

Diverse Economies in Asia: Case studies

Workshop training materials for the ANU/ARC/AusAID project on

**Negotiating Alternative Economic Strategies for regional
development in Indonesia and the Philippines**

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ANU Canberra 2003

Alter Trade Corporation

Who is Alter Trade?

The Alter Trade Corporation (ATC) is an NGO that works with people's organizations in the Philippines to produce quality goods for export.

Mission statement

Alter trade is an alternative business enterprise committed to the task of building a nationalist, pro-poor, scientific and sustainable development that is just, humane equitable and friendly to Mother Earth (Tenebrancia: 88).

Development of the ATC - A brief summary

- Sugar crisis in Negros, Philippines in 1986
- Formation of the Japan Committee for Philippine Concern (JCPC) & Negros Relief Rehabilitation Center (NRRC)
- Recognition that assistance in form of relief and rehabilitation was not sustainable
- "Trade not Aid" exploration of alternative trading arrangements that fed profits back to producers
- The need for new organisational structures led to development of the ATC in 1987 and Alter Trade Japan (ATJ) in 1989

Objectives of the ATC

- To manage all aspects of production, marketing, sales and distribution, including research and development activities and financial support
- To produce high quality goods & services at fair prices
- Equitable distribution of surplus
- To enhance democratic participation, empowerment and self-rule through participatory management and advocacy
- To educate both producers and consumers on the socio-economic issues related to fair trade

Balangon Bananas

Balangon banana trade between the Philippines and Japan accounts for around 60 percent of the revenue of Alter Trade. The Balangon variety was chosen specifically for the Japanese market. The taste is not popular in the Philippines, but suits the Japanese palate. They grow wild on forested slopes and as such are promoted as a chemical-free, ecologically-friendly foodstuffs.

Banana Trade Management Structures

People-to-People Trade:

- Local producers are organised into people's organizations (POs)
- ATC assists the POs with all aspects of harvesting, storage and shipment and pays the POs at an agreed fixed rate
- Bananas are exported to Japan through consumer cooperative networks which jointly own and manage ATJ
- Consumer networks are accessed for education programs. Both their complaints and needs are fed back to meetings of people's organizations

Three stages in the production relationship between POs and Alter Trade:

- Alter Trade manages everything
- PO-Alter Trade joint management while local people are trained
- PO full management

References and further information

Tenefrancia, R.G., 1999: Grassroots Trading Initiatives in Negros and the Philippines, *Asian Exchange* 15(1&2): 85-110.

Information also available at <http://www.shared-interest.com/cust/altertrade.htm> and <http://sbpark.com/atjhp/page09.html> accessed 3/6/03

The Mararikulam project

Building worker-owned cooperatives in local economies

Background

Mararikulam is a district of Kerala state, India. It is comprised of 8 villages and 2 towns and has a population in excess of 270 000. Although Mararikulam is the poorest area of Kerala, literacy rates are above 90%, life expectancy over 70 years and infant mortality below 20 per thousand.

There are 1500 neighbourhood groups (NHGs) in what local district planners and activists refer to as 'the Mararikulam Experiment'. Each NHG is made up of 20 to 40 women. The NHGs began forming in the late 1990's during the Kerala People's Campaign for Decentralised Planning. By 2000 a number had begun to collect small individual monetary deposits on a weekly or monthly basis ('thrift') that were issued as emergency loans to NHG members. The Mararikulam project, which will run until at least 2005, aims to transform NHGs into worker-owned cooperatives that produce items for sale. The project will be monitored and evaluated by the Kerala Research Program on Local Development at the Centre for Development Studies in Thiruvananthapuram.

Current Activities

The first industry established through the project was local soap production and it successfully implemented in 2002. By May 2002, 16 NHGs were all producing several batches of soap per week. It is estimated that at full production (some time in 2003) each unit will be able to produce 600 bars of soap per day. This will provide 300 families with enough earnings to raise their incomes above the poverty line. Members of the NHGs sell the soap directly to local households. This is not the only way in which the soap making industry is building local economy. By purchasing local coconut oil which is in abundance in the region, soap production is also supporting the agricultural economy.

