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12TH ICA-JAPAN TRAINING COURSE (1997-98)
STRENGTHENING MANAGEMENT OF AGRICULTURAL
COOPERATIVES IN ASIA
INDIA-PHILIPPINES-JAPAN
October 20 1997-April 17 1998

VOLUME : III

STUDY VISITS IN THE PHILIPPINES, AND
8TH NATIONAL REVIEW AND FOLLOW-UP WORKSHOP
February 10-22 1998

- || COMPENDIUM**
- || PAPERS PRESENTED AT THE NATIONAL WORKSHOP, AND**
- || OTHER REFERENCE MATERIAL**

D. PRAKASH

**COMPENDIUM on the
STUDY VISITS in the PHILIPPINES
and the
8TH NATIONAL FOLLOW-UP REVIEW WORKSHOP
ON MANAGEMENT OF AGRICULTURAL
COOPERATIVES IN THE PHILIPPINES**

FEBRUARY 10-22, 1998

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F O R E W O R D

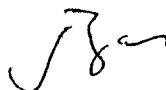
This Compendium presents an abstract of the ten-day study visit in the Philippines of the participants of the 12th ICA/Japan Training Course for Strengthening Management of Agricultural Cooperatives in Asia. The 10-day study visit will enable the participants to see the strengths and weaknesses of the Philippine Agricultural Cooperative Movement.

Selected successful and multi-awarded cooperatives as well as developing cooperatives were included in the itinerary. The participants will witness the manual sorting procedure of a cutflower cooperative in Bahong, Benguet. They will experience the two and a half hour of picturesque Benguet mountains for a visit to a cooperative in Sayangan, Atok, Benguet. On the way to Atok, they will have a chance to see the breathtaking scenery of vegetable terraces and have a glimpse of the majestic Mount Pulog. The group's visit is also in time for the 39th Alumni Homecoming and Grand Parade of the Philippine Military cadets. From Northern Luzon, they proceed to Southern Luzon to visit world-class cooperative feedmilling and agro-processing facilities.

They will also view a film showing modern agricultural technologies at the International Rice Research Institute.

A highlight of the ten-day programme is the 8th National Follow-up and Review Workshop on Management of Agricultural Cooperatives. The 12th ICA Japan Training course participants will interact with former Philippine six-month course participants as well as internationally trained agricultural cooperative leaders of the Movement.

The Cooperative Union of the Philippines takes this opportunity to express its deep appreciation to the Cooperative Development Authority for co-hosting the Follow-up and Review Workshop. We are also grateful to the officers and staff of the different cooperatives involved during the study visit. Special mention is likewise accorded to the International Cooperative Alliance Regional Office for Asia and the Pacific, the JA ZENCHU and IDACA for choosing the Philippines as country-host for this 12th agri-training course.



FELIX A. BORJA
Secretary General

General Information

The Philippines lies between 116° and 126° east longitude and between 4° and 21° north latitude on the western rim of the Pacific and stretching gracefully over 1,800 kilometers north to south between Taiwan and Borneo. The northernmost tip of the country, Y'ami of the Batanes Island group is 241 kilometers south of Taiwan, while the southeasternmost tip, Sibutu of Tawi-Tawi group of islands is just 14.4 kilometers north of Borneo.

It is composed of 7,107 islands and islets. There are 3 major geographical groups in the country: Luzon, Visayas and Mindanao. The northern portion of the archipelago is composed of the largest island, Luzon. The Visayas region is made up of about 6,000 islands including Panay, Leyte, Samar, Cebu and Bohol. Mindanao is the second largest island and encompasses about 400 smaller islands. Next to Indonesia, the Philippines is the world's second-largest archipelago with a long coastline stretching to 18,500 km. making its marine area over 5 times larger than its land area. It boasts of a coastline of fine white-sand beaches and deep waters teeming with a plethora of marine life. It has a land area of 300,439 sq.m. or about 29.81 m. hectares of which 43.60% is devoted to major crop production.

The Philippines is blessed with a wealth of natural resources, a rich history and unique culture. Strategically positioned east of the Asian mainland, the country has attracted traders, explorers and adventurers for centuries. The legacy of these early visitors remains today. Language, art, culture, ethnology, religion and architecture were influenced by settlers from powerful empires that rose and fell on the tides of history. Even the name is foreign. The Philippines was named after King Philip II of Spain in 1543, twenty-two years before Spain established a permanent colonial presence here.

Climate of the Philippines is warm and humid the whole year. Prevailing winds govern the seasons: the southwest monsoon bringing rains from June to October, northeast monsoon bringing warm and dry season from November to February and easterly north pacific trade winds, including hot dry weather from March to May. Rainfall during the month of June to October is relatively high, although it varies by region, depending on the location of high mountain ranges and highest where these winds strike the mountains. There is an average of 20 typhoons in a year that contributes to ecological damages of the country.

Despite these disturbances, the Philippines is basically an agricultural country, with majority of its land resources devoted to farming. Roughly, around 13 million hectares or 40% of its total land area is devoted to agricultural production. Of the total 70 million population, an estimated forty seven percent (47%) is highly dependent on agriculture. This sector is the biggest employer which absorbs the labor force.

The Filipino is basically of Malay stock with a sprinkling of Chinese, American, Spanish and Arab blood. The Philippines has a population of 70 million of which 34,090,000 or 48.70% are in the urban areas and 35,910,000 or 51.30% residing in the rural areas. The Filipinos are divided geographically and culturally into regions, and each regional group is recognizable by distinct traits and dialects - the sturdy and frugal Ilocanos of the north, the industrious Tagalogs and the Central plains, the carefree Visayans for the central islands and the colorful tribesmen and religious Moslems of Mindanao. All in all, the Philippines has 111 dialects spoken, owing to the subdivisions of these basic regional and cultural groups. Some 80 percent of the population is Roman Catholic (Spain's lasting legacy). About 15 percent is Moslem and these people can be found basically in Mindanao. The rest of the population is made up mostly of smaller Christian denominations and Buddhists.

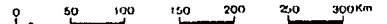
REPUBLIC OF THE PHILIPPINES

Provincial and regional map

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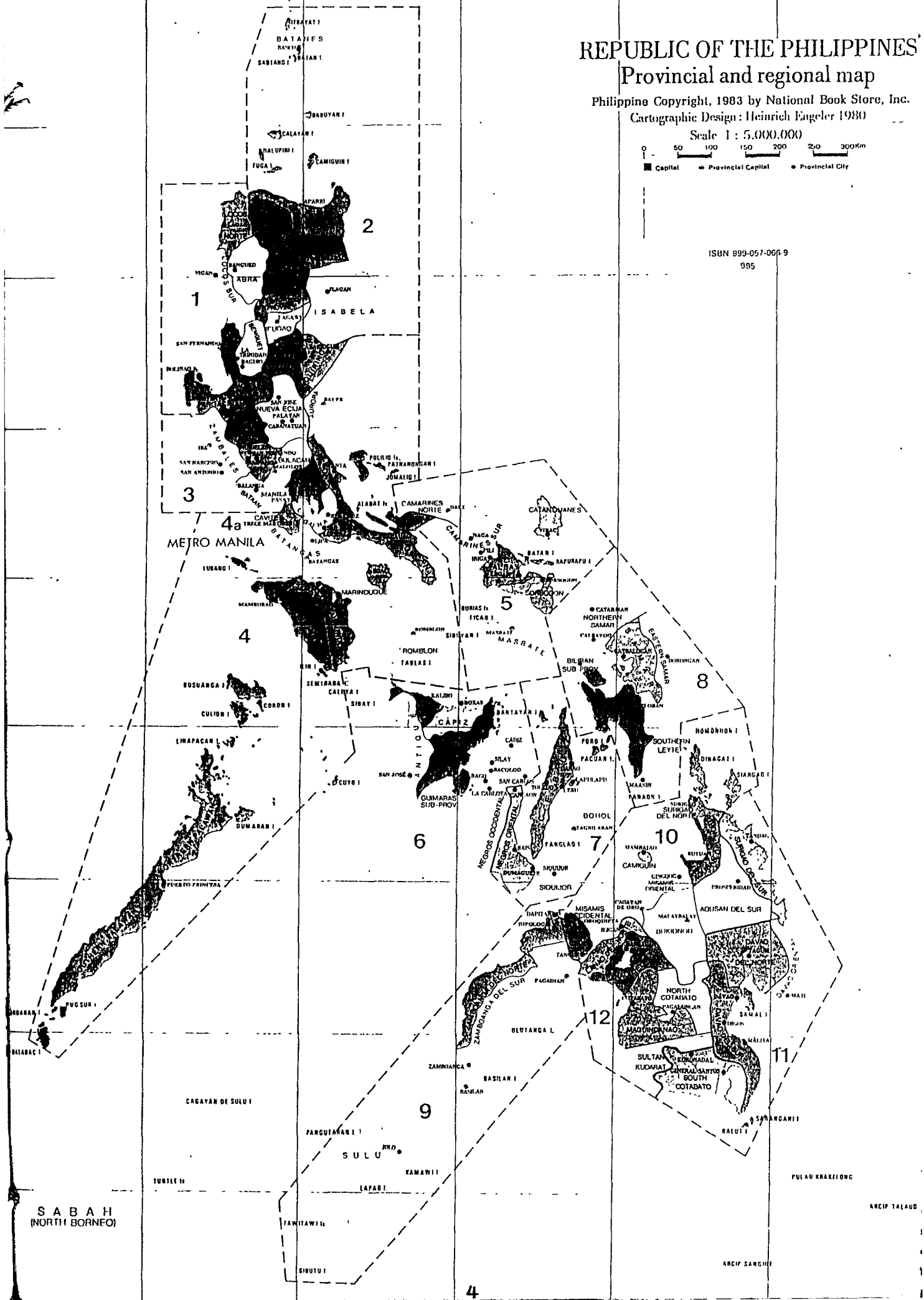
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● Capital ● Provincial Capital ● Provincial City

ISBN 999-057-066-9

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**12th ICA-JAPAN Training Course on Agricultural Cooperative
Management in Asia**

India - Philippines - Japan

October 20, 1997 - April 23, 1998

**8th National Follow-up & Review Workshop
and Study visits in the Philippines**

SCHEDULE OF ACTIVITIES

February 10, 1998. Tuesday

- All 12th Course Participants arrive in Manila
- Stay at Garden Plaza Hotel, 1030 Belen Street, Paco, Manila

February 11, 1998. Wednesday

(All former participants from the Philippines join the 12th Course Participants and participate in Follow-up Workshop)

- 9:30 - 10:30 Visit and Briefing at Cooperative Union of the Philippines
Quezon City
- 10:30 - 12:00 Visit and Briefing at the Cooperative Development Authority
Quezon City
- 12:00 - 1:00 Lunch
- 1:00 - 2:00 Proceed to Malacañang Presidential Palace
- 2:00 - 4:00 - Tour of the Presidential Palace
- 6:30 - Dinner hosted by Cooperative Union of the Philippines
- Proceed to the Garden Plaza Hotel

February 12, 1998. Thursday

**8th ICA-Japan National Follow-up and Review Workshop on Management
of Agricultural Cooperatives in the Philippines.**

February 13, 1998. Friday

- 6:00 a.m. Leave Garden Plaza Hotel for Baguio City
(Journey about 5 hours)
- 11:30 a.m. Visit and briefing at Bahong Multi-purpose Cooperative
La Trinidad, Benguet
- 12:00 - 1:30 Check-in and Lunch at Baguio Travel Lodge
#37 Ambuklao Road, Baguio City
- 2:00 - 3:00 Courtesy call at the CDA Cordillera Administrative Regional Office
- 3:00 Proceed to Baguio Travel Lodge
- 6:00 Dinner at Baguio Travel Lodge

February 14, 1998. Saturday

- 9:00 - 12:00 Observe Philippine Military Academy Parade and Anniversary
- 12:00 - 1:00 Lunch at Baguio Travel Lodge
- 1:00 - 2:00 Visit and Briefing at Baguio Benguet
Community Credit Cooperative
- 2:30 - 3:00 Visit and Briefing at Cooperative Bank of Benguet
- 3:30 - 4:30 Visit and Briefing at Bad-ayan Buguias Development Cooperative
Bot-o-an, Buguias, Benguet
- 4:45 - 5:30 Visit to Fun-to-See Eye-Land
- 5:30 - 6:30 Back to Baguio Travel Lodge
- 7:00 - Dinner/Valentine's Party

February 15, 1998. Sunday

- 5:30 a.m. Breakfast
- 6:30 a.m. Departure for Atok, Benguet (about 2 and one-half hours journey)
- 9:30 a.m. Briefing at Atok (Sayangan) Multi-purpose Cooperative,
Sayangan, Paoay, Atok, Benguet
- 12:00 - 1:00 Lunch at Atok
- 1:00 - 3:30 Leave Atok for Baguio City
- 3:30 - 6:00 Tour of Baguio City
 - Baguio City Market
 - Burnham Park
 - Wright Park
 - Mines View Park
 - Camp John Hay
- 6:00 - Back to Baguio Travel Lodge

February 16, 1998. Monday

- 6:00 a.m. Leave Baguio City for Los Baños, Laguna
- 4:00 p.m. Check-in at Continuing Education Center (CEC)
University of the Philippines, Los Baños, College, Laguna

February 17, 1998. Tuesday

- 8:30 - 10:00 Visit and briefing at Agricultural Credit and Cooperative Institute (ACCI)
- 10:00 - 11:30 Briefing at the International Rice Research Institute (IRRI)
- 11:30 - 1:00 Lunch at Salad Country
- 1:00 - 2:00 Departure for Silang, Cavite
- 3:00 - 4:30 Visit and Briefing at Cavite Farmers Feedmilling &
Marketing Cooperative
- 4:30 - 5:00 Leave Silang for Tagaytay City
- 5:00 - 6:00 Sightseeing at Tagaytay

- 6:00 - Dinner
- 7:30 Proceed to Continuing Education Center (CEC)

February 18, 1998. Wednesday

- 8:30 a.m. Proceed to Batangas City
- 10:00 - 12:00 Visit and Briefing at Sorosoro Ibaba Development Cooperative (SIDC)
- 12:00 - 1:00 Lunch hosted by SIDC
- 1:00 - 1:30 Leave Batangas City for Lipa City, Batangas
- 1:30 - 3:30 Visit & Briefing at LIMCOMA Multi-Purpose Cooperative
- 4:00 - Check-in at Auster's Plaza Hotel & Restaurant, Lipa City
- 6:30 - Dinner sponsored by LIMCOMA Multi-purpose Cooperative

February 19, 1998. Thursday

- 8:00 - 9:00 Leave Hotel for Calamba, Laguna
- 10:00 - 11:30 Visit and Courtesy Call to CDA-Region Extension Office
- 11:30 - 1:00 Lunch
- 1:00 - Leave for Manila
- 3:00 - Check in at Garden Plaza
- 4:00 - Briefing at NATCCO (J.P. Rizal St., Project 4, Quezon City)
- 7:00 - Dinner hosted by NATCCO
- 8:30 - Proceed to Garden Plaza Hotel

February 20, 1998. Friday

- Wrap-up Session at Garden Plaza Hotel
- 5:00 - 8:30 p.m. Speakers Forum at Robinson's Galleria Suites, Pasig City

February 21, 1998. Saturday

- Manila Sightseeing
 - Paco Park
 - Luneta Park
 - San Agustin Museum
 - Casa Manila
 - Fort Santiago
 - Sunset at Manila Bay - Cultural Center Complex
 - Stage Play at Cultural Center of the Philippines (Tanghalang Francisco Balagtas)

February 22, 1998. Sunday

- 8:10 a.m. - Departure for Tokyo by Northwest Airlines
- 2:00 p.m. - Arrival at Tokyo (Narita airport)

PROGRAMME

- 9:00 - 10:00 - Opening Ceremonies
- * Invocation
 - * **Ms. JOSEFINA E. GAERLAN**
Chairperson, PFWC
 - * Philippine National Anthem
 - * Welcome Address
 - * **Mr. FILOMENO A. BAUTISTA, Jr.**
President, CUP
 - * **Ms. EMELINA SANTOS**
Asst. Manager, National Confederation
of Cooperatives (NATCCO)
 - * Messages
 - * **Mr. JOSE C. MEDINA, Jr.**
Chairperson, CDA
 - * **Mr. YUKIO ABE**
Program Director
Institute for the Development of Agricultural
Cooperation in Asia (IDACA)
 - * **Dr. DAMAN PRAKASH**
Project Director, ICA Regional Office
for Asia & the Pacific (ICA ROAP)
 - * Presentation of Guests & Participants
- 10:00 - 10:15 - Coffee Break
- 10:15 - 11:00 - Profile of Agricultural Cooperatives in the Philippines
- * **TERESITA M. COLOMA, Ph. D.**
Administrator, CDA
- 11:00 - 11:30 - Future Direction of the Philippine Cooperative Movement
- * **B/Gen. ARCADIO S. LOZADA (Ret.)**
Vice-Chairman & Administrator, CDA
- 11:30 - 12:00 - Open Forum
- 12:00 - 1:00 - Lunch Break
- 1:00 - 2:00 - CUP's Game Plan for the Development of Agricultural Cooperatives in the Philippines
- * **Mr. FELIX A. BORJA**
Secretary General, CUP
- 2:00 - 4:00 - Status Reports on the Projects submitted to ICA
by former Philippine participants
- 4:00 - 5:00 - Suggestions and Recommendations for the improvement
of the ICA ROAP Training Programme
- 7:00 - Dinner hosted by CDA

Mr. CLAUDIO A. OFRANCIA
Alumnus, 10th ICA-JAPAN Agricultural Training Course

E M C E E

FUTURE DIRECTIONS OF THE PHILIPPINE COOPERATIVE MOVEMENT*

I. Brief Assessment of the Past

The growth and development of the cooperative movement in the Philippines has had a checkered history, and differs greatly by the cooperative sector. Simply stated, those cooperative sectors which have been the beneficiaries of the greatest amounts of financial and technical assistance from the government and/or donor agencies such as the agricultural and electric cooperative sectors, have registered the poorest performance. Aside from the fact that both agricultural electric cooperatives has been generally organized with a top down approach, it also indicates some great weaknesses existing in those programs.

While all programs were undoubtedly conceived with sound and sincere intentions, they were unsustainable due to inadequate funding and/or poor implementation. Fortunately, there have been some survivors specially from the latest agricultural sector effort involving Area Marketing Cooperatives (AMCs), Cooperative Rural Banks (CRBs) and Samahang Nayons (SNs). A number of them have survived and more appear on a threshold largely as a result of determination on their part, with the financial assistance and guidance provided to them under the Cooperative Marketing Project (CMP) which was launched in 1979 as a joint undertaking of the government of the Philippines and USAID. It has been the most successful financing program yet undertaken by government.

On the other hand, other types of cooperatives in the Philippines have been established with a bottom-up approach, on the basis of felt needs. The largest of these groups is the credit cooperative/union sector. Those that have survived have done so rather well on the basis of self-help (utilizing their own resources) and with little or no assistance or intervention. At this point in time, the credit cooperative sector is the most mature, largest and most financially sound group. Other cooperative groups such as consumers, market vendors, transport and service related are in relatively the same circumstances have not been an important factor.

*Discussed by CDA Administrator Arcadio S. Lozada during the 8th ICA-Japan National Follow-Up and Review Workshop on Management of Agricultural Cooperatives in the Philippines at Garden Plaza Hotel, Paco, Manila, Philippines on February 12, 1998.

II. Current Status of Cooperatives in the Philippines

A. Number of Cooperatives

Cooperatives have been playing important roles in the economic development of the country as the Philippines is becoming a newly industrialized economy. They stand today as the most widespread and fastest growing forms of corporate entity.

A total of 45,733 cooperatives is registered with the Cooperative Development Authority as of December 31, 1997. A whopping 59% of this figure are registered as agricultural multi-purpose cooperatives. About 25% are non-agricultural multi-purpose cooperatives; .6% are credit; 2.1% are consumers; 2% are producers; 1.3% are marketing; and 3% are service coops. There is less disparity however in the regional distribution, with Central Luzon, Southern Tagalog and Southern Mindanao topping the list of regions with most number of cooperatives. Only 574 may be considered as higher level organizations composed of unions (63), federations (44), cooperative banks (50), and area marketing cooperatives (13), constituting about (0.01%) percent of the registered cooperatives.

Number of Registered Coops
Per type as of December 1997

Number of Registered Cooperatives
Per Region as of December 1997

Type	Number	%
AMPC	27285	59%
NAMPC	11680	25%
CREDIT	2901	6%
CONSUMERS	913	2.1%
PRODUCERS	714	2%
MARKETING	590	1.3%
SERVICE	1059	3%
LAB. COOP	17	.3%
AMC	13	.3%
COOP BANK	50	.6%
FEDERATION	4488	1%
UNION	63	.5%
TOTAL	45,733	100%

Region	Number
ILOCOS	3408
CAGAYAN VALLEY	2533
CORDILLERA	1566
CENTRAL LUZON	5194
SOUTHERN TAGALOG	5149
NCR	3093
BICOL	2852
WESTERN VISAYAS	3490
CENTRAL VISAYAS	1804
EASTERN VISAYAS	2434
WESTERN MINDANAO	2189
NORTHERN MINDANAO	1713
SOUTHERN MINDANAO	4452
CENTRAL MINDANAO	4415
NORTHEASTERN MINDANAO	1441
TOTAL	45,733

Of the total number of registered cooperatives, 4,516 were registered under the previous law on cooperatives and were

confirmed after R.A. 6938 was enacted in 1990. The rest, or 41,217 cooperatives were registered under R.A. 6938 from 1990 up to December 1997. That means, on average, over 5,635.14 cooperatives were being registered each year from 1990 to 1997. The CDA has attributed the tremendous growth of cooperatives to the massive promotional and assistance programs for cooperatives by both the government and the private sectors and to the passage into law of R.A. 6938 in 1990.

About 24 percent (9,881) of the total number of cooperatives as of December 31, 1997 submitted annual reports. However, only about 20% percent (8,244) of the total number of cooperatives submitted financial statements and they showed viability. The remaining 80% are still to be determined since they have not yet complied with the submission. Such shortcomings are due to: 1) absence of books of accounts, updated records and bookkeeper; and 2) some are incapable of paying audit fees.

NUMBER OF REGISTERED COOPERATIVES
1993 TO DECEMBER 1997

1993	23,085	1996	41,033
1994	33,061	1997	45,733
1995	35,799		

B. Cooperatives' Shares and Contribution to the Country's Gross Domestic Product (GDP)

From 1995-1996, the role of cooperative development in the national economy can be measured in terms of its contribution to the economy's Gross Domestic Product (GDP), level of personal consumption, capital formation and work force.

On the other hand, from 1991-1996, the Gross Domestic Product (GDP) contribution, the personal consumption and capital Formation generated by cooperative sector grew from 2.2% to 12.0% of the GDP. During the same period, the workforce within the cooperative sector as a percentage of the national workforce grew from 2.9% to about fourteen percent (14%) of the national workforce.

From 1992 to 1996, with a cumulative paid-up capital of PHP2.6 Billion for 41,000 cooperatives and cumulative loan releases of PHP.2 Billion, the cooperative sector generated by 1996 in the national economy PHP 196 Billion worth of gross domestic product contribution which is 12% of the estimated PHP 1.63 Trillion GDP. But in an annual average of PHP.7 Billion injection of paid-up capital and loan releases, the cooperative sector increased by P49 Billion in 1996 its GDP contribution from the 147 Billion GDP it generated throughout the economy in 1995. The 49 Billion

cooperative sector-triggered GDP increment in 1996 generated, within and outside the cooperative sector, PHP 11.27 billion worth of compensation of employees, PHP6.37 million worth of capital hardware replacements, PHP4.9 billion worth of indirect taxes less subsidies paid to the government and PHP26.46 billion worth of operating surplus.

C. Expansion of Membership in Cooperatives

In addition to the 181,911 cooperative members generated through registration of new cooperatives, 567,498 more was generated through expansion of membership in cooperatives. Thus, for the period in review, a total of 749,409 new members joined the cooperative movement. This comprise 131% of the annual target of 572,070 members joining the cooperatives as targeted in the CDA Work Plan for the year 1996. Of the total cooperative membership for 1996, 24% was generated through newly organized cooperatives while the rest (76%) was a result of coop expansion.

Of the 15 regions nationwide, Region V had the highest number of people joining the cooperative with 176,786 or 321% while Region VII had the least with 25% of the annual target or 15,187. From the data, Naga Extension Office which overshoot its target by as much as 221% adopted expansion of cooperatives as the primary strategy. Thus, it is clear that membership in the cooperative movement.

The number of members of cooperatives as a percentage of the national population grew during the same period from 1.8% to 9.64%.

D. Savings Mobilization

The year 1997 witnessed the unparalleled growth of cooperatives. The Philippine government liberalization and deregulation policies paved the way for the expansion of cooperative services. As a result of the liberalization and deregulation of policies, cooperatives posted a remarkable 5.7% average annual growth rate. This was capped by PHP1,072 Million in savings generated in 1996 and PHP 1,065 Million in capital build-up. National accomplishment rate for savings and capital build-up was 175.2% and 101.4% respectively. Nationwide data showed that for 1996, cooperatives from Region I generated the highest total amount of savings at PHP182.66 Million. NCR however, had the biggest percentage accomplishment with 634%. For capital build-up generated, NCR cooperatives ranked first having generated a total capital build-up of PHP225,054.61 Million. This was followed by Region I with PHP127.77 Million and by Region IV cooperatives with PHP124.08 Million.

E. Growth in Business Volume

A major part of the growth in cooperatives' business volume during the eighties was due to high rate of inflation. Nevertheless, cooperative volume has grown faster than the general economy.

The total amount of Product Volume Sales (PVS) generated by cooperatives nationwide is PHP13.923 Billion. Based on the annual target of PHP12.543 Billion set forth in the 1996 work and financial plan, data showed that average PVS generated by cooperatives nationwide stood at 111%. Of the fifteen (15) regions, cooperatives in NCR generated the highest Product Volume Sales with PHP3,135.10 million.

III. Operation of Cooperatives in Different Levels

A. Primary Level Cooperatives

The fact that new cooperatives have been established at a rapid rate since the enactment of New Cooperative Law indicates that there has been an increase in the members understanding of their roles. Unlike in the past, large number of primary cooperatives has positive effects because they have learned to complement and help each other for market, supply, and credit. In the process of business transaction, they formed a central fund from where they get financial assistance for their business needs at a very meager rate. To further assist members, payment in cash or in kind are arranged according to agreed terms and conditions. In other areas, the "Big Brother to Small Brother Concept" is being implemented. Big and successful cooperatives assume the receivership function for weak and declining cooperatives and slowly wean out the function as soon as the latter recover their strength to bring back the operation to normalcy.

The range of services handled by primary cooperatives are no longer limited compared to the past. Even credit cooperatives undertake economic businesses as income generating projects and housing as side service to address the shelter needs of members.

Having learned from past experience, many cooperatives eliminate losses and reduce post harvest expenses by sharing facilities like warehouse, threshers, trucks, rice mills, dryers on rental or agreed terms. These enable them to adopt new and more advanced technology for more productive outputs.

It is interesting to note that when federations are unable to dispose or establish marketing linkages, many primary

cooperatives learned to bind themselves to do the function as competent and efficient as the traders and thus by all means, eliminate competition.

Because of exposures to trainings and assistance by accounting and banking institutions like Land Bank, many cooperatives are equipped to effectively manage credit business. For those unable to stand on their toes, are assisted by progressive cooperatives under a "Big Brother to Small Brother Concept" implemented by the CDA.

In terms of savings mobilization, many cooperatives have instituted various strategies as in "piso-piso mula sa puso project"; collection of centavos for saving deposit; welcoming special depositors (children) for their savings; raffle draw tickets for additional share subscriptions; garage or car booth sales of old items, koopstakes and many others. Promoting women's participation in this regard seems to be effective.

B. Federation

Federations are comprised mainly of marketing and supply cooperatives and the CRBs, the areas of operation of which are in the provinces and regions.

In the past, most federations are small and unable to supplement the businesses of primary cooperatives. Slowly, they were able to increase the number and volume of businesses which in turn attracted investments. This required federations to meet the trends in information technology, infrastructure facilities, production and post harvest facilities and transportation service, thus, giving the federations the edge to compete with merchants and traders.

On the other hand, Cooperative Banks (CBs) are engaged in a wide variety of activities other than savings and loan operations. They included health maintenance activity for members of primary cooperatives, and guidance in matters relating to daily life. For CRBs, competition with rural banks, commercial banks and other private money lenders is stiff but the ability to absorb and raise funds made it easy for CRBs to overcome the problem and stabilize its operations.

In support of the federations, BANGKOOP is serving as a national level federation of Cooperative Banks (CBs). However, 77its main business is to deal with the allocation of project loans of the government to agricultural cooperatives. It also serves as a conduit for some loans to CBs involving some specialized government programs.

CISP on the other hand is the national institution which is duly authorized by the Insurance Commission to act and operate as a life insurance company. Membership in the system is open to all types of cooperatives, Samahang Nayons, farmers or workers organization, labor unions and other cooperative-oriented groups, including civic, professional or fraternal organizations by subscribing to and paying for shares of stocks with a par value of P100 per share.

CISP primarily offers insurance plans, although non-life coverage are available through a special arrangement. Some of the plans offered are group yearly renewable term; Group Loan Payment Protection; Group Land Payment Protection/Mortgage Redemption Insurance; and Group Savings Incentive Insurance.

FACOP is the only existing national agricultural organization to deal with marketing and supply although there are marketing and supply federations at the regional level. However, only agricultural federations at provincial level are members of FACOP.

The National Confederation of Cooperatives (NATCCO) is a tertiary level cooperative organization with a membership base spread across the Philippines. Its membership is at two levels: The first level are the municipal based cooperatives and the second level are the regional development centers which operate as cooperative federations, with the primary coops as their affiliates. Also, at this level are mutual benefits services association and one school-based education center.

From its original and sole identity as a cooperative education and training center, NATCCO has evolved as a multi-service national cooperative federation. This growth is a result of NATCCO's desire to support the expanded activities of the RDCs including business functions apart from developmental concerns. In recent years, NATCCO has expanded the range of its businesses to managerial guidance and auditing, credit and commercial lines, material development and others.

The Visayas Cooperative Training Organization (VICTO) is structurally linked to big national organization like NATCCO, PHILDHRA, PCRSF and CUP. It envisions a strong viable cooperatives in the Visayas unified by a common aspiration to promote cooperativism characterized by self-reliance, mutual assistance, democracy, justice and nationalism to achieve total human development. Its services include education and training; consultancy; audit, coop central fund; inter coop trade, EDP services, research and development.

The Philippine Federation of Credit Cooperatives (PFCCO) is engaged primarily in savings and credit business. It envisions to build communities where decisions and support are participative, families are financially stable and cooperation is a social responsibility. Among the notable PFCCO accomplishments are as follows: a) It took part in the formation of WOCCU; b) participated in the organization of ACCU; c) started the drive for unification of the movement; d) implemented the Initiative for Growth Program; and e) initiated the strengthening of the Philippine Credit Union Movement.

As a non-government, self-help promotion institution on the development and growth of cooperatives, the Cooperative Foundation of the Philippines (CFPI) conducts action research, education and training, promotions, management and consultancy, policy studies and advocacy and various forms of technical assistance while at the same time contributing to the orientation of the entire cooperative movement. As such, it convened a national consultation of cooperatives where the need to wean the cooperative from government patronage and reassert the movement's autonomy was reiterated. It has positioned itself along the frontlines of the cooperatives movement for effective policy advocacy and intervention.

The Cooperatives Education Center, Inc. on the other hand is composed of all schools and community cooperatives it organized and supervised. Like other cooperatives centers, CECI aims to a) improve the quality of life and condition of communities through active participation in cooperative endeavors; b) maintain functional cooperatives education program in schools through seminars, organization and supervision, materials production and promotion of cooperative awareness in school and its surrounding communities.

The National Market Vendors Confederation of Cooperatives (NAMVESCO) a tertiary cooperative was organized in 1979 and registered in 1992. It aims to give new developmental dimension to the market cooperative sector. As a confederation, it aims to provide quality services to members; develop and establish a dynamic education and research programs; and encourage self-reliance and extend mutual integration assistance. As a membership organization, NAMVESCO represents the interest of its members and directs its services primarily to them.

C. Union

CUP was organized on December 19, 1979 as an apex organization of national cooperative federations, special type of secondary cooperatives and 13 regional unions of cooperatives and carried

its functions under P.D. 175. It was confirmed by the Cooperative Development Authority on January 10, 1991 under Registration Order No. 133.

As an apex organization, its main objective is the institutionalization of the cooperative movement in the Philippines as a cohesive and dynamic vehicle for the economic, social moral and spiritual advancement of the people. To realize this,, it assists national federations, regional, provincial land city cooperative unions in the promotion and development of cooperatives in their respective jurisdictions.

As a move to more progressive perspectives, CUP provides programs and services attuned to advocacy and policy initiatives; public relations; legal and audit services, institutional relations, expansion of development activities, development of financial base, monitoring/evaluation of the impact/implications of plans and programs of private/public sectors relating to cooperatives.

Among its special projects catering to the needs of the movements are as follows: a) Countryside Industrialization Program through establishing agri-based coop industries in strategic areas in the Philippines; b) Cooperative Business Consultancy Programs through fielding consultants and professional managers to fairly cooperative businesses at the initial stage of operation until normal operating level is attained; c) Technology Transfer Programs for Cooperatives designed to provide appropriate and adapted technologies of production, processing, transporting and marketing coop products; d) Koop Health Care Program by establishing Koop Drugstore in order to provide affordable quality medicines and health services to the community.

IV. Future Direction of the Cooperative Movement

With the enactment of Republic Acts 6938/6939, a strong cooperative movement evolved. It was provided with the opportunity to initiate and regulate within its own ranks the promotion and organization, training and research, audit and support services relating to cooperatives. In support of these, the government and all its branches, subdivisions, instrumentalities and agencies provided technical guidance, financial assistance and services to enable cooperatives to develop into viable and responsive economic enterprises.

The Cooperative Development Authority on the other hand prepared the Philippine Medium Term Cooperative Development Plan for 1993-1998 and later translated the contents into specific program specified in the GAME PLAN FOR COOPERATIVE DEVELOPMENT.

To facilitate the development of cooperatives into an efficient business enterprises, cooperatives were classified into operational and non-operational. Under the operational coops, strong ones were continuously supported and the weak ones were developed and strengthened while the dead ones were cancelled after due process

Under the concept of development, CDA programmed the "Big Brother to Small Brother Concept." The Big brother or strong coop is encouraged to help train on the job board of Directors and Managers of weak cooperatives in Business Management, Accounting Procedures, Membership support and other subjects.

In the case of unification of the movement, primary cooperatives by types were encouraged to merge/cluster to form federations for mutual help and assistance. Federations on the other hand were encouraged to join the National Union for economic strength.

Under Executive order No. 95, CDA is designated as the lead agency for cooperative development and as such, under Executive Order no. 96, Local Government units are mandated to assist through the development of cooperative programs/projects, designation of Cooperative Officers and Development of Cooperative Councils.

With the above mandate of the law, rapid change in the cooperative movement followed. More non-members joined the cooperatives. Federations established a mechanics for the integration of production, marketing, financing and other support activities geared towards agro-industrial development. participation of cooperatives in the formulation of development agenda, plans and policies were tapped. Agrarian reform beneficiaries cooperatives program were organized and developed. Programs on the establishment of cooperatives for exporting products were conceived and implemented. Training and education activities as well as capability building on infrastructure development were conducted. Cooperative banking system was strengthened

While efforts are being made and new approaches tried at each level, streamlining of education and training happened and financial assistance and credit guarantees were provided. Central and local training courses for cooperative leaders and managers were prepared. Communication equipment and telephone were installed and mobile facilities were introduced like mobile libraries. Materials in this respect were developed and distributed. In provinces where members of the cooperatives have poor access to banks, provincial cooperative banks were established. As such, subscribed capital was strengthened and savings promotion movement was launched.

