

## **ILOCOS SUR FACTORIES 2000: An Alternative Future Socio-Economic Profile-**

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### **RATIONALE**

*Factories for Village Recovery Program or simply called FACTORIES 2000, is envisioned by Governor Luis "Chavit" Singson as a venue where the energies of the Ilocanos can be directed towards attaining the status of a newly industrialized province contributing towards the achievement of PHILIPPINES 2000. This aspiration is strongly supported by the Sangguniang Panlalawigan of Ilocos Sur, as reflected in the legislative measures passed by the body. This goal has been attained by most ASEAN and Pacific Rim neighbors to which potential seaports in Ilocos Sur are most proximate.*

*The title itself suggests that the nerve center of Ilocos Sur socio-economic activities revolves around a village factory, where workers and staff in particular and the residents in general are directly involved in community-organizing, resource mobilization, production, processing and marketing.*

*This development model is culturally rooted in the industrious Ilocano as reflected by the prominence of small rural family based enterprises prevalent in Ilocos Sur, such as the tobacco flue-curing barns.*

*The strategy for implementing the program rest on an integrated approach with an: awareness for social responsibility through environment friendly economic enterprises anchored on ecologically-balanced development zones.*

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## CONCEPTUAL FRAMEWORK

### Vision

Empowering Ilocos Sur rural folks by inducing environment-friendly rural-located industrialization programs through factories, processing centers and common service facilities that generate value-added products, increase rural income, enhance sustainable employment and promote rural enterprise ownership.

### Mission

The mission of the Provincial Leadership will be able to initiate the investment partnership by harnessing scarce government resources and focusing these to support coordinated efforts between local government units and private sector participants.

## GOALS AND OBJECTIVES

### Goals

The goals of Factories 2000 are twofold: the first is to attain the status of newly industrialized province by year 2000; the other is to stir, develop and sustain a socio-economic environment that brings opportunities to Ilocanos to raise their capacity to provide beyond their basic needs.

### Objectives

In order to attain these goals, the following objectives must be first achieved:

- increase manufacturing activity in the secondary and tertiary levels
- @ establish or expand primary production that supports viable secondary and tertiary level performance over a five year period
- increase rural income by at least 20% per year

- increase the per capita income of social welfare clients

## STRATEGY

The implementing strategy is based on an integrated development approach covering a range from social technology, to marketing support. To enact the plan, the Factories 2000 follows the Integrated Area Development Concept using the Wedge Model of Development.

The province of Ilocos Sur will be divided into three ecological development clusters or zones according to the NEDA growth nodes:

1. The Highland Ecological Zone;
2. The Flatland Ecological Zone;
3. The Coastal and Marine Ecological Zone;

The three ecological zones are interdependent via a bio-synergy of the elements from each of the zones, thereby recycling the energies created from each zone without depleting the resources of the nation for its passage towards NICHOOD.

This means that the production of raw materials in the flatlands and the coastal or marine zones are dependent on climate, water availability and soil nutrients which are all initiated and produced in the highland zones.

The highland forest creates a recurring suitable climate and temperature while at the same time causing water levels to be maintained for surface irrigation and potable water supply in the lowland and coastal areas. The greater the forest cover, the greater the humus created, thereby enriching both the topsoil of the lowlands and the marine areas which in turn sustains the continuing production of raw materials for the processing centers.

The processing centers are located within the heart of the raw material zones function as immediate buyer or market outlets for rural producers while simultaneously serving as processors or post-harvest facilities for the farmers.

The alliance of the three ecological zones will serve to motivate the rural folks in active participation in livelihood development projects aimed at their district. This would require their active collaboration in community enterprises generated by the Factory in processing centers located in places where the raw materials exist.

The centerpiece sub-program of Factory 2000 is the hastening of agro-based and rural located industrial development which create business districts where indigenous raw material exist. The local buyers in the region serve as its built-in captive market, who may export high quality competitive products. This creates mass-based livelihood and generates employment for local graduates, technologists and managers.

Capital goods as means of production are infused into the barangay level with financing initially coming from the government through a 'seed fund'. The organization uses the barangay structure with the Governor of Ilocos Sur on top of the Provincial Movement.

