

## **Chapter 2**

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# **Joint Undertakings in the Provision of Basic Services**

### **Development through Grassroots-Level Partnership**

#### **The Sibonga Integrated Waterworks System Development Project**

**Anthony L. Gutierrez**

### **ABSTRACT**

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The onset of a waterworks project in Sibonga challenged the people to organize a cooperative that would assume responsibility over the operation and management of the project upon the installation and completion of the water facility.

A local government unit resolution authorized the transfer of responsibility over the Central Visayas Water and Sanitation Project (CVWSP) from the government to the Sibonga Water and Sanitation Service Cooperative (SIWASSCO). SIWASSCO effectively took over the management of the water project through high quality services, competitive yet reasonable rates, and a steady, efficient supply of water. From then on, the local residents' activities became diversified, general living conditions improved, and life was never the same again. The cooperative's management of the project was strongly supported by the local government and the rest of the community. People have a stronger preference for a cooperative-managed water service rather than a government-run establishment.

### **BACKGROUND AND CONTEXT**

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This relatively young and peaceful municipality is situated southeast of Cebu Island, facing Bohol Strait and is about 44.5 kilometers south of

Cebu City. It is bounded by the municipalities of (Kabkab) Carcar in the north, Barili in the northwest, Dumanjug in the southwest, (Siargao) Argao in the south, and the Bohol Strait in the east.

A fourth class municipality with 25 barangays and part of the province's first congressional district, it is traversed by three rivers, namely Sta. Filomena, Bagacay and Simala, in the southeasterly direction that finally empty into the Bohol Strait.

Sibonga's is predominantly agricultural, accounting for 6,550 hectares - almost half of the total municipal land. It has been designated as an agriculture economy distributor of the province of Cebu. It is also grouped with the Cebu South Vegetable Basket, a functional level economy defined in the integrated area development system of the province.

Based on the Regional Development Council's (RDC) plan, Sibonga will become part of the Greater Metropolitan Cebu Area. The municipality expects to gain from the said plan through the development of an efficient transport system and access to goods and services.

The town has a population of 35,897 (1995) whose livelihood largely depends on farming. They live in 13,345 square kilometers of a land area of vast plains, rolling terrain, and rivers. The municipality was a recipient of a development cooperation project between the Philippines and Australia through the Central Visayas Water and Sanitation Project (CVWSP), a project that made a big difference in the lives of the people. In this municipality, households consider clean water as a luxury, and sanitation facilities were gravely needed before the project implementation.

The CVWSP implementation in Sibonga proved that projects aimed at addressing the basic needs of any given community is best implemented through the collaboration of the local government and the civil society.

## **PROJECT DESCRIPTION**

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The CVWSP is a joint project of the Government of the Philippines (GOP) and the Government of Australia (GOA). It was the result of a six-year study and negotiation, when the GOP requested for assistance in improving the drinking and domestic water supplies in Region VII.

The main objective of the project is to improve the health, living conditions, and economic status of the poor communities in Region VII through improved water supply and sanitation. This was carried out through the implementation of three major components united into three themes:

- Poverty alleviation and the role of women through community participation in the planning, operation and maintenance of water supply and sanitation;
- Sustainability through infrastructure development which will increase the coverage of potable water supply and safe sanitation by design, construction and rehabilitation of appropriate water supply and sanitation facilities; and
- Community health through planning and monitoring geared at strengthening the agencies involved in the planning, implementation, maintenance, and monitoring of water supply and sanitation facilities.

The project, worth approximately P 368 million, was funded by both the GOA through its International Development Assistance Bureau (AIDAB) and the GOP through its national, provincial, and municipal governments. About 500,000 people in 32 municipalities in the region were identified as beneficiaries of the project.

The basic criteria for identifying the project site were those municipalities with the poorest health, lowest income, and least access to potable water. At that time, Sibonga was one of the municipalities that fit the said criteria, thereby qualifying it as a recipient of the project.

The project was administered by the Regional Development Council (RDC) of Region VII through a Project Management Unit (PMU) created by an Executive Order No. 108, dated 12 July 1993 by former President Fidel V. Ramos. Implementation started in 1991 and was completed in 1996.

Actual implementation of the project was undertaken by the Provincial Governments of Bohol, Cebu, Negros Oriental, and Siquijor in coordination with the agencies involved in water supply and sanitation (DPWH, DOH, DILG, DENR). The GOA through the Australian Agency for International Development (AusAID) provided technical assistance and hardware to support and enhance the water and sanitation program for the Central Visayas.

