



Community Development and Sustainability Via Co-op Model

International Seminar 2016

“Cooperatives: Empowering Communities towards Socio-Economic Sustainability”

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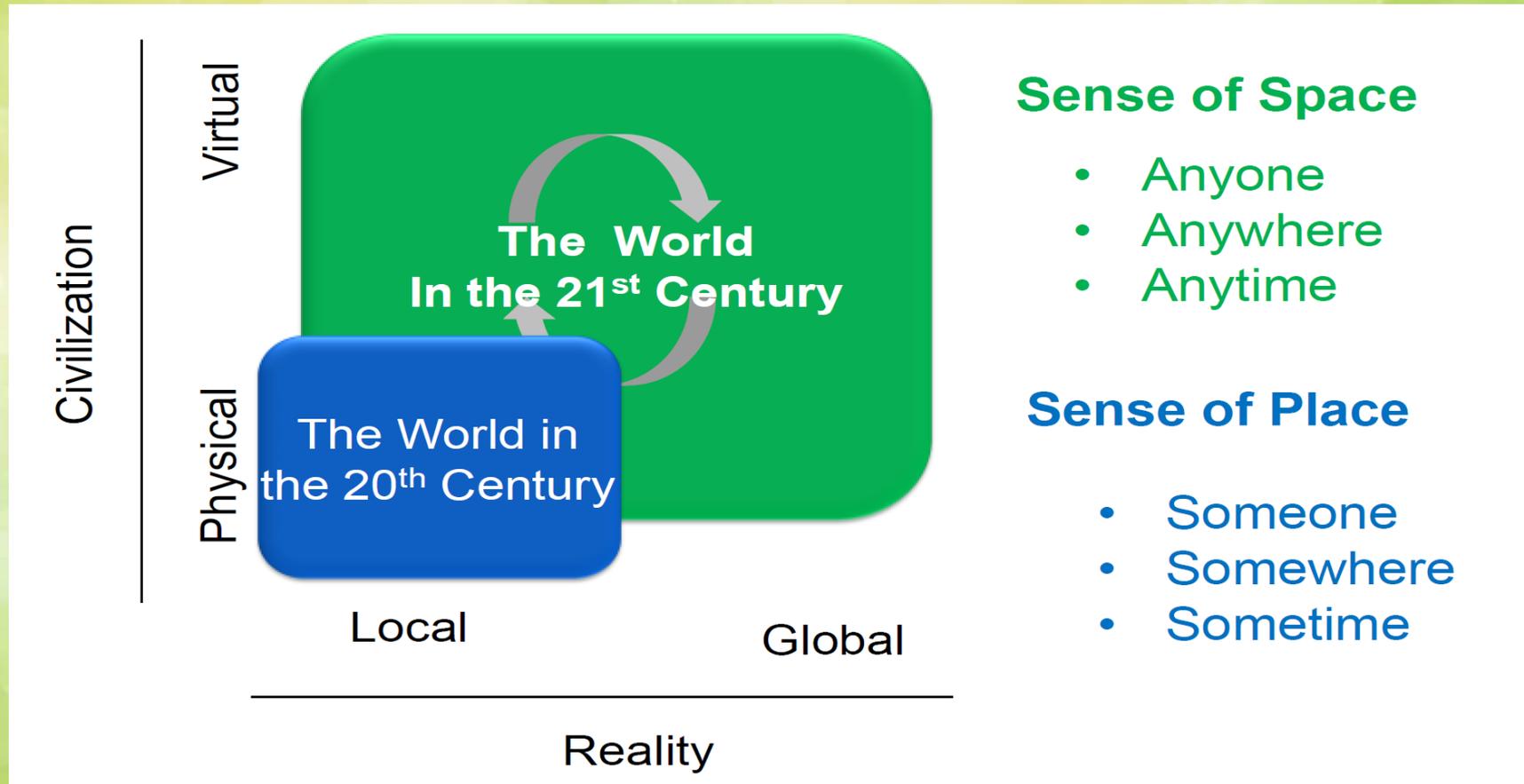
Director, Co-operative Academic Institute, Kasetsart University

11th November 2016

Presentation Outline

- Introduction
- A System Thinking Framework on “*Community Development & Sustainability via Co-ops Model*”
- The Lesson Learn from CAI, Thailand
- Selected Case Study on Co-ops Model via Community Development & Sustainability
- Questions and Discussion

The Connected World



Source: Suwit Mesinsec, www.council.cmu.a.cth/seminar2.pdf

The world in the first two decades of the 21st century has changed especially in terms of communication. Previously, it was someone-somewhere-sometime, but nowadays it's anyone-anywhere-anytime. Everyone is in the connected world; no one can really separate himself from it. The problem is how we can help each individual and organization to be able to define their true self or identity in the New Economy, in order to let others know who they are, what they should do, how to do it, and for what purposes.

The New Challenges for Global Well-Being



Source: Suwit Mesinsec, www.council.cmu.a.th/seminar2.pdf

The challenges, to achieve Desired Future Solution “Global Well-Being”. There are 3 majors questions, 1) what is New Culture of Living Working & Learning 2) what is New Model of Production & Consumption 3) what is New Forms of Social, Political & Cultural Interactions. So, the government in any country would has policies and manorial implication with the intention to define 1) New Set of Opportunities & Threats 2) A New Set of Infrastructure & Institutional Framework 3) A New Set of Mental Model & Capabilities.

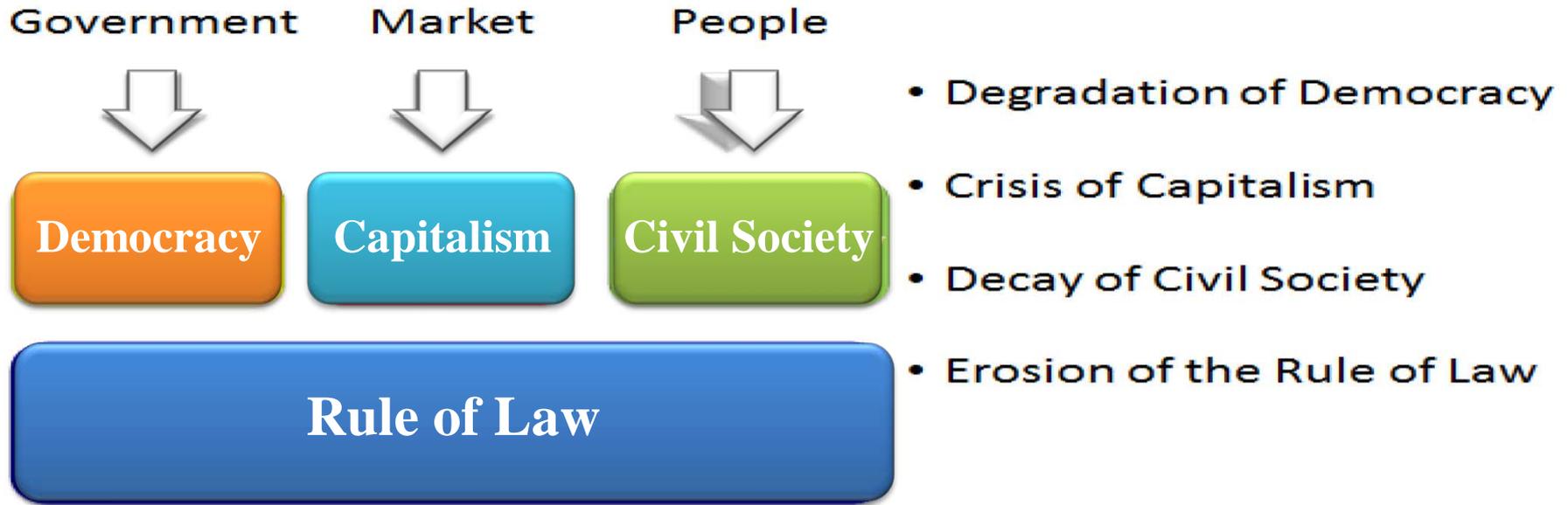
Perspective on The Global Well-Being



Source: Suwit Mesinsec, www.council.cmu.a.c.th/seminar2.pdf

For well-being of individuals living in the New Economy, the development goals at individual scale, national scale, and global scale have to be connected. This is because, unless we have the global well-being, we cannot have the national well-being and the individual well-being.