The Factories herein become the economic infrastructure of the barangay.

Categorizing the strategies by which to achieve the above objectives, we obtain.

- application of social technology agro-industrial manufacturing and processing development primary production (raw materials) projects development infrastructure support for the above development effort marketing support

## Application of Social Technology

**A critical component of any development undertaking, the social technology sub-program shall address the human factor problems that normally impede smooth implementation of development programs.**

**A discipline in itself, the sub-program shall focus on, but not limited to, crucial aspects of values education, particularly on social responsibility, community leadership and participation in governance, credit consciousness, productivity and entrepreneurship, as well as on government development programs and the bureaucracy. The church or religious sector can influence social change as prime mover of the moral recovery of communities and their leadership.**

**Direct participants to this focused but continuing process of values education and/or reorientation involve: policy makers, development managers, program implementors and the beneficiaries.**

The sub-program implementation shall include known resource experts to be augmented by development practitioners in the locality for hands on experience.

The cooperative development component aims to prepare beneficiaries of the program in an organized manner. While it is most ideal to make the smallest beneficiary unit to be head of the family, it is also ideal to make the smallest target beneficiary organization to be a cooperative. The prospective program beneficiaries will have to join a cooperative in their neighborhood, or organize one if none is existing. The members of these participating cooperatives shall be trained if they are unskilled or immediately employed in primary or secondary level production, whichever is more appropriate.

Since our cooperatives are mostly agriculturally inclined, and are ill-prepared to undertake industrial projects, much less

professionally manage such undertakings, we need non-profit NGOs to assist most, if not all of them. Further, an even more difficult task is the organization and development of industrial cooperatives to hasten the formation and development of rural industrialization set to achieve the status of newly industrialized country by year 2000.

Assisting the various non-profit NGOs in the formation and development of Agricultural and/or industrial cooperatives are the local government units, through the municipal governments.

#### **Agro-Based and Rural Located Industrial Manufacturing and Processing Development Strategy**

The agro-industrial manufacturing and processing development strategy is the centerpiece of the program and is geared towards increasing manufacturing activity in the countryside. Whatever indigenous raw materials are currently being produced must first be transformed into high value added products, with preference to those that are exportable. Mostly, small to medium sized industries are foreseen, but some large ones may be inevitable.

Without a strong small to medium scale agro-industrial base, the formation of export industries may prove to be difficult at the onset. But such factories must function as community manufacturing centers proficient enough to process raw materials that the communities themselves are capable of producing within the bounds of their culture, time and technology.

This is the meaning of the rural-located, resource-based industrial manufacturing company supported, owned and managed by the people.

Not all towns will have the same type of factory or industry. It will all depend on the availability of local resources. San

Juan will have the Cotton Ginnery, while others may have the Multi-fruit-vegetable processing complex or meat and fish processing plants, loom weaving centers or fiber processing plants, complemented with a mobile fertilizer plant. Whatever the potential economic activity, anything that has the greatest value-added export potential must come first in the list in order to achieve a 38% average annual growth rate in rural economic activities, so that 5 years hence, the economic domestic product could have increased five times its present level.

The prime mover in the establishment of agro-industrial manufacturing and processing projects must be the Local Government Units. The private sector, however, is the implementor of these industries, partnered with more developed cooperatives prepared for industrial undertakings.

#### **Primary Production Development Strategy**

The primary production development strategy is geared towards the production of raw materials for high value added agro-industrial activities. Current agricultural production that supports rural-industrialization must be given priority by expanding their magnitude. Included in the definition of primary level production are support or service industries, without which the lead industries cannot function efficiently.

Of secondary importance is the establishment of potential agricultural and small barangay-based industries.

Since most primary production activities are located in rural areas, rural income will increase. The target growth is at least 20% annually so that the incidence of poverty in rural areas will greatly be reduced in five years. The increased rural revenue objective is aimed at the 20% above the poverty threshold income.

Such a rural income increase must accrue for the most part to ordinary provincial folks, and not to the rural rich. That's why the

organizational vehicle in this program is focused for the most part on established agricultural and newly industrialized cooperatives.

