

The Philippine Cooperative Movement: Gearing Towards People Empowerment through NGO/PO Initiatives*

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The 1986 People Power Revolution has ushered in new avenues in the Philippine popular movement to fight poverty and underdevelopment via cooperatives. Actually, the cooperative concept of mutual assistance is not alien to the Filipino people who are imbued with the *bayanihan* spirit. The rise of cooperatives is, likewise, attributable to the government's inefficiency in delivery of basic needs, the active involvement of NGOs and POs in cooperativism and the creation of coop federations. These crucial players fill up the vacuum the state has left in the following aspects: access to capital, technical and infrastructural resources, marketing of products and self-management. The popular movement has not only ensured the success of this economic endeavor but also introduced a political dimension through advocacy work in order to create a healthy environment for the coop's economic ventures. Among the issues addressed by such advocacy work are agrarian reform, environmental protection and rural development. Thus, the Philippine coop movement's development agenda aims to confront both the major economic and political concerns of the society.

Introduction

Third World movements have generally been political struggles against colonialism, neocolonialism, imperialism as well as dictatorships. Within this context, the Philippines has witnessed the longest surviving communist insurgency in the region led by the Communist Party of the Philippines (CPP), its military arm, the New People's Army (NPA) and its united front organization, the National Democratic Front (NDF), or the CPP-NPA-NDF. The 1986 People Power Revolution which brought down the Marcos dictatorship, however, has ushered in new avenues for change in the Philippine popular movement in confronting the persistent problems of poverty and underdevelopment. One of its more popular dimensions is engagement in development work in bringing about political, economic and sociocultural change. Since the 1980s, the cooperative arena has provided a fertile ground for this sphere of action.

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This paper, therefore, tries to examine attempts of the popular movement to transform the country's cooperative movement into a potent vehicle for people empowerment. It particularly focuses on the role of cooperative institutions, federations and non-governmental organizations (NGOs) and people's organizations (POs) as relevant players in the promotion of agricultural cooperatives.

Economic Trends in the Cooperative Movement

An indication of the popularity of cooperatives can be gleaned from their increasing number. From 1985 to 1990, there was a significant 125 per cent increase of cooperatives in the country. (PSSR 1992:105) As of April 30, 1993, the Cooperative Development Agency (CDA), the government cooperative regulatory body, estimated that there were 23,085 cooperatives of all types existing in the country. In 1995, this grew to 32,000. Majority of these are agricultural cooperatives which increased from 60 per cent to 69 per cent. (MT,10 March 1995:17) Moreover, the agricultural cooperatives increased from less than 3,000

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in 1990 to more than 16,000 in 1993. (JA-ZENCHU 1993:114) The growth of cooperatives is largely attributed to people's efforts to create means for solving the country's perennial problem of poverty and socioeconomic inequality. As noted, the country's elite, composing ten per cent of the population, continue to control 70 per cent of the nation's wealth. (Tiglaio 1994:25)

The concept of cooperatives is one which Filipinos are generally familiar with, especially because of its propagation during the pre-martial law and martial law periods. Despite its failure in the past, numerous factors have pushed the marginalized sectors in the rural areas to pursue this scheme. One of the major reasons for this is the decrease in the availability of land for the agricultural workers to till because of the rapid increase in population. Another

is the importance of collective ownership of land in the use of appropriate technology and the mobilization of labor which is abundant in the rural areas. Cooperatives allow the farmers to pool their limited savings to acquire work animals or to pool their talents and know-how to either improve traditional farming practices or devise indigenous farm tools. More importantly, the cooperative concept of mutual assistance is not alien to the Filipino people but is part and parcel of their *bayanihan* culture or cooperative spirit. Thus, the village-based cooperative scheme has emerged as a popular alternative economic structure in the countryside. (CPAR 1989:4) Cooperatives during the post-martial law period generally have similar socioeconomic functions as in the past. They perform the roles of credit unions, marketing outlets and service centers. Like their predecessors, present-day cooperatives thrive to create favorable conditions for the upliftment of the quality of life of their constituents. A major thrust is the creation of a "coop society," which is "a society where there is a distinct cooperative sector coexisting with the traditional corporate sector of profit-oriented capitalists and the service-oriented public sector." Thus, a coop society is the "completion of a three-sector economy shared and dominated by the three sectors mentioned." (Dagao 1991:7)