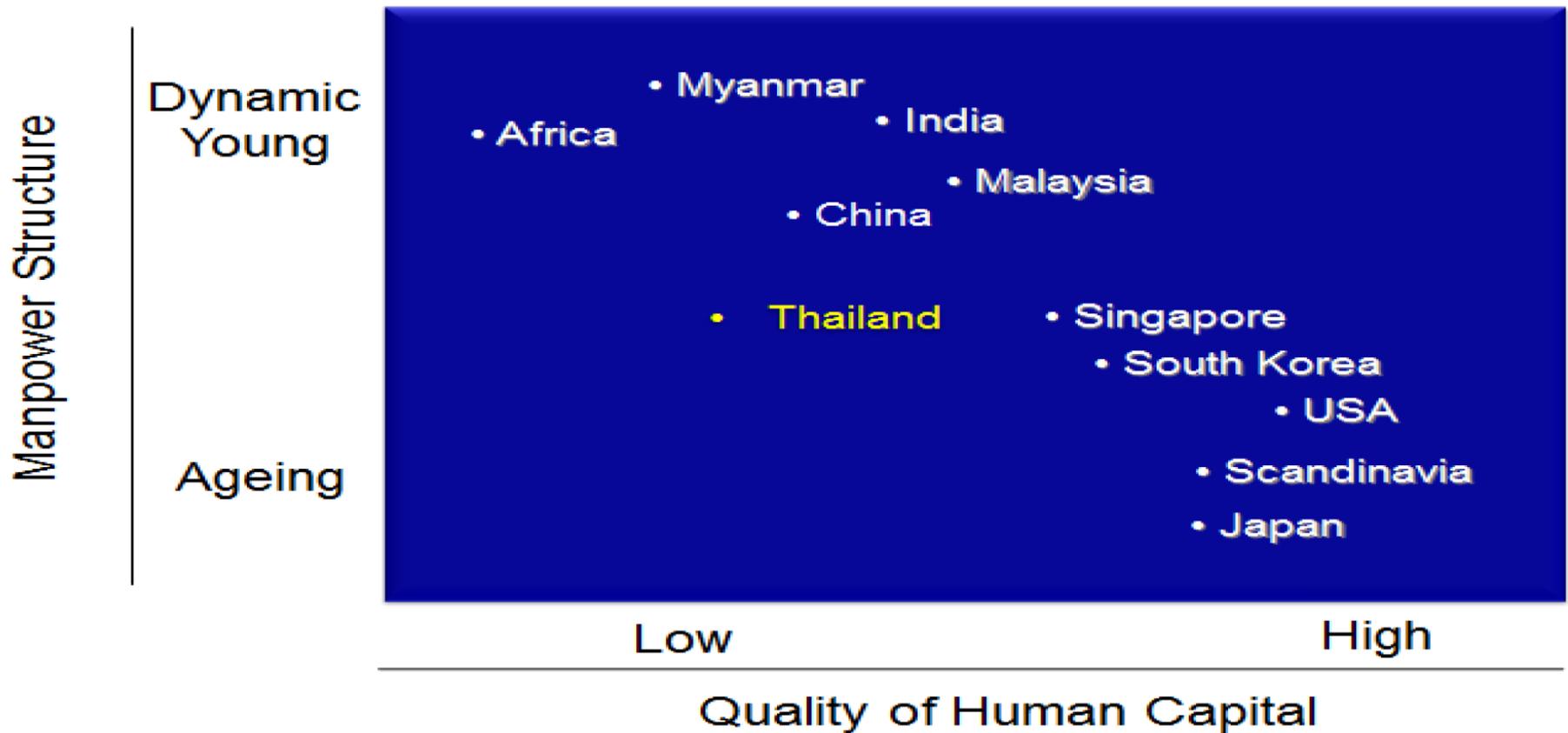
Institutional Degeneration



Source: Suwit Mesinsec, www.council.cmu.a.th/seminar2.pdf

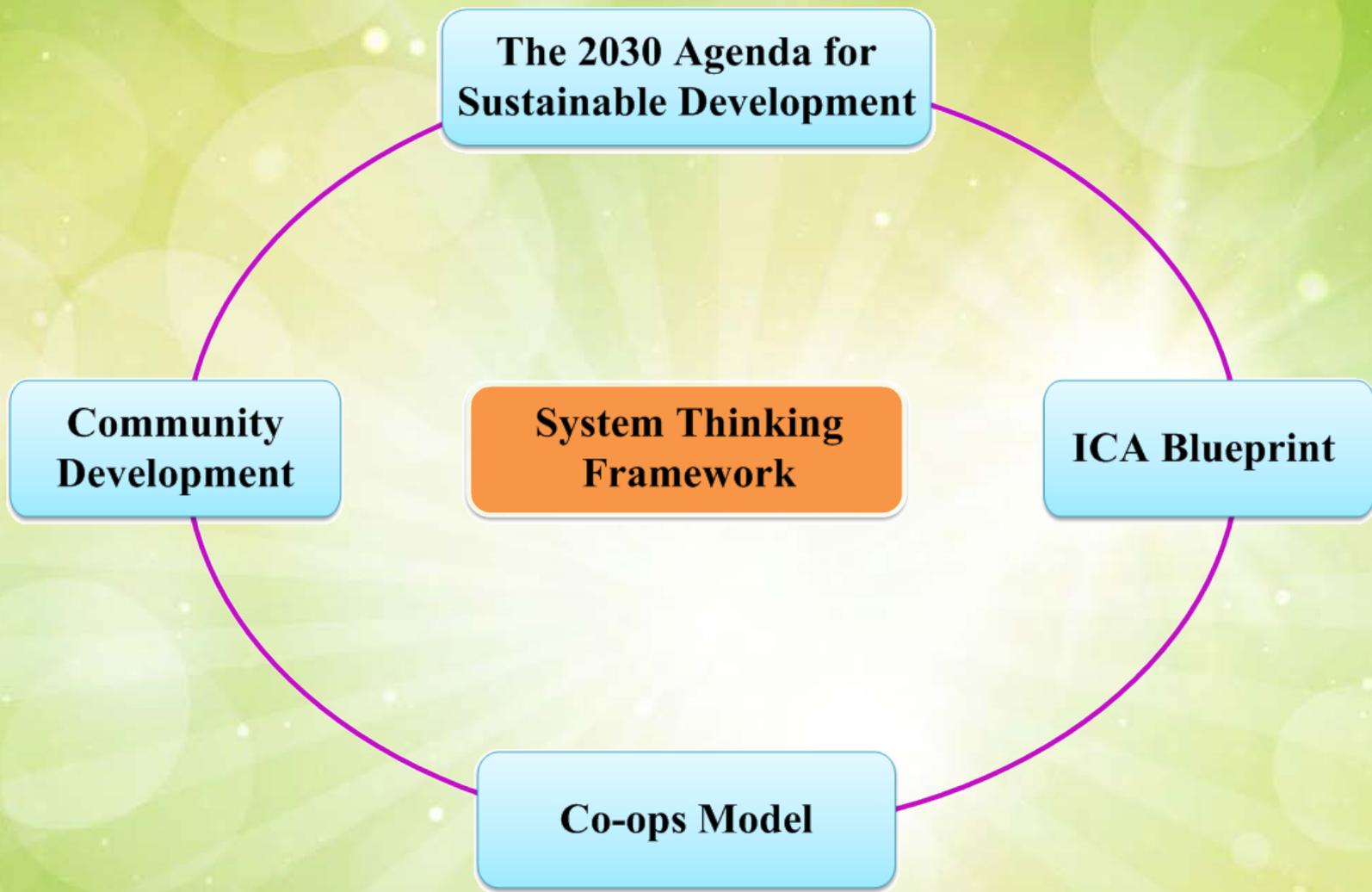
The most critical issue is when the four institutions—democracy, capitalism, civil society, and rule of law—which fostered wealth in the 20th century, are deteriorating in the 21st century, for example, democratic turmoil happening all over the world including Thailand, crisis of capitalism that self-destructs and also destroys other systems, and imbalance among the four institutions which occurred because of the over-grown capitalism that it influenced or dominated the other institutions.

Long-term Competitiveness of Thailand



Source: Suwit Mesinsec, www.council.cmu.a.cth/seminar2.pdf

Considering long-term competitiveness of Thailand, if the quality of human capital is high, Thailand will automatically get other capitals as well as Singapore does. Nowadays, however, Thailand is facing two problems. One is too little investment in human capital and investment in the wrong direction. The other is the social structure of ageing society.



There are 4 basic concepts of the system thinking framework in my talk. They are:

First: The 2030 Agenda for Sustainable Development with 17 sustainable development goals;

second: The Blueprint for a cooperative decade;

third: Definition of community development;

and finally, CAI's lessons learned that are related to community development & sustainability via co-operatives.

“Community development is a practice-based profession and an academic discipline that promotes participative democracy sustainable development, rights, equality and social justice, through the organization, education and empowerment of people within their communities, whether these be of locality, identity or interest, in urban and rural settings.”

The learning experience gained from the CAI's research related to community development in the past 10 years was in line with the IACD's definition in 2016. Over 300 scholars and experts from universities, and community developers, in an international conference hosted by CDS and IACD on July 24-27, 2016, in Minnesota, the U.S.A., proposed to use the 2030 Agenda for Sustainable Development as guidelines for community development.

