

Cooperatives and the promise of rural development: The Buscayno experiment*

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Introduction

Cooperatives as rural organizations to enhance the plight of the farmers in the countryside have been in existence for the last four decades in the Philippines. As government-instigated organizations, they serve both economic and political purposes. Economically, they were seen as channels for government assistance to the rural areas. Politically, they serve as instruments of counter insurgency.

The 1950s saw the creation of the Agricultural Credit and Cooperative Financing Administration (ACCFA), a government organization in charge of extending rural credit to the farmers. It made credit available through the Farmers Cooperative Marketing Association (FACOMA). This was done in accordance with the farmers' contract on sales of their produce (Sacay and Agabin, 1985:4). Politically, the cooperative was viewed as a means to quell the *Huk* (peasant) uprising in the countryside. (CPD, 1991:6).

The 1960s continued to witness the use of cooperatives to extend credit to the farmers but with an added purpose, that is, credit was to be used to purchase high-yielding varieties (HYVs) of rice as part of the state program to bring about self-sufficiency in rice. Furthermore, credit was to be used to buy imported inputs such as fertilizers and pesticides which were needed by

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the HYVs. Thus, the cooperatives provided both financial and technical assistance (Sacay and Agabin, 1985:17).

A third attempt of the Philippine government to promote cooperatives was seen in 1972 when President Marcos declared martial law and initiated a land reform program. This program has three components: 1) Operation Land Transfer, 2) rural credit and financial assistance; and 3) cooperative development. The cooperative in this scheme was perceived to be a vehicle for the eradication of tenancy throughout the country. It was also viewed as an instrument to introduce more modern farming practices with the goal of increasing production (Tadem, 1983:13).

These cooperatives came to be known as *Samahang Nayon* (SN), the major responsibility of which was to facilitate the implementation of Operation Land Transfer (OLT). The funds of *Samahang Nayon* were intended to guarantee the amortization payment of OLT beneficiaries. These organizations were also supposed to make it easier for the farmers to avail of agricultural services (Tadem, 1983:13).

Structurally, the *Samahang Nayon* was perceived to be a pre-cooperative stage organization at the barrio or village level. Several of these were organized to form a full-fledged cooperative at the town level, called *Kilusang Bayan* (Tadem, 1983:13). [1]

These cooperative experiments, unfortunately, were all considered as failures for a number of reasons. Firstly, the top-down approach whereby the government sets up the cooperative and remains responsible for its functioning made people passive about such an endeavor. This reinforced their "dole-out" mentality; the cooperative members did not exert any effort to make the cooperative succeed. Previous cooperatives were heavily dependent on the efforts of dedicated government functionaries and more often than not, there was lack of commitment on the part of these government functionaries (Getubig, 1988:8). In the Philippine case, there was also graft and corruption.

Secondly, there was the problem of poor management of the cooperative. Issues related to this were inadequate training on how to efficiently run the organization, the absence of a motivated staff, weak leadership and the inability of the organization to efficiently deliver goods and services to the members at the right time and price (Getubig, 1988:5).

Thirdly, there was the lack of facilities, i.e., technology and physical infrastructure, to render the cooperative viable. This also included the need for more effective pricing and marketing policies for the cooperative products.

And lastly, there was a need to redistribute power in society. That is, one witnessed the existence of strong socioeconomic forces, e. g., private traders, who monopolized the marketing of commodities. Farmers were generally forced to sell their products to these traders during the post-harvest season when the prices of their products are low.

All of these observations concerning the shortcomings of government-sponsored cooperatives applied to the Philippine experience during the 1950s to the 1970s. It was quite surprising, therefore, that in the late 1980s, cooperatives were once again in the limelight, with the Land Bank of the Philippines declaring that cooperatives were the only means of attaining countryside development.

It is thus of interest to look into the cooperative experiments which were going on during the late 1980s and to examine what differentiates them from the previous cooperative experience of the period 1950s to 1970s. The paper will therefore highlight the features of what is considered to be a model cooperative, i.e., the People's Livelihood Foundation-Tarlac Integrated Livelihood Cooperative (PLF-Tilco) [2] founded by former new People's Army (NPA) [3] Commander Bernabe "Dante" Buscayno. It will also look into the performance of this cooperative, its successes as well as its failures, and will assess the organization's feasibility, sustainability and replicability.

A vision for an alternative cooperative

In setting up the People's Livelihood Foundation (PLF), Dante's primary aim was to create a cooperative which would address the economic needs of the farmers. In this sense, his cooperative agenda was no different from that of the government. The success of rural organizations depends upon its "ability to meet the member's economic demand through community undertaking, whether in simple collective marketing or in advanced levels of production" (Buscayno: 1990). Just like the previous state-run cooperatives, the basic goal of the PLF is "to minimize the cost and maximize the gains of production" (PLF, 1988).

There are, however, other features of the Buscayno cooperative which make it different from the previous ones.

One is that Dante does not look at the cooperative in isolation from the rest of society but as a part of it. Dante is aware that economic changes should also take place in society to make the organization viable. The cooperative is not an end in itself but carries an agenda of rural industrialization to achieve capability building in the economic and social spheres of the community. In relation to this, although Dante's cooperative is 90 percent devoted to rice production, it also aims to embark on other livelihood endeavors to help sustain its primary activity.

Secondly, much emphasis is placed on self-reliance which is Dante's response to the dole-out syndrome which the government was not able to eliminate in the previous cooperatives. For Dante, the cooperative will only receive loans and not grants. To foster self-reliance, a profit-sharing scheme is envisioned, where the benefits will be enjoyed by all members in the form of shares. These excess shares come in the form of farm equipments, new seeds, irrigation, the construction of canals and other projects which will strengthen the organization.

Thirdly, a viable cooperative for Dante is only possible through popular participation. The role of the farmers in the cooperative is to pinpoint what the problems are and to address these issues based on their views and analysis of their situation. The creation of a cooperative is based upon local conditions. The farmers understand these conditions and, therefore, are in a position to confront the realities which exist (Buscayno, 1990). This is different from the government-run cooperatives whereby state-functionaries conceptualize, formulate and implement cooperative policies.

Related to the third aspect is Dante's view of the need to develop a core of leaders who will "link the cooperative with external developments in the immediate community, in particular, and the whole country, in general" (Buscayno, 1990).

Fourthly, self-reliance and popular participation, for Dante, add up to the ultimate goal of the cooperative which is people empowerment. This will be attained when the organization's objectives are met by the people themselves. An important ingredient of this is the development of political consciousness among farmers as a result of their active participation in the cooperative. Such politicization will make the farmers aware of the factors which hinder their economic advancement and more importantly, develop the farmers into a potent force to address these problems.

And fifthly, although Dante's cooperative also seeks financial assistance from the government in the form of credit, it goes beyond this. Aside from seeking access to credit at a low interest rate, the cooperative also seeks government technical advice so the farmers could increase their yield. It also asks for infrastructural support, e.g., post-harvest facilities. Dante also believes that government intervention is needed to create more favorable policies for the rural sector as can be seen in the setting up of a better price for the cooperative's rice production. What is needed from the government is a strong political will to make cooperatives succeed. This was sorely lacking in previous cooperative experiments.

Processes involved in establishing the PLF

The first step: getting government support

One could say that the establishment of the People's Livelihood Foundation (PLF) was mainly Dante's initiative. Using his earnings from a film made concerning his life, he started the PLF in October 1988. Realizing that he could not rely on his resources alone, he began to use his contacts with politically powerful personalities to get them to become members of the PLF Board of Trustees. This did not seem difficult to do as he had existing ties with these personalities, including then Senate President Jovito Salonga and the former Speaker of the House of Representatives Ramon Mitra Jr. (See Appendix A).

Such a strategy was actually based on the advice of former President Corazon C. Aquino, whose husband, the late Senator Benigno "Ninoy" Aquino Jr. had close political ties with Dante. Ninoy's mother, Doña Aurora Aquino, was assigned to be Dante's guardian. Dante's relationship with President Aquino proved to be a major asset for the cooperative. Although Dante claims that the PLF did not get a centavo from Mrs. Aquino, it helped a lot that she paid special attention to Dante's projects. Impressed with the organization's initiative, she showed personal interest in its success. This was an important go-signal to other local agencies to help the PLF. Among important government efforts to assist Dante is the use of CARP funds to build roads in the six incipient PLF barangays. This greatly helped market PLF's rice. The roads were also used as "solar dryers" by the farmers. (Dry *palay* fetches a higher price as compared to wet *palay*.)