A major reason for the rise of cooperatives is a result of the government's inefficiency to provide for the people's basic economic needs. Thus, these rural organizations provide a means by which the rural poor can economically survive. This was seen during the early months of the Aquino regime when peasants, who were impatient with the slow progress of the government's agrarian reform, took over idle lands and began to farm these. In the process, the farmers established cooperatives in various forms such as village cooperative stores for the procurement of basic commodities at lower prices (Lara 1991:136) or a full-scale cooperative which was engaged in socioeconomic activities.¹

The role of NGOs in the cooperative sector

A major development in the cooperative movement is the involvement of non-governmental organizations (NGOs) in this arena. Studies reveal that NGO-assisted cooperatives have increased from an average of four cooperatives per NGO in 1989 to five cooperatives per NGO in 1990. (San Pascual 1991:3) NGO coalitions have also emerged specifically for the promotion of the formation of people's cooperatives. An example is the Non-Government Organization Coalition for Cooperative Development

(NGO-CCD). Composed of around 40 development NGOs, the NGO-CCD has come out with a cooperative development agendum whose primary aim is to make cooperatives work for the poor majority in the Philippines. (NGO-CCD:1988, p. 4) NGOs generally believe that cooperatives must be nationalist in their orientation. That is, these should be self-reliant and capable of enhancing local resources and technology rather than depend on foreign corporations for its survival. NGOs, in particular, are tasked with "training the poor to manage their own means of livelihood and to achieve national economic development by their collective action." (NGO-CCD 1988:5-6) The Cooperative Foundation of the Philippines, Inc. (CFPI), a former quasi-government agency turned NGO, argues that cooperatives still offer the best mechanisms for empowering the poorest sectors of society. CFPI's Executive Director Horacio "Boy" Morales notes that to hasten the process of development, people should focus more on economic activities. Cooperatives are viewed as the form of activity which would benefit the people the most and with this in mind, CFPI has initiated its "Cooperatives for the Poor" (CFP) program. (KABALIKAT 1990:5) This program aims "to organize viable cooperative-oriented economic organizations of small farmers, artisanal fisherfolk, landless agricultural workers from 25 NGOs, which are also engaged in cooperative organizing." (Teh 1990:6) This program also seeks to refocus development efforts away from the middle-class based credit and consumer cooperatives that make up the majority of existing cooperatives, to the lower-class which need external assistance the most. (Morales 1990:22) Thus, there is the issue of the trickle down effect in the cooperative movement. In 1995, for example, there were estimated to be around 700 millionaire cooperatives (MT, 10 March 1995:1). The question which CFPI raises is how many of these cooperatives are composed of the poorest of the poor, the sector which matters most in the rural areas.

Generating capital from outside and within

An issue which the cooperative movement has to confront is the inaccessibility of capital to cooperatives. A study by the Agricultural Credit Policy Council (ACPC) reveals that some 84 per cent of small farmers are not bankable, and that a huge credit need of PhP 12 billion per year supposedly remains unmet. Private commercial banks also have a negative perception of rural cooperatives. This is aggravated by the financial and management constraints of credit unions, Cooperative Rural Banks (CRBs), and a few parastatal agencies which compose the institutional infrastructure for cooperative credit. There is also the