Future directions

The second stage of the project is already underway and involves the production of school notebooks, school bags and kits, and umbrellas. The project also plans to grow and process vegetables into ready-to-cook packets for sale in local and regional markets, and to develop many of the 5000 small ponds currently used to water the coconut trees, into small fish farms. The fish will also be packaged and sold locally as ready-to-cook produce. In the longer term there are plans to process the ocean catch of fish shrimps and mussels and to build a couple of restaurants.

References and further information

Franke, R.W. 2003: The Mararikulam Experiment: Women-Owned Cooperatives in Kerala, India, *Grassroots Economic Organising Newsletter* 58:8-11. Available at <http://www.geo.coop>

Project information also available at <http://www.mararidevelopment.org/project.htm> accessed 18/9/03.

The Rurungan sa Tubod Foundation

About Rurungan

The Rurungan sa Tubod Foundation in Palawan, Philippines is a local initiative designed to stimulate the local hand-weaving industry and to create new livelihood options for women. The foundation had its beginnings in informal discussions which took place between community members whilst sitting under a mango tree. In Palaweno, "Rurungan sa Tubod" literally means, a group of four women who have come together to help boost the family income. In 2000, Rurungan was established and registered with the nations Securities and Exchange Commission as a non-stock, not for-profit corporation.

The Rurungan vision

Women crafting an economy of the home, with no lack of the necessities of life, such that anger and frustration are minimised and the sense of mutual interdependence is strong.

Activities

The local weaving described as an innately Filipino art form, combines pineapple fibres and native silk. Rurungan recognised that there were enough local pineapple plants to sustain a weaving industry and forged a partnership with the province's local communities. It trained locals on the fundamentals of the craft-from the planting of pineapples, harvesting of leaves, extracting and knotting of fibres, down to the actual weaving. They were also taught how to take care of the environment, which is crucial in the processing of the fibres. For example chlorinated water can affect the fibres and for this reason the leaves are processed in the rivers.

Today Rurungan is conducting regular weaving workshops and is developing a pool of trainers who are dispersing the weaving craft across Palawan. Products are sold at local markets across Palawan, as well as in Manila and for export.

References and further information

Moral, C.V., 2002: *Weaving a dream* available at

http://www.inq7.net/lif/2002/oct/27/lif_4-1.htm, accessed 15/10/03.

The Rurungan sa Tubod Foundation

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SORAK: Solidarity for the urban poor

Background

For the past 30 years there has on-going debate in Jakarta about the continuing operation of becaks (3 wheeled passenger bicycles). The city government's have at various times sought to enforce bans on becaks. In 1984 for example, more than 5000 becaks were confiscated and dumped in Jakarta's harbour. Recent violent clashes between becak drivers and municipal workers resulted in the death of a security worker. A ban on becaks in Jakarta would threaten the livelihood of an estimated 10 000 drivers. Whilst several NGO's have supported the rights of becak drivers, the conflict has not been completely resolved.

The role of SORAK

Solidarity of the Common People referred to as SORAK, is an organisation of becak drivers, pushcart sellers (Kaki Lima), market wagon pushers, and urban farmers which formed early in 2000 due to the vision of community activist Jumadi in Palu, Sulawesi. The initial purpose of SORAK was to provide support and a communal voice to people who had been marginalized by government development policies. One representative from each of 12 occupational groups is elected to SORAK so that 12 people are included in the Forum. SORAK aims to act as a mediator between policy makers and the grassroots organizations it represents. It also supports these organizations by creating a common discourse, facilitating meetings, holding training and leading advocacy campaigns.

SORAK cooperative benefits

The SORAK initiative is good example of how individuals can gain economic and political power through the formation of a cooperative. As outlined in the excerpt which follows the Kaki Lima coop members contribute monthly to a fund which is re-distributed in cases of illness, injury and financial difficulty.

