

Chapter 5

Cases of Coop-LGU Mutual Support

Mayor Helps ‘Rescue’ a Cooperative in Distress

The Case of Padre Garcia Development Cooperative of Batangas

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ABSTRACT

This is a case study in coop-LGU partnership that focuses on an ongoing five-pronged "operation" jointly being undertaken in Padre Garcia, Batangas, by Mayor Victor M. Reyes and the officers of the Padre Garcia Development Cooperative (PADECO), aimed at "rescuing" the latter from dire economic conditions that had at one time bordered on bankruptcy.

Mayor Reyes formerly headed the cooperative as board chairman and is now mandated by the municipal council, upon PADECO's request, to help and guide the cooperative's rehabilitation and reorganization, in his capacity as chairman of the Municipal Cooperative Development Council.

The five-pronged approach, seeking support from distinct sectors within and around the cooperative, has reportedly started chalking up success in its first three-month period. Other concerns surround prospects of full success and its sustainability.

Backgrounders are provided, including basic information on the municipality and its economy, on past and current cooperative-LGU relationship, on PADECO's wide exposure of assets in a hog-fattening scheme involving most of its members, on a foot-and-mouth epidemic in 1996 that devastated the hog population and PADECO's financial standing, and PADECO's initial attempts to heal itself before seeking LGU assistance.

Noteworthy in both the request and the favorable response is the rejection of the option to simply have the LGU grant funds.

BACKGROUND AND CONTEXT

You have this cooperative, the Padre Garcia Development Cooperative (PADECO), which started an impressive growth in poultry and hog-raising and feeds production. It was suddenly "downed" three years ago by an epidemic that nearly wiped out the stock of its hog-raising membership. Once a proud organization of fast-growing membership and assets, it was a partner of the municipal government in encouraging private sector contributions to civic enterprises. But this cooperative suddenly found itself deeply indebted to the Land Bank and unable even just to pay back its debts to suppliers of raw materials. Moreover, its members were beginning to drift away, with dim prospects of paying back to the organization the loans they had received in the form of feeds. The cooperative had enough reasons to be confident of getting help from the incumbent town mayor, but it held back itself from seeking such help without first doing all it could to solve its own problems.

And you have this municipal executive, Padre Garcia Mayor Victor M. Reyes, who has been consistently sympathetic to cooperatives, having once chaired PADECO itself, and led it through twists and turns of earlier crises and growth, before he was elected to public office. Moreover, this cooperative, in its present scope, was founded by his father in 1989. The mayor has always been privy to goings-on in the cooperative after he assumed office. He had always known well of the cooperative's epidemic-caused disaster and continuing fall, but he somehow distanced himself from the problem for a time in the hope that the cooperative would find the way and the strength to heal itself. He allowed that period to stretch on until he received from the cooperative itself the "S.O.S.!" distress signal. Then he moved with dispatch, creativity and firm commitment.

This is a close look into the ongoing process of rescue and rehabilitation work which has shown indications of initial success, and now presents a rich trove in practical lessons that both the local government units and the cooperatives elsewhere may find very useful.

Funded by the United Nations Development Programme (UNDP) through the UNDP-Cooperative Development Authority-Philippine Cooperative Center joint project for "Effective Local Governance and Support Mechanisms for Sustainable Cooperative Development," this study is culled from interviews made in Padre Garcia town and from official LGU and cooperative documents. Interviews were made with the incumbent mayor, the former mayor, the incumbent mayor's close-in assistant, the chairman of the Sanggunian committee on cooperatives, former and

incumbent officers as well as ordinary members of PADECO, officers and members of two other cooperatives, the municipal agriculture officer, an administrative officer of a slaughterhouse project, and the parish priest.

LGU-Coop Relations in Padre Garcia

Padre Garcia is one of the 32 municipalities of Batangas, Southern Luzon. The province also has two cities, namely, Batangas and Lipa, and Padre Garcia is near the latter. In fact, the town's farmers and cooperatives are being served by the Land Bank of the Philippines branch in Lipa. Padre Garcia, rated as a fifth-class municipality is 92 kilometers by road southward from Metropolitan Manila.

The town has 32,673 residents in 5,019 households living in a total land area of 4,093 hectares in 18 barangays. About 60 percent of households in this town live below the poverty line, with a monthly household income below P5,000.00. It is basically an agricultural community, with sugarcane, rice, coconut and corn as primary crops and mango, citrus, black pepper, coffee and lanzones as secondary crops. There are 1,305 households (26 percent of total) that are engaged in farming as the main source of livelihood.

The more prominent industry in the municipality, however, is the raising and trade of livestock, namely, cattle, hogs, carabaos, goats and even horses. Livestock trading has been the main source of income of a majority of residents as well as of the local government. It was therefore a disappointment especially to direct stakeholders that a modern, equipped Double-A grade abattoir, has not been successful a joint cooperative-private sector enterprise and is in fact facing an imminent takeover by the municipal government. Every average market day in Padre Garcia, 1,500 heads of cattle, carabaos are being traded. About 80 percent of these are sold, most are bought for slaughter, and a small percentage (about 5 percent) are for fattening. The 20 percent left unsold are cared for through the "paalaga" system until the next market day. Padre Garcia's Livestock Auction Market, a purely LGU enterprise, is considered to be among the best throughout the Philippines. Traders flock to this town every Friday, coming all the way from all over the Southern Tagalog, Central Luzon and Bicol regions, and from the Metro Manila area.

There was, for the most part, brisk business in hog-raising, where thousands of piglets costing P1,500.00 each, are dispersed among raisers, mostly members of PADECO, to fatten with about P3,500.00 worth of feeds and vitamins from the cooperative's feed mill for three months before being taken from the raisers. The hog-raisers earn more than P1,000.00 profit per head.

A federation of cooperatives band together 22 listed cooperatives, of which only about 15 were recently reported as active.

LGU Conscious of Coop Development

If there are local government units that are very much aware of provisions in the Local Government Code in support of cooperative development, the municipal government of Padre Garcia would surely be one of them. Before his election in 1992 as vice mayor and in 1995 to his first three-year term, the re-elected incumbent mayor, Victor Reyes, used to be a member of the board of directors of PADECO and no less than its board chairman. PADECO itself was founded as a development cooperative in 1989 by his father Alejandro Reyes, who led its transformation from its predecessor organization, the Padre Garcia Farmers Consumer-Producer Cooperative Inc. Needless to say, he has also been very conscious, as well, of the provisions of the Cooperative Code.

Mayor Reyes chairs the Municipal Cooperative Development Council (MCDC), where he is actively assisted by Councilor Rico Araño, chair of the Sannguniang Bayan committee on cooperatives and former board of directors member of PADECO. Under the Mayor's guidance, municipal employees have organized themselves into the First Employees' Multipurpose Cooperative (so named despite indicators that a similar organization had existed under the previous administration) that has been operating a thriving grocery store cum restaurant at a multi-purpose hall beside the municipal buildings. Seed fund for this cooperative came from the employees' productivity incentive pay of about P2,000.00 per employee.

PROJECT DESCRIPTION

Cooperatives Helping the LGU

The story in Padre Garcia shows how cooperatives proved helpful to the municipal government and directly to the community. PADECO is one of the two relatively strongest among 22 listed cooperatives in the town, the other being the Padre Garcia Multipurpose Cooperative Inc. (PGMCI). With majority of cooperative members engaged in hog- and poultry-raising, PADECO built in 1989 its own milling facility for the production of feeds, and a growing trade in both feeds and live hogs.

The Padre Garcia Federation of Cooperatives and PADECO standing on its own, put up funds equivalent to two of fifteen shares of stock needed for the building of the modern Padre Garcia abattoir or slaughterhouse, and drew in equivalent amounts from private sector investors. The project

was designed to boost the town's economy from the expected expansion of its services market.

The project eventually faltered due to the non-fulfillment of the market expectations indicated in its feasibility study. The expensive modernity of the equipment backfired at the meat dealers' market stalls, with consumers preferring bloodied meat cuts to the "over-cleaned" and "overprocessed" output of the hi-tech abattoir. Moreover, practice of "colorum slaughtering" remained uncurbed in and especially in the vicinity of Padre Garcia. There has also been the reported lack of interest on the part of most of the other investors, whose businesses had nothing to do with slaughterhouse operations. Even with the prospect of imminent takeover by the municipal government, the slaughterhouse with its modern equipment has become an asset that can be better managed by the local government unit to realize profits and a boost to the local economy. It was all started by the initiatives of the cooperatives sector, specifically by the Federation and PADECO, whose initial funds drew in the entire capitalization from the local private business sector.

In 1996, both PADECO and PGMCI donated sums reaching P50,000.00 each as their contribution to the municipal government's road-concreting project at the poblacion area. Citing such donations from the relatively poor sectors of the community, Mayor Reyes was able to solicit equivalent or even bigger donations from the clearly more affluent sectors to have a much bigger coverage of the road -concreting project.

The mayor considers FEMCO a big help in taking care of the needs of the municipal employees by providing them with lower-priced grocery items. The FEMCO-operated eatery also takes care of catering services whenever activities are held at the multi-purpose hall, which it has been using as its office.

The municipal government has inaugurated a livestock auction market for cattle-raisers, but this project has been a purely-LGU affair. It can however provide another potential area for partnership between the LGU and the local co-operatives in the future.

There were contributions from cooperatives in other areas of community-building and public service. For example, PADECO is actively networking with non-government organizations in the area, participating in Alay-Lakad activities, sustaining a collegiate-level scholarship program and undertaking tree-planting, specifically mahogany seedlings in its own compound.

For its part, the cooperatives federation has shifted its enterprise to the production and trade of cut flowers, providing livelihood to cooperative members and an additional boost to the economy of the community.

Altered Role of LGU on Cooperatives

The immediate predecessor of Mayor Reyes at the municipal helm was Mayor Eugenio B. Gutierrez, who was in office from 1981 to 1995, save for the interim period between the February 1986 People Power uprising and the first election under the 1987 Constitution. Mayor Gutierrez repeatedly expressed in his messages to PADECO that active cooperativism invigorates the local economy and redounds to the best interests of the community. In fact he has been an ordinary member of PADECO considering his own engagement in farming enterprise.