### **The Strategy**

The CVWSP's approach in implementing such a big project did not only entail the cooperation between the two government institutions (GOA and GOP), but it also adopted a community-based approach through the

assistance of the local government. It put a premium on the women and the poorer members of the target communities.

The project did not only help the community to plan and construct a new water and sanitation system, but it also facilitated the formation of waterworks cooperatives known as Community-Based Water and Sanitation Organizations (CBWSO). The CBWSOs would eventually own and manage the project.

These CBWSOs were expected to provide members with an adequate supply of domestic potable water at reasonable costs. By making water available, the project would also encourage the communities to engage in livelihood and health-related activities, thereby bringing about a generally improved social and economic condition.

### **The Project in Sibonga**

Based on the Memorandum of Understanding (MOU) between the GOP and GOA, the RDC Region VII Executive Committee issued a resolution in October 1991, placing the ownership and management of the CVWSP-assisted water systems under either the Rural Waterworks and Sanitation Association or a cooperative that would be organized by the project beneficiaries. The MOU was signed by the RDC chairperson, Gov. Emilio M. R. Osmeña.

In September 1992, a Memorandum of Agreement (MOA) between the province and the municipality regarding the implementation of water and sanitation projects was signed by Mr. Tomas R. Osmeña (Chairman, RDC-VII), Gov. Vicente L. de la Serna, and Sibonga Mayor Bonifacio R. Bacaltos. The MOA defined the roles of the RDC, the provincial, and the municipal governments. One of the significant provisions of the agreement upholds the resolution issued by the Executive Committee of RDC Region VII, regarding the ownership and management of the project.

The project implementation in the municipality of Sibonga involved the rehabilitation of the existing spring box, the installation of appropriate processing equipment, and the main water distribution system. The Americans built the spring box in the 1920s. The social preparation involved the formation of a women's organization and the establishment of a cooperative. The Sibonga Water and Sanitation Service Cooperative (SIWASSCO) was initially organized by Lihok Filipina, an NGO contracted by the PMU to undertake community organizing in the municipality. SIWASSCO later became the project owner.

The project, costing P 6,543,51.62, was completed in October 1995. It was consequently turned over to the SIWASSCO. The turnover materialized after three years of joint implementation by the Provincial Planning and

Development Office (PPDO) and the Municipal Planning and Development Office (MPDO), under the supervision of the PMU.

### **The Project under SIWASSCO**

SIWASSCO was registered with the Cooperatives Development Authority (CDA) in July 1994, ten months before the project's turnover. As of August 1999, the cooperative had 178 members, majority of whom depend on agriculture-related economic activities, and had a paid-up capital of P 202,000.80. Based on existing figures in July 1999, the cooperative's assets were valued at P 7,612,390.00, with gross revenues of P 150,721.00 and a net surplus of P 44,324.00.

The cooperative has been operating and managing the waterworks system quite effectively. Led by fifteen (15) Board of Directors (BOD) and a management staff of seven, the project is now considered by many to have gained unprecedented success.

The project's direct beneficiaries initially involved the households in the Poblacion (town center). Now the water distribution system has reached three other neighboring barangays (Lamacan, Bahay and Sabang) with 930 residential and 17 communal connections.

A lean team of committed and efficient personnel directly managed the water distribution system. The team consists of the manager, treasurer/cashier, bookkeeper, water meter reader, maintenance, and two collectors. The cooperative's officials explain the formula of this successful project was “having the right people with the right attitude for the right job and a vigilant membership.” These factors were complemented by an effective and appropriate management strategy.

The cooperative receives assistance from the Provincial Engineering Office (PEO) when major repairs and problems arise. Sometimes, SIWASSCO hires independent consultants or experts on a project basis. With such a strategy, the cooperative's operational expenses are kept at a minimum.

All consumer – members and non-members are now satisfied with the cooperative-managed water system, compared to when it was run by the municipal government.

Before the CVWSP took over the management of the water supply system, water was scarce and expensive. The inefficiency in water supply management was attributed to a number of factors: the lack of funds, rapid growth in population (estimated at 2.5% per year), and a high rate of payment delinquency. For the consumers however, service meant limited

and rationed water supply and inefficient maintenance and repair. Water bills were higher compared to other municipalities. For these reasons, the people were reluctant in paying for such lousy service.