### **Infrastructure Development Strategy**

The infrastructure support strategy is aimed at achieving the objective of providing adequate physical infrastructure where and when needed. Power shortage is so acute in the island of Luzon and in many other parts of the country, that it is unimaginable to speak of a sustained socio-economic development. Wood as fuel is also in acute threatend. Our watersheds are almost gone. There is no irrigation water during the dry season, or there is too much flood water during the wet season.

The strategy includes the construction of adequate transportation thoroughfares to connect lowland areas with the uplands where watersheds and forest development and rehabilitation must be critically undertaken.

There is also a need to build alternative energy sources to relieve acute power shortages. while developing base load power generating systems, as well as communication systems that will carry the exchange of market information into the urban areas.

These infrastructure projects are best tackled, in most cases, by the Provincial Government. The private sector, including some foreign agencies, may participate where Build- Operate-Transfer projects are feasible. And, when funds are available, Ilocos Sur may enter into build and transfer arrangements with large private firms capable of constructing and/or installing complex, large scale infrastructure and allied facilities. And, in certain cases, where regional coverage may be necessary to achieve economies of scale, the National Government may be involved.

### **Marketing Strategy**

The Marketing Strategy focuses on strengthening the marketing capability of the various industries that will be established. This can be done through:

- a system of collecting, processing and disseminating market information about market demand, product specifications and availability, prices and channels of distributions.
- the commercialization and promotion of value-added local products which will make the factory the immediate market outlet and processor of the local product.

### **SUB-PROGRAMS AND ACTION PLAN**

#### **Sub-Programs**

The Sub-Program under Factories 2000 could be categorized into four namely:

- Social Technology
- Agro-Industrial Development
- Primary and Small Industrial Production  
Infrastructure Support Development
- Marketing Support

The projects under each sub-program include, but are not limited to the following.

- e Cooperative Development Sub-Programs
  - Orientation of Cooperatives through Factories 2000  
Short Courses on Enterprise Management
- e Agro-Industrial Development Sub-Programs
  - Industrial Crop Dryers, Separators
  - Feedmills

Processing Plants for Meat, Fish, Fruits, Spices, Tobacco, Cotton, etc.  
 Garments  
 Livestock Breeding and/or Fattening Centers  
 Electric or Electronic Parts, Assemblies  
 Auto Parts, Assemblies  
 Agriculture Machinery and Parts  
 Industrial Machinery  
 Deep-Sea Fishing and Canning

- Primary and Small Industrial Production Sub- Programs

Staple Food Crop Production  
 Industrial Crop Production  
 Industrial Tools Manufacturing  
 Metalworking Shops  
 Machine Shops  
 Leather Tanning

- e Infrastructure Support Development Sub- Programs

Potable water system distribution  
 Roads and Bridges  
 Telecommunications  
 Power Generation and Distribution  
 Reforestation and Watershed Restoration  
 Irrigation

- e Marketing Support Sub-Programs

Export Marketing Support  
 Value-Added Local Product Marketing  
 Market Demand and Trend Studies  
 Market Information Dissemination

### Action Plan

Learning from the experiences of past attempts on agro-industrialization, Ilocos Sur can now embark on a nation-wide rural-located industrialization program such as the Factories for Village Recovery Movement.

With the recently approved law on Countryside Agro-Industrial Development, the Factories 2000 Movement actualizes the implementation of this law, and mobilizes all resources and logistics contained in all other laws pertaining to rural development, extension projects, countrywide industrialization, and such other resource and non-resource based rural industrialization programs.

These would include, but not be confined to, cooperatives development, agrarian productivity projects, livelihood and cottage industry projects, agro-industrial estates, or processing centers per development zones.

This means that provincewide development funds and the 20% development fund allocation can now be utilized more effectively towards the industrialization of the country by channeling these into very site-specific manufacturing and processing endeavors contained in the Factories 2000.

Towards the implementation of Factories 2000, several steps must be undertaken. These are, but not limited to the following:

- I. Provincial Launching of the **Movement**

The launching of Factories 2000 shall take place in Vigan as the capital town of Ilocos Sur and the seat of the Provincial Government. The funds to operationalize the movement will come from RA 717 which has a readily integrated provincial investment program.

