

Chapter 1

Taking Stock: Philippine Experiences in Cooperative – LGU Collaboration

Dr. Edna Co

Decentralization and Cooperatives

The Local Government Code 1991 (Republic Act 7160) is a landmark legislation not only of the decade, but also of the century, as far as the history of Philippine decentralization is concerned. The Code significantly devolves power to the local authorities where traditionally development rested with the central government. Because of such devolution, local governments are given the functions to administer five basic services, namely, agriculture, health, the maintenance of public works and highways, social welfare, and environmental management and protection. Furthermore, the Local Tax Code empowers local councils with the authority to impose taxes so that revenues can be raised for their projects. On the whole, therefore, the local authorities gain the power to tax and to determine priorities for local projects, including allocation of resources for basic services.

Local governance is a “strategy towards democratizing the political system and accelerating the attainment of sustainable development” (de Guzman and Reforma, 1993:3). In the context of local governance therefore, citizens are not just ruled over, but have more “say” on matters that affect their lives. The decentralization policy pushes decisions down to the lowest level where people can decide on public issues.

The structure of governance has significantly widened, with a vital push from the constitutional provisions allowing and encouraging “non-governmental, community-based or sectoral organizations that promote the welfare of the nation” (Constitution of 1987, Art. II, Sec. 23). The Code mandated non-governmental organizations (NGOs) to participate in local special bodies, thereby involving them in the making of policy and other crucial decisions.

A parallel democratizing development is the passage of the Cooperative Code of the Philippines (Republic Act 6938), which in effect, fosters the growth of cooperatives as a mechanism for promoting people’s capacities

and self-reliance towards achieving economic development as well as social justice. The law recognizes that cooperatives have a valuable role in developing viable and responsive economic enterprises. Furthermore, the law ensures that there ought to be no impingement upon the integrity of cooperatives, and in fact, that government should extend assistance to cooperatives in the form of training and research, audit and support services if necessary. RA 6938 provided a new lease on the life of cooperatives by granting and recognizing their power and potentials as important players in pushing for economic development and entrepreneurial initiatives. As such, the cooperatives would have substantial contribution to economic growth especially in the context of local autonomy and development.

The Cooperative Code has some interesting provisions favorable to cooperatives. These include the tax treatment of cooperatives, exempting those whose accumulated reserves and net savings do not exceed P10 million. The exemption is from all national, city, provincial, municipal, or barangay taxes of whatever name and nature (Art. 62 of RA 6938).

Corollary to the strengthening and the recognition of the powers of cooperatives, executive policies were issued that further promoted the role of cooperatives in partnering towards local development. Executive Order (EO) 95, designating the Cooperative Development Authority as the Lead Government Agency on Cooperative Promotion, Development, Regulation and Calling on All Government Agencies with Cooperative Programs to Coordinate these with the Cooperative Development Authority and for other purposes, was issued during the term of President Fidel V. Ramos. This Executive Order establishes the formation of the Cooperative Development Council (CDC) as the authorized venue at the national, regional, provincial, and city/municipal levels, that would encourage the formulation of cooperative development policies and would harmonize the implementation of cooperative development plans and projects in the area. Alongside this executive policy was EO 96, which defines the rules and regulations on cooperative promotion, organization, development, and supervision by Local Government Units (LGUs). Under EO 96, the LGU is expected to provide the necessary support to cooperatives even as cooperatives are recognized as autonomous associations, and therefore should be free from any restriction that may infringe upon the cooperative, its character and objectives.

With all these policies enshrined in our legislation and executive orders, the cooperative is endowed with a new authority and an invigorated importance. Moreover, cooperatives are given the opportunity to consider their relationship with LGUs in as far as local development and economic promotion at the local level are concerned. Therefore, while the cooperatives are empowered through these policies, they are also

challenged to assume new forms of relationship with the local government units.

The role of the cooperatives in local governance is underestimated yet. Such poor appreciation for the coops partly stems from the lack of understanding on what cooperatives can and might do in the context of local development and governance and partly from a weak amplification and advocacy by cooperatives on who they are and what they are capable of. The coops themselves have not articulated their contributions well enough for LGUs to recognize and therefore, to legitimize the role and rights of cooperatives. Despite the issuance of policies (legislative and executive), forging the relationship remains a challenge for both LGUs and cooperatives. Legitimization through practical partnering and inclusion into the local governance and development processes remains a vision and a desire.

This book is about the relationship between the LGU and the cooperative. It is a collection of case studies, based upon the experiences of cooperatives and LGU relating with each other at varying level and degree of collaboration. Some case studies depict a strong initiative by cooperatives toward a partnership with LGUs; others articulate the extensive support of LGUs to cooperatives. The consequences of such collaboration are enormous: improved and shared public services in the community, reduced financial burden on the part of the local government, modernized and enhanced facilities such as communication and transportation, invigorated involvement of the citizens in community development activities, and higher valuation of real estate and public properties as well as increased revenues for local government. Although there are frustrations in the relationship punctuated with irritations, the partnership between local government and cooperatives is grossly positive and worthy of replication. On the whole, the experiences depicted in the case studies are expected to demonstrate the practical value of partnership between LGUs and cooperatives and must be read as challenges to pursue collaboration between these two players in local development.

While the overriding message of the case studies is a challenge to partnership toward local development, it is crucial to understand and appreciate the conditions as well as the factors that lead to a positive and strengthened partnership. These factors emanate from variables such as policy, behavior (of cooperatives or of LGUs, or both), mindset, mandate, physical infrastructure and other material forms of support, financial and technical assistance. Enlightenment on the variables that affect the relationship between LGUs and cooperatives is key to a critical attempt to move towards collaboration. The purpose of this book therefore, is to assist the readers in the journey towards such partnership.