But his long service as mayor was mostly under the martial law regime, and this influenced his view of how his local government unit, or the government in general, should relate to the cooperatives. In a recent interview conducted for this study, the former mayor expressed yearning for the days that the LGUs controlled (his exact word) the cooperatives. He sharply criticized the post-EDSA practice where national institutions and organizations, notably funding sources, would now deal directly with local cooperatives and entirely bypass his office in the municipal government. He also expressed the view that after "they" got into power in the municipio, referring to the group of Mayor Reyes that came from the cooperative sector, the few families that were allegedly controlling and being benefited by the cooperatives were now controlling the municipal government as well. A different picture, however, is apparently drawn by the way PADECO had tried for years to solve its own problems without immediately seeking help from the local government, and by the specific way such help is now being extended after it had been formally sought.

Asked about the effect of the passage of both the LGC and the CC during his tenure, the former mayor responded that these laws were implemented but stopped short of giving specifics.

PROJECT RESULTS AND OUTCOMES

The Feed Mill

PADECO was born amid an internal storm that rocked the Padre Garcia Farmers Producer-Consumer Cooperative. A letter to the Chief of the Cooperative Section of the Department of Agriculture-Region IV was sent bearing signatures representing 57 of the cooperative's about 270 members, alleging that the cooperative leaders adopted and promulgated decisions without consulting with the members. The process of clarifying the issue in a general meeting in February 1989, including the exposure that many of the signatures have been faked, also led to the transformation of the coop into a wider-scope "development cooperative" that was

registered in August that year, and to the finalization of the earlier cooperative's plan to set up its own feed mill. By October, PADECO inaugurated and test-operated its feed mill, which, was constructed on a lot donated by its founder Alejandro Reyes.

The cooperative members then undertook a fund drive to be able to purchase raw materials for the feed mill, generating a seed fund of P45,000. The cooperative then secured loans for more raw materials, totaling P687,488 with Director Victor Reyes and Mariano Manalo as guarantors. The feed mill started rolling before the year ended. It earned P7,000 in the first two months, P937,245 in the succeeding ten months (March-December 1990), and P2,579,291 in the whole year of 1991.

PADECO faced many challenges in its rising years. A shortage in corn raised the price of this feed ingredient. A Presidential Executive Order was signed in favor of the importing meat products and devastated the income of the hog-raising members of the cooperative. PADECO found itself paying for its members' obligations to the Land Bank. This crisis was eventually solved by seeking the help of the Neighborhood Multi-Purpose Cooperative and the province-wide Batangas Development Cooperative to sell Padre Garcia hog-raisers' pork at reasonable prices not only within the town but also in the neighboring Lipa City.

Ms. Concordia P. Goce, former chairperson and now secretary of PADECO and the cooperative's historian-chronicler, recalls that the organization's collective determination to solve the problems during those trying times, amid a lot of constructive criticisms from the membership, was able to galvanize the unity of PADECO to lead it out of those crises.

By early 1994, the relatively well-off directors of the cooperative had taken over the hog-raising program from the Land Bank and this resulted in earnings for cooperative members to gradually pay back their debts. By that time, PADECO had acquired a second mill, called Hammer Mill, a generator to cover for brownout periods, and several buildings that included an administration center, several warehouses, a laboratory and a guardhouse, plus a coconut oil tank, all in its lot in Barangay Pansol which had been acquired from its founding president. PADECO also started partially computerizing its accounting and other administrative operations.

Growth in Hog-raising

From a starting number of 200 heads, hog-raising by the cooperative's members had risen to 500 piglets a month by 1993, and even 700 piglets per month by 1994, with each piglet ready for slaughter after about three months of feeding. The cooperative was able to supply feeds to the

members which was to be paid by deducting its price from the hogs the cooperative was selling for slaughter.

But the rise in the volume of feeds required by the fast growth of hog production put a strain on the cooperative's capacity to purchase ingredients for feeds, thus forcing it again to go into external borrowings from the Land Bank and other sources. To cover interest payments, PADECO raised almost ten times the price of the minimum share required per member from only P500 earlier to P4,800.

To encourage members to keep on raising hogs and patronize the feeds, PADECO held raffle promotions among feed buyers. It also undertook serious and aggressive marketing, and boosted hog sales to 1,065 heads per month by early 1994. It also started its own meat shop and engaged in meat preservation in the form of products like ham, longaniza and tocino.

PADECO also sought to sustain its growth and address the growing needs of its members for capital by encouraging various forms of individual savings, like giving 10 percent per annum interest on withdrawable savings deposits and 30 percent per annum interest on "fixed" deposits lasting no less than three months.

During the cooperative's general assembly in April 1994, PADECO was visualizing a future of more growth, specifically its initiating role, with the local cooperative federation, in the building of a modern abattoir and its projected involvement in the operations of the Padre Garcia Livestock Market.

Two years later, more additions were made to the cooperative's physical plant, including, significantly, a "jet-matic" water pump, and an airconditioning unit to maintain the efficacy of vitamins and other nutrients stored for use in the production of feeds. The cooperative opened a mini-library for its members, by then numbering almost 1,500, and launched an internal publication, *Ang Padeco Balita*. It was also in 1996 that Padeco was cited by then President Fidel Ramos as "Outstanding Kabisig-type Project" and also awarded as "Outstanding Cooperative Creditor of Quedancor."

Given these achievements and momentum of growth, Padeco would seem at first to be invincible even in the face of a tragedy like an epidemic outbreak. But this was not to be. The crisis hit and it hit hard.

FMD Menace and Aftermath

Under the hog dispersal scheme of PADECO, its participating members did not have to spend cash, all costs being shouldered by the cooperative

to be recovered upon the sale of the fattened hogs three months later, with the profit to be remitted to each hog-raiser. According to Vic Javier, municipal agriculture office (MAO) of Padre Garcia, the foot-and-mouth disease epidemic in October 1995 which took three quarters to control by summer of 1996, killed 95 percent of roughly 24,000 pigs that a substantial percentage of which were covered by PADECO's project. This meant roughly PhP80 million in losses all in all, including PhP30 million in losses for PADECO itself as estimated by PADECO founder Alejandro Reyes -- and about PhP2.3 million in expected but unrealized profits for all the raisers. Mr. Reyes added that the same epidemic resulted in PhP5-million losses among poultry-raisers.

What about the 1,200 pigs that lived through the FMD epidemic? A hog-raiser who was a member of another cooperative (PGMCI) said in an interview for this study that for each mother pig that should fetch a P7,000 selling price she was being offered a measly P500.

Although the FMD menace was declared "under control" as of May-June 1996, the downspin that it caused continued to rock PADECO in the years that followed.

Members who had earlier borrowed money from the cooperative, exceeding regular limits by offering collaterals, have started being unable or unwilling to pay back. The collaterals have become cooperative property, but were "not liquid" and could not immediately be sold to produce liquidity, PADECO Treasurer Celso Arano said in an interview for this study.

The cooperative had to cut production drastically because it could not pay the ingredients suppliers for raw materials (yellow corn, soya, fishmeal, copra, etc.) already consumed by its feed mill. Many of these 15 or so supplier firms came to stop delivering raw materials altogether. At this point PADECO cut back drastically on production volume. From the 1,800 bags output per month in 1994, the output was reduced to only 300 and this even slid down to 200 or only 11 percent of the previous production volume.

There was also a perceived drop in the quality of the feeds output from the cooperative. An ordinary PADECO member confided in an interview that she stopped buying the product of the cooperative's feed mill because the quality had allegedly dipped drastically, making it more prudent for him, economically, to shift to another brand. Another ordinary PADECO member corroborated this in a separate interview, alleging that there was too much rice bran ("ipa") in the feeds.

While production had to be drastically reduced, the cooperative was maintaining its personnel outlay at pre-crisis levels, creating a disproportionate overhead that pushed up feed prices. Treasurer Araño admitted that their feed mill's product has become more costly for its members to continue patronizing. He expressed the conviction that this really needed to be addressed urgently and decisively because the irony in this situation was running against the very spirit of cooperativism.

The overall situation of the cooperative caused it to default on loan repayments to the Land Bank and made its "placers" (about 20 cooperative members with large investment placements) so uneasy that some of them contemplated aloud the possibility of pulling out their investments which run up to millions of pesos. PADECO found itself in a dire predicament that some have described as the cooperative having been "downed" and others have preferred to call a "bankruptcy." The overall economic situation in the Philippines and even across Asia became a worsening factor for the cooperative's woes.

The Rescue Project: PADECO's Moves

For years, the cooperative tried to solve its own problems even with the awareness that it had a sure ally at the helm of "city hall.". According to PADECO Secretary Goce, it was conscious of the self-reliance principle upheld within the cooperative movement.

But the problems worsened, not the least of which was the members' growing pessimism in PADECO's ability to recover, such that even those who had recovered the ability to pay back their borrowings held back from paying. More members stopped patronizing even just the drastically reduced amount of feeds PADECO's feed mill has managed to continue producing.

On May 8, 1999, the cooperative's Board of Directors met in a special meeting and passed "Kapasyahan Blg. 010 S-1999" to formally request the municipal council to endorse an appeal for the mayor's help. Citing the economic crisis besetting the country, admitting PADECO's inability to meet the needs of its members and inability to fully play its role in the Land Bank's "Todo-Unlad" program, and invoking both the present role of Mayor Reyes as chairman of the Municipal Cooperative Development Council as well as his earlier role as one of the builders and long-time leaders of the organization, the cooperative's resolution asked the Sangguniang Bayan to formally assign the mayor to lead in PADECO's rehabilitation and reorganization. Certified by Secretary Goce and attested by PADECO chairman Antonio Macasaet, the resolution was handed to Councilor Eleator Padua. Two days later, the municipal board unanimously approved Resolution No. 99-26, sponsored by Padua and

seconded by Councilor Arano, mandating Mayor Reyes to help rescue PADECO as the latter had formally requested.

Mayor's 5-Pronged Approach

As a consequence of the Sangguniang Bayan resolution, Mayor Reyes now spends two full days every week in a five-pronged effort to rescue PADECO from the pit of near-bankruptcy. The five prongs are as follows:

1. Convince the PADECO employees to accept pay cuts in order to reduce overhead expenses on salaries.

A meeting was called for the mayor to address the cooperative's employees the appeal for them to sacrifice for the sake of PADECO. The mayor explained to them that if the status quo remained, the cooperative was going bankrupt soon and they all stood to lose their jobs. He made them choose which of two options, both bitter, would be more acceptable: layoffs or voluntary pay cuts at least for the time being. The employees chose the latter, and implementation has started, reducing the cooperative's personnel budget by about 35 percent. This started correcting from one end the grossly imbalanced overhead-production ratio, leading to the production of lower-priced and better-quality feeds.