dominance of the collateral-oriented banking community that forces agricultural cooperatives to deal with traders cum-financier. This nullifies the rationale of the cooperative's existence. (JA-ZENCHU 1993a:402) In this regard, NGOs as well as cooperative institutions and federations have solicited funds from outside to help establish cooperatives or livelihood projects. Although much caution is placed on depending on external sources for funds, such as the Land Bank of the Philippines (LBP), which may jeopardize the long-term viability of these economic ventures, (PSSR 1992:110) the reality is that the members are also too poor to produce this, particularly, if the cooperative members are to consist of the poorest of the poor. What is important though is that the capital is only provided for initially and is aimed to help generate income through the economic projects established and savings are to be generated from these endeavors. The National Confederation of Cooperatives (NATCCO), for example, has a Central Fund System (CFS), established since the mid-1980s, which engages in an inter-lending system for their Regional Development Centers (RDCs). It also sources external loans and grants which it lends to the RDCs. Its funding agencies include the Canadian International Development Agency (CIDA). (JA-ZENCHU 1993a:402) Like the NATCCO, the Federation of Free Farmers (FFF) sources out funds to its primary cooperatives, which are all rice-based, and provides for managerial support. It also obtains grants from foreign and domestic agencies. Internally generated funds are invested in preferred stock of its primary members in order to give them equity funds to acquire post-harvest facilities (PHFs). Short-term commodity loans are given to its members. (JA-ZENCHU 1993a:403)

There have also been attempts to establish cooperative banks reminiscent of the credit rural banks (CRBs) during the Marcos period. An NGO which focuses on this is BANGKOOP (Cooperative Rural Bank Federation of the Philippines). BANGKOOP believes that the lowest income sector of society has the power to "organize and manage their own banks on a sound and sustainable basis." Its vision is to see the development of a "mainstream rural financial system consisting of cooperative banks, owned and managed by cooperatives, which shall initiate, catalyze, orchestrate and accelerate sustained countryside development." (BANGKOOP 1995) Moreover, there is a move for cooperatives to establish an integrated cooperative finance system which is supported by various cooperative initiatives. This includes interlending among cooperative banks and credit unions and the promotion of a

national bank owned and managed by members. Emphasis is placed on cooperatives to expand federation-based linkages with the formal financial sector for both credit and investment financing for agriculture. The ultimate goal is for the cooperative sector to be able to respond to their socioeconomic needs and develop their own resource base and facilities. (Morales 1992:40-43) Aside from accessing capital, NGOs, such as the NGO-CCD, also see the important role they could play in harnessing material and technical resources from local and foreign institutions. In terms of technological assistance, NGOs are deemed in a position to help popularize technologies which are more attuned to popular needs. (NGO-CCD 1988:4)

Alternative marketing schemes

Another area whereby the cooperative movement has sought to produce inroads is in marketing. Unjust price fixing in the traditional rural markets has led to high marketing costs because of the long chain of intermediaries from producers to consumers. This is also the result of the "oligopolized/oligopsonized" distribution system. Local traders who propagate this system have access to political patronage which gives them the advantage of maintaining their dominant position in the market. The result has been the domination of the rural areas by the Chinese traders, moneylenders and *comprador*-landlords' in the market. (Gaffud 1990:3; Morales 1990:11; Yotoko 1990:14; and Montemayor 1987) Currently, some 22,000 private dealers are reported to control approximately 90 per cent of the country's *palay* (unhusked rice) and rice trading. *Palay* is the most produced commodity of the agricultural cooperatives. The biggest among them are part of the so-called "Binondo cartel." Binondo is where the country's "Chinatown" is located and is known to be the Philippines' Chinese financial center. (Angkoop 1989) The goal, therefore, of the cooperative movement is to remove a layer of this multitiered trading system resulting in an increase in earnings at the producer's side and decrease in prices at the consumer's end corresponding to the profit the middleman would have earned. A related benefit is that the farmers would have a wider choice of marketing outlets and with the increase in their earnings, they would be able to engage in other related activities to enhance their income. (The Coop Sector 1990: 5)

