Benchmarks of Governance in a Credit and Development Cooperative

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CONTENTS

- Governance by Prakesh
- 4 key components (Governance in the Management of Cooperatives)
- Design of a participative and consultative environment at the UPLB Credit and Development Cooperative vis-à-vis ICA parameters
- Activities and Indicators of a participative and consultative environment at the Cooperative level
- Indicators of Participative and Consultative Schemes in Credit Cooperative
- Indicators of Accountability and Transparency in Credit Cooperative
- Best practices related to participation, constitution, accountability and transparency
- The suggested directions for capacity building in the cooperatives vis-a-vis the key components of governance
- Functional Governance in Cooperative
- Benchmarks of Governance in Cooperatives across
- Structural levels of Units

Governance in its functional orientation, as defined by Arvind Gupta, pertains to the institutional frameworks that define the structure and linkages, fixing the rules of conduct, behavior, interaction and conflict resolution, and provide for incentives/disincentives for behavior of the organization.

Good governance has 8 major characteristics which include participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. The key dimensions of governance identified by the World Bank are public sector management, accountability, legal framework for development, and transparency and information.

The four key components according to Prakash (Governance in the Management of Cooperatives)

Accountability - the capacity to call officials to account for their actions. Effective accountability has two components: "answerability" and "consequences".

-"Answerability" is the requirement to respond periodically to questions concerning one's official actions.

- There is also a need for "predictable and meaningful consequences".

Transparency entails the provision of complete, reliable, timely, relevant information that is understandable and at low cost to enable members and stakeholders assess the efficiency and effectiveness of those they entrust to govern.

Predictability implies that there are clear laws, regulations, rules and procedures which are known in advance, uniformly and effectively enforced. Most importantly, the application of those laws, rules, procedures and any economic regulations must be effective, fair and uniform.

Participation implies the active involvement of the governed – being consulted and engaged-in the formulation of governance procedures and rules and allowed to provide feedback on the operational efficiency and quality of the services as a means of monitoring and evaluating performance.

Actions to be addresses by credit cooperatives in the region following participative and consultative processes as benchmarks:

- Creating a participative and consultative environment
- Design venues and opportunities for participation and consultation
- Processing the information by discussion and deliberation of ideas, suggestions and other feedback
- Identify or formulate policy and/or procedural changes and modifications
- Inform and communicate to officers, management and the general membership

Design of a participative and consultative environment at the UPLB Credit and Development Cooperative vis-à-vis ICA parameters

Design venues and opportunities for participation and consultation.

How much is the level of transparency in dealing with the employees; how often are the meetings held (on schedule and in accordance with the law and bylaws).

Processing the information by discussion and deliberation of ideas, suggestions and other feedback

How smooth are the communication channels between the board and the chief executive; whether any code of conduct/ethics has been developed and accepted by the organization and its affiliates; how smooth is the channel of communication between the cooperative and its stakeholders and business partners.

Identify or formulate policy and/or procedural changes and modifications

How much of awareness the leaders and members have about the Principles of Cooperation and the basic values of the Cooperative Philosophy.

How clearly they understand the ethical and moral elements which are the essential components of the Cooperative Philosophy as a whole.

Inform and communicate to officers, management and the general membership

How conscious are the board members about their duties and liabilities, their roles, functions and responsibilities;

To what extent the Board members realize that they are accountable and answerable to the members who have reposed their confidence in them; how much of operational powers are delegated to the chief executive;

Ensure strategizing directions and development of the cooperative through participation and consultation

How different is the cooperative enterprise from a private enterprise or a state enterprise; whether there is any discipline outlined on the use of assets of the organization; the extent to which the cooperative institution obeys the directives of the State at the cost of its autonomy and freedom of action.

Activities and Indicators of a participative and consultative environment at the Cooperative level

Creation a participative and consultative environment

Scouting and Inviting Participant – Representative

Sectoral or Geographical Representative
Expertise of the Member
Active and Concerned Member

Focus or Topic of Concerns or Inputs

According to the member's preference
Previous or Current Problems or Issues
Emissary

Participation or Involvement

Advance Scheduling of Participation
Written Communication and Active Discussion

Outputs

Procedure Modifications or Charges
Policy Recommendation or Implementation
Areas for Improvement

Design venues and opportunities for participation and consultation.