In view of the above changes, the role of the movement in sustaining growth of cooperatives is very important. And therefore, more efforts should go into furthering the future directions of cooperatives under the principle of subsidiarity and in accordance with Filipino culture and experience and the universally accepted principles of cooperation as embodied in the Omnibus Cooperative Code of the Philippines (R.A. 6938) and the CDA Law (R.A. 6939).

THE AGRICULTURAL COOPERATIVES IN THE PHILIPPINES: A PROFILE IN DEVELOPMENT

Introduction

The Agricultural Cooperatives in the Philippines comprise those in the farming, fishing, agrarian reform beneficiaries and forestry sector, who have pooled their resources, efforts, time and ideas in order to help each other address their individual and collective difficulties and problems toward attaining a fair share in production, processing and marketing of crops and goods and ownership of lands they till, thereby assuring their families a sustainable economic life and improvement in their quality of life.

The history of cooperatives in the country shows efforts at meeting the needs of agriculture-based cooperatives. The first attempt in cooperative society was in 1907, when then Gov. Sandiko of Bulacan drafted a bill for the creation of a Raiffeisen - type credit union whose main objective was to promote the agricultural interest of the country. In 1939, there were 570 agricultural credit cooperatives in actual operation with 105,084 members and P3,376,411 circulating capital (Fajardo and Abella, **Cooperatives**, 1993)

State Development Policy

It is the "declared policy of the State to enable those who belong to the agriculture and fisheries sectors to participate and share in the fruits of development and growth on a manner that utilizes the nation's resources in the most efficient and sustainable way possible by establishing more equitable access to assets, income, basic and support services and infrastructure." (Sec. 2, R.A. 8435)

Likewise, "it is the declared policy of the State to foster the creation and growth of cooperatives as a practical vehicle for promoting self-reliance and harnessing people power towards the attainment of economic development and social justice." (Art. 2, Chapter 1, R. A. 6938)

*Presented by CDA Administrator Teresita M. Coloma, Ph.D. during the 8th ICA-Japan National Follow-up and Review Workshop on Management of Agricultural Cooperatives in the Philippines at Garden Plaza Hotel, Paco, Manila, Philippines on February 12, 1998.

Statistical Data on Agricultural Cooperatives

The agri-based cooperatives comprise about 24,560 or 60.22% of the total 40,872 registered cooperatives nationwide. As shown in Figure 1, of the 24,560 agri-based cooperatives, majority or 86% belong to the Farming Sector, 8% to the Fisheries Sector, 5% to the Agrarian Reform Beneficiaries Sector and the least or 1% belong to the Forestry Sector. Figure 2 on the other hand shows that 44% of these cooperatives are located in Mindanao, 34% in Luzon and only 22% in the Visayas. The total paid up capital of these agri-based cooperatives as of 1997 amounts to P478.6M with a total membership of 817,703. Figure 3 on the other hand shows that, whole majority of the cooperatives are located in Mindanao, a larger portion or 50% of the total paid up capital of the agri-based cooperatives in Luzon. The next 37% is in Mindanao, and the least which is 13% is in the Visayas.

The increase of agricultural cooperatives from 570 to 24,560 in four decades only means that those in the agricultural sector of our society believe in the cooperative as a means of fostering development and growth.

CDA's Cooperative Development Strategy

Since 1994, the CDA has already laid down strategies for the Philippine agricultural cooperatives to best position its competitive advantage globally. Its aimed is to achieve economic efficiency and global competitiveness through utilization of modern combinations of investment, trade and collaborative agreements, international market expansions and technology transfer. The CDA, therefore, focused on the approach of integration to ensure and guarantee sustained future access to large market and stimulate agricultural cooperatives' growth through increased investment, intense competition and faster technological diffusion.

This concept, hence, resulted to CDA's agricultural priority thrusts, enumerated hereunder:

1. *Continuing Capital Build-up and Savings Mobilization* - for sustainability of operations and development of genuine self-reliance, the values of internally generated capital will be advocated. Dependence of outside sources of financing especially from government financing institutions will worsen the financial crisis of a nation. Hence, a scheme should be implemented to generate savings members for investment in cooperative enterprises;

2. *Structural Reform* - development of organizational and management support to achieve greater strengthening of agri-based

cooperatives. This involves methods of increasing productivity and profitability through cost-effective and cost-efficient production;

3. *Development Financing* - agri-based cooperatives should cooperate with one another to generate funds, to finance development of leadership, managerial skills and development initiatives thus enabling them to self-finance their activities;

4. *Linkage Development* - aside from developing linkages among themselves, the agri-based cooperatives should develop linkages with the consumer sector as well as the business sector. This will enable them to link with a broader economic base for greater efficiency in the conduct of cooperative activities.

5. *Involvement of Women* - agri-based cooperatives must recognize the talents and capabilities of women in leadership and in managing business/services of cooperatives and as equal partners in development;

6. *Business Development especially Marketing* - agri-based cooperatives should be supported to transform their production activities into business enterprises. They must be assisted to emancipate themselves from their current status of being producers of raw materials for business traders to process and transform into value added-consumable products. With adequate support facilities, technology and financing the farmers can be transformed into agricultural entrepreneurs.

Establishing Direct Collaboration

Based on the development strategy, the CDA has come up with establish mechanisms to pursue sustained agricultural cooperatives partnership development. As envisioned, the CDA progressive connection-building offered the parties opportunities and business exchange. Partnership has resulted to effective project implementation and liaison strategy with international organizations.

These institutional linkages among agricultural cooperatives have provided strategic means of strengthening domestic and foreign collaboration.

The CDA is currently promoting agricultural cooperative initiative with the following organizations:

1. **ACEDAC** - the ASEAN Center for the Development of Agricultural Cooperatives is an aggregate of Asian neighbors with a common concern for the development of agricultural cooperatives in the region. Members include Brunei Darrusalam, Indonesia, Malaysia, Vietnam, Thailand and Philippines.

2. **NEDAC** - stands for Network for the Development of Agricultural Cooperatives is also an Asian network that advocates cross-cultural exchanges through capability building program and technology transfer. This organization is composed of Sri-Lanka, Malaysia, Korea, Indonesia, India, Fiji, China, Bangladesh and the Philippines.

3. **FACOP** - is the Federation of Agri-Based Cooperatives in the Philippines which consolidate all cooperatives engaged in agricultural enterprise. It promotes foremost, the welfare of all agricultural-based cooperatives especially the small ones.

By and large, the CDA has virtually threaded out concrete steps to widen the business ground of the agricultural cooperatives. These integration steps adjusted the coop farmers to the new world economic order which is characterized by free trade, more liberalized economy, market driven economy and technologically advanced service delivery.

Development Perspective

The future imperatives call for sustaining developmental strategies properly locked in with the global economic scenario. Regional integration and economic unions have been in place, such as the European Community, North American Free Trade Area (NAFTA), Asia-Pacific Economic Cooperation (APEC) and the ASEAN Free Trade Area (AFTA). This order has its direct effects on the organization of the agricultural cooperatives particularly in their mode of production.

Thus, the CDA through its revitalized game plan has carefully thought of turning agricultural cooperatives into globally competitive enterprises. In fact, the CDA 1998 Program Thrust have includes among others the development and Strengthening of Coop Sector for Global Competitiveness and Creating and Environment Conducive for Coops.

The agricultural cooperatives, indeed need to be provided the necessary development intervenes as they provide three main services to all societies, namely: food security, management of natural resources and the maintenance of vitality in the countryside

With the new Agriculture and Fishery Modernization Act of 1997, the future promises much for the farthest development of the Agri-based Cooperatives in the country.

FIGURE 1
AGRICULTURAL COOPERATIVE SECTOR in the PHILIPPINES
(Farmers, Fishery, Forestry and ARB Sector)
As of September 1997

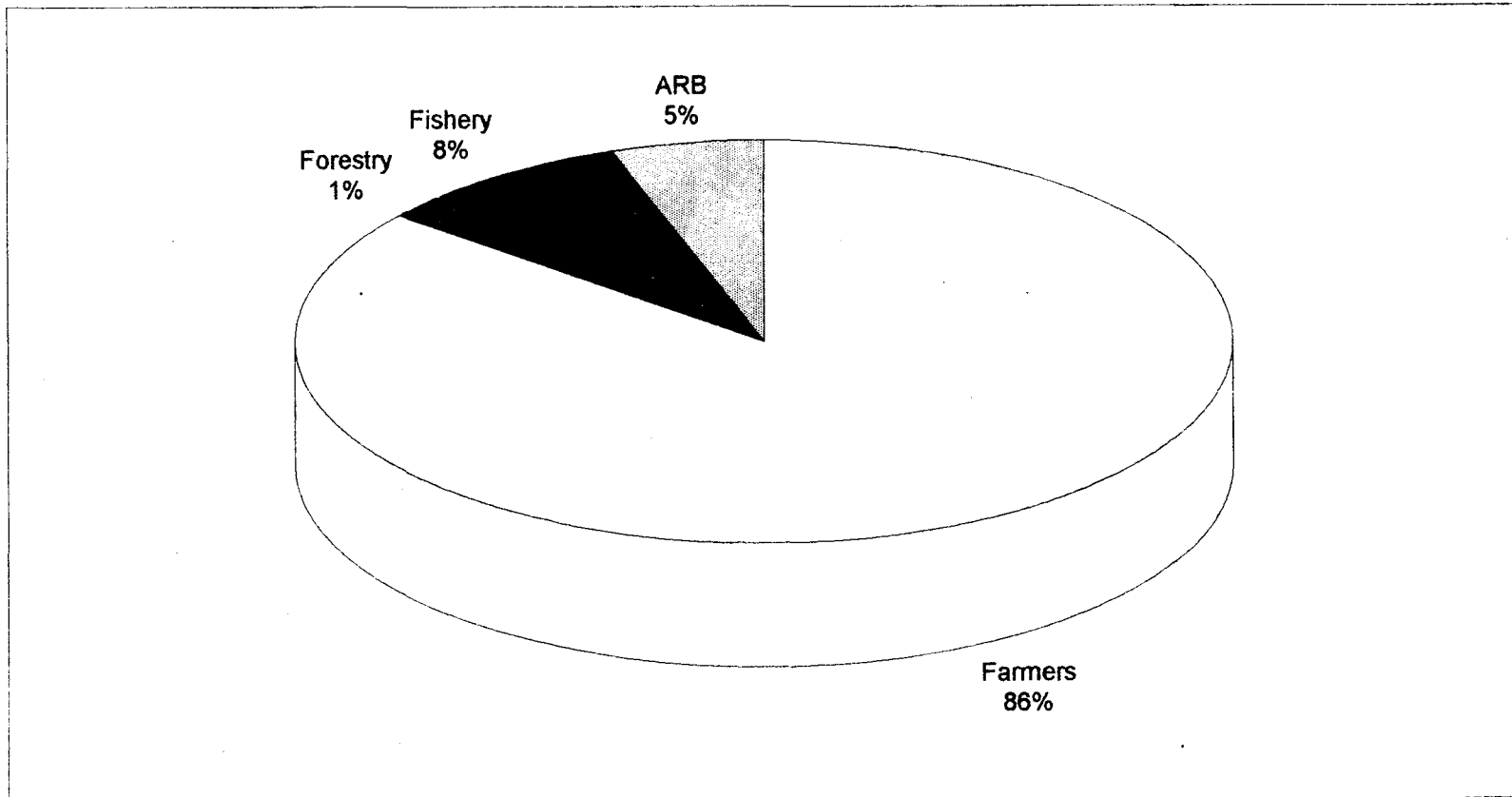


FIGURE 2
AGRICULTURAL COOPERATIVE in the PHILIPPINES (Major Island Distribution)
(Farmers, Fishery, Forestry, and ARB Sectors)
As of September 1997

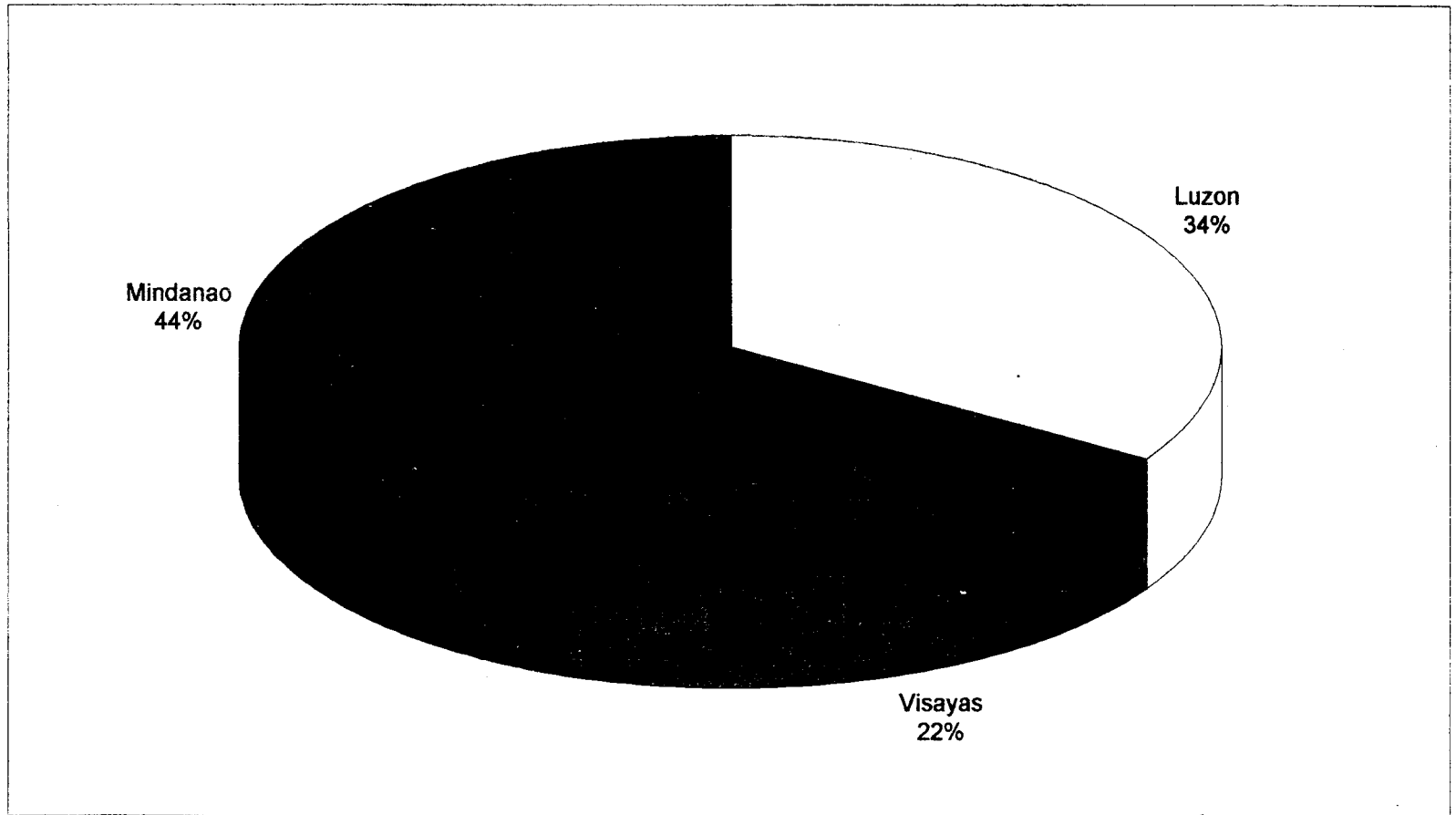
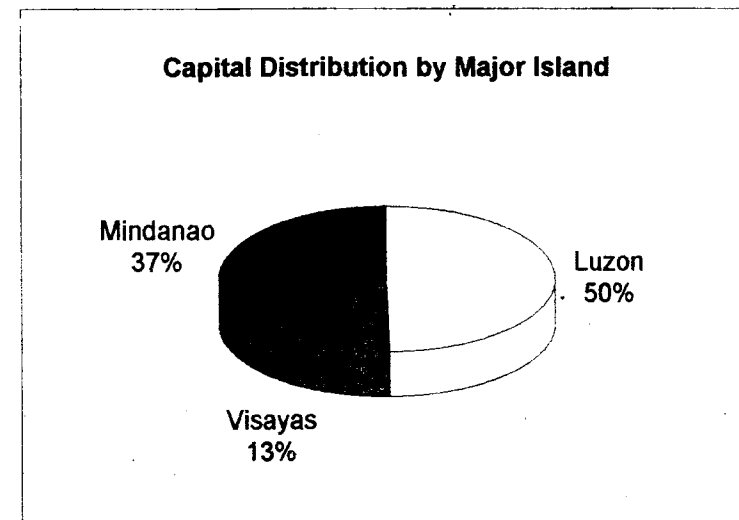


FIGURE 3
PAID-UP CAPITAL OF REGISTERED AGRICULTURAL COOPERATIVES
 (Per Year and Major Island Distribution)
 As of September 1997

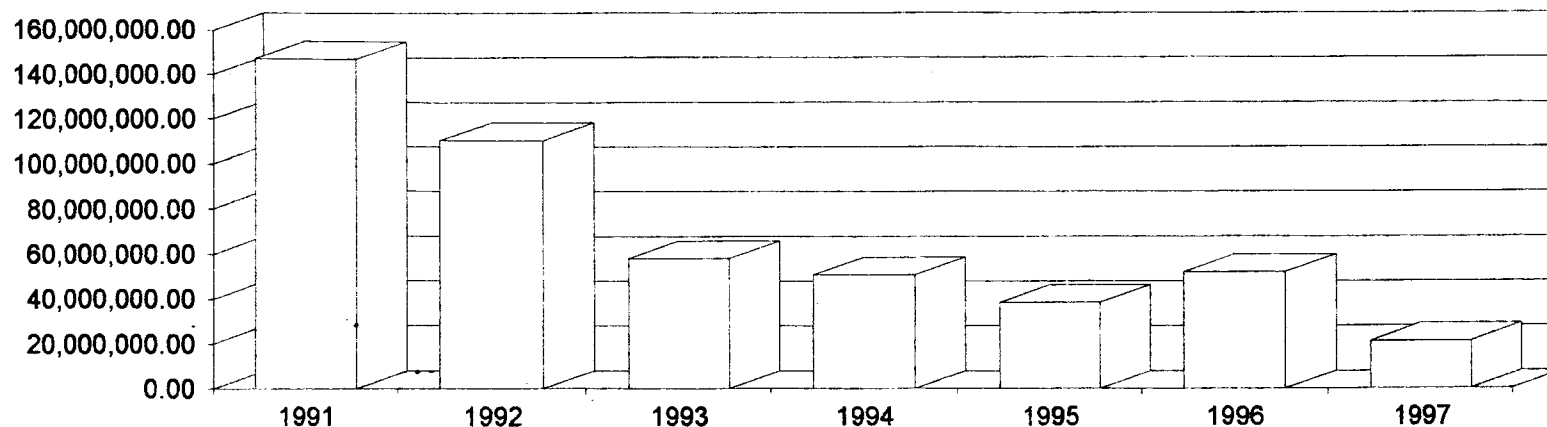
Year	Paid-Up Capital
1991	147,203,595.00
1992	110,881,119.00
1993	58,019,279.00
1994	50,766,502.00
1995	38,386,025.00
1996	51,984,327.00
1997	21,348,572.00
Total	478,589,419.00

Major Island	Paid-Up Capital
Luzon	238,454,588.00
Visayas	61,341,552.00
Mindanao	178,793,279.00
Total	478,589,419.00



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Paid-Up Capital of Registered Cooperatives



COOPERATIVES COVERED

by the

STUDY VISITS

LIMCOMA - The Farmer's Dream of a Cooperative

LIMCOMA is a cooperative born out of necessity.

In 1970, the poultry and livestock farmers in the province of Batangas, Philippines were just about ready to give up on the industry that had sustained them through the years. The erratic supply and soaring prices of feeds have rendered the industry unprofitable for some time. Small and medium scale farmers were left with little choice but to quit after the successive losses. Those who survived were barely able to make both ends meet.

Faced with this challenge, the survivor put their heads together and came up with the solution to their problems. They had to produce their own feeds. Pooling their meager resources, they raised P57,000 in capital, rented an old rice mill and proceeded producing their own feed rations by mixing the ingredients manually, using shovels. Although the capital raised was a pittance, financing was available through the guarantees of two large scale farmers who joined them in the group. The two lent their names and their expertise freely without any reservations. The small and medium scale farmer members in turn gave their full patronage, paying spot cash for their purchases. Those who served were volunteers.

For two years, the group operated as an association until it qualified as a cooperative under Philippine laws (250 members - minimum under PD 175).

In the span of 27 years, statistics on its growth and development showed the following:

Membership	: From 77 to 3,400 regular and associate members.
Capital Contribution	: From P57,000 to P65 Million
Assets	: From P57,000 to P275 Million
Production	: From 100 bags of feeds per day to 7,000 bags daily output
Production Method	: From manual mixing to computerized feedmilling
Activities	: From exclusive feed milling to feed milling, swine breeding, meat processing and hog contract growing.
No. of Employees	: From 4 to 251 regular employees
Volume of Business	: From P100,000 to P750 Million annual sales
Credit Standing	: From zero to outstanding

In the Philippines, where one third of cooperatives organized were able to survive and only a minor percentage of the survivors reach such heights of success, LIMCOMA's feat could not be helped but be noticed. Through the years, LIMCOMA earned recognition regionally and nationally as the most outstanding agricultural cooperative, a model of what a cooperative should be.

What are its success factors? There are many, but permit us to mention the most important ones:

1. A sense of mission at the time of its inception and this was to ensure survival of the industry and save the farmers from bankruptcy;
2. Dedication, selflessness and integrity of the organizers and officers who stirred the course of the cooperative in its initial years;
3. A very strong sense of loyalty of members patronizing the cooperative's products;
4. Human resource development and professionalization of the management from the Board to the rank and file;
5. Gradual modernization of facilities as resources would allow;
6. A strong sense of independence, not expecting nor counting on subsidies from government;
7. Members' active participation; and
8. Continuing membership education.

There are others, perhaps equally important, which are too many to mention here.

It has been a long journey to the top. Difficulties along the way were numerous and the going was never easy. Now that LIMCOMA is there, a different challenge is to be met. To retain this top position is even more difficult but we are confident we would be able to hurdle obstacles the cooperative way just like we did before.

Current Activities:

Feedmilling
Breeding Farm (Swine)
Meat Processing
Contract Growing (Hogs)

Main Products:

Poultry Feeds
Hog Feeds
Processed Meat
Piglets for breeders
Piglets for fatteners

Agro Processing Facilities:

Computerized Feedmill
Meat Processing Equipment
Warehouses

Problem Areas:

Rising costs of raw materials
Fixed overhead expenses
Capital build up
Increasing cost of money
Marketing of members' produce

BAGUIO-BENGUET COMMUNITY CREDIT COOPERATIVE

1. Date Organized - October 11, 1958
Address : Assumption Road corner Cooperative St., Baguio City
2. Date Registered - December 10, 1976 Reg. No. FF-115 RR
3. Date Confirmed - January 10, 1992
4. Initial Capitalization - P150
5. Business Activities/System of Operations
credit/lending
consumers store/grocery services
6. Area of operation - Baguio City & La Trinidad, Benguet
7. Total Assets - P 106,805,618.87 (1995)
Current Assets - P 95,686,844.96
8. Net Savings - P 10,176,873.00
9. Total Capitalization on Fixed Deposits - P87,081,673

Returns on Investments (Share capital) - 8.4% (1995)
10. Membership Expansion - from 6,162 in 1994 to 7,730 in 1995
 - a. Saint Louis University - 839 (11.8%)
 - b. Other Institutions - 947 (13.3%)
 - c. Others Community - 4,194 (68.9%)
 - d. Inactive - 430 (6.0%)
7,130
11. Business Transactions:
 - a. Total amount of loans granted to members - P108,665,318
 - b. Number of members granted with loans - over 7,100
12. Financial support from lending institutions - None

Profile of
BAHONG MULTI-PURPOSE COOPERATIVE

1. Date Registered/Confirmed - February 6, 1991
Address : Bahong, La Trinidad, Benguet
2. Registration No. - QC-423
3. Initial Membership - 74 member-farmers
No. of Board Members - 11 (4-Male; 7 Female)
4. Business Activities:
 - credit/lending
 - consumers
 - water service
 - cutflower production/marketing
5. Area of Operation - Barangay/district or village level
6. Total Assets - P1,101,918.87
 - Current Assets - P1,073,176.17
 - Investment - P12,000.00
 - Fixed Assets - P16,742.70
7. Total Capitalization on Fixed Deposits - P350,962.90 (1994)
8. Net Savings- P 66,813.00
9. Membership Expansion - from 74 members to:
 - Regular members - 135 (49-Male; 86-Female)
 - Associate Members - 71 (30-Male; 41 Female)
9. Business Transactions
 - a. Total Amount of loans granted to members - P630,900
 - b. Number of members granted with loans - 90
 - c. Volume of transactions with members - P428,326.50
 - d. Volume of transaction with non-members - P23,297
10. Financial support - Land Bank of the Philippines assisted the coop thru a Production loan amounting to P564,738.04

COOPERATIVE BANK OF BENGUET

Registration No. CDA : FCB-QC No. 024

BSP : MBR No. 476

Main Office : FA 276 Maria L. Chan Bldg.
Km. 4, La Trinidad, Benguet Province
Tel. No. (074) 422-1268,2626
Telefax No. (074) 422-1849

Baguio Branch : Dr. #8, Rosa Manzanillo Bldg.
Lakandula St., Baguio City
Tel. No. (074) 442-2176,2310

Buguias Branch: Bay-an Bldg., Abatan, Buguias, Benguet

Total Membership - 92 primary and federation of cooperatives

Affiliations :

Philippine Deposit Insurance Corporation
National Federation of Cooperative Banks
Rural Bankers Association of the Philippines
Luzon Federation of Cooperative Banks
Baguio-Benguet Bankers Association
Benguet Provincial Chamber of
Commerce and Industry
Benguet Provincial Cooperative Union
Cordillera Administrative Region Coop Union
Provincial Small-Medium Enterprises Dev't. Council

CRB is a cooperative bank the majority shares of which is owned and controlled by primary and federation of cooperatives operating in the Province of Benguet and the City of Baguio. The main business of the CoopBank includes the acceptance of savings and time deposits from members and other clients as well as lending operations.

Founded on December 21, 1990, the CoopBank's mission is to promote a prosperous and productive agri-industries and other enterprises by providing financial assistance, leadership and acceptance of reasonable lending risks for the formation and successful operations that enhances the incomes and well being of farmers, entrepreneurs and people of small means in the Province of Benguet and the City of Baguio.

The Central Bank of the Philippines issued the CoopBank's authority to organize on May 22, 1992. Following its registration with the Cooperative Development Authority on June 8, 1992, the Central Bank finally approved its license to operate and the CoopBank commenced business operations on October 1, 1992 with an initial paid-up capital of P1.7 Million and total resources of P2.7 Million. With four years operation, the bank resources grew to P25.0 Million as of December 31, 1996.

Current Services Offered:

- A. Lending and Credit Services
 - 1. agricultural loans
 - 2. commercial loans
 - 3. industrial loans
 - 4. other loans
 - 5. Special Lending Program
 - Center for Women's Development Program
 - "A Micro Credit Program for Women"

- B. Accepts
 - 1. savings deposits

- C. Technical Services
 - 1. assistance on the conduct of research and feasibility studies
 - 2. training and consultancy services in accounting, bookkeeping, business management and enterprise development
 - 3. cooperative networking
 - 4. disaster management

Social Services

- A. Cooperative Sports Development Program
- B. Cultural Development
- C. Environmental Concerns

BAD-AYAN BUGUIAS DEVELOPMENT COOPERATIVE

CDA Registration No. : CN-QC-107
Date Organized : May 22, 1989
Total Assets : PhP25.5 Million as of Dec. 31, 1996
Paid-up : PhP 9.2 Million as of Dec. 31, 1996

Services Offered:

1. Savings and lending
2. Life insurance coverage
3. Health fund
4. Mortuary Aide System
5. Transport & hauling services
6. Wholesale/retail of consumer goods/groceries
7. Sale of agricultural inputs
8. Offers training facilities
9. Dormitories

Affiliations

1. Northern Luzon Confederation of Cooperatives (NORLU)
2. Cooperative Bank of Benguet
3. Benguet Provincial Cooperative Union

Office Location:

1. Main Office - Bad-ayan Baculungan Sur, Buguias, Benguet
2. Branch Office - Buyagan, La Trinidad, Benguet

The Bad-ayan Buguias Multi-Purpose Cooperative is a farmers' cooperative with a 24-year track record. The cooperative is recipient of an award as one of the Most Outstanding Cooperative in the Region. Its membership grew from 50 individual members to the present membership of 1,890 farmer-members.

The entire membership of the cooperative are farmers tilling an average of 1/4 to 1/2 hectare which is considered small or subsistence farming. The farmers produce mostly cabbage, white potato and carrots. In small quantities some farmers are producing garden (sweet) pea, beans and head lettuce.

ATOK (SAYANGAN) MULTI-PURPOSE COOPERATIVE

1. Date Registered - April 15, 1993
Address
2. Registration No.
3. Initial Membership - 27
4. Initial Capital - P2,700
5. Business Activities:
 - Transport Services
 - Consumers Store
 - Credit/lending
6. Area of Operation - whole municipality of Atok, Benguet
7. Total Assets - P12,425,541
8. Total Capitalization on Fixed Deposits - P791,903
9. Net Savings for the Year - P632,403
10. Membership Expansion - from 27 members to 1,089
11. Economic Activities and Programs

The Atok Multi-Purpose Cooperative are members engaged in vegetable farming. It prides itself in being able to pursue environment-friendly farming methods which uses minimal insecticides. It has adopted integrated pest management techniques and has introduced organic farming to its members.

Atok provides marketing services to members' produce and provides a ready source for farm inputs and household needs of its members and the community Coop store.

CAVITE FARMERS FEEDMILLING & MARKETING COOPERATIVE

1. Date Organized/Registered : October 26, 1976/February 24, 1997
2. Confirmation No./Date : MLA-C549/April 8, 1991
3. Initial Membership : 44
4. No. of Directors : 7
5. Initial Capitalization : P137,000.00
6. Business Activities/Systems of Operations
Feedmilling, animal dispersal, consumer store, animal projects
nutrition laboratory
7. Area of Operation : Cavite, Batangas, Quezon Province, Laguna
and Metro Manila
8. Affiliations : Cooperative Union of Cavite, Coop Bank of Cavite
Federation of Cavite Cooperatives, Phil, Hog
Raisers Assn.
9. Capitalization/Fixed Deposit : P8.7 M
10. Total Assets -
Current - P70.9 M
Investment - 9.4 M
Fixed Assets (Net) - 10 M
11. Acquired Assets - Land, 1.3 ha.
12. Business Expansion (Proposed)
 - a) Market outlets
 - b) Swine breeder farm
13. Membership Expansion : from initial members of 44 to 1,114
14. Financial Support : None
15. Main Products : Poultry and livestock feeds and
other farm inputs.
16. Agro-processing facilities : Feedmilling facilities
17. Basic Statistics :
Volume of Production : 570,784 bags of feeds or an increase
of 18.2% over previous
Volume of Sales : 561,518 bags or 17.06% increase over
previous
Net Income : P 5,955,631 in 1996

NOTES
on
MAIN ORGANIZATIONS

COOPERATIVE DEVELOPMENT AUTHORITY

The CDA is a government agency created by Republic Act 6939 on March 10, 1990 on the same day, Republic Act 6938, known as Cooperative Code of the Philippines, was also signed into Law. Thus, R.A. 6938 and 6939 form a duo of laws designed to promote the viability and growth of cooperatives as instruments of equity, social justice and economic development.

A provision of the Philippine Constitution, Section 15, Article XII, mandates the creation of CDA to unify government efforts in the promotion of growth and development of cooperatives.

Formerly, cooperatives were registered with various offices depending on their nature. Thus, sugar cooperatives were registered with the Sugar Regulatory Administration, agricultural coops were registered with the Bureau of Agricultural Cooperatives Development (BACOD), the transport cooperatives with the Office of Transport Cooperatives, and electric cooperatives with the National Electrification Administration. With the CDA, policies and rules of cooperative development and registration are rationalized into one agency. The powers of such agencies like BACOD, SRA, OTC and similar agencies related to cooperative development are thus transferred and consolidated into CDA.

The CDA is governed by a Board of Administrators consisting of a Chairman and six (6) members appointed by the President of the Philippines.

The CDA has three (3) main functions, regulatory, quasi-judicial and developmental. For its regulatory functions, CDA:

- * Registers all cooperatives, and their federations and unions, including their division, merger, consolidation, dissolution or liquidation.
- * Requires all cooperatives and their federations and unions to submit their annual financial statements, certified by a CPA.
- * Imposes and collects reasonable fees and charges in connection with the registration of cooperatives.

Quasi-judicial functions of CDA:

- * Orders the cancellation after due notice and hearing of the coop's certificate of registration for non-compliance with administrative requirements and in cases of voluntary dissolution
- * Imposes punishment on violators of the provisions of the CDA Law (RA 6939).

- * Punishes for direct contempt, persons guilty of misconduct during CDA hearings.

Lastly, for its developmental functions, the CDA:

- * Formulates, adopts and implements plans and programs on cooperative development;
- * Develops and conducts management and training programs for cooperative and its members. These training programs cover, management, technical expertise, professional development and others that will increase viability of cooperatives.
- * Supports voluntary organization and development of activities that promote cooperative movements.
- * Coordinates the efforts of the Local Government Units and the private sector in the promotion and development of coops.
- * Assists Coops in arranging for financial and other forms of assistance.
- * Establish extension offices to implement the Code. There are fifteen (15) CDA extension offices strategically located in the 15 regions of the country.
- * Administers grants and donations coursed through the government for cooperative development.
- * Formulates and adopts continuing policy in consultation with coop sector.

To carry out these functions, and to provide direction for its cooperative development efforts, CDA has identified flagship programs as set forth in its Medium-Term Cooperative Development Plan (1993-1998). The plan addresses specific socio-economic concerns such as development financing, agri-industrial development, human development and infrastructure development. The Plan was made possible in consultation with the private cooperative sector.

The year 1996 has a marked significance for the Cooperative Development Authority, being a year of transition from the administration of its first Chairperson (Prof. Edna E. Aberilla) to the current Chairman (Jose C. Medina, Jr.). CDA revisited its vision and mission to ensure that it pro-actively performs the role of an agent of cooperative empowerment rather than that of a mere custodian of Cooperative development.

Realizing that cooperative empowerment greatly depends on economic viability; CDA formulated a "**Gameplan for Cooperative Development.**" The **Gameplan** is focused on transforming cooperatives into viable economic concerns.

COOPERATIVE UNION OF THE PHILIPPINES

Profile

CUP was established in 1979 as an apex organization of national cooperative federations and unions at the regional, provincial and city levels. It is mandated by law to develop the Cooperative Movement in their respective jurisdictions.

CUP is a CDA accredited national apex organization of affiliated National Federations and Cooperative Unions at all levels.

CUP is authorized by the government to collect and administer the Cooperative Education and Training Fund (CETF) for the benefit of the cooperatives and their member-cooperators nationwide.

CUP is a member of the International Cooperative Alliance (ICA) and various cooperative organizations in the Asian and Pacific Region. It is also affiliated to various national bodies that have something to do with cooperatives promotion, organization and development. It is governed by a Board of Directors that is elected from among the duly authorized representatives of member-organizations. It is collectively owned by the Cooperatives and works for the benefit of all Cooperatives in the Philippines regardless of types or affiliation.