NGOs and cooperative institutions have embarked on schemes to counteract such an exploitative practice. One way is through the creation of an alternative trading organization (ATO), whereby, an NGO directly

undertakes trading activities. The ATO subscribes to a "nonprofit orientation." A problem with this scheme though is that the ATO acquires additional overhead costs which add to the cost of goods. This makes the competition against commercial traders very stiff. There are instances whereby the ATO even subsidizes the operation in order to maintain reasonable prices for both the producers and consumers. (Gamit 1991:24) Despite this, these alternative trade and marketing systems (ATMS) are being promoted by different NGOs, such as the CFPI, Grassroots, Philippine Peasants Institute (PPI) and the Food for All Coalition (FFAC). A goal of these NGOs is "to approximate the operational efficiencies reached by the traditional marketing channels". In the ATMS, "both producers and consumers are provided opportunities to gain more control over their production, marketing and consumption needs, by extending their trading and marketing capabilities." (Acuña-Muga 1991:10) CFPI's CFP program is an example of this. The program organizes and develops self-help groups (SHGs) and cooperatives among small farmers, workers and the urban poor, and covers several communities in the national capital region (NCR) and in the provinces of Bataan, Bulacan, Rizal, Laguna and Davao del Norte. The promulgation of direct trade among cooperatives in this program which eliminates the middle traders allows farmers to get paid competitive prices for their labor while consumers benefit from reduced prices of these commodities. (Acuña-Muga 1991:10) CFPI, thus, seeks to promote direct trading by developing the capability of cooperatives and self-help groups (SHGs) to undertake business activities and eventually to engage in inter-coop trading. Thus, the CFPI seeks to eradicate the vacuum between producers and consumers. (Gamit 1991:24)

Another important aim of the cooperative movement is to build organizations at the secondary level and to "federate" this with one another in order to facilitate the expansion of business operations such as "bulk trading and marketing, and wholesale credit assistance."² (Dagyo 1991:1) In relation to this, three big cooperative federations, the National Confederation of Cooperatives (NATCCO), the National Market Vendors Cooperatives Service Federations, Inc. (NAMVESCO) and the Federation of Free Farmers Cooperatives Inc., (FFFCI) have operationalized a market grid project. This aims to link producer to consumer cooperatives in selected pilot areas in Luzon and Mindanao. Some 1,000 bags of rice are directly shipped from affiliate farmers cooperatives in the provinces to consumer cooperatives and market

vendors in the Metro Manila area. (Acuña-Muga 1991:11) The grids link their members not only through the sharing of technical and marketing services but also through sharing and building of networks of suppliers and markets. This will then provide the members with agricultural inputs at the lowest prices and pay competitive prices for their produce. Constraints, as encountered in the Metro Manila pilot project, have been pointed out in the areas of communications, transport, warehousing, small volume deliveries to buyer cooperatives. (Acuña-Muga 1991:11) Efforts to confront this was seen in the creation of the Cooperative Marketing Coalition which was formed to coordinate the existing initiatives by the various cooperatives in the aspect of production, marketing, trading, finance and transport. (Angkoop 1991:7)

Integrating all cooperative activities at all levels

What seems to be the most ideal situation, therefore, is the unity of the cooperative movement. As envisioned by CFPI's Small Farmers Cooperative Development Program, this is geared towards the establishment of "area based integrated agricultural cooperative enterprises from the municipal, provincial and regional levels that will be engaged in agricultural production, processing, marketing and credit activities." (Angkoop 1990:6) This seems to be where the cooperative movement is heading. At the end of 1992, there were 212 federations nationwide. Ninety-eight were at the city and municipality level. This accounted for more than 40 per cent of the total. As for provincial federations, there were 80. A challenge which remains is how to increase the membership of the cooperatives and their size of operations which remain extremely small. (JA-ZENCHU 1993) The significance of the efforts of current NGOs and cooperative coalitions to establish "federated cooperatives" and other people-based enterprises at vertical and horizontal levels is seen in their attempt to establish the autonomy of the cooperative movement. Of importance is the creation of a countervailing power vital to the assertion of their autonomy. By encouraging, for example, the formation of sector-based cooperatives, such as those among small farmers and fisherfolks, there will emerge a "small farmer economy of self defense" that will hopefully offset their marginalization in the economy, and thus bolster the autonomy of small farmer cooperatives (Gaffud 1990). The same is true for credit and consumer cooperatives which have been functioning autonomously from the government for a long time. These organizations have been capable of