SUSTAINABLE DEVELOPMENT GOALS

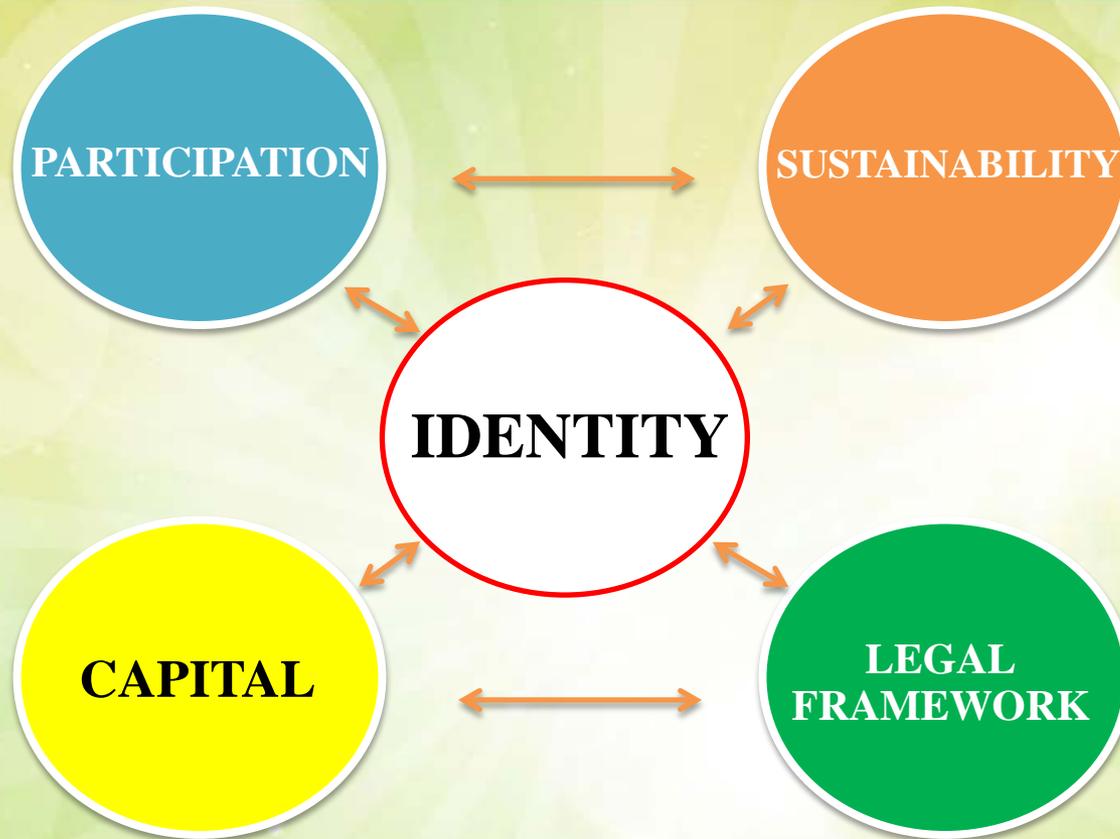


Last year, the UN General Assembly adopted the 2030 Agenda for Sustainable Development with 17 Sustainable Development Goals that we all have to “push together” in order to achieve a balanced and sustainable global development.

Notice that, The 2030 Agenda aim to address poverty eradication together with the economic, social and environmental dimensions of sustainable development.

A new global partnership, characterized by shared responsibility, mutual accountability and engagement by all, will contribute to implementing this new agenda.

ICA Blueprint

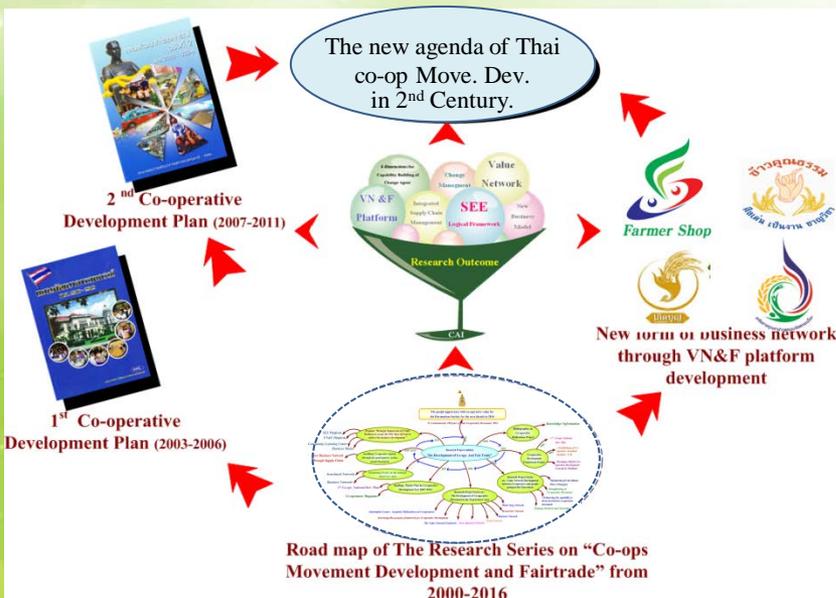


- *The Blueprint is a plan for the global co-operative movement spanning the decade we are in. It outlines a strategic agenda for the co-operative sector led by the International Co-operative Alliance.*
- *The strategy intends to take the co-op way of doing business to a new level.*
- *The 2020 challenge which is that by 2020, co-ops will become*
 - 1) *The acknowledged leader in economic, social and environmental sustainability.*
 - 2) *The business model preferred by people.*
 - 3) *The fastest growing from the enterprise.*

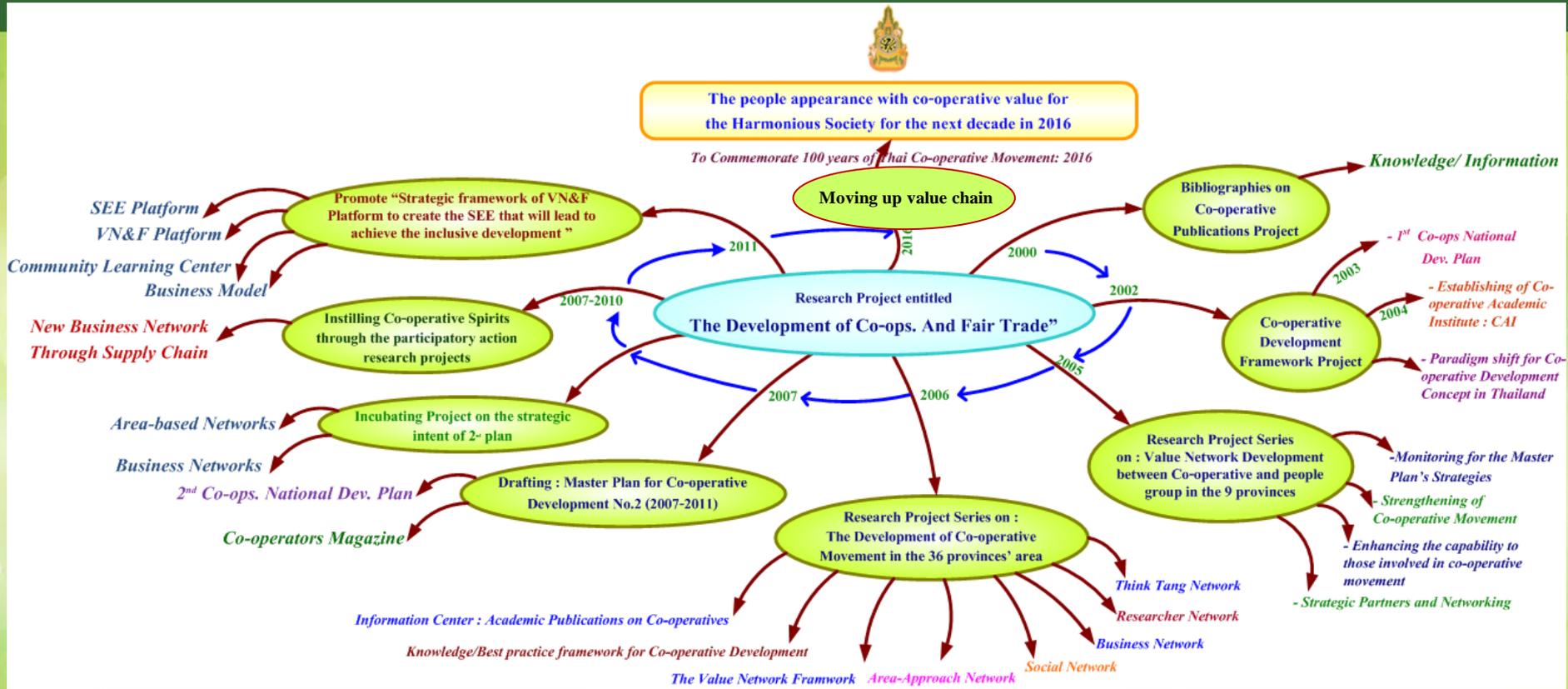
Lesson Learned of CAI: Co-operative Model for Community Development And Sustainability



CAI has played an essential role as the organization supporting the research to develop the cooperative system in Thailand for the past decade. The CAI was established in 2004 under the aforementioned strategy, its mandate is to be an academic institute that engages in research and academic support to the Co-operative Development both in co-operative movement and local community's sustainable development. The CAI is an organization in the Faculty of Economics, Kasetsart University and is a strategic unit of the Faculty of Economics on the promotion of interdisciplinary research and learning on the co-operative and community-based economy by engaging faculty members and researchers across the country. Moreover, the CAI aims to foster, co-ordinate and promote the dissemination of interdisciplinary research related to co-operative economy in Thailand and related parties. The Development of Co-operatives and Fairtrade Research Programs (The DC&F) is the main research program of CAI supported by Thailand Research Fund (TRF) since 2004.

