

WHY SUSTAINABLE GROWTH?



The Co-op Movement Strategic Plan approved by the MASS-SPECC general assembly in June 2022 was framed around the overarching goal of “inclusive and sustainable growth.” These are no small words because they embody the realization, not by all co-op leaders as yet, but by those who understand the real purpose of the co-op movement and who are aware of the gap that exists between that purpose and the reality on the ground. These words also carry the weight of commitment needed to transform that realization into real action.

Without that understanding and commitment, “inclusive and sustainable growth” will degenerate into a mere slogan in the coming years. So, it is important for co-op leaders to understand the meaning of this goal and the reason behind it. Why indeed should the growth of co-operatives be inclusive and sustainable? Why is this goal important to the co-op movement now and in the future?

Previous issues of the Co-op Monitor already addressed the need to achieve inclusive growth at this stage in the development of co-operatives in Mindanao, particularly in view of the movement vision of “all members enjoy better quality of life.” In this issue, we will focus instead on sustainable growth, the one area of concern that co-operatives have still to give serious attention to.

The Nuance of Growth

Co-operatives in Mindanao have been realizing respectable growth in resources. From 2015 to 2019, their average growth in total assets was 16% while growth in net surplus averaged 14%. The growth in assets and net surplus fell to 11% and 6%, respectively, during the height of the Covid-19 pandemic from 2020 to 2021. But with the recovery of most co-operatives in 2022, the rate of growth will surely return to the previous level if not higher.



The annual general assembly of MASS-SPECC on June 10, 2022 in Cagayan de Oro City approved the Co-op Movement Strategic Plan of Mindanao.

But the real appreciation of these growth figures should go beyond financial statements. We have to think of co-operatives as part of a system. A system is defined as a group of interacting, interrelated, and interdependent components forming a complex and unified whole. According to Peter Senge, thinking in systems is a “discipline for seeing wholes and a framework for seeing interrelationships rather than things, for seeing patterns of change rather than static snapshots.”

In a world where everything is connected, what happens in one part of the system affects others. The business of the co-operative, for example, is not only affected by the behavior of its members but also by the attitude of the community towards it.

Events that transpire in the community and outside it, whether driven by forces related to the economy, markets, politics, etc., have a direct or indirect impact on the operation of the co-operative. This is particularly true when we talk of our natural environment to which the fortunes of people and the physical and social structures they build to support individual and community life are directly tied.

Think of natural disasters that destroy the lives and livelihoods of people, and the infrastructures on which they depend. Members of co-operatives are always part of the statistics of people affected every time a natural calamity strikes, let alone the damage to physical assets owned by co-operatives themselves. Unfortunately, this is a common occurrence because the Philippines is the most disaster-prone country in the world, according to the World Risk Report 2022.

Seen from this broader perspective, the growth achieved by co-operatives is circumscribed by this harsh reality. Co-op leaders and managers who pursue growth for the sake of growth are oblivious to the unsustainability of such growth.

Sustainability

In fact, sustainability is the new language of business. News reports about businesses, in the Philippines and in other parts of the world, taking conscious efforts to help preserve the planet are now common reading. Nestlé Philippines has joined USAID in supporting local governments in reducing waste-linked contributions to ocean plastics (the Philippines contributes to over 1/3 of the world's plastic waste). L'Oreal Philippines is using zero plastic in their packaging for orders shipped through online shopping platforms Shopee and Lazada. The international company has also committed to using 100% bio-based ingredients for their formulas by 2030.



Image source: Planet. (2022). [Nestlé PH employee volunteers conducted a Clean-Up Dive and Beach Clean-Up in Mabini, Batangas]. Nestlé.<https://www.nestle.com.ph/stories/world-ocean-day-2022>

The BSP issued in April 2020 the Sustainable Financial Framework in urging banks to adopt sustainability principles and progressively increase their loan allocations for green or sustainable projects as part of their strategic environmental and social objectives. The central bank itself is shifting to sustainable investments by investing in green bonds, trusting that banks will follow suit. The Securities and Exchange Commission now requires publicly listed companies to submit annual sustainability reports. A growing number of companies are doing so, recognizing the need to identify the potential impacts of climate change on their businesses and mitigate climate risks.

