

IRU
Courier

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Dear reader,

2016 is slowly drawing to a close, the Christmas holidays are not far off, and 2017 is almost upon us. It is time to look back at the past year, a year that witnessed a great deal of movement and change. The International Raiffeisen Union (IRU) is treading new paths. This year as well, we managed to make additional advancements as we set course for the future.

In addition to the working group established the previous year, the Working Group on Cooperative Development, additional groups were created on the topics of digitalisation and the anniversary year of 2018. At meetings, participants work on the current interdisciplinary issues and challenges of the world of cooperatives. The IRU is in close consultation with its members. Where the organisation's future direction is concerned, this contact is of great importance to the effort to identify and maintain an awareness of the needs of its members.

After nearly 6 years, a General Meeting was held in September 2016. One of the main resolutions to emerge from this meeting concerned the amendments of the statutes. New members were elected to the Board of Directors and the Presidium as well (p. 6). The IRU's new logo was also presented as a prelude to a visual and substantive update.

Members welcomed the addition of Ms Mandy Pampel to the Secretariat General beginning in July. There were express words of gratitude for Ms Odile Sot-Lanzrath, who performed a valuable service for IRU for 37 years and retired in late June.

We would now like to take this opportunity to express our gratitude for the splendid support and the wealth of positive feedback about the work of the IRU that reached us in the Secretariat General during the year. Many of our members have dedicated themselves to helping develop our organisation further – many thanks to all of you for this. We do appreciate it!

We are also especially happy about the fact that the cooperative idea was added to the 'Representative List of the Intangible Cultural Heritage'. (see p. 12).

The IRU Secretariat General wishes you, your employees and your families Merry Christmas, a happy New Year and an auspicious and successful 2017. We look forward to seeing you again soon.


Andreas Kappes
Secretary General


Mandy Pampel
Coordinator SG

WHEN SCIENCE MEETS PRACTICE

- 18th International Conference of Cooperative Studies -

The 18th International Conference on Cooperative Studies was held 14-16 September in Lucerne, Switzerland. The successful international format not only brought together some 1000 participants from all over the world, but also encouraged many new ideas for the cooperative world.



Panel visitors in the lecture hall at the University of Lucerne. Source: IGT 2016, Johanna Unternährer, Janmaat Fotografie

This year's theme was 'Identity and growth of cooperatives.' The declared aim was to promote dialogue between science and practice. The conclusion of the event: The future belongs to the cooperatives, because the business model stands for sustainability, provides jobs as well as the opportunity to participate in democratic structures, and is for the most part locally anchored, solid and crisis-proof.

In addition to other organisations, Raiffeisen Switzerland, a member of IRU, played a major role in ICCS 2016. The cooperative bank was on hand not only as one of the main sponsors but also as the home organisation of Dr. Hilmar Gernet, Member of the IRU Presidium and President of the Organising Committee. In a review, he highlighted the new approach of the conference: 'In some ways, ICCS 2016 was an experiment: the worlds of science and co-operatives in the field were called upon to

share a common platform. And they did so, were able to learn from one another, exchange views and develop shared ideas (or even projects).' This approach harbours even more potential and could be expanded upon at the next conference.