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LGUs and the Challenges of Local Economic Promotion

With the strengthening of an environment for local autonomy, the LGUs are given a wider room to manoeuvre. The move to autonomy also means seeking and re-creating ways and mechanisms of accelerating economic progress within a locality. With local economic promotion, the LGUs do have the opportunity to tap the cooperatives who have the enormous potential to contribute to economic development in the locality, as the different cases in this study indicate. The cooperatives do play a significant role in the economic development of the local area, sometimes leading the community in overturning impediments to economic progress, or, at other times, showing LGUs how local development could be achieved.

Crucial to economic promotion is the creativity and determination of LGUs to enhance endeavours that would substantially increase business activities. These endeavours include:

- a) Production and marketing of agricultural produce,
- b) Encouragement of foreign investments,
- c) Development of small to medium entrepreneurship, and
- d) Creation of commercial and industrial enterprises.

The ultimate goals of local economic promotion are poverty eradication and continuous improvement of the quality of life in a community (Legaspi et al., 1998).

Besides the Local Government Code 1991 (RA 7160), there are laws and rules that encourage local economic promotion of the LGUs, such as:

1. Executive Order 133 Reorganizing the Department of Trade and Industry, Its Attached Agencies and for Other Purposes,
2. Executive Order 226 The Omnibus Investments Code of 1987,

3. RA 6977 Magna Carta for Small Enterprises,
4. RA 7916 The Special Economic Zone Act of 1995, and
5. The Rules and Regulations to Implement Republic Act No. 7916.

The presence and contributions of the cooperatives in the locality are in most cases, neglected or overlooked. And yet, the cooperatives can be depended upon, serving as the engine for local development and growth. In the absence of or a weak climate for investment and entrepreneurship, the cooperatives do play a selfless role, partly because they owe it to themselves as community members to contribute to community welfare and development.

The contributions of cooperatives to community welfare and economic development range from the promotion of natural resource management such as marine and forest resources, enhancement of trading and market development, extension of infrastructure services and support such as communication and telephone systems, establishment of water supply facilities, extension of social services such as health and hospital services, welfare programs for youth and women, housing, as well as support for cost-cutting by LGUs.

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Case Study Objectives and Methodology

The case study on “Best Practices in LGU-Cooperative Collaboration and Partnership” is a sub-project under Module 3, *Advocacy and Training for Local Governance and Cooperative Development*. Subsumed under the goals of advocacy and training for local governance and cooperative development, the study on “Best Practices” aims to: validate, consolidate, and promote the principles and key success factors in specific cases of successful cooperative development, cooperative-LGU collaboration and other modalities of local development in areas where cooperatives figure as a major mechanism in local governance.

Based upon such case studies, the project hopes to point out how advocacy role of LGUs and LGU associations may be strengthened towards promoting local cooperative development. Furthermore, the case studies should also assist in developing and promoting innovative areas of coop development and LGU-cooperative collaboration.

The case study was originally meant to look at the “Best Practices” in the LGU-cooperative partnership. These “best practices” could have been in any sphere of undertaking (economic, financial, social services, political, environmental, agriculture, etc.) for as long as there is a remarkable degree of collaboration between the two bodies at the local level. The PCC network, including the PMO and the CDA, identified which cooperatives are known to have such experience in partnership with LGUs. Other criteria in the selection of cases were set by the PMO, the consultants and the CDA, such as:

- a) Geographic distribution across the three islands: Luzon, Visayas, and Mindanao, whereby eventually there were nine cases from Luzon, four from Visayas, and another four from Mindanao.
- b) Representation of cooperatives based upon sector such as transportation, communication, public facility (market, slaughterhouse), agrarian reform, water and sanitation, credit, environmental management, etc.

The cases chosen were considered as those with good experiences in collaboration with the LGU, and therefore are worth writing about. Although some people may not find the cases to be the “best experience in collaboration”, these stories somehow tell about the state of LGU-cooperative collaboration – that precisely, the partnership is not at its best and therefore LGU and cooperative need to further work at it.

The sub-project primarily used the case study method. Through this method, the study focused on the specific experience of a cooperative in its attempt to collaborate with an LGU in their locality. The experience highlights cooperation. The case narrates in detail, the history of the cooperative and its collaboration with the LGU, the projects and activities that these two entities were involved in, and the outcomes of such collaboration as far their impact upon the members, the communities and the local government.

The case study used the interview method. Key informants, who are known to be the most knowledgeable about the experience, were interviewed by the writers. As far as possible, cooperative experts and leaders were also interviewed. The case study also brought in secondary sources of information provided by the cooperative and the LGU.

Supplementing the 20 case studies is a brief essay that scans the terrain and work of cooperatives as they interface with local government units. The work also incorporates the various factors that are influential to the collaboration. Finally, the cases are completed with analysis, insights on the experiences and the lessons. The analysis is capped with the challenges to cooperatives and LGUs and the future of a strengthened collaboration, by way of suggestions.

The project involved the participation of PCC network members as far as possible. The case studies were drawn from the experiences of PCC members, validated by the CDA, and in some cases, were directly identified by the CDA. Furthermore, the case study writers came from the PCC members or were suggested by them. By involving the PCC members in the case writing of coop experiences, the project uses the exercise as a venue to learn about documentation, on the job.

The PMO served as the coordinator of the study, bringing together the consultants and the case writers. The case writers were oriented about the study, trained on case study writing, and organized according to the timetable of the sub-project. The results and findings of the case studies were validated in a series of discussions between the consultants and the PCC Executive Committee members, and finally among an expanded group of cooperative experts and practitioners. Altogether, the case studies were completed in a period of eight months.