2. Convince suppliers to resume deliveries of ingredients needed for feed production at previous volumes.

A separate meeting was held attended by PADECO leaders and top-level representatives of supplier companies. The mayor proposed a scheme whereby the companies would make deliveries for which they would be paid in cash plus a percentage of that amount to stand as partial payments or installments for earlier deliveries that have remained unpaid. The companies agreed and a good number of them reportedly started, although none of the PADECO officers interviewed could give an exact number. Still, any resumption of deliveries by suppliers that were previously stopped, redounds to increased production, correcting the imbalance in the overhead-production ratio from the other end.

3. Convince cooperative members to resume buying PADECO's feeds at discounted prices.

As a consequence of the first two, PADECO could now afford to sell its feeds at discounted or lower prices. The mayor and the cooperative leaders concentrated on high-volume users of feeds and were already able to convince some of them to go back to patronizing PADECO's output. Again, in this case, no specific details were made available.

4. Convince cooperative members to pay back their loans from PADECO.

The cooperative's collections officer reported that the mayor and PADECO officers had met with cooperative members in seven of the town's 18 barangays with the first three-month period of the "rescue operations," with an average of 50 or so members attending each meeting. In these meetings, the mayor expressed doubt that all who have failed to pay back loans secured from the cooperative really have no capacity at all to pay. He listened to the apprehensions from some of the members who admitted having deliberately refused to pay, and promised to help address their grievances. The cooperative's collections officer, Nida Andal, said there was a marked increase in collection after the mayor talked with the members.

Specifically, in four barangays (Payapa, Mangas, San Miguel, and Sta. Cruz), where there were zero collections in the month preceding the talks initiated by Mayor Reyes with PADECO members, a total of P63,723 was collected. Total collection in twelve barangays in the month following such meetings was higher than that in the pre-talks months by a total of P345,640. This is an unmistakable indicator of immediate initial success of this particular component of the Mayor's five-pronged strategy.

5. Convince placers not to withdraw their investment placements.

Some 20 cooperative members, with relatively high investment placements in PADECO were convinced by Mayor Reyes not to pull out their investments, which run into millions of pesos. Reyes reportedly promised that the cooperative would pay back all its obligations to them and to others considering it has liquid assets, and assured them that their personal investments are secure.

Officials both in the municipal government and in PADECO have expressed confidence that the efforts have already started to make the upturn, although it remains an expressed perception still to be backed up by hard facts. Some of them also expressed caution in their optimism considering such important other factors as the need to recover the confidence of its members in the cooperative's management style.

In an interview, Fr. Pedro Calvo, the parish priest of the town expressed optimism that recovery of confidence is underway, and for this he credited the mayor's personal convincing style and staking of personal honor and credibility.

It is noteworthy that PADECO asked for the mayor's intercession and apparently saw no need to seek bailout in the form of municipal funds.

Councilor Arano revealed in an interview that this year's P20-million fund allotment for cooperative development remains untouched. This is not to say such a fund remaining idle is good; it does, however, underscore a basis for the cooperative in question to have asked for funds as well, an option it decided not to pursue.

It is too early to tell where the mayor's three-month-old mission to help rescue PADECO would lead. But the upbeat mood of the cooperative's leaders and members bodes well for recovery. Unless another FMD epidemic comes along, and unless the Philippine economy takes another downturn, PADECO will recapture its old glory, PADECO Secretary Goce predicted with a wide grin.

Other Issues and Problems

There are some problems and points of issue in Padre Garcia as everywhere else. They are recognized here to complete the picture and do not serve to diminish appreciation of the LGU's earnestness and fruitful efforts in cooperative development. Moreover, the possibility and stability of any real recovery for PADECO at least partly depends on how earnestly and successfully the following issues would be addressed:

1. Cooperative members' confidence in their leadership

The fact that PADECO needed the active intercession of Mayor Victor Reyes in efforts to convince various sectors within and around it to give their respective forms of support would seem to indicate that the leaders are beset with credibility problems. On the one hand, it is easy to see how they were just victims of unforeseen confluence of circumstances brought about by the outbreak of an epidemic that they could not have any substantial control of. But on the other hand, some members, including the elderly founder, have been critical of decision-making processes in the higher levels of the organization, producing decisions that resulted, for instance, in the high-risk over-exposure of the cooperative assets that rendered it vulnerable to the horrors of an epidemic. The fact that some members who could pay back their debts to the coop decided to refuse, over long periods, could be interpreted as a vote of no-confidence, whether or not such vote as fair and reasonable.

2. Relative 'concentration' of LGU's pro-cooperative actions on the person and office of the mayor

Councilor Rico Araño, who has been chairing the committee on cooperatives, along with two other committees, admitted in a very recent interview for this study that he had just started working on this particular committee after taking care first of the other two. (In fact, he could not

even say for sure who are the other members of the cooperative committee.) This is not to say, however, that the work he has finally started is not impressive. It is, what with a comprehensive education plan for citizens, not only coop members, to receive the basics on cooperativism. He said he chose to focus his work first on his other committee assignments because he felt the cooperatives were basically all right. The central role being played by the mayor, considering his background and appeal, is crucial in the recovery effort of PADECO.

While the mayor factor in this case is very fortunate, it has also remained fragile. Mayor Reyes said in an interview for this study that he personally prefers to go back to the cooperative sector rather than remain in politics. While that prospect to return to cooperative work is real especially as the end of his second three-year term nears (2001), In such a case he is likely to boost cooperative development from within, he is still expected to attain stability or sustainability in terms of the local government unit, as an institution, building a formalized partnership with the cooperatives for grassroots synergy. The players may well consider jointly preparing and signing a memorandum of agreement to put the partnership on much firmer ground.

3. Lack of clarity on certain roles

Secretary Goce proudly reported in an interview that the municipal council had specifically designated Councilor Rico Araño, a former director of PADECO, to concentrate on helping the cooperative sector and that he has been very helpful to the cooperative. Asked to clarify how such help was extended, she said Araño would always help them out with their legal paperwork. Asked to clarify further, she admitted that such assistance with paperwork was being given by Araño as a knowledgeable lawyer and not as a municipal council member. It had nothing to do with his local legislative functions. Araño himself plans to cover this matter in the education plan he will start implementing soon as chairman of both the education and the cooperative affairs committees of the municipal legislature.

4. Incapability of the concerned national government agency, the Department of Agriculture (DA), and its regional office, to prevent and handle an epidemic such as the one that "downed" PADECO

Padre Garcia's MAO, Vic Javier, admitted that the Department of Agriculture was able to send supplies of vaccine only after the foot-and-mouth disease (FMD) epidemic broke out, and that the prevention system remains weak due to lack of funds. At certain periods, he added, DA in Region 4 would be sending medicines that were about to expire. Notwithstanding a good relationship between government and the cooperatives at the municipal level, it remains an issue that the inadequacy

of a *national* government agency concerned, specifically DA, can only be beyond the reach of the local partnership.

5. 'Narrow' distribution of the cooperative's funds for loans

Former Mayor Eugenio Gutierrez expressed the view that PADECO was prone to giving out big loans to a small number of cooperative members mainly on the basis of relatively-bigger capacity to pay, and in the process was depriving smaller-scale entrepreneurs, like the "sundot-saging" (banana-cue vendors), valuable assistance. He even hinted that a few families were controlling cooperative funds for their own personal benefit.

CONCLUSIONS AND OBSERVATIONS

Padre Garcia town in Batangas is well known for its cattle trading, especially through its purely-LGU Livestock Auction Market. However, in the realm of LGU-cooperative relations, it may very well be much more noteworthy for the ongoing partnership between Mayor Victor Reyes and the distressed PADECO for the latter's recovery from crisis. Not many municipalities are led by mayors who had come from among active leaders of the cooperative sector and who would prefer to return to that sector in the immediate future.

Such a mayor and cooperative leader as Mayor Reyes is facing the dilemma whether to promote coop-LGU collaboration from within the framework of the internal strengthening of the cooperative sector or to do it from the vantage point of a vital local government position. A detailed and comprehensive documentation of the ongoing "rescue project," after it shall have run its full course, is highly recommended for the sake of extracting and sharing valuable learnings

Chapter 5

Cases of Coop-LGU Mutual Support

Boosting Cooperative Initiatives and Resources

The Nueva Vizcaya Alay Kapwa Multi-purpose Cooperative

Salvacion A. Rivera

ABSTRACT

The author describes two cases whereby the local government units (LGU) in the Provinces of Nueva Vizcaya and Isabela offered the support they could give to the cooperatives, thereby enabling the coops to expand their capabilities to contribute to community development in the locality.

What appears to be meager, even negligible support extended by the LGU, in fact meant a lot. In turn, the cooperative ably contributed to the community by way of various services that otherwise would not have been available. Looking at the LGU support from a perspective of LGU-coop partnership would provide a better appreciation of what LGUs are capable of and a fresh insight that LGUs could at times serve as the “wind beneath the wings” of small cooperatives. By supporting the coops, the latter can turn into a giant in the provision of services.

BACKGROUND AND CONTEXT

The Alay Kapwa Organization brought together public school teachers and farmers to plan and implement a financing institution that suits their needs and life style. The management of a people’s organization is not that easy so that when membership began to expand, the cooperators felt the pressing need to move its office from Barangay Osmena, Solano, Nueva Vizcaya to Solano Public Market in 1985. The organization got a grant from the LGU of Solano to build its office at the public market premises.

It then began to spearhead a number of new small-scale business ventures such as agricultural trading to assist its farmer members in times of need, and a grocery store wherein each member can avail of credit. This case offers a relevant model for primary cooperatives around the province that are looking for more sustainable approaches to improve socio-economic status and are considering the potential of government-NGO-Coop partnership.

To be a public school teacher in the 70's was a sacrifice since salary was too low to sustain family needs especially on children's education. Rural banks then offered small loans but the demand for cash during school opening and major examination was still the main problem. This was the main reason why Mrs. Valentina S. Tomas planned and organized her 15 co-teachers at the Solano North Elementary School into a teachers' cooperative. They initially contributed a share capital of P1,500.00 each which entitled a teacher who is in need of cash to borrow from that fund. Having been informed of the members' benefits, other teachers joined the organization.