Practice Lab of IRU and EACB

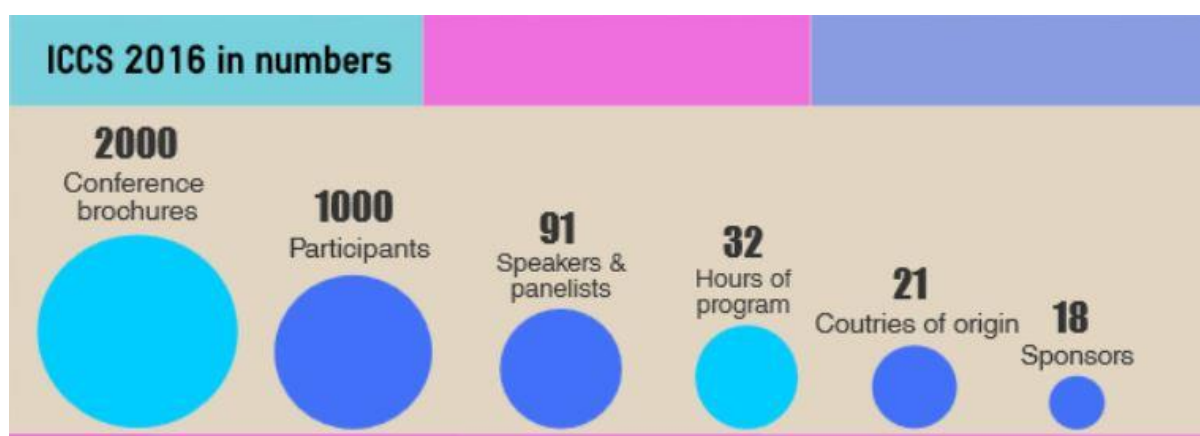
Linkages to the practical world were implemented in several practice labs in which participants were asked to contribute. One of these was led by IRU jointly with the Working Group CSR & Co-operative Affairs of EACB (European Association of Co-operative Banks) and was entitled 'Participation in the Age of Digitalization'.

Following welcoming remarks by Étienne Pflimlin, Honorary President of Crédit Mutuel and IRU Treasurer, IRU Secretary General Andreas Kappes offered an introduction to the topic. He pointed out that even Friedrich Wilhelm Raiffeisen had

developed the organisational and legal form of the cooperative in response to economic and social challenges. Since then, the managing directors of cooperatives have faced ever-changing conditions, to which it was necessary to find new answers. The success of cooperatives to date suggests that they have repeatedly had the strength and the vitality to overcome new hurdles. One of the current challenges stems from the increasing digitalisation of all areas of life. Cooperative enterprises must also respond to this. 'For all the changes that have occurred, cooperatives must always focus upon their own values. Flexibility and innovativeness are what make them strong', Kappes pointed out.

address on digitalisation in the banking sector. He offered exciting insights into how the industry is using the new technological opportunities to recruit, support and retain members and customers. Particularly animated was the discussion of his remarks on crowdfunding. He presented specific examples in which banks had provided the digital platform upon which their members were able to carry out their own project ideas on the basis of cooperative principles – pointing up the great opportunities that these new approaches have to offer.

Tuuli Kousa, Vice President and Head of Public Affairs, Media Relations and CSR at OP Financial Group (Finland), reported on her day-to-day work on digital campaigns



Digitalization - a nowadays issue

This led to a variety of questions: What does digitalisation mean for cooperatives? Does digital development offer a new opportunity to strengthen members' participation? How is member communication changing, and what added value does digitalisation hold in store? During the course of the event, the international speakers addressed these key questions from the vantages of their own organisations.

Alexander Doukas, Managing Director of VR-NetWorld (Germany), held a keynote

and the integration of digitalisation in her company. Then Gérard Leseul, Manager for Institutional Relations and CSR, explained the topic of digitalisation once more from the perspective of Crédit Mutuel.

Further interaction among the participants revealed that the topic is met with keen interest, and that it represents one of the key challenges but also opportunities for cooperatives in this day and age. (www.igt2016.ch)

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XIIIth IRU GENERAL MEETING IN LUCERNE

The committees of IRU met 13-14 September 2016 in advance of the International Conference on Cooperative Studies in Lucerne. Within the same framework, the XIIIth IRU General Meeting was held as well. The key results at a glance:



International participants at the XIIIth IRU General Meeting. From left: Dr. Nandini Azad (India), Franky Depickere (Belgium, IRU-President), George Ototo (Kenya), Pictures: Johanna Unternährer, Janmaat Fotografie

Amendments of the statutes

Updated most recently in 1992, the new statutes aim to strengthen the bodies of the IRU in order to make the organisation more capable of acting. The structure was also simplified and rendered more understandable.

Current status: The statutes were reviewed by the Legal Department of the German Co-operative and Raiffeisen Confederation (DGRV) and will be presented to the court of registry in the near future.