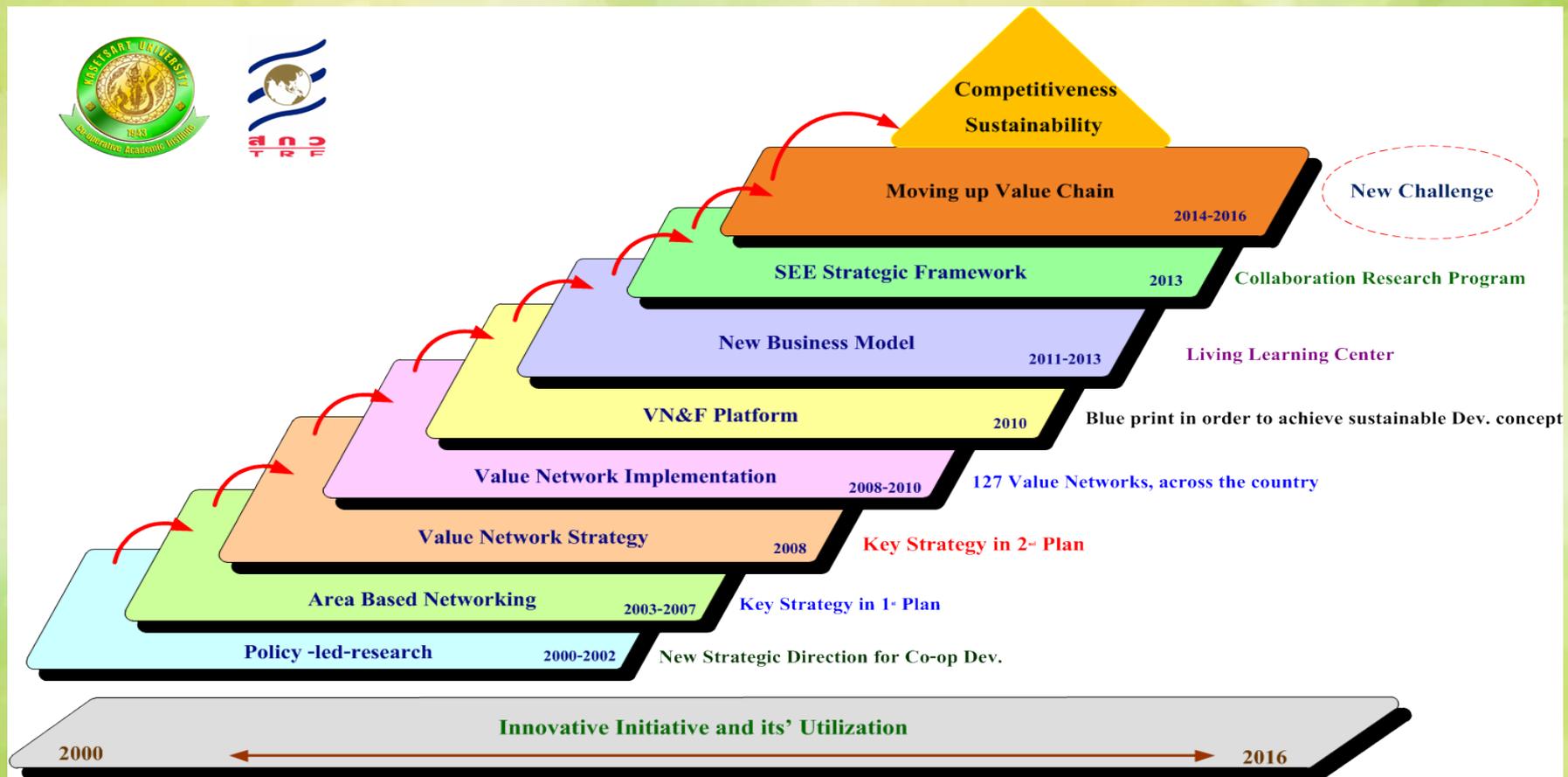


The Research Framework of CAI on “Development of Co-operatives and Fair Trade” during 2000-2016



- Since 2000, CAI has adopted the research framework on “Development of Co-ops and Fair Trade” supported by TRF.
- This research framework aims to reinforce the co-operative value of the nation, moving up value chain into co-op business, and bringing them forward to national and international levels.
- In the first four stages, we focus on area based research and Value Network Implementation, through Supply Chain Management in Co-op. Business.
- During 2010-2013, VN&F Platform and SEE Strategies Framework has adopted to be the blueprint strategy for co-ops and mutual groups.
- Since 2014, The Moving up Value Chain has employed as growth engine for competitiveness and sustainability of co-ops' system.

The Strategic Direction for Policy-led-research



This picture shows the CAI's research project supported by TRF. The research results and outcome have been applied and implemented both in policy making and operations in all levels of cooperatives and communities during 2000-2016.

The New Business Model: Research Output

Other 140 models in 45 provinces



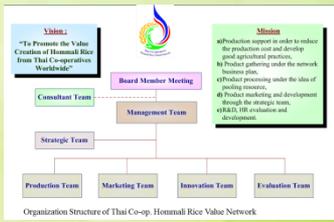
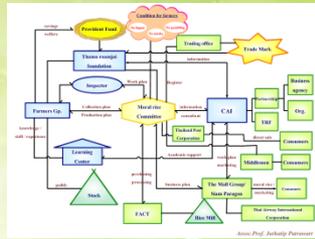
Sampran Model
Nakhon Pathom Province

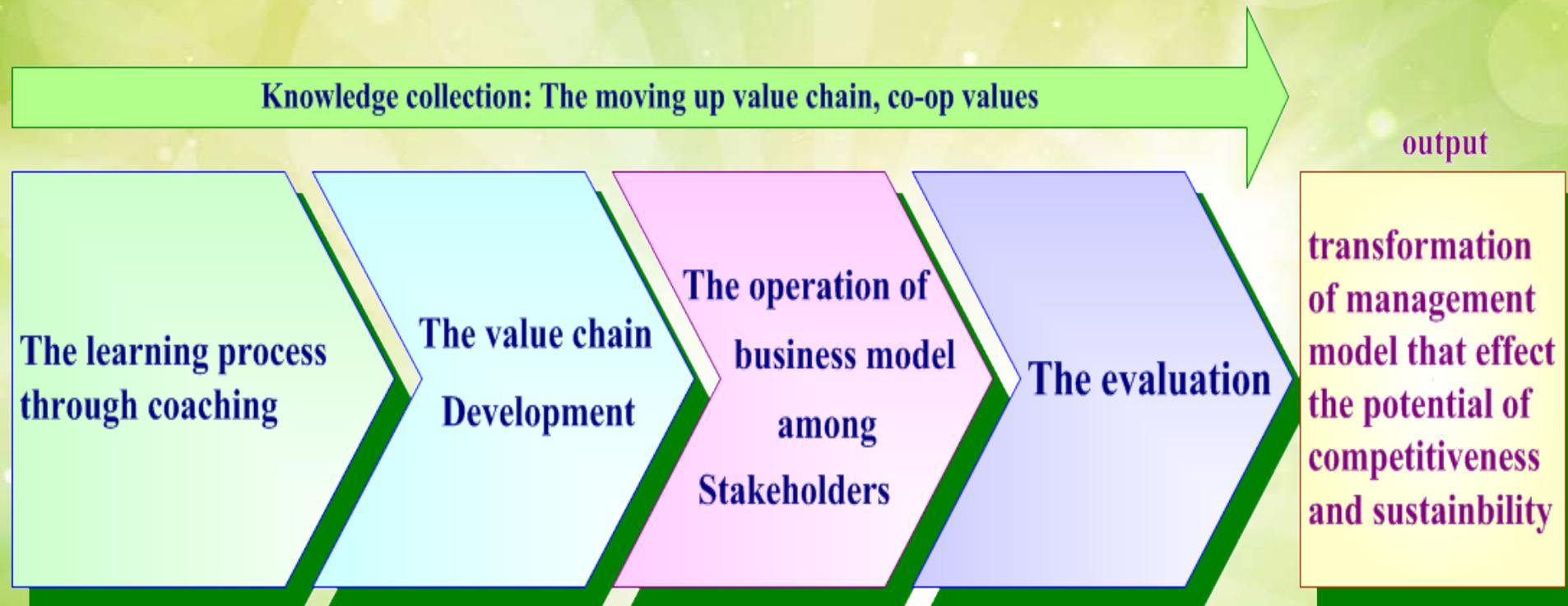
Moral Rice Value Network
Yasothon Province

Value Network of Hommali Rice Thailand
Roi Et Province

Farmer Shop
Bangkok Province

Kitchkood Model
Chanthaburi Province





The Framework of the research was designed to consist of 4 operation / activities. It was expected that a new business model occurred from the research would effect the potential of competitiveness and sustainability.