However, things have changed under the management of the cooperative. Potable water is now available 24 hours a day. Water source is maintained on a weekly basis and repair of leaking pipes is normally completed within 24 hours. The cooperative is able to supply water to its consumers at 12 liters per second. Aware of the value of water, the people of Sibonga feel strongly responsible for the project, such that that they report any related problems that arise to the cooperative

The water rates of SIWASSCO are considered the lowest in the entire province. The average monthly bill for residential connection is P 139.50, while a communal connection cost is P275.50 (January to August 1999). Collection rate as of July 1999 was at 97%. Some of the consumers remit payments earlier than the due date. Consumers who are unable to remit payments on due dates are given a ten-day grace period. Upon the lapse of the grace period, the service is suspended until payment is received by the cooperative.

From the consumers' views, the key elements to the success of the LGU-Cooperative project include the process of participatory planning, efficient distribution, and service provision systems and effective management of the cooperative. SIWASSCO has already mapped out its development plan from 1998 to the year 2003.

## **PROJECT RESULTS AND OUTCOMES**

Unlike similar projects in the Philippines, the CVWSP in Sibonga eluded failure largely due to the collaborative efforts of the national, provincial, and municipal governments, in collaboration with the cooperative. Project beneficiaries attest to the viability and sustainability of an LGU-Cooperative partnership. The experience of the Sibonga Integrated Level II/III Waterworks System development is a case in point.

When the cooperative members and other consumers were asked about the project outcomes, the common response was that they observed an improvement in the quality of life. Due to the relevance of the project and the efficient service and supply of clean water, consumers are now able to live normal and more productive lives. One can wake up in the morning not worrying over the supply of water for taking a bath, for cooking or washing one's clothes. The long wait for water during late evenings is over. People do not need to queue for a few buckets of water.

Consumers have also learned the value of conserving water and preserving its source. People are more disciplined about water utilization. There is far better vigilance to ensure that nobody pollutes or destroys the waterworks system. Even the youth are mobilized by the cooperative to watch over the water sources and the distribution pipes.

There is a better economic and environmental condition among the people in the areas served by the project. Now that water is available, many households think about engaging in livestock activities. Water, an indispensable element in the maintenance of cleanliness and sanitation of the livestock shelter and its surroundings, is no longer a problem.

The small and medium entrepreneurs are now able to undertake maintenance, sanitation, and good housekeeping of their establishments and facilities on a daily basis. Clients are assured of clean and safe products, especially those in the restaurant, wet market, slaughterhouse, and food processing business.

SIWASSCO is also contemplating on setting up a medium-sized ice plant, which will serve not only the municipality of Sibonga, but also its neighboring municipalities. With such an enterprise, people will be encouraged to engage in vegetable production, meat processing, and other income-generating initiatives.

The management and operation of the project by the cooperative allowed the local government to focus on other work related to governance. It is now able to allocate more resources to other basic municipal requirements, such as health, environment, infrastructure, peace and order, and the development of relevant and timely legislation. According to the mayor, they are now also able to concentrate on a master plan for an integrated development of the municipality.

Atty. Vidal Patalinghug, Jr., the cooperative's chairperson shared his wisdom on the project's success - stakeholders learned the value of commitment, transparency and above all, high quality service delivery. These were what they learned and experienced under SIWASSCO's water project.

The best results cited above were achieved partly because the project enjoined the mobilization of key stakeholders. These stakeholders include the local government, the private sector, and civil society, as represented by the cooperative sector in this case.

### **The Challenges behind the Success**

The objectives of the project have been achieved far beyond expectations. These achievements should enable the cooperative to face the challenges as a model of a collaborative undertaking on community service.

SIWASSCO faces many challenges. One challenge is the sustainability of the project. Apparently, there is a need to expand the distribution system of the cooperative to other barangays of the municipality. There are requests for both residential and communal connections from at least three other barangays not yet covered by SIWASSCO.

With the request for expansion, the project needs to find other spring water sources. Although SIWASSCO has identified another water source, the rehabilitation and reconstruction of the existing old spring water box might take sometime due to the insufficiency of funds.

For the water source to be sustainable, it is necessary to preserve the watershed where the spring water box collection is situated. The community members, including the landowners, should be educated and mobilized regarding watershed preservation and rehabilitation. The cooperative manager believed that the local government, the NGOs, the cooperative, and the upland communities should soon address this concern.

To support such initiatives, consumer awareness and education on proper use and conservation of water are material. Education is crucial to the preservation of the currently available spring water. SIWASSCO is now undertaking steps to come out with an information and education campaign among members and consumers regarding the proper use of water.

