

## INVESTMENT AND JOINT VENTURE POTENTIALS IN THE COOPERATIVE SECTOR\*

**Ferdinand I. Lamarca**

*"All great reforms, great movements,  
come from the bottom, not the top...  
Wherever there is a wrong,  
point cut to all the world,  
and you can trust the  
people to act."*

John Peter Atgeld

### Introduction

The surge of enthusiasm to reaffirm linkages between the State of Hawaii and the Province of Ilocos Sur has been roused unprecedentedly by the recent election of Governor Benjamin J. Cayetano, the "poor boy of Kalihi" and son of a Filipino immigrant from Urdaneta, Pangasinan.

Out here where we Ilocanos are sad and helpless witnesses to the steady disempowerment of the Philippines in the world arena, the election of Cayetano, the first Filipino governor of a state in the US seems to have acquired a heroic and historic dimension. Together with our blood brothers and sisters in Hawaii, **we are** proud, deeply proud, that one of our kind has made it to the top position of the state. We echo the jubilant statement of Ms. Jean Lumaoag, the owner of the famous Mabuhay Restaurant, the longest running Filipino eatery in Honolulu and who is here with us today, when interviewed immediately after the election, "This is our time," "This is the time of the Filipinos."

Out here where we at the cooperative sector seek to enable the people to share in the economic, social and political power, and in so doing, bring about a society where equity, economic development and social justice reign, we most sincerely welcome you as you come and seek to increase mutually beneficial commercial/business opportunities between our countries by 1) emphasizing trade and commerce during the mission, and 2) creating networks to strengthen economic ties.

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**Brief Profile of the Cooperative Sector in the Ilocos Sur**

To date, there are 461 cooperatives registered with the Cooperative Development Authority. Of these, 409 are agricultural multi-purpose, 23 non-agricultural multi-purpose, 22 credit, three marketing, another three consumers and one producers. Twenty two of these cooperatives have already become millionaires.

In a bid to harmonize the directions and unify the activities of the different cooperatives, the Provincial Cooperative Development Council (PCDC) chaired by the Honorable Governor was organized. To complement the activities of the PCDC at the municipal levels, municipal cooperative development councils have likewise been formed and there are already eight of them.

In order to ensure the sector of steady supply of manpower equipped with the skills needed to efficiently and effectively manage the different cooperatives, the Ilocos Sur Institute of Cooperatives was established. Designed to provide training, research and consultancy services, the Institute is a unique partnership among the Provincial Government, the Cooperative Development Authority, five academic institutions of which UNP is Authority, five academic institutions of which UNP is the lead agency, the cooperative sector and the NGOs.

**Proposed Linkages**

The pleasant international relations between our two nations are envisioned along the following ventures:

**Project Title:** Expansion of an Ice Cream Processing Plant

**Location :** Tagudin

**Proponent:** Tagudin Multi-Purpose Cooperative, Inc.

**Rationale:**

The Tagudin MPCCI has established a processing plant that produces ice cream sticks out of soya milk flour. Besides being comparable in taste with and a lot cheaper than other commercial ice cream products, the ice cream sticks are a good source of protein (40 percent). These are being marketed in schools and other institutions in nearby towns.

To date, the plant needs about 50 hectares of land planted to soy beans to sustain its operation. It is estimated that one kilogram of soy beans can churn out eight glasses of soya milk which, in turn, can churn out 32-40 ice cream sticks.

Since the demand has been growing, the cooperative plans to expand its plant. Likewise, it plans to acquire several freezers for different outlets and a freezer-equipped delivery van. Thus the need for a tie up with the FCCH.

**Project Title :** Commercialization of Organic Fertilizer

**Location** Santa Catalina and Candon

**Proponent** Santa Catalina Multi-Purpose Cooperative, Inc, and Candon Multi-Purpose Cooperative, Inc.

**Rationale:**

For the last three years, the Provincial Government of Ilocos Sur in cooperation with the Department of Agriculture, Department of Agrarian Reform, the Department of Science and Technology, and the Department of Trade and Industry has embarked on the production and application of organic fertilizer in different farmlands. It has been found that the use of this kind has improved the farmers' yield as well as replenished the fertility of the soil that had been depleted, if not annihilated, with the

use of commercial inorganic fertilizer peddled by the MNCs.