All this is in response to the call by the global community, led by the United Nations, to act urgently on the existential threat posed by the climate crisis. Scientists have warned that the global temperature should rise to no more than 1.5°C to avoid the worst climate impacts and maintain a livable climate. The UN Intergovernmental Panel on Climate Change (IPCC) recently estimated that the world is already 1.1 degrees Celsius warmer than before industrialization and warned that we are fast approaching the tipping point of 1.5 degrees.



Co-op members were among those greatly affected by Typhoon Odette in Dinagat Islands and had to rebuild their lives.



“Co-operatives in the Philippines: A Unified Force for Sustainable and Inclusive Development” - The MASS-SPECC 2022 Co-op Month Celebration

By Justin Nagac



Together with fellow co-operative institutions in Region 10 (Northern Mindanao), MASS-SPECC welcomed the 2022 celebration of the Co-operative Month with a grand parade and an opening salvo on October 1, 2022, held at the Capitol Grounds of the Province of Misamis Oriental in Cagayan de Oro City. The event was ablaze with brilliant colors and reverberated with festive music from the marching bands.

MASS-SPECC was represented by its working staff during the grand parade and opening salvo. Among the MASS-SPECC affiliates who took part in this occasion were Oro Integrated Cooperative (OIC), First Community Cooperative (FICCO), CLIMBS Life and General Insurance, MSU-ITT National Multi-Purpose Cooperative (MSU-IIT NMPC), Xavier University Community Credit Cooperative (XUCCCO), Nestlé CDO Employees Multi-Purpose Cooperative (NEMPC), Jobnet Multi-Purpose Cooperative, Paceman Multi-Purpose Cooperative, Northern Mindanao Medical Center Multi-Purpose Cooperative, Macabalan Wharf Employees Multi-Purpose Cooperative, Oro Savings and Sharing Cooperative (OSSC), Macajalar Wharf Porters Association Federation of Free Workers Multi-Purpose Cooperative, Oro Transport Cooperative (OROTSCO) and MUST Employees Multi-Purpose Cooperative.

The onsite events that co-op members and employees used to look forward to every year were suspended in 2022 owing



to the start of the COVID-19 pandemic. The 2022 Co-operative Month was different after three years of scaled-down celebration as it demonstrated how equipped the cooperative is to strive toward a post-pandemic environment.

Showcasing their strength and agility, MASS-SPECC took part in the basketball league organized by Regional Cooperative Development Council (RCDC-10) where its representatives face off against the players from Nestle Employees Multi-Purpose Cooperative, Mindanao Consolidated Cooperative Bank (MCCB), First Community Cooperative (FICCO), and Oro Integrated Cooperative (OIC).

Meanwhile, Executive Secretary Lucille G. Jalandon and Digital Solutions Technical Analyst Marvin T. Chua represented MASS-SPECC in the “Mister and Miss Co-operative Region 10.” For the first time, the RCDC-10 selected a male who will represent the co-operative movement in Northern Mindanao as its Ambassador of Goodwill and the new generation of Mindanawon Youth.



ECONOMIC HIGHLIGHTS AND MARKET TRENDS

Q4, FY2022



This report provides co-operators with a rundown of the significant economic highlights and market trends during the fourth and final quarter of 2022 that reflected the profound impacts of economic challenges and riveting shifts in Philippine society.

COA REPORT: 90% OF 4PS FAMILIES STILL POOR

After 13 years of receiving cash grants, about 90% of the active beneficiaries of the government's Pantawid Pamilyang Pilipino Program (4Ps) are still below the poverty threshold and most of them may be delisted from the program if necessary steps are not taken immediately, according to a report by the Commission on Audit (COA).