During the early years of the project management and operation by the cooperative, some non-member consumers attempted to campaign for the non-payment of water bills. This was due to some individual consumers' perception that the cooperative did not spend a single centavo on the project. However, with a persistent information campaign and regular consultation with the people involved, the situation was put under control.

Another critical challenge to the cooperative is the commitment sustainability of members and management to the project. Changes in leadership and management may imply changes in the cooperative's management style. The cooperative should ensure that it is able to install a dynamic, efficient, effective and long lasting organization and project management system and mechanisms.

As the cooperative gains strength and success, it also acquires a certain level of political influence. According to the CVWSP project manager,

"SIWASSCO is becoming another power group in the municipality which poses a threat to other influential groups." Whether such observation is an opportunity or a threat, the cooperative should be able to deal with its own power. Sustaining its relationship with the LGU and how they could both continue the progress in the municipality are challenges to SIWASSCO.

The sustainability of the water source is still the greatest challenge of the cooperative and the LGU. Its eventual depletion means going back to where the project initially took off. The answer to such a question rests on the ability of the LGU and SIWASSCO to make its partnership harmonious and sustainable.

## **CONCLUSIONS AND OBSERVATIONS**

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The LGU-Cooperative partnership experience in Sibonga is a reflection of the current changes that are evolving regarding the attainability of effective local governance. It is part of the paradigm shift from people's dependence on the government to participatory governance.

In the words of Mr. Fernando C. Fajardo, CVWSP's Project Manager, "the more we make our people independent, the more they will be independent from the government." The involvement and participation of the constituents are what the project intended to strategically achieve. The project provided an opportunity for the people to solve a problem. The people took the challenge and tried to do something.

The LGU-cooperative partnership in Sibonga also gives us a new perspective on how a strategy for empowering the people might be realized. Now, it can be said that a waterworks project could become an instrument for shaping the life (social, political, and economic) of a locality. The local government's initiative to hand over the ownership, management and operation of such facility indicates the strong political will to empower the people.

The implementation of the CVWSP in Sibonga has clearly drawn the line between the responsibilities and roles of the project's stakeholders. The government provided full support and a favorable environment for the completion of the project. It also prepared the people's organization, which would eventually own and manage the project. SIWASSCO, representing the people of Sibonga, succeeded in providing its members and the rest of the community a cheap yet high quality service. It also showed an efficiently managed waterworks system.

There are key elements that catapulted the success of the project:

1. The project's fundamental strategy. The project strategy ensured the harmonious, effective, and productive partnership between the local government and the people, as represented by the cooperative.
2. The social capital. The trust and confidence, considered a form of social capital, established among the local government, the project beneficiaries, and the cooperative, was crucial to the success of the project. Social capital involved a series of consultations and negotiations between and among various people's associations.
3. The participatory approach to social preparation. Through a process of involvement, the local government and its related agencies came to an understanding and agreed to provide each one's counterpart to the project implementation. On the target beneficiaries' side, a careful selection and organization of the people's association was undertaken through community meetings, orientation, and consultation with influential people in the municipality. This resulted in the establishment of a new cooperative as a representative of the project beneficiaries.
4. The unwavering quest of both the LGU and the cooperative to adapt to a new type of partnership. This adaptation included "a learning-by-doing approach" as the LGU and the cooperative managed the project. There was no sure way or approach to doing things. Both tried to adjust and learn as they coped with the project implementation. Although the cooperative found some difficulties in managing the project, especially during the early years, the support and coordination of the LGU helped the cooperative make the adjustments quickly and smoothly.
5. The commitment of the different players. The commitment of the LGU executives (at both the provincial and municipal levels) and SIWASSCO's leadership was crucial to the success of the project.

Finally, it is interesting to mention that in the face of current trends in local governance and people empowerment, various strategies and approaches are being tested and applied in various parts of the country. Other LGUs, cooperatives, and civil society groups look into the Sibonga water project experience to learn both lessons of its successes, and the possible elements that may be adapted to their own projects and initiatives.