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Taking Stock of Experiences in Cooperative – LGU Collaboration

The cooperatives and the LGUs used to do things separately and with very little interaction with each other – live and let live, as some cooperatives would put it. Although there appears to be a liberal attitude towards cooperatives coming from LGUs, the absence of a more substantial collaboration and of mutual dependency does bode well for a partnership that ought to be strengthened under the Local Government Code. Such a tepid attitude needs to be challenged. Innovative forms of relationship have to be thought through.

The best experiences in LGU-cooperative partnership exhibit a number of factors that stimulate a positive relationship. These factors explain why partnership is possible and how collaboration succeeds. A discussion of such factors allows one to peek into the gray areas of the partnership so that the various players in the field could work upon these variables and achieve a fortified LGU-cooperative alliance. It is useful to identify and reflect upon these factors for the purpose of strengthening the collaboration where it exists or in replicating successful cases of LGU-cooperative partnership in areas where such partnership needs to be forged.

The following case studies show two types of collaboration: one whereby the LGUs extend valuable support to the cooperatives and another whereby the cooperatives have made significant contributions to enhancing LGU functions and activities in the locality. It is often difficult to ascertain which of the two entities provides the relative strength, or support to, the other. Within a dynamic interaction, there is no clear or neat division to show us who holds the bigger share or stake in the partnership. However, for the purpose of analyzing the state of LGU-cooperative collaboration, and to establish future direction, the study examines the variables that impact on the LGU- cooperative relationship.

LGU Supports the Cooperative

The LGUs bestow support through the following:

- a) Grants of funding to the cooperative to enable the latter to carry out activities specially during the initial stage of operation;
- b) Moral support by endorsing the cooperative to the community in general, and to other agencies including lending institutions;
- c) Making available a convenient physical space thus enabling a better and more strategic operation for the cooperative;
- d) Promoting the spirit and principles of cooperatives among local constituents;
- e) Practical involvement in specific development projects in the locality;
- f) Granting contracts to cooperatives on specific economic and development undertakings;
- g) Policy support through local ordinances and similar resolutions promulgating recognition and partnership with cooperatives;
- h) Rehabilitative and emergency assistance to coops during times of crisis.

Thus, LGU support to cooperatives varies. LGU support is also extended to cooperatives in different ways, namely, through financial contributions as initial capitalization to coop projects, endorsement to the community, promoting awareness about the cooperatives, and in a few cases, through the issuance of executive orders and board resolutions declaring support to cooperatives.

Furthermore, the LGU affirms partnership with the cooperative by entering into contracts or by sub-contracting services and management of public utilities.

An LGU can also assist a coop by showing how closely the former identifies with the cause of the latter. When an LGU adopts the cause of the coop as its own, the result can be a meaningful local government program whereby locally identified plans are institutionalized. Synergy between an LGU and a coop on a local development undertaking has a stronger impact upon the community. The experience of Palompon in Leyte is one in which the LGU has given tremendous support to the coop's environmental project. They then moved as a singular force to pursue awareness on environmental management and to guarantee resource development in the coastal barangays of the municipality.

In some cases, LGUs endorse coops to other institutions: lending institutions or corporations. This useful endorsement facilitates borrowings by a cooperative, enabling it to provide effective public services such as water, health, garbage collection, public market

management, communication facilities and even in such unconventionally contracted functions as traffic management.

Cooperative Supports the LGU

On the other hand, cooperatives have also extended assistance to LGUs, especially in the accomplishment of governmental functions such as the delivery of basic services, ensuring human security through environmental and sustainable projects, and in developing a robust local economy. These projects are varied and creative. The spectrum ranges from categories such as follows:

- a) Survival and basic needs: water services, health, nutrition and sanitation, housing, transportation and telecommunication
- b) Social equity: agrarian reform, opportunities for additional income to members of the cooperative and of the community
- c) Security: environmental awareness and sustainable ecological projects, promotion of peace and order
- d) Democracy building: citizens and members' involvement in economic associations such as the cooperatives themselves and in building the sense of civic duty among those involved in community service

The factors that influence an LGU-cooperative partnership and the lessons articulated by various experiences are pulled together in this case study. The identification of the factors affecting the collaboration, whether as deterrent or facilitative factors, allows the reader a closer look at the present state of LGU-cooperative partnership. The lessons and insights on collaboration are examined. Many of these insights should be taken as challenges in the pursuit of an enhanced LGU-cooperative partnership. The dynamics of the collaboration and the mutuality of benefits arising from such partnership are discussed in great length.

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A Brief Review of the Cases

Cases Indicating Joint Undertaking for the Provision of Basic Services

- Sibonga Water system
- Maragusan Water system
- SLU-SVP Housing Project
- Malabon Public Market Management
- Bohol Medical Mission
- Camiguin Telephone system
- Olongapo Transport system
- Moncada Waste Management

The greater influence of the most cooperatives is in the sphere of economic and community development (CD).

In many communities where cooperatives have made significant contributions, the nature of the involvement is largely economic. The cooperatives have been good at improving the people's economic capacities, at increasing savings, and providing small-scale capital inputs for entrepreneurial activities which go on to generate financial and material benefits for members.

For other communities, the cooperatives are positive participants in community development. The coops bring about a change in people's lives through community development services that in most cases supplement the LGUs', especially when public services are either weak or absent. These community development needs include the provision of water and health services, environmental awareness and management, telecommunications and other public facilities and services, which are basic but are sorely needed by the communities. In most cases, government services are inadequate. The nature of such engagement by

coops is very close to the role of LGUs in social and community development.

These cooperatives serve as mechanisms for steering and advancing community development. They are more adept at performing community development and economic functions in the community.