The Alay Kapwa Organization was organized to augment the unstable financial status of each member. To provide more services, Mrs. Valentina S. Tomas offered a small space at her family residence in Bintawan Road, Osmeña, Solano, Nueva Vizcaya to serve as a small office. The organization's first president was Mr. Nemesio J. Estabillo while the Manager/Treasurer was Mrs. Valentina S. Tomas, along with the first set of officers, worked for free in the organization.

The economy of Nueva Vizcaya is based primarily on agriculture and small-scale agriculture-based industries. It is composed of 14 municipalities namely: Diadi on the far north, Bagabag, Villaverde, Solano, Quezon, Bayombong as its capital, Bambang, Dupax Del Norte, Dupax Del Sur, Kayapa, Kasibu, Aritao, Alfonso Castañeda and Sta. Fe at the far south. Solano is the busiest town and capital of the province. The town of Solano is the business capital of Nueva Vizcaya, with the biggest wet market in the province, the largest number of banks, fast food establishments and restaurants, big commercial buildings, printing presses, Chinese-Filipino Chamber of Commerce, hotels, and dry goods stores.

On March 1, 1982, the organization was registered with the Bureau of Cooperatives as "NV Alay Kapwa Credit Cooperative." Its first million in assets was achieved on December 31, 1986. On April 11, 1991, it was registered with the Cooperative Development Authority and was then converted into a "Multi-Purpose Cooperative" on April 28, 1993. The cooperative maintains a 224 square meter office at the second floor of the public market. It operates five business ventures, two of which are outside the Solano Public Market. The Palay and Corn Trading is located at

Barangay San Luis, Solano, Nueva Vizcaya, and Appliance Traders Branch is at Bambang, Nueva Vizcaya.

PROJECT DESCRIPTION

The case study focuses on the partnership between the Nueva Vizcaya Alay Kapwa Multi-Purpose Cooperative (NVAKMPCO), and the municipal government in the construction of the Cooperative's office and business center on the second floor of the Solano Public Market Building. The partnership was carried through from the first module of construction up to the fourth module. Under this partnership, the municipal government provided the space while the cooperative advanced the construction cost, which was then treated as advance rental. Of the PhP 900.00 monthly rental for the space, P 200.00 were to be paid in cash by the cooperative, while the remaining P 700.00 were to be deducted from the construction costs incurred by the Cooperative.

The project evolved through the initiative of one of the Board of Directors, Mr. Felicisimo B. Gale, who stressed the importance of transferring its office to a more accessible location. The Board, headed by Mr. Nemesio J. Estabillo requested the municipal government of Solano through a resolution, to provide a space at the public market for a building to be constructed by Alay Kapwa as its office. The resolution was passed to the municipal government of Solano.

The first module of 8x10m was constructed in 1989 with total construction cost of P119,000. With its office now located in a more strategic place, the volume of transactions of the cooperative began to increase rapidly. The coop's line of business also expanded from credit and palay trading into bigger agri-trading. As such, there was a need to add more staff and an additional space to meet the pressing demand. Another module was constructed in 1992 at a cost of P178,000. With the continuous growth of the coop, a third module was constructed to expand its office space in 1995, following the same leasehold agreement with the municipal government.

As membership increased, the need for a training venue for seminars and training workshop became more frequent. The fourth module was then constructed to serve as training hall and computer center of the cooperative.

Favorable location enabled the coop to serve its members' demand by venturing into merchandising in 1995 and into communication in 1997, all in a space rented from the municipal government. It likewise engaged in appliance trading in the first building owned by the cooperative. In

addition, the location gave the coop more chances to participate in community development activities.

PROJECT RESULTS AND OUTCOMES

Membership Expansion

With the cooperative now located at the business center of the province, office transactions became faster and membership boomed, with its success eventually reaching the four corners of the province. With more people wishing to join the cooperative, the management decided to give a pre-membership seminar for every person who wishes to join.

Membership has expanded to as far as Diadi, the last town of Nueva Vizcaya on the north and Sta. Fe, the last town on the South. A credit investigator is now employed to investigate the background of each person who undergoes a seminar to complete his application. From a membership of purely public school teachers and farmers, the cooperative opened its door to anyone. The governor of the province Hon. Rodolfo Q. Agbayani and his family joined, as well as the mayor of the town of Bayombong, Hon. John Severino G. Bagasao, the mayor of the town of Solano, Hon. Lambert Galima and most of the government employees. It also opened its door to rebel returnees in the province and offers maximum assistance for their development economically, socially, spiritually and morally.

Because of its membership expansion, the cooperative was adjudged as the "Best on Membership Expansion" of the yearly contest sponsored by LBP Gawad Pitak Award for three consecutive years (1996-1998).

One factor why membership is booming is the accessibility of the cooperative to each member. A housewife, for example, can visit the cooperative before or after going to market; a businesswoman/businessman can transact business around the public market and then drop by at the office. Going to the cooperative office is as simple as a visit to the market.

The support extended by the local government has substantially helped the cooperative grow in membership and expanded in its business transactions.

Expansion of Business and Services

Alay Kapwa is not just there to maintain its business. As it gains its awards on cooperative service performance, it opens its heart to the community to reach out to people around it, members and non-members alike. As a business in the heart of Solano, and as a fast growing cooperative, it provides more services to its members.

From Agricultural Trading and General Merchandise, Appliance Traders' trading was opened during the early quarter of 1997. Its office was at the first owned building by the cooperative in the heart of Solano. Now, it deals with brand-named appliances and other office machines and fixtures.

After a year, the Appliance Traders opened its first branch at Bambang, Nueva Vizcaya, some 30 kilometers away from the town of Solano to serve the cooperative members from the far south of the province. On the other hand, the Agricultural Trading enterprise, being at the public market premises, has expansively grown and is now a dealer of leading brands of feeds in the province for piggery, poultry and fishery. It is also a distributor of pesticides, leading brand of fertilizers, and certified seeds.

The General Merchandise business expanded its space from a 4 x 8 meter slot at the ground floor of the public market to 8 x 16 meter space. Another slot of 4 x 8 meters at the second floor is rented as stock room. These spaces are all leased from the municipal government. The merchandise business is the first and only store in the province that uses the Point of Sales machine on every transaction, with a Personal Computer as its server. Cash registers were eliminated since the middle of 1998. The Point of Sales Machine was a grant by the National Confederation of Cooperatives. Every member has a credit card to use for a grocery loan, which can be paid every 15th and 30th days of the month.

Palay and Corn Trading was also established to assist farmers in marketing their products at a fair price. A palay dryer has been purchased and a multi-pass rice mill is now available to anyone.

The Communication Center is the latest business expansion of the cooperative. This business deals with different communication devices such as cellphones, two-way radios and peripherals. This business venture serves the whole province of Nueva Vizcaya.

Although the organization is far from the city of Manila, a computer training service was established to offer education to both children and adults at a minimal cost. This training also offered seminar workshop to any cooperative in the region interested in cooperative computerization as well as in software and hardware maintenance. Computer training can be scheduled to suit working people's availability. Older people had found computer machines interesting while young ones find it educational and fun at the same time.

Cooperative Involvement in Government Activities

This cooperative extends grants to farmer-members who want to engage in livelihood projects. Farmers can borrow cash, fertilizers or insecticides.

Loans are payable upon harvest time. Livelihood projects of farmer-members include backyard piggery or poultry, backyard gardening, cut-flower production, fish/vegetable production, fruit production, small scale agri-based industry, vegetable production and the development of untilled uplands for their conversion into gardens or farms. This project is closely supervised by both the farmer-member and the coop in order to monitor the growth potentials and the sustainability of the livelihood project in a certain barangay/town. Livelihood projects have assisted many farmer-members by augmenting their limited income. The projects also helped promote the clean and green campaign program of the government. The modest yet innovative contributions of the cooperative won for it the LBP Gawad Pitak Award.

Various other projects were undertaken by the cooperative, such as tree planting, medical and dental missions, and a scholarship program to poor but deserving students.

The Coop as a Major Financing Institution in the Province

One of the valuable services extended by the coop in the province is the availability of loans through its credit facility. The coop remains as a major financing institution in Nueva Vizcaya, with outstanding features such as accessibility, good lending policy, impressive customer services, fast processing of loans, and the latest information technology, which serves to streamline busy, daily transactions. Competitive with other banks, the coop carries on its business transactions until Saturday afternoons.

The Nueva Vizcaya Alay Kapwa Multi-Purpose Cooperative has a total daily loan of P1,000,000. Clients from all walks of life apply for loans. The coop offers an emergency loan to members of up to P 1,500.00 per member. It also offers various other types of loan meant for cooperatives, small private or government organizational loan, salary, livelihood, motor vehicle, small scale business venture and the regular loan which is double the amount of each member's share capital.

The cooperative has its own collector who goes around every day. A special collector is assigned to collect delinquent loans while the General Manager pitches in to collect past due loans right in the house of an erring member.

It makes market vendors, elementary pupils, employees of both private and public offices, small scale industries and small enterprises feel special by extending services on daily depositor transactions.

As of March 31, 1999, its total asset was P129,293,063. The total member's equity was placed at P47,388,053 and a total membership that reached 6,797 as of August 1999.

CONCLUSION AND OBSERVATIONS

The LGU-Coop partnership has grown and it serves as a model to other cooperatives in the province. NV Alay Kapwa viewed the assistance of the LGU as a big factor in its success no matter how minimal it is in the view of others. Alay Kapwa may not have achieved the success that it has today without the LGU-Coop partnership that the coop invested in since a few years back.

The success of the LGU-Coop partnership introduced a new way of thinking and doing things in Nueva Vizcaya. The greatest strength of the partnership is that it operates on strategies and principles, which empower the townsfolk toward achieving socio-economic development.

The partnership also shows that it is a powerful example of possibilities better socio-economic development given the minimal assistance by the government. As people become more informed, they become more interested in seeking greater efficiency and effectiveness.

Although the leader of the local government is replaced by another after each electoral term, the LGU and the coop managed to maintain their links. One reason for such continuing relationship is probably that local leaders are also active members of the cooperative.

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Chapter 5

Cases of Coop-LGU Mutual Support

Realizing Growth in an Agrarian Reform Community

The Umpucan Multipurpose Cooperative of San Ildefonso, Bulacan

Lenie A. Tenorio

ABSTRACT

The remarkable development of the Umpucan Multi-Purpose Cooperative, Inc. (UMPCI) is a showcase of the advantages of collaboration with the local government. An agrarian reform community (ARC) coop, Umpucan MPCCI, with the support of the municipal government of San Ildefonso, Bulacan, has successfully undertaken various livelihood and development projects.