The cost with which to produce one bag of organic fertilizer is estimated at P=42.00 (1 kg. of compost-fungus-activator, 100 kgs of rice straw and 1 kerosene canful of chicken manure). The output, to be competitive with existing organic fertilizer, e.g. Sagana 100 and Farmers Products of Tadeja and Salido, may be sold at P 180.00.

Since it has been found to be economical and effective, there is now a need to commercialize its production. Considering the number of farmers in the province and even in the adjacent provinces of Ilocos Norte, Abra and La Union, this proposed undertaking will definitely be profitable. While the DOST makes available technical and financial assistance in the amount of about P 100,000.00 for the construction of a village type factory, there is still a need for operating capital. Thus a need for a possible tie up with the FCCH.

**Project Title :** Cooperative Construction Firm

**Location** Santa Cruz

**Proponent** Santa Cruz Multi-Purpose Cooperative and Engr. Jose Ping-ay

**Rationale:**

Undoubtedly, construction is one of the better, if not the best, business venture available. To date, the large scale construction needs of both public and private sectors in the province have been addressed by the construction outfit of private persons. Consequently, they are the ones becoming economically empowered. Thus, the cooperative sector seeks to enable the tao lo share in this economic power by putting up its own construction firm.

Engr. Jose Ping-ay owns a construction outfit. Subordinating personal interest to the common weak, he now desires this to be cooperativized, i.e. his workers to become owners of the firm. Since the Cooperative Code prohibits Engr. Ping-ay to have as share his equipment, the equipment will be in somebody else's name. Until the cooperative shall have the financial capability to purchase the equipment, it will rent it.

If the provincial government would sincerely wish the cooperative sector to succeed, which we surely know it does, we pray it would allow, and more importantly, help us to venture in this. And if the FCCH delegates whose interest is along construction would wish to increase mutually beneficial business opportunity, which we surely know it does, then invest with us, more specifically in the acquisition of equipment.

**Project Title :** Cooperative Hospital

**Location** Vigan

**Proponent** Ilocos Sur Federation of Cooperatives and the Ilocos Sur Medical Society

**Rationale:**

Health services are among the basic needs of the people. Considering the fact, however, that better medical services are found in private (and the term now scares the tao for it has come to mean money, down payment), and the affordable but poorer services in government hospitals, health needs have become a matter of privilege and not a matter of right.

It is in this context that some of the more selfless (subordination of private interest to public one) medical workers seek to pool their resources together to put up this noble and sublime undertaking. For their part, the primary cooperatives are members therein.

It may be worthy to note that there are now at least two successful cooperative hospitals in Mindanao, one in Davao City and another in Tagum. These are being replicated in other parts of the country.

Concerning partnership with FCCH, it is proposed that FCCH shall invest in the construction of the building and equipment acquisition.

**Project Title : Landry House**

**Location**           Vigan

**Proponent**        Makikays Multi-Purpose Cooperative Inc.

**Rationale:**

There are seven hotels/inns and ten clinics/hospitals in Vigan. Day in and day out, they need to launder their dirty linens. To do the work for them, they hire laundry women who they pay on a daily, weekly or monthly basis.

The proposed project seeks to answer the growing needs of these establishments for clean linens and other paraphernaliac at cheaper cost. So as not to displace the laundry women currently employed, the Laundry House will employ them.

The cooperative seeks investment from FCCH in the acquisition of heavy duty washing machines, dryers and dry cleaning equipment.

Project Title : Ceramics Center

**Location**           Bulala. Vigan

**Proponent**        Bulala Multi-Purpose Cooperative

**Rationale:**

Vigan made jars are noted throughout the country since the Spanish periods. Some researchers and tourists claim to have actual-

ly seen specimens of these light reddish brown to jet black earthen wares on display at some museums in Mexico, Spain, US and England. These shipped across the ocean during the galleon trade. Historians claim the Chinese to have introduced the industry to us.

Residents of the ten barangays of Vigan, to wit: Bulala, Paca, Paratog, Salindog, Ayusan, Pong-ol, Barraca, Kalumbuyan, San Pedro, and Mindoro located in the west and south of Vigan earn their living permanently through the production of earthenwares such as bricks and tiles, decorative jars, cooking pots, squat ovens, cylindrical culverts, beads and fish net ballasts. Most, however, wail in poverty because they have long been exploited by the capitalists who provide them capital and who latter dictate the prices of their products during marketing.