generating surpluses that make them less dependent on government. The attempts, therefore, of the cooperative movement to establish sub-national and national federations of marketing, as well as savings and loan cooperatives, is viewed as a crucial aspect in the attainment of the movement's autonomy. The pooling of resources of these federations also help to address the need for capital by cooperatives in order for their marketing to be effective. In rice trading, for example, the purchase of palay is done by volume and in cash. If the cooperative cannot pay in cash, the tendency is for the farmers to sell to traders even if the producers gets a lower price for the commodity. Other additional expenses include the transportation, milling and bagging of the rice. (The Coop Sector 1990:5) It has been estimated that for rice marketing, the average farmers marketing cooperative, with 455 rice farmer-members, will need about PhP 7 million per crop season to buy at the government price of PhP 6 per kilo. This is even just half of its member's palay production. (The Coop Sector 1990a:3) Thus, the pooling of resources of cooperatives, in a marketing federation, will help meet the capital requirements of such an endeavor.

The Political Dimensions of the Cooperative Movement

As important as generating income, is the process in which cooperative activities are undertaken. Relevance is placed on the need for these economic ventures to be democratically-managed and controlled by its members voluntarily. Members are urged to combine their resources to make economic and social services available to all. A continuing cooperative education is viewed as crucial to make the members comprehend the organization's dynamics as well as their duties and regulations. The cooperative, as a self-help organization, depends on the active participation of its members and its interaction with other cooperatives at local, national and international levels. (Pineda and Ramiro 1989:53) The popular movement seeks to gain inroads through human resource development whereby members are trained in various aspects needed for the cooperative from managerial expertise to financial and accounting skills. (Grassroots Advocate 1992:3) The major goal is to train the poor to manage their own means of livelihood. Thus, cooperative institutions, federations and NGOs have embarked on cooperative education and training. Of immediate concern is the training of cooperative managers to become development entrepreneurs who will work in the cooperative enterprises and apply their knowledge and skills.

for the benefit of these economic ventures. (Morales 1992) What is generally envisioned is a cooperative run professionally, and thus, there is a need to develop the skills for this.

In the NGO sector, the NGO-CCD and the CFPI are among those carrying out education and training activities for agricultural cooperatives. The NGO-CCD differentiates itself from the mainstream cooperative movement by focusing on the natural environment and the political and cultural conditions of the poorest in society, including small farmers. The CFPI conducts pre-membership education seminars and basic cooperative fieldworkers' beginner and advanced training courses. It also holds lectures on basic cooperative bookkeeping and accounting courses and management courses. (JA-ZENCHU 1931:411-415)

Cooperative advocacy work in the national arena

The importance of popular participation is limited not only within the organization but also in counteracting social forces which threaten the economic venture. This is because the Philippine cooperative movement does not view itself as detached from the environment it is operating in. Although it basically has taken over the role which the government previously played in the establishment and development of cooperatives, it perceives the state as having a crucial function in creating a favorable milieu for the growth of cooperatives. Its main objective is to get the government to provide further support to its micro-strategies at the macro level. Thus, a new feature of the cooperative movement is that of advocacy work with the aim in bringing about a policy environment favorable for the sustainability of cooperatives. Advocacy work is a distinguishing feature of the post-Marcos cooperative movement, particularly, with the presence of a political agenda. That is, people empowerment through cooperatives with the view that these economic ventures can act as alternative structures for the poor to regain their rights over resources and decision-making powers. Moreover, this organization can act as a crucial vehicle for national development and pave the way for economic and political democratization. It is, thus, part of a popular movement, together with other NGOs' and socio-civic associations' attempt, to address socio-political and other concerns. (Morales 1992) People-organized cooperatives are, therefore, not only interested with increasing the agricultural productivity of the farmer but also concerned with improving their lives, which also includes the redistribution of wealth. Cooperatives are, therefore, part of a sector of

the country's social movement composed loosely of coalitions of NGOs, POs, and their respective networks and federations, as well as individuals, who are coming together for the purpose of specific social advocacies. Through networking, cooperatives are being linked with agrarian reform, sustainable development, ecological protection, women's rights, food security and other projects and orientations. Cooperativism, thus, is part of the larger movement for social change. (Villanueva 1991:9) There is also a concern that these economic ventures will not fall into the hands of local elites. One way by which cooperatives seek to avoid this is by organizing communities along class lines. Moreover, it was pointed out that cooperatives have better chances of prospering in organized communities because these will have the benefit of the people's previous experiences. (NGO-CCD 1988:4)