Sub-Integrated Area launching of the Movement will be held in government-identified growth centers in each of the three Sub-Integrated Area Development Zones of the province.

Municipal launching can follow based on NEDA identified Sub-Integrated Area Development Zones.

## 2. Provincewide Development Planning

Based on the Ilocos Sur Factories 2000, the 84 municipalities of the province will formulate their own site-specific development plans geared towards the mobilization of Factories 2000. Each town will then identify its own dominant areas to form the municipal investment plan in line with FACTORIES 2000. This will become the basis for the integration of the provincial plan.

## 3. Pilot Testing and Replication

Simultaneous to the provincial planning exercises, the implementing organization will be created at the provincial government where program policies emanate, and at the municipal government level, where projects will be implemented. Further details are discussed in the succeeding pages.

### **Enlisting and Orientation of Participating Organizations**

The Factories 2000 Movement will involve two sets of key players.

The government, whose officials, employees, and consultants will have to be thoroughly briefed on the principles, thrusts, policies, systems and procedures of Movement to smoothly implement its programs and projects.

The private sector whose participants will have to be briefed along the same line. More so in the documentation requirements that will follow. One other important step that the private sectors must accomplish is to enlist the Factories 2000 Movement, if they wish to participate.

### **Pilot Testing**

When the implementing organization has been briefed about thrusts, policies, rules, systems and procedures of the Factories 2000 Movement and the participants from private sector have enlisted themselves, full-scale implementation is then set according to the availability of resources from the Countrywide Development Fund, and other special assets as mandated by laws such as RA 7171.

The implementation of a strategic project will be piloted per integrated area development zone.

### **Full Scale Replication**

Replication at the barangay level will follow after successful pilot project implementation at the municipal level.

## **IMPLEMENTING ORGANIZATION**

### **Participants**

The participants in FACTORIES 2000 MOVEMENT arca as follows:

#### Government Sector

Factories 2000 Prov'l Secretariat	Program Management Staff
Concerned Linc Agencies	Support Agencies
Municipal Government/Barangay	Project Implementor

#### Private Sector

Cooperatives and NGOs	Project Implementors
Investors	Investors & Professional Mgrs.
Consultants	Project Advisers

### **Government Sector Organizational Structure**

In order to implement the FACTORIES 2000 with the least number of organization heirarchical levels, there will only be thrcc, namely: the provincial level, the municipal/city level, and the barangay level.

At the provincial level will be a FACTORIES 2000 Provincial Secretariat, which will perform planning, coordinating, directing and monitoring functions covering the whole movement.

At the municipal level will bc a FACTORIES 2000 Municipal Secretariat, which will perform planning, coordinating, directing and monitoring functions covering the implementation of the Movement within the municipality. The implementing arm of the municipality will be as follows:

the municipal government itself, through a Municipal Enterprise Corporation, and other similar corporations with the Government may create by Section 22 Corporate Powers (d) of RA 7160

its barangay and their instrumentalities

## **BUDGET**

### **Budgetary Requirements**

In the Province of Ilocos Sur, it is estimated that the government will be spending about P3.30 Billion to fund the FACTORIES 2000 Movement over a period of five years. That amount excludes private sector investments, which are estimated to be approximately P0.6 Billion.



## Fund Sourcing

The Factoris 200 Movement may be funded in various ways, such as:

### Internally generated funds

- Internal Revenue Allotment
- Local Tax Measures
- Countrywide Industrialization Fund (e.g. R.A. 7368)
- Countrywide development fund allotted to Congressmen and Senators
- LGU Development Funds
- Special fund assistance (e.g. RA 7171)
- Private sectors fund
- Realignment of various existing livelihood and rural industrialization funds
- LGU bonds and other forms of negotiable securities

### External (foreign) fund sources

- Foreign loans and/or grants
- Bond flotation
- Credit facilities from private financing institutions

### **Private Participation**

- Build, operate and transfer
- Build and transfer
- Joint ventures
- Private Investments
- Bonds and other forms of secured indebtedness