Philosophy and Vision

CUP believes that cooperative development is basically the responsibility of the Cooperative Movement, with the government merely providing a favorable atmosphere for the growth and development of cooperatives.

Cooperative development is viewed as a partnership of efforts between the private sector and the government with the Cooperative Movement increasingly assuming the leadership and the government gradually turning its developmental of cooperatives.

CUP's vision is a Philippine society where there is equity, democracy, social justice and sustainable development.

Objectives

The CUP's main objective is the institutionalization of the Cooperative Movement in the Philippines as a cohesive and dynamic vehicle for the economic, social, moral and spiritual advancement of the people.

Its specific objective is the development of the Cooperative Movement through:

- * Promotion of the Cooperative idea as a way of life for the people, especially the poor and the marginalized;
- * Development of Cooperatives within the context of National Policy through research and information, education and training, audit, technical services, and transfer of technology;
- * Advise the appropriate authorities on all matters relating to cooperatives; and
- * Represent its member-organizations in the Philippines and abroad.

Approaches

* Assists National Federations, Regional Cooperative Unions, Provincial Cooperative Unions and City Cooperative Unions in the promotion and development of Cooperatives in their respective jurisdictions.

* Provides encouragement and support to development initiatives at the regional, sectoral and local levels in line with the independent and autonomous character of cooperative organizations.

* Provides active assistance to Regional Cooperative Unions and National Federations in their planning, programming and implementation activities. It helps cooperatives access technology and financing for programs and projects.

Programs & Services

* **Advocacy and Policy Initiatives.** Continuing review, analysis, and evaluation of effects of government and private sector policies on cooperatives with a view of submitting policy recommendations and legislative action.

* **Public Relations.** Continuing information to the public relating to cooperative development and trends thru mass media, seminars and consultation conferences.

* **Legal and Audit Services.** The provision of regular and timely audit of accounts of cooperatives through the federations and unions. Arranges legal services to Cooperatives upon request.

* **Institutional Relations.** Development of relations with local and foreign institutions through exchange of information, participation in local and foreign conferences and seminars, joint activities and affiliation.

NATIONAL CONFEDERATION OF COOPERATIVES (NATCCO)

The National Confederation of Cooperatives (NATCCO) is the tertiary level organization of 1,697 cooperatives - primary coop federations - across the Philippines. NATCCO was organized in 1977 by Coop leaders who believe that Coop development was primarily a task of the private sector. In its early years, NATCCO solely focused on the education and training needs of its five member-organizations. NATCCO's registration as a cooperative federation was confirmed by the Cooperative Development Authority on December, 1990.

The member organizations of NATCCO are:

Northern Luzon Cooperative Development Center (NORLU)
Tagalog Cooperative Development Center (TAGCODEC)
Bicol Cooperative Development Center (BCDC)
Visayas Cooperative Development Center (VICTO)
MASS-SPECC Cooperative Development Center (MASS-SPECC)
Coop-Life Mutual Benefit Services Association (CLIMBS)
Cooperative Education Center

NATCCO is committed to: work towards alternative socio-economic political systems guided by self-reliance, democracy, nationalism, solidarity, justice, and gender equality; and evolve a strong and viable coop sector and movement.

The goals of NATCCO are:

1. Strengthening of human resource development programs for coop leaders and staff;
2. Strengthening of the relationships and service delivery mechanisms of affiliate-coops, the member-organizations and NATCCO to build a strong Movement.
3. Development and strengthening of business activities. Complementing and supporting the businesses of the NATCCO members.
4. Strengthening the financial base of the network for continued self-reliance and sustainability.
5. Integration of efforts with other coop organizations and coop-promoting organizations with similar values and orientation.
6. Participation and taking public stand on social, economic and political issues affecting Filipino society.

NATCCO's services cover education and training, research and publications, credit and computer service. Its programs are central fund, inter-coop trade, women in development, agrarian reform cooperative organizing, cooperative insurance promotion, extension work, radio communication.

* **Expansion of Development Activities.** Continuing exploration of new fields of developmental activities such as acquisition and/or transfer of technologies and expertise.

* **Development of Financial Base.** Development of the financial base of cooperatives through membership contributions, trust funds, program financing, donations, grants, and subsidies.

* **Monitoring and Evaluation.** Monitor and evaluate the implementation, impact and implications of plans and programs of the private and public sectors relating to Cooperatives.

THE AGRICULTURAL CREDIT AND COOPERATIVES INSTITUTE

Agricultural Credit and Cooperatives Institute (ACCI) was established as an offshoot of a June 8, 1956 resolution of the First Far East Agricultural Credit Workshop held in Baguio City, Philippines on June 1-14, 1956. Its building was constructed on June 2, 1959 and formally inaugurated on April 23, 1960 with funding from the Asian Economic Development Fund of the International Cooperation Administration (ICA), and National Economic Council (NEC) now USAID and NEDA, respectively.

Originally conceived as a research and training center in agricultural credit and cooperatives in Southeast Asia, ACCI's primary objectives have been to:

- a. Conduct training courses, undertake research activities and provide extension services on agricultural credit and cooperatives to government and private organizations in the Philippines and Southeast Asia;
- b. Assist the UPLB in curriculum development in the fields of rural finance and cooperatives especially in the aspects of managerial and marketing;
- c. Formulate and recommend national policies for more efficient credit delivery systems to small farmers and cooperatives development; and
- d. Offer academic courses in rural finance and cooperatives in UPLB.

In pursuing these objectives, ACCI has been engaged in training/extension activities as well as in research programs and projects in collaboration with its allied agencies.

ACCI pioneered in supervised agricultural credit scheme spouses the extension of timely and adequate credit coupled with technical guidance from farm management technician to farmers as a means of increasing farm productivity and family income. It also initiated in 1961 the organization and operation of the UPCA Credit Union which has transformed into the UPLB Credit cooperative, Inc. since 1976. It lent about 90 millions to its more than 5,000 members in 1993.

ACCI was involved from 1963 to 1970 by the Cooperative Administration Office (CAO) and the Agricultural Credit and Cooperative Financing Administration (ACCFA) and Agricultural Credit Administration (ACA) to conduct in-service training programs for their staff on cooperatives and agricultural credit. Supervised agricultural credit training courses were also undertaken for the staff of the Development Bank of the Philippines (DBP) and the Central Bank of the Philippines

(CBP), Ministry of Local Government and Community Development (MLGCD) and other public and private institutions.

On April 14, 1973 with P.D. 175 issued to strengthen the cooperative movement in the Philippines, a new "Five-Year Cooperatives Development Program" was launched by the Bureau of Cooperatives Development under Ministry of Local Government and Community Development (MLGCD). The research on evaluation component of this new program was undertaken by ACCI from 1973 to 1978 in collaboration with the International Development Research Center of Canada (IDRC) and MLGCD. Specifically, ACCI was tasked to monitor and evaluate the impact of the organization and development of the more than 20,000 Samahang Nayan (SN), 29 Cooperative Rural Banks (CRBs) and 84 Area Marketing Cooperatives (AMCs) organized and registered under the new program. The administrative and coordinative supervision of ACCI was originally handled by the College of Agriculture until its transfer to the then Institute of Agricultural Development and Administration (IADA) as a result of the university wide integration program among units of related disciplines.

In 1987, ACCI was given the instruction mandate in addition to its regular research and extension functions. This transformed the Institute into an academic teaching unit of UPLB. In 1988, 12 technical staff were converted to faculty members of the University.

The organizational development led to the design and offerings of academic programs on cooperatives and rural finance both in the undergraduate and graduate levels. ACCI now offers a Master of Management major in Cooperatives Management in collaboration with the Department of Agribusiness Management, College of Economics and Management. The program is undertaken along with the traditional research and extension functions. ACCI envisions to offer an MS in Cooperatives Development in the near future.

From 1960 to December 31, 1993 ACCI has trained 17,902 cooperators of which 518 were foreigners.

On March 3, 1993, U.P. President Jose V. Abueva designated ACCI to be the lead agency of the U.P. system on cooperatives and rural finance specially with the Cooperative Development Authority (CDA). November 15, 1993 Memorandum No. 93-68 was issued by Dr. Emil Q. Javier, the President of the UP System, forming a committee to articulate on UP's program for cooperative development and the assistance the University may be able to provide the CDA.

ACCI presently needs massive support in its instructions, research and extension activities to succeed in the effective empowerment of its clients.

SELECTED STATISTICS ON COOPERATIVES

As of September 1997

Executive Summary

	Number	%
I. Number of Registered Coops 1990-September 1997	44,439	100.00%
II. Number of Registered Coops 1992-September 1997 (FVR's Term)	30,753	69.20%
III. Number of Coops Classified as of September 30, 1997*		
Operating	25,460	62.00%
Non-operating	12,574	31.00%
IV. Membership Size (Based on initial database) As of September 1997	14,282,580 **	
V. Paid-up Capital of Coops (Based on CRIS and CARIS database) As of September 1997	3,125,715,157	

Note:

(*) Initial survey results only, survey still on-going; population: 41,073 coops as of December 31, 1996

(**) Figure includes estimated membership size/beneficiaries of electric cooperatives totaling 12,022,500

VI. Amount Generated by Coops

For the period January-September 1997 (In 000)

For Capital Build-up	1,741,268.06
For Savings Mobilization	1,109,093.61

VII. Amount of Loans as of September 30, 1997 (In Php 000)

(From CDA loan fund: 1990-1997)

Approved	249,666.79	100.00%
Released	219,348.79	87.90%

VIII. Amount of Product Volume Sales (PVS) Generated

For the period of Jan.-September, 1997 (In Php 000)

15,102,892.30

IX. Number of Coop Development Councils Organized

As of September 1997

National	1	100.00%
Regional	15	100.00%
Provincial	71	92.21%
Municipal/City	1,178	73.26%

TABLE I
Number of Registered Cooperatives
 Per Type, Per Region
 As of September 1997 (1990-1997)

EXTENSION OFFICE	REGION	CREDIT	CONS.	PROD.	MKTG.	SERV.	MULTI-PURPOSE		LAB.	AMC	CRB	FED.	UNION	TOTAL
							AGRL	NON-AGRL						
DAGUPAN	I	110	32	12	20	28	2,488	595	1	1	4	70	4	3,365
TUGUEGARAO	II	177	17	19	9	33	1,762	415	0	0	3	40	1	2,476
CORDILLERA	CAR	101	42	12	6	17	940	392	1	0	2	10	4	1,527
PAMPANGA	III	293	36	89	44	132	3,138	1,236	1	1	5	78	2	5,055
MANILA	NCR	742	203	36	15	223	82	1,609	1	0	1	38	4	2,964
CALAMBA	IV	318	63	69	67	125	2,980	1,348	2	0	5	33	10	5,020
NAGA	V	149	29	53	20	80	1,792	664	3	0	2	18	3	2,813
ILOILO	VI	200	45	44	38	41	2,511	495	6	3	4	30	3	3,420
CEBU	VII	115	54	30	7	61	799	696	0	1	3	13	5	1,784
TACLOBAN	VIII	100	39	82	42	53	1,630	384	0	0	2	13	2	2,347
PAGADIAN	IX	46	27	32	34	24	1,274	610	0	1	2	20	5	2,075
CAG. DE ORO	X	83	32	32	30	46	1,004	387	0	1	4	15	5	1,639
DAVAO	XI	195	172	105	102	79	2,115	1,488	0	2	5	27	6	4,296
KIDAPAWAN	XII	99	38	39	102	51	3,440	507	0	1	3	31	6	4,317
CARAGA	CARAGA	50	26	26	23	26	864	315	2	2	3	12	2	1,351
		2,778	855	680	559	1,019	26,819	11,141	17	13	48	448	62	44,439

Note:

(*) This was based on the report submitted by Registration Division.

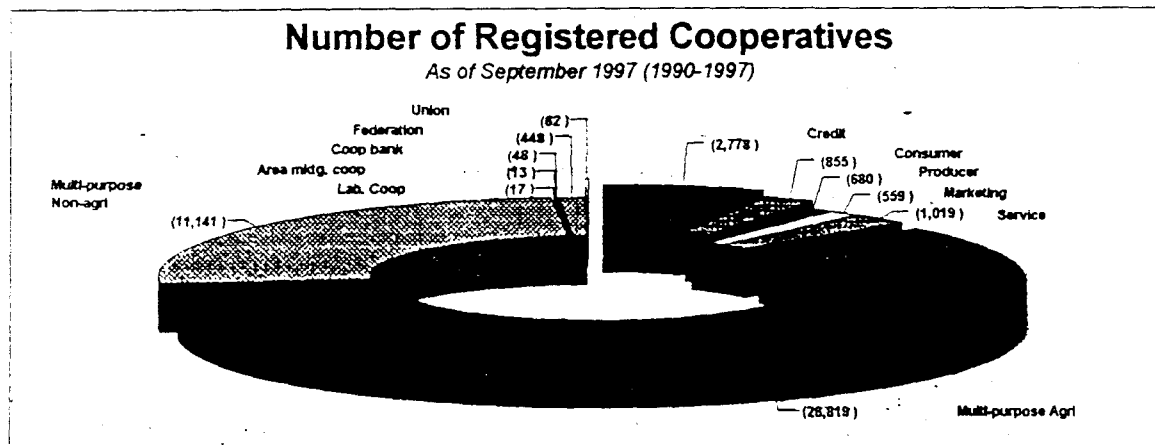


TABLE II
Number of Cooperatives Registered per Type
1992-September 1997

Type of Cooperative	No. of Cooperatives
Credit	1,395
Consumer	468
Producers	449
Marketing	285
Service	768
Mult.-Agri.	17,526
Mult.-Non-Agri.	9,447
Laboratory	16
Area Mtkg. Coop	3
Coop Bank	23
Federation	346
Union	27
Total	30,753

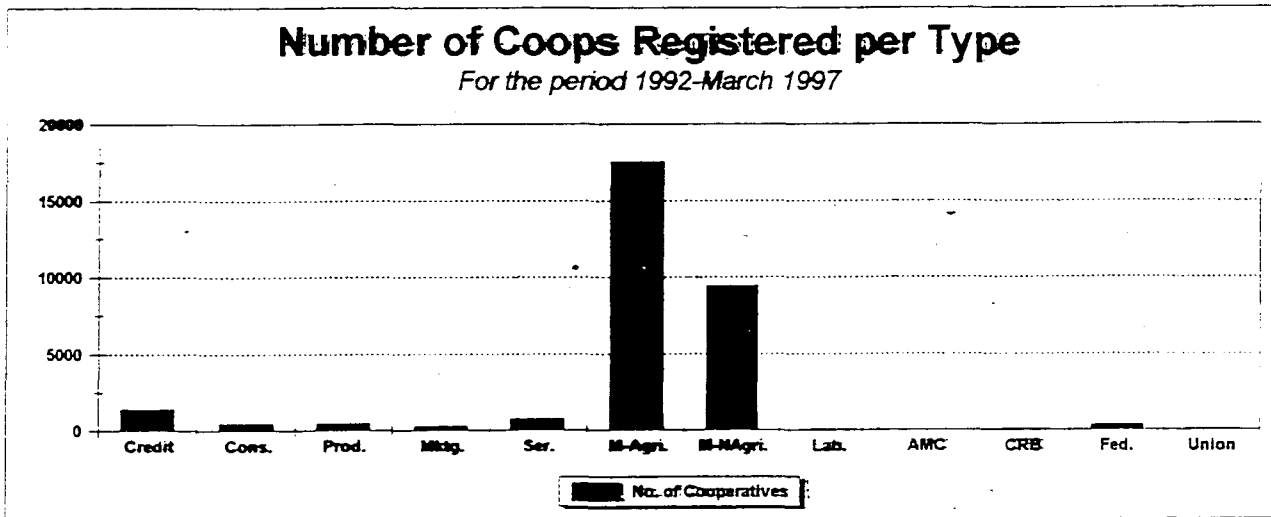


TABLE III
Cooperative Classification System *
As of September 30, 1997

Extension Office	Region	Number of Cooperatives				Accomp %	Remarks
		Registered/ Confirmed	Operating	Accomp %	Non Operating		
Dagupan	I	3,210	1,901	59%	1,304	41%	final
Tuguegarao	II	2,379	1,567	66%	677	28%	final
Cordillera	CAR	1,427	917	64%	510	36%	final
Pampanga	III	4,814	2,266	47%	2,174	45%	final
Manila	NCR	2,486	1,654	67%	747	30%	final
Calamba	IV	4,614	2,921	63%	1,645	36%	final
Naga	V	2,666	964	36%	618	23%	final
Iloilo	VI	3,256	1,967	60%	1,279	39%	final
Cebu	VII	1,647	1,331	81%	326	20%	final
Tacloban	VIII	2,192	1,476	67%	733	33%	final
Pagadian	IX	1,807	1,640	91%	219	12%	final
Cagayan de Oro	X	1,510	1,183	78%	280	19%	final
Davao	XI	3,955	2,879	73%	1,054	27%	final
Kidapawan	XII	3,893	1,882	48%	729	19%	partial
Caraga	XIII	1,217	912	75%	279	23%	final
Total		41,073	25,460	62%	12,574	31%	

Note:

(*) This was based on the report submitted by Registration Division. Number of Coops Registered/Confirmed is as of December 1996.

TABLE IV
Total Number of Membership In Cooperatives*
As of September 1997

Extension Office	Region	Number of Members
Central Office	CO	36,284
Dagupan	I	243,215
Tuguegarao	II	206,360
Cordillera	CAR	112,177
Pampanga	III	141,638
Manila	NCR	220,951
Calamba	IV	227,205
Naga	V	116,938
Iloilo	VI	195,912
Cebu	VII	68,871
Tacloban	VIII	88,562
Pagadian	IX	93,014
Cagayan de Oro	X	129,933
Davao	XI	163,666
Kidapawan	XII	160,890
CARAGA	XIII	54,464
Total		2,260,080

Note:

() Data was obtained from initial database*

Cooperative Membership per Region
As of September 1997

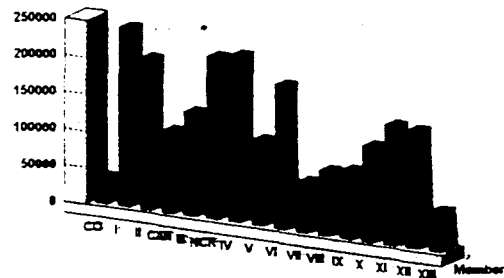


TABLE V
Cooperative Paid-up Capital per Region*
As of September 1997

Extension Office	Region	Amount of Paid-up Capital
Dagupan	I	57,107,275.00
Tuguegarao	II	343,539,732.00
Cordillera	CAR	86,240,644.00
Pampanga	III	555,345,781.00
Manila	NCR	615,293,410.00
Calamba	IV	305,672,420.00
Naga	V	72,448,358.00
Moito	VI	196,652,140.00
Cebu	VII	115,549,584.00
Tacloban	VIII	80,376,948.00
Pagadian	IX	36,140,012.00
Cagayan de Oro	X	263,260,802.00
Davao	XI	167,177,245.00
Kidapawan	XII	200,177,186.00
CARAGA	XIII	30,733,620.00
Total		3,125,715,157.00

Note:

() Initial paid-up capital, retrieval of data still continuing.*

Data taken from CRIS and CARIS Database.

Paid-up Capital Share per Region

As of September 1997

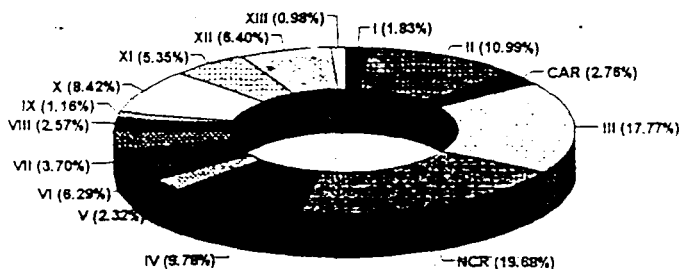


TABLE VI

**Amount of Savings and Capital Build-Up Generated *
By Cooperatives Per Region
For the Period January to September, 1997
(In Thousand Peso)**

Extension Office	Region	Savings	CBU
Dagupan	I	87,346.23	59,248.20
Tuguegarao	II	66,558.29	38,950.12
Cordillera	CAR	57,481.11	139,207.78
Pampanga	III	43,655.87	41,559.27
Manila	NCR	224,532.05	285,986.93
Calamba	IV	22,061.81	194,394.13
Naga	V	9,579.32	4,561.08
Iloilo	VI	25,215.29	38,537.69
Cebu	VII	49,105.61	80,053.10
Tacloban	VIII	139,407.02	149,069.77
Pagadian	IX	9,995.49	45,072.02
Cagayan de Oro	X	80,023.96	133,969.26
Davao	XI	164,313.45	395,764.20
Kidapawan	XII	94,790.12	123,883.10
Caraga	XIII	35,027.99	11,011.41
Total		1,109,093.61	1,741,268.06

Savings and CBU Generated per Region

For the period January-September, 1997

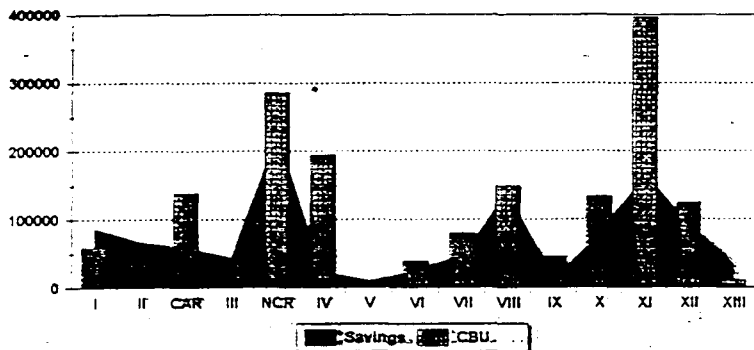


TABLE VII
Loans Approved and Released*
Under CDA Lending Program per Region
1992 to September 30, 1997
(In Million Pesos)

Extension Office	Region	Loans Approved	Loans Released
Dagupan	I	10.800	5.400
Tuguegarao	II	0.900	0.600
Cordillera	CAR	6.100	6.100
Pampanga	III	45.141	39.841
Manila	NCR	26.750	24.550
Calamba	IV	8.221	6.971
Naga	V	12.880	12.880
Iloilo	VI	20.919	15.351
Cebu	VII	0.200	0.200
Tacloban	VIII	13.900	13.800
Pagadian	IX	0.400	0.200
Cagayan De Oro	X	11.962	11.462
Dayao	XI	60.400	55.400
Kidapawan	XII	21.994	21.494
Caraga	XIII	9.100	5.100
Total		249.667	219.349

Note:

* This was based on the report submitted by the CDA Finance Group.

Loans Approved and Released -
For the period 1992 to Sept. 30, 1997

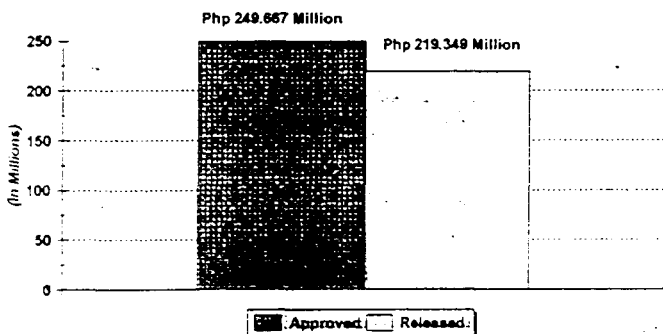


TABLE VIII
Amount of Product Volume Sales Generated*
By Cooperatives

For the period January to September 1997

Extension Office	Region	Product Volume Sales Generated (000)
Dagupan	I	710,142.68
Tuguegarao	II	628,941.10
Cordillera	CAR	527,975.15
Pampanga	III	801,138.05
Manila	NCR	1,739,676.93
Calamba	IV	639,831.59
Naga	V	465,504.89
Iloilo	VI	885,157.58
Cebu	VII	887,977.82
Tacloban	VIII	849,543.60
Pagadian	IX	181,071.92
Cagayan de Oro	X	967,128.52
Davao	XI	5,584,443.46
Kidapawan	XII	185,870.17
CARAGA	XIII	48,488.84
Total		15,102,892.30

Note:

(*) Data taken from consolidated Cooperative Business Transaction Report.

Product Volume Sales Generated by Coop

For the period January-September 1997

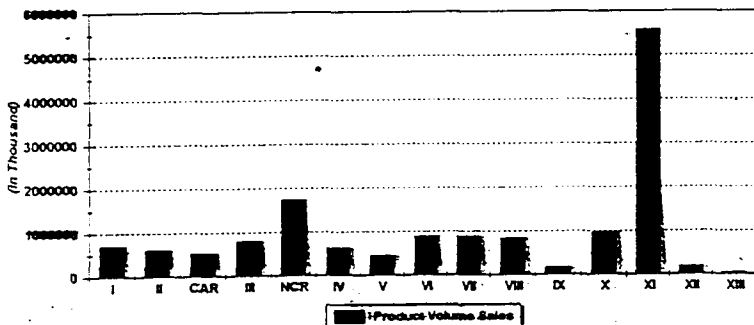


TABLE IX
Number of Cooperative Development Councils Organized*
By Region and By Level of Organization
As of September 1997

Extension Office	REGION	REGIONAL	PROVINCIAL		%	MUNICIPAL/ CITY		%
			No. of Provinces	No. of PCDC Organized		No. of Mun. /City	No. of MCDC/ CCDC Orgd.	
Dagupan	I	Organized	4	4	100.00%	125	124	99.20%
Tuquegarao	II	Organized	5	5	100.00%	93	69	74.19%
Cordillera	CAR	Organized	6	3	50.00%	76	54	71.05%
Pampanga	III	Organized	6	6	100.00%	122	91	74.59%
Manila	NCR	Organized	NA	NA	0:00%	17	17	100.00%
Calamba	IV	Organized	11	11	100.00%	223	90	40.36%
Naga	V	Organized	6	6	100.00%	115	72	62.61%
Iloilo	VI	Organized	6	6	100.00%	134	120	89.55%
Cebu	VII	Organized	4	4	100.00%	132	132	100.00%
Tacloban	VIII	Organized	6	6	100.00%	144	104	72.22%
Pagadian	IX	Organized	5	4	80.00%	109	63	57.80%
Cag. de Oro	X	Organized	4	3	75.00%	70	50	71.43%
Davao	XI	Organized	5	4	80.00%	68	67	98.53%
Kidapawan	XII	Organized	5	5	100.00%	110	67	60.91%
Caraga	XIII	Organized	4	4	100.00%	70	58	82.86%
TOTAL		15	77	71	92.21%	1,608	1,178	73.26%

Note:

(*) This was based on the consolidated report submitted by CRITD.

**12th ICA-JAPAN TRAINING COURSE ON "STRENGTHENING
MANAGEMENT OF AGRICULTURAL COOPERATIVES IN ASIA"**

**The INTERNATIONAL COOPERATIVE ALLIANCE
REGIONAL OFFICE FOR ASIA AND THE PACIFIC
and the
COOPERATIVE UNION OF THE PHILIPPINES**

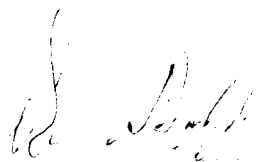
present this

Certificate of Participation

to

for participating in the Study Visits to Cooperatives in the Philippines from February 10 to 22, 1998 and for attending the 8th National Follow-up and Review Workshop on Management of Agricultural Cooperatives in the Philippines held at Garden Plaza Hotel, Manila on February 12, 1998.

Given this 21st day of February, 1998 at Manila, Philippines.



DAMAN PRAKASH

*Project Director
International Cooperative Alliance
Regional Office for Asia & the Pacific*



FELIX A. BORJA

*Secretary General
Cooperative Union of the Philippines*

WESTERN PANGASINAN ORGANIC FERTILISERS PROJECT

INTRODUCTION:

The Western Pangasinan federation of Co-operatives (WPFC) was organised in the Philippines on March 9, 1992 with an initial membership of fifteen primary co-operative societies. The area of operation of the federation consists of eleven towns and adjoining villages of Western Pangasinan. The Federation covers appropriately 15,000 hectares of farmlands, of which 8000 hectares are fully irrigated for cultivation of paddy.

The federation after a little more than four years of existence, has now 10,000 farmer-members belonging to 54 primary co-operatives as its members. Most of the members are engaged in farming; however, some are fishermen in view of the long coast line in the area serviced by the federation.

The federation has been engaged so far in continuous education and training of leaders and members of their member-co-operatives. It has also been serving its members with provision of post-harvest services, including marketing of their produce. In addition, the federation also extends financial assistance to its members through farm inputs like seeds, fertilisers, etc. on credit and agricultural crop loans.

This case has been prepared by Prof. G Krishnamurthi, Institute of Rural Management, Anand, on the basis of the viability study conducted by Mr. Claudio Odi Ofrancia, Director, The Western Pangasinan Federation of Co-operatives and the discussion with him on several occasions. The co-operation of Mr. Odi is gratefully acknowledged.

The WPFC is managed by a Board of Directors consisting of five directors elected by the members at their annual general meetings. The Board is assisted by a set of committees to look after the various operational functions of the federation, as shown in the enclosed organisation chart. The Board of Directors has recently approved the constitution and organisation of a Project Management Committee to look after the projects of the federation. The organisational structure of the Project Management committee is also shown in the enclosed chart.

The WPFC purchased some time ago one hectare of land at Tagudin, Alabini, located at a distance of about five minutes' drive from its office (which is situated at a prime location of Alaminos, the commercial and trading centre of Western Pangasinan). The federation has constructed in the land a concrete solar dryer occupying approximately 1200 sq.m, a multi-purpose warehouse (of 375 sq.m.) which houses two mechanical dryers for paddy, maize, a sack-making factory and a smaller warehouse accommodating a rice-mill. Depending upon the availability of funds, the federation has plans to build an Agricultural and Manpower training centre, and a Farm Machinery and Implements Display Centre in the same plot of land.

PROJECT BACKGROUND:

Mr. Odi Ofrancia, one of the five members of the Board of Directors of the federation has been concerned for quite some time about the declining productivity of agricultural land in the Philippines on account of the reckless and indiscriminate application of chemical fertilisers for production of paddy. He has been of the view that while chemical fertilisers are easy to apply and are suitable in the short-run for high-yielding variety (HYV) rice, their application without a proper analysis of the soil is futile. The accumulation of the lime component, supposedly used in the production of chemical fertilisers in the Philippines by multi-national fertiliser manufacturers, appears to render the soil arid and acidic. Further, the repeated application of chemical fertilisers leads to a condition where the plants become more susceptible to plant diseases and are prone to infestations due to softening of their tissues. The use of chemical

fertilisers and insecticides often leaves poisonous residues of small doses in crops which are consumed by human beings and animals. The crops have not been found to be as nutritious as the ones produced with organic fertilisers. Furthermore, chemical fertilisers are gradually becoming more expensive; one bag (50 kg.) of complete chemical fertiliser costs at present a little more than Peso 300 (U.S. \$12.00) in the retail outlet. A bag of urea costs even more since it is fully imported.

Mr. Odi, who is extremely concerned about the rising prices of chemical fertilisers, declining productivity of the soil, deteriorating nutrition of the crops produced with chemical fertilisers, and the mounting expenses to be incurred by the farmers to combat the declining soil productivity by application of more-than-normal quantity of fertilisers, is of the view that the solution for all these problems lies in organic farming. He has reached this conclusion after observing the experiences of Japanese and Korean farmers who are gradually switching over to organic fertilisers. Organic farming is environmentally friendly, offers ecological stability and genetic diversity, increases the soil fertility, and in the process, improves soil productivity. Moreover, organic fertilisers do not leave harmful and poisonous deposits in the plants as chemical fertilisers do. Further, they are cheaper at P 150 (US \$6.00) per bag.

In view of the advantages offered by organic farming, Mr. Odi has proposed production and sale of organic fertilisers at WPFC as a part of the services offered by the federation to its members. The Board, of which Mr. Odi is a member, appears to be favourably inclined to this idea, and has requested Mr. Odi to investigate further and present a detailed proposal. Mr. Odi, excited at the possibility of translation of his ideas into reality, has set out to prepare a project proposal for the production of organic fertilisers by WPFC. The leading features of the proposal are narrated in the following paragraphs.

TECHNICAL DETAILS:

The general objective of this project is to produce quality organic fertiliser through the use of raw materials like rock phosphate, guano ore, sea-weeds, animal manure and plant residues, all of which are abundantly available in the area.

The project is proposed to be established in the existing one hectare plot of land owned by the federation. This land was purchased some time ago at a price of P 2.00 million.

The project will be built in an underground complex to avoid pollution. The buildings for the project consist of two warehouses, one for raw materials and the other for finished goods, in addition to a structure to house the plant and machinery. (The plan of buildings, the lay-out of plant and machinery and a schematic process flow chart are shown in the exhibits appended to the case.)

The nominal rated production capacity of the plant is 5000 tonnes per annum. However, in the event of exigencies, it can be easily operated at a production level of 7500 tonnes per annum without restrictions. The capacity of the plant is estimated to be sufficient to meet the annual requirement of about 3000 tonnes of fertiliser for about 15,000 hectares of farmlands engaged in cultivation of paddy and serviced by the federation. However, sufficient capacity cushion has been provided to cater to the expected demand of organic fertiliser from land-owners/cultivators living in the vicinity of Western Pangasinan as a result of the demonstration of the effect of organic farming in the area served by the federation.

PROJECT IMPLEMENTATION AND PRODUCTION PLAN:

It is expected that all formalities relating to the project, such as a formal approval of the Board for submission of the proposal to a funding agency, negotiation with and sanction by the funding

agency, Government clearances, etc. will be completed latest by October 31, 1996. As per the preliminary study undertaken by Mr. Odi, the project construction work can be completed in about 4 months in view of the availability of a prepared site. Unexpected delays of a minor nature are not likely to affect the implementation schedule adversely. Mr. Odi plans to complete the commissioning trials of the plant latest by 31 March 1997, so that the project is fully operational by 01 April 1997.

The plan prepared by Mr. Odi visualises production at 75% of the rated capacity (of 5000 TPA) in the first year of operation. This level is expected to be scaled up to 100% utilisation of capacity in the second year, followed by 10% annual increase in the following years. This trend will be maintained till the production level reaches 7500 TPA.

As regards the raw materials like rock phosphate and guano ore which are to be mined by the farmers (who are the members and beneficiaries of the federation) and sea-weeds to be collected by the farmers from the adjacent China sea, the operations plan prepared by Mr. Odi assumes that they will be supplied by the farmers during the dry months December to April. The farming activity during the dry period will be quite low and will provide enough time for the farmers to collect the raw materials for organic fertiliser production and sell the same to the federation. Since the farmers are the only suppliers of the basic raw materials, the production plan visualises procurement of the entire annual requirement during the dry season.

PROJECT COSTS:

As already mentioned, the plant building and the warehouses will be constructed on the existing one h.a land purchased by the federation at a cost of P 2.00 million some years ago. In addition, the federation owns two vehicles for hauling raw materials and for delivery of finished products to its members and outlet stores. These hauling trucks were acquired out of the federation's accumulated reserves at a cost of P 1.50 million.

As per the civil engineering estimates prepared by the architects of the federation, the total cost of construction of the two warehouses and the plant structure is expected to be around P 4.00 million (US \$ 160,000).

The preliminary estimates of the cost of plant, machinery, equipment and laboratory apparatus, prepared on the basis of budgetary quotations, put them at about P 5.00 million. This includes the cost of erection/installation of plant and machinery, as also the initial expenses associated with trial production runs.

DETAILS OF OPERATING COSTS AND REVENUES:

The selling price of organic fertilisers is expected to hover around P 3,000 per tonne. The federation plans to buy the raw materials (guano ores, phosphate rocks, animal manure, plant residues and certain other items) from the farmers during the dry season at P 1,400 per tonne of final product.