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Structures for advocacy work

Another significant development in Philippine cooperativism is the move of the various sectors of the cooperative movement to form national coalitions. In the past, such an effort was initiated by the government through the formation of the Cooperative Union of the Philippines (CUP). The cooperative movement sought to change this by forming their own national coalitions. As early as 1977, for example, the NATCCO, which is a tertiary level cooperative organization with a membership base spread across the country, was organized. This is composed of five Regional Development Centers (RDCs) situated nationwide.

Inroads in advocacy work

NGOs are also offering support services to cooperatives in the area of advocacy work. Advocacy centers have been established through cooperative federative structures to deal with vital policy issues vis-a-vis government agencies, and local and international private institutions.

(Dagyo 1991:1) Cooperative advocacy work was given impetus during the Aquino Administration which ushered in new hope for the cooperative movement. A task force was formed after the 1986 people power revolution to assess the role which cooperatives can play in the new socio-political environment. CFPI Executive Director Morales was the head of the task force. In May 1986, it came out with its recommendations. It particularly called for the "inclusion of a provision on state policy concerning cooperatives in the proposed constitution, rationalization of various laws pertaining to cooperatives and the integration of the disparate functions by different government agencies concerned with cooperatives under one agency." (Gaffud 1990a:29)

Aside from the executive body, the Philippine legislature also conceded to the importance of the cooperative movement. In the Congress, it was emphasized that cooperatives must get involved in politics, particularly with the management of the state. Cooperatives, thus, must actively participate in the formulation and direction of national policies. Moreover, the Congress resolved that all cooperatives must be mobilized to take a united public stand in all issues and to come up with a national cooperative agenda. A particular concern raised in the Congress was the strengthening of NGO/PO participation in local governance in relation to the LGC's implementation. (Gaffud 1990a:29)

A more favorable policy environment for the cooperative movement was further enhanced by Sections 1, 15 and 16, Article XIII of the 1987 Philippine Constitution which placed importance on justice and socioeconomic development and encouragement of people's intervention in the political and socioeconomic spheres of society. The Medium-Term Philippine Development Plan (MTPDP) of the government's economic planning body, the National Economic Development Authority's (NEDA), also highlights the role of cooperatives and other POs by defining people empowerment as development which will "proceed from economic initiatives of any individual, community, household, firm, cooperative, NGO or private organization, or local government unit under a well functioning market system . . ." (Angkoop 1993:6) The cooperative movement, determined to put these constitutional provisions, as well as government policy thrusts into practice, lobbied for favorable legislation for the promotion of cooperativism. Its effort was not rendered nil as was seen on 10 March 1990, when two important cooperative statutes were enacted: Republic Act (R.A) 6938, known as the Cooperative Code of the

Philippines, creating an organic law for cooperatives, and R.A. 6939, establishing the Cooperative Development Authority (CDA), as the government agency which will implement the Cooperative Code.

Major advocacy concerns

Among the more pressing concerns which cooperative advocacy work focuses on are the following:

Autonomy of the cooperative movement. A main interest of the cooperative movement is to assert its autonomy vis-a-vis the CDA. Although CDA Chair Edna E. Aberilla has expressed that the agency will exercise minimum interference in cooperative organizing, and will only assist when its help is solicited by the cooperatives (MT, 10 March 1995:17), the cooperative movement, continues to see the government as an obstacle to its autonomy. An example of this is the State's restrictive regulations which reduces farm cooperatives to mere delivery systems for government systems. Despite this, however, the state is still accorded a crucial role in the promotion of the autonomy of the cooperative movement. This has led to tripartite efforts consisting of government, NGOs and cooperative collaboration towards cooperative development. An example of this is the establishment of the tripartite body, the National Partnership for Cooperative Development (NPCD). The NPCD seeks to promote cooperative development with cooperatives spearheading this. It aims to pursue an alternative cooperative development agenda within and outside the cooperative community. One of the tasks of the NPCD is "to prevent conflict, competition and confrontation within and among cooperatives through mediation, arbitration and conciliation." Moreover, the NPCD also recognizes "the primacy of government in providing the climate and environment for cooperative development and the NGO sector in promoting the development and sustainability of cooperatives as institutions and people's organizations." (Angkoop 1991a:14)