Modernisation of the IRU

As a first step towards a revision of the corporate identity of IRU and an adapta-

tion to modern standards, a new logo was introduced that had been developed by the IRU Secretariat General with considerable support from Belgian member Cera.

Current status: Extensive work to modernise the website is currently ongoing. The IRU-Courier, which since 2016 has been published in electronic form only, will be revised further to achieve a modern newsletter format. Other publications and communications materials are in planning.

Jubilee year 2018

To mark the 200th anniversary of the birth of Friedrich Wilhelm Raiffeisen and at the same time the 50th anniversary of the

founding of IRU, a variety of events are planned, including a central event in Berlin. The next General Meeting is set to be held within this framework as well (September 2018).

Current status:

- *First cooperation consultations have been held with the Organisation Office 2018, which is managing the main activities for the largest cooperative associations in Germany.*
- *Own activities are in planning as well and are at the conceptual-design stage. An important factor in this connection is the interaction with IRU member organisations, as well as their participation. Member activities planned to date, together with cooperation opportunities, were discussed at an initial meeting of the 'Working Group 2018' in Lucerne.*
- *IRU will participate as co-producer in the development of a Raiffeisen film that will be shot by Inspiris, an Austrian production company. Various IRU members have pledged their financial support. The Austrian Raiffeisen Association is particularly involved in the development of the film and is also providing support in terms of content.*

Presidium and Board of Directors

The new statutes create new structures for the IRU committees. The Presidium now consists of seven members. The Board of Directors can comprise up to 15 members; it currently has 12 members:

PRESIDIUM



Franky Depickere
IRU-President
President of Cera,
Belgium



Dirk J. Lehnhoff
IRU-Vice-President
Managing Director of
DGRV – Deutscher
Genossenschafts-
und Raiffeisenver-
band e. V., Germany



Etienne Pflimlin
IRU-Treasurer
Honorable President
of Confédération
Nationale du Crédit
Mutuel, France



Dr. Hilmar Gernet
Präsident von
Raiffeisen Schweiz
Genossenschaft,
Schweiz



Dr. Hans Groeneveld
Vice-President of
Rabobank Nederland,
Netherlands



**Dr. Heiner Nicolussi-
Leck**
President of
Raiffeisenverband
Südtirol, Italy



Guy Hoffmann
Managing Director of
Banque Raiffeisen
s.c., Luxemburg



George Ototo
Managing Director of
Kenya Union of Sa-
vings & Credit Co-
operatives Ltd.,
Kenya



Foto: Franz Pflügl

**Dr. Walter Rothen-
steiner**
Director General of
Raiffeisen Zentral-
bank Österreich AG,
Austria

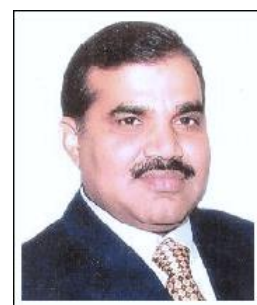


Edwin Reimer
President of
Federación de
Cooperativas de
Producción Ltda.,
Paraguay

ADDITIONAL BOARD MEMBERS



Selahattin Külçü
Chairman of Central
Union of Turkish
Agricultural Credit
Cooperatives, Turkey



**Dr. Chandra Pal
Singh Yadav**
President of
National Cooperative
Union of India, India

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POTENTIAL FOR COOPERATIVES

by Dr. Johannes Rehulka,
Director of "Fachverband der Raiffeisenbanken"
Austria

The third International Summit of Cooperatives was held 11-13 October 2016 in Quebec. Discussions at this year's summit centred around the theme 'Cooperatives: The Power to Act' and emphasised cooperatives' potential in a difficult economic environment. The Raiffeisen Banking Group was represented by Klaus Buchleitner, Managing Board Chairman of Raiffeisenlandesbank Niederösterreich-Wien.