As service-providers, cooperatives behave as economic and business entities. And just like the private sector, they share with the LGUs the role of extending goods or services to local constituents in a decentralized mode of service delivery. Positive experiences of the coops, especially the Sibonga Water Cooperative in Cebu, attest to such role of the cooperatives.

The influence and impact of the cooperatives is in changing the lives of the communities. Cooperatives can upgrade people's capacity to cope with economic demands; they can also provide access to basic necessities in life, which would otherwise remain inaccessible to people.

Together with the LGU, effective coops can make communities habitable places to live, where water and health facilities are available, where the physical environment is made cleaner and productive, where money, albeit in small amounts, is available during emergency and crisis situations, where basic consumer goods are brought closer to remote communities at reasonable prices, or where communication facilities serve to connect people and communities to the outside world. All of these services and goods, especially those which enhance communication, can make life more civil. Furthermore, these activities contribute to the construction of social capital.

In diverse ways, cooperatives serve as strong pillars of community and in many respects, cooperatives serve as the silent partner of the LGUs in managing community services and administering public needs. The cooperatives assist the LGUs to carry out functions and services such as the enforcement of peace and order (like the cases of the Pinili Cooperative), sustainable environmental protection and resource management (such as the case in Palompon, Leyte and Moncada, Tarlac), the promotion of tourism (Pinili Cooperative), a modest improvement of the economic standard of living, and the provision basic services to the public (Malabon Vendors' Cooperative), water (Maragusan), transportation (Olongapo), and communication (Camiguin), which, conventionally, fall into the realm of the LGUs.

Cooperatives make a difference by making available goods and services that are considered governmental functions of the LGUs. The outstanding

contributions of cooperatives are in the delivery of basic and essential needs of members, communities, and societies.

Cases Indicating Multipurpose Collaboration through Cooperative Council or Network

- Laak Compostela Valley Council
- Pinili Ilocos Norte Women's Livelihood
- Palompon Leyte's Environmental Project

In some cases, the delivery of services by coops occurs through the membership of the coop in local development councils or local special bodies that allow the coops the opportunity to render services or goods. There are several cases in point: the Pinili Cooperative which mobilized women through livelihood activities, Palompon Coop which fostered awareness and implemented environmental protection projects, or the multi-services that Laak Cooperative Council undertook in the face of the many challenges for self help among the people.

All these cooperatives operate through their networks and in partnership with the local council. There are cooperatives which, because of their diverse range of services, are considered by an LGU as invaluable partners in citizenship building and in making services accessible. The LGUs recognize the coops as a service provider by involving the coop in local development through inclusion in the council. In other cases, the coop initiates membership in the local council. Having thus been included in the formal structure of local decision-making, the cooperative and the LGU create a synergy in local governance.

With their own membership and network, the coops are viewed by some LGUs as an appropriate mechanism to reach people. Furthermore, with coops are natural providers of goods and services, LGUs gradually recognize the enormous contribution and the potential of coops in basic awareness-raising, organizing, extension of health, nutrition and sanitation services, promotion of livelihood activities, savings mobilization and livelihood generation.

Cases Indicating Multi-tiered Partnership between Local Government and Cooperative

- Davao del Norte Provincial Coop
- Bulacan Provincial Coop
- Lamac, Pinamungahan Barangay Coop

- Ilocos Norte Federation of Cooperatives

Partnership between the LGUs and the cooperatives is present at various levels: the provincial, municipality, and the barangay. While appreciation by the LGUs of the contributions of the cooperatives vary according to the level of relationship, the province remains a potentially, but largely untapped locus of intervention for meaningful partnership. The province, with its large resources, mandate on infrastructure development, wider geographic scope, and latitude of intervention, is naturally potent and powerful. Therefore, by considering the provincial government unit as a locus of partnership, the collaboration between the LGU and the coop could move from small-scale to large-scale interventions. Given the scale and type of such undertakings, the province is an ideal locus of collaboration that could generate medium-scale investments, visible development, and overall, create a huge impact.

Provincial level leaders from Bulacan and Davao del Norte have shown tremendous appreciation for and have given considerable support to cooperatives. They exert significant influence within their jurisdiction through the institutionalization of coop involvement in local development. These leaders tend to encourage municipal and barangay leaders to follow suit, and to look up to the provincial leadership as a role model for linking with other sectors such as the cooperatives. As such, the province is an ideal domain for role modeling in collaborative undertakings between LGUs and cooperatives.

On the other hand, cases such as Lamac Barangay Coop are still an important reminder that people's initiatives at the base, with the day-to-day involvement of ordinary citizens are the real basis of cooperative power, and that without them, collaboration between LGU and cooperative at the higher level is bound to be hollow. Moreover, people at the barangay level can more easily pit their energies together, make decisions easily and quickly, respond to their needs, and rely upon themselves to help themselves, because decisions and actions are localized. Moreover, people at the barangay level, know each other better and therefore tend to connect with their barangay officials.

Mutual Support: LGU and Cooperative

- Padeco Cooperative
- Alay Kapwa Multi-purpose Co-op
- Umpucan Multi-purpose Co-op
- Limcoma, Caffmaco, Sorosoro

The above-mentioned cases are evidences of an outstanding accord between the LGU and the coop whereby one extends assistance to the

other in differing modes: rehabilitation through financial assistance by the LGU to the coop (Padeco Coop), provision of a physical space by the LGU to enlarge and promote the reach of cooperative (Alay Kapwa Coop), mutual efforts to enhance the economy, income, and livelihood programs in the municipality (Umpucan Coop), and the diversified business operations of the coops leading to a strong local economy, maintenance of peace and order, and infrastructure development in the localities (Limcoma, Caffmaco, and Sorosoro Coops).

