

SYNTHESIS AND WAY FORWARD

3rd International Conference on Cooperatives (ICOOP2018)
“Cooperative Transformation in the Changing Global Economy”

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by
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It took the Institute of Cooperatives and Bio-Enterprise Development (ICOPED) about a year to prepare for this two-day international conference but the presence of the 275 participants from Japan, Thailand, Indonesia, Vietnam, and the Philippines made all the effort well worth it. The participation demonstrates a strong commitment to work together toward the development of cooperatives as viable economic business models and as a socio-economic development instrument in employment generation, social fabric enhancement, poverty reduction, and social inclusion.

The objectives of this conference were lofty, as the participants examined the many challenges that cooperatives in the Southeast Asian Region face. The international conference not only discussed the implications of a dynamic global economy, but more importantly, the policy directions and pathways necessary to overcome them.

The following were the highlights of the discussions and the suggested directions to take:

1. The international conference recognized the role of cooperatives as partners and conduits for development interventions, especially in the countryside. Discussions saw the role of cooperatives as (1) marketing communication media where farmers can air their needs and development partners can present their perspectives, giving them a venue to match needs and responses; (2) conduit for information exchange among farmers; (3) vehicle for access and procurement of production materials and other inputs which would lead to the development of sustainable supply chains; (4) a reliable institution in times of unexpected events, such as calamity and crop damage and household events, such as death and illness; (5) support to the agricultural sector by promoting organic lifestyle; (6) venue for savings mobilization; and (7) forefront of community development. Aside from these, cooperatives offer a platform for sustainable economic activities in the community to promote and hone the entrepreneurial spirit, especially among the youth.
2. In the Philippines, the Cooperative Development Authority (CDA) reports that the country has more than 26,000 cooperatives with 10.4 million members in 2017. All over the world, 1.13 billion people belong to about 2.94 million cooperatives, which are working for the welfare of its members and impacting, in more ways than one, on rural development.
3. A call for more holistic and integrated interventions to empower the Philippine cooperative sector to better respond to the changes and transformations in the business environment was raised. Crucial paths require that cooperatives nurture the intellectual foundation of cooperative development, adopt cutting-edge technologies for productivity enhancement, and render meaningful public service for cooperatives.

4. Efforts in improving agricultural productivity see the trend in organizing farmers into producers' associations and farmers' cooperatives. Producers' associations offer strategies for developing and managing products and services to increase competitiveness. They are important in providing agricultural inputs and strategies in market positioning to include bargaining, transporting, and processing of agricultural items. They also promote inclusive growth for marginalized groups, such as youth, women, and the elderly. However, it is essential to enhance awareness of the changing roles of producers' associations and farmers' cooperatives in a highly dynamic global economy.
5. The integration of smallholder farmers promotes collective management, which is seen as a contributor to cost efficiencies. Collective management entails the integration of operations among producers to achieve economies of scale. This leads to the creation of efficient value chains that promote market linkages and facilitate resource mobilization, such as input materials, market information, and best practices. The adoption of the value chain approach facilitates the identification of constraints and opportunities in each segment of the chain and offers a better lens to track and measure cooperatives' growth and competitiveness in the economy. Doing so will also improve the coping mechanism of cooperatives and increase their bargaining power. The productivity of cooperatives is further strengthened through support services, such as crop insurance, infrastructure, and facility development (such as the common service facilities of ARCESS), and technology dissemination. Such services improve cooperatives' financial performance in terms of liquidity, solvency, and profitability. Collective action practices among farmers, cooperatives, and institutions (such as the LGUs) are, therefore, deemed important in continuously improving cooperative productivity.
6. The continuous evolution of technologies and business models poses additional challenges to cooperatives. Cooperatives and producer organizations cannot be complacent about the possible adversities that the technological and geostrategic disruptions may inflict on them. There are looming uncertain adjustments in the global value chains (GVCs). New technologies are disrupting and fostering a technology-based model of production and distribution that challenge the region's small and medium enterprises (SMEs), which include cooperatives. The question is whether cooperatives will be able to cope, catch up, and take advantage of these disruptions in the 4th Industrial Revolution. With the quality of labor and higher productivity as the new source of production advantage, can the Philippines in general, and cooperatives in particular, be capable of adjustment? A case in point is the growth of the e-grocer platform in India. Another is the building of a new, all-in-one blockchain solution in many parts of Southeast Asia where an innovative smart bridge system offers flexibility and market power. For the Philippine case, a relevant question is, can cooperatives survive in this jungle of technology advancement amidst lack of infrastructure, inferior capabilities, and possible labor displacements? Or can the cooperatives turn this development to their advantage?
7. The emerging and evolving technologies provide opportunities for the advancement of cooperatives, specifically in decision-making, production, quality assurance, and ease of transactions. Decision-making models are being proposed for the use of cooperatives, especially in determining which technology and how much of the technology is needed. Cooperatives may also take advantage of a wide array of digital platforms, such as web applications and services. These platforms promise ease of use and improved systems for business transactions. However, good digital hygiene on all platforms must be observed to avoid data breach. Technologies sometimes disrupt rather than facilitate, thus, stringent breach management protocol must be set in place. With the level of computer and cyberspace literacy of most cooperatives in the region and in the Philippines, information technology requires capability building and other support system to guarantee competitiveness and sustainability.