Case Study I: Kitchakook Model



The Kitchakood Model is a business model of the Kitchakood Agricultural Co-operatives Ltd. in Chanthaburi province. It adopted the Value Chain Development platform in search of a solution to the highly volatile fruit markets, the challenges faced by the co-operative members. The strategic framework for creating the Fruit Value Network and its economic and social implications for the communities



1

Origin :

The Orchard Farmers group in Chanthaburi province had suffered from the falling price of fruits which had a higher cost of production. Moreover, with the governmental supports for alternative crops such as rubbers and palm oil which many farmers had followed.

2

Objective :

Over 20 orchard farmers under the leadership of Father Vichai Prakobsab envisage the systematic and sustainable solution for fruit production.

4

Operation :

The operation of an innovative model of the Value Network of Quality Fruits under the research project on Value Network of Fruit Products which has been running for 3 phases between 2009-2014.

3

Design :

Under the participatory-based solution, all key stakeholders have come together to design the solution, including the Kitchakut agricultural co-operatives Ltd., the Co-operative Academic Institute, Agricultural Co-operative Promotion Offices by using the supply chain management, value chain brand creation and GAP.

5

Evaluation :

- The Orchard Farmers sold over 9,960 KG of quality fruits through the network.
- Increase the distribution channels through business partners to hypermarket market such as Makro and Tesco Lotus.
- Open the distribution channels to export market such as Vietnam, Brunei China and the middle east countries.
- Acquire the knowledge package on quality fruits production for exporting market.
- Establishment of the new generation of orchard farmers to continue their business from their parents.
- Co-operative business model with supply chain management

6

Utilization :

- The establishment of the living learning center of "Quality Orchard Farmer".
- The expansion of "Nasarn Model" within the orchard farmers of Suratthani Province.
- The brand creation of quality fruit to advance the price of quality fruit products.
- Kitchakut agricultural co-operatives Ltd. has developed the agricultural tourism curriculum with partners.

Background:



- Chanthaburi Province is situated on the east coast of Thailand.
- The province covers 6,388 sq.km.
- The majority of the pop. Is made up of farmers and fishermen.
- Chanthaburi Province produces the largest share of produce at the national fruit market.
- The most common tropical fruit tree species are the Mangosteen, Durian Sala and Rambutan.

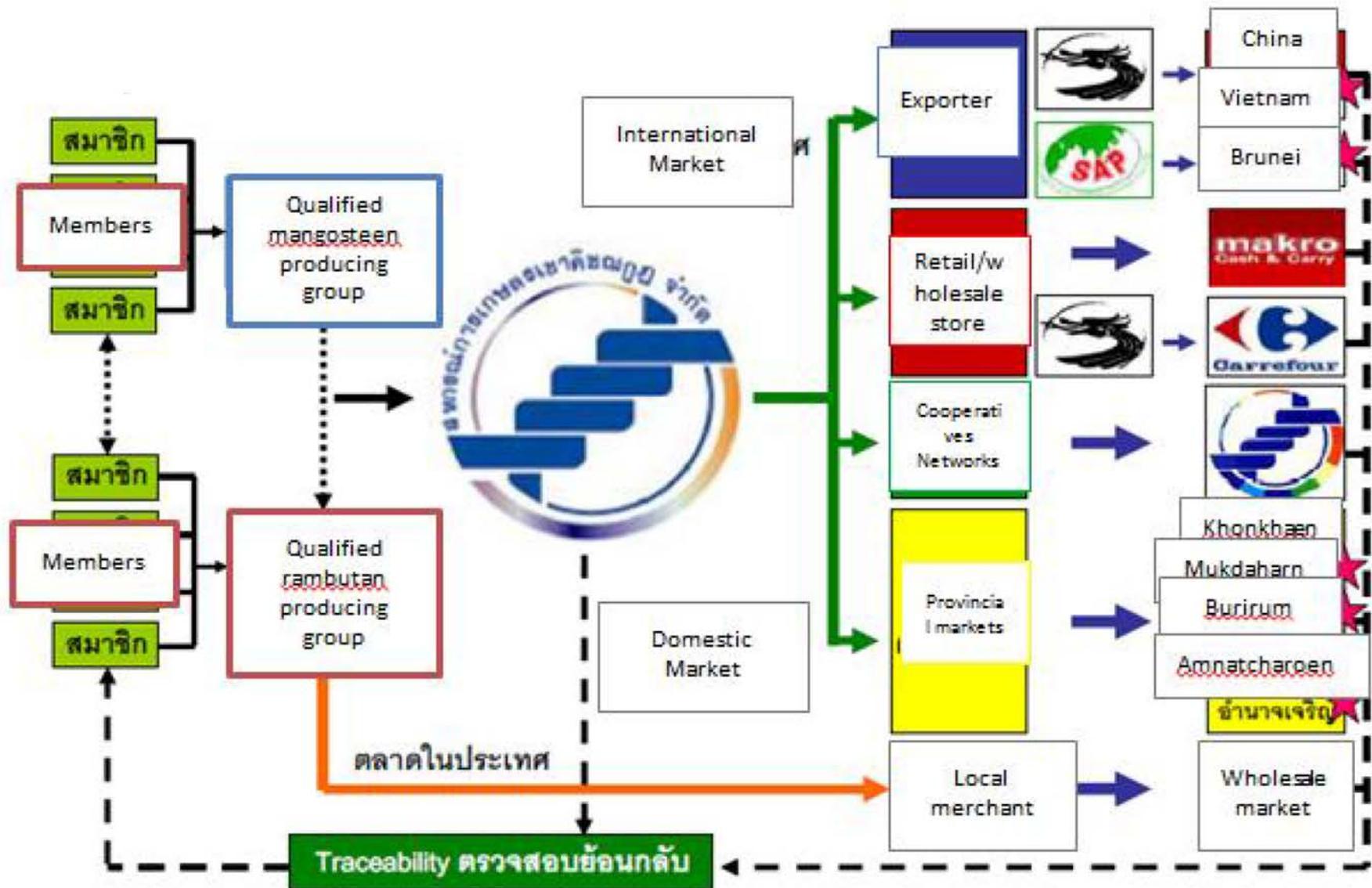


Background:



- Since its registration in 1994, The Khao Kitchakookd Co-ops has experienced several crises as well built long standing synergies.
- Now, it represents 1404 farmers, 15 board members 10 officers and 5 part-time employees.
- In 2005-2007, As production costs increase and retail prices of fruit decrease, the Co-ops struggles. Farmers become indebted. Around the same time the government encourages farmers to cultivate the Para rubber tree and Oil palm tree. Many farmers begin to grow Para rubber trees. Some of them come together to improve the quality of fruit production
- After the workshop among Coops-CAI. The Participatory Action Research (PAR) started in order to find the solution.
- The business model based on the value chain development approach was created through the PAR during 2007-2014 supported by CAI, TRF and related agency.