In some cases, the LGU support may appear to be insignificant such as the provision of a physical base for the Alay Kapwa Coop; however, in the long-term, such modest gestures of support do have extremely useful results by way of public exposure and consequently, of coop membership expansion. In another instance such as the LGU in Batangas, the local government continues to be a singular source of enormous support to the Padeco Coop by promoting confidence-building measures in favor of a continued patronage of the coop despite the financial crisis that the coop went through. The LGU's leadership and power to convince have generated confidence among the members to support the coop, thereby helping it to regain its lost glory. Certainly, the LGU's credibility is a crucial variable in this regard.

In a reverse situation, one finds the coops blazing the path of community services and infrastructure development where the LGU appears to be wanting in direction and mission. In the cases of Limcoma, Caffmaco, and Sorosoro, the local developments undertaken by the coops include the provision and maintenance of public utilities such as roads, day care centers, waiting sheds and schools, and are principally in the hands of the coops. The vigor of the cooperatives likewise triggers life and vitality to the local economy, even allocating a percentage of its net income to community projects and the Barangay Development Fund. The diverse experiences in LGU-cooperative collaboration point to a state of partnership between two entities: government and non-governmental and public organization and quasi-market wherein both are committed to the common goals of public service and development. The partnership between the LGU and the cooperatives also speak of the benefits of collaboration. Such alliance challenges both LGUs and coops to replicate the positive experiences to create an enlarged sphere of a robust local governance.

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Benefits of Collaboration: Mutual Gains for LGUs and Cooperatives

A Robust Local Economy

The cooperatives in many instances steer the local economy by not only mobilizing savings from members but also by investing in economic and business ventures that accrue to the members and the community alike. Cooperatives have made significant contributions in generating livelihood projects, providing opportunities for employment, increasing levels of income, and energizing the local economy through diverse entrepreneurial and business initiatives. Cooperatives have also opened up opportunities for better and expanded market services that in turn, vitalize the local economy.

A Shared Responsibility in the Provision of Basic Social Services

Through government contracts and formal agreements, LGU and cooperative share the duty to deliver basic services to the community such as the provision of water, health and sanitation, housing, telecommunication, and postal services. Some cooperatives through their good will, have promoted the welfare of the communities through feeding programs and medical missions.

An Improved and Sustained Management of Public Utilities/Services

Having granted the contracts by the LGUs, some cooperatives assumed the responsibility to manage and maintain public utilities and services on behalf of the local government. These responsibilities include managing traffic, public markets, and garbage collection, among others, free from the usual bureaucratic constraints that deter efficiency in service provision and management of utilities.

Reducing the Costs of Local Development and Infrastructures

Contracted services have meant reduced costs of public expenditures for infrastructures such as the public market, slaughterhouse, roads, and such other facilities which otherwise, could have been borne by the LGU. Under the circumstance of scarce resources and limited budget, the LGUs continue to rely on the cooperatives as an ally by encouraging coops to assume the costs of local development and public facilities.

Some cooperatives have also assumed the responsibility over the installation, maintenance and operation of waiting sheds, water facilities, daycare centers, and even police cars, all of which are traditionally considered as responsibilities of the government.

Increasing the Potentials for Improved Taxation

By improving public facilities and by bringing about infrastructure development in a locality, the cooperatives contribute to an increase in the value of real estate thereby improving the tax value of properties and facilities. This means improved taxation capacity and higher income for the LGU.

Ensuring Political Stability

A dynamic economy where coop members and the citizens are actively engaged in productive socio-economic undertakings builds people's confidence in the system, and therefore adds to security and stability in the area. A collaborative undertaking between LGU and the cooperative also builds trust in a local government that works with its constituents.

Promoting Participation and Citizenship-Building

Cooperatives are certainly one mechanism for people's participation. The principle of membership in the cooperative challenges the citizens to be responsible, to be conscious about putting in their assets albeit limited and often small sums, to further generate investments favorable to their needs. Such investments contribute not only to the development of the local economy but also to citizenship-building.

Expanding the Linkage and Network for Greater Opportunities

The LGUs are enormously helpful to coops by endorsing the latter to other agencies or corporations which in turn are necessary for the cooperatives' operation and expansion. The official character of the LGU is an advantage. LGU endorsement especially when the LGU enjoys credibility could be extremely beneficial for the coop. Loans, contracts and joint undertakings with agencies including financial institutions, are sometimes secured through the endorsement or assistance of the LGU.

Promoting Responsible Environmental Management and Other Sustainable Projects

The LGU and the coop promote responsible management of ecological resources through cleanliness drives, nurturing mangrove and marine resources, and campaigns against destructive fishing methods whilst mobilizing community members. The benefits of this partnership have many, different dimensions apart from its economic gains. They challenge the unity and cohesion of the community members, ensure environmental safety and security, promote tourism, and strengthen cultural practices and tradition in the community.

Promoting Accountability

By working hand in hand, the LGU and cooperative check upon each other and ensure that there is compliance with proper ways of working. The institutionalization of coops' participation in local development allows them to look at the plans and performance of the LGU. On the other hand, the coop is encouraged to achieve transparency in its operations and to ensure that contracts and bid-out services represent good value for money and are properly carried out according to specifications.

On the whole, the partnership between the LGU and the cooperative works in favor of good governance, whereby the participation of sectors other than government is institutionalized; there is confidence among the constituents that leadership is accountable to them and that, there is legitimacy because the constituents support the leadership. Furthermore, the partnership contributes to the LGU by alleviating the burdens of governmental responsibility. The co-ops are an ally of the LGU in undertaking its governmental functions.