Because Dante wanted the cooperative's main function to be the extension of credit to the farmers at low interest rates, the first government agency he approached was the Land Bank of the Philippines. Dante narrated how he had a difficult time getting an initial loan. According to him, he jokingly told the Land Bank President that the government would be spending more, quelling down another revolution he would wage if he was not given the loan. He did get a Land Bank loan of 2.5 million pesos for the use of 500 members in more or less 1,000 hectares of land. One, however, cannot deny that his "guarantors", no less than former President Aquino and his powerful Board of Trustees, facilitated such a big loan. After four months, the PLF was able to repay the whole amount plus the interest. Such an impressive showing paved the way for a 50 million pesos credit line from the Land Bank. Land Bank even made use of the PLF to advertise its credit lending scheme for cooperatives in the newspapers which only shows that it was highly satisfied with the performance of Dante's cooperative. Dante said that he was not even paid for that advertisement.

At the local level, Dante approached the former Tarlac Governor, informing him about his plans to put up a cooperative. Dante's strategy, therefore, was to get support not only from national government figures but also from local officials to get his cooperative going. During this time, the Tarlac Governor was setting up his Lingkod Tarlac Foundation (LTF) as part of his Rural Industrialization Can Happen (RICH) program. Under this program, nongovernment organizations (NGOs) were being encouraged to be part of the province's industrialization project because these were strategically located at the grassroots level. [4]

From the Governor, Dante was able to get supplementary loans for his cooperative. One of the more important loans from the Governor was a fifteen million peso bridge financing loan for the establishment of post-harvest facilities (PHFs). During this time, Dante also applied for a Dutch Rural Development Assistance Program (DRDAP) loan to establish PHFs in one of PLF's pioneering barangays. However, one of the more important benefits which Dante got from his contact with the Governor was his introduction to the Director of the Technology and Livelihood Resource Center (TLRC) who, together with the former Secretary of the Department of Budget and Management (DBM), was pursuing the rural industrialization thrust of the government. During this time, the three were identifying areas where government programs could be implemented. The director of TLRC, the Secretary of DBM and the Governor were all working closely together in pinpointing programs for Tarlac. Dante was brought into this "magic circle" and TLRC provided the supplementary loans which the PLF badly needed to start off new projects. TLRC provided not only the loans but also the personnel to help Dante conceptualize the PLF agenda. The agency's people were even assigned to the PLF on a full-time basis. This was part of TLRC's mission to teach the NGOs the needed capabilities to set up their own projects.

Such political contacts helped tremendously in starting off the PLF. A DRDAP member said that because of bureaucratic red tape, the release of government loans really took quite a long time. This was not true for the PLF which was able to immediately avail of a 24 million peso DRDAP loan to establish post-harvest facilities. What hastened the release was that, first of all, the DRDAP members were aware that the PLF project was a "Malacañang-favored project". And secondly, a TLRC high-ranking official would constantly station herself at the DBM to make sure that the PLF papers were being attended to.

Thus, Dante's relationship with important national figures helped a lot in getting the credit and the capital necessary to start his cooperative. It is of interest to note, too, that the government may also have seen the advantage of helping Dante, a former NPA chieftain who had "given up" the revolutionary struggle to seek a more "peaceful" means of changing society

through the establishment of a cooperative. This could very well be an attractive government propaganda to entice other revolutionaries to lay down their arms and engage in peaceful activities.

After getting the support of important national agencies, e.g., the Land Bank and the TLRC, Dante's strategy was to link up with line agencies at the provincial and municipal levels. This did not seem to be much of a problem. One of the more important agencies he tapped was the Department of Agriculture (DA) particularly for seminars to train the cooperative's coordinators and technicians. The Land Bank also had an agreement with the DA that it would only extend credit to cooperatives after their farmer-members attended DA training seminars.

Dante also took an active role in seeing to it that these line agencies sent functionaries that can really be of help to the PLF. He was, for example, not too happy with the first DAR technicians assigned to the PLF. Dante did not simply allow the government agency to do what they wanted to do. He actively intervened. For him, it was also very important to establish rapport with provincial and municipal heads of line agencies like the Department of Trade and Industry (DTI) and the Department of Science and Technology (DOST). This was the only way he could solicit much help from them for his cooperative. With Dante's personality, which is friendly and down-to-earth, this was not too difficult to do. His reputation as the founder of the New People's Army (NPA) also made people more receptive to him, being a known national figure.

The second step: recruiting PLF employees.

After getting government support, the next crucial stage was to recruit the PLF employees who would help him set up the cooperative. An important strategy of Dante was to recruit in the areas where he initially organized the NPA. The advantage here was that he knew the people and they knew him. And secondly, these were areas previously organized and thus, there was a higher probability that people would have stronger ties needed in cooperative work.

Priority seemed to be given to relatives and comrades, and to their friends and children. This was understandable since one would want to work with people one knows already. Young people were hired mostly to handle the "administrative side" of the cooperative. These positions were those of receptionists, accountants, coordinators and technicians. The coordinators, mostly females, took charge of giving loans to the farmers and collecting payments on the loans. The technicians, on the other hand, were those who took charge of teaching the farmers the proper handling of their *palay*.

Later on, when the word spread that the PLF was recruiting employees for its cooperative, there were applicants not only from Tarlac but also from Nueva Ecija and Pampanga. Quite a number of them were college graduates, some coming from the Central Luzon State University and the Pampanga Agricultural College. Thus, unlike the first batch of recruits, the second group were not relatives or friends but were college graduates who looked at their employment in a more professional way.

The TLRC helped Dante not only in recruiting the employees but also in training them. Dante, however, was the main force in the recruitment effort of employees.

The third step: recruitment of farmer-beneficiaries

As with the recruitment of employees, Dante recruited farmer-beneficiaries from barangays where he originally began the New People's Army. A strategic advantage of this was that he generally knew these farmers and, since the communities had already been organized, it was not as though Dante was starting from scratch again. The community members, on the other hand, knew who Dante was and thus, there was some kind of trust existing between them.

Dante, together with his new recruits, TLRC officials and staff members, went from one barangay to another with Dante explaining what the PLF was all about. These meetings were arranged through the barangay captains. An initial reaction was one of wariness because some farmers felt that it might just be like the *Samahang Nayan*-type of cooperative. But it did not take long before most of them were convinced to join. For the farmers, the main enticement was the low interest rate on the rice production loan. The PLF attracted all kinds of farmers, ranging from very impoverished ones to rich ones, i.e., former ricetraders and overseas workers. When the first six member-barangays were established, there was no longer any problem recruiting more farmers. In fact, the PLF had to turn away farmers applying for PLF membership.

Fourth step: starting off the production loan division

The PLF's centerpiece project is rice production. This is because 99 percent of the farmer-beneficiaries are affected by it. Thus, the fourth crucial step was to organize the production loan division.

The main function of the cooperative, like that of the previous government cooperatives, was the extension of credit to the farmers. The government, i.e., the Land Bank, would give the PLF the credit which it would in turn loan out to its member-beneficiaries so they could buy the needed inputs for rice production.

PLF divided the farmers into various clusters composed of one to five barangays. These clusters were usually limited to 500 hectares and 50 members. But some of them may exceed 250 members depending on the manageability of the group. A technician and a coordinator are assigned to each of these clusters. The technicians and the coordinators, on the other hand, were accountable to the farm manager who in turn was accountable to the PLF head, i.e., Dante. Such a structure, however, was not followed strictly. That is, some farmers, when they needed assistance, would go directly to Dante who had the last say on all the decisions.

In getting the production loan, a technician is assigned to survey the farmer's land and determine whether it is ready for land preparation. When the land is ready, the technician signs the request slip given by the coordinator to the farmer requesting for inputs. They then go to the bank to have the loan released. When the PLF was starting out, the loan made available to each farmer amounted to around five thousand pesos (P4,800) a month. This was supposed to cover all his planting needs.