The Kitchkood Business Model



Target Market of Products

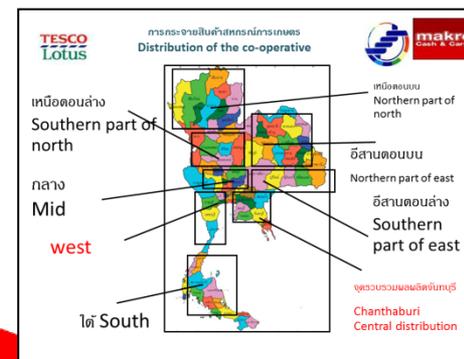
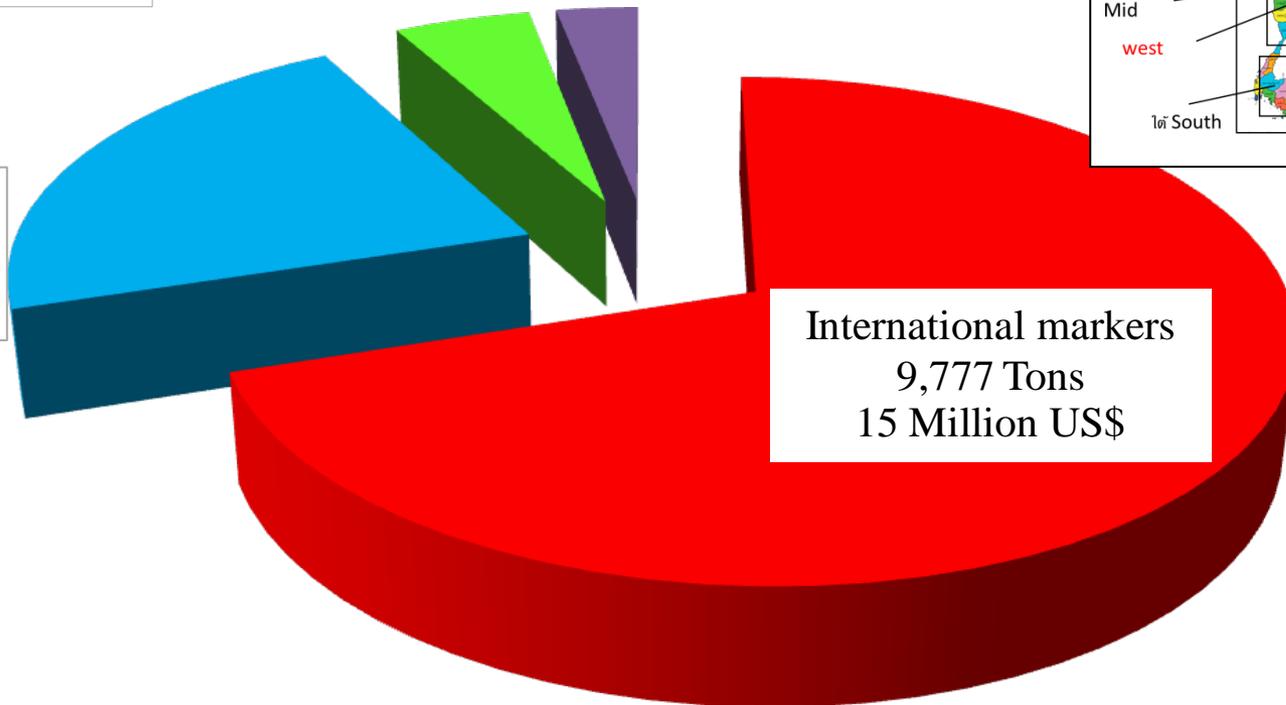
Network of Cooperatives
457.01 Tons
0.5 Million US\$

Provincial Markets
74.66 Tons
53,142 US\$

Other Markets
3.44 Tons
2,857 US\$

Retail/wholesale
3,201.72 Tons
2.5 Million US\$

International markets
9,777 Tons
15 Million US\$



Source: The Department of Agriculture, July 2015

Kitchakood's best practices



- 1) Empowering the new generations with the wisdom of the members, and passing along the objectives, methodology and the Cooperative's values to the next generation. Members will then feel a sense of belonging and ownership for the Cooperative Union, so that the next generation inherits these values and passes them on. By promoting group participation activities, we can create good relations between farmers and members. Finally, an agenda will be set for an annual meeting so farmers and members can participate in Cooperative planning together and continue to operate towards the achievement of similar short-term goals.
- 2) Educate farmers and members by providing relevant information, like marketing trends, transportation systems, harvesting techniques, etc. The goal is to help them adapt to the current global context of rapid change. Encourage members to produce only the best quality fruits. be self-sufficient and exchange knowledge and experience with other farmers and members.

Kitchakood's best practices



3) Promote a food safety policy for farmers and members, in which they must be aware and can implement Good Agricultural Practices (GAP) standard at their farms. Encourage farmers and members to participate in GAP, and submit to farm audits (Q-Mark). Above all, assure that fruit production is traceable, to ensure quality for customers and help promote access to marketing channels.

Kitchakood's best practices

Managing the know-how in order to develop themselves, their communities and co-operative.



- 4) Encourage member to understand and realize the important of doing daily record-keeping, which would include historical production, production and trade levels, etc. This information will help farmers and the Cooperative Union make joint decisions for production and marketing plan for subsequent seasons.
- 5) Encourage member to meet with other groups or members of the Cooperatives Union so members can exchange experience and skills. The Cooperatives can follow up with their production activities, and help members come up with solutions during the process.
- 6) Promote “learning by doing” for farm groups managing fruit quality development process and marketing channels.

Kitchakood Agricultural Cooperative Ltd.



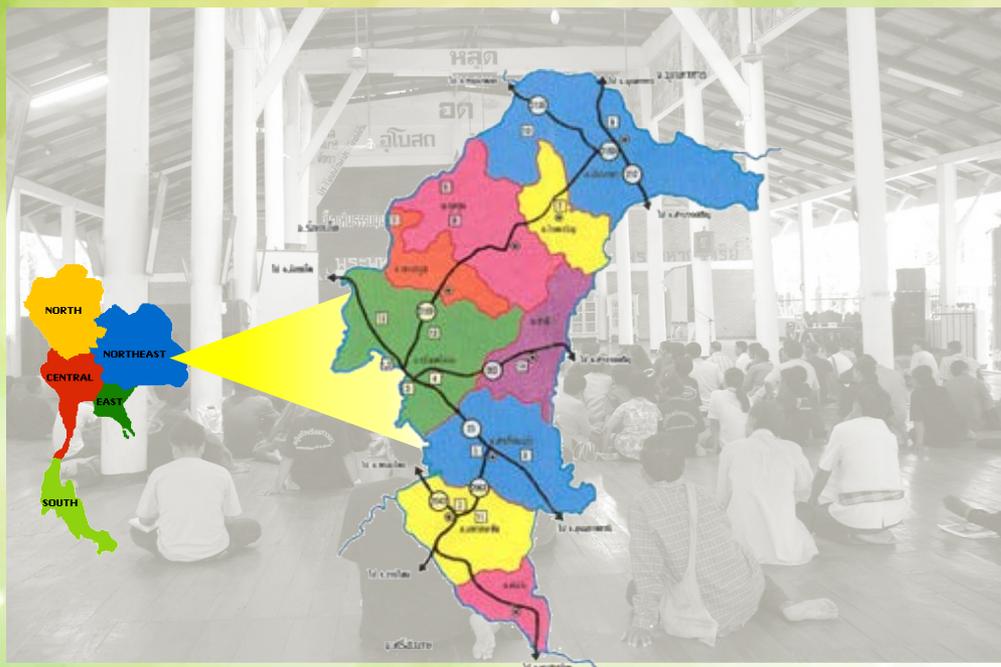
Vision: *To be the organizational center for agricultural production and business development working towards the stability and happiness of farmers and members.*

Goal:

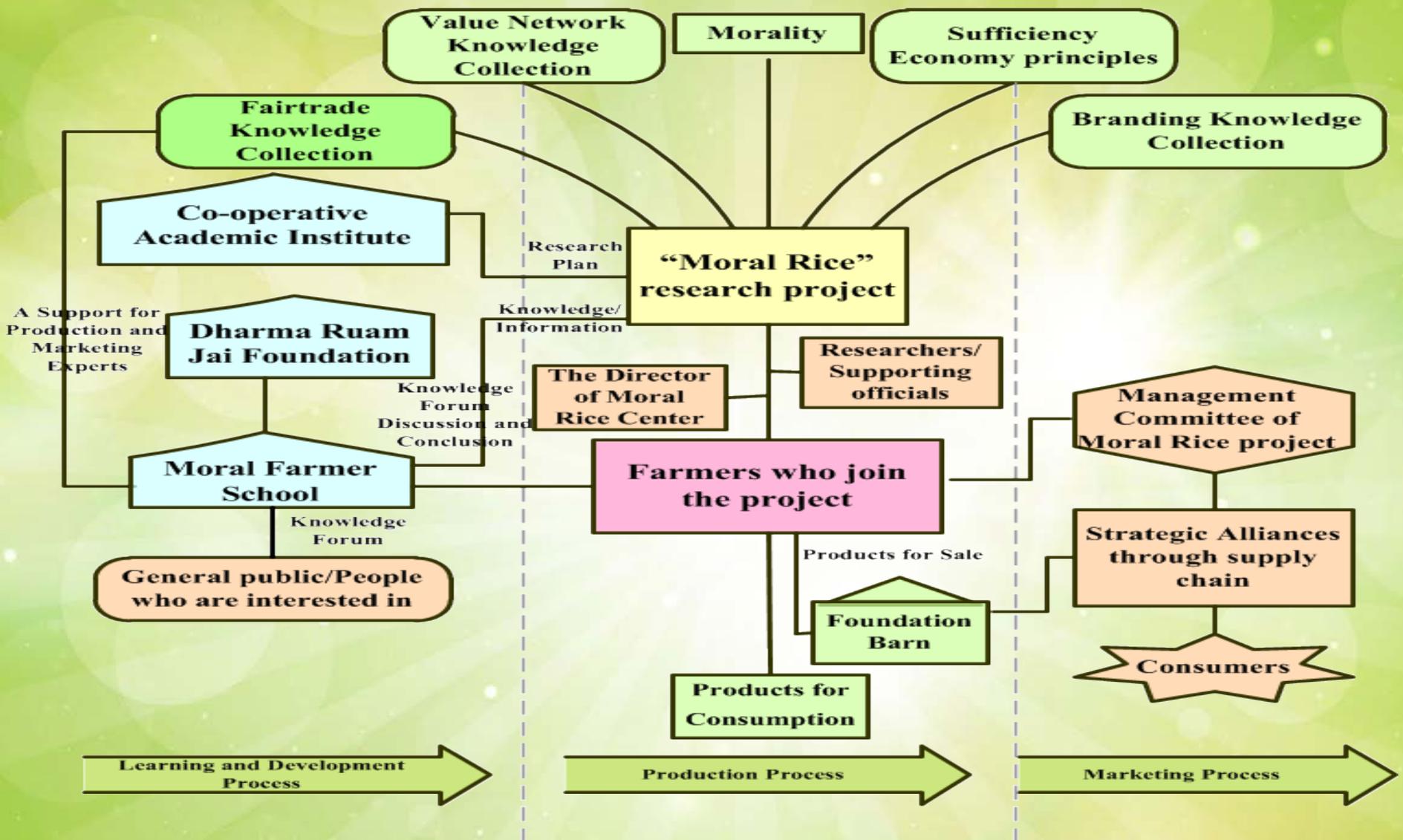
1. Cooperative member participate in organization activities and promote Cooperative business.
2. The quality of agricultural products from members is guaranteed and generates a higher selling price at market.
3. Cooperative business is managed effectively and efficiently and shepherds the completion of organizational and community activities.
4. Cooperative management system contributes to efficient operations.
5. Cooperative members and their families live healthy, positive lives.

At present, the Khao Kitchakood Co-ops is honored as the valuable Agri. Co-ops. The Living Learning Center was establish in order to distribute knowledge sharing for public. The center provide training services as well to others, counting national and international visitors.

Case Study II: The Moral Rice Value Chain, Yasothon Province



The story of Moral Rice began in 1994 in Yasothon province. Although the farmers' number of Thamma Roimjai Foundation was accredited to IFOAM Standards, there were expressed the low price of their products. For this reason, they decide to develop the value chain of Kow Khunatham (Moral Rice) The main objective of The Moral Rice Project was to seek for the long-term resolution of the falling price problem as well as value creation of Organic Hommali Rice.



This approach aims to encourage the alliance connection under the Value Chain Development through PAR method. It comprises of 3 operational steps, 1) Learning Development Process, 2) Production Process, 3) Marketing Process as you can see in the picture.

The Strategic Framework of the Moral Rice Value Network.



1 **Origin :**
Farmers group who grow the IFOAM standard organic rice had suffered from the falling prices of rice and had essentially no bargaining power, they need a mutual solution.

2 **Identify conditions :**
Using Moral Rice for product differentiation within consumers choices

3 **Design :**
Utilize knowledge package on Supply Chain Management for developing a business partnership in the administration of the Moral Rice value chain for distributing moral rice to the consumers

4 **Operation :**
Using the Participatory Action Research (PAR) under the advisory of the Co-operative Academic Institute (CAI) with 108 participated farmers.

5 **Evaluation :**

- The strategic branding of “Moral Rice” can be considered as a good example of a successful marketing strategy to overcome the price fluctuation problem in organic Thai Hom Mali Rice.
- The innovative moral practices of Moral Rice farmers has, apart from effectively and remarkably increased the selling price of rice, but has also developed the quality of life for the farmers to be an excellent model of **“moral, skilful, and knowledgeable”** farmers.

6 **Utilization :**

- Innovation of alternative business system for farmers on the collaborative framework.
- Quality Assurance System under the consumers council.
- The Living learning center of “Moral Rice Value Network” was established to encourage farmers to apply Sufficiency Economy Principles to their lives which will eventually lead to the development to the Fair-trade system.

The Dhama Ruamjai Fondation came together with CAI to develop farmer' members who was to solve the problem by coming to practice the five precepts create branding of “Moral Rice”

Lesson Learn from the Moral Rice Value Network



The case study on “Moral Rice Value Network is an interesting concept for policymakers in establishing a new policy in solving and agricultural products price fluctuation problems based on reliance and co-operative values instead of involving the government’s interventionist policy which requires a huge budgeting. Not only can this approach solve the falling price problem in agricultural products, it also encourages farmers to apply the Sufficiency Economy Principles to their lives which will eventually lead to the development to the Fair-trade system

Case Study II: The Sampran Model



The Sampran Value Business Group is another innovative value network business model. It is located at the Rose Garden Hotel, Sampran district, Nakorn Pratom province. The business group was founded by the owner of Rose Garden Hotel. The CAI provided the group with technical support in applying the principles of self-help and mutual help to overcome pollution from chemical-based farming in the neighborhood. The model promoted farmers' understanding and awareness of the benefits of organic farming that could contribute to their better living conditions and economic success.



In this project, the “Sukjai Market” (Happy Market) was set up as a weekend market, where orchard farmers in the surrounding communities could bring their organic products to sell free of charges. The production of organic products was under close supervision of the CAI and the Rose Garden Hotel. Participating farmers did not only earn more than 1 million baht a month from selling their organic products, but they also learned about the principles of marketing, food safety as well as Good Agricultural Practice (GAP). Hence, the Sukjai Market has become the living learning center for everyone in the community

ประธานร่วม : กลุ่มธุรกิจเชิงคุณค่าสามพราน

ภาคีทุกคนต้องเข้าใจและเข้าใจถึงเกษตรอินทรีย์ โดยมีสวนสามพรานเป็นเสาหลัก ในการให้ความรู้และปัญญา ไปสู่ความกินดีอยู่ดี มีความสุขถ้วนหน้า

คณะกรรมการ

1. เชื่อมโยงในเกษตรอินทรีย์
2. ทวีคูณธุรกิจ
3. เก็บหอมรอมริบเพื่อการพัฒนาที่ยั่งยืน
4. เชื่อมโยงในการใช้และร่วมมือกัน



1

Origin :

Under the highly controversial economic and social issues between the Rose Garden Hotel and Sampran district, the Co-operative Academic Institute has involved in the dispute settlement process by using the community-based resolution which resulted in the promotion of the organic agricultural activities which not only will promote the sustainable economy in the community but also the harmonious society within the district.

2

Identify Condition :

Community leaders uses the participatory based approach to analyze the statement of problems and identify solution under the advisory team assistance which resulted in the creation of the "Sampran Value-based business" which has a joint mission to promote organic agricultural practices which has the Rose Garden Hotel as the focal organization in promoting the knowledge and supports for the development of organic agricultural practices in the area that will promote the sustainable economic development in the region.

4

Operation :

Under the "Sampran Value-based business" framework supported by the Thailand Research Fund, the Sukjai Market and Living Learning Center for Awareness have developed skills and experience of participating partners which has been running for 3 phases between 2009-2013.

3

Design :

Using the Rose Garden Hotel's strength in management skill, they have establish the Sukjai Market (Happy Market) as the mechanism for raising the awareness and training of organic agricultural practices for famers, communities members and consumers in order to achieve the mutual goal

5

Evaluation :

- Sukjai Market is the brand for community market which has been widely recognized by media and public organization as well as private enterprise and communities.
- Currently, the daily gross revenue is over 100,000 Baht, 23 million in total since opening the market with over 50 participating entrepreneurs.
- The living learning center has various activities for organic farming which has so far been participated by over 500 visitors.)
- Pilot farming areas for IFORM certified products. Eventually, the Rose Garden Hotel has received the AREA award from Enterprise Asia for the best social enterprise in Asia.

6

Utilization :

- The completion of organic agricultural training for 500 Nakon Pratom farmers.
- The expansion of the value-based business enterprise in Sampran district toward the organic agricultural hub in the region.
- Establishment of the living learning center for public advocacy.