Kemal, a SORAK member and the leader of the Pushcart Vendors' organization, talks enthusiastically about current developments in his group. Through intensive lobbying, it

has managed to change the government's policy for the marketplace. A decree from the mayor allowed the vendors to build 400 stalls for themselves in the market. The occupants of these 400 stalls were the original members, but the number has now grown to more than 1,000 stalls. Meetings are convened every Saturday night, and members pay a monthly fee of about 10 cents for those with a stall and 5 cents for those without a stall. The fees are used to establish a cooperative that acts as an emergency fund for members when unforeseen needs arise, such as sickness or accidents. It also offers soft loans (loans made without the normal security demands placed on borrowers). Members have become a part of a team that works with the mayor's office to take manage the security, sanitation and orderliness of the market area. "I often get home late from the market," says Kemal, whose daily activities include selling eggs. "Members always want to talk with me. But at least things are safe now. There are no more evictions."

The becak drivers have also benefited. Backed by other groups within SORAK, their campaign has led to a revision of the ban on becaks so that 500 are allowed to operate. They pressured the local government to set up a special committee that includes social leaders, business people, academics and the urban poor to work on solutions.

References and further information

Suanda, M. 2001: Solidarity for the Urban Poor: Organizing Three Wheels and Five Legs in Changemakers.net Journal available at

<http://www.changemakers.net/journal/01november/suanda.cfm> accessed 15/10/03.

The Community Currency Systems in Asia Project

About the project

Community Currency Systems (CCS) are formed when there is an agreement within a given community to use something other than national currency as a medium of exchange. Although there are more than 2000 CCS worldwide in 40 countries, they are not widespread in Asia. The operation of CCS in Asia has been a contested issue for a number of years. Experimentation with CCS has taken place in Thailand (e.g. Bia Kud Chum), Indonesia (e.g. Mendassar and Tri Tunggal Credit Unions) and Japan (e.g. Kusatsu Community in Shiga). In 2001-02 the Asian Media Information and Communication Centre (AMIC) Singapore with financial support from the Sasakawa Peace Foundation undertook a study aimed at identifying and analysing CCS in these 3 countries. It also examined the prospects for expanding CCS and the impact this might have on local communities.

Some of the Findings

Bia Kud Chum – The CCS was introduced in 1998 to increase self-reliance in the community, set up activities that increase diversity and sustainability, foster good social relations, reduce the outflow of money and resources from the local community and save community members' money. After only one month of operations the CCS faced a legal challenge from the Thai government who claimed that the use of the Bia (CCS unit of exchange) was illegal as it rivalled the national currency (Baht). At present the issues are still being debated and there is a ban on using the Bia for economic transactions.

Kusatsu Community and other CCS in Japan – The development of CCS in Japan was motivated by a desire to revitalise local communities. The first CCS was established in Japan in 1995. In the five years that followed a prolific number were established across the country. In contrast to Thailand, CCS in Japan have not met legal challenge or opposition from the government.

Possible benefits and future directions

In relation to Bia Kud Chum AMIC recommends:

1. The Thai government create clear policies promoting rather than opposing community exchange
2. Action research implementing CCS in many parts of Thailand during the 9th National Economic and Social Development Plan in operation until 2006

The AMIC highlights that the introduction of CCS in Indonesia will:

1. Promote the rise of economic activities without inflationary consequences
2. Contribute to resolving unemployment and poverty

Community Currency Systems have the potential to:

1. Establish local currency that is not subjected to international market influences
2. Encourage trading and exchange within local communities which in turn reduces the flow of local resources out of communities and makes communities less dependent on external funding

References and further information

Asian Media Information and Communication Centre, 2002: *Alternative Economic Systems in Asia: Challenges of Community Currency Systems*, available at http://www.appropriate-economics.org/asia/Asia_CCS_Report.pdf, accessed 15/10/03.

General information available at <http://www.transaction.net/money> accessed 5/02/04.