Nearly 3,000 attendees from 116 countries, representing the world's leading cooperative organisations, had responded to the invitation to the International Summit of Cooperatives. In addition to addressing substantive topics, the aim of the event was to do even more to promote international networking among all cooperatives. After all, some 1.3 billion people worldwide are members of a cooperative. This corresponds to roughly 13% of the world's population. Cooperatives secure around 250 million jobs around the globe. Some 1.6 million businesses are run by cooperatives and account for approximately 15% of value creation in the global economy. Numerous high-ranking representatives from the business community were joined at the summit by such leading economists and researchers as Nobel Laureate Joseph Stiglitz, Jeremy Rifkin and Robert Reich.

The challenges that face cooperatives from all sectors were discussed during the event. Yet the horizon of the summit reached far beyond the problems of cooperative banks. Topics ranged from possible contributions by cooperatives in times of crisis, to potential changes in internal communication with members as a way to keep pace with the digital realities of our time, to opportunities for economic development by cooperatives.

Nonetheless, discussions of the development of cooperative banks accounted for a substantial part of the programme. The focus was on the efficiency of the cooperative banking model in light of the regulations enacted following the crisis. The new rules adopted in the wake of the grave crisis in sovereign debt and the financial sector pose a particular challenge for cooperative banks. A roundtable of several senior bankers from the cooperative sector addressed the compatibility of economic growth and appropriate regulation, the negative impact of current regulations on cooperative banks, and paths and goals for cooperative banks in this adverse environment.

As Alain Fradin, CEO of Crédit Mutuel in France, summed it up, the regulations put in place after the crisis in 2008 had a lasting effect on his sector. Regulators had deployed their new rules in an effort to prevent future crises, but the rules were drafted in ways that failed to provide appropriate consideration for the needs of cooperatives. The new requirements confronted his sector with massive changes. These requirements were met, though, thanks to cooperative collaboration.

Gerhard Hofmann, Member of the Board of Managing Directors of the National Association of German Cooperative Banks

(BVR) and President of the European Association of Co-operative Banks (EACB), reported that his sector had to advocate for fair treatment of cooperative banks. After all, of all players, the cooperative banks

2) Highlight the added value of diversity in the banking system.

3) Enlist impact studies that do not simply build on capital figures but cover a broader context.



From left: Gerhard Hofmann, Taisch Franco, Yasuhiro Hayasaki, Klaus Buchleitner, Alain Fradin

had neither caused nor aggravated the crisis. Nonetheless, they received the same regulatory treatment as those banks that were to blame for the crisis.

‘We aren’t begging for exceptions’, he pointed out. ‘We want to be treated the same way as other banks, but in a way that is fair and appropriate.’

Hofmann emphasised that cooperative banks in particular must be successful and prove their special status when entering into negotiations with regulators. The following points are the key to successful realisation of cooperative interests:

1) Explain the features specific to cooperative banks.

‘Regulation must not be an end in itself. It should serve society. In light of this, regulators should pay much more attention to what certain provisions mean, not just for banks but for society as a whole’, he concluded.

Franco Taisch, member of the Board of Directors and member of the Risk Committee at Raiffeisen Switzerland, agreed that a ‘one-size-fits-all’ approach is not suitable for cooperative banks and, on the contrary, would lead to a less-diverse banking system. ‘Whoever fails to recognise diversity concentrates risk while thwarting innovation at the same time’, he warned.

Taisch was critical of regulators' approach to the governance of cooperative banks. The specifications for governance and fit & proper guidelines make it difficult for cooperative banks to recruit new executives. 'I suggest that the regulators create space for entrepreneurial thinking. Without risk, we will not have commercial success', Taisch said.

Klaus Buchleitner warned that the current regulation disrupts the quality of service to the customer. Banks have been forced to strike profitable business from their portfolios in order to increase equity. Regulation would ultimately lead to disadvantages for the customer and the entire economy. 'We need political visibility for cooperative banks. It is important to see the benefits that cooperative banks bring to the real economy and society as a whole', Buchleitner added. 'Politicians and the public must understand that our business model is different from global banking. Overregulation and unsuitable requirements are the major obstacles to the future growth of cooperative banks', he concluded.