#### **INTERVIEWEES/KEY INFORMANTS**

- Ms. Arceli T. Guaves, Bookkeeper, SIWASSCO

- Ms. Constanca Hermosisima, Treasurer, SIWASSCO
- Mr. Dino R. Avellanosa, Senior Economist, RDC - Region VII
- Mr. Fernando C. Fajardo, Project Manager, CVWSP Project Management Unit,
- Hon. Nestor H. Ponce, Municipal Mayor, Municipality of Sibonga, Cebu
- Mr. Tito Otida, General Manager, SIWASSCO
- Atty. Vidal C. Patalinghug, Jr., Chairperson, Board of Director

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## **Chapter 2**

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# **Joint Undertakings in the Provision of Basic Services**

### **Shared Responsibility in Developing a Public Utility**

#### **The Maragusan Waterworks System and Sanitation Cooperative**

**Abundio S. Quimosing**

#### **ABSTRACT**

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This case study was undertaken to gain insight from the events that led to the existing partnership between the Maragusan Waterworks System and Sanitation Cooperative (MAWASSCO) and the Municipality of Maragusan, Compostela Valley Province. The study describes how the partnership happened, and identifies the key players who made the partnership and its best practices possible, if not worth emulating.

Observations and random interviews with different stakeholders were conducted on 19 August 1999. This case study aims to: 1) identify the water resources of Maragusan; 2) discuss the history, mission, and vision of MAWASSCO; 3) assess the management capability and leadership style of those who run the water system as a cooperative business enterprise; 4) identify significant interventions and collaboration with the local government unit; and 5) assess the development thrusts and expansion programs of MAWASSCO. The author describes his impressions of the partnership between the MAWASSCO and the municipality.

#### **BACKGROUND AND CONTEXT**

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## **Water Resources of Maragusan**

Maragusan is 2,099 feet above sea level, surrounded by mountain ranges peaking at 7,880 feet, and endowed by Mother Nature with rich water resources. These gifts of nature are 300 hot and cold springs, 12 waterfalls, 5 major rivers including the famed Agusan River, and a lake on top of a mountain. These water resources, among others, can be tapped for agri-industrial development use.

The hot springs and their therapeutic attributes have yet to be fully exploited. The cold springs, a cheap source of water for swimming pools, are now used in the Aguacan Inland Resort. These cold springs are also the steady source of sanitary and potable water for the 10,191 households in the ten barangays and the commercial center in the Poblacion of Maragusan. Stanfilco of Dole, a heavy user of water, has also opened its expansive banana plantation. Maragusan benefits from Stanfilco's municipal taxes and permit fees. The water system coop, on the other hand, profits from the plantation water bills.

It should be worth knowing that the Provincial Government of Davao del Norte was very instrumental in bringing the Barangay Waterworks Program-Rural Waterworks and Sanitation to the Municipality of Maragusan. Through its feasibility study (FS), which provided the engineering design and funding assistance in putting up the water system project, the Municipality of Maragusan was able to get the much sought-after project.

It is also worth noting that the organization of the water system Association was the brainchild of the first elected Mayor of Maragusan, Hon. Manolo T. Yanong.

## **History of the Water System**

The water system, formerly called Maragusan Waterworks System and Sanitation Association, Inc. operated under the national government program Barangay Waterworks Program-Rural Waterworks Sanitation. The provincial Government of Davao, in coordination and in cooperation with the municipal officials of Maragusan initiated and organized the said Association on November 12, 1984, with 169 prospective member-consumers who attended the organizational meeting. The elected set of officers facilitated the registration of the Association together with its Articles of Incorporation and By-laws.

On August 28, 1985, the Provincial Government of Davao started the construction of the water system project on a turnkey contract engaging

the services of the Suaybaguio Construction Company. On December 18, 1985, the Articles of Incorporation and By-laws of the water system project (WSP) were approved by the Rural Waterworks and Development Corporation whose office was in Manila.

Correspondingly, the franchise of the WSP was issued by the Rural Waterworks and Development Corporation (RWDC) per its Registration No. 000866, enjoining the Association as a non-profit and non-stock under Executive Order No. 577, issued by then President Ferdinand E. Marcos. Under this authority, the General Assembly elected its regular set of officers in an assembly meeting on March 19, 1986. The Board of Directors elected the late Narciso Domag President, and appointed Mr. Alberto Martinez as System Superintendent.

On October 27, 1986, the provincial government of Davao turned the finished WSP over to the Association. A loan contract was executed between the PGD and the Association. Gov. Prospero S. Amatong, representing the province, and the late Narciso Domag, representing the Association as its president, both signed the loan contract. The loan contract stipulated that PGD will give P 1.7 Million, a 4% interest-bearing loan for twenty (20) years as its 25% counterpart to the total cost of P 6.8 Million of the WSP. The remaining balance of P 5.1 Million or 75% of the total cost would come through a grant from the United States Assistance for International Development (USAID).