The autonomy of cooperatives is further enhanced with its participation, together with other government and non-governmental individuals and organizations, in agrarian reform state bodies. An example is the Barangay Agrarian Reform Council (BARC) which is tasked with facilitating agrarian reform at the local level. Farmer cooperatives are part of this decision-making body together with representatives of farmer and farm worker beneficiaries and non-beneficiaries, farmers organizations,

landowners, the *barangay* councils and local representatives of four government departments. This activity is quite crucial to rural cooperatives whose success also relies on the speedy and effective implementation of a genuine agrarian reform. As for the government, it knows that it has to tap rural organizations, such as farmers cooperatives, to encourage grassroots participation for policy-decision making to be effective. Their involvement in the "survey, land pricing, compensation, servicing, marketing and credit processes are important if the government would want to eliminate the monopoly of landowners, merchants and moneylenders in the countryside." (Putzel 1992:53) The enactment of the LGC also gives more leverage to the cooperative movement in asserting its autonomy. A number of cooperatives have taken advantage of the LGC's call for decentralization. In Zambales province in northern Luzon, for example, a council called the *Ugnayan para sa Pagpapaunlad ng Kooperatiba sa Zambales* (Coalition for Cooperative Development in Zambales), or *Ugnayan*, was formed to take advantage of the LGC's provisions for participation in local development and governance. (Angkoop 1993:13) People initiatives, together with government support, are also most crucial in preventing political elites in manipulating cooperatives, particularly during election period, where the organization is used as an electoral vehicle to get votes.

Inadequacy of financing and access to capital. The cooperative movement lobbies too for adequate financing and access to capital. Such concerns were addressed by provisions in Republic Acts 6938 and 6939. Much, however, is still to be desired concerning the implementation of these provisions. The CDA Tripartite Meeting on 10 December 1990, for example, criticized government policy on financing. It pointed out that the LBP, which is tasked with providing credit to the agricultural sector, continues to provide resource loans to middlemen that could have better provided for farmers and small entrepreneurs like market vendors. Furthermore, the LBP loans to agri-coops, which was estimated at PhP 6 to 8 billion in 1992, reached only 37.2% of the total membership of the borrowing cooperatives. Moreover, financial assistance given by the government to agri-coops is not well coordinated. The bulk is geared more for relending to members for production purposes. (JA-ZENCHU 1993) Statistics also revealed that of the required financing of PhP 6,000 per hectare, for a total of 3.497 million hectares planted to *palay* in 1989, a total of PhP 20.98 billion would have been required to finance the entire Philippine rice production. But Department of Agriculture (DA)

statistics revealed that, only a total of PhP 2.369 billion in *palay* production was lent out through commercial banks, rural banks, government banks and other formal lending structures. Thus, farmers have resorted to borrowing from traders, landlords or even neighbors. The problem with this, however, is that these source of funds charge a very high interest rate. One instance showed that for every PhP 1,000 loan from informal lenders with 12 cavans of *palay*, the farmer borrower actually shoulders an effective interest rate averaging 480 per cent per annum. (Angkoop 1991b:6-8)

Infrastructural support. Related to the need for more capital is the lack of infrastructural support from the government as can be seen in the inadequacy as well as inefficiency of transportation and communication facilities and support services in agriculture. There is also the problem of the slow development of infrastructure facilities such as roads, ports, bridges and irrigation in the rural areas. The cooperative movement has been advocating for more support in this area. Among the needed infrastructural support is the establishment of postharvest and processing facilities. Agri-coops generally do not have the funds for this while the agri-coops federation do not have the proper connections concerning this program. (JA-ZENCHU 1993) Another infrastructural need is farm-to-market roads.