On the other hand, the coop enjoys the value of further growth and expansion as a quasi-market, economic association, even as it contributes to the building of responsible citizenship.

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Factors Contributing to LGU and Cooperative Partnership

Effective management of the cooperative

Effective management of the coop is crucial to its credibility and acceptability among the LGU and the community members. Internal governance of the cooperative is key to its legitimacy and acceptability by the LGU.

The credibility of the coop has to do with the management of its reputation, which in turn is largely determined by the quality of its operational management. The ability of a cooperative to manage its operation, especially its financial assets, establishes the coop's credibility and good reputation in the community, especially among local executives. Credibility is crucial to gain the trust and confidence of the LGU. Due to the coop's trustworthiness, LGUs are confident to relate with the cooperatives.

Transparency of operation, regular reporting on finances and other assets, as well as accountability to the proper bodies and to its members are basic requirements. And doing the basics correctly remains as a code of cooperative management. As a consequence of such good practice, the coop either earns contracts from the LGU or the endorsement of the LGU to other institutions.

Vitality of the cooperative through regular and substantial meetings

Good management is achieved when the cooperative is able to assemble members, discuss and make decisions when necessary, and allow members' involvement on coop matters. Regular and substantial meetings

are instrumental in building this sense of ownership. The cases taken in this study indicate that the more regularly the cooperatives conduct their meetings and take on substantial decisions, the more involved and enthusiastic the members become. Furthermore, regular, good meetings diminish internal squabbles within the coop.

Credibility of the cooperative

The credibility of the coop is necessary. A credible cooperative exhibits a penchant for technical details and competent management, skills in financial analysis, solid planning, regular monitoring, and well thought-out decisions.

The Malabon public market vendors' coop and the Olongapo Transport Coop are cases in point. The planning and technical details (for color synchronization, routes, schedules, etc.) put in by the cooperative in designing the transport scheme and the details of public market management require hard work. Marked attention to detail is not only essential to the coop's successful undertaking, but also convinces the LGU that the cooperative lives up to its responsibilities.

Effective coop management resulting in membership expansion

Membership expands as a result of effective management and operations. For one, members are convinced to stay on; for another, non-members are enticed to join in as a result of the coops' good performance and the benefits that accrue to the members and to the larger society. A good reputation is the coop's own promoter among members and non-members alike.

Membership expansion is connected to the accessibility of the coop to its potential members. In the case of Nueva Vizcaya Alay Kapwa Cooperative, the physical location of the cooperative naturally advertises the coop and makes it visible to as many people as possible, thereby enjoying a strategic growth in its membership. While physical accessibility is not the only factor for membership growth, visibility and accessibility raise the profile of the cooperative.

The “business sense” or “corporate ability” of the coops

The coop's corporate sense, i.e., the ability to deliver high quality services convince members, the community and the LGU that the cooperatives are serious economic contributors. A coop with a sound economic judgment earns the respect and trust of the LGU. Cooperatives with business or corporate sense are obliged to make their endeavors prosper.

Promotion of discipline and the value of utilizing savings not for the sake of saving but for investments

The cooperative sets itself apart from other non-government entities by its capacity to act as an economic association. Fully conscious of its role as a contributor to economic growth, the coop puts savings and contributions to use through investments. The desire and mission to upscale is appreciated by the LGU because the coop is expected to serve as another engine of the local economy.

The principle of cooperation

The spirit of bonding and bridging which is easily achieved at the barangay level is crucial in linking the cooperative with the LGU.

The best experiences in LGU-cooperative collaboration reveal that relationships are easier to manage at a closely-knit level such as the *barangay*. Where people know each other better, names have faces and where either building or losing credibility has real consequences, partnership demands a construction of relationships among constituents and entities sharing the same space. Working in partnership, supporting and complementing each other's functions at the lowest level are easily, mutually beneficial.

There are partnerships occurring at the level of the *barangay* and the municipality; however there are fewer relationships at the level of the province. The success of the collaboration at the lowest level is now challenged by testing whether it is replicable at the level of the province. The LGUs and the cooperatives are challenged to test whether the principles of partnership observed at the *barangay* level might be viable and sustainable in many more provinces. Replication means creatively seeking modes of collaboration that re-cast the familial approach of assembling trust, bonding, or bridging amidst larger populations, slightly complex structures, and less familiar faces and names.

Some cases show that institutionalizing the measures of collaboration at the provincial level is enormously productive. This is evident in the cases of Davao and Bulacan. By including the coops in the provincial structure, either through a process of re-organization or institution, the impact of the coop could be felt much more widely among municipalities and barangays. The institutionalization of the coops' participation enables the coops to perform their role in governance, through development planning, implementation and monitoring and evaluation of local projects.

The LGUs' understanding of the capacities, roles, and potentials of the cooperatives

An appreciation of the cooperative by the LGU facilitates the coop's involvement in local development and activities. LGU leaders who are either coop members or have been coop leaders themselves have a fair appreciation of the role and contributions of the coop into the local development activities. Therefore, these LGU leaders tend to easily innovate on LGU-coop collaboration and partnership.

The cases reveal that these LGUs reasonably involve the coops in local development planning and implementation. Moreover, if the LGU is clear about what it wants to achieve in local development, it could reasonably engage the coop in the whole scheme of development planning. Sometimes, the failure to work supportively of each other stems from the ignorance about the potentials of coops and of how coops might be a useful player in local governance and local development.

Participation of the cooperative in the Municipal or City Cooperative Development Council (MCDC/CCDC)

The participation of the coop through the MCDC/CCDC mutually benefits the LGU and the coop because it opens the door to communication and worthwhile opportunities.