The Association in its General Assembly meeting on March 25, 1991, passed Resolution No. 05, converting itself into a stock cooperative due to the dissolution of the RWDC, through Executive Order No. 124 immediately after the EDSA Revolution. Its conversion ushered in the development of the WSP through self-reliance. The conversion was affirmed by a two-thirds (2/3) vote, pursuant to Article IX of the Association's Constitution and By-laws.

The new juridical entity Maragusan Waterworks System and Sanitation Multi-Purpose Cooperative (MAWASSCO) was registered with the Cooperative Development Authority (CDA) on January 8, 1992, with Registration No. 1259 on June 25, 1993.

MAWASSCO held its first General Assembly as a CDA-registered cooperative. Its Board of Directors elected Mr. Vicente B. Bañez, Chairman, and appointed Engr. Marcelo G. Sumampong, General Manager (GM), and still is the GM at present.

Today, MAWASSCO prides itself as the holder of rights to two water spring sources. It also has a certificate of public convenience and necessity (CPCN) to operate a water system in the entire Municipality of Maragusan

as approved by the National Water Resources Board (NWRB), Manila, per Water Rights Nos. 14061 and 14062, dated November 12, 1993.

### **MAWASSCO Mission**

According to General Manager Marcelo G. Sumampong, the MAWASSCO mission is to continue what the water system has rightly started. That is to connect a faucet to every household and to provide a 24-hour supply of potable water service through sustained efforts of well-trained staff, technical and courteous crew, under the guidance of effective leadership and efficient stewardship of diligent, prudent, constructive, innovative, and coop-minded officers.

Opportunities to link with local government units (LGUs), national government agencies, and non-governmental organizations (NGOs), including foreign fund sources for possible financial, technical, and other support service assistance to enhance capacity to meet growing demands for immediate and future expansions, are also the thrusts of MAWASSCO.

### **Full Support of the Waterworks System from the LGU**

Consumers of the waterworks system owe the fruits of the cooperative's success to Sangguniang Panlalawigan Member (SP) and lawyer Manolo T. Yanong. Yanong's political career started as early as the creation of the Municipality of Maragusan, a remote barangay of the Municipality of Mabini, Davao del Norte, per Presidential Decree No. 1247, dated November 25, 1977. He was a councilor at that time.

Elections were then suspended until the local elections of 1980. He ran for Mayor and won handily over the OIC-Mayor Florentino Obiso. Since then, he had been the first elected and undefeated Mayor of Maragusan until the application of the three-term limit mandated by the 1987 Constitution. During his incumbency, the Maragusan Waterworks and Sanitation Association, Inc. was organized (November 12, 1984). His good rapport with Governor Gregorio Dujali facilitated financial and technical assistance for the waterworks system.

Governor Dujali instructed the Provincial Planning and Development Officer (PPDO) and his staff to undertake and complete the social preparations before the organizational meeting of the proposed Association. True to his commitment to nurture the waterworks system, especially at its infancy, Mayor Yanong practically provided everything the PPDO needed, such as food, lodging, and transportation from Tagum and back. After a series of consultations and orientations, Mayor Yanong

and the PPDO staff, together with 169 well-oriented participants, attended the organizational meeting and finally organized the Maragusan Waterworks and Sanitation Association, Inc.

From 1984 to 1998, the local officials of Maragusan, from the provincial down to municipal and barangay levels, were as supportive as ever. Within the intervening period of 18 years, Mayor Yanong, as the local chief executive, sustained his assistance to MAWASSCO. He recalled that had he not lobbied to the USAID for financial assistance, an allocated P5.1 million grant would have gone to the Municipality of New Bataan, Compostela Valley province.

From 1986 to 1991, the provincial government of Davao del Norte boosted the preliminary initiatives of MAWASSCO. The Officer in Charge (OIC) Governor Prospero S. Amatong, who had a soft heart for cooperatives, won the gubernatorial race. It was during Governor Amatong's administration that MAWASSCO was registered with the Cooperative Development Administration (CDA). Most of the CDA-registered cooperatives like MAWASSCO were given infrastructure projects to enhance basic social services. These projects were undertaken during the incumbency of then President Corazon C. Aquino.