Creating a favorable marketing environment. A third concern which the cooperative movement is lobbying for is the need for government to redress market imperfections. There is hope that the LGC's enactment, which empowers the local government units (LGUs) to formulate their cooperative development plans, as well as to hire their cooperative development officers, will result into the coordination of local government cooperative programs with that of the national agencies. This is deemed to pave the way for the creation of a better cooperative marketing environment. An attempt to confront these market imperfections was seen on 10 December 1990 when the CDA held a conference to bring about a tripartite consensus and a common agendum for action on how the cooperative movement can be mobilized to respond to the economic crisis confronting the nation. (Angkoop 1991a:3)

Training and education. Shortcomings in cooperative education are also a cause of concern. A study revealed that state-sponsored cooperative education and training is inadequate and that most of the cooperative

officers, members and staff need more training. An obstacle to this is the lack of funds and trainers to provide for this. This also holds true in the aspect of technical and management assistance. The DA's extension services are temporarily affected by the devolution of its functions to LGUs. The CDA is also constrained by the principle of subsidiarity and lacks the adequate personnel to effectively extend cooperative services. As for the LBP, it provides management assistance only to those assisted by the banks and for the Department of Agrarian Reform's (DAR) provision of technical assistance, this is constrained by legal problems between the landowners and the beneficiaries. (JA-ZENCHU 1993:114)

Conclusion

Despite all these problems, the enthusiasm brought about by people's initiatives in the cooperative arena has led to the emergence of various cooperative experiments all over the country. It has been almost a decade ago since these people-initiated and -assisted cooperatives have rapidly emerged and there seems to be no slowing down. The popularity of these rural organizations is mainly because of economic benefits they present to their target-beneficiaries. This is largely due to the role of crucial cooperative players, such as NGOs, POs and cooperative federations, in filling up the vacuum the state has left in the following aspects. One is access to capital, technical and infrastructural resources. Another is marketing. Cooperative federations, for instance, have sought to provide an alternative to the inefficiency of government in the marketing of the farmers' rice by introducing their own innovative marketing schemes which could compete with the rice cartels and the middle traders. A third area is in the aspect of self-management through cooperative training seminars, a concern which state agencies inadequately provide. Stress is also placed on popular participation for the success of this economic endeavor. The popular movement has also introduced a political dimension to cooperative development, that is, advocacy work to create a healthy environment for the sustainability of these economic ventures. Concerned members of the cooperative sector have united and have formed federations from the local to the national levels to bring forth their development agenda, not only to their LGUs, but also to state agencies and the Congress. These issues are not only those which affect cooperatives directly, such as the need for capital, a more favorable marketing conditions, infrastructure support and training and education but also concerns such as the environment, and agrarian reform and rural development. In the process, therefore, the Philippine cooperative movement is pushing for a popular development agenda

that aims to address political and economic concerns of all sectors of society. ●

Notes

- 1 Another example of this is the case of farmers who took over *Hacienda Tison* in Victoria, Negros. The hacienda covers 700 has. of plains and rolling hills and the farmers who took over the land, after negotiating with the landowner, have set up hog and duck-raising livelihood projects with the support of the Philippine Rural Reconstruction Movement (PRRM). The PRRM is a popular democratic organization engaged in socioeconomic activities. A woman member of the cooperative expressed that they would still want to expand the organizations' livestock projects into small-scale commercial ventures. (Goodno:1991, p. 276)
- 2 There are various classifications of cooperatives. The government-recognized agencies have the following classifications: 1) primary cooperatives – where members constitute individuals; 2) secondary cooperatives – where the members are comprised of primary cooperatives. Secondary cooperatives are further subdivided into classifications: a) federations – composed of the same types of coops and b) union coops – consisting of different types of coops; and 3) tertiary cooperatives – where the membership is comprised of secondary-level coops.

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