In a 62-page performance audit report on 4Ps, the commission said the government's antipoverty program received a total of P780.71B in funding between 2008 and 2021.

It noted that there are a total of 4.2M active 4Ps beneficiaries who have been on the program for 7 to 13 years. However, 90% of them, or a total of 3,820,012 households, are still below the poverty threshold.

Source: Philippine Daily Inquirer

AUDITORS TELL DSWD TO IMPROVE YARDSTICKS TO SEE THE SUCCESS OR FAILURE OF THE 4Ps PROGRAM

State auditors have recommended to the Department of Social Welfare and Development (DSWD) to collect data on the employment rate among past beneficiaries of the government's cash transfer program for a clearer assessment of the success — or failure — of the poverty reduction initiative.

The 4Ps is a conditional cash transfer program that was first launched in 2007. It was institutionalized in 2019 through Republic Act 11310.

CoA said other measuring tools should be established by DSWD to determine whether the 4Ps objectives are being accomplished. State auditors noted in the same report that 3.82M active household beneficiaries have remained under the poverty threshold for seven to 13 years.



CLIMATE INACTION PUTS THE ECONOMY AT RISK

The impact of climate change is likely to slash the Philippines' gross domestic product (GDP) by as much as 13.6% by 2040 if there is no action by the government and private sector, the World Bank said.

In 2022, the Philippines ranked number one among the countries most affected by extreme weather events.

Climate-related hazards have caused P506.1B in losses and damage to the Philippines over the past decade, the Department of Finance (DoF) said last year.

Signs of climate change can be seen through rising temperatures, longer and more intense droughts, more severe tropical storms, and increasing sea levels. The Philippines is struck by around 20 tropical cyclones every year but has seen much stronger typhoons in recent years.

Source: Business World



STORM DAMAGE ON AGRI, INFRA, POWER FACILITIES NOW OVER P4.55B

The Department of Public Works and Highways (DPWH) said that damage caused by tropical storm Nalgae, locally named Paeng, to public infrastructure has reached P2.09B so far.

On power facilities, the Department of Energy (DoE) said damage incurred by electric cooperatives has been valued at P27.23M.

Cost of damage to the agriculture sector, meanwhile, was estimated at P2.44B, including output losses and destroyed machineries and infrastructure, based on the Nov. 3 report of the national disaster management council.

In the southern islands of Mindanao, the Bangsamoro autonomous region had an estimated damage cost of P200M while Soccsksargen had P102.68M.

Source: Business World



RICH-POOR DIVIDE IN PH AMONG WORST IN PACIFIC REGION

The Philippines remains a world laggard in closing the gap between the rich and poor, as a consequence of meager funding for social services, dismal tax collection rates, and low respect for labor rights during the pandemic, according to a study by Oxfam International and Development Finance News (DFN).

Based on the 2022 Commitment to Reducing Inequality Index, the Philippines ranks 102nd among 161 countries in addressing inequality during the first two years of the COVID-19 crisis. It's at the bottom quarter—19th among 25 countries—in East Asia and the Pacific, a region whose poor population has swollen to 1.4 billion as inequality grew by 8 percent because of COVID-19, according to the study.

Among other findings, the researchers discovered that the top 1 percent now holds about 25% of Asia's wealth as the region's billionaires reaped a windfall of \$1.8 trillion during the pandemic.

Oxfam and DFN's annual index measures social inequality, or the uneven distribution of resources and opportunities across societal lines, by looking at each country's performance in three key areas: progressive spending, taxation, and respect for labor rights and wages.

Source: Philippine Daily Inquirer





ADB TOUTS MICROFINANCE ROLE IN BUILDING RESILIENCE VS CLIMATE CHANGE

Microfinance institutions (MFIs) should be tapped in helping build resilience against climate change, especially for poorer and more vulnerable communities, according to the Asian Development Bank (ADB).