To date, some of the producers have been organized into a cooperative which will hopefully provide them with capital and market their products to prospective buyers.

The cooperative likewise envisions to centralize production by establishing a ceramics factory where the following equipment will be needed: 1 wood-fired kiln, semi-continuous down draft; 3 sets, pressure and temperature measuring instruments, and 1 electric pump with water tank.

To ensure product competitiveness, training on designs shall be periodically conducted.

The project therefore seeks investment from the FCCH, marketing and financial.

Project Title : Feed Mill Plant Project

**Location**           Santa Cruz

**Proponent**        Santa Cruz Multi-Purpose Cooperative Inc.

**Background/Rationale:**

Livestock and Poultry production accounts for huge revenues accruing unto government. While a number of feed suppliers locate themselves in Ilocos Sur, trade statistics show that animal feeds continue to be imported into the region, indicating a potential for feed processing in the locality where abundant raw materials and inputs exist.

The project seeks to utilize indigenous farm products like cassava, corn, soybean, fish meal, copra meal, rice bran, ipil-ipil leaf, limestone and molasses as raw materials for inputs in the formulation of feeds for cattle, hogs, poultry and prawn in the area as well as for other external markets.

To date a plant has been envisioned to be put up in Santa Cruz. This will be funded through RA 7171. The cooperative of the place will operate and manage it. Since the cooperative will definitely need operating capital, it seeks investment from FCCH along this area.

Besides the monetary returns from the operation of the facility, the project is expected to create regional economic impact by 1) stabilizing feed supply, resulting in reduced prices, 2) increasing producer income, 3) increasing value added, and 4) in sectoral scale promote forward and backward linkages causing expanded economic activities in agriculture and industry sectors.

**Project Title : Tobacco Processing Plant**

**Location** Candon  
**Proponent** Ilocos Sur Federation of Tobacco-Based Cooperative

**Rationale:**

Long have Candon and its suburbs been noted for the quantity and quality of tobacco leaves their growers produce every season.

But long has been the dream, too, of every tobacco grower to exact a fair share from the gallons of sweat he is literally watering his land with. But as the case of other dreams, it has to a great extent remained an elusive dream. This is partly because of the trading system. And partly because processing plants are far from the place.

For a grower to derive greater profit from his toil, therefore, it is proposed that a processing plant shall be put up in Metro Candon. The plant seeks to produce cigars and cigarettes. Locating the plant where the growers are will mean so much for the place. One, transport costs passed onto the growers by traders are reduced if not eliminated, thus prices will definitely be higher. Two, employment will be generated in the locality. This will be translated into better health and nutrition status, greater capability to send children to school, better housing condition to name a few positive externalities. Three, backward and forward linkages will be established.

The proponent federation now seeks investment from the FCCH for the capital outlay of the processing plant.

**Project Title :** Cooperative Bank of Ilocos Sur

**Location** Candon and Vigan

**Proponent** Ilocos Sur Federation of Cooperatives and the Provincial Government

**Rationale:**

While there are already government agencies established to cater specifically to the credit needs of the cooperatives, the cooperative sector of the province still thought best to have a financial institution of its own that can offer even lower interest rates to its members. Thus the proposed establishment of the Cooperative Bank in Candon.

To date, all the required documents have been submitted. The required capitalization of P1.25 million had long been raised and deposited. Likewise, thorough investigation of the 15 incorporators regarding their credit worthiness and credibility has been made by the Bangko Sentral ng Filipinas. The Federation is just waiting now for the permit to operate to be issued by the Bangko Sentral.

As this is envisioned to be established in Candon, the Provincial Government likewise desires too to have a branch in Vigan. Thus, it initially earmarked P5 million from RA 7171 for this purpose.

Likewise, interested government and non-government agencies promised seed money. The Land Bank of the Philippines pledged P 1 million. A foundation and a Manila-based company also promised P1 million each.

What then is the envisioned role of the FCCCH in this venture? It is suggested that whatever financial assistance it shall give to or invest in the province shall be deposited with the cooperative bank.

## Conclusion

The cooperative sector, together with the government and private business, is replete with sincere, selfless and dedicated people dreaming to see the tao to finally soar to social, economic and political heights. We hope and pray that the presence of everyone here today will bring us nearer towards this dream.