Once in a while the coordinators and the technicians check on how the *palay* of the farmer looks. The technician aide is actually like a doctor. He or she goes around the farm and gives prescriptions on inputs to be used. When the farmer is ready to harvest, he borrows sacks from the cooperative. There is a request slip for this. When it is harvest time, the PLF lends a truck to get the harvest which the farmer turns over to the organization as loan payment. If there is an excess, this is returned to the farmer.

The coordinators collect money from the farmers. If the latter cannot pay, the technicians will go to his farm to check if the harvest was really bad. The farmers, through the PLF, also have a crop insurance loan from the Philippine Crop Insurance Company (PCIC) which is a requirement of the Land Bank. Farmers who cannot pay their loans are not given extended credit again. Thus, for each cropping season, a new batch of farmer-beneficiaries will be determined. For those who cannot pay, PLF takes over the land until they are able to reap enough harvest to eliminate the loan of the farmers from the organization. The coordinators would remit whatever cash they get to the PLF accounting office. The technicians do not get to hold any money. In this kind of structure, therefore, the coordinators go directly to the PLF accounting office.

Other PLF services to the farmers

The PLF saw to it that its coordinators and technicians attended seminars on the care of *palay*. According to a PLF coordinator, the Department of Agriculture sponsored seminars which taught them how to prevent and control *tungro* and other plant diseases. Later on, the farmers themselves were made to attend these seminars. According to some of those interviewed,

the older farmers did not bother to attend; they just sent their sons to these seminars.

Another service which the PLF rendered to the farmers was that of marketing. The farmers go to the PLF to sell their rice although they are also free to sell it to other ricetraders if they are able to get a higher price. With their earnings, they pay their PLF loan and the PLF in turn pays the Land Bank. Part of the PLF's job, therefore, is to look for a warehouse to store the farmers' rice. The reason for this is that if the price of rice is still low, having a warehouse allows them to keep the rice until it fetches a higher price.

A third service of the PLF was to create an infrastructure which would enhance rice production. One of its major achievements in this aspect is the procurement of a Dutch Rural Development Assistance Program (DRDAP) loan for the establishment of post-harvest facilities (PHFs) (See Appendix C). Aside from providing a warehouse for the farmers to store their *palay* harvest, another important function of the PHFs was to provide a drying facility to improve the quality of dried *palay* for a better selling price.

A fourth service of the PLF was to diversify to other business ventures which were seen to augment the income of the rice production division such as: 1) organic fertilizer project; 2) farm equipment pool; 3) seed production venture; 4) corn, soya and other crop productions; 5) *tilapia* farming; 6) cooperative farming; and 7) contract reforestation.

A centralized control of these ventures

All these ventures were initiated by the PLF head himself and the employees were all accountable to him. There were accountants and administrators also assigned to oversee all these ventures and they were found in the NGO bureaucracy (See Appendix D).

There were pressures, however, to decentralize, coming mainly from the Land Bank whose policy was to lend only to cooperatives. Thus, Dante was pressured to transform the PLF, to a certain extent, into a cooperative. In April 1990, the Tarlac Integrated Livelihood Cooperative (TILCO), a farmers' multipurpose cooperative, was incorporated. There were fifteen incorporators led by Dante and PLF staff members. Six hundred and forty shares were sold amounting to P64,000. The number of shares paid was 160, totalling P16,000 (Articles of Incorporation of the TILCO, 1990). On April 23, 1990, the TILCO was registered with the Bureau of Cooperative Development (now the Cooperative Development Authority). The registration is part of the "PLF's five-year transition program whereby the Foundation will transfer the management of the Integrated Rice Industry Project to the cooperative" (Meeting of the Board of Trustees, 1990). At the moment, however, such a transition is on hold and the PLF as a nongovernment organization (NGO)

continues to run the cooperative.

Cooperative achievements

The People's Livelihood Foundation made quite an impressive showing during the first couple of years. From the original 506 farmers as direct beneficiaries and six barangays as pilot areas with a total land area of around one thousand (1,019) hectares in October 1988, the PLF membership increased to 3,400 farmers, the number of barangays grew to thirty-two while the number of hectares increased to 7,473 hectares after one year (TILCO Report, 1991).

The increase in farmer membership, and in areal coverage and hectareage, could have been more if the PLF was able to accommodate all of the farmer applicants who wanted to join the cooperative. But due to lack of capital resources, these farmers had to be turned away. Some of them were encouraged by the PLF to put up their own cooperatives and to affiliate with the organization. Compared to the experience of government cooperatives, instead of farmer dropouts, the PLF had a rapid increase in membership.

Increase in number of employees

Another indicator of the growth and expansion of the PLF is the increase in the number of employees. From the original sixteen employees in 1988, the number grew to 197 as of March 1991 (See Appendix F).

Meanwhile, the monthly payroll of PLF increased from about P21,600 in 1989 to P425,000 in March 1991. Based upon the TILCO Project status report for 1990, this meant an increase of more than 400 thousand pesos.

Most of the PLF employees were thankful for their jobs in the cooperative. Some said that they could now help augment their families' incomes. An added advantage was that they no longer had to go too far, e.g., to Manila, to get a good paying job.

A farmer who used to be active in one of the more progressive people's organizations in Central Luzon added that he was happy with the alternative form of struggle which Dante was waging in the area. He left his position in the organization and became a PLF employee. This allowed him to earn the needed income to support his family and at the same time do something "relevant" for society.

Increase in PLF resources

A third indicator that the PLF was doing very well could be gleaned from its financial statement (See Appendix G). From 1989 to 1990, its total

current assets increased by as much as 363 percent. Its total resources for this time period rose by as much as 19 percent. For the farmers, what they perceived as the increase in PLF resources came in the form of the various livelihood projects they could see sprouting all around them, e. g., the organic fertilizer project, the farm equipment pool and the hollow-block venture.

Increase in the number of yields

The PLF also documented the increase in yields of the farmers from forty cavans per hectare to eighty cavans per hectare. A lot of the farmers interviewed confirmed this increase in yields which they attribute to the help provided by technicians.

Increase in credit-ranking

The growth and expansion of the PLF was also made possible by its improved credit-ranking. As of 1990, Dante said that they had only made use of thirty million pesos of the fifty million peso revolving loan the Land Bank made available to them because of the 100 percent repayment of their loans during the first year. As of 1990, the PLF's assets stood at 65 million pesos.

Farmers interviewed commented that the availability of credit allowed them to escape from the usurers who would usually loan out money with an interest rate of ten percent per month as compared to PLF's loan interest of only 1.5 percent per year. A farmer who was a former contract worker and who is quite well-off also mentioned that although their life before the PLF was already comfortable, they still welcomed the entry of the PLF. This is because their fellow farmers no longer approach them as much as they did before to borrow money. He said that at least now, the farmers have somewhere else to go, i.e., the PLF, to get capital. Because of the good things they could see in the PLF, a lot of farmers also want to set up their own cooperatives.

A higher rate for the palay

The PLF, during its initial years, was also able to raise the price of *palay*. If the ricetraders would buy the rice for 4.90 pesos per kilo, the PLF would buy at five pesos per kilo. One farmer noted that there was a decrease of business in the area because most of the *palay* now went to the PLF. It seemed to him that the middletraders were beginning to fear Dante because he was giving them keen competition in ricetrading. A sign that the PLF was selling a lot of *palay* for the farmers was the earnings reported by its grains trading division. PLF's financial analyst pointed out that there was a time when this division earned as much as forty million pesos.

Factors which contributed to the initial years of PLF prosperity

Because of the success of the PLF cooperative, in contrast to the failure of previous government cooperative attempts, it is instructive to look into the factors attendant to the organization's initial growth and expansion. One important factor was government extension of credit at an interest rate of only twelve percent per annum. This is definitely lower than the ten percent interest rate per month on loans obtained from unscrupulous usurers. This allowed the farmers to buy the necessary inputs for rice production and thereby increase their earnings.

Most of the farmers, as well as the technicians and coordinators interviewed, commented that the low interest rate on the PLF loan enabled the farmers to pay their loans easily. Another effect of this was the reduction of the usurers' interest rate to five percent to enable them to compete with the PLF. Thus, more credit was made available to the farmers at a more affordable rate.

