subash	Dhungana	CRP Nepal
8	Mr.	Sundar	Neupane	CRP Nepal
9	Ms.	Nina	Shahi	FTG
10	Ms.	Sabina	Singh	FTG
11	Ms.	Geeta	Shrestha	Hoste Hainse
12	Mr.	Jitendra	Lohani	IEDI
13	Ms.	Manu	Rasaily	JCI Nepal
14	Mr.	Rajan	Lohani	JCI Nepal
15	Ms.	Manisha	Prdhananga	SAWTEE
16	Mr.	Navin	Dahal	SAWTEE
17	Ms.	Helga	Duhou	SNV
18	Mr.	Siddha Raj	Pant	Tara Management