Engr. Jerome S. Lamparas was elected Mayor during the 1998 national and local elections. When interviewed about his stand on MAWASSCO, he said that no changes would be made with regard to the assistance of the local government of Maragusan with the waterworks system cooperative. Moreover, as proof of his commitment, a P 200,000 appropriation was made for the Maragusan Potable Water Supply Integrated Development Project, a move that would upgrade the capability and capacity of the existing water system cooperative.

Additional financial assistance was provided for by following: the provincial government of Compostela Valley - P 500,000.00; Barangay Poblacion - P 150,000; JICA - P 2,000,000; Dole/Stanfilco - P 138,557, and MAWASSCO - P 1,055,993. The total project cost was valued at P 4,044,550.00. The fund counter-parting put up during the said project was an ideal example of collaboration between LGUs, NGOs, and socially oriented business enterprises.

Jose R. Caballero, the incumbent governor of the newly created Compostela Valley Province, treats local cooperatives, including MAWASSCO, as strategic partners for the realization of his provincial food security program. In fact, he appointed the former Provincial Cooperative Officer, Antonio MI Mencidor, as the Provincial Agricultural Officer (PAO). The Provincial Cooperative Development unit was transformed into a division under the Provincial Agriculturist Office to

ensure the best practices of collaboration.

At the start of his administration, Governor Caballero publicly pledged his assistance in intensifying agricultural productivity through a joint venture with the agricultural cooperatives.

## **PROJECT DESCRIPTION**

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MAWASSCO combines business and social service functions. It primarily provides and distributes potable water while continuously educating and training its staff and officers. It also informs and enlightens its member-owner-consumers regarding issues which may affect the cooperative. It also runs related businesses like supplying hardware parts and plumbing materials to customers for the repair and maintenance of their water system.

MAWASSCO, as an accredited NGO, actively participates in the affairs of the Municipal Development Council of Maragusan, where it is a regular member. It is involved in community agro-forestry for the conservation of watersheds through fruit and commercial tree planting projects.

MAWASSCO is a cooperative philosophy advocate, running its business and non-business affairs by adhering to the universally accepted cooperative principles and practices. It operates within the framework of the cooperative structure, as it respects and recognizes the collective authority of the General Assembly, the freedom of the Board of Directors, and the knowledge of the Management Staff and its various committees.

MAWASSCO can best be described as an alternative economic system owned, managed, and controlled by, and for its General Membership through functional units whose duties and responsibilities are properly defined in its Articles of Cooperation and By-laws.

## **PROJECT RESULTS AND OUTCOMES**

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MAWASSCO, as a legitimate franchise holder, potable water provider/distributor, and water resource developer, has now earned the respect and acceptance of its beneficiaries and benefactors. It has gained patronage that has grown steadily through the years. With this growth comes an increase in the challenges it faces. At present, the cooperative water system is serving 1,644 water connections broken down as follows:

Household consumers	1,313
Churches (all sects)	17
Commercial establishments	12
Schools (public and private)	11

Plantations (DOLE Philippines, big consumers)	3
Unplugged connections	288

These connections cover the Poblacion commercial center and the neighboring three contiguous barangays.

MAWASSCO's pricing policy is neither too high nor too low, living up to its nature of being a business and a public utility as well. Its charging rates vary according to the type of users:

- Minimum monthly water bill for individual and institution for 10 cubic meters equivalent to 50 drums – P 40.00
- Commercial, for 10 cu. m. equivalent to 50 drums – P 45.00
- Industrial, for 10 cu. m. equivalent to 50 drums – P 50.00

The cooperative water system has established a trend of profitable operation. Table 1 shows the Comparative Results of Operation for calendar years 1998 and 1997.

**Table 1 Net Savings**

<b>1997</b>	<b>1998</b>
P 365,298.29	P 604,760.70

A dividends and patronage refund allocation is payable to owners and consumers. Last year, the 303 shareholder-owners received dividends and patronage refunds of P 433,332.48. Expectation run high for even greater dividends and patronage refunds for the next year.

The breakthrough attained by MAWASSCO in its profitability has built more confidence, goodwill, and credibility, especially to its creditors and other benefactors. Sustained successful operations of the water system for the incoming years will bring more economic benefits to the owner-member-consumers and will bolster collaboration with LGUs, bringing about the implementation of other developmental programs and projects.

## **CONCLUSIONS AND OBSERVATIONS**

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MAWASSCO has reached the maturity stage of its business life cycle. It enjoys steady growth of membership, innovative and prudent management, open and dynamic leadership, and a stable income from its business operation.