The costs of the other items per tonne of final product are as follows:

Packaging material	: P 180
Labour cost	: P 400
Water, power and fuel	: P 20
Administrative and Marketing overheads	: P 386 at a capacity utilisation of 100% (5000 TPA)

The life of the plant, machinery, equipment and laboratory apparatus can be safely assumed at 10 years.

The depreciation rate for all fixed assets has been recommended at 10% by the federation's chartered accountants.

The federation maintains several bank accounts on the basis of its projects. Mr. Odi wants to ensure that the cash balance (in cash and at bank) for the project is maintained at a minimum level of P 50,000.

The farmers generally buy their farm inputs from the retail outlets of the federation on credit basis; the duration of credit extended to the farmers normally spans a crop season which can be safely taken as four months.

In view of the somewhat unreliable supply of packaging materials, the packaging material inventory is planned to be maintained at about 3 month's requirement.

MEANS AND COST OF FINANCING:

Over the years, the federation has accumulated P 4.00 million as members' equity; this fund is planned to be ploughed into the project.

The remaining requirement of long-term funds is planned to be borrowed from an international funding agency having its office in Manila. The funding agency charges 10% interest per annum and recovers its loans in seven equated annual instalments, with the first instalment falling due at the end of first year of operation.

Mr. Odi has already tied up with a local commercial bank for short-term loans required for financing the working capital gap. The bank is generally flexible in its lending terms, as long as the borrower is creditworthy. It generally charges 14% interest per year on its advances and expects project promoters to bring in at least 20% of the working capital requirements as project funds (long-term).

The federation has a policy of distributing 40% of the net annual cash surplus of any project among its members as dividend starting from the end of three years of operation (i.e. part of the surplus from the third year will be shared at the beginning of the fourth year, immediately after the accounts are finalised and approved by the general body). The remaining 60% cash surplus will be retained by the federation for future expansion/diversification projects.

Mr. ODI's DILEMMA:

Mr. Odi who has managed to collect the above data has had several informal discussions with his colleagues on the Board and friends in the funding agency. While the Board members and officials of the funding agency are tremendously excited at the project idea, they hold the view that Mr. Odi has not been in a position to spell out the project details fully. They are of the opinion that fairly reliable cash flows and NPV can be estimated if Mr. Odi can come out with a brief write-up on the missing details.

Further, Mr. Odi was given a hint by his colleagues on the Board that the project would be easily approved at the next Board meeting if Mr. Odi could establish its financial viability from the point of view of the member's equity.

The funding agency, on the other hand, likes to look at the feasibility from the point of view of long-term funds.

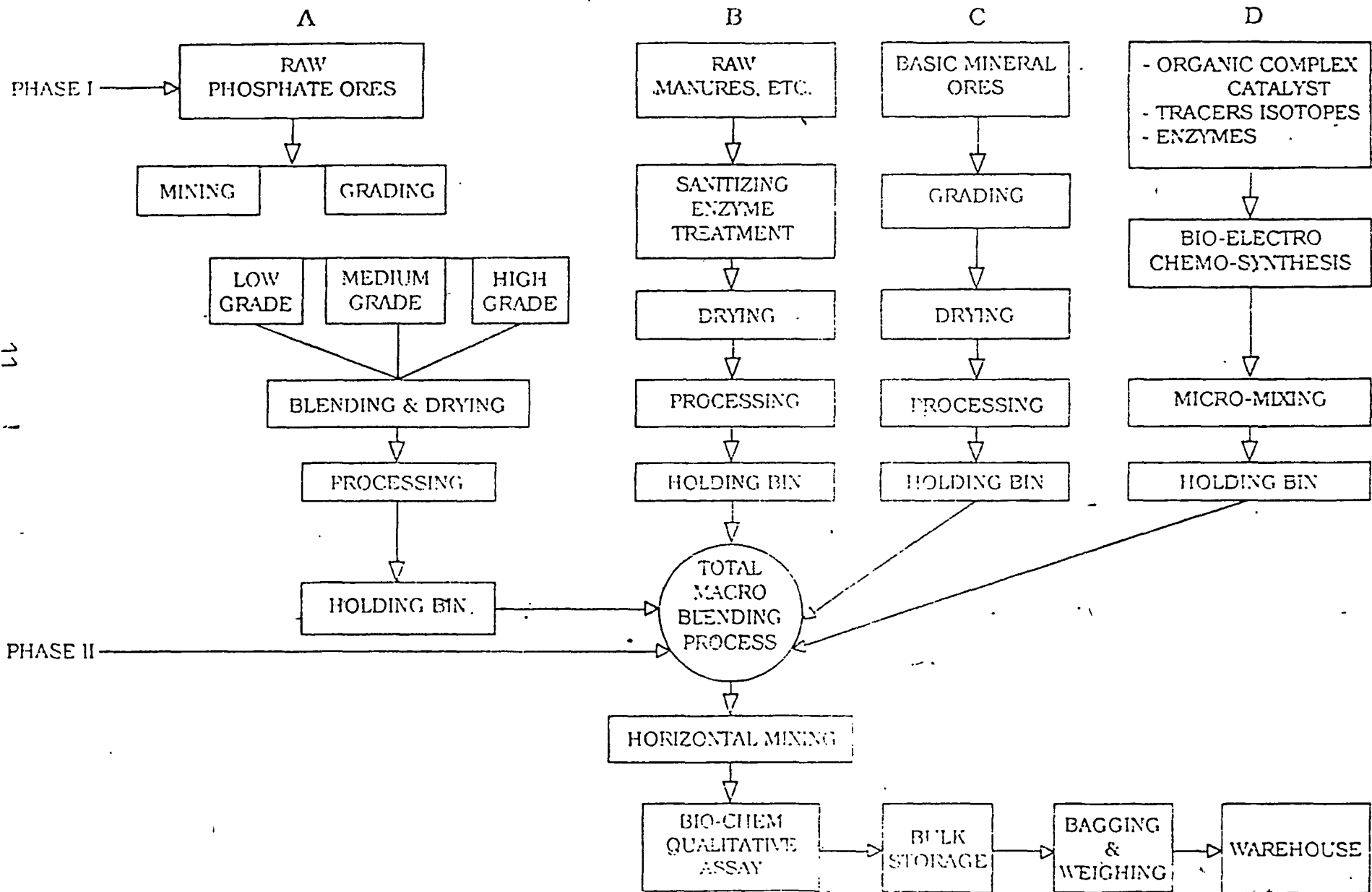
It is also interested in knowing what the project would mean to the West Pangasinan society as a whole, but would not like to hold the sanction of funds for want of a detailed social cost-benefit analysis. However, it would like to have a fairly good plan from Mr. Odi on the collection of data for carrying out an economic analysis of the project.

Mr. Odi, sound as he is in analysis of complex social issues, is too old (well past 50) to attempt such exercises all by himself. He does not consider it wise to rely on the federation's accountants or other professional financial analysts/project consultants who appear to be busy all the time with multi-national mega projects. He toys with the idea of approaching his friends who are faculty members in a prestigious Institute of Management in the Philippines or the faculty of IRMA where he attended a month-long programme on the management of agricultural co-operatives in developing countries. In view of his fairly close association with IRMA, he has sought IRMA's help.

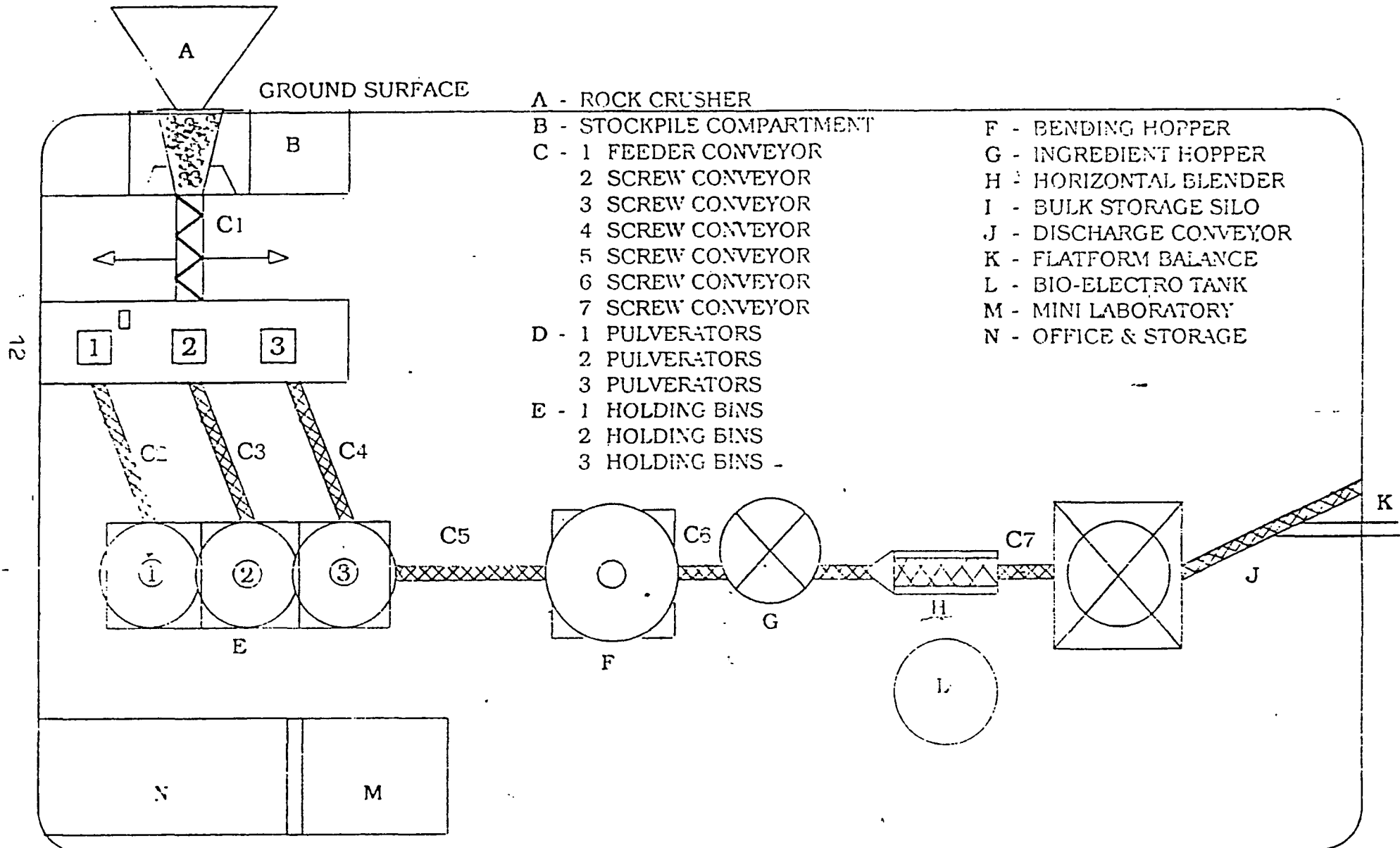
WESTERN PANGASINAN FEDERATION OF MULTI-PURPOSE COOPERATIVES ORGANIC FERTILIZER MANUFACTURING PROCESS

FLOW CHART

PROCESS & SYSTEMS
DESIGN & FORMULATION



UNDERGROUND LAY-OUT OF ORGANIC FERTILIZER MANUFACTURING COMPLEX ON A 500 SQ.M. AREA



A - ROCK CRUSHER

B - STOCKPILE COMPARTMENT

C - 1 FEEDER CONVEYOR

2 SCREW CONVEYOR

3 SCREW CONVEYOR

4 SCREW CONVEYOR

5 SCREW CONVEYOR

6 SCREW CONVEYOR

7 SCREW CONVEYOR

D - 1 PULVERATORS

2 PULVERATORS

3 PULVERATORS

E - 1 HOLDING BINS

2 HOLDING BINS

3 HOLDING BINS

F - BENDING HOPPER

G - INGREDIENT HOPPER

H - HORIZONTAL BLENDER

I - BULK STORAGE SILO

J - DISCHARGE CONVEYOR

K - PLATFORM BALANCE

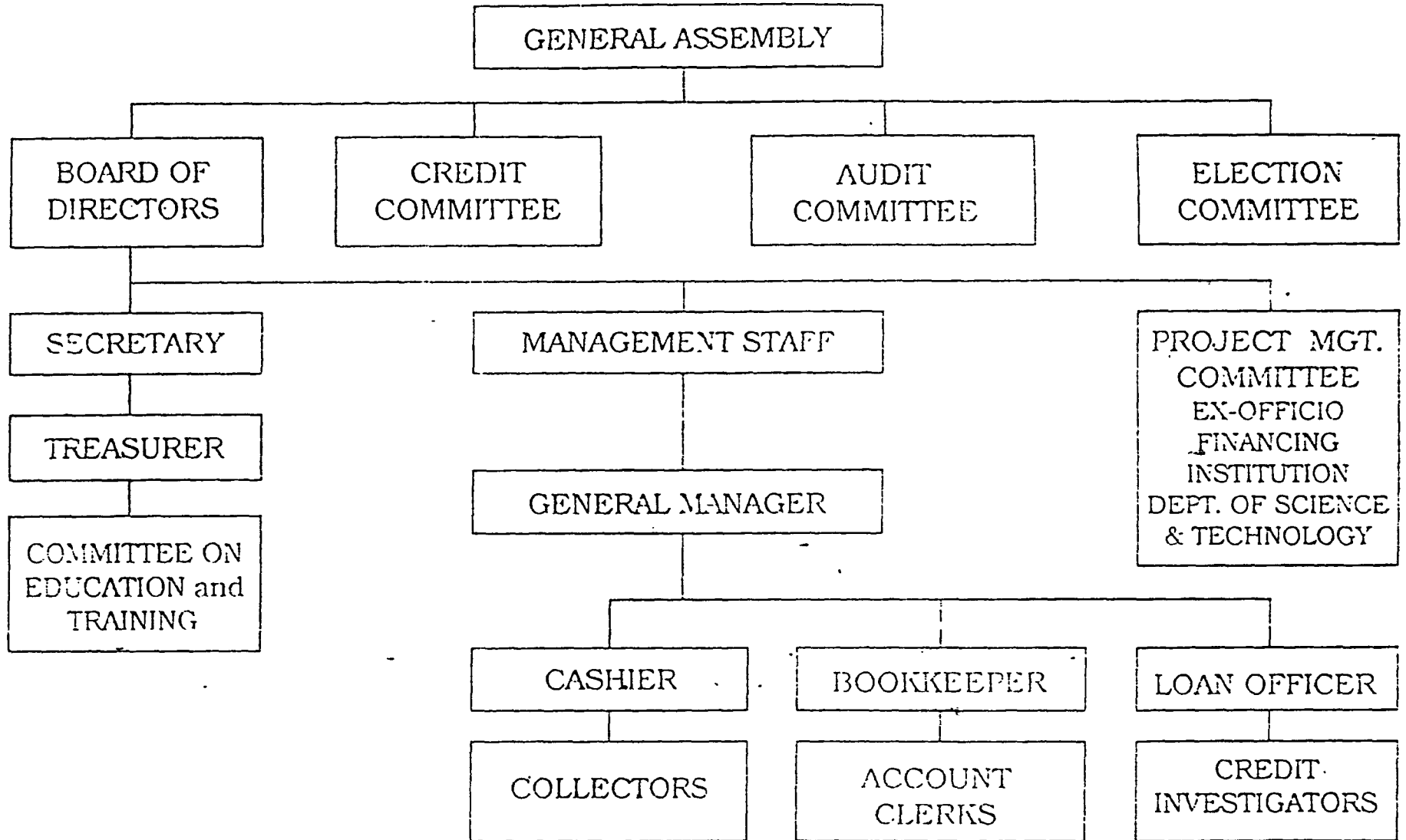
L - BIO-ELECTRO TANK

M - MINI LABORATORY

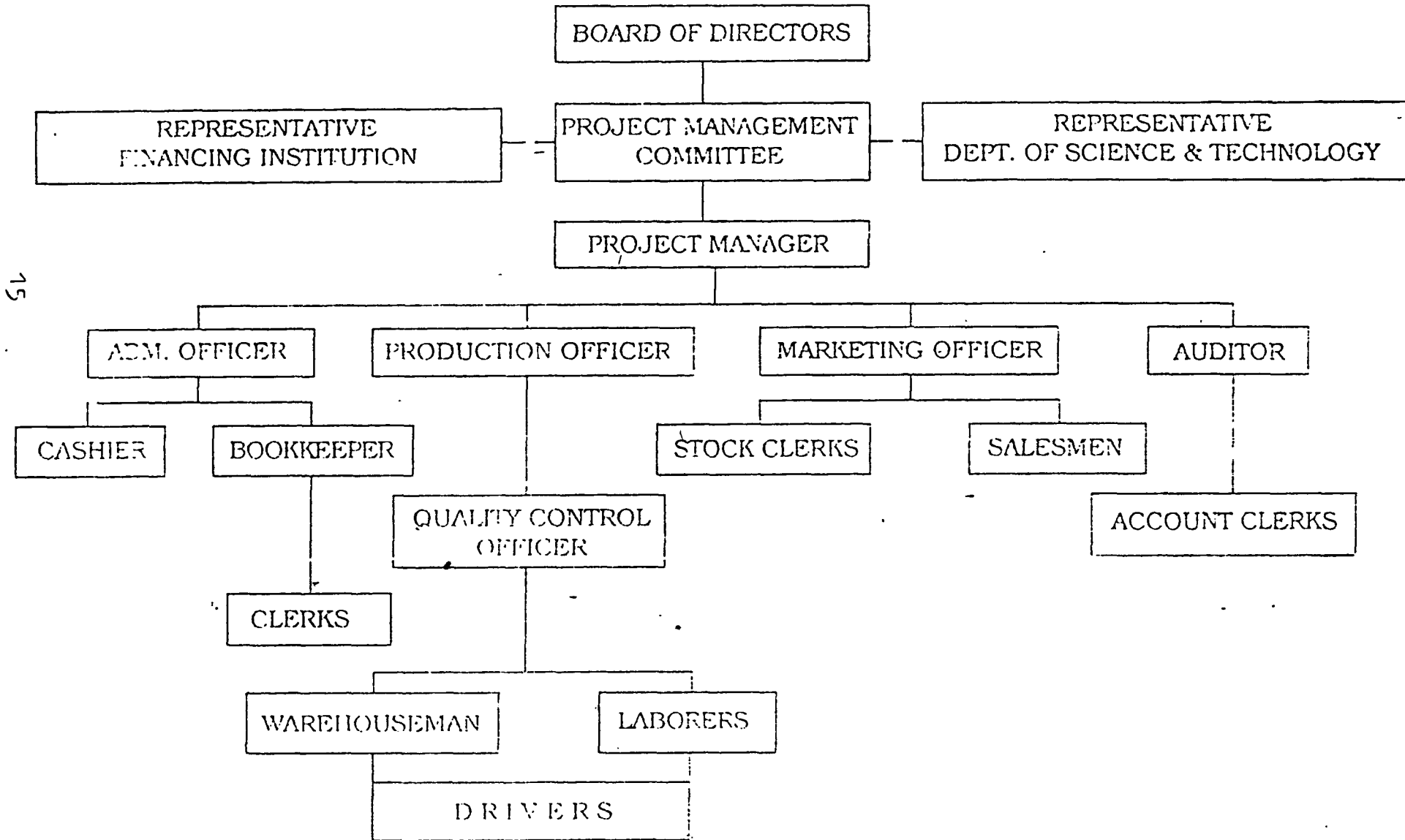
N - OFFICE & STORAGE

12

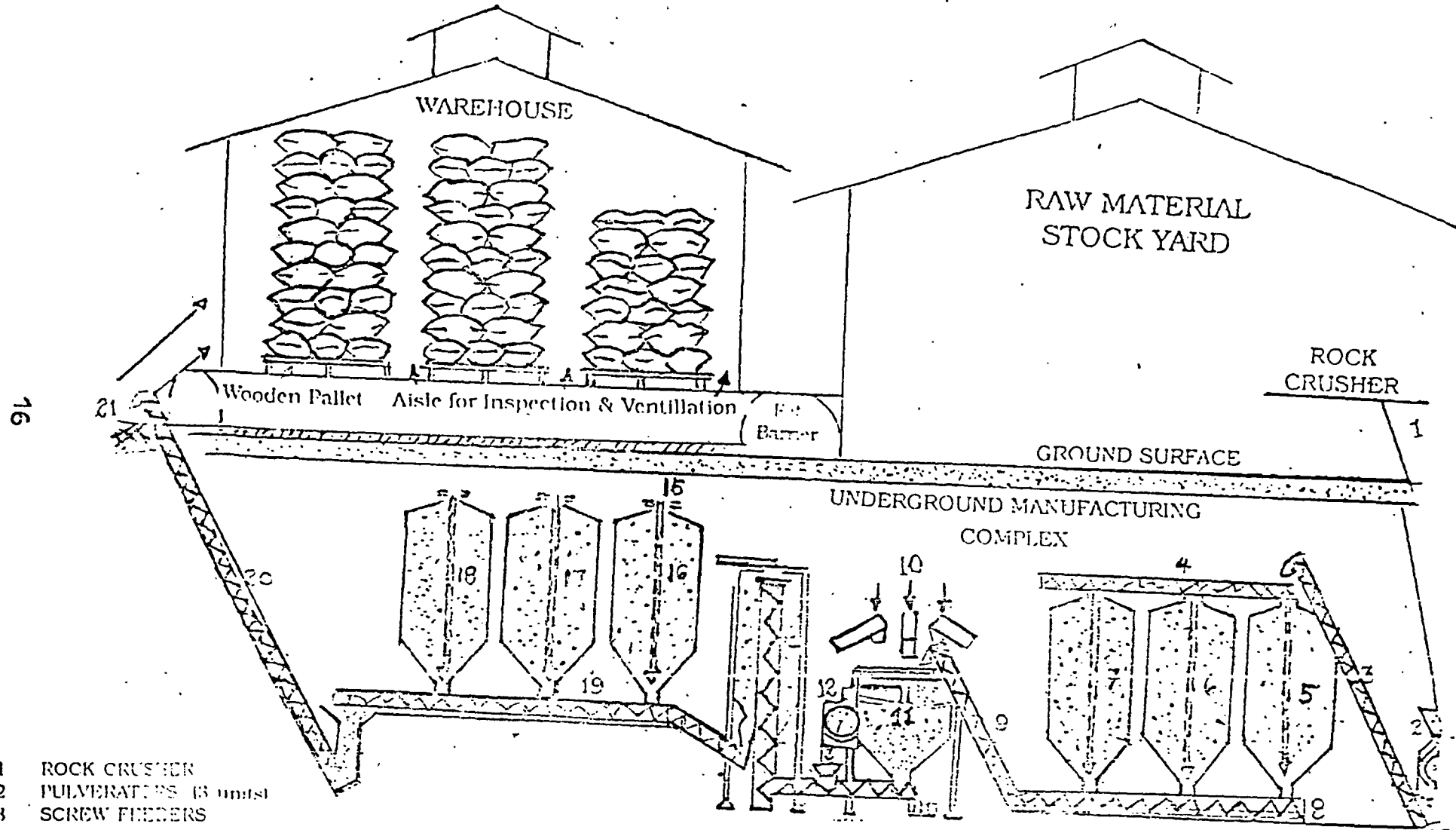
WPFC ORGANIZATIONAL STRUCTURE



WPFC PROJECT MANAGEMENT COMMITTEE



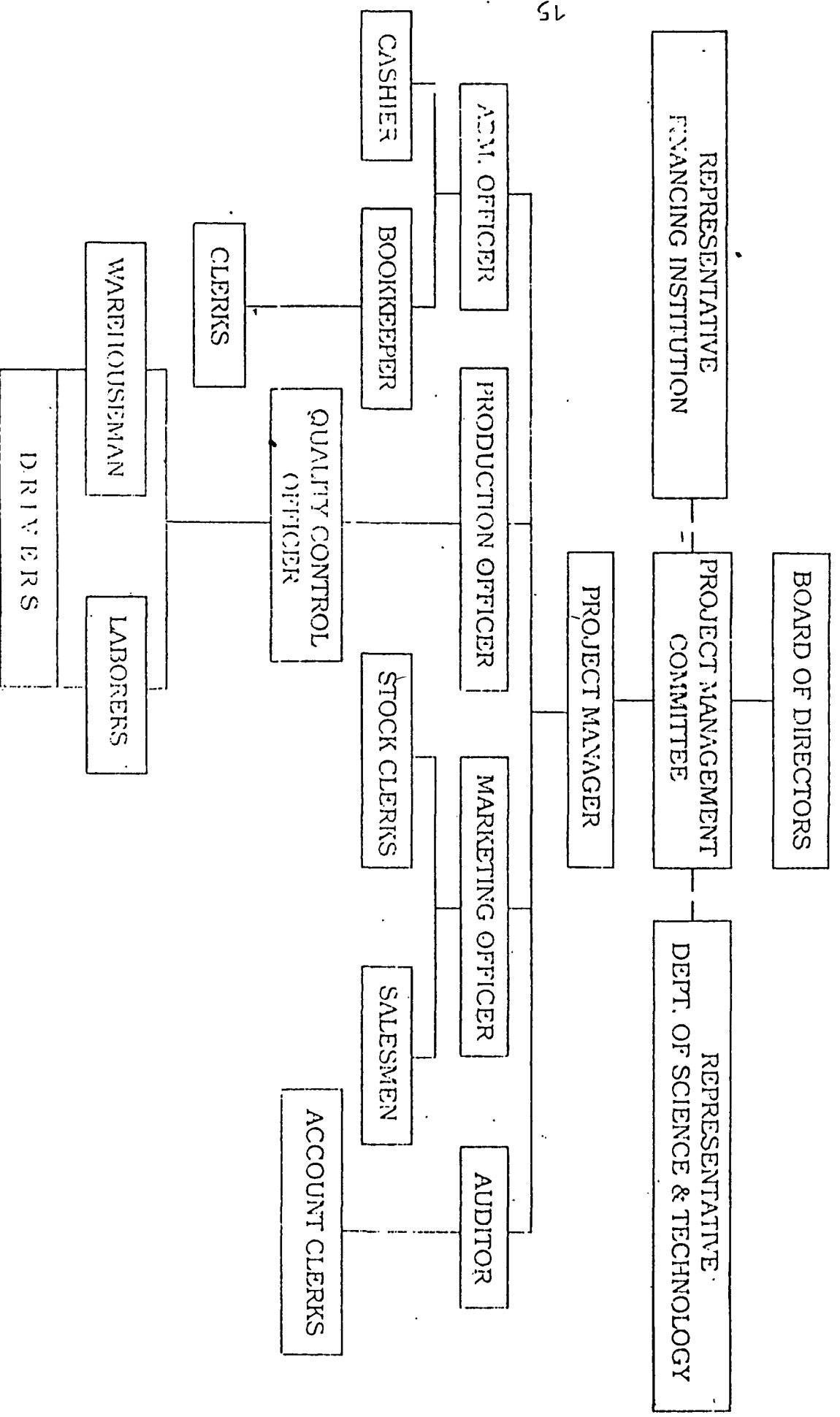
COMPREHENSIVE ILLUSTRATION OF THE ORGANIC FERTILIZER PRODUCTION PROJECT



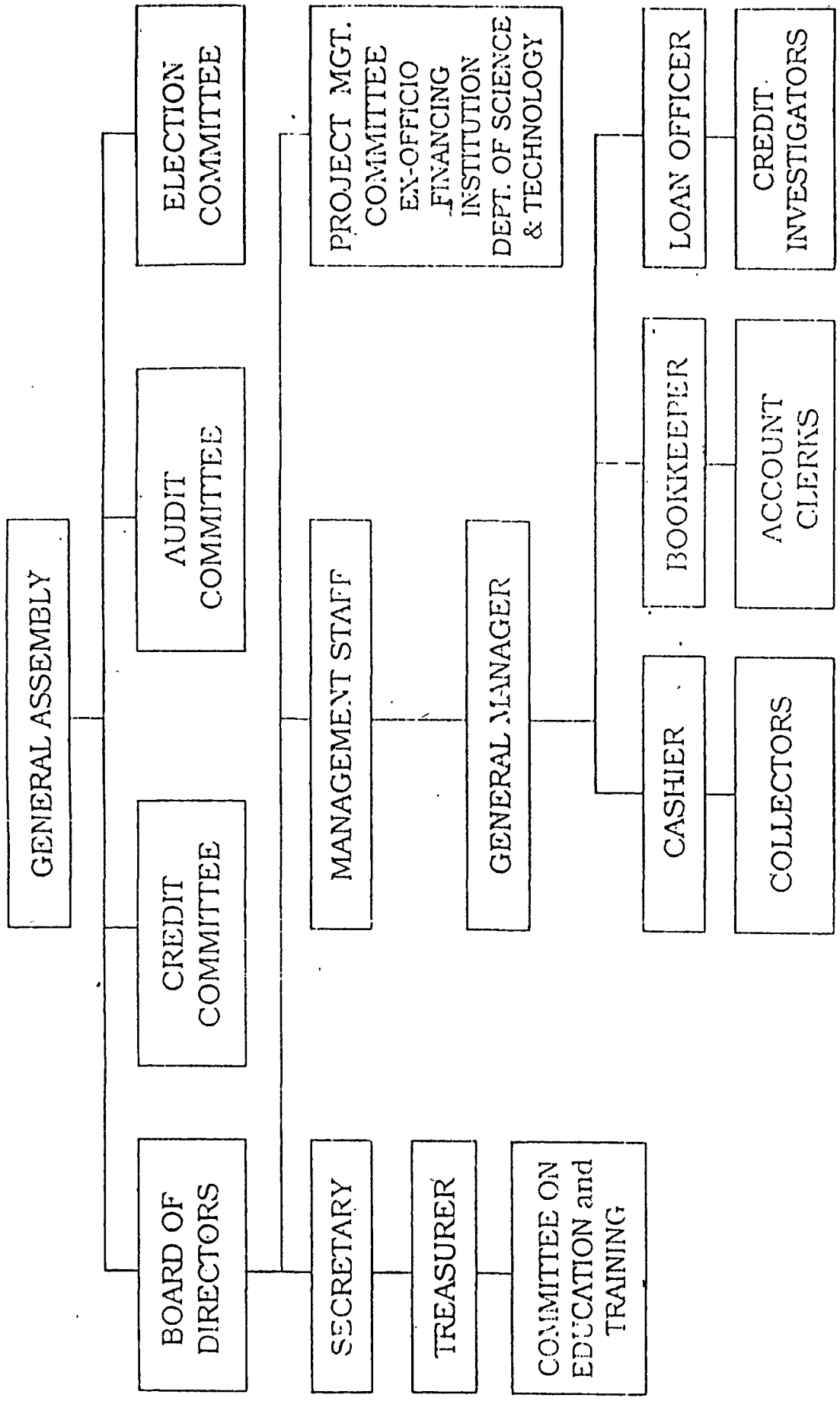
- 1 ROCK CRUSHER
- 2 PULVERATORS (3 units)
- 3 SCREW FEEDERS
3 pcs w/ elect motors
- 4 SCREW CONVEYORS W/ MOTOR
- 5-7 HOLDING BIN FOR PROCESSED ORES
- 8-9 SCREW CONVEYORS W/ MOTOR
- 10 ATOMIZER
- 11 BLENDING TOWER
- 12 SCALE
- 13 INGREDIENT HOPPER

- 14 VERTICAL/HORIZONTAL BLENDERS
- 15 AUGER DRIVE
- 16-18 BULK STORAGE BINS
- 19 SCREW CONVEYOR W/ MOTOR
- 20 SCREW DISCHARGE CONVEYOR W/ MOTOR
- 21 WEIGHING/PACKAGING PLATFORM
- 22 DUST COLLECTORS PROVISION (not shown)
- 23 BIO ELECTROLYTES STORAGE TANK (not shown)
- 24 MICRO MINER (not shown)

WPPIC PROJECT MANAGEMENT COMMITTEE



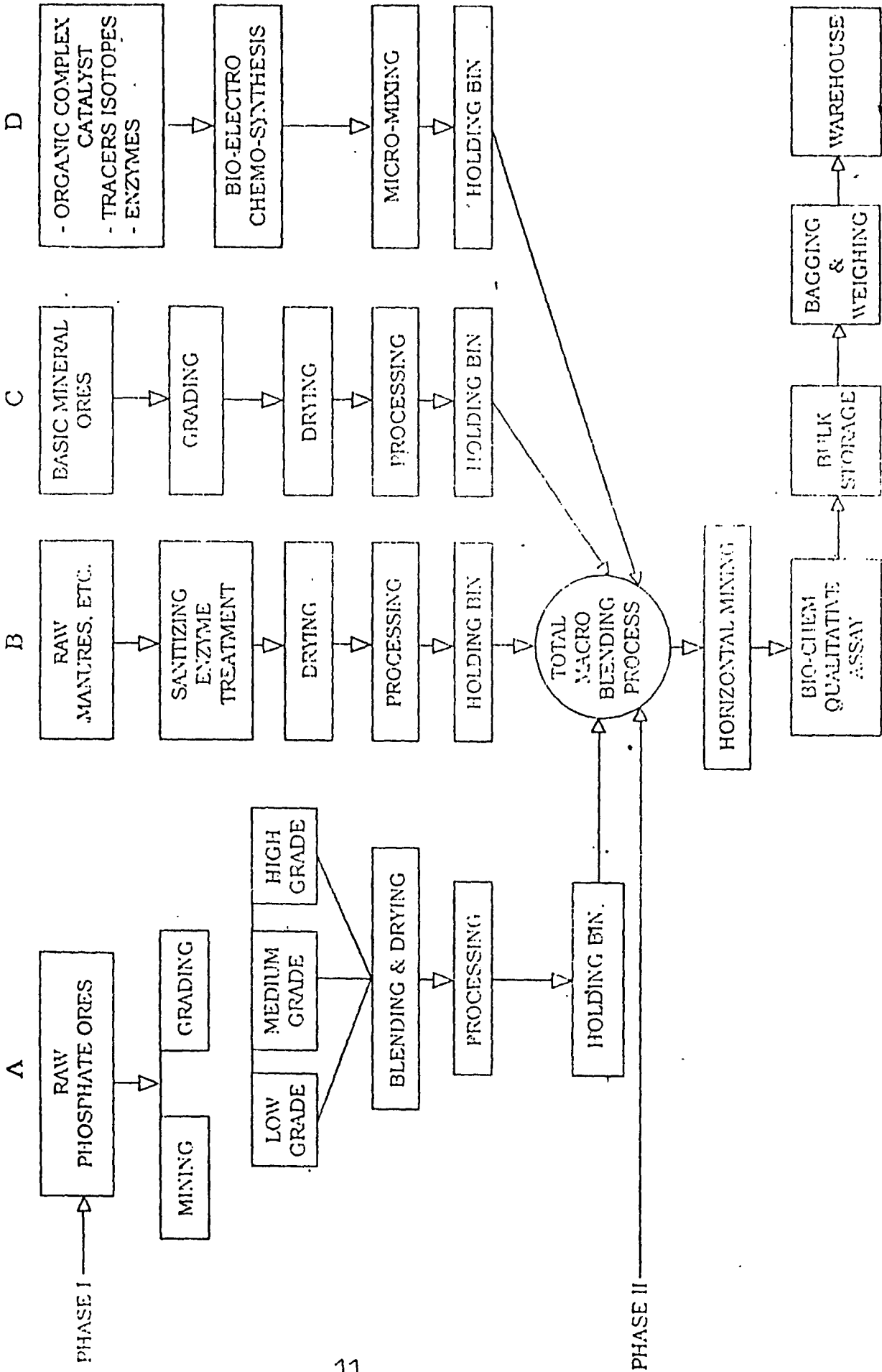
WPFC ORGANIZATIONAL STRUCTURE



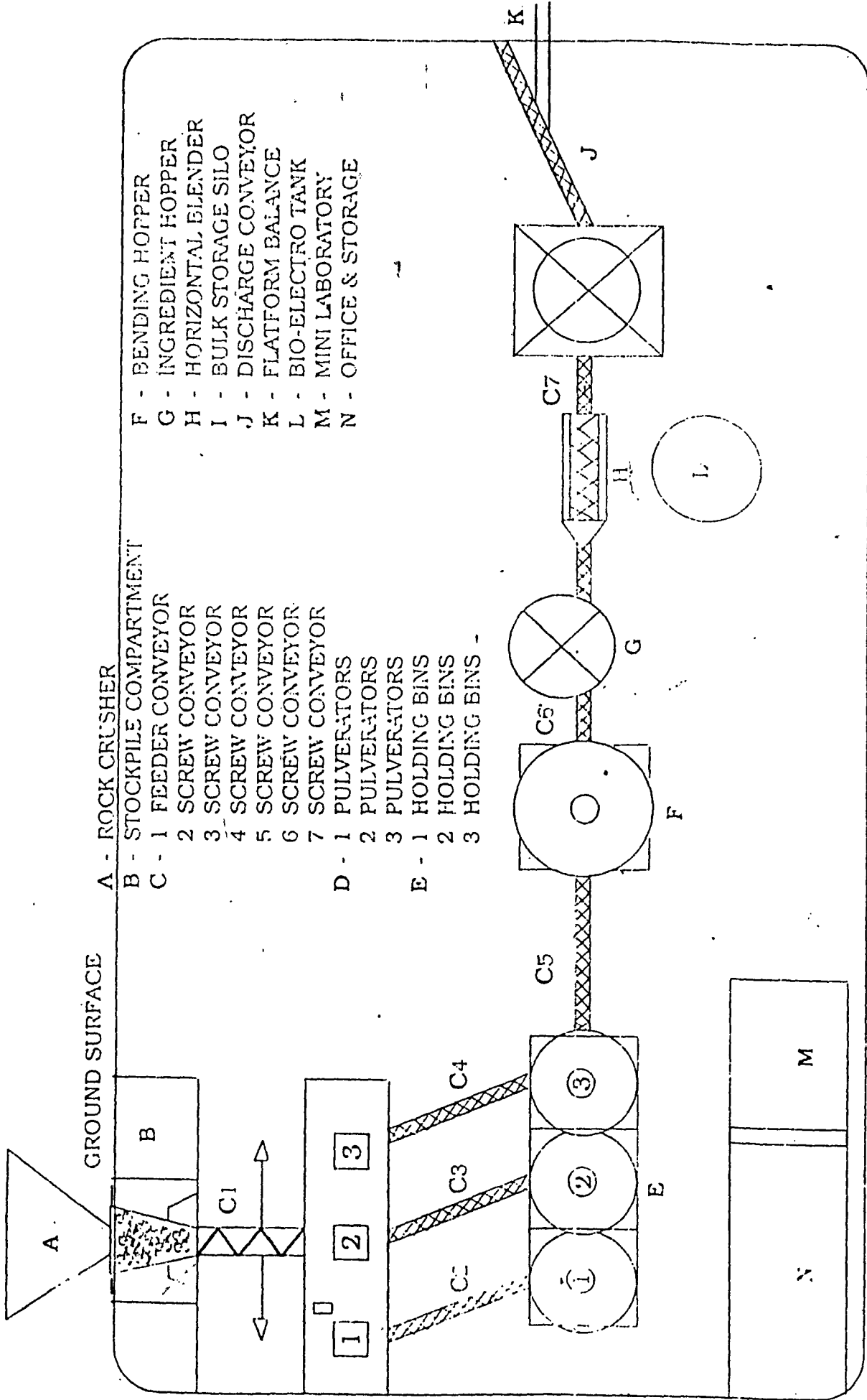
WESTERN PANGASINAN FEDERATION OF MULTI-PURPOSE COOPERATIVES
 ORGANIC FERTILIZER MANUFACTURING PROCESS

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- A - ROCK CRUSHER
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- M - MINI LABORATORY
- N - OFFICE & STORAGE

ICA-JAPAN NATIONAL FOLLOW-UP AND REVIEW WORKSHOP PHILIPPINES, FEBRUARY, 1998

STATUS REPORT

TEOFILO R. QUINTAL

Class Eleven

November 4, 1996 - April 20, 1997

I. Background

a) The Eleventh (11th) ICA-Japan Training Course for Strengthening Management of Agricultural Cooperatives in Asia was inaugurated last November 4, 1996 at the ICA-Regional Office for Asia and the Pacific (ICA-ROAP) Headquarters in New Delhi, India by His Excellency Mr. Seiji Kojima, Charge de Affairs and Minister in the embassy of Japan in India, and has been attended by distinguished Indian National Cooperative Leaders and previous Indian participants and culminated last April 20, 1997 at the Institute for the Development of Agricultural Cooperation in Asia (IDACA), Tokyo, Japan. The third country that time was Sri Lanka.