Established primarily to promote thrift and savings mobilization, the Umpucan MPCCI leveraged its agricultural assets and potentials to become a conduit for government programs and non-government projects, and thereby attracted and sustained development efforts and attention from the national, provincial and municipal governments. The Umpucan MPCCI subsequently garnered awards and citations for being an outstanding ARC and cooperative at both the local and national levels. The impact of this development is readily seen in how the whole community takes pride in the way of life that the Umpucan MPCCI represents.

The Municipality of San Ildefonso for its part, acknowledges the largely agricultural nature of the town and accordingly gears itself up to sustain productivity in “crop-livestock-fishery integration”(1999). Its medium term agricultural development plan identifies local commercial livestock raisers to be an important sub-sector towards this end. However, it also acknowledges that its agricultural extension system “can be considered weak,” with a workforce of only 10 extension workers who cover an

average of 4-5 barangays each. Nonetheless, San Ildefonso prioritizes interventions to meet the increasing demand for livestock and poultry products, and increases the viability of its traditional crops by encouraging farmers' organizations to go into market matching schemes through the establishment of linkages between producers and buyers/processors.

Umpucan MPCCI leads the locality's coops and other people's organizations (POs) in carving market niches that contribute to the cooperative's stable growth. The various programs and projects that pour into Umpucan indicate the continued ramping up of development efforts that provide an expanding basis for further collaboration with the San Ildefonso municipality as well as other development actors toward realizing the goals of sustainable community development and economic growth.

BACKGROUND AND CONTEXT

Profile of Umpucan MPCCI

The Umpucan Multi-Purpose Cooperative, Inc. (UMPCI) operates as a primary cooperative in Barangay Umpucan, Municipality of San Ildefonso, Bulacan. It was formally registered with the Department of Agriculture's Bureau of Agricultural Cooperatives Development (BACOD) on November 22, 1989 after about six months of initial operations. Twenty-five cooperators (16 men and 9 women) contributed share capital totaling P6,000.00 which was used toward re-lending for crop production and bulk-buying of farm inputs with financing support from the Land Bank of the Philippines (LBP). The Cooperative Development Authority (CDA) confirmed UMPCI's registration in March 1991, and subsequently it became a conduit of several government programs under the Department of Agrarian Reform (DAR), Department of Agriculture (DA) and Department of Trade and Industry (DTI). UMPCI has grown to its present 218 members comprising 401 households in Barangay Umpucan.

A basic listing of UMPCI assets reveals the following:

Land (1,000 sq. m.)	P
130,000	
Building (250 sq. m.)	
850,000	
Equipment	
Rolling rice mill	
235,000	
Tractor	1,720,000

Furniture and fixtures
10,000
Investments
11,000
Inventories
24,000
Receivables
4,607,367

TOTAL: **P**
7,598,287

In addition, UMPCI members, who are agrarian reform beneficiaries, have a total of 305 individual land titles (composed of Emancipation Patents¹ or EPs, and Certificates of Land Ownership Awards² or CLOAs) of which 302 are fully-paid up and only three are still being amortized through the LBP under the Comprehensive Agrarian Reform Program (CARP). As an ARC, Umpucan is among those that are now what the DAR calls as “LAD³-free,” meaning all lands acquired under CA have already been distributed. Aside from these agrarian reform lands, the coop also has two other land titles among its tangible assets.

Agricultural Profile of San Ildefonso

The Municipality of San Ildefonso is described as the second to the last town of Bulacan Province toward the neighboring province of Nueva Ecija in the north. Situated 66 kilometers from Metro Manila, the town is also 54 kilometers from Cabanatuan City, Nueva Ecija’s central hub. Thirty-six barangays compose San Ildefonso, with a total land area of 15,133.419 hectares (ha.) of which 14,627.88 ha. is devoted to agriculture. Population is currently pegged at 76,327.

Majority of the land area devoted to agriculture is planted to rice (10,265.62 ha.). Only some 3,421 hectares are irrigated by a network made up of a communal irrigation system (1,030 ha.), a national irrigation system project, tube-well pumps owned by farmers (covering 678 ha.), and a small water-impounding project (SWIP) with a coverage of 80 hectares. Some 7,576.62 hectares are rain-fed areas during the wet season from May until October.

¹ Land titles distributed to farmer-beneficiaries for rice lands under Operation Land Transfer (OLT) of the government’s agrarian reform program started during the Marcos regime.

² Land titles distributed to farmer-beneficiaries for all types of agricultural lands acquired and distributed under the Comprehensive Agrarian Reform Program initiated by RA 6657.

³ Land Acquisition and Distribution, DAR’s operational component under the land tenure improvement (LTI) thrust of CARP.

Secondary crops count string beans, ampalaya, eggplant, tomato, okra, patola, upo and watermelon as the most commonly grown in San Ildefonso covering an area of more or less 357.3 ha. Root crops such as gabi, cassava and sweet potato are planted on the hilly eastern part of the municipality. The cropping pattern most commonly practiced is rice/vegetables and rice/rice for the irrigated areas, while the rice/fallow pattern is used for the rain-fed areas.

In livestock, there are several commercial animal raisers in San Ildefonso, particularly for hog and poultry raising. The local government has dispersed a few animals for livelihood purposes, but most farmers raise livestock with financing assistance or through self-financing. For instance, in 1998 the municipality provided some 116 goats to farmer-recipients.

In terms of community organizations, San Ildefonso has a total of 88 cooperatives, but a majority (64) of these are now inactive and only 24 are still active. These inactive cooperatives are usually characterized by past-due loans, mostly from the LBP. Other agriculture-based organizations in existence include Rural Improvement Clubs, 4-H clubs and the Municipal Agriculture and Fisheries Council (MAFC).

The municipality's production performance in major commodities recently indicated a decrease in output. Total area devoted to rice production decreased slightly from 12,499.95 ha. in 1996 to 12,467.5 ha. in 1998 (0.25%), but the corresponding decrease in total production is significant (20,952.3 MT or 46.48%) from the 1996 level. Average yield per hectare in 1996 was 3.6 MT, which dropped to 1.93 MT in 1998. The decrease in production is attributed to the El Nino drought conditions in 1997 up to early 1998. In spite of the reduction in rice yield, however, the municipality still enjoys a rice surplus of some 33,270.3 MT.

For green corn production, the municipality planted a total area of 201.75 hectares from July 1997 to June 1998 with a resulting average yield of 3 MT/hectare. With such a small area being planted to corn, it is not surprising that the municipality has a net deficit in corn, particularly in the light of the local livestock requirements.

Vegetable production, which significantly contributes to the augmentation of farm households' incomes in San Ildefonso, saw a decrease in production output in 1998 due to a decrease by 6.82% in the total land area planted to vegetables also as an effect of the El Nino conditions. On the other hand, for root crops production in general the total land area planted increased by 11.5% in 1998 over the 1997 level, and resulted to an average production of 23.3 MT/hectare. Cassava production had a surplus

of some 482.1 MT, but for sweet potato, however, there was a deficiency of 809.5 MT during the same period.

The San Ildefonso local government considers livestock production as important to its economic well-being. For the period from 1996 to 1998 being reported, livestock raising recorded increases with 5.2% gained for goats, 12% carabao, 41% for cattle, and 102% for poultry. Only hog raising suffered a setback, with overall hog population dropping by 5.4%, and this was due to the recent foot-and-mouth disease (FMD) episode that severely affected the hog industry in the whole of Central Luzon. Still, the municipality notes in its sufficiency analysis that it has deficiencies in chicken eggs, beef and cara-beef supplies.

Completing the agricultural profile of San Ildefonso is fish production, which is considered a minor activity of farmers, as well as mango fruit production. Average fish production of *tilapia* and *hito* was recorded at 7.2 MT from fishponds that now total 144 with a total land area of 619,471 sq. m. Meanwhile, an aggregate of 297.69 hectares is devoted to mango trees. The municipality recorded a deficit of 3,229.7 MT for mango production, however.

The land use profile of San Ildefonso indicates that 48.41% or 7,326.8 hectares of its total land area is devoted to food crops, 7.9% or 1,195.54 hectares for high value commercial crop production, 0.48% or 72.63 hectares for livestock, 19.84% or 3,003 hectares reserved as forests/watershed areas, and 23.36% or 3,535.05 hectares for mixed/miscellaneous purposes. Average landholding is considered high at 2.4 hectares per farmer.

PROJECT DESCRIPTION

Currently, UMPCI's ongoing operational areas include:

1. Re-lending

This micro-credit program started over 8 years ago with LBP financing support. It has made available some P15,174,000 to farmer-beneficiaries. With its unblemished track record, the UMPCI re-lending operation expanded to non-agricultural projects with a P2.5-million fund from the DTI's ADB-NGO-MCP program being re-lent to some 125 proponents in the manufacturing and trading businesses.

UMPCI secures credit funds from financing institutions at 18% interest rate per annum and re-lends to borrowers with a margin of 6% to which credit services charges and other liabilities are also absorbed.

Notwithstanding the small profit margin, the volume/magnitude of UMPCI's re-lending operation is sufficiently sustainable due to the manageable level of administrative overhead involved. It has a growing potential considering the expanding asset base of members and other clientele, as well as the improving economic activities in the community. More importantly, it indicates the coop's healthy management of its financial assets.

2. Warehousing

The UMPCI's collaboration with local government began concretely at the barangay level with the cooperative helping to build the barangay hall. The UMPCI office was then situated at the barangay hall and for which the coop paid a monthly rent of P500.00. This setup was possible due to the fact that UMPCI officers were also serving as barangay officials. UMPCI later in 1993 acquired the 1,000-sq. m. property for P100,000.00, which enabled the organization to set up a barangay marketing and trading center and warehouse. The warehouse can stock up to some 2,500 cavans of palay at any single time, and UMPCI charges a warehousing fee of P3.00 per cavan per month. The warehouse project serves to protect farmers from having to sell their produce immediately at disadvantageous prices especially during harvests when the supply of palay is plentiful. More recently, UMPCI acquired a 200 sq. m. lot for P25,000 and this served as equity for the training center annex built from a P400,000.00-fund provided by Senator Ramon Magsaysay, Jr.