Government extension of supplementary loans to the PLF also enabled the organization to purchase farm equipments and vehicles to service its farmer-members. Its trucks, for example, enabled the PLF to go to farmer-beneficiaries to get their harvest before any of the exploitative traders could do so.

State infrastructural support also contributed to the PLF's success. Among important government efforts to help Dante was the use of Comprehensive Agrarian Reform Program (CARP) funds to build roads in the six incipient PLF barangays. These CARP roads helped both the PLF and non-PLF farmers in the area. Known as farm-to-market roads, they made the selling of the farmers' harvest a lot easier. They also created employment because members of the community invested in tricycles to service the residents.

Aside from the establishment of CARP roads, another example of crucial government infrastructural support was the construction of post-harvest facilities (PHFs). The PHFs allowed the cooperative during its initial years to effectively compete with the rice cartel and to give a good price for the farmers' rice. This was due to the fact that the ricemill owned by PLF was able to convert *palay* into rice. This meant a higher price for the farmers' commodity (TILCO-PLFI, 1990). With the post-harvest facilities, there was also a need to hire more employees, i.e., classifiers, maintenance people, rice sifters, porters, drivers, etc. (See Appendix B for the grains trading and ricemill divisions). This provided more employment for the PLF target-beneficiaries.

Government technical support also helped much in facilitating a good harvest. According to the technicians interviewed, the training seminars they attended which were given by government agencies, foremost of which was the Department of Agriculture, enabled them to teach the farmers how to take proper care of their *palay*. The farmers, in turn, were thankful for the availability of these trained farmer-technicians. A farmer commented that when their *palay* would get struck with a plant disease, it felt good to know that there would be a technician to help them. Thus, it was not enough that the farmers could purchase the necessary inputs due to the available credit, it was also important to have a good working knowledge of how to make use of all these to attain a higher yield.

Aside from government support, a very important factor in the PLF's rapid growth and expansion is Dante's dynamic and charismatic leadership. He seemed to have succeeded in bringing out the *bayanihan* spirit which was slowly disappearing in the community. This was particularly true during the establishment of the PLF. A number of the PLF employees were not even paid for their efforts to put up the PLF. It seemed then that the people were all inspired by Dante to establish a cooperative.

Dante's "mystique" which entices the people in the community towards him is reinforced because of the hard work which he puts into the cooperative. His usual schedule begins at 5 a.m. and ends at around 9 p.m. During the harvest season, it is not unusual for him to work until 12 midnight. His own wife complained that he even works during holidays. Dante also goes around the PLF areas regularly; he definitely does not see himself as the Makati-type of business executive who stays in the office from 8 a.m. to 5 p.m. He prefers to move around the recipient communities and visit the various projects he has in Tarlac.

As a leader, Dante is able to explain coherently to the farmers what the PLF plans are. They generally appreciate the concept of the cooperative presented to them by him. Among its more popular features are the extension of credit at a low interest rate, the provision of inputs for rice production which was to be made available by the PLF and the marketing of the product of the farmers at a higher *palay* rate. A number of them commented that this cooperative is unlike the *Samahang Nayon* which only benefited the rich farmers and the landlords.

And lastly, Dante has made full use of his "political power" as the founder of the New People's Army. He was able to get government support for his cooperative by tapping his political ties with key personalities in government.

One important factor which also contributed to the rapid expansion of the PLF was the response of the community itself. Dante narrated that it was

not difficult for him to organize the cooperative because the people themselves wanted to get organized and mobilized. Farmers interviewed also mentioned that for quite a long time now, they have been hoping for government support particularly in the form of credit to help them cope with their economic problems. It was, therefore, quite easy for them to get attracted to PLF's low interest rate scheme.

PLF also came at a time when the target-communities' residents who were previously heavily militarized wanted a more "peaceful" way of struggle to achieve their economic goals. A lot of the farmers interviewed expressed their appreciation of Dante's alternative way to meet the need to fill their "hungry stomachs". Emphasis must also be placed on the relationship of the community with the PLF leadership. Dante had not only come from the place but had also previously mobilized the whole community towards a revolutionary struggle. Thus, there is really a strong bond which links the leader to the people. This facilitated the rapid organization of the cooperative in the area.

Obstacles to hurdle

The "honeymoon" period for the PLF, however, did not last long. On its third year, it began to experience financial difficulties. The PLF comparative statement of condition from 1989 to 1990 which touched on the organization's liabilities (See Appendix H) is an indication of the difficulties which lie ahead for the PLF. As can be gathered from the 1989 to 1990 financial statement, the organization's liabilities increased to as much as 38 million pesos.

One of the more important factors which contributed to this increase in PLF liabilities is the non-payment of loans by a growing number of farmers. Previously, the earnings from other PLF ventures, e. g., aquaculture, as well as other supplementary loans, could cover unpaid rice production loans. On the third year however, this was no longer the case.

The reasons for this gloomy prospect for the PLF can be attributed to the following factors: mismanagement of the PLF bureaucracy, backward peasant cultural values and attitudes, and the adverse effects of structural forces.

Creating a more efficient and effective PLF cooperative

A high-ranking management staff member of PLF admitted that a major problem confronted by the organization was its inability to raise capital surplus which would support the losses incurred by the rice production loan division as well as other economic endeavors of the cooperative. Some

blamed the PLF for mismanagement of the cooperative.

PLF management staffers, farm coordinators, farmer-beneficiaries and local officials who helped out in the establishment of the PLF all agree that the organization expanded too rapidly. As a result, the financial assets of the organization were spread out too thinly. It was observed that the money which was intended for the production loan division was used for other purposes, e. g., to start another livelihood project. Thus, there were times when farmers could not get their inputs, e. g., fertilizers and pesticides, at once because the PLF did not have the money to purchase them.

It was also noted that when the PLF was smaller, that is, when it covered only six barangays, there was more or less a 100 percent repayment of loans. But this could no longer be sustained because when the PLF expanded too rapidly, the management staff felt too over-stretched as to oversee the collection of the payment on loans.

Another factor mentioned as having contributed to the mismanagement of PLF was the "hard-headedness" of Dante in his refusal to listen to "sound advice" from PLF staff members and government consultants who were concerned with the organization's management. One advice included the need to slow down on the rapid diversification of the cooperative and not to invest further in PLF-established economic ventures which would not bring adequate financial returns.

The PLF's failure to create cooperative structures at the grassroots level has also taken its toll on the organization. Because the PLF operated on a very "top-heavy" kind of management structure (see Appendix D), decisions were always made at that level and mainly by the PLF head. An important consequence of this was that there was little pressure on the farmers to participate in the decision-making processes. There were no structures at the grassroots level to allow some kind of peer pressure to operate. The farmers' lack of participation in the policymaking process hindered them from seeing that the cooperative was theirs. Thus, there was less pressure on the farmers to pay back their loans. Their attitude was that since Dante, in particular, and the government, in general, are the ones deciding the cooperative's fate, they will take care of the farmers.

The centralized form of decision-making whereby the farmers as individuals and not as a group are accountable to the leadership also prevents them from seeing the whole experiment as a *bayanihan* form of grouping. They are more concerned with their individual relationship to the PLF head. Again, there is less pressure on the farmers to see that each one should contribute to the advancement of the cooperative.

Related to the issue of mismanagement is the need to professionalize the cooperative bureaucracy. In April 1991, Dante called a general meeting of all the PLF employees and revealed how dissatisfied he was with the manner in which the organization was running. He felt that not everyone was cooperating to make the organization work. He also felt that a number of employees were just plain lazy and were merely using their work in the cooperative to pass their time until they get a better job elsewhere. A graver accusation he articulated was that he believed that some of them were stealing from the cooperative.

On the PLF's employees' side, however, there was also a certain degree of demoralization going on. This was due to the following factors: perceived discrepancies in wages as well as staff promotions; late salaries; arbitrary promotions; their being overqualified or underqualified for the work given to them; being too overstretched in work functions; and the need for a more professional working culture.

Backward peasant attitudes and cultural values

Aside from the inefficient bureaucratic structure, backward peasant attitudes and cultural values aggravated by the former also took its toll on the PLF's initial success.