This course has been attended by fifteen (15) selected participants from (10) Asian countries, i e. Bangladesh (1), China (2), India (2), Indonesia (2), Malaysia (1), Myanmar (1), Pakistan (1), Philippine (1), Sri Lanka (2), and Vietnam (2).

The first two weeks of the course (Nov. 4-17, 1996) were devoted to the review of agricultural cooperatives situation as presented by the respective participants that were followed by clarifications and discussions every after the end of the presentation with the presence of some resource persons from the ICA-Regional Office. A two-day workshop module on management practices of Agricultural Marketing and Processing Cooperatives was held on November 18-19, 1996 at the Vaikunth Mehta National Institute of Cooperative Management (VAMNICOM) at Pune, India and critically examine the organizational process and management patterns of marketing and processing cooperatives in the context of their objectives of providing better returns for their produce to members thru integrated value addition activities, followed by study visits in Maharashtra State like the Cooperative Sugar Factory Complex in Pravaranagar, Chandori Primary Agricultural Coop Society, Nasik, Lasalgaon Agri Produce Marketing Cooperative, Lasalgaon, Nashik District Central Cooperative Bank Ltd., Nashik, Maharashtra State Cooperative Union Limited, Pune, and Maharashtra State Cooperative Bank Limited, Bombay. The said study

visits ended until November 26, 1996, after which the Institute of Rural Management in Anand (IRMA) modules on management principles, methods and techniques with special reference to management leadership development in agricultural cooperatives in Asia, started (Nov. 28 - Dec. 27, 1996) consisting of the following: Professionalization of Management in Agribusiness Cooperatives, Integrated Cooperative Systems (ICS), Accounting, Costing and Financial Management, Marketing, Project Management with emphasis on Project Preparation, Economics, Communication, Executive Effectiveness, Personal Computer awareness and application and Stress Management.

During the comparative field study visits in Sri Lanka (January 2-9, 1997) we were able to interact with the senior cooperative leaders and officials, managers and members of national cooperative organizations. This was hosted by the National Cooperative Council of Sri Lanka, and we were also able to visit the National Cooperative Council of Sri Lanka-NCC/SL, Coconut Producers' Cooperative Societies' Union, Sri Lanka Cooperative Marketing Federation-Markfed, Sri Lanka Institute of Cooperative Management-SLICM, Sri Lanka Industrial Coop Societies' Union-CEYESTA, Dunagaha Coconut Producers' Cooperative Society Ltd., NCC project on sustainable development and environment conservation at Maho, School of Cooperation in Polgolla, Kundasale Multipurpose Cooperative Society Ltd., and Kandy Multipurpose Cooperative Society Ltd.

Our visit in Sri Lanka was followed by the home country assignments for preparation of project proposals, from Ja. 10 to Feb. 22, 1997 which on my part prepared a proposal on the "Fortified NPK Organic Fertilizer Manufacturing" in consultation with the Cooperative Union of the Philippines (CUP) and the Ilocos Sur Federation of Cooperatives as the proponent.

The part II of the course was started at the Institute for the Development of Agricultural Cooperation in Asia (IDACA) in Tokyo, Japan last February 23, 1997 by project appraisal sessions, lectures and study visits with topics and observations centered on the management practices adopted by agricultural cooperatives in Japan with special reference to "Value Addition through Agro processing". The field study visits in Japan included the following: JA-Zenchu (Central Union of Agricultural Cooperatives-Japan), JA-Fukuoka Chuokai (Prefectural Union of Agri-Coops-Fukuoka), JA-Kurame - a primary level agricultural cooperative, Fukuoka Prefectural Coop Horticultural Fed and its juice plant, Fukuoka Agricultural Research Center, Cooperative Training Center of Fukuoka Prefectural Union, Milk Processing Plant of JA-Tskuigun, Zengyoren (National Fisheries

Cooperatives' Federation), JA-Shizuoka Chuokai (Prefectural Union of Agri-coops-Shizuoka), Cooperative Training Center run by the Prefectural Union, JA-EnshuYumesaki, JA-Kannami Tobu and the Institute for the Development of Agri Cooperation in Asia (IDACA)).

The concluding session of the Eleventh Course was held at the Ministry of Agriculture Forestry and Fishery (MAFF) in Tokyo last April 16, 1997 with Mr. Osamu Hirokawa, Deputy Director-International Cooperation Division of the MAFF, Mr. GK Sharma, Special Advisor to the ICA Director-General (former ICA Regional Director), Mr. Takao Yamamoto of the International Department of JA-Zenchu, Mr. Yoshitada Nakaoka, Managing Director of IDACA, and Mr. Daman Prakash, Project Director of the ICA-ROAP and also Mr. A.H. Ganesan, Program Officer of ICA-ROAP. Prior to the departure of the participants, we also had the advantage of interaction with some of the participants of former courses in Sri Lanka and with the top leaders of sponsoring organizations during the Top Leaders Conference on "Collaborative Strategies for the Development of Agricultural Cooperatives in Asia" held at Tokyo, Japan, towards the tail end of the course, April 14-19, 1997.

b) I was best and most benefited from the training by the IRMA inputs and field study visits to the different cooperatives which are either primary, federation and / or union at the different levels in Japan, India and Sri Lanka, especially the "Value addition" thru agro-processing aspects and my participation in the Asian Top Cooperative Leaders Conference.

c) Although I have not yet made use of my learning experiences in my planned project, I already had use these in my participation in planning and putting up the Ilocos Sur Tomato Processing Plant at Santa, Ilocos Sur. Other than this, I am so involved in the formulation and implementation of training activities of the cooperative with emphasis on strengthening the management and financial capabilities including operations management.

II. Information on the project proposal prepared:

a) Title of the Project, its salient features:

Title: Fortified NPK Organic Fertilizer Manufacturing

Salient Features: - Use of computer algorithms

- Converts all biodegradable wastes into organic fertilizers
- Output is environment friendly and with soil ameliorating effects
- finish product may either be pelletized or non-pelletized
- site / crop-specific formulation of organic fertilizer
- High quality organic fertilizers

b) The project has not yet been implemented, although the Provincial Governor of Ilocos Sur had already signaled its approval. I already had approached the prospective financial bank, the Land Bank of the Philippines which had approved it in principle and was very willing to finance the project provided however, that the proponent cooperative could raise funds to meet the loan to equity ratio requirement of the bank which is 6:1, which until now the proponent had not met. The proposed site had already been started to be developed, and the bank is very eager to finance the project as shown by the fact that the top management of the bank had already arranged a field study visit to the plant site at Solana, Cagayan which had been constructed earlier, to assess and evaluate it, prior to adoption in the province.

c) The only problem that impede the immediate implementation of the program is the financial constraint besetting the cooperative. The cooperative could not yet meet the loan to equity ratio of the lending bank.

d) To overcome this is to accelerate fund solicitation and possibly thru bond flotation if not partnership with the Local Government Units.

e) The most probable solutions to this problem perhaps is to forge a partnership with the private companies or with the Local Government Units to form a "corporative".

III. Program Utility

a) As Chief of Operations, whose area of responsibility includes cooperative organizations, strengthening and supervision and in my private capacity as the Executive Officer and Vice-Chairman of the Provincial Cooperative Union (PCU) and as Director of the Board of the Regional Cooperative Union of Region No. 1, whose functions are mainly on cooperative strengthening, my training during the 11th Course was so timely and important.

b) There should be more time on better-living / farm guidance activities. Field study visits on the primary and prefectural unions of fishery cooperatives and gender awareness.

c) Home country assignments should be shortened to only one month and not forty five days to allow more field study visits and exposures.

IV. Suggestions and Recommendations

- The number of participants to the course should not be limited to 15 but should be increased to 20-25 to accommodate more trainees to become disciples of the course from the participating countries.
- Introduction to JA-Zenchu should be more elaborate and should be done by a senior official
- Inclusion in the field study visits in India and Japan and in the third country the primary and prefectural / provincial cooperatives federations / unions on fishery and women sector
- Home country assignments should be shortened to only 30 days to give more time on field study visits and exposures in India and Japan;
- Because of the current Asian currency crisis and the yearly increasing trend of inflation, allowances of trainees should be adjusted to level off or equalize the effects;
- One or two outstanding project proposals, properly prepared and evaluated with cost not to exceed \$10,000.00 should be automatically be awarded for implementation by the ICA-ROAP immediately after graduation as a reward to deserving participants and serve as a challenge to forthcoming participants to strive for the best during the course duration;
- A yearly assessment and review and project appraisal of implemented projects and projects that are under considerations be made regularly and within the region to exchange views and ideas and so with experiences in putting up the project
- A regular update thru a newsletter, of implemented projects of the past ICA-Japan participants is earnestly solicited to serve as a challenge to sleeping or slow acting graduates.

8th National Follow-up and Review Workshop
February 12, 1998, Garden Plaza Hotel
1030 Belen Street, Paco, Manila

STATUS REPORT

By: Eddie B. Lantaca, Jr.

1. Background:

I attended the 9th ICA- Japan Training Course for strengthening Management of Agricultural Cooperative in Asia from November 1994 to April 1995 which included the countries of India, Indonesia and Japan.

The 6-months training was very beneficial to me in many aspects which include the following:

- a. It has enhanced my capabilities as manager of a cooperative;
- b. It has developed my ability to prepare feasibility study of a certain project;
- c. It has further developed my ability to relate, understand and co-exist with people of different cultures;
- d. It has given me the chance to travel, see and observe people and places especially cooperatives on how they were created and operated; and
- e. Was able to experience a new kind of life (sort of) which was far and remote from the usual. Though temporary it was but one had to sacrifice to manage to go on. The beauty of it was, it had a stimulating effect, so to speak.

I would say that the training provided me a lot of insights, learnings and experience which are very vital to my life ahead especially in my field of endeavor.

The experience and exposure have challenged me a great deal to become more committed, more active and more productive as a coop manager and promoter of the movement. There's no more turning back but to move ahead for the better of things in life.

2. Information on the Project Proposal Prepared

Project Title: Farmers' Integrated Consumers-Marketing
Cooperative for Agro-Forestry Project in
Southern Negros

Summary of the Project:

The project aims to reorganize the 15 Farmers Associations and convert them into multi-purpose cooperatives. The main line of activity would be the selling of basic commodity goods (consumers) as well as the marketing of their farm products.

The members of the Farmers Associations are the beneficiaries of the Environmental Management Division (EMD) of the Philippine National Oil Company (PNOC) Agro-Forestry for the protection and preservation of one of the geothermal projects of the government located at Palinpinon, Valencia in Negros Oriental.

To accelerate and sustain the energy requirement in the province and neighboring provinces, maintenance of sound environment quality has to be ensured. Therefore, the target of the project are the people living in the geothermal site located in the mountains of Valencia and neighboring towns. The people are hired to plant trees in vacant areas and to preserve the existing ones. The intention of organizing them into cooperatives is to accelerate and coordinate their activities for the preservation of the forest and other natural resources. Without the people's assistance and support, the governments effort will be wasted.

The project is undertaken by the three organizational components namely:

- a. Environmental Management Division of PNOC - EMD
- b. Perpetual Help Credit Cooperative, Inc. (PHCCI)
- c. Farmers Associations

To fully utilize the capabilities of the EMD and the PHCCI, it is envisioned that the Farmers Associations will be converted into cooperatives. This we believe will enhance their growth and development at all levels of social, political and economic situations.

Funding for the project will also be shared by the three parties mentioned above. We firmly believe that action through participatory effort can create what one imagines to be better.

This project, as imagined so, will not only cater to their basic needs but also improve their socio-economic status through the additional income that can be derived from their marketing activities in the cooperative.

The PHCCI will be the training arm as well as in the creation of link for the marketing of farmers products. The EMD is responsible for the payment of tree planting activities and for transporting of farm products from their area to the city and back with consumer goods from the city to their respective coops. The farmers plant trees and other crops that thrive under the trees to augment their income. They are organized to run and manage their cooperatives.

The development of geothermal resources for energy self-reliance support the resurgence of the country's economy as a major thrust of the government. The protection development and rehabilitation of geothermal forest reservation to sustain the operation of existing waterbased geothermal power project is another. But most of all, assistance to communities surrounding the geothermal project is most important since the real determinant of the forest status is the forest occupant.

In as much as some of these aims have already been attained to a certain degree, sustainability is what it takes. With the infusion of the cooperative idea to the project, it is projected that life of the people will never be the same but for the better.

3. Program Utility

The training was of so much value in the sense that if not because of it, the project would not have materialized as it is now.

It has not only accelerated and sustained the energy requirement for electricity in the province and neighboring areas but also in the maintenance of sound environment quality.

The PNOC-EMD extension and the PHCCI education service covers various fields: financial management of member cooperatives, farming and home economics, member education and officers and staff training, rural development projects, environmentally friendly farming, political and legislative activities for farmers, research, cultural and sports activities.

The main focus of extension and education was on promoting managerial innovation and consolidating the competitiveness of member cooperatives; providing effective training and education programs for member farmers and cooperative

officers and staff in particular.

The member cooperatives have placed a great emphasis on fostering prospective farmer specialists and extending advanced farming technologies to farmer beneficiaries in order to contribute to the production of high quality farm products.

A total of 17 associations from the original of 12 have been converted into coops employing a few dozen of staff to meet the needs of the coop and the member farmers.

To meet the demand for quality products, the PNOC-EMD has strove to disseminate environmentally friendly farming since the early 1990's. In effect, the volume of business the cooperatives are undertaking has increased resulting to higher assets and income.

Financial Statements of Agricultural Coops in 1997

Assets	-	₱ 3,990,579.75
Liabilities	-	2,680,110.00
Capital	-	778,420.75
Net Profit	-	532,049.00

4. Suggestions/Recommendations

For the improvement of the training program of ICA, the following suggestions are highly recommended:

a. Proper Selection of Participants

Participants for the training program must be selected properly based on the prospective participant's direct involvement in the cooperative represented and with full backing by the coop management.

b. Participants must be physically, mentally and emotionally sound to prevent major health problems that may crop up.

c. Course contents must be focused on the participants need and present involvement for better planning and implementation of the project.

oooooooooooooooo

FUTURE DIRECTIONS OF THE COOPERATIVE MOVEMENT

I. Brief Assessment of the Past ✓

A. Poor Performance of Cooperatives

- * Top Down Approach Organization
- * Inadequate Funding
- * Poor Program/Project implementation
- * Fragmentation of the Coop movement.

B. Credit Cooperative Sector evolved as:

- * largest/most mature group
- * most financially sound group
- * Self-help group

II. Current Status of Cooperatives ✓

A. Number of Cooperatives

Number of Registered Coops
Per Type as of December 31, 1997

Type	Number	%
1) AMPC	27,285	59.0%
2) NAMPC	11,680	25.0%
Credit	2,901	6.0%
Consumers	913	2.1%
Producers	714	2%
Marketing	590	1.3%
Service	1,059	3.0%
Lab. Coop	17	.3%
3) AMC	13	.3%
Coop Bank	50	.6%
Federation	448 ✓	1.0% ✓
Union	63 ✓	.5% ✓
Total:	45,733	100.0%

- 1) Agr. Multipurpose Coops
- 2) Non-Agr. CMP Coops
- 3) Area Marketing Coops.

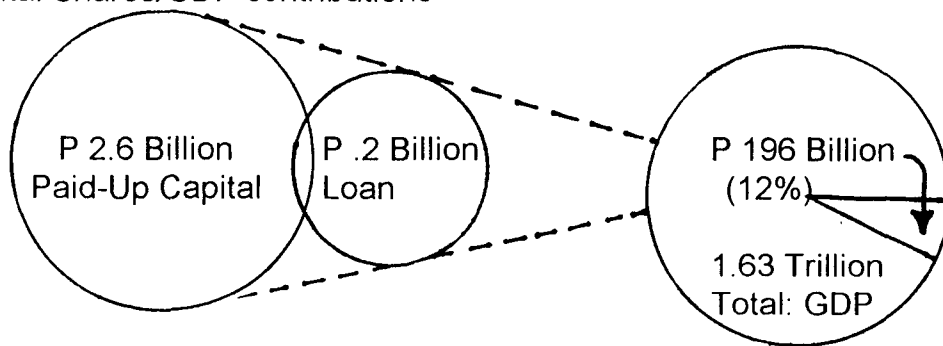
Number of Registered Coops
Per Region as of December 31, 1997

Region	Number
Ilocos	3,408
Cagayan Valley	2,533
Cordillera	1,566
Central Luzon	5,194
Southern Tagalog	5,149
NCR	3,093
Bicol	2,852
Western Visayas	3,490
Central Visayas	1,804
Eastern Visayas	2,434
Western Mindanao	2,189
Northern Mindanao	1,713
Southern Mindanao	4,452
Central Mindanao	4,415
Northeastern Mindanao	1,441
Total:	45,733

I
II
~~*III*~~
~~*IV*~~
III
IV

- * 4,516 registered under P.D. 175
- * 9,881 submitted annual report
- * 8,244 submitted financial statement
- * 37,489 did not submit AR and FS due to:
 - a. absence of books of accounts
 - b. absence of updated records
 - c. absence of bookkeeper
 - d. incapable of paying audir fees.

B. Capital Shares/GDP contributions

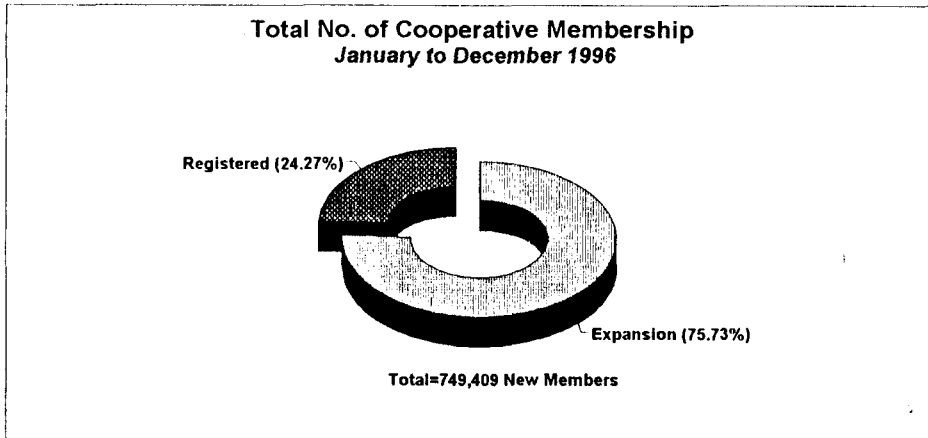


1992 - 1996
(41,000 coops)

C. Membership in cooperatives

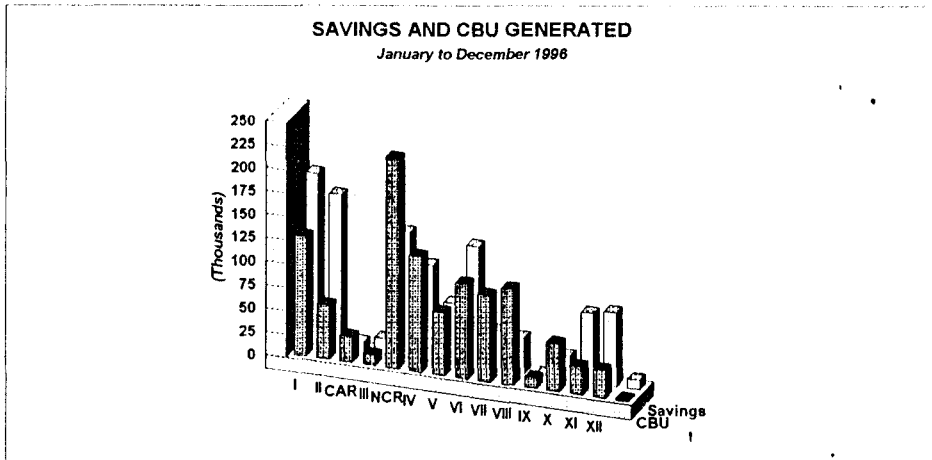
Total No. of Coop Membership
January - December 1996

749,409 members.



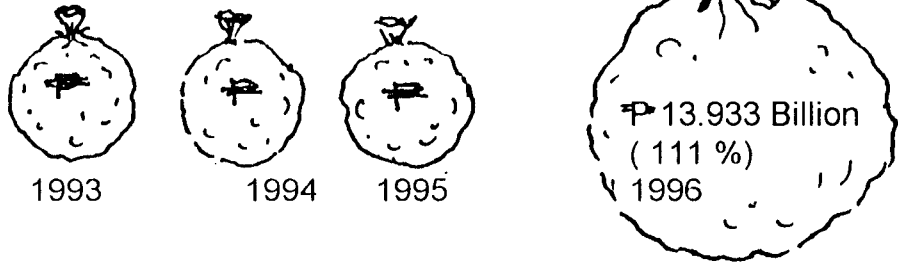
- * 25% newly organized
- * 76% result of coop expansion
- * Rank 1 - Region V 176,786 (321%)
- Rank 2 - Region VII - 15,187 (25%)

D. Savings Mobilization/Capital Build-Up



- * Savings - Rank 1 - Region I (P 182.66 Billion)
- Rank 2 - NCR (634%)
- * CBU - Rank 1 - NCR (P 225,054.61 Million)
- Rank 2 - Region I (P 127.77 Million)
- Rank 3 - Region IV (P 124.08 Million)

E. Growth in Business Volume



* NCR - Rank 1 - Product Volume Sales (P 3,135.10 Million)

III. Operation of Cooperatives in Different Levels ✓

1. Primary Level

- * Integration of cooperatives for market, supplies, credit support
- * Loan repayment in cash or in kind
- * Adoption of Big Brother to Small Brother Concept
- * Varied Services Offered
- * Share facilities/equipment
- * Pool Resources together
- * Varied trainings attended
- * Mobilize savings

2. Federations

- * With varied/big business volumes
- * Competent in info technology
- * with installed facilities/equipment in communication, production and marketing
- * Provide mutual benefits to members
- * Some have developed Central Fund System
- * Cater to vertical integration in business

3. Union

- * CUP as the apex organization of national coop federations
- * Provides varied non-business services like advocacy, audit, monitoring/evaluation, legal counselling, institutional relations, etc.
- * Special Projects
 - a. Countryside Industrialization Program
 - b. Coop Business Consultancy Program
 - c. Technology Transfer Program
 - e.g. Rice Straw Board
 - Fertilizers
 - Fishery
- * Coop Health Care Program and Drugstore

IV. Future Directions of Cooperative Movement

A. Factors favoring better directions of the coop movement

* Section 15, Article XII of the Constitution

... Provides for the promotion of growth and viability of coops as instruments of equity, social justice and sustainable economic development.

* Article 2, Par. 1 of R.A. 6938 provide for financial and technical assistance of the government.

* Article 2, Par. 2 promotes the Principle of Subsidiarity. ✓

* Philippine Medium Term Cooperative Development Plan for 1993 - 1998 was translated into specific programs/activities in the CDA's Gameplan for Cooperative Development where: ✓

- a. Coops are classified into operational and non-operational for support and development;
- b. Development covers on-the-job trainings of BOD and managers of weak coops in business management, accounting procedures, membership support and other subjects;
- c. Primary coops by types are encouraged to merge/cluster to form federations for mutual help and assistance;
- d. Federations are encouraged to join national union for economic strength;
- e. E.O. 96 mandates LGUs to assist/promote/develop cooperatives. This can be done through:
 - * Designation of Coop Officers
 - * Development of Coop Councils
- f. Cooperative activities are geared toward agro-industrial development;
- g. Coops participate in the formulation of development agenda, plans and policies
- h. Agrarian Reform Beneficiaries Coop Programs were organized/developed;
- i. Capability building for coops were conducted;
- j. Coop banking system was upgraded;
- k. Financial base of the coop movement was strengthened;
- l. Central and local training centers were established;
- M. Coop modules/materials were developed; and
- N. Communication equipment/facilities/mobile libraries were installed.

1998

PROGRAM THRUSTS

COOPERATIVE DEVELOPMENT AUTHORITY

1998 PROGRAM THRUSTS



**DEVELOPMENT AND STRENGTHENING
OF COOP SECTOR FOR GLOBAL COMPETITIVENESS**

**CREATING AN ENVIRONMENT CONDUCTIVE
FOR COOPS**

ENHANCING INSTITUTIONAL IMAGE OF CDA

DEVELOPMENT AND STRENGTHENING OF COOP SECTOR FOR GLOBAL COMPETITIVENESS



CAPABILITY BUILDING FOR COOPS

FINANCIAL DEVELOPMENT

ENTREPRENEURIAL DEVELOPMENT

CAPABILITY BUILDING FOR COOPS



TRAINING ON:

- **BUSINESS MANAGEMENT**
- **LIVELIHOOD & SKILLS**
- **FINANCIAL MANAGEMENT**
- **MARKET DEVELOPMENT**
- **LEADERSHIP**

**BIG BROTHER HELP SMALL BROTHER TRAINING
& ASSISTANCE**

FINANCIAL DEVELOPMENT



SAVINGS MOBILIZATION & CAPITAL BUILD UP

**LINKAGES BETWEEN PRODUCERS COOPS
& FINANCING INSTITUTIONS/COOPS**

STRENGTHEN CREDIT SERVICES/COOP BANKS

STRENGTHEN COOP INSURANCE SYSTEM

ENTREPRENEURIAL DEVELOPMENT



STRENGTHEN COOPS IN AGRI-INDUSTRIAL OPERATIONS

DEVELOP ENTREPRENEURIAL PROJECTS (MODEL COOPS)

PROMOTE HOME-BASED LIVELIHOOD PROJECTS

DEVELOP MARKETS FOR COOPS THRU:

- **BUSINESS & MARKET RESEARCH**
- **MARKETING/TRADING POSTS**
- **MARKET INFORMATION SYSTEM**
- **INTER-COOP TRADING**

ENTREPRENEURIAL DEVELOPMENT . . .



DEVELOP LOCAL SPECIAL PROJECTS:

- **COOP HOUSING**
- **FARM TOURISM**
- **REBEL RETURNEES LIVELIHOOD**
- **FARM WASTE RECYCLING**
- **WOMEN COOP LIVELIHOOD**
- **YOUTH COOP LIVELIHOOD**
- **INDIGENOUS COOP LIVELIHOOD**
- **LABORATORY COOP LIVELIHOOD**
- **WORKERS COOP LIVELIHOOD**
- **SPECIAL GROUP COOP LIVELIHOOD**

CREATING AN ENVIRONMENT CONDUCTIVE FOR COOPS



ENVIRONMENTAL SUPPORT FOR COOPS

- **REVIEW OF COOP MEDIUM TERM PLAN :
1993-1998**
- **FORMULATE COOP MEDIUM TERM PLAN:
1999-2004**
- **COOP ADVOCACY THRU: MEDIA, SUMMITS;
CONFERENCES; ETC.**
- **LEGISLATIVE AGENDA**

ENVIRONMENTAL SUPPORT . . .

- **STRENGTHEN AFFILIATION OF COOP SECTOR WITH INTERNATIONAL AGENCIES: ACEDAC, NEDAC, ILO, JICA, ETC.**
- **IMPLEMENT ADOPTION/USE OF PROTOTYPE ARTICLES OF COOPERATION AND BY-LAWS**
- **INSTITUTION BUILDING FOR RACE, PRCCD AND OTHER REGIONAL GROUPS**
- **ASSIST LGUs IN CREATION OF COOP ENTERPRISE DEVELOPMENT OFFICE**
- **STRENGTHEN PARTNERSHIP WITH LGUs, NGOs, ACADEME & OTHER SECTORS**

ENVIRONMENTAL SUPPORT . . .

- **ASSIST IN SOURCING OF FUNDS FOR CDCs**
- **ASSIST COOPS IN AVAILING CDF, CIA FROM LEGISLATORS; PROPOSE MECHANISM TO FACILITATE USE**
- **ADMINISTER EFFECTIVELY CDA LOAN FUNDS**
- **STRENGTHEN NCCCPD**

ENHANCING INSTITUTIONAL IMAGE OF CDA



REGULATION OF COOPS

LEGISLATIVE CONCERNS

IN-HOUSE CAPABILITY BUILDING

REGULATION OF COOPS

- **REGISTRATION OF NEW COOPS**
- **REGISTRATION OF AMENDMENTS: ARTICLES OF COOPERATION & BY-LAWS**
- **MONITOR COOP COMPLIANCE WITH:**
 - **ANNUAL REPORT**
 - **AUDITED FINANCIAL STATEMENT**
- **CONTINUE CATEGORIZING COOPS BASED ON CDA CRITERIA**

REGULATION OF COOPS . . .

- **CONTINUE UNIFICATION OF COOPS FOR ECONOMIES OF SCALE, MUTUAL HELP AND ECONOMIC POWER**
- **CONTINUE INFO DRIVE ON COOP LAWS AND ADJUDICATION OF COOP CONFLICTS AND VIOLATIONS**
- **CONTINUE CANCELLATION OF REGISTRATION OF NON-OPERATING/DEAD COOPS**

LEGISLATIVE CONCERNENS

- **STRENGTHEN LOBBY CAPABILITY OF COOP SECTOR**
- **MONITOR LEGISLATIONS/BILLS FILED
AFFECTING COOPS AND PROPOSE AMENDMENTS,
WHERE NEEDED**

IN-HOUSE CAPABILITY BUILDING

- **IN-HOUSE TRAINING OF CDA STAFF ON:**
 - **EFFECTIVE COMMUNICATION**
 - **COOP ACCOUNTING**
 - **PROJECT/LOAN EVALUATION**
 - **QUASI-JUDICIAL FUNCTIONS**
 - **TEAM BUILDING AND MORAL RECOVERY**
 - **ENTREPRENEURIAL TRAINING**

- **FOREIGN TRAINING**
 - **SCHOLARSHIP PROGRAMS**

IN-HOUSE CAPABILITY BUILDING . . .

- **PROGRAM PLANNING & CONSULTATIVE MEETINGS**
- **ORGANIZATION OF CDA COOP DEVELOPMENT ACADEMY**
- **IMPLEMENT CDA INITIATIVE AND REWARD SYSTEM**
- **CDA PARTICIPATION IN SOCIO-CULTURAL INTERACTIONS**



CUP GAZETTE

A monthly Newsletter of the
COOPERATIVE UNION OF THE PHILIPPINES

CUP Bldg., A. Roces Avenue corner Mo. Ignacia St., Quezon City
Tel. Nos. 373-2171; 413-1602; 413-1603 Fax No. (632) 373-2171

Vol. 11 No. 7

Quezon City, Philippines

January 1998

Coops bat for seats in Congress

EDITORIAL:

Let's face the challenge of globalization and free-trade!

There is no way out but for Coops to meet the challenges of globalization and import liberalization.

Even private companies using imported raw materials are either cutting costs or closing shop.

Government has launched an austerity program but in an election year we doubt how tight it can tighten its belt.

An aggressive agriculture modernization program has been launched. This can be good for our more than 30,000 agri-based Coops if program benefits can now be unloaded to agri-coops and their farmer-members.