3. Tractor services

The UMPCI's tractor is a common service facility made available to farmer clients at lower than commercial rates. Typically, it services three (3) hectares of land per day and is rented at P400.00 per hour. Acquired through financing assistance from LBP for P1.7 million, the tractor, however, is proving to be a drain on the coop's financial resources. Its annual maintenance costs run up to some P370,000 and UMPCI is still amortizing the machine. The coop is therefore reconsidering its options, including an offer from a private group for a similar tractor at a lower acquisition cost.

4. Rolling rice mill

This post-harvest facility fits into UMPCI's strategy for ensuring that critical support services for its members and clients are readily available. Acquired at total cost of P235,000 secured a P96,000 grant from the Australian Direct Action Program with the rest as the coop's equity counterpart for the rice mill.

5. Market linkage

UMPCI's initial successes as a cooperative and subsequently as a conduit for government programs and projects necessitated the development of markets for its increasing produce. The coop and its facilities enabled its farmer-members to resist resorting to middlemen and traders that exploited low farm-gate prices, instead allowing them to mass their products and sell directly to the market, such as Divisoria in Metro Manila. Having their own warehouse later on also enabled them to control the release of their products (chiefly palay) in accordance with market conditions, avoiding losses due to falling prices. When Umpucan MPCCI topped other ARCs and coops in a survey and awarding of outstanding developing communities in 1997, this attracted foreign buyers as well. Thus, UMPCI has an ongoing contract with a Japanese firm, Epoch, for the supply of export-grade mangoes to Japan. A Taiwanese buyer soon followed with a contract for white corn supply. The DA through the provincial government's agricultural extension services is supplying the special white corn seeds required.

The local government of San Ildefonso, along with national government agencies (DAR, DA, DTI, and even the Office of the President during the Ramos Administration), actively supported UMPCI in garnering these marketing contracts. In addition, market matching seminars and conferences are being planned or have already been conducted for other product lines. The LGU is among the primary sponsors of these market matching schemes.

6. Farming systems development

The UMPCI derives support for farming systems development from the Food and Agriculture Organization's Technical Support to Agrarian Reform and Rural Development (FAO-TSARRD). The project, entitled "Farming Systems Approach for the Development of ARC-Umpucan" was started in 1995, shortly after Barangay Umpucan was selected to become an ARC by the DAR. Among the program packages UMPCI has received from FAO was a processing equipment worth P72,000 in connection with UMPCI's dairy plant project. Others were: a Quedancor grant for a mechanical dryer, flash dryer worth P120,000 a corn sheller; hand tractor; an outdoor storage facility; moisture meter; and office equipment worth P50,000.. These various equipment and facilities enabled UMPCI to further maximize their productive capacity. With the San Ildefonso government also targeting various farming systems development interventions as one approach/priority in its medium term agricultural development plan, a convergence between and among UMPCI, the LGU

and NGAs would spell greater chances for a fruitful outcome that would directly benefit the coop's members and community.

7. Other programs and projects

Dairy production took off from the LGU's livestock development thrust, with UMPCI members receiving in 1997 15 head of cattle to initiate production. The cattle were just the initial releases of the LGU's Cattle Dispersal program, which will release a total of 33 cattle to UMPCI beneficiaries. The beneficiaries will repay the cattle after 5 years -with a pregnant cow each back to the LGU, for redistribution to other beneficiaries. In the meantime, the UMPCI gathers 10 liters of milk per day per cow. On the average, each beneficiary household is able to generate P120.00 a day of additional income.

Socio-Economic Enterprise Development toward Sustainability (SEEDS) Commodity Trading Project, designed primarily to liberate the farmers from dependence on middlemen and unscrupulous traders, and to develop their own capacity for marketing, with the support of the LGU. It is now approaching finalization and expecting approval from the Canadian International Development Agency (CIDA). The CIDA will provide a P1-million fund, with a P387,427 counterpart from the UMPCI, and SARC-TSARRD also providing augmentation in the amount of P41,143. The project will run for 24 months with CIDA funding support programmed only for the first year. Essentially, the project's impact will be on the women, who will be the primary beneficiaries, and focusing on the marketing of vegetables that will provide augmentation income. It will also include a micro-lending component to ensure that needed inputs are acquired and productivity levels are sustained or increased.

Nutrition program for indigent local children—UMPCI's social outreach thrust will be assisted by the FAO-TSARRD and the National Dairy Authority (NDA). FAO-TSARRD is looking for funds amounting to P50,000 to be released to the coop by January 2000, while NDA will provide technical assistance. The project aims to enable UMPCI to help improve the nutritional levels of San Ildefonso's malnourished children through milk supplementary feeding. The LGU's social work department will also have an active hand in the collaborative project.

More than what the substantial assets listing and operating areas suggest, UMPCI's totality projects a cooperative on the move. It has set its sights on greater challenges and bigger rewards. Its successes have only whetted its appetite for contributing more to the economic pie of productivity -and also increasing its equitable share from the benefits thereof. In pursuing this objective, the UMPCI has grown more acutely aware of how much proactive cooperation and collaboration with other development actors and

facilitators can pay dividends. And the most proximate development partner they have is right in their own backyard- the local government of San Ildefonso.

PROJECT RESULTS AND OUTCOMES

Overall, the agricultural development goal of San Ildefonso is stated as “geared towards uplifting the general welfare and socioeconomic conditions of the San Ildefonso farmers and fisherfolk.” It states the following specific objectives to support this goal:

1. Increase productivity and incomes;
2. Enhance the capabilities of the agricultural sector through the provision of relevant technological, financial, managerial/entrepreneurial and socio-cultural services available from agencies/institutions concerned;
3. Promote livelihood activities and generate employment;
4. Strengthen and mobilize cooperative and other rural-based organizations, rural savings and other resources to support productive endeavors.

Firstly, to increase agricultural productivity, the San Ildefonso Medium Term Agricultural Development Plan identifies the following strategies:

a. Crop intensification and diversification

The municipality focuses on rain-fed rice areas for development into multi-cropping systems involving corn, vegetables, legumes and root crops. Demonstration farms shall lead in this development intervention. Perennial crops such as mango, citrus and others with commercial value will also be promoted to widen farmers’ options. Processing and export production are also mentioned as areas for development.

b. Intensified livestock and poultry development

Production enhancement calls for upgrading of livestock breeding; animal health management and pest/disease control; provision of extension services and technical assistance to livestock and poultry producers; development of suitable pastures/forage farms; and the promotion of feed grains and feed substitutes such as root crops like cassava and sweet potato.

c. Fishery resources development

The fishery sector development entails the expansion of fishpond areas; organization and strengthening of fisherfolk associations and co-operatives; and the implementation of an aquaculture development and resources management.

d. Integrated farming systems

Crop/livestock, crop/fish, livestock/fish or crop/livestock/fish mixes shall be promoted to generate additional income or “year-round cash flow” for the San Ildefonso farmers.

e. Development and upgrading of production and post-harvest technologies

The need to generate appropriate farm technologies and researches is identified by the municipality, with the view of reducing input costs through the use of indigenous materials, among others. Also covered are researches and/or adaptation of cropping patterns, varietal efficiency, fertilizer management, weed control practices and other farming systems.

f. Credit and financing schemes

The municipality aims to facilitate access to cheap credit from established micro-credit providers such as LBP, cooperative rural banks, NGOs involved in micro finance services and other such institutions.

g. Infrastructure support services

Specifically, the municipality identifies the expansion of water resources and increase in irrigation facilities, particularly SWIPs and small farm reservoirs (SFRs); the construction of warehouses, driers, processing and trading centers shall also be encouraged/developed. UMPCI officers revealed that they availed of the DA’s soft loan for small farm reservoirs, acquiring five units in 1992 and another seven in 1993. Currently, they have a loan balance of P154,000.00. Recently, they were granted a further 50 SFR units through DA-LGU efforts.

Second, a market development and market assistance services program is also being eyed to provide linkages between buyers and local producers (market matching), as well as the organizing and strengthening of marketing co-operatives to address the marketing and distribution needs or problems of small producers.

Third, the San Ildefonso LGU seeks to promote agro-based small- and medium-scale industries to provide the capability for value-added processing, as well as increase local employment prospects. This has the potential of helping to absorb new entrants (*i.e.*, farm youths and graduates) in the local labor force, and holding on to them for their productive energies in the community, instead of losing them to the usual phenomenon of migration toward employment in urban/urbanizing areas.

Fourth, assistance to cooperative development and mobilization of rural savings will be undertaken. These efforts aim to improve capabilities of cooperatives to deliver efficient and effective services to members, as well as increase available capital funds as equity for further agricultural or other appropriate development undertakings.

These planned interventions and strategies indicate that San Ildefonso is well aware of the development needs of the area and its farmers. Its capacity to deliver and adhere to the MTADP will be seen in the next four years or so. If its increasing local budget and utilization is any indication, the LGU may be able to initiate and deliver on most of the identified development interventions. As a matter of course, however, the municipality's development planners and movers should be able to specifically spell out the actual policy, program and process as well as resource mechanisms for operationalizing the MTADP's admirable intention to fulfill the requirements of sustainable community development.

CONCLUSION AND OBSERVATIONS

The UMPCI farmers have demonstrated that they have already achieved the simple satisfaction of their basic needs and their expressed objectives now aim for maximizing business returns from their enterprises.⁴ The potential for further increasing their productivity is obviously there; it is inextricably interwoven with the assets and successes that UMPCI has painstakingly built over the years. The high value of land assets is indicative of its strategic proximity to urban centers, which only further dramatizes the potential for UMPCI to exploit supply food needs and other agricultural or agriculture-based product requirements.

On the other hand, the San Ildefonso, like many similarly situated local government units, is poised to ride on UMPCI's success in realizing its own development agenda that encompasses the whole community, not just Umpucan. Thus, a delicate balancing act is entailed—which may as well

⁴ *Farming Systems Approach for the Development of ARC-Umpucan*, FAO-TSARRD project document (1995), p. 16.

as be a question of political will- or just plain performance. In the context of the usually limited budget available annually to LGUs, this balancing act is important to the continued growth and stability of UMPCI and the other community organizations and co-operatives striving to develop themselves and San Ildefonso in general.

A critical element identified in the efforts of both UMPCI and the LGU to enhance marketing linkages is infrastructure. Specifically, the UMPCI and its neighboring barangay, Sumandig, stand to gain much from the completion of a 13-kilometer farm-to-market-road type project. UMPCI initiated the gravelling of 5 kilometers of feeder road through CARP funding of P1.5 million back in 1997. They have also raised more funds sourced from the CDF of Congressman Ricardo Silverio in the amount of P250,000.00. The DPWH programmed P2.7 million in 1998 for the concreting of the farm-to-market-road. Already, UMPCI efforts facilitated the concreting of an initial 300 meters. Thus, they are working to complete the said road project in close collaboration with the LGU and Bgy. Sumandig.