An interesting perspective was offered by Yasuhiro Hayasaki, a consultant to Japanese cooperative bank Norinchukin, who offered insights into the 'lost decade' of the 1990s in Japan. 'Japan is Europe ten years from now', he said of regulations in Japan following the crisis. Still, many Japanese banks have just a minimum capital requirement of 4%. Because the supervisory authorities in Japan have thus understood the specific situation of cooperative banks, they were receptive to measures taking special needs into account.

The panellists were all in agreement that academics should redouble their efforts to study cooperative sectors in even greater depth. With this in mind, at another session, researchers presented their findings with regard to the efficiency of the cooperative banking model.

Eric Lamarque, Professor for Management of Financial Cooperatives at the Sorbonne Graduate Business School in France, investigated the ways in which cooperative banks are adjusting to the new regulations



and came to the conclusion that having capital resources that suit the business model is a major issue, particularly for the banks.

The approach taken by the supervisory authorities is to require riskier banks to meet higher capital requirements. In light of this, every bank – and this applies to the cooperative banks as well – must strike a healthy balance between risk, profitability and equity.

Dr. Hans Groeneveld, Professor of Co-operative Financial Services and Director at Rabobank in the Netherlands, presented his study of efficiency in cooperative banks. The study comes to the conclusion

that commercial banks delivered better results prior to the crisis, whereas cooperative banks have been more effective in weathering the crisis.

Rym Ayadi, Professor and Director of Alphonse and Dorimène Desjardins International Institute for Cooperatives, added how important it is for regulators to take the features specific to cooperative banks into account.

'Where cooperative banks exist, they make a positive contribution to economic recovery and pose a much lower risk than other banks', she pointed out, adding that this was particularly true of cooperative banks in the US, Canada, Brazil and Europe.

At the end of the summit, a declaration was adopted in which the cooperatives stated their determination to pursue strategies for sustainability in a very wide variety of areas in the effort to contribute towards solving global problems.

In addition to contributions to sustainable development in the areas of food security, employment, access to health care and climate change, participants also pledged their willingness to actively combat poverty and ensure financial inclusion of the world's poorest.

With this in mind, the cooperatives agreed to take steps to provide access to financial products for all segments of the population. This will succeed through use of appropriate technologies and services to ensure that everyone, including those who have been geographically, socially or economically excluded, are provided with access to financial services.

The granting of small loans will help strengthen the poorest. Cooperatives should promote savings products and financial education. Finally, cooperatives should make a particular effort to assist and enable women and young people, because these are the individuals who will make a significant contribution to future developments worldwide. Measurable contributions by cooperative banks in these areas should be implemented by 2030.

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COOPERATIVE IDEA PART OF THE INTANGIBLE CULTURAL HERITAGE OF HUMANITY

- UNESCO-decision on 30 November 2016 -

At its meeting in Addis Ababa, Ethiopia, on 30 November 2016, the Intergovernmental UNESCO Committee for the Safeguarding of the Intangible Cultural Heritage Committee decided to add the cooperative idea to the 'Representative List of the Intangible Cultural Heritage'. The German UNESCO delegation had submitted the nomination in 2015 under the title of 'Idea and practice of organizing shared interests in cooperatives'. The submission had the support of the German Friedrich-Wilhelm-Raiffeisen-Gesellschaft and the German Hermann-Schulze-Delitzsch-Gesellschaft, among others.



Representatives of the German Friedrich-Wilhelm-Raiffeisen-Gesellschaft, the German Hermann-Schulze-Delitzsch-Gesellschaft and the German UNESCO Commission on location in Ethiopia. Source: RAIFFEISEN 2018 Organisation Office

Josef Zolk, Vice-Chairman of the German Friedrich-Wilhelm-Raiffeisen-Gesellschaft, was energetic in advancing the application process right from the outset: 'We are delighted and grateful that the fathers of cooperatives in Germany, Hermann Schulze-Delitzsch and Friedrich Wilhelm Raiffeisen, are receiving this honour – for establishing an idea that is of greater relevance today than it ever was before. There

are more than 20 million people organised in cooperatives in Germany alone.'