Although Dante made it very clear that the PLF will not accept grants but only loans so as to prevent any form of mendicancy, apparently, this was not internalized by the farmers. This can be seen in the case of the PLF credit union which was set up to provide the farmers with an emergency fund. The target beneficiaries are supposed to contribute a cavan of rice or five hundred pesos per harvest to build up seed money for the credit union. The long-range goal of this project is that, with enough capital, the farmers will no longer have to borrow from the banks and that even production loans will be taken from the credit union.

The problem, however, as observed by a number of PLF staffers, was that the farmers, for example, had a tendency to withdraw all their money from the credit union. One reason for this is that the farmers probably thought that it is so easy for the PLF to get loans anyway, e. g., for putting up very expensive post-harvest facilities. A number of farmers also argued that it is already extremely difficult for them to pay for their production loans, more so if they still have to give money to the credit union.

The dole-out mentality is further reinforced by the farmers' view that the PLF is a government project. A lot of them believe that the PLF cannot survive without government support, particularly from then President Corazon Aquino. Also related to the dole-out mentality is the different attitude which the farmers adopt towards the PLF and the usurers as a

source of credit. The coordinators observed that the farmers really do not complain against the usurers because the latter already made it clear to them that they are not there to help the farmers but to make a profit. But in the case of Dante, he tells them that the cooperative is there to help them. Therefore, they feel that they have the right to default on their loans if they really cannot pay. Another attitude of the farmers is that it is better to pay these loan sharks who have been there for decades than Dante who they believe will not always be there. That is, the farmers believe that the usurers will outlast the PLF.

While it is true that they may not have enough money to meet their financial obligations, a third factor which may help explain why the farmers are not paying their loans is a certain attitude which does not make them work hard for their economic upliftment, e. g., a fatalistic attitude towards life. A number of the farmers still believe that if they are born poor, they will remain poor. Dante also sees this kind of attitude among the employees. Another counter-productive attitude which he wants to get rid of is the *bahala na ang Diyos* (leave it to God) attitude. He blames the government and the church, in particular, for inculcating attitudes that tend to discourage the people from striving on their own.

Adverse government structural forces

In addition to the negative repercussions of PLF mismanagement and backward peasant attitudes and values, there are structural forces which the organization finds difficult to control.

Government pricing of *palay* still remains to the detriment of the farmers. The rural sector continues to subsidize the consumers in the purchase of rice. Since the farmers have to sell their *palay* at a low price, they cannot pay their loans at all. Some of them even claim that they spend more for rice production than what they get from the sale of their *palay*.

Another problem encountered by the organization is the late release of government loans. A PLF personnel officer said that sometimes the release of government loans is subject to the whims of the person in charge of the bureaucracy. What happens then is that the farmers are not able to purchase the necessary inputs for farming. Some of the farmers are forced to turn to usurers who charge a high interest rate.

As a result of the government's late release of loans and the decrease in PLF's earnings, the organization is deprived of cash to buy the farmers' rice. Thus, the farmers are forced to sell their harvests to the middletraders at a low price. This situation makes the farmers unable to earn a higher income, resulting in their nonpayment of the PLF loans. The delayed release of state credit also results in the overdue delivery of inputs. The PLF is not able to

purchase production inputs on time due to cash flow problems. Some of the farmers turn to the middletraders and buy their inputs at a much higher price.

The Land Bank's change of policy is also a source of concern. Earlier, payment could be made in cash or in kind; later, only payment in cash was acceptable. Previously, PLF would always pay in kind. With the new Land Bank policy, PLF has problems paying back their loans. Furthermore, government agencies which are supposed to support the rural sector do not have the financial resources to do so. The National Food Authority (NFA), for example, is tasked with buying *palay* from the farmers at a reasonable price. The PLF, as pointed out by a local politician, is dependent to a substantial degree on the NFA to market its rice. But the problem here is that the NFA can only buy less than ten percent of the rice produced. Aggravating this situation, as pointed out by a PLF farmer, is the fact that sometimes the NFA buys the *palay* at such a low price, i.e., ₱4.50, while the PLF buys the *palay* from the farmers at ₱4.90, in which case the cooperative does not earn at all.

Natural disasters

Another structural factor which imposes much suffering on the rural sector is the onslaught of natural disasters, e. g., plant diseases. A lot of the PLF target beneficiaries complain that one reason why they cannot pay their PLF loans is that their crop was stricken with *tungro*, an insect disease. Thus, despite the presence of technicians, there still is a need to develop a technology which will render the farmers relatively invulnerable to these problems.

Other types of natural disasters which wreak havoc on the farmers' harvest are typhoons and earthquakes which cause substantial delays in the delivery of pesticides, fertilizers and even of loans. On PLF's third year, Mount Pinatubo erupted. Around sixty PLF farmers were affected by this first eruption. Although the majority of the PLF areas were lucky enough not to experience lahar flow during the first year of the eruption, a substantial number have lands affected by heavy ashfall. This hardened the soil and destroyed their crops. The Mount Pinatubo eruption also adversely affected the irrigation system because the lahar caused some rivers to disappear. Since the target beneficiaries did not have any pumps, they had no source of irrigation at all.

The fluctuation of the world market

A third structural factor which made it more difficult for the farmers to pay their loans was the fluctuation of the price of inputs, i.e., fertilizers, pesticides and seedlings, which the PLF target beneficiaries are very much

dependent on. Although Dante has a lot to say against an economy which is heavily dependent on exports, he was also aware that to some extent, the success of his cooperative is dependent on the world market. Such is the case since almost all of the PLF's inputs are imported. For example, when the PLF started, the price of a bag of fertilizer was less than P200. After two years, this increased to more than P400 per bag. One can assume that since the farmers are paying more for production inputs they would have less money to pay for their loans.

The power of the middletraders

Aggravating this situation is the power of the middletraders and the rice cartel which continue to dictate the price of rice. A PLF management staff member narrated how the PLF wanted to sell its rice for only seven pesos or eight pesos but it had to sell its rice for eleven pesos otherwise the middlemen could easily get rid of them. At this point, the PLF has to compromise with the middletraders because it does not have the clout to fight them. Dante explained to the production loan division in one meeting that there is a cash flow problem because there is so much surplus of *palay*. He blames this on the rice cartel which is controlled by Chinese traders.

The feasibility, sustainability and replicability of the Buscayno experiment

The Buscayno experiment leaves several significant and instructive insights for any attempt to bring about an alternative cooperative concept to alleviate the plight of the farmers. In general, both the past and present cooperatives were concerned with being effective venues for channelling financial, technical and infrastructural assistance to the rural sector. The government's and Dante's cooperatives also saw the rural organization as a means to encourage self-reliance among the farmers through the initiation of credit. Although cooperatives are treated as economic endeavors, both the government and Dante also saw some political agenda in it. For the government, it was a means of counter-insurgency while for Dante it was a tool for empowering the rural masses. That is, the government sought to provide the farmers with an economic alternative to prevent them from joining the communist movement. Dante, on the other hand, hopes that if the farmers are able to experience a cooperative that can improve their lives, they would fight for their right if the cooperative as an organization is taken away from them. They would not only relentlessly fight for the retention of their cooperative but also aim to establish an environment which would be more conducive to the flourishing of their organization.

The difference, however, between these two cooperative experiences lies in the strategies by which the cooperative agenda could be achieved and

rendered effective.

First of all, the Buscayno experiment is different from previous government-instigated cooperatives because it was run by non-state functionaries, i.e., members of the target beneficiaries with Dante at the organization's helm.

Secondly, just like the previous cooperatives, it also relied on government but the difference is that the cooperative was able to harness needed government resources. Dante was able to get massive state assistance, i.e., financial, technical and infrastructural support which previous cooperatives sorely lacked.

And, thirdly, Dante was conscious that to be successful, the cooperative must be able to address strong societal forces which may render the organization inutile. These are mainly the middletraders, the rice cartel, the usurers and other "enemies" of the peasantry. The "weapons" to counteract these forces would come in the form of credit at a low interest rate, technology transfer and infrastructural reforms. Previous government cooperatives saw themselves in isolation from the rest of society and did not see societal forces as hindering the achievement of the aims of their organization.

The PLF cooperative's rapid expansion in terms of the number of farmer-members, areas and hectares covered during its initial years could be attributed to various factors.