The world's extremely poor population is expected to rise to 132M by 2030 due to the pandemic and climate change.

The report concluded that climate change and geophysical shocks are “creating an unresolved conundrum whereby the very financial institutions relied upon by the poor are also especially vulnerable to geophysical shocks, meaning that they are in a poor position to help their community when they are needed the most.”

Source: Business World

GROWSARI EYES 200,000 SARI-SARI STORES TO ACCEPT QR PAYMENTS BY 2023

Store solution platform Growsari is targeting 200,000 member sari-sari stores to begin accepting universal Philippine quick response, or QR PH, payments by next year as part of efforts to enable store owners to accept digital payments.

The QR PH allows sari-sari stores to become competitive with large retail stores, while customers are benefitting from faster, easier, and cheaper payment options.

Aside from providing inventory and capital loans, Growsari also has a platform that generates data from the operations of sari-sari stores. It also has multiple microservices such as load, bills payment, e-commerce, and other e-services.

Source: Business World

BSP SET TO REQUIRE BANKS TO USE STANDARD FORM FOR BUSINESS LOAN APPLICATIONS

The Bangko Sentral ng Pilipinas (BSP) has approved a circular requiring financial institutions to use a standard business loan application form (SBLAF) to make credit more accessible for small businesses.

The central bank in July released a draft of the circular on the adoption of the SBLAF. The adoption of the SBLAF templates by covered entities supports the MSMEs' access to financial products and services by facilitating transparency, ease of understanding, and efficiency in loan applications (i.e., reduced turnaround time in processing loan applications).

Under the proposal, the prescribed templates for loan application will serve as the primary application screening tool to be accomplished by a borrower.

Source: Business World



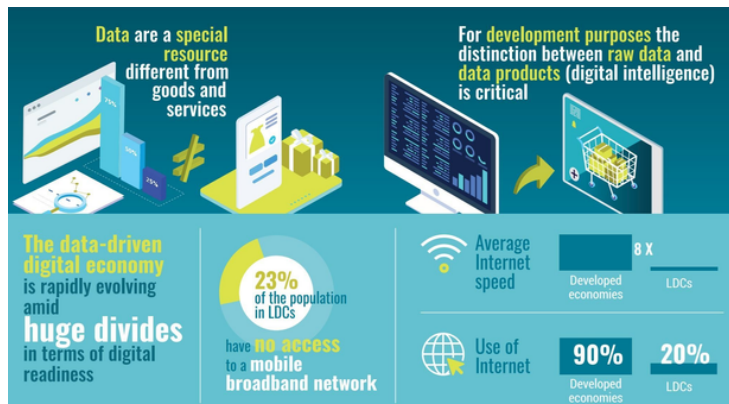
The digitalization of financial services is expected to reduce the ranks of the underserved, including rural residents, micro-businesses, and women, according to a report on Southeast Asian digital financial services issued by the World Economic Forum.

Some 28% of those who needed loans did not get any and almost a fifth had to rely on family and friends, cooperatives and other informal lenders.

The survey found that women (65%) were more likely to adopt digital finance apps than men (59%). One in five women was found to need loans from financial technology (fintech) sources, making the industry the second most important source of formal borrowing after commercial banks.

Overall, women had less access to financial services compared to men. Only 22% of women who needed loans actually received credit from commercial banks, compared to 28% of men.

Source: Business World



KYNDRYL: CUSTOMERS AND INVESTORS DRIVE SUSTAINABILITY EFFORTS IN PH

Expectations by customers and investors on environmental and social consciousness are the main driver for local business organizations' efforts to be socially and environmentally responsible, a study by a US-listed service provider said.

In its "ASEAN Digital Transformation Study 2022," Kyndryl said customers drive organizations to be responsible more than regulations do. It noted that this is especially true in countries such as the Philippines, Indonesia, and Thailand.