Dr. Manfred Wilde, of the Board of Directors of the German Hermann-Schulze-Delitzsch-Gesellschaft, also dedicated his efforts to this recognition: 'This inclusion honours the legacy of Raiffeisen and Schulze-Delitzsch in equal measure: the concept of an interconfessional model of cooperation-based self-help, self-

governance and individual responsibility, open to all who share an interest in it.'

The independent expert committee on Intangible Cultural Heritage justified its selection recommendation based on the fact, among others, that cooperatives are not to be considered solely as forms of economic enterprise. Culturally speaking, one should not underestimate the power of the outcomes that can result whenever people join together on the basis of shared interests, without a profit motive, in pursuit of social values and moral principles such as solidarity, honesty, responsibility and democracy.

A success for the entire cooperative world

As a global organisation, IRU shares in this joy: 'Every day, in completely different regions, sectors and political systems, our members put the cooperative idea to practice worldwide. Now, alongside the same business model, they also have another trait in common: through their work, they

are helping to preserve an element of the world cultural heritage', said IRU President Franky Depickere.

The addition of the cooperative idea in the tradition of founding fathers Schulze-Delitzsch and Raiffeisen in the Representative List of the Intangible Cultural Heritage is a success not just for cooperatives in Germany, but for all those who have devoted themselves to cooperative values. With this recognition, not only is the idea of the cooperative carried a large step forward, but it also gives the movement new momentum, sharpens international awareness and certainly arouses the curiosity of many interested individuals.

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10 YEARS OF COOPERATIVES EUROPE

There was reason to celebrate in 2016: Cooperatives Europe, a central force among European co-operatives, celebrated its 10th anniversary.

The European umbrella organisation brings together not only national cooperative organisations, but also cooperative sector associations such as the agricultural association COGECA, the banking association EACB, or the housing association CECODHAS. As before, Cooperatives Europe is the European arm of the worldwide organisation International Cooperative Alliance, but since 2006 it represents the cooperatives as an independent association under Belgian law. One initiative taken to facilitate close networking with the political institutions in Brussels was the establishment of a permanent cooperative working group of the EU Commission, the report of which was published in 2015 and forms the basis for advocacy on behalf of many of the working areas of Cooperatives Europe.

Representing interests and promoting exchange

In addition to political networking, this advocacy also includes broad-based information and awareness-raising on a wide variety of topics, such as small-business policy, finance and education. Cooperatives Europe is not only an interface between its members and political institutions, but also promotes exchange between cooperative organisations in Europe that often pursue the same kinds of goals and face the same kinds of challenges.

The current topics of emphasis include the energy transition and demographic change. Development cooperation is another core area. Since 2012, several European cooperative organisations – including Cera/BRS and DGRV – have carried out a successful, multi-year partnership project with Cooperatives Europe. One result of this project is the ‘Cooperatives Europe Development Platform’. The Working Group brings together members of Cooperatives Europe that are also active in international development work. The

‘Vital to the establishment of strong cooperatives in Europe is the effort of listening to the needs of one's members and furnishing concrete answers and solutions.’

Dirk Lehnhoff
President

aim is to establish and coordinate cooperative development programmes, promote partnerships, and anchor the cooperative business model as a sustainable and future-oriented engine for development. A good example of this is the joint website (www.coopseurope.coop/development), where more than 250 international projects of European cooperative organisations have been compiled.

On 10 October 2016, the EU Commission signed another five-year project with the ICA and its regional offices to strengthen the cooperative movement internationally. As with the CEPD, the mission of the newly established ‘Global Cooperative Development Platform’ is to promote development through cooperatives. The aim is to create a worldwide network extending beyond the borders of Europe.