- Regular attendance and participation to meetings
- Scheduled Dialogue with members
- Year end Review and Strategic Planning
- Budget Hearing

Regular seminars (ownership seminar, PMES, committee, BOD meetings and hearing)
Consultative meetings (sectoral representative, geography)
Pangkat Tulungan meetings
Other forms (e-mail, phone calls, newsletter, visits, walk-ins)

Processing the information by discussion and deliberation of ideas, suggestions and other feedback.

Refer to existing procedures and policies.
Investigate the merits of the complaints or suggestions.
Cross check with concerned office, staff or officer.

Identify or formulate policy and/or procedural changes and modifications.

Refer to existing procedures and policies.
Investigate the merits of the complaints or suggestions.
Cross check with concerned office, staff or officer.

Inform and communicate to officers, management and the general membership.

Publish the information and ideas.
Document and attach to the minutes of the meeting.
Echo the decision or action.

Indicators of Participative and Consultative Schemes in Credit Cooperative

- Excellent ideas and suggestions of members are heard.
- Experimenting and exploring of some service delivery approaches and modes.
- Spoke persons tend to represent certain sectors and serve as emissaries/messengers.
- Preventive strategies for potential conflicts or misinformation.
- Members demand for results.
- Members' eagerness to participate and be involved is given the opportunities.
- Members do share their ideas and expertise.

Indicators of Accountability and Transparency in Credit Cooperative

- Members problems and complaints were identified.
- Members needs are forwarded to cooperative staff and officers.
- Members become more aware and informed of events and happenings in the affairs and decisions.
- Review and improve certain procedures and implementing guidelines
- Review and recommend policies in the cooperative
- Confidence of officers and management in decision-making.
- Confidence in the cooperative when members' perception are corrected or supported by what they see in the reports or actual operations.
- Documents are open for members.

Best practices related to participation, constitution, accountability and transparency

-Exploring and discovering members' expertise and experience, members ownership.

-Recognize and acknowledge your members' expertise and potential contributions. Their business is your business.

-Challenging your members and demanding for sense of involvement and responsibility.

-Let them take part in seeing and achieving results as they would also increase their responsibilities toward the cooperative.

- Share the risks and opportunities, active stakeholders

- Making members to accept realities and address the prevailing issues.

- Trying to have a more client - focused and client - driven operations and services

- Continuously be sensitive and aware of their clamor for better service and operations.

- The cooperative tries to be transparent in the activities and affairs.

- Officers and staff perform better and achieve results because there are "watchers and reactors"

The suggested directions for capacity building in the cooperatives vis-a-vis the key components of governance mentioned by Daman Prakash , International Cooperative Alliance.

PREDICTABILITY
- Strategic Plans and Management
- Resources Generation and Management

PARTICIPATION
- Planning and Management

TRANSPARENCY
- Organizational Review and Development Organization
- Invent information Access and Process

ACCOUNTABILITY
- Leadership Development
- Policy Research and Development

Functional Governance in Cooperative

PREDICTABILITY
Competitive Position
Continuous Service and Product Improvement
Supplier Relationship

ACCOUNTABILITY
Leadership
Board and Officers
Management Sensitivity

TRANSPARENCY
Financial Capability
Operations
Process Approach
Systems Approach

PARTICIPATION
Customer Client Involvement
Membership
Employee Motivation

Benchmarks of Governance in Cooperatives across Structural levels of Units

NATIONAL LEVEL (NETWORKS AND LINKAGES)
- Cooperative Control
- Standards Performance Qualification
- Parameters Sustainable Networks

REGIONAL LEVEL (DEVELOPMENT AREA)
- Business Solutions
- Loyalty and Commitment of Cooperatives
- Products and Service
- "Small-big brother cooperative" partners
- Cooperative Mergers

COOPERATIVE LEVEL (PROCESS AREA)
- Participative
- Consultative
- Leadership
- Involvement
- Membership

Thank you!

The UPLB CDC and NAPSIPAG