8. The conference also accentuated that around the world, there are specific national cooperative models for which various types of data are provided. These models, however, follow divergent regulations and data collection methods. For a better recognition of the economic and social impacts of cooperatives, there is a need to standardize the statistical definition of cooperatives and prescribe the typology, pedagogy, and operational guidelines in standardizing statistics for international comparability. To better understand the cooperative world, solid figures on the number of coops, members, contributions to GDP, and human development index, to name a few, are of paramount importance. Cooperatives' resilience to crises and their ability to bounce back in the face of global economic pressures can be strategized more effectively if data are made available in real time.
9. Moreover, there is the challenge to go beyond frameworks and iterative discussions of the cooperative DNA. It is helpful to institutionalize the changes in values among cooperatives, one that is facilitated by institutionalized reforms and not based on individual prescriptions. These can be used to develop practical solutions to improve the current situation, which remains wanting, to say the very least.
10. Several issues hamper the performance of cooperatives. Membership is a crucial aspect. Cooperatives need to strive for membership commitment and ensure members' satisfaction and patronization. There is a need to determine the values deemed important among members. Members must put importance on the value of honesty, concern for others, professionalism, accountability, transparency, discipline, and responsibility.
11. Cooperatives are susceptible to economic risks (e.g., regional or global economic crises, and foreign currency fluctuations); technological disasters (e.g., cyber-attacks and data loss); and natural disasters (e.g., typhoons, floods, and pandemics). These risk factors cut and derail cooperatives' expansionary momentum, tailback poverty alleviation initiatives, and mire efforts to promote and develop cooperatives in the country. Thus, support to protect business operations, even when a disaster or accident occurs and disrupts operations, must be put in place. It is recommended that a business continuity plan (BCP) be adopted because it enables the identification of critical control points, potential impacts of risks, adjustment possibilities prior to incidence, and determination of economic costs and benefits. Cooperatives must be assisted to identify and manage necessary logistic arrangements and in turn, protect their personnel and assets.
12. Financial problems still loom over cooperatives. These include limited sources of capital, limited financing sources, and limited ability to create product added value, among others. Among the recommendations given are acquisition of fund sources, creation of hybrid financing, and encouraging investors to increase source of investment capital. Partnership is viewed as the way to go to improve financial access of cooperatives. Large-scale cooperatives with financing mechanisms may collaborate with micro, small, and medium enterprises (MSMEs). A task force to expedite financial assistance and fund distribution from fund providers to cooperatives is also one of the emerging ideas. Moreover, to facilitate granting of loans, cooperatives must be able to establish a concrete policy on loan repayment with considerations on repayment period and income.
13. Concerning capital build-up, interventions must go beyond financial assistance. To reiterate Raiffeisen's mantra, as mentioned by one of the plenary speakers:

Credit unions must not confine themselves to granting loans. Their main objective should be to control the use of money, to improve the moral and physical values of people, and their will to act by themselves.



14. An operational standard in determining training and education needs is essential to reach the full potential of cooperative officers, members, and employees. This covers the identification of preferred topics; appropriate materials, methods, and media of instruction needed; and training duration, prospective participants, and resource persons. The topics preferred for trainings are on governance and management, financial management, and basics of cooperatives. Aside from this, interpersonal skills, such as listening, also emerged as important topic for training, especially among cooperative leaders. Location, duration, and funding were also important factors in designing training and education in cooperatives.
15. The demo-workshop sessions have served as avenues to demonstrate the innovativeness of cooperatives and to share their strategies to improve performance and productivity. These included the presentations of new product development ideas, innovative business livelihood activities, and technical assistance available for enterprise development. The five product technologies presented were: (1) SNAP hydroponics, (2) carabao milk-based products, (3) handicrafts from water lily/water hyacinth, (4) swine raising technology, and (5) beekeeping. The sessions also walked the participants through several services/technical assistance available to cooperatives and MSMEs that included: (1) Landbank's financing for cooperatives and priority clients, (2) information on the requirements of the Philippine Food Safety Act and international food safety standards, and (3) distribution and marketing of cooperative products using the method of the Federation of People's Sustainable Development Cooperative (FPSDC).
16. The challenges facing our cooperatives are many and complex. However, when provided with the right direction and sustainable support, these cooperatives can transform and compete in the changing global economy. However, the cooperatives must also do their own share. As the saying goes, it takes two to tango.

Allow me to take this opportunity to express my personal words of gratitude as Chair of the ICOOP2018 and Director of the ICOPED. Thank you to everyone for your active participation and open dialogue. Thank you to ICOPED staff and CEM supporters for the relentless energy. You truthfully showed the genuine meaning of cooperation.

I look forward to a continuing exchange of experiences and ideas beyond this two-day event. I trust that we had good lessons and memories of this conference and that ICOOP2018 has inspired us all to work harder and perform better in the name and service of cooperatives. See you in ICOOP2021!