SAMPRAN MODEL COLLABORATIONS - PUBLIC PRIVATE PARTNERSHIP

Funding from Thailand Research Fund and Thai Health Promotion Foundation

Upstream/ Producer → Midstream/ Processing → Downstream/ Consumer

Kasetsart University (Bangkok)

- Faculty of Economics
 - Researches with Co-operative Academic Institute
- Faculty of Agriculture
 - Organic agriculture knowledge

Kasetsart University (Nakornpathom)

- Faculty of Engineering
 - Farmer's group development
 - Organic agriculture in schools
 - Eco plant pot production

Ministry of Agriculture and Cooperatives

- Land Development Department
 - PGS pilot project with TOAF and ADB

Ministry of Commerce

- Department of Internal Trade
 - Organic Village project

Kasetsart University (Nakornpathom)

- Faculty of Engineering
 - 'Farm to Firm' project and logistics
 - www.sookjaiorganics.com
 - Post harvest knowledge

Kasetsart University (Bangkok)

- Faculty of Agriculture
 - Food processing using organic raw materials

Ministry of Commerce

- Department of Internal Trade
 - Organic Distribution Centre project

Thailand Convention & Exhibition Bureau (TCEB)/ Thailand Incentive and Convention Association (TICA)/ Thai Hotels Association (THA)

- 'Farm to Functions' project where hotels and convention centres buy organic rice directly from groups of farmers

Tourism Authority of Thailand

- Promotion of organic agro-tourism and sustainable tourism
- Bliss Festival Dec 2016 sponsorship

Ministry of Commerce

- Department of Internal Trade
 - Organic Farm Outlet project
 - Bliss Festival Dec 2016 sponsorship



Lesson learned visualization by Kasetsart University (Bangkok)

Lessons Learn



Lesson learned from the Sampran Model was the community-based business model that applies the value chain development concept in designing the business system and uses the co-operative value in stimulating partnership by defining resolutions and common goals as the Ultimate Goal which consists of Sustainability and Happiness Society. Stakeholders can take part in all activities conducted under the value chain as well.

This new relationship management and an appropriate operating process eventually brought about the PPPP Business Model which has now been a living learning center for more than 3,000 local and international visitors per month.

Case Study IV: The Farmer Shop Business Model

Vision: The alternative retail store which consumer and producer are mutual owner.

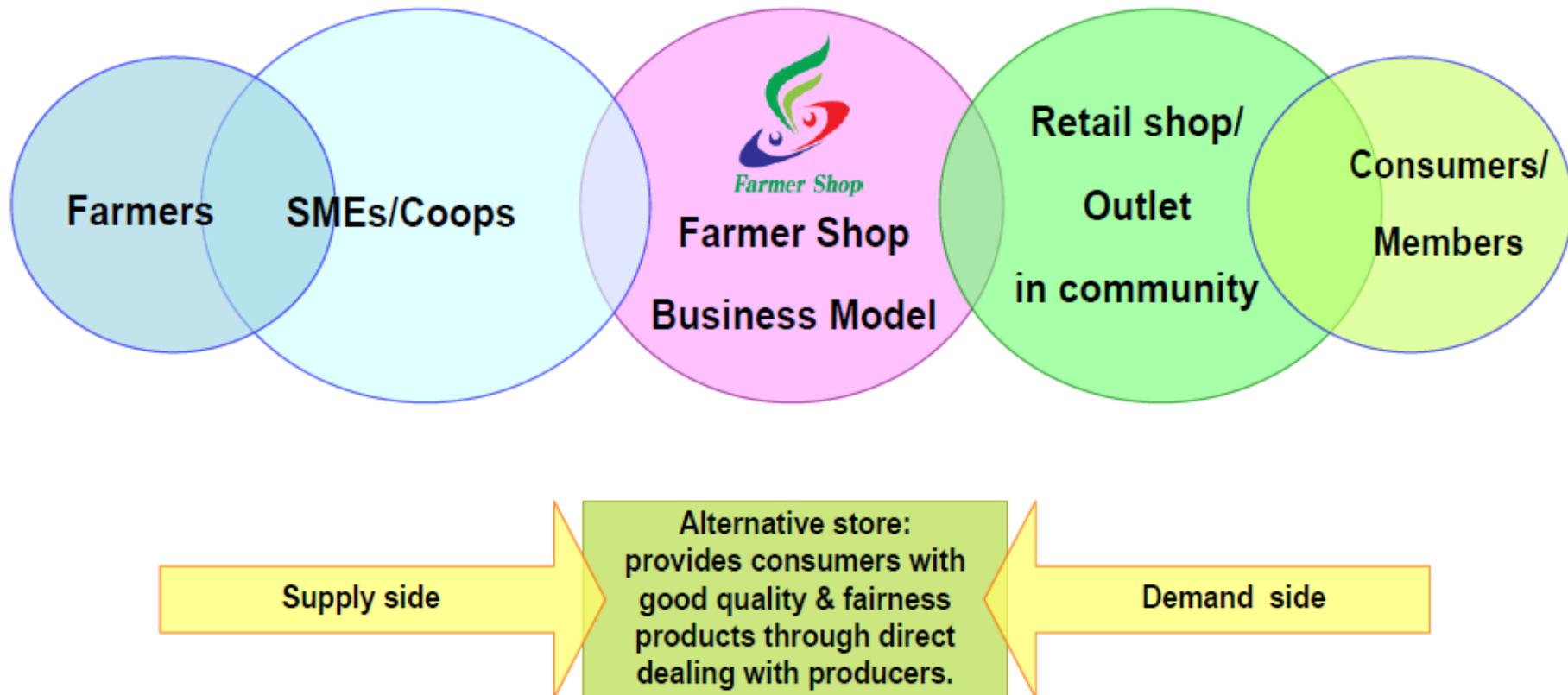
Slogan: Not for profit but far long term co-operative relationship in cooperation with members.



The Farmer Shop Model focus on utilizing knowledge capital, social capital and economic capital to increase value of agricultural products toward the creative business model with Value Chain Development.

The Vision of the Farmer Shop is “The Retail Store that Producers and Consumers are Mutual Owner.

The Farmer Shop as a New Business Model



The new business model that has rearranged the relation of stakeholders in the value chain. It was done in coordination with the supply side. (include co-ops, SMEs, community enterprise) and demand side (include consumer who are member.)

Its' ultimate goal is to develop value chain management system strengthening the fair trade and sustainable practices among participate partners, from both producing and consuming side.

Implementation



The research result show that the Farmer Shop has rearrange the relation of value chain management into alternative solution of SMEs, OTOP, Co-ops to access the new market and consumer within their community and beyond. On the other hand, consumers can access the quality goods at the fair price and able to help supporting the small through their consumers.

Lesson Learned from the Farmer Shop Business Model



Five Core Values of the Farmer Shop

- 4) This Business Model will be scale-up and extend to various community shop across the country in order community dev. goal the "Civil State Smile Shop".
- 5) This business model will establish social movement that inspires individuals and community to aware the value of fair trade system.

The research result at the 3rd year show that Farmer Shop business model will utilize 5 cover value which result from the VCD, that are

- 1) The demand creation for the local farmers' products within the community through the business mechanism will reduce the problem on market accessibility and low bargaining power of local farmers.
- 2) The capacity building for the partners in the supply side will enable them to improve the quality of products and their competitiveness.
- 3) The advocacy campaign for consumers on feed safety and locality as well as the fair trade philosophy will promote consumers' awareness.

New Challenge



At present; The Farmer Shop Business Model has been modified into the Civil State Smile Shop (C3S) by Agrarian Reform Sub-Committee, National Council Reform. These approach is to establish a new business model in local and urban community through “Start –up” Target group.

Conclusion



- *Lessons learned from the DC&F Research Program in the past decade pointed out that it is necessary for co-operatives, as an organization for the members and community, to adjust the mindset and operating processes. The challenge is how co-operatives can apply the co-operative spirits in effectively improving the human capital, the organization, and the business system for the benefits of the members and community following the sustainable development*
- *The case study mentioned earlier showed the conceptual framework and platform for enhancing the co-operative operation using value chain development concept. This can lead to functional upgrading, process upgrading, product upgrading, and chain upgrading. Stakeholders from public sector, academic sector, private sector, and communities can also take part in the business system to achieve their mutual goals.*
- *The conceptual framework and platform using value chain development will mitigate co-operative weaknesses and difficulties which are resulted from economy structural problems in the New Economy. Moreover, they will provide more opportunities in learning and applying appropriate technological innovation in the business as well as systematically network the business with strategic partners based on the co-operative value so that co-operatives will be more competitive.*

Concluding Remark

How can we apply the Co-op values to create the VCD in our Co-op Business in order to achieve the competitiveness and sustainability?

Q & A



Thank you for your attention

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Sufficiency economic

King Bhumibol Adulyadej

Sufficiency Economy Philosophy: Composition