One factor is Dante's capable leadership not only in getting state resources but also in working very hard to make the cooperative viable. His being a very good organizer also enabled him to rapidly consolidate his cooperative organization in the different parts of Tarlac and in two other provinces. He also possessed the political skills to make use of crucial government officials including the then Philippine president to make the cooperative a success. The organization's sustainability lay, to a great extent, in the ability of Dante to collaborate with government to get the needed resources.

A second factor is the political will of the state to make the PLF feasible by infusing massive assistance into the cooperative. This would have been impossible under the martial law regime, i.e., supporting an economic venture of a "left-leaning" personality. Much of the political will was attributed to the Aquino Administration's reconciliation policy towards "leftist elements" in society. One can also look at it as a good government propaganda to attract rebels back into the fold.

A third factor is the nature of the community which was previously highly-organized. The six PLF pioneering communities were the first barangays which Dante organized when he formed the New People's Army. Thus, there was not much problem getting residents of the barangay to work with one another with Dante as their leader.

Questions, however, arise concerning the feasibility of such an economic venture. For farmers who also aspire to put up a PLF, how important is it for them to be like Dante, i.e., a former leftist leader with the needed political clout in society? Another important issue is that for the cooperative to be a success, there is also a need for a dynamic and strong leader and even an organic intellectual like Dante. As emphasized by critics of previous cooperatives, effective leadership is needed to make such an organization viable. However, one can also point out to smaller cooperatives throughout the Philippines which are currently operating with relative success without a known leader like Dante.

One important question is whether the government can also pour an equal amount of money into other cooperatives to render these feasible in the same way it did for the PLF. As Dante says, if the government has the political will, it could also do the same for other rural organizations. Such seems probable if the state would divert even only fifty percent of debt servicing costs to rural credit, infrastructure and technology transfer.

Concerning the community, it helped a lot that the first PLF barangays were composed of Dante's relatives, friends and comrades. And this could very well apply to other cooperatives to be formed in the sense that peer pressure will be strong enough for farmers to pay back their loans. It would also be easier to foster the *bayanihan* spirit among the target beneficiaries since they already know each other.

Obstacles to sustainability

There are, however, some obstacles to the sustainability of the PLF experiment. Concerning the goal of self-reliance, for example, the cooperative suffered from mismanagement leading to the inability of the rural organization to produce the needed capital surplus to sustain its activities.

What resulted was the accumulation of loans. A member of the PLF management staff pessimistically declared that there is no way by which the organization could pay back its loans. All of these will just have to be condoned by the government. Another issue which has to be confronted is the demoralization within the PLF bureaucracy resulting in poor work output. This is largely due to unprofessional practices, as well as low salaries of employees, job insecurities and the perception of their being overqualified/underqualified for their respective positions.

Another factor which threatens the sustainability of the cooperative is the absence of people's participation in the decision-making process. Farmers, as well as employees, feel that Dante does all the decision-making in collaboration with the government. Thus, the people feel that the cooperative does not belong to them. Fatal results of this are the nonpayment of their loans by the farmers and the lackluster performance of the management staff.

Aggravating this situation was the absence of cooperative structures at the grassroots level which would encourage farmers to come together at the barangay level to talk about the problems of the cooperative. Problems were dealt with individually, i.e., between the concerned farmer and Dante, and thus, the spirit of cooperativism was lost. In the case of the management staff, although the structure was there to enable them to participate, a number of them were overwhelmed with Dante's dominant personality; besides, the reality was that, Dante still had the final say.

The issue, therefore, of efficiently and effectively managing the cooperative continues to persist as with previously state-sponsored rural organizations.

A second factor which threatens the PLF communities' economic undertakings is backward peasant attitudes and cultural values. The pervasive dole-out mentality of the farmers, which is reinforced by the PLF management style, i.e., its being leadership-oriented, coupled with structural forces, render them dependent on continuous loans from the rural organization. Reinforcing this dole-out mentality are counter-productive values such as fatalism and perverted priorities.

An important issue for sustainability was the need to raise the political consciousness of the PLF's farmer-beneficiaries so that they may be able to confront any form of obstacle which hinders their economic advancement. Dante did not seek this through any kind of formal political education. What he wanted to do was to relate political discussions to the rural organization's activities. The problem, however, was that this did not occur. For one, Dante did not have any time to explain all these political factors to the farmers. Secondly, he hoped that the coordinators and the technicians would do this for the PLF but they were too young and did not have the credibility which Dante has in explaining these issues.

And lastly, Dante also failed to establish adequate structures that would bring about a cooperative consciousness, i.e., cooperative structures at the grassroots level where the members could actively participate. Thus, the attitude of the farmers was that the cooperative was not theirs but the government's with Dante as its agent. This further reinforced the target beneficiaries' dole-out mentality.

There are also problems pertaining to the consciousness of PLF employees. This is particularly true for the new recruits who applied for their jobs without knowing what the PLF was all about. They merely looked at the cooperative as a source of income. Such an attitude towards work remained because they were not made to participate in any policymaking endeavors. They were not given a chance to examine the organization's goals and objectives.

Cooperative education, both formal and informal, is therefore an important prerequisite for the success of this kind of rural organization.

The cooperatives' sustainability is also threatened by adverse structural forces. Antagonistic government policies as well as powerful social forces, i.e., the middletraders and the rice cartel, have also taken its toll on the PLF particularly during its third year when the organization had already rapidly expanded.

These adverse structural factors have also brought out the farmers' helplessness and passive character. Their reaction was to run to the PLF management staff to help them out instead of confronting these forces as individuals. Aggravating this situation was the fact that the cooperative could not do anything much about this problem. Such a situation illuminates Dante's view that to make a cooperative sustainable, one needs relevant political and economic reforms in society. An important economic reform would call for the elimination of agricultural vultures who prey on innocent farmers. Politically, it is also important to press the demand for more favorable government policies towards the rural sector in general.

The replicability of the Buscayno experiment

Despite these pitfalls, the PLF has done a lot more than the previous government-sponsored cooperatives and for this, it is still worth replicating. However, PLF's shortcomings must be addressed.

Like the state-instigated cooperatives, the PLF also had a problem of mismanagement. While this was not one of graft and corruption, much is left to be desired. The PLF, for example, should make sure that the farmers pay their loans. Rapid expansion per se is not bad. One cannot blame the government for being too eager to extend loans to Dante. One cannot also blame Dante for being too eager to rapidly expand. Such management decisions should have been closely monitored by government agencies working closely with the PLF.

Related to this problem of mismanagement is the training of PLF personnel. It is not sufficient that the government gives funds and training to farmers. They should also train the people who are to run the cooperative in

a professional and effective manner, more so because most of these employees are not college graduates and have yet to imbibe a professional work ethic.

If the government wants to replicate the PLF experiment, it should closely monitor the resources it gives to cooperatives. One must not have too much faith on a charismatic and dynamic leader like Dante because he, too, is only human and thus, fallible.

PLF was lucky with the kind of leadership Dante exhibited. The PLF head was very good in organizing communities. The major problem, however, was that the decision-making was too centralized. It is, therefore, important to evaluate the character of the leader and its implications for the organization. Dante, for example, may be very good in conceptualizing the vision for the cooperative and in setting this up. However, he seems to have problems with the day-to-day running of the organization. It is best to leave these problems to would-be "technocrats" within the cooperative.

The PLF experiment could also be replicated if questions concerning negative peasant attitudes could be addressed. Farmers, for example, should be made constantly aware of their responsibilities towards the cooperative, foremost of which is to pay their loans. Structures should be created at the grassroots level whereby farmers can help remind each other about their responsibilities to the cooperative. In this way, they will be able to inculcate in each other a sense of responsibility towards the cooperative and an awareness that the rural organization is theirs, not Dante's nor the government's.

The PLF basically operated as a pre-cooperative. This may be a good strategy in order to prepare the farmers for the cooperative stage. The question, however, is how long should the organization exist as a pre-cooperative? Three years seemed too long in the case of the Buscayno experiment.

Dante emphasized that what is important is to imbibe the cooperative spirit not through formal education but through practice. There were no structures, however, to bring about such a consciousness. Furthermore, it is also important to have some formal lectures on what the cooperative is all about as a way of reminding the farmers and the employees about how a rural organization should be. In this way, if the target beneficiaries can see that what is being taught is not being practiced, they can do something about the situation.