San Ildefonso may proactively contribute to the realization of the farm-to-market-road project by following up requirements at higher levels (provincial government, DPWH, as needed), providing local counterpart (*e.g.*, labor administration and materials), and such other needs that it may be able to respond to effectively and fast. Past collaborations with UMPCI on various development projects and programs indicate very good relations with the LGU, and indeed the track record of development projects in the area bears this out.

The upshot to this development would be in the area of increased revenues to the LGU as a direct result of increased profitability and incomes of UMPCI and other concerned organizations. Increasing access to markets always results in greater profit margins (for those that are able to respond to the demand with the required quality as well as competitiveness in pricing).

There seems to be no recognizable downside, except perhaps for the normal business risks involved in any enterprise that seeks to increase its stakes in the open markets to which it will have greater access. In terms of relations between UMPCI and the LGU, the synergy involved in realizing higher profitability for both, should be a mutually satisfying exercise as well as an invaluable learning experience. And in the final analysis, strategic interventions and targeting (enhancing productivity and market access) coupled with successful execution (greater collaboration) would result in a win-win situation.

Strong, progressive cooperatives represent a realistic and existing people empowerment model. When LGUs productively collaborate with such cooperatives to realize a common development agenda, people empowerment as a practice reaches new heights of achievement. Collaboration also pays substantial mutual economic benefits. The UMPCI- San Ildefonso development partnership appears to head in that direction.

Chapter 5

Cases of Coop-LGU Mutual Support

Showing Concern for Community

The Story of Three Farmers' Cooperatives of Southern Tagalog

Gina B. Guilatco

ABSTRACT

Concern for the community lies at the heart of cooperativism. By its very definition, a cooperative seeks to enable people to meet their common economic, social and cultural needs – changing individuals into self-sufficient, socially responsible human beings, and in the process, transforming the community at large. Even before the International Cooperative Alliance (ICA) included “work for the sustainable development of communities through policies approved by members” as one of the principles that cooperatives are tasked with practicing, many cooperatives have –in their own ways–helped the communities of which they are a part. In effect, these cooperatives give local government units a helping hand in carrying out its public service, making them viable partners in community building.

In this study, three primarily agricultural coops are showcased to see how they express their concern for community. From providing livelihood opportunities to giving money for roads, from sponsoring beauty contests to feeding malnourished children, these coops make different choices on how to affect their surroundings. In examining these choices, they offer us their ideas of what community building is about; how coops are to figure into community building; and how local government fits into the picture. It is a look into the connections and relationships present in the community with a coop in its midst, and how individuals carrying different perspectives fit themselves into community development.

BACKGROUND AND CONTEXT

Manang Lina is not a member of the huge cooperative just a stone's throw away from home, but she wishes she were. She has a hard time finding words to explain why she wants to be a coop member. After some thought, she explains that the coop will help her raise hogs for a living. A source of livelihood, that is; and, she smiles, a source of loans. She shares her hopes as husband Oriel cements a nearly completed hog pen just a few meters away, too busy to stop and chat. They are trying to save up enough money to give even part of the P3, 000.00 capital share contribution that will gain them entry to Soro Soro Ibaba Development Cooperative Incorporated (SIDCI), a cooperative that gets most of its income from manufacturing animal feeds and marketing hogs. For now, she and Manong Oriel will have to remain non-members in Barangay Soro Soro Ibaba, lying in the outskirts of Batangas City. They are among the minority in this community of 1,800, where most adults are coop members.

The towering three-story SIDCI building seems so out of place in the otherwise rural, nearer-to-earth landscape of Barangay Soro Soro Ibaba. Less than fifty kilometers away, along the busy highway intersecting Lipa City, the appearance of the three-story building of LIMCOMA Multi-Purpose Cooperative is not particularly striking. This is because LIMCOMA holds shop in a much more commercial, urbanized environment than SIDCI. It stands in Lipa City's commercial district, blending in with numerous other economic establishments. The same is true with another cooperative, the Cavite Farmers' Marketing and Multipurpose Cooperative (CAFFMACO), situated along the bypass highway of Silang, Cavite, on the way to Tagaytay City. There are no houses in sight near LIMCOMA or CAFFMACO to suggest a sense of community, unlike SIDCI's insular community setting.

These three cooperatives do have a few things in common, however. SIDCI, LIMCOMA, and CAFFMACO all share the distinction of being big, profitable cooperatives, and all three get most of their income from the manufacture and sale of animal feeds, with annual sales figures in the hundreds of millions. They break the common perception that cooperatives are tiny, struggling enterprises with the idealistic but impractical goal of providing goods and services at low cost to its members.

A history of service

History explains much of how SIDCI, LIMCOMA and CAFFMACO have affected their surroundings, helping out community members like Manang Lina. Thirty years ago, Barangay Soro Soro Ibaba was always placed at

the tail end of any scale of barangay economic status, with one of the lowest per capita income in Batangas. SIDCI came about when fifty-nine farmers, having abandoned the barren land, got together and pooled their resources. With an initial capital of P11,800.00, they set up a cooperative store to do something collectively to ease their economic hardship. Eventually, the coop went into animal feed production. Soro Soro Ibaba today is a distinctive rural barangay. It has a good barangay road, a school, a daycare center, telephone service, and a community deeply engaged in hog-raising. Much of the economic improvement has been attributed to SIDCI. Indeed, it is hard to separate the coop from the barangay. Their identities have become so intertwined with their shared histories.

Improving life was also the theme for a group of backyard-animal raisers in Lipa City, who, in 1970, got together and talked coop. Their city was going through hard times, with citrus pests destroying their major industry and the effects of the shrinking peso being felt nationwide. Amidst all these, seventy seven backyard-animal raisers saw in cooperatives a means of providing for their needs for animal feeds, relieving them of their dependence on big corporations, who were free to increase feeds prices and neglect quality. LIMCOMA steadily gained the market share of animal feeds sales in the province. Today, those corporations who monopolized the feeds industry, commonly called the “big five,” no longer have a strong presence in Batangas.

Whatever qualities those farmers and animal-raisers in Batangas possessed, it could not have been very different from the qualities of the twenty-eight individuals who created CAFFMACO, a province away in Cavite. This area in the 1970s was a no-man’s land, residents now recount, with bad roads and a less than ideal peace and order situation. The supply of feeds from Manila was irregular, causing prices to rise. As with SIDCI and LIMCOMA, a group of community members – here, twenty -eight graduates of an NGO led farming school – thought of filling the need for high quality feeds at reasonable cost by being their own manufacturers. Armed with a share capital of P6,000.00, a stock of donated feed ingredients, and a P50,000.00 loan, CAFFMACO was created. Another coop was born.

It is clear that the individuals who started these coops had only their hard work and pooled resources to rely on. As is the opinion of all those interviewed, this self-reliance was what bred their success. But the telling of histories would not be complete if mention of outside assistance were not made. As histories are probed, the assistance of a sole government employee in the organizing and training of these coop founders emerges as another common element among SIDCI, LIMCOMA and CAFFMACO. These employees, whether from the Bureau of Animal Industry, Bureau of

Cooperatives, or some other local government agency, came to these communities to teach individuals the cooperative way.

The catalytic role of these employees, all community members themselves, is still mentioned in these cooperatives' histories, albeit very briefly. The extent of their help is hard to gauge now, thirty years later, but the health of these cooperatives today attest to what must have been a very solid foundation, which "government" – here presenting itself with human faces – must have played a hand in.

The cooperative-government connection is not brought up in discussions among coop members, who cherish their autonomy from government deeply. But this connection, though rarely probed, emerges quietly within narratives told of cooperative work and community growth.

PROJECT DESCRIPTION

A Business of service

Membership at SIDCI is clearly a strong wish with Manang Lina and Manong Oriel, the Soro Soro Ibaba residents who hope to raise hogs supplied by the coop. They feel that only then will they be able to benefit from SIDCI. But that is when speaking of direct economic benefits, the breadth of Manang Lina's discussion. Neighbors who are SIDCI members widen the scope of the discussion, pointing out the road, school, daycare and waiting sheds in the barangay, all of which SIDCI was instrumental in constructing. It is not just SIDCI members who benefit from these structures, they contend. The barangay road in Soro Soro Ibaba is smooth and solid, unexpected in a rural community such as this. Telephone lines are now up, and a cable TV network is in the works, both projects of the coop. It lends a feeling of progressiveness to the community, which barangay officials try to further with its Clean and Green programs, with SIDCI's financial help. SIDCI has given a lot of money to this and four neighboring barangays, setting up a development fund for this very purpose. Most of the funds go toward structural projects like the completion of the daycare center, or the construction of a waiting shed – projects that are visible for the coop to inspect, and the community to appreciate.

Though not identical, the same sorts of projects are sponsored by LIMCOMA in neighboring Lipa City. LIMCOMA has sponsored medical missions at the sites of all their feedmill and rural bank branches. It has given money for the city's purchase of a police car to help keep peace and order. Street signs and street lamp covers in some parts of Lipa were funded by this coop, as were similar small community projects. In Cavite, CAFFMACO sets aside 1% of its annual net income for community

projects. Included in this fund is a monthly gas allowance for the local police car; sponsorship of feeding sessions under the adopt-a-barangay program; and the donation of medicines to the community. This coop tends to tie up with civic organizations like the Kiwanis Club, and extends help to the barangay council upon request. In all three coops, however, there is a consensus that the contract-growing of poultry or livestock, locally termed the *paiwi* system, is the biggest form of community help that SIDCI, LIMCOMA and CAFFMACO extend. It is a system wherein the coops supply an individual with all the material requirements to raise poultry or livestock, including the young animals. The raiser sees to the housing and care of these animals, until they are ready to be marketed, upon which profits are split between the raiser and the coop. It fulfills some of the community's pressing economic needs, the common denominator among these rural communities.

It is to be expected that much of the discussion about cooperatives revolve around economics. After all, it is the purpose of these cooperatives to fulfill the economic needs of its members, an opportunity kept open to members of the community like Manang Lina. The founders of these coops embarked on what is essentially a business enterprise, though it is meant to have service, not money, as its bottom line. For instance, LIMCOMA allows no more than a 4% profit margin for its feeds; similar policies apply in the two other coops. Instead of increasing feeds prices in 1998 when import costs of raw ingredients jumped, SIDCI management chose to maintain prices and absorb financial losses in its operating budget. It is business choices like these that members appreciate the most, and what they cite as one of the ways that the coop shows concern and sensitivity to the effects of economic forces on the lives of its members.

