



CDF and NCB Annual Meetings, May 2012

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Co-ops Hail United Nations Designation of 2012 as the International Year of the Cooperative

Two leading national co-op organizations—the Cooperative Development Foundation and the National Cooperative Bank—held events in Washington, D.C. this past May, both of which focused on the International Year of the Cooperative. The designation of this year by the United Nations marks an important stage in the cooperative movement. Indeed, only once before has the United Nations chosen to so honor a form of economic organization. That occurred with the designation in 2005 of the “international year of microcredit,” a designation that greatly contributed to the rising profile of microenterprise both in the United States and internationally.

Worldwide, the number of co-op member-owners now exceeds one billion people, making cooperatives by far the largest worldwide form of community wealth building. Pauline Green, President of the International Cooperative Alliance keynoted both events. “The cooperative model in business is arguably the single most successful innovation ever for taking people out of poverty” to open the Co-op Issues Forum, organized by the Cooperative Development Foundation, the charitable arm of the National Cooperative Business Association. Green highlighted the size of the cooperative sector – for example, the 300 largest cooperatives in the world had \$1.6 trillion in economic activity in 2011, an amount equivalent to the gross domestic product of the world’s ninth largest economy. Green noted that co-ops worldwide had 1.2 billion members and employed over 100 million – more than the employment of all multinational corporations put together. “Over half of the world’s population is served every day by cooperatives,” Green added.

Yet more important than size, cooperatives, Green argued, is the impact that cooperative organizations have. “Community economic development and food security are hallmarks of cooperatives,” Green said. Cooperative enterprises help to reduce poverty and enhance civil integration,” Green added. Green pointed out that smallholder farms produce 80% of the food in the developing world and urged the cooperative movement to meet its mission by providing effective support structures for those farmers. Green said a goal for raising a \$50 million global cooperative development fund towards that end. Green pointed out that if the top 300 co-ops would pay \$250,000 each, that would raise \$75 million, 50 percent more than her target.

Green’s address at the Co-op Issue Forum was followed by a panel discussion. Moderated by Gordon Lindquist, immediate Past Chair of CHF International, the panelists were Daniel Hill, Executive Vice President and General Manager of the North Dakota Association of Rural Electric Cooperatives; Claudia Svarstad, Vice President of the National Farmers Union; Linah Jebil Killimo, Assistant Minister of Cooperative Development and Marketing in Kenya; and Benjamin Carnadi, Economic Counselor of the U.S. Embassy of Indonesia.

Each of the panelists highlighted the role of co-ops in international development. Hill, from North Dakota, noted that in his state cooperatives provide 51 percent of the electricity statewide. Internationally, electric co-ops through their national trade association, the National Rural Electric Cooperative Association, have also supported cooperative electrification across the world. To date: 50 countries and 120 million people worldwide have benefitted from these efforts. Nevertheless, Hill reminded attendees, there are still 1.5 billion people throughout the world without access to electric power.

Claudia Svarstad, Vice President of the National Farmers Union, extolled the importance of farmer-to-farmer links among countries. “Farmer-to-farmer exchange is not a new idea,” Svarstad said. “We want to be engaged globally. We want to participate globally. And be prepared as global citizens.” The needs, Svarstad noted, remain great and include water, quality seeds, fertilizer, education, and value-added agriculture (e.g., processing).

Carnadi and Killimo both talked about co-ops in their home countries. Kenya, Killimo noted, was number 7 in cooperatives in the world and number 1 in Africa. “Almost every other Kenyan is in a credit union,” Killimo added. In Indonesia, too, co-ops are important actors with 172,000 co-ops serving 29 million members. “We teach about cooperatives starting at the elementary school level. It’s part of business education,” Carnadi emphasized.

Asked about challenges, Killimo said that the biggest challenges are “natural disasters and climate change. You can plant the maize. But climate change comes. Rain will not come. We are yet to fully develop irrigation. This will be our biggest challenge.” Still, Killimo emphasized, cooperatives will play an important role in addressing this challenge. “Cooperatives pay back. The best way to help developing countries is to help the cooperatives in those countries.”

At the annual meeting of the National Cooperative Bank, held the following day, Green highlighted three key themes. First, that “member-owned cooperatives are a serious business model with scale. We can’t say that too often. There is still a sense that we are somehow a niche, boutique business model and we are not. We are asking that the specific and unique legal form of the cooperative is fully acknowledged in public policy and there should be a level playing field with other forms of businesses.” Second, Green emphasized that, “Member-owned cooperatives are values-led businesses. Our values are integral to the business model. Our values define our identity and are part of our DNA.” And, finally Green signaled as a distinguishing characteristic of cooperatives that the co-op governance model is “people led.”

Chuck Snyder, President of the National Cooperative Bank, ended the meeting by reminding attendees of the role played by cooperatives in economic development in the United States. Snyder noted that 39 percent of NCB’s loans “help low- and moderate-income communities. Most banks beat the drums if there are at three percent, but we’re ten times that.” Snyder also discussed briefly goals for the bank in the coming year. “We want to expand our solar energy lending. We had a pretty solid year. We have positioned ourselves for growth. There are a lot of headwinds. But we will definitely be growing our portfolio next year.”

For more information about the Cooperative Development Foundation see: www.cdf.coop. For more information about the National Cooperative Bank, see: www.ncb.coop.