Involvement spawns contacts for the cooperative. Laak Cooperative is a good case in this regard. Membership in the development council generates contact with corporations, provincial cooperatives, lending institutions, and other members of civil society. Membership in the MCDC or CCDC is social capital which, just like other forms of investments, could generate gains and positive outcomes by way of contacts, contracts or social gains.

The "person" or "personality" factor

The "personality" factor is a remarkable variable in forging an LGU-cooperative collaboration. Relationship between LGU and cooperative is forged because the Mayor is a former coop officer or member, or perhaps, because the cooperative is a friend of the local government executive. The personal ties facilitate the partnership between LGU and cooperative. Informal links are a convenient way to establish collaboration and positive outcomes.

The support by the LGU for the cooperative is based upon the local government executive's personal knowledge, appreciation of and

affiliation with the cooperative. The culture of personal relationship is a facilitating factor to collaboration.

However, it is extremely important that the ties do not remain at the inter-personal level. Furthermore, it is crucial to institutionalize the links between the LGU and the coop. Institutionalizing the relationship makes the partnership enduring.

Infrastructure development that is conducive to investments

An LGU that has effective infrastructure development in the locality promotes a conducive environment for cooperatives to engage in economic activities and transactions. Physical infrastructures such as farm-to-market roads, access roads and so on, encourage coop activities through production support and market services.

Again, infrastructure development is far more likely to take place through the provinces and with the cooperation with the provincial government.

The LGU's credibility to generate open and public support for the cooperative

The good use of a credible authority by the LGU (in the case of the Padeco) is valuable to re-generate support from the members and from the community in favor of the cooperative. An LGU that enjoys credibility and trust by the people is a strong instrument that promotes a continued or revived support for the cooperative. Having such reputation, the LGU is a necessary partner to the coop.

The available resources, competence, and expertise of the LGU

Many coops have not optimally tapped the available resources of the LGUs including their competence and technical skills in coop management. A sharing on competencies and skills could be a convenient reason for an LGU-coop collaboration.

The coops that participate in the MCDC/CCDC (such as Lamak Coop) recognize the LGU expertise and resources in training, financial, and technical assistance. The LGU and the coop may explore how these training skills and technical expertise might be responsive to the cooperative.

Chapter 1

Taking Stock: Philippine Experiences in Cooperative – LGU Collaboration

Dr. Edna Co

LGU-Cooperative Collaboration: An Iteration

The experiences on promoting partnership between the LGU and the cooperative are remarkable. Nevertheless, there are lessons as well as challenges that can be drawn from such experiences.

The cases presented above are “best practices” in LGU and cooperative partnership. Although these may have been the outstanding practices in joint undertakings thus far, these do not represent the trend in LGU-cooperative relationships. Moreover, this does not mean that indeed, collaboration and partnership permeate the LGU-cooperative relationship. In fact, these “best practices” remain as challenges for replication among many provinces, municipalities, cities, and barangay in the Philippines, as well as among many LGU and coop leaders.

The LGU-cooperative collaboration is faced with various issues because the relationship is difficult to forge. These issues include the following: differences in structures, processes, ways of thinking and doing, centers of decision-making and accountability. Nevertheless, under the climate of strengthened democracy and the push by a strong decentralization policy in the Philippines, the focus and locus of both the LGU and the cooperative converge in one arena: *local governance*.

Local governance poses challenges that are common to the LGU and the cooperative, among which are as follows:

- a) Making services and goods accessible and available to their constituents
- b) Steering and rowing the local economy
- c) Expanding participation
- d) Citizenship-building
- e) Contributing to good governance at the local level

While the LGU and the coop converge around common interests in local governance, working together is not as easy. Hence, the positive experiences of collaborating are culled through these case studies, trusting that similar efforts could be replicated in many other local areas.

The following conclusions are reached based upon these case studies:

1. The LGU stands to gain from collaboration with cooperatives, considering the contributions that coops offer through their enterprises and investments, community development and socio-economic activities. Moreover, the burden of governance is off-loaded to the coops when LGUs do recognize and tap the coops.
2. Having to load on some governmental functions to the coops, the LGUs could then shift attention to other spheres of governance. By doing so, the LGUs are allowed to perform more.
3. The cooperatives have a huge potential for unleashing the local economy; they are the “sleeping giant” that could engender local economic promotion if and when appropriately engaged in the local governance processes, and given the proper environment for coop’s participation.
4. As organizations indigenous to the local area, the coops can be an indefatigable partners and a sustainable mechanism for local development. As homegrown organizations, the coops prove to be natural promoters of their own area development.
5. More often than not however, the cooperatives’ role is diminished or ignored, and their impact is underrated.
6. LGU leadership is crucial: a leadership that knows, understands, and appreciates cooperatives tends to institutionalize coop participation by paving the ground for the partnership. Moreover, when LGU support for coops is institutionalized, the impact of the collaboration is enormous and the relationship is better sustained.
7. The LGUs that pay attention to physical infrastructure and infrastructure development provide an incentive for local investment and local economic development. These facilities encourage coops to further engage in economic activities that result in a robust economy and better livelihood opportunities for the people.

8. Coops usually demand autonomy and independence in operation; however, they certainly need a supportive environment that would encourage their participation in local development. This environment includes policies from the LGUs that would foster rather than stifle the activities of cooperatives.

Chapter 1

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Searching the Ways Forward

Most official documents and literature on local governance refer to the non-governmental and the private sectors as the other important players in governance. The cooperatives lie hidden either as non-governmental or private entity, being both a non-governmental and an economic player at the same time.