Many politicians speak nicely of Coops only during elections - after, they speak highly of businessmen and OFWs as the saviours of the economy.

Let us distinguish between the genuine and fake supporters of Cooperatives. Use the ballot to express our disenchantment in the May 1998 elections.

But **Coops**, we always say, are **self-reliant** organizations. Under any circumstance, we have to survive and continue to serve the best interest and welfare of our members.

Please turn to page 2

CUP's COMELEC application unopposed

For the first time, the Cooperative Movement in the Philippines will participate in the elections for representatives in Congress under the new party-list system in the May 11, 1998 elections.

Without compromising the non-political and non-partisan character of cooperatives worldwide, CUP has

registered as a national organization for cooperatives under the party-list.

Cited as legal basis for its petition with COMELEC is CUP's registration and accreditation as the **national apex organization for cooperative unions and affiliated national federations under Resolution No. 465 s. 1995** of the Cooperative Development Authority.

Turn to page 2



Mr. Hideaki Suyama of the Japanese Embassy, Dr. Daman Prakash, ICA-ROAP Project Director; Ambassador Sakutarō Tanino of Japan; and Dr. Robby Tulus, ICA-ROAP Regional Director during the Opening Ceremonies of the 12th Management Course in India.

CUP hosts 12th ICA-Japan Coop Management Course

The participants and training staff for the 12th ICA-Japan Agri-Coops Management Course will arrive in Manila on February 10, 1998 for the second leg of the three-country management course.

Dr. Daman Prakash, ICAROAP Project Director, will lead a delegation of 17 participants and training staff for a ten-day stay in the Philippines.

Please turn to page 2

Editorial from page 1

To face the challenges of globalization and free-trade, Coops must do the following:

1. Adopt cost-cutting measures on electricity, water, supplies and non-essentials;
2. Mechanize operations and utilize displaced labor in other productive endeavors. Avoid lay-offs of employees, especially if they are your members;
3. Improve production efficiency to bring down costs of production;
4. Generate capital and savings from well-off members instead of borrowing high-interest loans;
5. Improve marketing efficiency by proper packaging, advertising and networking. Promote inter-Coop trade;
6. Supervise loans to members and monitor repayments closely to keep delinquency level low;
7. Avoid granting providential or consumption loans except for medical and other emergency needs of members; and
8. Strengthen counselling and extension services to members.

Problems and difficulties due to El Niño, peso-devaluation, import liberalization and high-operating costs will be around but a determined and astute management style can make the big difference between survival and total failure.

Let's meet the challenges headon!

To : Our COOPS

When faced with serious operating problems - try calling CUP for assistance.

Tel. No. 373-2171

CUP's COMELEC. . . from page 1

Under the Cooperative Code (R.A. 6938), CUP and its affiliated national federations are mandated "to represent the interest and welfare of all types of Cooperatives at the provincial, city, regional, and national levels.

Under section (e) of Article 25 of the Coop Code, it is likewise mandated to develop the cooperative movement in their respective jurisdictions. Under section (f), thereof, it is also mandated "to advise the appropriate authorities on all questions relating to cooperatives."

The aforesaid provisions of the Coop Code are solid proofs of the legitimacy of the CUP as a party-list candidate in the face of various parties and organizations that applied with COMELEC and claimed to represent the Cooperatives in Congress.

The list of applicants for the party-list system with the COMELEC shows various organizations and parties that were just recently organized and claiming to represent Cooperatives. This development poses a great danger that the cooperative sector may be represented by people who are not legitimate leaders or bona-fide representatives of the Cooperative Movement.

To counteract this move, CUP has alerted its affiliates to inform their members to be vigilant in determining the legitimacy of candidates for the party-list system.

Meanwhile, CUP's application was heard by the COMELEC first division last January 19, 1998 without any opposition. Announcement of the final list of party-list candidates by COMELEC is expected in February.

CUP has requested its affiliates to inform their respective constituents about the party-list system.

CUP hosts. from page 1

While in the country, the trainees will participate in the 8th Follow-up and Review Workshop together with former ICA-Japan participants from the Philippines. CDA and CUP will jointly host the follow-up workshop.

They will visit model agricultural cooperatives in the countryside and observe agricultural research facilities at Los Baños, Laguna.

The delegation will leave for Japan on February 22 for the last leg of the 6-month training program.

JA-ZENCHU - CUP marketing tie-up

Negotiations on possible marketing tie-up between Philippine Cooperatives and the Central Union of Agricultural Cooperatives (Ja-Zenchu of Japan) and CUP was held lately in conjunction with the visit of Nobuyuki Kohasi and Masahiro Matsuda, General Manager of the Agricultural Policy Department and Chief, International Cooperation Office of Ja-Zenchu, respectively.

The Ja-Zenchu officials are in town to arrange for their participation in the forthcoming World Agri-Expo and 33rd General Conference of the International Federation of Agricultural Producers on May 27 to June 4, 1998 at the PICC.

Ja-Zenchu will be bringing in Japanese Coop products which local cooperatives may take interest in distributing in the Philippines. In turn, they will scout for Philippine Coop products which Ja-Zenchu can distribute in Japan.

It can be mentioned that most of the Philippine products in the Japanese markets are produced by Cooperative members but are traded by multi-national companies and local brokers who make big profits at the expense of our poor farmers.

please turn to page 3

Sugarmill project launched

CUP, in collaboration with CDA and M & S International Corporation, has launched an integrated sugar production, milling, and refining project for sugar producers cooperatives in Sarangani and neighboring provinces.

A Memorandum of Agreement between CDA, CUP and M & S was signed recently to firm up and formalize the working relationships of the parties to the MOA in the implementation of the project.

A 16,000-hectare area has been identified in Sarangani for sugarcane production. A sugarmill, refinery and railway system for cane collection will be established under a financial package made available by the Czech Republic.

The sugar industry is under tremendous pressure to survive global competition and it is imperative that Coop sugar planters are given assistance in modernizing sugar production and processing technology.

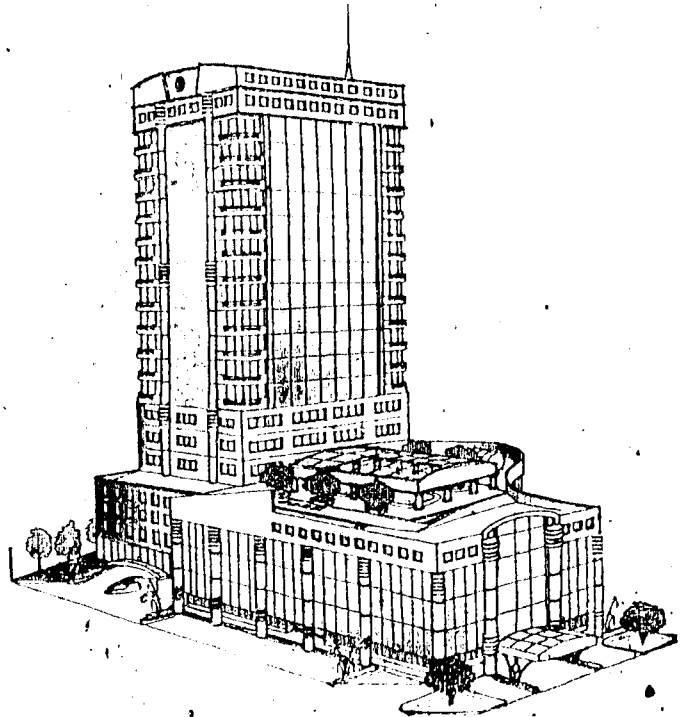
The US\$35 Million project is calculated to benefit around 5,000 small sugarcane farmers in the area.

CUP Director Bienvenida Saceda and VP for Mindanao Nelson Baluran are coordinating the institutional development process for the beneficiary Cooperatives in the area.

Ja-Zenchu from page 2

The tie-up will address the need for Philippine Cooperatives to reach out to international markets through the Cooperatives' international network.

CUP is coordinating the participation of Ja-Zenchu in the Agri-Expo in May 1988.



Coop World Trade Center

COOPERATIVE TRADING AND EXCHANGE CENTER
WITH 24 STORY CONVENTION HOTEL
FOR 500 ROOMS AND 100 OFFICE
SPACE. ESTABLISHED IN THE PHILIPPINES
PLANNED BY PAN ARCHITECTS

PAN ARCHITECTS
ARCHITECTS INTERIORS ENGINEERS

CDA endorses CUP World Trade Center

The CDA Board of Administrators, in its meeting held on January 15, 1988, endorsed to the Office of the President the establishment of the CUP Coop World Trade Center, a 24-storey complex that will house the Central Commodity Exchange and year-round sales and exhibit area for Cooperative products.

When completed, the P1.5 Billion complex will serve as the international and domestic marketing center for Cooperatives. It will also be the source for products and commodities required by Cooperatives for their members.

The exchange will trade on the major products of agriculture and fisheries, and access agricultural inputs, machinery and equipment for Cooperatives. It will maintain a trading floor for foreign and local commodities and make sure that Coops are able to sell directly to buyers and buy directly from manufacturers at advantageous prices.

The Complex also includes a 272-room hotel, convention center, supermarket, trading offices; and other amenities normally found in first-class hotels. It will also house a Coop bank and Coop Sales offices.

Welcome to the Philippines!



PARTICIPANTS

12th ICA-Japan Training Course on Strengthening Management of Agricultural Cooperatives in Asia

India - Philippines - Japan, October 20, 1997 - April 23, 1998



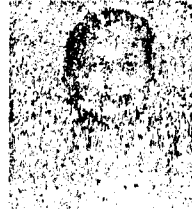
KAZI ZAHIRUL HOQUE
Bangladesh
Samabaya Bank
Limited, Bangladesh



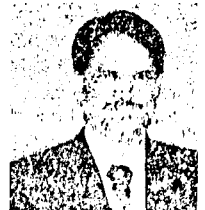
GAO MAO LIN
All-China Fed. of
Supply & Marketing
Coops, China



BAI TAO
Shanxi Provincial
Fedn. of Supply &
Mktg Coops, China



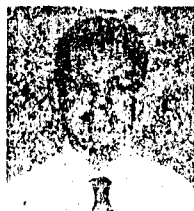
PADMINI ALAHAKOON
NCC Kahagolla Coop
Development Centre,
Sri Lanka



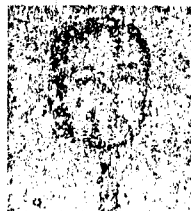
V. N. RAMAKRISHNA
Bijapur Dist Coop
Milk Prod Soc Union
Ltd. India



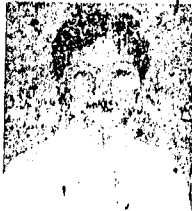
R. R. RANDAD
IFFCO, India



ABDURAHMAN SOPA
KUD Bayongbong,
Indonesia



TARYAT ALI NURSIDIK
North Bandung,
Dairy Coop Union,
Indonesia



**PHAM THI THANH
HANG**
Vietnam Coop.
Union, Vietnam



ZAHARI MAT AMIN
NARSCO Coop.
Federation,
Malaysia



SEIN WIN
Union of Agricultural
Cooperatives,
Myanmar



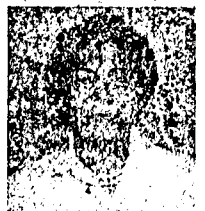
MUHAMMAD ASHRAF
Punjab Provincial
Coop. Bank Ltd,
Pakistan



JOCELYN P. ESPIA
Badiang Multi-
Purpose Coop.
Society, Philippines



HOANG QUE LAN
Vietnam Coop.
Union,
Vietnam



ESTRELLA HERNANDEZ
Bureau of Fisheries &
Aquatic Resources,
Philippines

May your stay in the Philippines be both fruitful and pleasurable.

- The CUP Officers and Staff

Dear Fellow-Cooperators:

If you wish to receive the succeeding issues and be up-to-date on what's happening in the COOP MOVEMENT here and abroad, DON'T MISS TO FILL OUT THE ATTACHED SUBSCRIPTION FORM and send to:

CUP GAZETTE
COOPERATIVE UNION of the PHILS.
CUP Bldg., Roces Ave. cor.
Mo. Ignacia St., 1103 Quezon City
Tel. No. 373-2171

The Editorial Board

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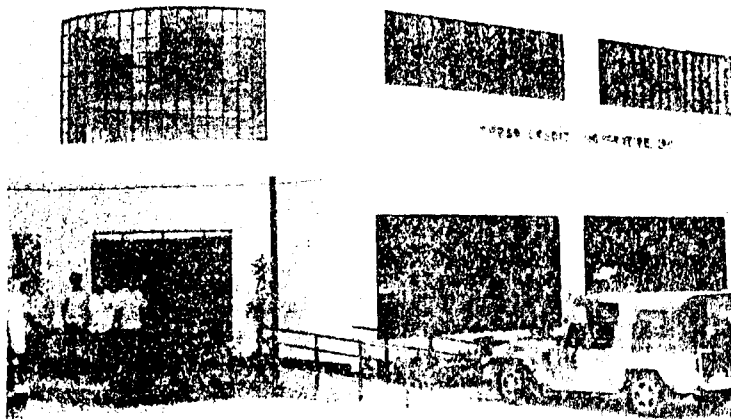
(Subscriber)

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Please give complete Mailing Address and ZIP Code.

**A success story of genuine COOPERATION, SELF-HELP and SELF-RELIANCE
in the countryside -**

TUBAO CREDIT COOPERATIVE

Tubao, La Union



HISTORY

Organized in 1966, at a time when people hardly believed in Coops, with only 39 members and initial paid-up capital of P314.

With no funding from government and other external sources, it became a millionaire Coop in 1975 when it re-registered with BCOD.

As of December 1997, it has total assets of P108.5 Million and membership base of over 17,000 in Tubao and neighboring municipalities.

TCC is the bank of the poor, the powerless and those who have so little in life to look forward to for themselves and for their children's future. The members now take great pride in their own P3-M office building where they can transact business in total comfort.

Well remembered for their leadership, dedication and exemplary service to the Cooperative are Mr. Greg Mapalo, Sr., who served as Chairman for 15 years; Atty. Conrado L. Baltazar, for 9 years and Mr. Benedicto Rivera for 6 years. Well remembered also are the Belgian Missionaries who provided spiritual guidance and support to the TCC during its formative years. Whoever is parish priest of Tubao is seated as spiritual director of the Cooperative.

Notably, its present Manager, JOSE Z. TAVARES, has been serving the cooperative from its organization in 1966 to the present with integrity and managerial expertise. He is backstuffed by 13 full-time employees who are well-trained and dedicated to their jobs.

Its present set of officers is as follows:

1997 BOARD of DIRECTORS

Mr. Pablo P. Rivera - President/Chairman
 Dr. Constancia F. Dacanay - Vice Pres./
 Vice Chairman
 Dr. Josephine S. Lachica - Secretary
 Miss Terecita G. Murakami - Director
 Mrs. Julieta M. Milanes - Director
 Mr. Arthur Madriaga - Director
 Mrs. Honorata Rivera - Director
 Mr. Greg Martin Madriaga - Director
 Mr. Elpidio Fabian - Director
 Mr. Reynaldo Gonzales - Director
 Mrs. Urbana H. Laron - Director
 Rev. Fr. Noel C. Mabutas - Spiritual Director

SUPERVISORY/AUDIT COMMITTEE

Mrs. Constantina C. Baltazar - Chairman
 Mrs. Lourdes Parrotina - Member
 Mr. Alfredo Madriaga - Member

CREDIT COMMITTEE

Miss Caridad O. Gagni - Chairman
 Miss Maria E. Suguitan - Member
 Mr. Ricardo Estal - Member

SERVICES

- I. Loans to Members
 - a. Production Loans (agricultural, commercial, etc.)
 - b. Providential Loans (Educational, medical, housing, appliance, etc.)
- II. Scholarship Program for deserving children of members
- III. Mortuary Assistance Program
- IV. Savings Program
 - a. Savings Deposits
 - b. Time Deposits
- V. Dividends and Patronage Refunds to Members

The best testimonial to the success and achievements of the Cooperative is manifested in the thousands of satisfied members whose quality of life has been moved from hopelessness to one of dignity and freedom from want.

2 Coop fertilizer plants considered for CEF grants

Two CUP assisted fortified NPK Organic fertilizer plants are being seriously considered by the Department of Agriculture for funding under a grant from the Competitiveness Enhancement Fund (CEF) in 1998.

The Milagrosa (PEC) Foundation Development Cooperative and the NORPHIL Farmers Multi-Purpose Coop have been advised to complete the remaining requirements for the final approval of a grant for the acquisition of pelletizing machines.

Both Cooperatives are now producing organic fertilizers and will soon be hitting the market with quality low-priced fortified organic fertilizer under the NUTRIPLEX brand. Efficacy tests required for FPA licensing are now being done in earnest by both Coops.

The plants are utilizing state-of-the-art technologies of composting in a fully mechanized manufacturing process. When fully operational, each plant will be capable of producing the requirements of farmers in their respective regions.

CUP launched the projects to emancipate our farmers from their bondage to expensive and environment-unfriendly chemical fertilizers.

The Department of Agriculture has recently launched a balanced



Peter Keating of Biologic International of Australia and CUP Sec-Gen Felix A. Borja conferring with DA Secretary Salvador H. Escudero III at the NORPHIL fertilizer plant groundbreaking.

fertilization program that will enhance higher production levels of our farmers.

The formulation of NUTRIPLEX is being dove-tailed to the DA's new program on balanced fertilizer application.

With DA's CEF assistance, the Coops can now produce organic fertilizer in large volumes at more competitive prices to farmers.

Cooperatives in the service are of the manufacturing plants are now being signed up as distributors and dealers of the product. !

The GAZETTE welcomes articles for publication from COOPSI

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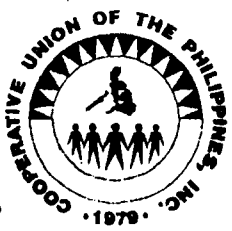


COOPERATIVE UNION OF THE PHILIPPINES

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ENTERED AS PRINTED MATTER
 MAIL at Roxas District PO under
 Permit No. 1085-97 NCR dated July
 17, 1997.

Postage Paid.
 Subject for Postal Inspection.



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MEETING THE CHALLENGE OF GLOBALIZATION AND FREE TRADE

Presented to the ICA-ROAP Think-Tank Consortium Forum
Pasig City, Philippines
February 20, 1998

Introduction

The Philippines is beginning to feel the increasing pressure to survive under the paralyzing effects of globalization and import liberalization exacerbated by the devaluation of the Philippine Peso and the Asian economic crisis.

Our sugar industry, which formerly was the most stable dollar-earner, has suffered the first onslaught of import liberalization. The Philippine government has to allocate P30 Billion to compensate for the losses of sugarcane farmers due to the drastic drop in domestic sugar prices. The high costs of imported production inputs have forced Philippine industries to either cut down production or close down operations.

Philippine agriculture and certainly over 27,000 agri--based cooperatives, will take the greatest beating in this escalating economic crisis. The rising cost of money and scarcity of cheap rural credit may eradicate the gains achieved by the present administration in turning the Philippines from the "sick man of Asia" to an emerging "tiger economy."

Already, farmers are forced to reduce production in certain commodities to save on losses if and when dumping of cheap imported products occur in the immediate future. The prolonged drought (El Niño) has also caused very significant damage to crops.

The Cooperative Union of the Philippines is in the forefront of advocating safety nets to cushion the impact of import liberalization and lack of competitiveness of local producers. It advocates the retention of tariffs on commodities that threaten local producers.

The government is responding to the challenge by introducing an Agriculture Modernization program and allocated P120 Billion for this purpose over a period of 5 years. A **competitive enhancement fund** has been established to help agricultural cooperatives and farmers groups. Counterpart funds are made available to Agri-Coops and agricultural industry associations to enable them to produce globally competitive products.

CUP concentrates on an industry or resource-based approach in promoting agri-coop enterprises. It introduces state-of-the-art technologies of production, processing and marketing to mass-coop based agro-industrial projects.

To emancipate our farmers from their bondage to expensive and environment-unfriendly chemical fertilizers, a program has been launched to establish fortified NPK organic fertilizer plants in the major agricultural regions. The goal is to achieve self-sufficiency and affordability of basic farm inputs to ensure productivity and profitability of our farmers. Two plants with capacities of 2,000 - 2,500 bags per day are now operating and will be serving two major agricultural regions. Twenty plants are earmarked in 20 major agricultural provinces.

Strategic Plan and Objectives

The following are being pursued to meet the challenge of globalization and import liberalization:

- 1. Elevate the levels of income of individual Cooperative members by supporting value-added processing and manufacturing endeavors of Cooperatives;*
- 2. Create jobs in the countryside by establishing Cooperative enterprises that utilize raw materials produced by farmers and fisherfolks to ensure maximum benefits to our small producers;*
- 3. Develop a globally-oriented and competitive marketing network for Coop products and services;*
- 4. Liberalize credit to Cooperatives and their members by strengthening the Cooperative Banks and Credit Cooperatives and eliminating the many tiers of lending conduits;*
- 5. Modernize agriculture by tapping the Cooperatives as channels for technology application and agricultural infrastructure development;*
- 6. Encourage the establishment of workers and employees Cooperatives as means of minimizing, if not totally eradicating, industrial unrest and other labor problems; and*
- 7. Strengthen the Cooperative Union and Federation systems to make them more responsive to the needs and requirements of the Cooperatives and their members.*

Attached is the Game Plan for the Development of Agricultural Cooperatives.

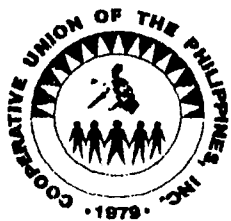


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GAME PLAN FOR THE STRENGTHENING OF AGRICULTURAL COOPERATIVES IN THE PHILIPPINES



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GAME PLAN FOR THE STRENGTHENING OF AGRICULTURAL COOPERATIVES IN THE PHILIPPINES

1. INTRODUCTION

Around 75% of existing cooperatives in the Philippines are either purely agricultural or agri-based multi-purpose cooperatives. The members of agri-based cooperatives are traditionally regarded as mere producers of food and cheap raw materials for the manufacturing sector.

The business of agri-coops are traditionally trading on unprocessed agricultural products and selling of production inputs (made available by traders) to farmers. They also serve as conduits for loans from lending institutions (GFIs) and mere assemblers of products for traders and middlemen.

Most of them are not operating viably and are made answerable to loans obtained by their members from GFIs. In short, agri-coops are simply conduits for government loans and sometimes handouts from government, private foundations, and NGOs.

The advent of free market economy and trade liberalization policies of government (in compliance with WTO and regional bloc agreements) require a transformation from subsistence-oriented farming to a market-oriented and globally competitive posture in agriculture. Agri-coops will find it more and more difficult to remain relevant and responsive to the needs of its members if it remains traditional and uncompetitive.

2. The COOP AGRI-BUSINESS SYSTEM

Generally, agri-business is a complete process of producing a crop, processing, and marketing agricultural products. It is normally characterized by the use of appropriate technologies of production, processing and manufacturing as well as competitive management systems and networking.

The Cooperative sector, with its 45,000 registered cooperatives, has tremendous domestic market potentials (more than 5 Million individual members and dependents) within its fold that can serve as built-in and captive markets for Coops products. The Cooperative Union of the Philippines can link local cooperatives with the vast network of cooperative businesses locally and abroad.

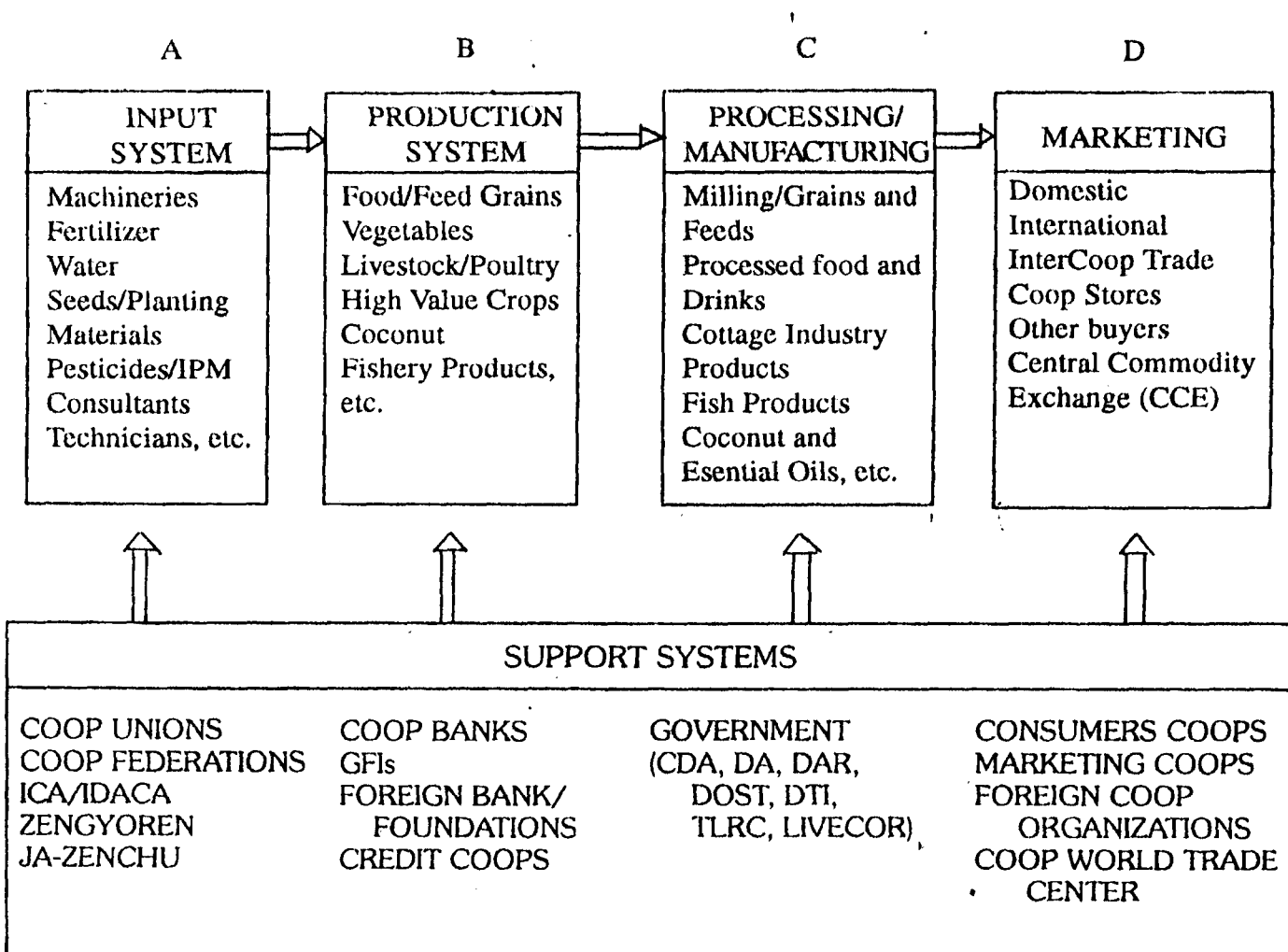


Figure 1. The COOP AGRI-BUSINESS SYSTEM

The Coop's agri-business system must strive to be self-sufficient in the inputs of production by identifying within the sector the cooperatives that can specialize in the production and processing of production inputs. With proper networking, raw materials can easily be provided to the Coops doing processing and manufacturing functions.

Cooperatives must be designated to undertake specific business functions in the supply of production inputs as fertilizers, seeds and other planting materials. Culture of beneficial insects and other IPM requirements can likewise be assigned to specific cooperatives with the expertise and capability to undertake such functions.

Coop nurseries for the production of seedlings can also be established to support the Coop producers. Raw materials producers for the processing and manufacturing cooperatives should be allotted production quotas to sustain the Coop processing and manufacturing plants at pre-determined prices and schedules of delivery or long-term contract-growing arrangements.

3. IMPLEMENTING STRATEGIES

Cooperatives in developed countries has a long history of sustained growth and viability in agri-business ventures. In the Philippines, however, the agricultural cooperatives lag behind their private agri-business counterparts.

Agricultural cooperative federations are mostly too small (even smaller than many of its member-cooperatives) because the assets of the member-organizations are not consolidated into their federation and do not function as branches of their secondary coop federation. In fact, in many areas, the primaries and the federation are doing the same business in the same area not as partners but even as competitors.

The practice of letting Cooperatives buy the produce of their members instead of serving as mere processors or assemblers of products of member-cooperators has made it doubly difficult for cooperatives to operate viable with a small capital. A marketing cooperative does not buy the produce of its members. It only processes or assembles the produce of members and looks for advantageous market for a service fee.

There is a need to re-orient the marketing functions of our Cooperatives to reduce capital requirements, overhead costs and cost of money. The CDA, CUP and the rest of the national coop organizations must join hands in this re-orientation process.

The following implementing strategies may be employed:

A. Development of Agri-business Management Expertise

Our agricultural cooperatives lack the managerial and financial expertise to direct and manage business operations. They do not have the financial resources to hire professional and competent technical people to run their business viably.

The logical approach is to develop models for Coop Agri-business ventures from where the other agri-coops can learn and train their managers and technical people hands-on. These coop models must be properly supported by government and the Coop Movement both financially and in acquiring advanced training for their leaders and managers. In return, these trained and experienced leaders can serve as trainers and consultants for newly established Coop agri-business ventures. This approach can be effectively pursued by linking with local and foreign coop organizations and agencies engaged in strengthening agri-coop management. CUP, for its part, has established linkages with ICA member countries and organizations in training agri-coop leaders and managers. Two national workshops will be conducted with foreign assistance in the immediate future for this purpose.

B. Livelihood and Entrepreneurship Training

The CUP-ILO-CERD program for entrepreneurship and rural development has been expanded from its humble beginnings in 1992 to a nationwide program known as Cooperative Business Consultancy Program (CBCP). Under this program, CUP continues to build-up its consultancy pool by inviting consultants of various disciplines and expertise. These consultants are fielded to assist beneficiary cooperatives in project development, feasibility study preparation and in training understudy managers for

fairly big coop agri-business ventures. The consultants are engaged until the normal viable operating level is attained by the beneficiary coop and understudy manager is fully trained.

C. Technology-Transfer

There is a felt to introduce to our Agri-Coops the appropriate and adaptive technologies of production, processing, and marketing to make them capable of producing world-class and competitive quality products.

Each agri-coop must strive to become producers of high-value finished products instead of being mere suppliers of cheap agricultural raw materials to the manufacturing sector, middlemen and traders.

CUP continues to access technology from local and foreign sources for our agricultural cooperatives. Notably, the technologies of waste utilization and manufacturing of rice strawboards, fortified organic fertilizer and modern fishing methods have been brought in and are now being implemented in selected cooperatives.

D. Financing Coop Agri-Business

Financing Coop businesses is still one of the major problems in industrializing agriculture. The policy of GFIs in giving loans only to the more developed Coops with a 3-year good track record immediately excludes new Cooperatives from the loan privilege even if they have good projects. The LBP which was formerly generous and oftentimes reckless in granting loans to Cooperatives have become a universal bank and is no longer receptive to financing agricultural cooperative projects. When it does, the loan is fully collateralized with high-interest and more stringent requirements than private commercial banks.

Cooperatives are normally regarded as high-risks by GFIs and the Coop leaders are treated like beggars rather than bank clients.

There is a need to request Congress and the President of the Philippines to divest the GFIs of funds for agriculture if they are not serving the needs of the farmers and Cooperatives.

Countryside Development Funds channeled by legislators through the GFIs are most often not availed of by the Coop beneficiaries because of the very stringent requirements of the GFIs. The CDF end up unutilized and probably used for commercial lending.

CUP strongly recommends that the Cooperative Banks be strengthened and take on this responsibility of financing Cooperative projects. The practice of GFIs using the Coop banks and Cooperatives as channels for loans has made it more expensive for coop borrowers and has relieved the banks of the risks and collection expenses but the supervision fee of two (2) percent of the loan goes to the GFI instead of the Coop Bank or Cooperative conduit that is jointly and severally responsible for the loan with the borrower.

Government must pull out the funds for agricultural from GFIs including some government deposits and transfer these funds to qualified Coop Banks and credit coops if it is sincere in improving the chances of agricultural cooperatives to succeed.

Cooperatives must also deposit their funds in Cooperative Banks instead of GFIs that are not responsive to the needs of farmers and Cooperatives. Coop Banks should link with private banks that gives better services to farmers and Cooperatives.

A national cooperative bank should now be established among Coop Bank and Cooperatives in order to have a financing institution that can cater to the needs of our Cooperatives. The provincial and city coop banks must operate as branches of the national cooperative bank rather than continue operating as isolated small lending institutions with very limited services to cooperatives.

The cooperative life and non-life insurance systems must be strengthened in order to provide the insurance needs of Coops and serve as a source of financing for Coop projects.

E. Development of Coop Marketing Grid

Cooperatives must organize their marketing network at the municipal, provincial/city, and national levels and operate under the concept of inter-coop trade and patronage. The Coop marketing federations must be assisted in establishing the infrastructure required for the assembly, classification, processing and packaging of cooperative products.

Post-harvest facilities and marketing facilities must be in the hands and total control of farmers through their cooperatives. Government must prevent capitalists who do not have anything to do with producing a crop to intervene in agriculture because they will just exploit the helplessness of our farmers. The right concept of free enterprise is in levelling the playing field among the players in the sector. In which case, only the players in agriculture must engage and benefit from agriculture. In this country, the real benefits of agriculture do not accrue to the farmers because government allows people who has nothing to do with agriculture to intervene and take away the profits from farmers at very little or no risk at all.

F. Special Projects

1. Manufacture of Fortified NPK Organic Fertilizers (granules, pellets, liquid) - Twenty fertilizer plants shall be established in the 20 major agricultural regions and provinces with capacities of 20,000 metric tons each annually over a five-year period. The manufacturing plants shall either be owned solely by Cooperatives, on a turn-key project or on a joint-venture with local and foreign partners.
2. Rice Strawboard Processing Plants - A technology of processing waste rice straw into versatile construction boards and prefabricated houses and other building systems has been introduced by CUP to provide additional incomes (about \$1,000 per hectare per year) to our rice farmers. A pilot plant costing \$2 Million has been established and other plants in major rice producing regions will be established.

3. Coop World Trade Center - CUP is establishing a 24-storey commercial complex that will house the Central Commodity Exchange, hotel, convention center and other amenities normally found in first-class hotels. A permanent sales and display center for cooperative products will be made available for local and foreign buyers.
4. Farm Guidance - CUP, in collaboration with CDA, JICA and other concerned NGOs, will establish a Farm Guidance Program to facilitate the installation of farm guidance centers in every agricultural cooperative.
5. Fishery Cooperative Development Program - A vigorous program to organic fishery cooperative federations is now being pursued in provinces with sufficient number of fishery cooperatives (at least 15 primaries) to provide infrastructure, processing and marketing facilities to fishery coops.
6. Program on Professionalizing the Management of Agricultural Cooperatives - CUP has started providing opportunities to Agri-Coops to professionalize their management by undertaking training programs for manager and middle-level staff. Formal training, scholarships, immersion and secondment training are being utilized as an approach to professionalizing Agri-Coop management. The assistance of ICA, MAFF, JA-ZANCHU, IDACA, JICA, and other training institutes are being tapped for this purpose.
7. Amalgamation of Agri-Coops - Agri-Coops grew in number from a few thousand organizations in 1990 to around 27,000 agri-based cooperatives at the end of 1997. Efforts are being done to amalgamate small agri-coops either as federations or joint-venture arrangements.

Sunday 11/2/88

BRIEF HISTORY OF ATOK (SAYANGAN) MULTI-PURPOSE COOPERATIVE

Atok Municipality is located in the center of Benguet Province. Being in the center, it is surrounded by the municipality of Kibugan on the north, on the east by Kabayan, on the south by Bokod and on the west by Kapangan and Tublay. It is a fifth class municipality and more or less fifty kilometers from the city of Baguio, accessible by the Halsema National Highway.