Clearly, there is also a need for leadership by example. Dante has made a lot of conscious efforts to lecture his staff and farmers about the "evils" of their reactionary values, e. g., fiestas. But at the same time, he should also set

an example by showing that the PLF could stand on its own without having to always run to the government for assistance.

Replicating the PLF experience seems to be worthwhile only if one is able to address the structural forces which threaten its sustainability. Strong public pressure on the government is needed to reverse its unfavorable policies towards the rural sector. The PLF experience highlighted what these government policies are.

The PLF cannot confront adverse structural forces on its own in the manner envisioned by Dante. It needs the concerted efforts of other like-minded cooperatives and NGOs. PLF is a member of existing cooperative networks but is not active in these. It joined these networks mainly because these were set up by the state and, being a government cooperative model, the PLF was expected to be a member.

Notes

- [1] The creation at the provincial level of an Area Marketing Cooperative (AMC) and Cooperative Rural Banks (CRBs) marked the next stage of the cooperative movement. The establishment of a National Cooperative Union of the Philippines composed of the AMCs and the CRBs marked the final phase of the SN organizations (Tadem, 1983:13).
- [2] Buscayno's organization initially started out as a foundation, i.e., the People's Livelihood Foundation and it is now in transition to becoming a cooperative, i.e., the Tarlac Integrated Livelihood Cooperative. The paper will refer to the PLF-TILCO simply as PLF because the cooperative initially gained recognition under this name and during the researcher's field work her respondents would refer to the organization as the PLF.
- [3] The New People's Army (NPA) is the military arm of the new Communist Party of the Philippines which was established in the 1960s.
- [4] The RICH program's other project was the Barangay Unity for Industrialization and Leadership Development (BUILD) Foundation. The BUILD foundation concentrated on the establishment of productivity centers, i.e., factories based in Tarlac for export production.

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Appendix A

PLF's Board of Trustees and Executive Committee

Source: Profile of the People's Livelihood Foundation, Inc.

The PLF was registered with the Securities and Exchange Commission (SEC) in August 1988 with the following original incorporators and members of the Board of Trustees:

Sen. Pres. Jovito R. Salonga	Speaker Ramon V. Mitra Jr.
Sen. Wigberto Tañada	Rep. Jose V. Yap
Rep. Jose S. Cojuangco	Rep. Teresa A. Oreta
Don Joaquín "Chino" Roces	Mr. Bernabe G. Buscayno
Mr. Edilberto Alegre	Ms. Shirley Bohol
Mr. Juanito Medina	

In its first membership meeting held on 17 October 1988, the following officers were elected to the Board of Directors:

President:	Mr. Bernabe G. Buscayno
Vice-President:	Rep. Teresa A. Oreta
Secretary:	Mr. Edilberto Alegre
Treasurer:	Ms. Shirley Bohol
Auditor:	Mr. Juanito Medina

Don Joaquín "Chino" Roces was elected as Chairman of the Board of Trustees.

In its second membership meeting, following the demise of Don Chino Roces, his son Eduardo Roces was elected to take his place on the Board of Trustees and his position as its chairman. In a resolution, an Executive Committee was created to be composed of a chairman and two members who were thus elected:

Chairman:	Mr. Bernabe G. Buscayno
Members:	Mr. Edilberto Alegre
	Ms. Shirley Bohol

On September 10, 1989, the PLF had its first annual membership meeting. By virtue of the resignation of three members of the Board of Trustees, namely: (1) Mr. Edilberto Alegre; (2) Ms. Shirley Bohol; and (3) Mr. Juanito Medina, three members were elected to replace them. These were: (1) Mr. Romeo Acoba; (2) Mrs. Trinidad Basa; and (3) Mr. Arsenio Narciso. The new set of officers of the PLF is composed of:

Chairman of the Board of Trustees: Mr. Eduardo Roces

Board of Directors:

President:	Mr. Bernabe Buscayno
Vice-President:	Rep. Teresa Oreta
Secretary:	Mr. Romeo Acoba
Treasurer:	Mrs. Trinidad Basa
Auditor:	Mr. Arsenio Narciso

Appendix B

PLF Divisions and Employee Categorizations:
 Source: People's Livelihood Foundation handout, July 1991

Division	No. of employees
A. Administration	6
1. Project Manager	
2. Personnel Manager	
3. Finance Manager	
4. Administrative Officer	
5. Project Assistant	
6. Asst. Project Manager	
B. Accounting	7
1. Cashier	
2. Radio Operator	
3. Bookkeeper (2)	
4. Auditor	
5. Chief Accountant	
6. Programmer	
C. Production Loan	51
I. Supervisors (6)	
1. Farm Manager	
2. Supervisor (4)	
3. Driver	
II. Technicians (23)	
III. Coordinators (22)	
D. Seed Center	4
1. Helper (3)	
2. Operations Manager	
E. Motor Pool	4
1. Accountant	
2. Mechanic	
3. Bookkeeper	
4. Supervisor (Construction Supplies)	
F. Reforestation	
1. Operations Manager	
2. Laborer (3)	
3. Driver	
4. Nursery-in-charge	
G. BADECO	5
1. Farm takers (5)	
H. Coop Farming	11
1. Laborer (cattle)	
2. Laborer (Duck)	
3. Supervisor (Eggs)	
4. Security Guard	
5. Supervisors (2)	
6. Laborer (4)	
7. Bookkeeper	

I. Grains Trading	14
1. Auditor	
2. Sewer	
3. Classifier (4)	
4. Driver (3)	
5. Security Guard (2)	
6. Accountant	
7. Cashier	
8. Porter	
J. Ricemill	22
1. Rice Sifter (2)	
2. Operators (3)	
3. Maintenance (2)	
4. Maintenance (electrician)	
5. Porters (8)	
6. Drivers (2)	
7. Bookkeepers (3)	
8. Assistant Manager	
9. Helper	
K. Irrigation/Drainage	9
1. Operations Manager	
2. Watermaster (2)	
3. Ditchtenders (6)	
L. Aquaculture	3
1. Laborer (2)	
2. Operations Manager	
M. TILCO Trading	2
1. Helper	
2. Bookkeeper	
N. VSSI - Security	6
1. Tilco-based guards (3)	
2. Seed Center (3)	
Total	151

Appendix C

PHF Facilities Complex

BASIC INFORMATION

RICE POST-HARVEST FACILITIES COMPLEX

- Project : The Rice Post-Harvest Facilities Complex is programmed as one of the major components of the rice industry under the Tarlac Integrated People's Livelihood Program (TIPLP).
- Location : Barangay Talaga, Capas Tarlac
- Implementor : People's Livelihood Foundation Inc.
- Cooperating Agencies : Provincial Government of Tarlac
Municipal Government of Capas
Technology and Livelihood Resources Center
Department of Agrarian Reform
Department of Agriculture
- Funding Agency : Dutch Rural Development Assistance Program
Department of Agrarian Reform (DAR-DRDAP)
- Total Amt. : P 24.05 million
- Breakdown : P 13-M revolving fund (grant)
P 10-M loan
P 02-M equity

Project Components:

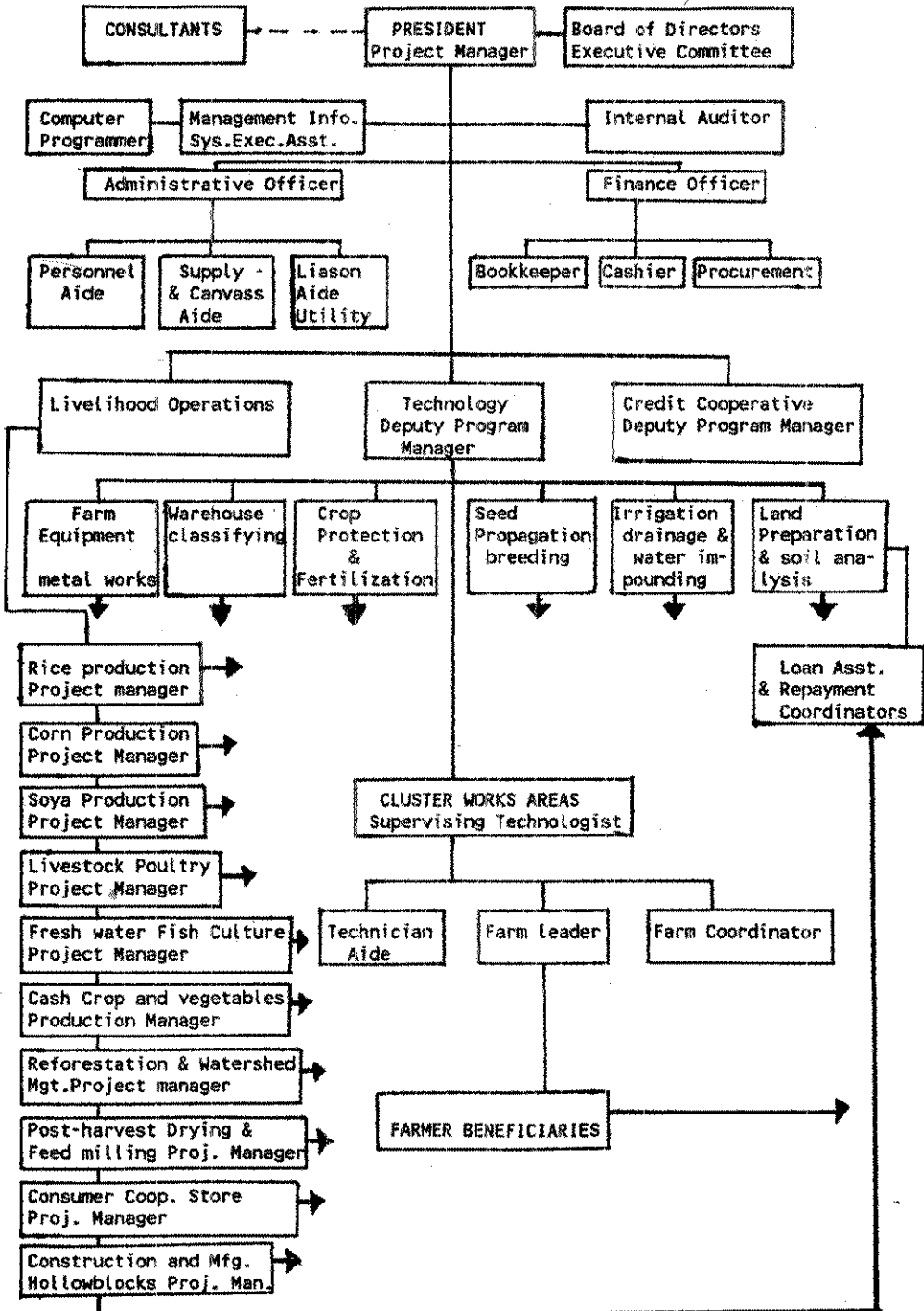
- (a) Warehouse (capacity: 80,000 cavans average yield from the project coverage of 1,000 hectare rice farm).
- (b) Rice Mills 2 units: combined capacity: 1,000 cavans Expected milling output on 1st year: rice-52,000 cavans, bran - 12 cavans. Brewer's rice - 1,600 cavans at 50/kg/cavans)
- (c) Solar dryers (total area: 2,500 sqm)
- (d) Mechanical dryers (2 units. ricehusk- feeds)
- (e) Procurement/trading (minimum volume expected: 40,70 cavans per season. Total target: 80,000 cavans)

Starting Date : May 1989

Completion Date : April 1990

Expected Start of Operation : First harvest season, 1990

Appendix D PLF-TILCO Project Management Structure



Appendix E

TILCO Status and Accomplishment Report
 Source: TILCO Project Status and Accomplishment Report

	A October 1988 (2nd Cropping)	B June 1989 (1st cropping)	C October 1989 (2nd cropping)
Barangays	6	18	32
Farmers	506	1,300	3,400
Hectares	1,019	3,200	7,473

	D June 1990 (1st cropping)	E October 1990 (2nd cropping)	F June 1991 (1st cropping)
Barangays	51	73	83
Farmers	6,540	8,855	11,150
Hectares	11,970	14,801	20,636

Increase in % from:

	A to B	B to C	C to D	D to E	E to F
Barangays	300	177	159	143	114
Farmers	257	261	192	135	126
Hectares	314	236	160	127	139

Appendix F

Source: TILCO Project Status Accomplishment Report, 1990

Record as of	No. of Employees	Y/Monthly Payroll
2nd cropping 1988-89	16	21,600
October 1988		
January 1989	25	35,100
3rd cropping 1988-89	42	80,500
March 1989		
1st cropping	83	125,200
June 1989		
2nd cropping 1989-90	127	178,955
October 1989		
3rd cropping 1989-90	138	223,500
March 1990		
1st cropping 1990-1991	162	342,950
June 1990		
2nd cropping 1990-1991	169	348,000
October 1990		
3rd cropping 1990-91	197	425,000
March 1991		

Appendix G

People's Livelihood Foundation Inc.
Tarlac, Tarlac
COMPARATIVE STATEMENT OF CONDITION
As of December 31

RESOURCES

<u>Current Assets</u>	1990	1989	Increase (Decrease)
Cash on Hand	1,320,820.19	2,212,639.83	(891,819.64)
Cash on Bank	6,026,778.21	-	6,026,778.21
Accounts Receivables-trade	2,180,297.67	170,109.90	2,010,187.77
Accounts Receivables-others	305,118.58	1,518,135.60	(1,213,017.02)
Notes Receivables	18,142,518.58	10,399,796.61	7,742,721.97
Advances to Officers	85,099.81	74,371.74	10,728.07
Advances to Affiliates	27,470,541.60	-	27,470,541.60
Accrued Interest Receivables	1,342,283.98	516,190.00	826,093.98
Inventories	5,319,123.25	2,157,988.20	3,161,135.05
Unused Supplies	-	56,766.00	(56,766.00)
Prepaid Expenses	-	44,221.53	(44,221.53)
Total Current Assets	62,192,581.87	7,150,219.41	45,042,362.46
<u>Property, Plant & Equipments</u>			
Land	788,521.95	493,024.15	295,497.80
Building & Improvements	9,370,510.79	6,758,308.50	2,612,202.29
Machineries & Equipments	7,353,928.08	3,620,930.25	3,732,997.83
Trucks & Service Vehicles	1,132,347.70	453,100.00	679,247.70
Office Equipments	224,122.95	67,490.00	156,632.95
Furniture & Fixtures	41,282.00	-	41,282.00
Leasehold Improvements	16,515.10	-	16,515.10
Total	18,927,228.57	11,392,852.90	7,534,375.67
Less: Accumulated	104,694.01	48,039.73	56,654.28
Net, Property & Equipments	18,822,534.56	11,344,813.17	7,477,721.39
<u>Deferred Charges</u>	2,066,381.06	-	2,066,381.06
<u>Other Assets</u>			
Petty Cash Fund	24,000.00	-	24,000.00
Other Deposits	12,500.00	24,995.81	(12,495.81)
Total Other Assets	36,500.00	24,995.81	11,504.19
TOTAL RESOURCES	83,117,997.49	28,520,028.39	54,597,969.10

Appendix H

Peoples Livelihood Foundation, Inc.
Tarlac, Tarlac
COMPARATIVE STATEMENT OF CONDITION
As of December 31

LIABILITIES AND NETWORK

<u>Liabilities</u>	1990	1989	Increase (Decrease)
Advances from Officers	229,259.15	191,809.15	37,450.00
Advances from Affiliates	32,160,410.77	-	32,160,410.77
Notes Payable	23,669,392.54	24,843,213.75	(1,173,821.21)
Loans Payable	8,344,200.00	-	8,344,200.00
Accrued Expenses Payable	97,576.72	118,367.18	(20,790.46)
Other Liabilities	-	186,003.02	(186,003.02)
Total Liabilities	65,141,205.24	27,437,993.89	87,703,211.35
<u>Network</u>			
Donated Capital	14,156,826.62	524,580.00	13,632,246.62
Member Capital Cont.	369,243.85	-	369,243.85
Retained Earnings	3,450,721.78	557,454.50	2,893,267.28
Total network	17,976,792.25	1,082,034.50	16,894,757.75
TOTAL LIABILITIES AND NETWORK	83,117,997.49	28,520,028.39	54,597,969.21