Understanding cooperatives and rethinking government

Members tend to speak of "the coop" as referring to its management, who makes the daily business decisions and keeps the balance sheet. In Soro Soro Ibaba, SIDCI member Manong David likens the SIDCI management to a parent who needs to pay attention to its children, coop members like him. As a member, Manong David knows that he is one of the many owners of the coop, and that his one vote counts just as much as that of a board member's. Yet, he sees his organization as an economic establishment, with a management staff that draws up business plans and policies. He recognizes however, that there is a give-and-take relationship between members like him and the coop's managers. Just as he relies on their business judgement to maintain the high quality and low cost of SIDCI's animal feeds, he knows that SIDCI managers count on the patronage of members like him to stay in business.

Like the relationship between citizens and government, the relationship between a cooperative and its members is not always one of affection. Members sometimes oppose the coop's business strategies and membership policies. One member complains that his coop is breeding an over-dependence on hog-raising, making a big number of residents in the community vulnerable to drops in pork prices. Another complains that the livelihood provided by the *paiwi* system is barely enough to feed a family. Yet all members know that they are tied in a relationship with their coop, which they willingly entered into when they first became members. "Pusong kooperatiba" was how one member, one of the five original employees in the early days of CAFFMACO, explained his willingness to work for P 6.00 a day. Even in those days, during the 70s, P6.00 a day was not enough to feed a family of four. But together with others, this individual saw in cooperatives a long-term vision, that of community development that is lasting – "sustainable" – even if the process may take time.

The discussion with Manong David of SIDCI takes place as his wife Angelita listens. She is a barangay kagawad, and because the work of the barangay is closely linked with SIDCI, talk sometimes includes the barangay's work in Soro Soro Ibaba. She has worked to promote cleanliness in her purok, efforts for which it was awarded P10, 000.00 by SIDCI. This amount was used to purchase streetlights. They say that community support like this, the fruits of SIDCI's success, put the barangay on the map -- at least in the world of cooperatives. This has brought honor and pride to the barangay, not to mention livelihood opportunities to its residents and funding for community projects. Manang Angelita and the rest of the barangay council have much to benefit from SIDCI's presence; it eases the local government's work of uplifting economic conditions in this community.

In Lipa City, a LIMCOMA board member also speaks of the coop-government connection. Here, however, the jargon is much different from that of previous discussions with community members. This time the language revolves around taxation laws, loan programs, and other legal concerns of business, which a coop essentially is. It is in administrative matters like registrations, taxes and loans that the management of these three coops see government's presence.

How the government should help cooperatives is a subject of debate. There are those within these cooperatives who see the extent of proper government intervention to rest in legislative and financial matters favoring coops. It is cooperatives' autonomy from government - members of SIDCI, LIMCOMA and CAFFMACO all agree - which bred their success. In fact, discussions on the coop-government relationship do not stray much beyond the financial and administrative, often revolving

around soft loans, taxation laws, and compliance with government requirements – terms not within the vocabulary of community members like Manang Lina. It is a different level of discussion, involving figures and technical words like by-laws and legislative provisions. It is not clear how the “government” referred to in this context can fit into cooperatives and community building. Here referred to as a bureaucratic body, a faceless entity centered in the national capital, it is a different “government” than the city veterinarian or cooperative officer who visited the communities of Soro Soro Ibaba, Lipa and Silang to lend their assistance many years ago. Yet it ultimately leads back to the discussion of how cooperatives can help coop members, and aspiring members like Manang Lina, earn a living, with government fitting itself in different forms.

At the Provincial Cooperative Development Office (PCDO) in Batangas City, local government employees and cooperative officers Jose Alilio and Dominador Macaraig present another face of government, one that is tasked with working closely with cooperatives to ensure their survival. With a staff of twenty-three employees, the PCDO oversees the more than seven hundred registered cooperatives in Batangas Province, only about half of which are operational. Among these active coops, it is not clear how many are healthy enterprises who succeed in providing goods and services to its members, much less abide by all the cooperative principles, including the call to show concern for community. These PCDO officers feel the need to come up with a yardstick for cooperative success. He sees the need for cooperatives and the government to do research and get a better picture of the health of existing coops. But, first, a clear definition of coop success is needed, Alilio and Macaraig argue. Otherwise, it is hard to see how a coop is able to improve the quality of life in communities, and hard for government to define its service to cooperatives and the communities these serve.

PROJECT RESULTS AND OUTCOMES

Soft loans and tax breaks were not part of the vocabulary of community members like Manang Lina, who does not belong to a coop. Neither is the word ‘sustainable development’. Yet in her modest hope of raising enough pigs to sustain a family of seven – and her trust in the coop’s ability to help her - Manang Lina’s words are a piece to the puzzle of what kind of development is needed in this community.

The sustainable development of communities is a universal principle of cooperatives. And although not put in these words, the members of these communities recognize that these coops get involved in various community projects. That SIDCI, LIMCOMA and CAFFMACO have

sustainable development as part of its mission statements may not be known among members of these coops and their communities. But different ideas of sustainable development are offered, and the results of these ideas can be seen in the community. To Aurea Faral, SIDCI's Assistant General Manager, sustainable development is exemplified by the 2% of SIDCI's annual net income set aside for a Barangay Development Fund (BDF). In 1998, the BDF amounted to P874,251.00 distributed among five barangays in various proportions, to fund various infrastructure projects.

LIMCOMA and CAFFMACO also regularly set aside money for different projects, usually channeled to local government offices like the health center, the local police, or the barangay council. There are different views on how a coop is to figure into community development. One LIMCOMA board member opposes coops' financial support of sports tournaments or beauty pageants, which are typical of the activities these coops get involved. SIDCI prefers investing on Barangay Development Fund for infrastructure, disfavoring intangible forms of help. Being an intangible form of help, therefore, educational programs do not fall within the scope of the BDF. SIDCI and the other two coops do engage in community projects that do not require a visible finished product. All three coops, for example, donate food and clothing to the less fortunate members of their communities.

But while these donated waiting sheds, medicines and relief goods help the community in its daily survival, it is not these that coops see as their contribution to the sustainable development of their communities. Rather, it is in the goods and services they offer, the jobs they give, and the livelihood assistance they extend that SIDCI, LIMCOMA, and CAFFMACO see their role in sustainable development. "The main contribution of a coop is economic development", LIMCOMA board member Venusto Dimayuga contends. "You give people the opportunity to have their own livelihood. You allow them to be industrious, independent, hard-working. Having people work contributes tremendously." But a coop can only contribute to the development of a community for as long as the spirit of cooperativism is kept, Dimayuga muses, and in this matter, time will be the judge. Not only is the actual work of sustainable development a never-ending process, so too is the work of finding a clear definition and the correct formula for sustainable development. Here too, only time will tell.

CONCLUSIONS AND OBSERVATIONS

The cooperation, hard work, and sharing that the members of SIDCI, LIMCOMA and CAFFMACO founded their coops on had, unfortunately, pressing economic needs as its backbone. These were needs that could not

be fulfilled by individuals or by government. But what drives these coops now to help their communities in their own ways is the very same purpose that the barangay, municipal, or city government sees in its work: the call to serve the needs of their community.

Government and cooperatives, therefore, intersect at one critical point. Both are in the business of serving their communities. It is no small coincidence then that members from both groups cross paths in the course of their work in these communities. There are, in fact, numerous intersections between the local governments and the cooperatives featured here. The mayor of Silang, for example, sits on the Silang Nutritional Committee, together with members of CAFFMACO, who help-out local health workers in a feeding program for malnourished children. The value of cooperative development in Batangas Province was recognized when the governor of Batangas issued an executive order ordaining the creation of the Provincial Cooperatives Development Office, which assists in the training and administrative concerns of coops. The City Cooperatives Office in Lipa's City Hall sends out its employees to visit coops, and check for any problems. Other efforts abound. Otherwise hidden from public consciousness, this crossing of paths is illuminated when examples like these are given.

Members of SIDCI, LIMCOMA and CAFFMACO make their homes in rural communities, which they have played a role in developing. They share their communities with non-coop members and members of the local government. These three overlapping sectors of the community, segregated though they may appear to be, are linked by the common goal of development, even as development is envisioned in different ways. It is a partnership that is yet to mature, perhaps because cooperatives, their communities, and local government have yet to understand each other's roles fully. Somehow, though, diverse viewpoints converge when there is a constant sharing of perspectives. There was already some of this thirty years ago, when a sole local government employee was sent to assist community members in these three communities set up a cooperative. The farmers of Barangay Soro Soro Ibaba, the backyard-animal raisers of Lipa, and the farming school graduates of Silang, all accepted this government assistance, which presented itself with human faces.

Already, dialogues are taking place, both in grand scale and in more intimate forum. The local government of San Jose, Batangas, where LIMCOMA has its rural bank, hosted the First Provincial Cooperative Forum in 1997, with more than 600 participants from the cooperative sector. The mayor of Silang has been invited to give talks to CAFFMACO members about the municipal government's role in supporting cooperative development. Local government officials and the coop sector cross paths in various social and professional functions, sometimes with nothing but a

purely social purpose, and other times for a goal-setting agenda. But also there is Manang Angelita, the barangay kagawad and SIDCI member, who counts among her friends other members of barangay Soro Soro Ibaba, both SIDCI members and non-members. An ever changing group is to be found in front of her little store, on many days playing a game of Scrabble while exchanging stories during slow hours of the day. They do not make any distinctions between each other's role in the community. Talk revolves around their families, their financial situation, their fellow neighbors. How the coop, the local government and the community relate with one another is not analyzed at all in this small circle. But everyone knows that they are all connected by virtue of sharing the same community, with the same worries and the same needs. Here too, perspectives are shared, and in each individual's stories, the idea of community slowly broadens. From an endless interchange of ideas such as those to be found in everyday gatherings, a vision of community emerges, and in it, a blueprint for a development plan.

REFERENCES

Thirty-five individuals, mostly members of these three co-ops, were interviewed for this study. The preceding text draws heavily from these interviews because it is believed that it is ultimately how these individuals – all community members themselves – think of their surroundings (that is, their perception of the community) that determines how they act out their concern for it.