In this municipality, there are several multi-purpose cooperatives. One of the oldest cooperatives in this community is the Atok (Sayangan) Multi-Purpose Cooperative, which was organized by the World Church Council as Credit Union in 1968. The Credit Union was organized with 27 original members and availed for financial assistance from MEMBER SAVINGS DEPOSIT. Due to non-payment of loans by members, the Credit Union became bankrupt. A meager amount of P 4,000.00 remained as their capitalization.

In 1970, out of the P 4,000 remaining capital, the Credit Union started to engage in a new business which was a small sari-sari store located in the basement of the Roman Catholic Church, the rental of which was free of charge.

Few month later, the sari-sari store was moved to the Municipal Multi-Purpose building, which made the municipal councilors to move-out later on from the said building. With the assistance of the Canadian and Netherlands Embassies, a new building for the Sayangan community cooperative was erected which amounted to P 90,000. With the construction of the building, the members were encouraged to save more and after a few months, the new building was completed with a total cost of P 992,000 half of which came from the savings of the members.

In 1986, the Sayangan Cooperative was converted into a non-stock corporation and its name was changed into Mountain Trail Assistance Center, Inc. was registered with Securities and Exchange Commission but the membership are basically the same.

In 1990, the Atok (Sayangan) Multi-Purpose cooperative was registered under the Cooperative Development Authority with renewed membership of 491 and initial paid-up capital of P 215,400.00. It was only this time that the coop officers drafted the Articles of cooperation and By-laws and formulated policies basically on all areas. Since then, the coop started also implementing savings deposit from members and in turn lend these savings to other members who are in need of financial assistance.

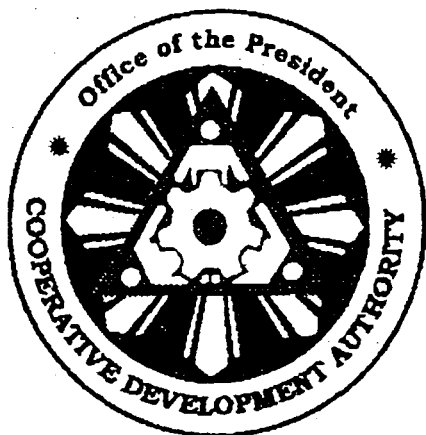
Last May 16, 1997, the cooperative had its launching for member savings operation, to invite depositors. This is due to the need of establishing a credit services to its members as well as to non-members and the community as a whole. The total depositors during this launching is 141 people and the total amount deposited is P 1,014,891.09.

At present, the Atok (Sayangan) Multi-Purpose Cooperative has a strong membership of 2,000, Share Capital amounting to P 1,157,214.87, and total assets in the amount of P 17,643,762.10. The coop is also providing its members basic services such as savings, low-priced consumer goods, transportation services, farm inputs, crop productions loan and emergency loans.

(800 km. hds. in members)

The Coop aims at providing more services to its members in the future through expansion of membership and branching out to other municipalities and continuous capital build-up and savings mobilization as well as continuous education to its officers and members

Prepared by: Cooperative Research
Information and Training Division
Institutional Development Department
CDA 1997



CDA

Primer

FOREWORD

Cooperatives have a long history in the Philippines. Throughout this history, cooperatives have always been instruments for marshalling resources and energies of the less economically fortunate. Through cooperatives, they were given a chance to participate fully in the society and nation's decision-making.

This desire to participate may in retrospect have resulted in a certain fractiousness within the cooperative movement, with each cooperative sector protecting its territory. Government interference in the past also contributed to the sloughing off of cooperative initiative.

Clearly what was needed was an agency that could provide policy support while zealously guarding the independence of cooperatives. This agency is the Cooperative Development Authority or CDA.

Through this brochure, we hope that CDA will answer the basic questions that the public, especially future cooperative members, may want to ask.

EDNA E. ABERILLA
Chairperson

THE COOPERATIVE DEVELOPMENT AUTHORITY (CDA)

The Cooperative Development Authority (CDA) was created through Republic Act 6939, dated 10 March 1990. It absorbed the functions of the Regional Cooperatives Development Assistance Office (Region IX and Region XII) and the Bureau of Agricultural Cooperatives Development of the Department of Agriculture (BACOD-DA) and transferred to it the registration and supervision of cooperatives registered under PD 175, PD 775, EO 896 and PD 269 as amended by PD 1645. On the same day, Republic Act 6938, known as the Cooperative Code of the Philippines, was also signed into law. Thus, RA 6938 and 6939 form a duo of laws designed to promote the viability and growth of cooperatives as instruments of equity, social justice and economic development.

VISION:

A cooperative society where there is equity, social justice and sustainable economic development.

MISSION:

Foster and promote the viability and growth of cooperatives as instruments of equity, social justice and sustainable economic development of the people of limited means and thereby enable them to increase their share in the wealth of the nation.

The CDA pursues its mandate of cooperative promotion through the delivery of efficient and effective services on regulation, adjudication and developmental initiatives.

The CDA shall enforce without fear or favor all cooperative laws, rules and regulations and register and regulate all cooperatives. It mediates and conciliates

inter-and intra-cooperative disputes, and adjudicate matters of concern to cooperatives.

The CDA shall support the social and economic development of cooperatives toward self-reliance and genuine people empowerment in the local and global arena. It shall provide an environment conducive to shaping the direction of a cooperative movement that is socially committed and economically responsible and accountable in the agricultural, industrial and service sectors through an integrated and comprehensive plans and programs. It shall initiate processes and mechanisms for coordination and synchronization of efforts and the mobilization and sharing of resources leading to synergy among the partners and beneficiaries — other government agencies, non-government organizations and the cooperative sector. Moreover, the CDA shall contribute to the capability build-up of cooperatives toward productive endeavors, the maintenance of sustained ecological balance and the preservation and development of cooperative values and national cultural heritage through the provision of its professional, entrepreneurial and educational services.

The CDA is committed to the achievement of its mandate with excellence, dedication and commitment, keeping in mind the distinctive value of love of others in the name of God. In the tradition of the highest moral and ethical standards, professional and responsive public service shall be extended to all without thought of reward nor favor one over another in its services. The CDA recognizes the dignity of human persons and their basic human rights. As it espouses cooperativism as a way of life, so does it adheres to the principles of cooperation, democracy, nationalism, justice and mutual understanding. Finally, subsidiarity of all the sectors shall be its guiding light within the cooperative movement.

BACKGROUND AND RATIONALE

A provision of the Constitution, Article XII, Section 15, mandates the creation of CDA to unify government efforts in the promotion of growth and development of cooperatives.

With its establishment, the CDA does away with the confusing, sometimes conflicting, rules and regulations which governed the registration of cooperatives.

Formerly, cooperatives were registered with various offices depending on their nature. Thus, sugar coops were registered with the Sugar Regulatory Administration, agricultural coops were registered with the Bureau of Agricultural Cooperatives Development (BACOD), and so on. With the CDA, rules and policies of cooperative registration and development are rationalized into one agency. The powers of such agencies related to cooperative registration and development are thus transferred and consolidated into the CDA.

IMPORTANCE OF COOPERATIVES TO NATIONAL ECONOMIC DEVELOPMENT

The law itself is precise on this point, Section 1 paragraph 2 of RA 6939 recognizes cooperatives as associations organized for the economic and social betterment of their members, operating business enterprises based on mutual aid, and founded upon internationally accepted cooperative principles and practices. In furtherance of this policy-RA 6939 mandates economic planning agencies to promote the "growth and expansion of cooperatives as a major and indispensable component of national development plans". In fact, Article 2 paragraph 2 of RA 6938 mandates all government agencies and instrumentalities to promote the formation of cooperatives under their respective

programs by providing them with appropriate and sustainable incentives".

FUNCTIONS OF THE CDA

As an agency under the Office of the President, the CDA has three main functions: regulatory, quasi-judicial and developmental.

REGULATORY FUNCTIONS

- Registers all cooperatives and their federations and unions, including their division, merger, consolidation, dissolution or liquidation.
- Requires all cooperatives, their federations and unions to submit their annual financial statements, audited by a Certified Public Accountant (CPA).
- Imposes and collects reasonable fees and charges in connection with the registration of cooperatives.

QUASI-JUDICIAL FUNCTIONS

- Orders the cancellation of the cooperative's certificate of registration after due notice and hearing for non-compliance with administrative requirements and in cases of voluntary dissolution.

Punishes for direct contempt persons guilty of misconduct during CDA hearings.

Imposes punishment on violators of the CDA law (RA 6939)

DEVELOPMENTAL FUNCTIONS

Most of the CDA's powers and functions are concentrated on its developmental nature, making the CDA a perfect instrument for promoting cooperative growth. The CDA:

- Formulates, adopts and implements plans and programs on cooperative development.
- Develops and conducts management and training programs for cooperatives and their members. These training programs cover management, technical expertise, professional development and others that will increase viability of cooperatives.
- Supports voluntary organizations and development of activities that promote cooperative movements.
- Coordinates the efforts of the local government units and the private sector in the promotion and development of cooperatives.
- Assists coops in arranging for financial and other forms of assistance.
- Administers grants and donations coursed through the government for coop development. This does not mean that coop cannot get grants directly from their own sources.
- Formulates and adopts continuing policy initiatives in consultation with the coop sector.

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PEOPLE ENPOWERMENT PROCESS THROUGH COOPERATIVES

ACTORS
IN THE
COOPERATIVE
COORDINATING
/DEVELOPMENT
COUNCIL

TARGET BENEFICIARIES
and STRATEGIES

PROSPECTIVE IMPACT

GOAL 1987
CONSTITUTION
ART. XII SEC. 15

RA 6536
Art 29. 2

RA 6536
Section 2
Section 3

GOVERNMENT

- Finance
- Infrastructure development
- Legislations
- Policies
- Technical Training
- Other Services

CDA

- Registration
- Regulatory Information
- Education and Training
- Research
- Technical Assistance
- Financial Assistance
- Linkages / Coordination
- Initiation / Synchronization

PRIVATE (Business, NGO, Co-op Sector)

- Organizing
- Education and Training
- Co-op Information and Promotion
- Research
- Financial Assistance
- Livelihood Proj.

C O O R D I N A T E D & S Y N C H R O N I Z E D

BENEFICIARIES

(Primary, Secondary, Tertiary)

PHILIPPINE COOPERATIVE MEDIUM-TERM DEVELOPMENT PLAN

Strategies

- Macroeconomy and Development Financing
- Agri-Industrial Development
- Human Development
- Infrastructure Development
- Development Administration

MACRO LEVEL

POLITICAL

- recognition as another sector in Philippine society
- Sectoral Representation in Legislative and executive branches of government
- political stability

ECONOMIC

- larger contribution to Phil. economy through livelihood entrepreneurship
- dev't as sustainable business entities increasing capital investment
- expansion of membership credit worth/financial sustainability/repayment/capability
- efficiency in marketing of agricultural and non-agricultural commodities

SOCIAL

- moral regeneration through continuing educational and value formation

MICRO (HH) LEVEL

ECONOMIC

- higher level of income
- savings mobilization
- able to mobilize own resources first

SOCIAL

- easy access to various social services

- food, clothing, shelter, education, health, justice, peace and order
- self-determination
- self-reliance
- self-confidence

POLITICAL

- more participation in decision-making/ planning process in community

• SOCIAL JUSTICE
• SUSTAINABLE ECONOMIC DEVELOPMENT
• EQUITABLE DISTRIBUTION OF WEALTH

Art 29. 3
(Subsidiary)

GAME PLAN FOR THE STRENGTHENING OF AGRICULTURAL COOPERATIVES IN THE PHILIPPINES

I. INTRODUCTION

Around 75% of existing cooperatives in the Philippines are either purely agricultural or agri-based multi-purpose cooperatives. The members of agri-based cooperatives are traditionally regarded as mere producers of food and cheap raw materials for the manufacturing sector.

The business of agri-coops are traditionally trading on unprocessed agricultural products and selling of production inputs (made available by traders) to farmers. They also serve as conduits for loans from lending institutions (GFIs) and mere assemblers of products for traders and middlemen.

Most of them are not operating viably and are made answerable to loans obtained by their members from GFIs. In short, agri-coops are simply conduits for government loans and sometimes handouts from government, private foundation, and NGOs.

The advent of a free market economy and trade liberalization policies of government (in compliance with WTO and regional bloc agreements) require a transformation from subsistence-oriented farming to a market-oriented and globally competitive posture in agriculture. Agri-coops will find it more and more difficult to remain relevant and responsive to the needs of its members if it remains traditional and uncompetitive.

II. The COOP AGRI-BUSINESS SYSTEM

Generally, agri-business is a complete process of producing a crop, processing, and marketing agricultural products. It is normally characterized by the use of appropriate technologies of production, processing and manufacturing as well as competitive management systems and networking.

The Cooperative sector, with its ~~41,003~~ registered cooperatives, has tremendous domestic market potentials (more than 5 million individual members and dependents) within its fold that can serve as built-in and captive markets for Coop products. The Cooperative Union of the Philippines can link local cooperatives with the vast network of cooperative business locally and abroad.

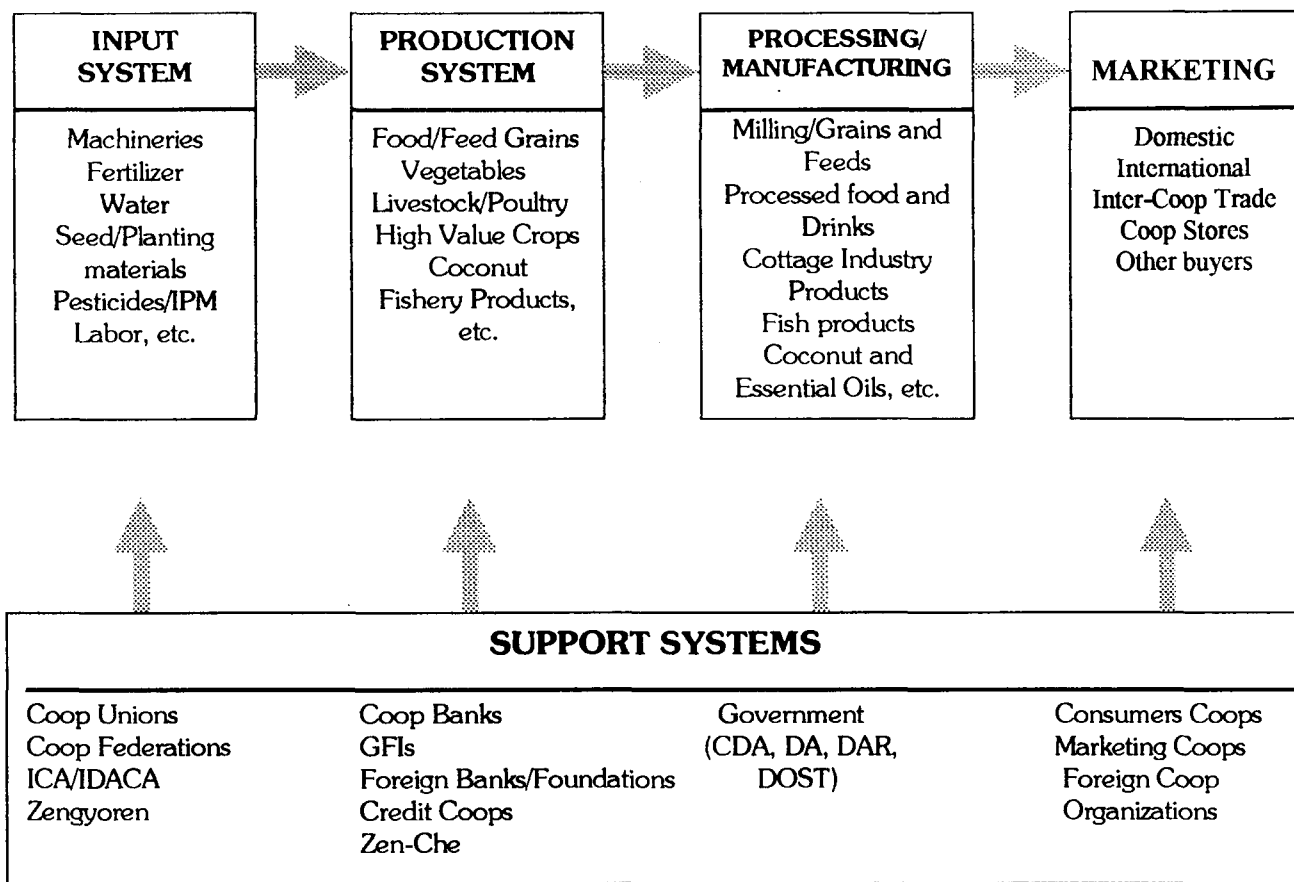


Figure 1. The COOP AGRI-BUSINESS SYSTEM

The Coop's agri-business system must strive to be self-sufficient in the inputs of production by identifying within the sector, the cooperatives that can specialize in the production and processing of production inputs. With proper networking, raw materials can easily be provided to the Coops doing processing and manufacturing functions.

Cooperatives must be designated to undertake specific business functions in the supply of production inputs as fertilizers, seeds and other planting materials. Culture of beneficial insects and other IPM requirements can likewise be assigned to specific cooperatives with the expertise and capability to undertake such functions.

Coop nurseries for the production of seedlings can also be established to support the Coop producers. Raw material producers for the processing and manufacturing cooperatives should be allotted production quotas to sustain the Coop processing and manufacturing plants at pre-determined prices and schedules of delivery or long-term contract growing arrangements.

III. IMPLEMENTING STRATEGIES

Cooperatives in develop countries has a long history of sustained growth and viability in agri-business ventures. In the Philippines, however, the agricultural cooperatives lag behind their private agri-business counterparts.

Agricultural cooperative federations are mostly too small (even smaller than many of its member-cooperatives) because the assets of the member-organizations are not consolidated into their federation and do not function ass branches of their secondary coop federation. In fact, in many areas, the primaries and the federation are doing the same business in the same are not partners but even competitors.

The practice of letting Cooperatives buy the produce of their members instead of serving as mere processors or assemblers of products of member-cooperators has made it doubly difficult for cooperatives to operate viably with a small capital. Marketing cooperative does not buy the produce of its members. It only processes or assembles the produce of members and looks for advantageous markets for a service fee.

There is a need to re-orient the marketing functions of our Cooperatives to reduce capital requirements, overhead costs and cost of money. The CDA, CUP and the rest of the national coop organizations must join hands in this re-orientation process.

THE FOLLOWING IMPLEMENTING STRATEGIES MAY BE EMPLOYED;

A. Development of Agri-business Management Expertise

Our agricultural cooperatives lack the managerial and financial expertise to direct and manage business operations. They do not have the financial resources to hire professional and competent technical people to run their business viably.

The logical approach is to develop models for Coop Agri-business ventures from where the agri-coops can learn and train managers and technical people hands on. Government and the Coop Movement must properly support these coop models both financially and in acquiring advanced training for their leaders and managers. In return, these trained and experienced leaders can serve as trainers and consultants for newly established Coop agri-based ventures. Linking with local and foreign coop organizations can effectively pursue this approach and agencies engaged in strengthening agri-coop management. CUP, for its part, has established linkages with ICA member countries and organizations in training agri-coop leaders and managers. Two national workshops will be conducted with foreign assistance in the immediate future for this purpose.

B. Livelihood and Entrepreneurship Training

The CUP-ILO-CERD program for entrepreneurship and rural development has been expanded from its humble beginnings in 1992 to a nationwide program known as Cooperative Business Consultancy Program (CBCP). Under this program, CUP continues to build –up its consultancy pool by inviting consultants of various disciplines and expertise. These consultants are fielded to

assist beneficiary cooperatives in project development, feasibility study preparation and in training understudy managers for fairly big coop agri-business ventures. The consultants are engaged until the beneficiary coop attains the normal viable operating level.

C. TECHNOLOGY-TRANSFER

There is a felt need to introduce to our Agri-coops the appropriate and adaptive technologies of production, processing, and marketing to make them capable of producing world-class and competitive quality products.

Each agri-coop must strive to become producers of high-value finished products instead of being mere suppliers of cheap agricultural raw materials to the manufacturing sector, middlemen and traders.

CUP continues to access technology from local and foreign sources for our agricultural cooperatives. Notably, the technologies of waste utilization and manufacturing of rice strawboards, fortified organic fertilizer and modern fishing methods have been brought in and are now being implemented in selected cooperatives.

D. FINANCING COOP AGRI-BUSINESS

Financing Coop businesses is still one of the major problems in industrializing agriculture. The policy of GFIs in giving loans only to the more developed Coops with a 3-year good track record immediately excludes new cooperatives from the loan privilege even if they have good projects. The LBP which was formerly generous and oftentimes reckless in granting loans to Cooperatives have become a universal bank and is no longer receptive to financing agricultural cooperative projects. When it does, the loan is fully collateralized with high-interest and more stringent requirements than private commercial banks.

GFIs and the Coop leaders are treated like beggars rather than bank clients normally regard cooperatives as high-risks.

There is a need to request the Congress and the President of the Philippines to divest the GFIs of funds for agriculture if after all they are not serving the needs of the farmers and the cooperatives.

Countryside Development Funds channeled by legislators through the GFIs are most often not availed of by the Coop beneficiaries because of the very stringent requirements of the GFIs. The CDFs end up unutilized and probably used for commercial lending.

CUP strongly recommends that the Cooperative Banks be strengthened and take on this responsibility of financing Cooperative projects. The practice of GFIs using Coop Banks and Cooperatives as channels for loans has made it more expensive for coop borrowers and has relieved the banks of the risks and collection expenses but the supervision fee of two percent of the loan goes to the GFI instead of the Coop Bank or Cooperative conduit that is jointly and severally responsible for the loan with the borrower. Government must pull out the funds for agriculture from GFIs including some government deposits and transfer these funds to qualified

coop banks and credit coops if it is sincere in improving the chances of agricultural cooperatives to succeed.

Cooperatives must also deposit their funds in Cooperative Banks instead of GFIs that are not responsive to the needs of farmers and the cooperatives. Coop banks should link with private banks that give better services to farmers and cooperatives.

A national cooperative bank should now be established among Coop banks and Cooperatives in order to have a financing institution that can cater to the needs of the cooperatives. The provincial and city coop banks must operate as branches of the national cooperative bank rather than continue operating as isolated small lending institutions with very limited services to cooperatives.

The cooperative life and non-life insurance systems must be strengthened in order to provide the insurance needs of the Coops and serve as a source of financing for coop projects.

E. DEVELOPMENT OF A COOP MARKETING GRID

Cooperatives must organize their marketing network at the municipal, provincial/city, and national levels and operate under the concept of inter-coop trade and patronage. The Coop marketing federations must be assisted in establishing the infrastructure required for the assembly, classification, processing and packaging of cooperative products.

Post-harvest facilities and marketing facilities must be in the hands and total control of farmers through their cooperatives. Government must prevent capitalists who do not have anything to do with producing a crop to intervene in agriculture because they will just exploit the helplessness of our farmers. The right concept of free enterprise is in leveling the playing field among the players in the sector. In which case, only the players in agriculture must engage and benefit from agriculture. In this country, the real benefits of agriculture do not accrue to the farmers because government allows people who have nothing to do with agriculture to intervene and take away the profits from farmers at very little or no risk at all.

Where I Stand on Rural Development, the Agricultural/Fishery/ Livestock Sectors and the Cooperative Movement

Given that the rural areas house the majority of the country's disempowered poor and that agriculture, fishery and livestock are their main means of livelihood, I, Fidel V. Ramos, pledge that a Lakas-NUCD administration shall pursue the following principles and programs:

1. The rural areas will receive their just share of development funds and governmental services. Official development assistance (ODA) will be channeled through national and local government units and through non-governmental and people's organizations (NGOs and POs). This assistance will include funds: for education, training, institution and capability building; credit and livelihood; technology and technical/research facilities; marketing, storage, distribution and transportation; and, organizational networking and linking.
2. The Agrarian Reform Program will be given new impetus through more integrative approaches that would enable farmers to afford landowners' land prices. These approaches will extend beyond Agrarian Reform to the Agriculture/Fishery/Livestock sectors in general will include: the provision of irrigation facilities; the improvement of farming technologies and cultural practices; packages that would allow farmers to shift to higher value added crops and form backward/forward linkages; organizational development support that would transform farmers into operative business units as cooperatives, associations or federations; the privatisation of government marketing facilities (like the FTI and the NFA) to farmers' groups; the availment of formal credit at reasonable interest rates for production, processing, storage and distribution; greater access to crop insurance; investment in farmers' training centers, folk schools and vocational/technical institutes; and, the acceleration of programs that raise the quality of farm inputs such as seed production and processing, fertilizer and pesticides, and others. Farmers' groups will be strengthened to increase their bargaining power and allow "direct payment schemes" wherein farmer beneficiaries could deal directly with landowners while the Land Bank provides farmers soft loans to complete the transaction. More cooperative and collaborative arrangements would be introduced to facilitate faster land transfers.
3. The Land Bank shall be transformed into a full-pledged national agri-agra bank, acting as the apex bank to a network of cooperative rural banks owned by farmers/fishermen/small entrepreneurs/vendors/peoples organizations and supported by NGOs.

4. Countryside livelihood programs will be consolidated and formalized into financial institutions with the appropriate guarantee, insurance and social infrastructure building mechanisms to enable the rural population to gain greater access to these funds.
5. A Rural Development Foundation or Institute shall be set up to enable NGOs and POs to increase their capabilities to organize, manage and implement. Funds will be obtained from the Philippine Assistance Program or ODA for the purpose.
6. Build-operate-and transfer (BOT) or build-operate and own (BOO) schemes will be made available to large groups of farmers, fishermen, small entrepreneurs, vendors and peoples organizations for such facilities as shipping, hauling, trucking, public markets, processing mills, storage, energy generation and distribution, irrigation and other capital-intensive investments.
7. The Cooperative Movement will be pushed by: ✕
 - a. convening a national cooperative congress to approve a cooperative development agenda that would define the role of cooperatives in the national economy, in social development, in environmental protection and in resource utilization through greater articulation of the movement's vision, mission and objectives.
 - b. making the Cooperative Development Plan a major component of the National Development Plan, particularly in programs; that would necessitate greater and more active participation of the people; that would require government and non-government partnership to reduce public sector delivery structures; and, that would increase the production, income and purchasing power of a broader base of producers and tax payers.
 - c. proclaiming the entire term of the Lakas-NUCD presidency as the Cooperative Development Period for National Advancement to make people more aware of the importance of the cooperative movement as a way of life.



FIDEL V. RAMOS

22 April 1992

BRIEF BIO-DATA OF CDA ADMINISTRATOR ARCADIO S. LOZADA

December 1997

- 1. Administrator Arcadio S. Lozada was appointed by President Fidel V. Ramos to his present position at the Cooperative Development Authority, under the Office of the President of the Philippines and assumed office on 1 June 1993 with a six-year term.**
- 2. At the time of his appointment, Administrator Lozada was the Secretary General of the Cooperative Union of the Philippines (CUP), an umbrella organization of all types of cooperatives, both agricultural and non-agricultural; Chairman, Regional Council for Asia and the Pacific of the International Cooperatives Alliance (ICA) based in New Delhi, India, for five years; and Vice Chairman, ASEAN Cooperative Organization (ACO) based in Jakarta, Indonesia.**
- 3. Administrator Lozada was elected Vice Chairman of the Network for the Development of Agricultural Cooperatives in Asia and the Pacific (NEDAC) during the Second Consultation of the NEDAC at FAO, Bangkok, 4-7 September 1995 and on 25 November 1997 he was elected Chairman during the NEDAC General Assembly in New Delhi, India with a two-year term. Very much earlier (1985 to 1989), he chaired the Agricultural Committee, International Cooperative Alliance Regional Council for Asia and the Pacific. On 7 October 1997, he was elected Vice President, APRACA-CENTRAB (Asia Pacific Rural and Agricultural Credit Association-Center for Training and Research in Agricultural Banking.**
- 4. Currently, Administrator Lozada chairs several CDA Oversight Committees among which are: Cooperative Banking; Integrated Rural Finance; APRACA-Centrab; NEDAC Affairs; Farm Tourism Cooperative Development; Fishery Cooperatives; Rebel Returnees Cooperatives; Cooperative Development Councils; CDA Transformation Program-MRP; and Resident Ombudsman.**
- 5. Administrator Lozada obtained his cooperative training at the University of Wisconsin, Madison Extension Center, U.S.A and at the University of Marburg and Raifessein Cooperative Institute, both in Germany. He has attended more than 18 international conferences, seminars, congresses, trainings in many parts of the world.**
- 6. Administrator Lozada has more than 36 years of active involvement in cooperative work as volunteer and occupied positions of responsibility in the primary, secondary and tertiary cooperative organizations both in the Philippines and abroad for which he received recognitions for his distinctive services, foremost of which is the Papal Award "PRO ECCLESIAM ET PONTIFICEM" from Pope John XXIII, for his cooperative work and service to the Papacy and the Church thru Julio Cardinal Rosales, Archbishop of Cebu in 1959.**

- 7. He is a retired Police Brigadier General and Commissioner, National Police Commission, who was trained at the New York Police Academy and the world-famous Southern Police Institute, University of Louisville, Kentucky where he finished Police Science and Administration. He was integrated into the Regular Force of the AFP in 1950 with service in the Philippine Constabulary. He was the Head of the Probation Task Force that institutionalized the Adult Probation System under PD 968, from July 1976 to January 1978.**
- 8. He finished AB Journalism and the Academic requirements for Master of Arts at Adamson University, Manila, Philippines; Mass Communication Course at the Michigan State University and Senior Defense Management Course at the National Defense College of the Philippines.**
- 9. He is a well-travelled man who observed/studied Police, Criminal Justice, Social Defense, Probation and Cooperative Systems in many countries of the world.**
- 10. In 1969 Administrator Lozada was conferred the highest Civil Service Award- the "Presidential Merit Award Medal" for his scientific and distinctive Social Defense and Crime Prevention Program while serving as Chief of Police of Bacolod City. The highly successful Bacolod Social Defense Experiment was acclaimed by the United Nations as "totally new in Asia". This experiment in Social Defense was reported by him personally to the 4th and 5th United Nations Congresses in Kyoto, Japan and Geneva in 1970 and 1975 respectively. Currently he is a member of the National Peace and Order Council and Chairs the Community Pillar of the Criminal Justice and Crime Prevention Committee of the National Police Commission.**
- 11. He is a native of Sta. Barbara, Iloilo and married to former Ms. Lilia Sumaylo of the same town with whom he has 6 children, all professionals. His family has been residing in Bacolod for the past 32 years.**
- 12. He has written several technical articles on Cooperatives, Public Safety and Crime Prevention, Criminal Justice, Social Defense and Probation published in the local, national and international magazines/publications.**

STATUS PAPER
On ORGANIC FERTILIZER PRODUCTION

by Claudio A. Ofrancia
(Former Participant - 10th ICA-
Japan Agricoops Mgt. Course)

ORGANIC FARMING is the solution to some serious problems of our Filipino farmers. These problems include the high cost of chemical fertilizer, the gradual conversion of ricefield into acidic soil as a result of the continuous use of chemicals, the indiscriminate pollution of water sources and rivers due to the excessive use of pesticides in farming which is not advantageous to our environment causing damage to health and well-being of humans, animals and plants as well. Other problems like the lack of post-harvest facilities and irrigation system, the shortage of fertilizer supply and the high rate of interest rate give the farmers undue burden of additional expenses which in turn leave no income to them right after harvesting their produce. Another concern of farmers is the apparent indifference of concerned authorities and the government, in general, to the development of Philippine agriculture. It is only late last year, 1997, that the Philippine Congress passed the long-awaited Irrigation Act, which if properly implemented, will considerably ease Filipino farmers. Utterly, one cause of our economic crisis is the economic imbalance of giving so much attention to industrialization, and leaving behind agriculture undeveloped and unattended to; no irrigation, inadequate post-harvest facilities, lack of education and training of farmers, lack of financing, excessive use of chemicals, rampant loan sharks, and the use of antiquated farm equipment, all these made agriculture a non-sense concern of the government, adding the indifference of the government agricultural employees directly responsible to farmer's guidance who are fun of sitting in their offices eight hours a day, waiting for their salary checks to come, and always make an excuse, whenever farmers ask for assistance, that there is no fund available. Of course our government have all the reason to import the precious grain because we indeed lack production. But if the government should have given enough concern to Philippine Agriculture, with our favorable climate and rich natural resources, we might have been No. 1 exporter of rice in Asia today.

The Philippines, at present, is not capable of producing enough chemical fertilizer at a reasonable cost, because its chemical components in producing fertilizer are mostly imported. Urea, for example is 100% imported. Nitrogen, Phosphorous, Potassium and other chemicals use

in producing fertilizer are imported. Every year, farmers are plagued with the gradual increase of the cost of chemical fertilizer. It is about time that we encourage the use of organic fertilizer. In other countries in Asia like Japan, India, Malaysia, Thailand, and Indonesia, organic farming has already gain momentum. Farmers have realized the advantages of organically produced crops, which commands a better price in the market and is conducive to good health. In the Philippines, the use of a organic fertilizer is still a non-sense idea. Filipino farmers have been pampered with the "quick to apply" chemical fertilizer, not realizing that their rice-fields are going barren; and if inadequate chemical fertilizer is applied, they cannot even recover their expenses for the season. The use of organic fertilizer is quite tedious and tiresome. Besides, the effect of using organic fertilizer is quite slow, since it takes sometime for the low nutrient content to be released because the bacteria and fungi takes time to decomposed due to the fact that Philippine soil have long-been abused with chemical fertilizer, leaving it excessively acidic and barren. Naturally, farmers shy away in using organic fertilizers. We need a massive information education and a serious mutual cooperation between the government and the cooperative sector to propagate and encourage the use of organic fertilizer.

There is an urgent need of the cooperation of all sectors, including non-government organizations, people's organizations and everybody, to emphasize that preserving the environment and promoting the health of the people thru organic farming is the concern of all. Without doing so, my voice and the voice of other advocates of organic farming is a "Voice in the wilderness".

The result of some experiments and farm demonstrations of Filipino Agriculturists and farm technicians in the efficiency of organic fertilizer has proven that it is as good as chemical fertilizer, if not even better. First, it cost far less than chemical fertilizer; Second, with the use of organic fertilizer the soil can regain its natural productivity, thereby improving its texture and matter content, thus promoting the complex natural system of the environment; Third, organically-produced crops are more nutritious and conducive to better health, and a healthy citizenry builds a strong and robust national economy. Finally, and fourth, organic farming do not require a single dollar to produce it, since all is raw materials are just all around the countryside, thus getting away with wasteful importations, which is causing so much damage to our economy today, especially at this critical period of our

history , where the dollar seem to be the only currency with an attractive financial value because people all over Asia are scrambling to buy it for sake - keeping.

Fellow cooperators and Guests, my status paper will reveal to you how a former participant of the ICA - Japan Cooperative Agricultural Management Course has experienced in working out the implementation of his project. !

It is no doubt, we former participants of the ICA PROGRAM, have earnestly hoped that our Project Proposals, which we have painstakingly produced and depended before scrutinizing professors at IDACA , Tokyo , be implemented in our respective communities . It is also no doubt that from our ICA - Japan Agricoops management course, we have considerably gained knowledge, skills, capabilities and techniques in cooperative development and promotion. We have presented our Project Proposals, which to our speculation, with the help and support of our sponsoring coops, NGOs , the local Agriculture Dept., and the community, can be implemented, and to our expectation, will be useful in our pursuit to improve our cooperative development. So upon our return to our respective communities from IDACA, Tokyo, we were so optimistic. We were very happy and of course, even proud because, aside from the rich and enjoyable experiences in our study Tours, which were guided by accommodating and pleasing ICA people, we feel a degree higher than what we have been before we left the country. Our family and friends share the same feeling upon our return, knowing that we have been trained for six, months under the prestigious auspices of the International Cooperative Alliance and under the professional tutorship of Asia's known Cooperative Trainers and Professors. Upon our return from the course, after a short rest, we begin planning and speculating " How to implement our project?" We started consulting our friends in the Cooperative Sector; we approach our local officials, the Mayor, the Governor, and even the Congressman. Finally , the advice is to seek financing from any bank, particularly the Land Bank. So we made a loan application. Our sponsoring Coop is also as enthusiastic as we are, since this will make a good development for everybody, so the agency starts.