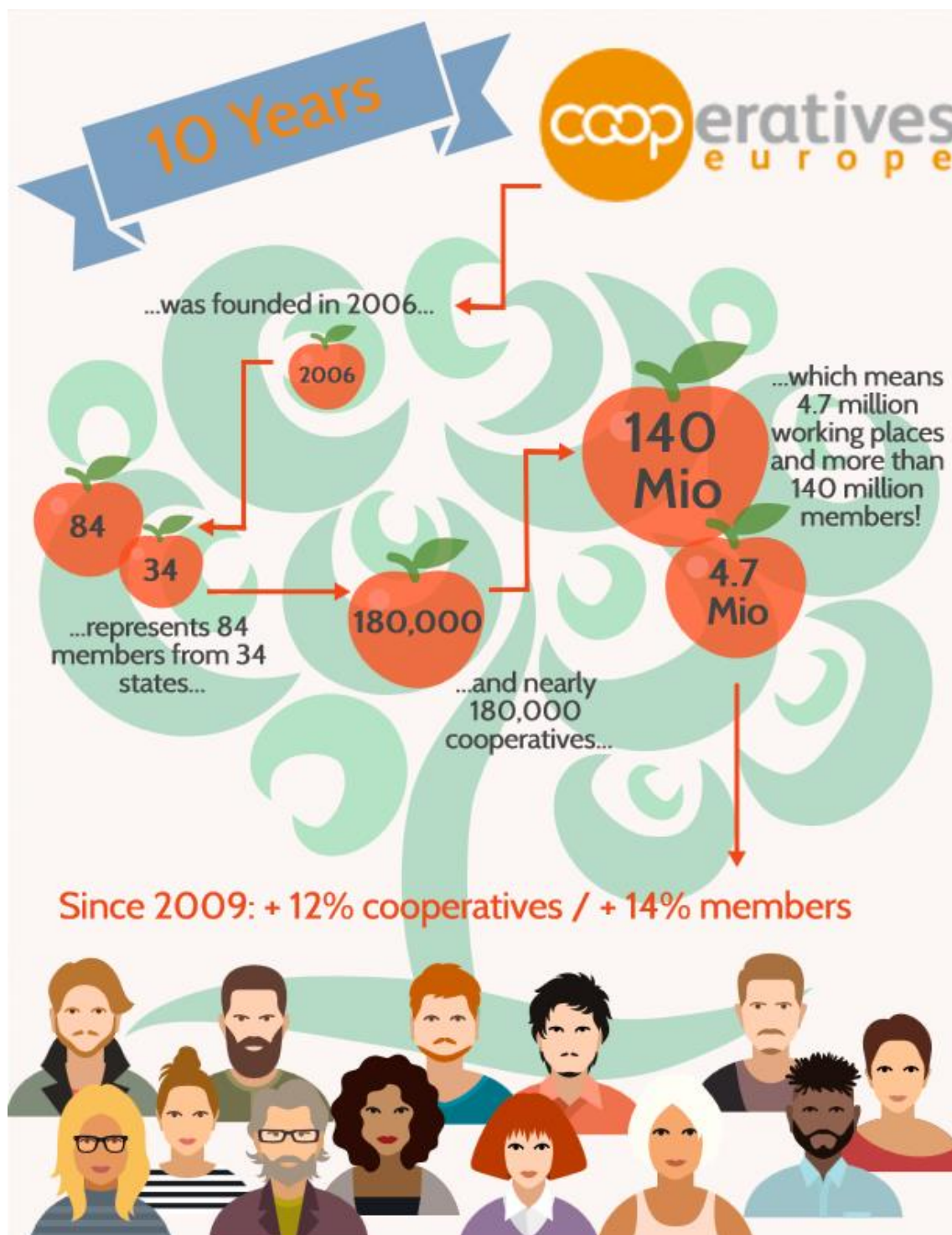
Along with development work, up and coming business professionals is also an important topic within the cooperatives

group. This challenge is taken up by the 'Young Cooperators Network', an exchange platform the aim of which is to derive inspiration from younger generations for use by established cooperatives.

Europe needs strongly cooperative and entrepreneurially-oriented small and me-

dium-sized enterprises. To permit the voice of cooperatives to continue to be heard at the level of European institutions, Cooperatives Europe will continue to strengthen shared advocacy efforts in future. (www.coopseurope.coop)

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Cooperatives Europe in numbers