The study shows that 40% of the Philippine organizations that participated have their sustainability efforts driven by consumer and investor expectations.

This makes the Philippines the top among the five countries covered by the study to have consumer and investor expectations as the main driver.

Source: Business World



MORE FILIPINO MILLENNIALS, GEN ZS INVESTING TO MEET FINANCIAL NEEDS

The number of young Filipino investors has been growing since the coronavirus pandemic as they now recognize the importance of ensuring they can meet their future financial needs, Manulife Investment Management and Trust Corp. said.

"Because of the pandemic, the number of our young investors, the millennials and Gen Zs, actually nearly doubled since March 2020," Manulife IM Philippines President and Chief Executive Officer Aira Gaspar said.

Gaspar said 48% of their agency channel's client base are younger generations as of September 2020. Inclusive of direct and broker clients, millennials accounted for 50% of their customers.

Source: Business World





YOUNG FILIPINOS WORRY ABOUT PAYING DEBT, BILLS

"Live within one's means" is a bit of advice often given but seldom followed.

The so-called Millennial and Gen Z population seem to throw caution to the wind as they simply like to travel, have the latest gadgets, and keep up with fashion trends and entertainment — usually charged to their credit cards.

The result is that personal debt is now a big concern for 47% of Filipinos, with the problem more pronounced for those age 41 and below, or the Millennials and Zoomers, according to US credit reporting firm TransUnion.

The survey, conducted from Aug. 19 through Sept. 1, 2022 and covering 1,013 Filipino adults, showed that more than half of young Filipinos anticipate missing payments on bills and loans. TransUnion noted that 58% of Gen Z and 55% of Millennials "expect to be unable to pay at least one of their current bills and loans in full."

Source: Philippine Daily Inquirer

REINFORCING THE PHILIPPINES' SUSTAINABLE BANKING AGENDA

Large-scale disruptions over the past two years, on top of the global pandemic, revealed the need to take significant initiatives now while action can still make a difference. Our own BSP, for one, has been busy fortifying the entire financial system against risks arising from environmental and social (E&S) issues.

Over the past two years, the BSP has released three issuances on Sustainable Banking — BSP Circulars 1085, 1128, and 1149 — to guide financial institutions as they integrate E&S risks into their corporate governance, risk management methodologies and frameworks, implementation of business strategies and decisions, and policies.

BSP 1085, or the Sustainable Finance Framework, provides foundational guidelines for establishing an environmental and social risk management system (ESRMS). Meanwhile, BSP 1128, which focuses on the Environmental and Social Risk Management Framework, amended BSP 1085 and governs E&S risks' integration into the bank's risk management framework.

Source: Business World



SAVING THE PLANET IS GOOD FOR BUSINESS TOO

Shifting to renewable energy for our source of electricity is one of the major strategies in achieving climate neutrality.

Among the fiercest and most determined environmental campaigners is First Gen-owned renewable energy leader Energy Development Corp. (EDC), which has launched the Net Zero Carbon Alliance (NZCA), the Philippines' first private sector-led movement towards carbon neutrality, or keeping a healthy balance between carbon emission and absorption.

The carbon neutrality goal involves removing or reducing carbon dioxide emission, a major contributor to the greenhouse effect that traps heat above the atmosphere resulting in global warming or rising temperatures on earth.

Source: Philippine Daily Inquirer





PHILIPPINES ON ITS WAY TO BECOMING A CASH-LITE ECONOMY

As economies return to business as usual, Asia Pacific's payments sector is also growing steadily, bolstered by increased competition, higher rates of "platformization," innovative disruptions, and increased involvement from regulators, governments, and central banks.

Non-cash payment transaction volume has increased by 28% from 2016 to 2021 and is expected to grow by 17% in the next decade. The Philippines is amongst the Southeast Asian markets that witnessed strong shifts towards non-cash payments, with an overall 30% growth in transaction volume from 2016 to 2021.