However, the coops have their own idiosyncrasy as a sector. Such idiosyncrasy needs to be fairly appreciated. It is past due that the cooperatives are properly valued and recognized by LGUs. This valuation is impossible to attain unless cooperatives articulate what they want to do in governance. Cooperatives need to communicate how they would want to do their share in local governance, and to move alongside local government units, this time with less hesitancy. On the other hand, the LGUs have to appreciate the potentials of the coops in the whole scheme of local development.

The insights from the case studies point to a future whereby LGU and cooperative relationship are characterized by:

- a) Initial dialogues and consultations;
- b) Institutionalization of cooperation through strategic plans that converge LGUs and coops, re-thinking local structures that allow collaboration, and policies that foster joint undertakings; and,
- c) Complementary advocacy that would articulate LGU-cooperative partnership at the Legislative and Executive levels.

Recommended Actions for LGUs:

1. For LGUs to harness the potentials of the cooperatives in local economic promotion and in local development. This means LGUs need to officially recognize the coops in local

governance and to institutionalize the presence of cooperatives in local government structure.

2. To institutionalize the partnership and support for the coops which would mean:
 - a. Laying down policies which would further encourage the participation of coops in the CDCs;
 - b. Ensuring that CDCs are indeed functional and that these are regularly consulted and involved in identifying local development policies and projects, planning and implementing the same;
 - c. Allocating portion of the local budget to this council;
 - d. Inclusion of a Cooperative Officer at the level of the LGU, as one who would approximate the functions and responsibilities of a Planning and Development Officer
 - e. Providing incentives and meritorious appreciation for coops that involve themselves in the CDC and similar structures of local governance
 - f. Recognizing the capability of coops through contracts and service agreements; and through resolutions that promote and encourage coop activities specially when coops prove their reliability and trustworthiness.

The role of the LGU and the local chief executives are crucial in the institutionalization of the partnership. More than the coops, the LGUs are expected to take the lead in any policy to institutionalize the collaboration and to carry out such policy.

Recommended Actions for Cooperatives:

1. At the operational level, for coops to develop a capability-building program aimed at total quality management (TQM) for cooperatives. This means aiming for excellence in cooperative management, productivity, and services. This program should prepare coops for effectively “rowing” the local economy. This also means that coops need to build their competencies as economic associations and that coops enhance their business and entrepreneurial acumen as well as their bankability in the economic sphere.
2. Work towards an informed knowledge about the structure, operation, processes, and decision-making culture of local governments to enable coops a realistic appreciation of the LGU possibilities and limitations. The effort in this regard is

through a *literacy course on the bureaucracy and local government*.

3. Strategize a cooperative system that focuses on strengthening the Human Resource Development (HRD) needs within the coops at appropriate levels. The HRD program under this scheme should be able to address the capability-building requirements of provincial, municipal, or barangay level Cooperative Development Officers toward a functional CDC.
4. Complement local advocacy of primary coops by the coops at the tertiary level, wherein policy positions on coops and coop related issues are large and consolidated, and where the articulation is therefore likely to create impact and to draw the attention of policy makers both at the legislative and the executive levels.

Recommended Joint Actions:

1. Rationalize LGU-cooperative collaboration that would further convince LGUs about the significance of the coops in the local governance and in making the local economy a robust one. A step towards a rational collaboration is to design and conduct a comprehensive and systematic documentation on the impact of cooperatives in local development and local economic promotion. The results of such study should be shared with the LGUs. The study should further direct the LGUs to the niche of the coops in local governance.
2. Related to the rationalization of an LGU-cooperative partnership, launch a strategic thinking exercise, whereby the two players (LGUs and cooperatives) are involved. This exercise might be separately undertaken by the LGU and the cooperative, but conditions must be laid to carry out the exercise jointly at some point.

The strategic planning exercise shall then be able to point to the policy makers (such as the LGU), the locus of the coops in governance. On the part of the cooperatives, the governance mapping activity shall point out how the partnership could be forged and strengthened. Just as in any strategic planning activity, it is important that the unit (the coop for example) is committed to the exercise. This is an arena for advocacy on both levels. Furthermore, there are two important segments to the activity, namely:

- a. A scanning of the internal environment of the unit (cooperative for example), which will help it understand take stock of its own resources: the organizational capacities or strengths, as well as its limitations, the assets, the personnel and their competencies, the members and their network, and so on.
- b. A scanning of the external environment (community, municipality, province, nation, international setting) specifically piercing at what the demands for the coops are, or where the rest of the world are making their marks on the one hand, and where the coops might carve their niche on the other.

Making a difference is a hallmark of competitiveness. Should coops wish to be competitive and truly worthy of their contributions in the market and to the LGUs, the coops must, in the strategic planning exercise, be guided by the principle of competitiveness.

3. Converge coop leaders and local government executives or heads of LGU aggrupations such as the various leagues of local government and local government officials;

Such convergence may be enhanced by conducting activities that include among others, a series of consultations among these groups. These exercises should allow LGU aggrupations and coop associations to reflect upon challenges to a program beyond the present state of LGU-cooperative partnership. The convergence summits clearly need to focus on further actions on subsidiarity and complementation of LGU-co-ops collaboration.

The summits and consultations should enable the leaders from both sectors to formulate an LGU-cooperative agenda and program. Furthermore, such summits should consider the contributions of legislative aides and actions to such partnership.

4. For LGUs and coops to come together and re-think LGU support to coops such as technical assistance, training, audit services and similar support services, to ensure that these services are relevant and responsive to coop activities and to local development. Consultations with coop federations and associations should facilitate this process.

5. Scan options for innovative and upscale economic activities in the light of globalization and the rapid development in technology. The convergent consultations between LGUs and cooperatives should identify the potential movement of coop activities, size, and scale as well as program modes. The coops shall be effectively guided by the LGUs in defining the location of coops in local governance.

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