Our respective Coop sponsor assisted us all through our stints with the Authorities concerned, believing that our credentials as ICA - Japan Program Course' graduate can get us through . So our Loan Application with the Bank begin to progress. The Bank asked for our equity or collateral, perhaps. We tried to produce one. Then follows the evaluation. This

evaluating process is commonly followed by eval - eating , so we prepare good and delicious foods, hurting the budget of the cooperative. The bank people naturally come in force. The manager, his staff , together with the drivers and helpers. This is repeated until the bank says the Loan Application has already been forwarded to the Central Office for approval.

After sometime the bank says we have to wait because our Loan application is being processed. So we waited and we are still waiting. I do not know with my fellow - former participants if they have stopped waiting.

Actually, we filed several applications to different financing institutions. First, we submitted a Loan application with the Cooperative Development Authority, because according to our regional Cooperative Director, loan is available to such viable projects. The Loan application was even endorsed by the CDA Regional Office and forwarded to the CDA Central Office in Manila. I visited the CDA Central Office several times and I was told they are currently collecting previous loan payments which they are expecting to pass it on to us. So I waited.

Our other Loan application was with the Land Bank. Here the eval - eating is more frequent than the evaluating , until finally, the bank says our Loan application has not yet been approved because our collateral, a one - hectare lot with buildings, is not titled. So we applied for land titling. To date the land title was not yet released. Another sticky problem with the Bureau of Lands.

But Cooperators and Guests, although our Loan applications are perhaps being considered for several years now, I for one thought it wise to do something worthwhile and practical. I consulted our provincial DOST Office and after submitting a simple project proposal, the DOST provincial O.I.C. provided me some minimum assistance of P 150 , 000.00 in cash funding, a small rock pulverizer and the technology needed. So my Coop Federation started producing organic fertilizer through rapid composting of animal manure, sea-weeds , rice husks, pulverized rock phosphate and other waste products. We use tricho-derma for innoculant. Almost all activities in the process is manual but we were able to produce minimal supply of organic fertilizer for our members who are interested to use the fertilizer. Through sheer hardwork , diligence and determination , with limited resources, we are trying hard to meet the needs of our cooperative members. But this is far from enough.

One particular problem is the indifferences of farmers in using organic fertilizer. This

problem is as serious as the indifference of the government in developing agriculture. The main problem lies on the slow effect of using organic fertilizer. Generally, organic fertilizer thru composting has a very low nutrient content and the release of those nutrients takes time because the fungi and bacteria must first be decomposed into organic molecules to be converted into nitrogen and released as ammonia or phosphorous for plant use. Decomposed organic fertilizer readily meet the NPK requirement needed to sustain a healthy rice field, only the process of phosphate conversion is quite slow, since the soil has been utterly acidic due to the use of chemicals previously. So it also take sometime for the acidic soil to be neutralized and re-conditioned to regain its natural productivity . But this problem can be solved by advising farmers to follow a simple process. First, for the first year of application, 3 to 4 bags of chemical fertilizer should be added to 5 to 6 bags of organic fertilizer combination, maybe increased from 6 to 7 bags on the Second year. Then eventually, on the third year, a combination of 1 to 2 chemical fertilizer to 7 to 8 bags of organic fertilizer maybe applied. The succeeding years will require reduced number of organic fertilizer, and chemical fertilizer may no longer be necessary. By then, the soil has completely regained its natural texture and do not need to be fertilized every year. This is the beauty of using organic fertilizer because after several years of application , the time will come when the farmer may not use any fertilizer anymore, because natural fertilization is already in place. Our ancestors never used fertilizers but they produced abundant agricultural crops. If not for the people who introduced rice research in the country, Filipino farmers should not have been pampered using chemical fertilizer and excessive pesticides. Perhaps our ricefields are still rich and fertile, non-acidic, free from pollution and still with abundant fish, frogs, and friendly insects. But sad to note, the fish, the frog, and the useful insects have been virtually wiped out of instinction because of the indiscriminate propagation and use of chemicals in agriculture. We are gradually destroying our beautiful environment , and destroying our planet earth, denying ourselves and others of nutritious and unpolluted foods.

The problem of other former participants is not only confined to their project implementation. Some returned to the country with their job already lost to another cooperative manager; Others, with family problems, either arriving to discover an unfaithful spouse, or arriving to see the children already in drugs.

My case, particularly , has been ironic . When I left the country in October, 1995, the

Board of Directors of the Primary Coop started to look for my replacement. The Board of Directors assumed that what I did was abandonment of duty because it was the Federation of Cooperatives and the Provincial Cooperative Union, to which I am serving as a member of the Board of Directors for both that sponsored my study tour and not my primary coop. So the Board of Directors, as soon as I left the country eventually dismissed me without even giving me notice, taking advantage of my being out of the country. Upon my return to the country, I was compelled to file a case of illegal dismissal with the National Labor Relations Court. After almost two years of hearing and litigation, the case was finally decided in my favor and the decision was payment of backwages and an order to go back to my previous job as cooperative manager. But the Board of Directors are not ready losers. They denied my right to go back to my job and appointed officially, thru a Board Resolution, a new Coop Manager. They even decided to pay my back wages for two years by installment. Since my primary coop has deteriorated abruptly during my absence from seven million pesos in capital to barely two million pesos after two years, I have also to think twice. If I have to return to work I will have a difficult time recovering the 5 million pesos lost by the previous management. The losses was chiefly due to mismanagement. The Cooperative Drug Store and the Cooperative Grocery Store I established for the members were both mismanaged and eventually closed by the Board of Directors. Since, I was asking a proper audit of the finances of the Cooperative, I was finally declared disinterested and unwilling to return to work. Now the Coop in question is virtually bankrupt.

The Western Pangasinan Federation of Cooperatives is an umbrella cooperative organization of some 54 primary cooperative covering 14 towns of Western Pangasinan. It is responsible in providing farm inputs to farmer - members on loan, and marketing their produce every season. It also provides training, education and farm guidance to farmer-members. We initiated training our farmers to use organic fertilizer. The big problem now is our conventional way of fertilizer production which can no longer sustain the demand for more organic fertilizer. So we need to mechanize, but how? There is an abundance of rock phosphate, quano ore and other raw materials in Western Pangasinan. According to some surveys, the supply of rock phosphate in Western Pangasinan can last for a hundred years. For years, indiscriminate mining has been going on. Rock phosphate in Western Pangasinan has been proliferated and being smuggled to Japan by scrupulous businessmen and the

government has not been doing anything about it.

When I was about to return to the Philippines from IDACA, Tokyo, I sent a copy of my project Proposal to Pres. Ramos, to my Congressman, then Cong. Orbos, now the provincial governor of Pangasinan and to JICA, Tokyo.

In my accompanying letter, I requested for consideration and possible exploration of the viability of the project because organic farming can promote and preserve the environment to some extent. Organic farming I said is the solution to so many problems of our farmers of today and can promote good and better health.

After sending my project proposal to those prominent people, I realized I made a fool of myself. Who is Odi Ofrancia to be given attention by them, besides my project proposal is asking for some P 12.5 million pesos for funding in putting up an organic Fertilizer Production Plant. Who is a fool to give a damn to such a proposal of producing organic fertilizer when chemical fertilizer business is a thriving business both for the multi-nationals, scrupulous businessman and even to some government people in terms of pay-offs and red tapes? Scrupulous Businessman can hoard the product and create an artificial shortage and dictate their own price in connivance with government officials. So why give a damn to Odi's Organic Fertilizer Production?

My experience in the implementation of my project proposal is just as similar to most of my fellow former participants, not only in the Philippines but also among former participants of other Asean countries. It only appears that I am more frank and more vocal in revealing my harrowing experiences in working out project implementation. Reports of the ICA Program reveal that only 13% of the total project proposal of the eleven courses have been implemented. So more than 80% project proposal made are simply, and may remain just sheer proposals.

But the implementation of project proposals is not the point in our study tours. What really is important is the realization of the general objective of the ICA - Japan. Agricoops Course, that is "to help strengthen and improve agricultural Cooperative performance in the Asian region in order to bring about a qualitative and quantitative improvement in Cooperative services to farmer-members at the grass-roots level with the ultimate objective of increasing members' income and insuring his active participation in cooperative business. Especially at this difficult times of devaluation of practically all currencies in Asia, we need

to give serious consideration to agricultural production. For sometime, the government of most Asian countries are giving so much emphasis on industrialization, infrastructures, factories of cars, appliances, softwares, high rise buildings and condominiums in the Urban areas, recreation, complexes, including golf courses. Our government in particular, have encouraged a massive industrialization program, leaving behind agriculture, with our country perennially importing rice and corn. But what can a country do, progressive as it may be, with a population annually plagued with the problem of food. Take note at North Korea, Bangladesh, and some African countries? Hundreds of Thousands are going hungry. Food is still the principal concern of humanity. It is unwise to have all these high - rise buildings, living in concrete jungles, with food growing scarce everyday. We need to develop and promote agriculture. We have a very rich natural resources with a very favorable climate. We only need cooperation and government support. The government must give free irrigation, free post - harvest facilities, sincere and honest - to - goodness programs and policies on agricultural development. It is agricultural progress that gives a country a real and sound economy. I do not say that we set aside industrialization. What I mean is : as we industrialize, we should at the same time promote agriculture, especially during these years that we have embraced liberation. We must be competitive with our agricultural products, otherwise, we can only be proud of our mango, and all other agricultural products will be left behind. We must modernize agriculture and we can only do this with government support. The government must integrate farm guidance and counselling in the program of the Dept. of agriculture. It is a high time that we must infuse new ideas in our antiquated way of farming. We must re - engineer and re - construct our farmlands into a more adequate situation that is conducive to better production.

Developed countries have given so much support and subsidy to farmers during their period of development. It is just sheer responsibility on the part of the government to help and support the poor farmer. If the government, thru its agencies, can give free access roads, free school buildings, free elementary and high school education, free hospitals, and health facilities, free parks and recreation centers. Why not give free irrigation system, free drying beds, instead of farmers using highways for drying, free agricultural and technical education and training of farmers, and free post - harvest facilities like warehouses and farm to market roads ? after all it is the farmer that feeds the population. How can we say that

the backbone of the country " when the government has utterly leave to the farmer the responsibility to maintain and nurture that " backbone " ?

My former fellow - participants and guests, agriculture in the Philippines has a very slow growth and progress. We must join ranks in hastening progress in our food production. We must make our voices be louder for our clamor for serious government concern in fast - trucking our agricultural development. We must tell our government to propose sound and viable programs and policies, and eventually to legislate such proposals for implementation. I believe it is only thru an agriculturally - developed country where people have enough food and are sound and healthy, economically contented, free from shortage of prime commodities, that we can achieve genuine and lasting peace and progress. Thank you.

BAD-AYAN BUGUIAS DEVELOPMENT MULTI-PURPOSE COOPERATIVE
Bad-ayan, Baculongan Sur, Buguias, Benguet

History of the Cooperative

The BAD-AYAN BUGUIAS DEVELOPMENT MULTI-PURPOSE COOPERATIVE was organized in 1967 as a Credit Union through the initiative of Fr. Romualdo Talata, a layman from the Catholic Mission. Through his effort in conducting consultation meetings, a group of 35 people were able to pool their resources^{236,512} and elected their set of officers. Elected set of officers are Mr. Teodoro Maliones, President, Mr. Ignacio Olila as Vice-president, Secretary - Pacito Salipan, Treasurer - Mrs. Magdalena Toyaoan and Mr. Peter Calubandi as member. The Credit union was organized in accordance with Commonwealth/Republic Act No. 2023 and registered with the Cooperatives Administration Office with a Certificate of Registration No. 001964 dated July 10, 1968. Due to lack of management skills and inactive members, the association remain dormant for a period of Five (5) years.

In October 1971, a set of missionary sisters from Tuding, Itogon voluntarily came to reorganized and conducted a series of membership seminars to refresh the old members regarding the importance of a Credit Union. As a result, on February 1972, they held the first organizational assembly and elected Mr. Pacito Salipan as President of 58 members with a total capital of Three Thousand and Five Hundred Sixty Seven Pesos (P3,567.00). Whereas, under Presidential Decree 175 requiring all cooperative organizations registered under previous acts or laws to re-register, a Re-registration Number P-440 RR was issued to the BAD-AYAN CREDIT UNION on October 15, 1973. On this period, the Credit Union was also affiliated to the Benguet Union of Cooperatives which is directly assisting its member-affiliates through the conduct of free trainings and supervision through the provisions of Auditing, Bookkeeping and other management practices. An evidence of this, On May 10 1976, the Credit Union was registered as a Pre-Cooperative under the Bureau of Cooperative and Development thereby mandated to elect its set of Board of Directors, Credit Committee, Education Committee, Supervisory, Election Committee and other committees in order to suit with the cooperative status. Adopted name of the Credit union was BAD-AYAN CREDIT COOPERATIVE UNION, INC.

With the Lending operation, In 1979, the Cooperative was able to expand its services through an opening of a farm input retail outlet. The retail outlet was purposely to augment the resources of the members who are mostly vegetable farmers. Upon its organization, it was then called as BAD-AYAN COMMUNITY BUYING CLUB.

Through a fruitful years of operation, In 1982, the cooperative was able to acquire a lot and build an office for the COOPERATIVE UNION. The Lending program was separated from that of the Buying Club. On the management aspect, additional employees were hired consisting of the Manager/Treasurer, a Posting Clerk, Book keeper and a Sales clerk. The Cooperative was also affiliated to the NORLUCEDEC in terms of its consultancy services, auditing and trainings.

1994 Relative to the National Cooperative Month, The Bad-ayan Credit Cooperative Union was awarded with OUTSTANDING ACHIEVEMENT for becoming One of the few Millionaire Cooperative of Region 1. The award signifies the internal capital buildup program of the credit union. The Certificate of Merit was given at Lingayen, Pangasinan on November 20, 1988.

By virtue of existing laws, On may 22, 1989 The CDA issued a Confirmation of Registration to the Bad-ayan Credit Union renaming it to BAD-AYAN BUGUIAS DEVELOPMENT COOPERATIVE, INC. with Registration Number CAR - ff- 009.

Further development was done in 1991 through the construction of a Three storeys multi-purpose building and it was being completed on the last quarter of same year. The basement of the building was utilized as a Consumers store, the second floor serves as Credit Office and the third floor as a session hall. A business expansion in Bot-oan, Catlubong was established in order to meet the needs of its increasing members. The multi-purpose building and the business expansion were financed from the Cooperative Regular Fund. On the management aspect, a full time Manager, A Treasurer and a Secretary were all appointed by the Board of Directors as an independent body from that of other officers.

As to continuous membership and productive management, figures stated to the previous Articles of Cooperation and By-Laws registered in 1989 were fulfilled thus the Cooperative was mandated by the Cooperative Development Authority to amend its Articles of Cooperation and By-laws. Features of the Substitution were the name of the Cooperative as BAD-AYAN BUGUIAS DEVELOPMENT MULTI-PURPOSE COOPERATIVE, Membership and Paid-up and Subscribed Capital. The amendments by Substitution to the Articles of Cooperation and By-Laws was in effect on October 18, 1994.

At present, the BAD-AYAN BUGUIAS DEVELOPMENT MULTI-PURPOSE COOPERATIVE continuously expanded its services through Lending, Initial Marketing of Vegetables, a Farm Input outlet and a school supplies store and Two Transport facilities on operation within the area of Coverage. The area of coverage consist of Four (4) barangays namely: Baculongan Sur, Baculongan Norte, Sebang and Catlubong with a total membership of 1785. The Cooperative is manned by Seven (7) Board of Directors chaired by Mr. Vicotr Bed-ing and Twelve (12) Full time staff headed by the Manager, Mrs Bernadette Willie.

The cooperative is presently affiliated to the NORTHERN LUZON FEDERATION OF COOPERATIVES at #12 Bokawkan Road, Baguio City, ALAY SA KAPATID FOUNDATION at Naguillian Road, Baguio City, COOPERATIVE BANK OF BENGUET, at Km 4, La Trinidad, Benguet, BENGUET AGRICULTURAL COOP FEDERATION, and other Government Agencies such as the MUNICIPAL AGRICULTURAL AND FISHERY COUNCIL.

As evidences of cooperative performance, the following merits and awards were received by the Cooperative, namely;

. 3RD BIGGEST COOP LIFE MUTUAL BENEFIT SERVICES CONTRIBUTOR FOR LUZON AREA; Given on April 25, 1992 at St. Paul Seminar House, Punta Bonbon, Cagayan De Oro City.

. FIRST PLACE; SEARCH FOR OUTSTANDING COOPERATIVE FOR THE MUNICIPALITY OF BUGUIAS; Given on March 5, 1993 at Loo, Buguias;

. HIGHEST SHARE CAPITAL CONTRIBUTOR OF COOPERATIVE BANK OF BENGUET; Given on Oct. 1, 1993 at NTC, La Trinidad, Benguet

. MOST OUTSTANDING KABISIG PROJECT FOR C.A.R; Given on June 15, 1994 at Malacanang Heroes Hall;

. SECOND PLACE FOR MOST OUTSTANDING COOPERATIVE ENTREPRENEURS OF CORDILLERA ADMINISTRATIVE REGION; Sponsored by the Land Bank of the Philippines; Awarded on November 5, 1994.

BAD-AYAN BUGUIAS DEVELOPMENT MULTI-PURPOSE COOPERATIVE
Bad-ayan, Baculongan Sur, Buguias, Benguet

YEARS SHARE CAPITAL MEMBERSHIP

1967	918.00	35
1968	4,252.88	80
1969	4,654.24	80
1970	5,006.64	80
1971	5,624.09	78
1972	7,565.95	85
1973	18,620.00	119
1974	47,833.00	253
1975	72,405.00	270
1976	99,366.00	300
1977	135,942.00	324
1978	173,755.00	350
1979	200,610.00	352
1980	246,052.00	386
1981	321,221.00	425
1982	374,726.00	462
1983	449,149.00	535
1984	568,546.00	566
1985	666,538.00	584
1986	890,082.00	590
1987	1,077,220.00	719
1988	1,276,662.00	772
1989	1,599,392.00	848
1990	2,063,042.00	929
1991	2,903,736.33	1150
1992	4,016,544.46	1369
1993	5,175,746.53	1470
1994	6,423,830.96	1593
1995	7,782,053.37	1785
1996	9,195,054.08	1878
1997	10,699,116.22	2015

8th National FU Workshop
Philippines, Feb 98

5th WTC

**SAN JOAQUIN MULTI-PURPOSE
COOPERATIVE**

Brgy. # 1, Sarrat, Ilocos Norte
2914 Philippines

STATUS PAPER

by:

ARILDA G. FAELMOCA

STATUS REPORT

Wayback in 1995, I was luckily chosen as one of the two Philippine delegates who attended the 5th ICA-JAPAN Training Course for Rural Women Leader of Agricultural Cooperatives in Asia, that was held in Tokyo, Japan on October 29 - November 24, 1995. I was then endorsed by the Cooperative Union of the Philippines to the International Cooperative Alliance (ICA) - the sponsoring agency. This seminar was organized by the ICA in collaboration with the Institute for the Development of Agricultural Cooperation in Asia (IDACA) and was funded by the Japanese Government particularly the Ministry of Agriculture, Forestry & Fishery (MAFF). This was participated in by six (6) women leaders from Indonesia, Malaysia and the Philippines with two delegates coming from each country.

This educational training was indeed a quantum leap in the development of cooperatives in the whole Asia Pacific Region. They provided us with skills and techniques indispensable in the operation of organization specifically cooperatives.

As far as I am concerned, my visitation to various places, our direct communication and participation with the Women Association of Agricultural Cooperatives (WAACs) and other cooperatives made me conclude that indeed cooperativism is not one of the keys, but the only key to economic progress and stability.

As a matter of fact, the cooperative I belong to and incidentally the one I manages had grown tremendously, and that growth I attribute not only to the entrepreneurial competence and credibility of the officers, commitment and sense of responsibility of the members and the honesty and efficiency of the management but also to that training I attended to.

Not too long after that said seminar, the Cooperative was awarded a Certificate of Hall of Fame Award for the Most Outstanding Multi-Purpose Cooperative in Region I. It was also been chosen as the most entrepreneurial project cooperative by the Cooperative Entrepreneurship for Rural Development (CERD) which was initiated by the International Labour Organization (ILO) in collaboration with the Cooperative Development Authority (CDA) under a grant from the Danish International Development Agency (DANIDA). The San Joaquin M P C was also selected as a Mentor Cooperative to the Trainee Cooperatives Success Case Replication (CSCR) program of the Land Bank of the Philippines and as a Trainer to the Big Coop - Small Coop program of the Cooperative Development Authority for the province of Ilocos Norte.

Two years hence, the Cooperative is now being eyed by cooperators of other cooperatives for possible investment. Also, schools, universities and other Local Government Units (LGUs) of Regions I, II, and CAR take into consideration the San Joaquin M P C as their subject for study.

With regards to its internal progress and improvement, they are as follows:

- 1) Acquisition of moisture tester for the use of the Marketing Center in buying farmers produce;
- 2) Construction of air-conditioned office building with Computer sets;
- 3) Acquisition of an XLT Service car;
- 4) Expansion of the Gasoline station for more efficient service;
- 5) Expansion of the Marketing Warehouse; and
- 6) Putting-up of a Social Hall where meetings, seminars and trainings are being conducted.

About my proposed project, it aimed to improve the quality of life of the farmer-members because basically, farmers constitute a majority of its membership. This is through the adaption of scientific farming which have long been used in more developed countries.

In order for this to materialize, I, being an ex-officio member of the Board of Directors passed resolutions that would help alleviate the agricultural system in the community: i.e. increase loanable amount for agricultural purposes; provide financial assistance to farmer organizations; and by giving them continuing education with regards to farm technology.

With the application of the techniques required by the growth have been inevitable not only to every member but the impact was felt throughout the community.

Such trainings, studies and seminars truly are beneficial. That is if we would take them seriously. Anyway, in my case, I could say, "It was and it would ever be a panacea to every problem we encounter and would soon encountered."

A million thanks.



The CONSUMERS STORE (main) is located at Brgy. # 1, San Joaquin, Sarrat, Ilocos Norte and the ANNEX is located in front of the Sarrat Public Market just besides its Koop-Drug.



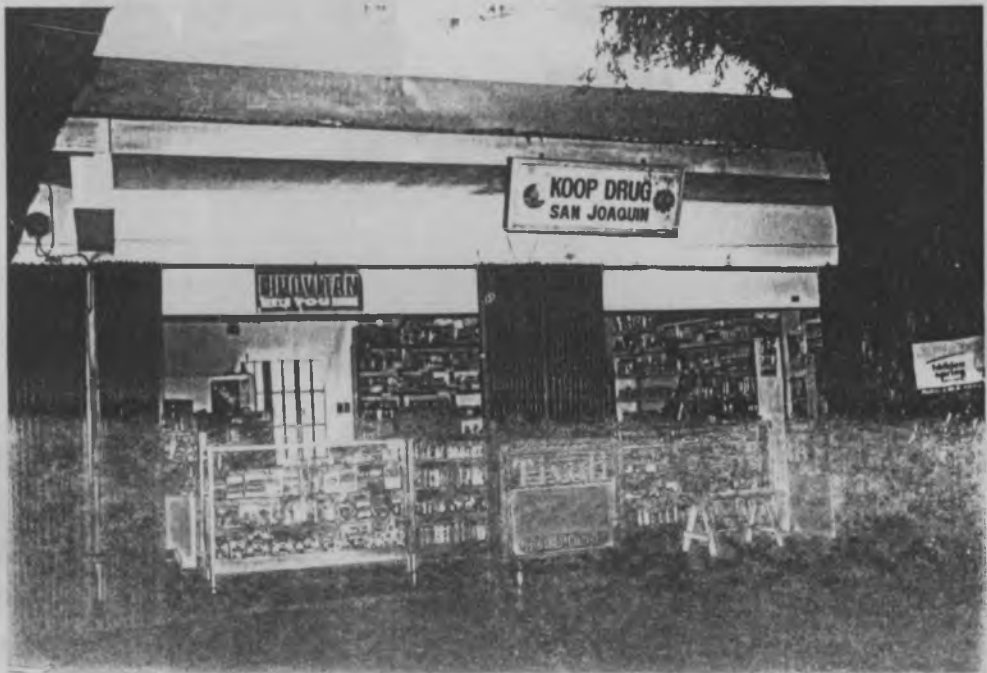


The ADMINISTRATION BUILDING and GASOLINE STATION of the San Joaquin Multi-Purpose Cooperative.



The MARKETING CENTER of the San Jqaquin MPC.





The KOOP-DRUG project of the San Joaquin Multi-Purpose Cooperative, situated in front of the Sarrat Public Market, Sarrat, Ilocos Norte.



Vice-Chairman Camilo Rasos handed the Bronze Prize Certificate award to **MARISSA AGUDERA**, one of the Bronze Awardee in the 4th Annual World Children's Picture Contest sponsored by the IE-NO-HIKARI ASSOCIATION of Japan.



The thirty three (33) participants in the 4th Annual World Children's Picture Contest were awarded a Certificate of Participation & Cash Gift locally sponsored by the San Joaquin Multi-Purpose Cooperative.



San Joaquin Multi-Purpose Cooperative of Sarrat, Ilocos Norte, Philippines had fifty eight (58) entries in the 5th Annual World Children's Picture Contest.





Arilda Faelmoca discuss the Coop Operation & Management process during the Coop Operation & Management Course sponsored by the Land Bank of the Philippines on August 14 & 15, 1997 at the PCDC - Sarrat, Ilocos Norte.





Arilda Faelmoca discuss Fund Management during the **Basic Financial Management Course** sponsored by the **Land Bank of the Philippines**. She lectures on Internal Control System and the duties and responsibilities of treasurer/cashier, bookkeeper, manager and other support staff.



CJ Philippines and Sarimanok Feeds Company, Inc. in cooperation with San Joaquin MPC conducted continuing seminars on FARM ANIMAL RAISERS MOVEMENT (F.A.R.M.)





Baguio and Benguet cooperators and LBP-IRF personnel of Regions 1 & CAR posed for a souvenir with the SJMPC officers.

STATUS PAPER

BACKGROUND:

The course I attended was the 5th ICA-JAPAN Training Course for Rural Women Leaders in Agricultural Cooperatives in Asia which was held in Tokyo, Japan at the IDACA from October 29 to November 24, 1995. The training course has objectives of providing opportunities for the development of leadership among rural women through trainings; encouraging the rural women to engage in income-generating activities; and formulating rural development projects wherein women can participate.

Within the four-week training period, we studied the basic aspects of Japanese culture, society and economy, the agriculture and agricultural cooperative system in Japan, history and situation of the women's associations of the agricultural cooperatives in Japan, the better living activities, and the development of leadership among women.

The course curriculum included classroom lectures handled by IDACA faculty members and specially invited guest speakers, and field study visits to agricultural cooperatives and women's associations in KAGAWA prefecture and to some institutions during which time we had the opportunity to interact with women leaders and to observe their various activities.

Through the effective methods employed in the training programme I benefited a lot of things especially the activities of the women's associations of the agricultural cooperatives which are suitable for replication in our country.

Few months after the training I made use of my learning and experiences in groups of women-members in our cooperative. The activities in relation to life betterment which are relevant for

improving the quality of life of the typical rural women has been prioritized. These are the following: conduct of skills training on home industry, lecture on consumer protection and the advantage of joint purchasing and distribution of food supplies, protection of the environment through tree planting, introduction of the modern farming technology, promotion of cost-consciousness and family budgeting, and the maintaining of flower and vegetable gardens.

Mobilizing the women is a great task which I, alone, couldn't cope with. In this premise, I sought the assistance of the Department of Trade and Industry (DTI), Department of Agriculture (DA), the National Abaca Research Center (NARC), Fiber Industry Development Authority (FIDA), Department of Environment & Natural Resources (DENR), and the Department of Social Works and Development.

INFORMATION ON THE PROJECT PROPOSAL PREPARED

The title of the project is Program for Life Betterment of the Rural Areas through Empowerment of Women Members of the Agricultural Cooperatives. For the realization of this program, it has 3 objectives, namely: to ensure implementation of all the knowledge learned from the 4-week training course and to increase the number of trained women leaders making it 24, enough to reach out the 12 regions; to have at least 25% of all the registered agricultural cooperatives which will work within a network in organizing and developing women's associations and work for the enhancement of women's involvement in various activities; and lastly, improvement of the quality of life in the rural areas should be, apparently, achieved through the various programs to be implemented by women associations in the agricultural cooperatives.

Unfortunately, the program has been partially implemented because I transferred to a cooperative in my hometown. The Manager taking over my post is facing the slow process, normally, happening in a transition period. Hopefully, the implementation will be continued with the initiation of the staff who assisted me in the take off. I promised the officers and staff of my continued support to their programs, in fact, I visited them once a month, preferably, during the staff or Board meeting.

PROGRAMME UTILITY

In my new assignment, being the Project Manager in the cooperative which has just embarked into agro-industrialization, I find the training program very useful. The project is still on its 11th month of operation. It is called Matalom Abaca-Based Integrated Project (MABIP). It engages in the processing of the abaca into a woven fabric commonly known as sinamay. In Matalom, most farmers sell their abaca produce in raw form. To add value to this prime product, the San Jose Parish Multi-Purpose Cooperative with the active and impressive leadership of Msgr. Manuel P. Alonzo, Jr., once a CUP Director, conceptualized the value-adding of the abaca through putting up of agro-industrialization project, thus, the manufacturing of sinamay started. At present, there are 95 worker-employees and 78 are women. They are housed in a 1,753 sq. m. building rendering 8-hour-a-day service. Their work ranges from knotting the fibers, laying the warp, making the weft, weaving, making hand-made paper from abaca wastes, making finished items out of sinamay and abaca fibers, warehousing and doing office works and other support services.

This project is a good avenue to implement the learning and experiences I benefited from the training in Japan because there is a felt need. Actually, the Chief of Operations emphatically assured me of her support in the carrying out of the plan of the program implementation which we deemed relevant. This is in consonance to one of the project's objectives which is to provide opportunity for employment, especially, to women in order to augment the family income. We will be working, cooperatively, so that improved quality life will be enjoyed by the rural folks, soon.

SUGGESTIONS AND RECOMMENDATIONS

The program was excellent and nothing to be deleted. What I would just like to suggest is that there should be an increase of the number of participants in every country to participate in any training course to ensure a widespread and effective programme implementation.


Lourdes L. Purgatorio

1,753 sq.m. building of MATALOM Abaca-based Integrated Project - the processing of abaca into value-added products



Skills training on hand-made paper made out of abaca waste



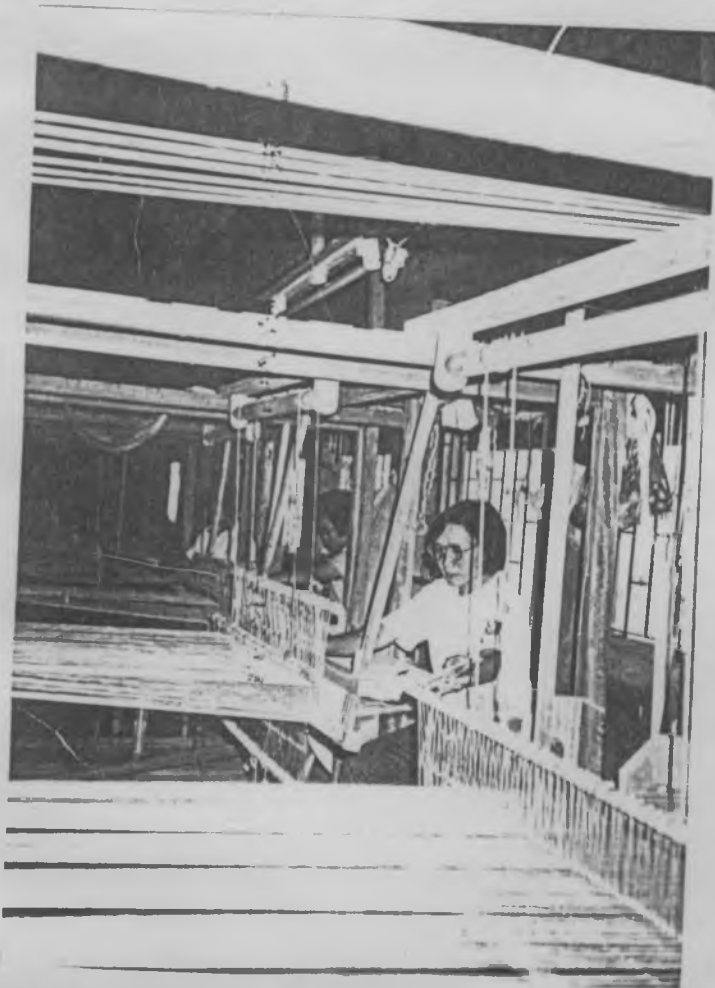
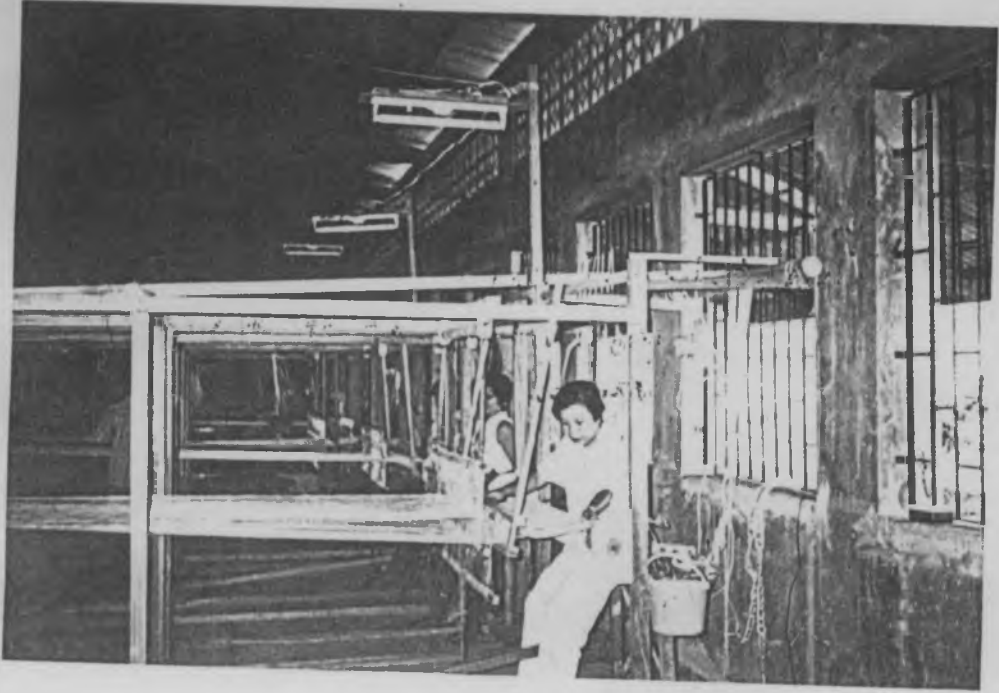
Skills training on making Christmas decors
out of abaca fibres



Lourdes dyeing the abaca fibres before weaving



Lourdes Weaving sinamay



Weaving sinamay