Aimed at transforming the country into a cash-lite economy, whilst driving greater financial inclusion, the BSP aims to convert 50% of total retail transactions in the country to electronic channels by 2023. It also aims to increase the number of Filipino adults with bank accounts to 70% by 2023.

Source: Business World

RA 11765: FINANCIAL PRODUCTS AND SERVICES CONSUMER PROTECTION ACT

The COVID-19 pandemic has brought forth the unprecedented expansion of digital financial systems. The average Filipino could not help but rely on delivery services booked online and, more often than not, likewise paid online.

The advent of the nascent digital financial landscape, however, became fertile ground for unscrupulous individuals to take advantage of. The increased exposure of the average Filipino to the digital financial landscape has increased his/her vulnerability to such fraudulent schemes.

It is against this backdrop that Congress eventually enacted RA11765 or the Financial Products and Services Consumer Protection Act in order to protect the average financial product and service consumer from these unscrupulous practices and to provide victims thereof a convenient means to seek redress.

Source: Business World



As the world gradually returns to normal and businesses continue to recover from the pandemic, we find ourselves in a world of in-betweens—a place with both risks and opportunities as businesses figure out which legacy systems and pre-pandemic procedures they can merge with new strategies.

In its annual report, PwC MAP 2022 CEO Survey compiles the perspectives of 119 chief executives from various industries and explores how their businesses have responded to the challenges of the pandemic and recent geopolitical issues.

The survey revealed that CEOs were incorporating technology and digital upskilling (64%), talent retention and development (58%), and improved customer experience or CX (49%) in their business plans to prepare for post-COVID growth and recovery.

Recognizing the value of digital transformation and key stakeholders, businesses are placing technology, customers, and employees at the center of their strategy.

Source: Philippine Daily Inquirer

THE IMPORTANCE OF CORE VALUES

Researchers found out that average culture and values rating across the Culture 500 companies “spiked during the early months of the COVID-19 pandemic in the US (April-August 2020), and those five months occupy the top five spots in terms of average culture and values ratings for the preceding five years.”

While we consider our current situation as “post-pandemic,” there are still many uncertainties and challenges organizations face such as hybrid work, tough business environment, and the more recent phenomenon called “quiet quitting.”

This is why organizations need to revisit their purpose, vision, mission, and core values and examine if they are still aligned with the changing environment. At the core is the organization’s purpose — the “why.” It is a single statement that defines the reason your company exists — beyond simply making a profit.

Source: Business World



Sustainable Growth

...continuation from page 2 Sustainability...

As socially responsible institutions, co-operatives should be part of this local and global effort at climate action. We cannot afford to do otherwise. It is not enough to just grow and grow and leave it to others to deal with the climate crisis. We owe it to our present and future members to fulfill our obligation. Sustainable growth after all means providing for the present needs of members without compromising the needs of future generations of members.

We owe it to our communities and society as a whole to contribute to the protection and preservation of our natural environment. Co-operatives after all enjoy certain privileges and special status in law because fulfilling social obligation is inherent in their nature and purpose as people-centered enterprises.

To be sure, co-operatives right now are engaged in some environmental action. But such initiatives are individual actions, mostly occasional and far between, therefore, limited in impact. This has to change. The Co-op Movement Strategic Plan should provide the framework and the basis for collective action so that co-operatives can make real contributions to the preservation of Planet Earth – and achieve sustainable growth. RMV

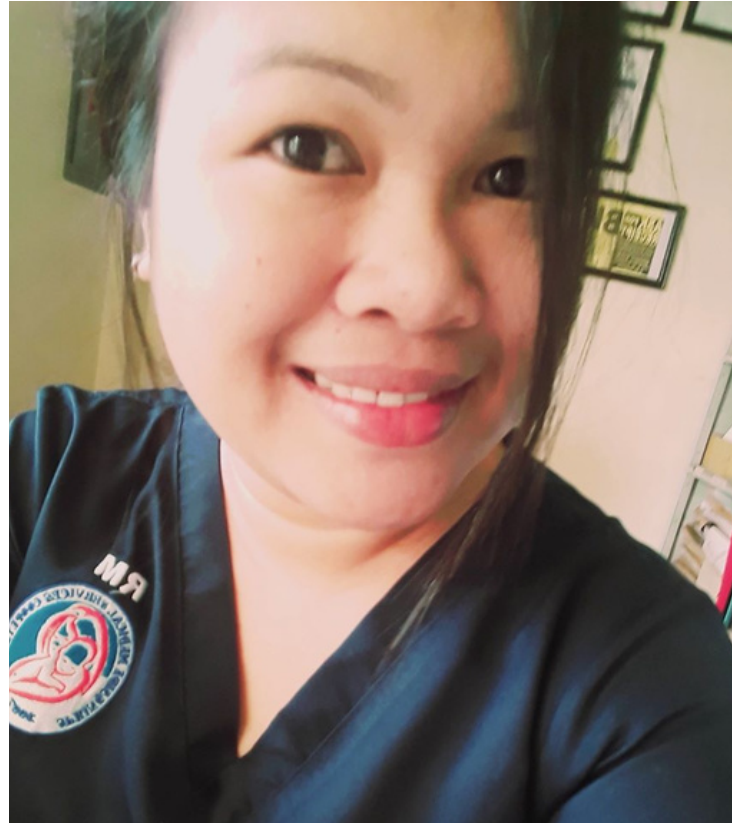


YAKAP STORY: THE 1ST BENEFICIARY OF YAKAP PROGRAM

The Premium Experience

Mary Joy Moralla, 27, is an active young health professional from Matalam, Cotabato. Working as a midwife at Springfield Medical Services Cooperative in Kidapawan City, she has dedicated her time to attending to hundreds of patients daily.

She saw the need to put a premium on her health and wellness, especially since risks and uncertainties nowadays are inevitable. Upon hearing from her co-op earlier in 2019 about Yaman ang Kalusugan Program (YAKAP), she promptly enrolled herself in this unified health maintenance organization (HMO) plan of MASS-SPECC.



"It is good to have YAKAP, especially during challenging times. If you don't have any money or even if you have to borrow money first, at least you could surely get a reimbursement from YAKAP based on your needs," she said.

For cooperators like Mary Joy, who earns less than Php 10,000 every month, YAKAP can make a difference with its affordable annual premium of Php 2,600. They can now be assured that they are prepared for whatever uncertainty may come along the way.

Aside from the in-patient benefits, YAKAP also covers out-patient benefits and basic life coverage, amounting to Php 20,000. More than ever, giving a premium to one's health has never been as easy and affordable with YAKAP.



COOP STORY: MINDANAWON CO-OPS' SCHOLARS



VANESSA ROSE CORPUS Oro Integrated Cooperative (OIC)

"Many of us applied for educational assistance, and I am thankful that the OIC supported me by financing my studies and the expenses that came along with them, like my school supplies. It is because of the co-op's help that I could have one less worry as I studied and worked part-time during my summers with them."

In helping scholars, like Vanessa, in their time of need, co-ops instill into them a sense of duty that enables them to help others in need whenever and wherever they can.

JESSA "JESS" ANTIPUESTO Bukidnon Government Employees Multi-Purpose Cooperative (BUGEMCO)

Jess was born and raised in Bukidnon, and is currently working. She had an opportunity of a lifetime to be given the scholarship to finish a course.

"If not for the educational assistance provided to us by BUGEMCO way back then, my fellow scholars and I would not be able to get to where we are now. I can confidently say that it is because of BUGEMCO's scholarship program that we all have jobs of our own and are earning well enough to support our loved ones."



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