A cooperative water system has a better advantage than a mere association in terms of negotiating for financial support and other forms of assistance. Its NGO accreditation, as well as its regular membership in both the Municipal Development Council (MDC) and the Municipal Cooperative Development Council (MCDC) gives it an advantage in any collaborative efforts with the LGUs. Proof is the proposed Maragusan Potable Water Supply Integrated Development Project, a project that has gained the commitment of the following:

1. Provincial Government of Compostela	P 500,000.00
2. Local Government of Maragusan	200,000.00
3. Barangay Poblacion thru the CIDSS Program/MBN	150,000.00
4. Dole-Stanfilco	138,557.00
5. JICA	2,000,000.00
6. MAWASSCO	1,055,993.00
<b>Total Project Cost</b>	<b>4,044,550.00</b>

Commitments are currently being fulfilled. The project, once completed, will boost to the performance of the existing water system. It will upgrade the water system in the Poblacion commercial area. It will also improve and expand water connections to Barangays Mauswagaon, Magcagong, New Albay, and New Katipunan. The alternative water spring source of MAWASSCO, located at Sitio Saranga with an elevation of 1,200 meters above sea level from a distance of 7,440 meters to the service area, will be tapped for new lines.

The project would be implemented in response to the thrust of the government to provide relief to the unmet minimum basic needs (MBN), one of which is the supply of potable water.

A cooperative is a recognized vehicle in promoting self-reliance and self-sufficiency. MAWASSCO's success in the water system business can be attributed to its cooperative nature and structure. Its management style adheres to the universally accepted principles participatory management.

There is continued education and training for its members, and an efficient inventory of supplies and materials for old and new water connections. MAWASSCO remains steadfast in its social commitment, involving itself in agri-forest planting initiatives. In so doing, it protects watersheds, effectively preventing the depletion of the spring source of potable water.

MAWASSCO enjoys an advantage of having access to financial assistance, technical guidance, and other support services from NGOs and LGUs. The operations of MAWASSCO the last three years showed a creditable performance, yielding a steady net savings and income, evidenced by its Statement of Results of Operations.

It satisfied its stakeholders financially, while ably supplying their potable water needs - proof that that the water service system is efficiently and competently managed by the cooperative. MAWASSCO has consistently maintained its good rapport with the LGUs, from the provincial down to the municipal and barangay levels, despite changes in political administration. So long as the water system cooperative remains stable, it will be assured of the sympathy and assistance of the NGOs and the LGUs.

Although the MAWASSCO experience has brought about a steady growth in socio-economic conditions, there is still much to be done. The municipal and provincial levels of the LGU must find ways to fully develop and utilize the bounteous water resources of Maragusan to enhance the tourism potentials of the municipality. The LGUs said that the twelve waterfalls could now be developed to generate hydroelectric power to augment the increasing consumer and industrial demand for electricity. The abundant hot and cold springs mentioned earlier could be further developed to open more inland resorts for transient travelers and tourists.

To this end, a strong collaborative effort between the LGUs, NGOs, POs, and cooperatives must exist. They must work together to upgrade and/or improve the existing water system, promote and set up more tourist attractions, and build more feeder roads and bridges leading to these places. For these goals to be attained, a multi-sectoral partnership is imperative.

#### INTERVIEWEES/KEY INFORMANTS

Hon. Jose R. Caballero, Jr., Provincial Governor, Compostela Valley  
Mr. Manuel Buladaco, Provincial Cooperative Development Officer  
Engr. Gerome S. Lamparas, Municipal Mayor, Maragusan, Compostela Valley Province  
Mr. Joemen Brolico, Municipal Agriculturist, Maragusan  
Ms. Ruth Ann Mahinay, CIDSS Worker, Compostela Valley Province  
Mr. Nilo S. Salva, Barangay Kagawad, Poblacion Maragusan  
Mr. Dominador H. Calamba, Jr., Barangay Kagawad, Poblacion Maragusan  
Mr. Virgilio H. Batican, Barangay Kagawad, Poblacion Maragusan  
SMP Manolo Yanong, Sangguniang Panlalawigan Member, Compostela Valley Province  
Atty. Placedo Alcomendras III, Executive Asst. VI, Compostela Valley Province  
Mr. Antonio M.I. Mencidor, Provincial Agriculturist, Compostela Valley

Province

Engr. Vicente L. Evangelio, Provincial Engineer Davao del Norte, Chair,  
Visayan Village Waterworks

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## Chapter 2

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# Joint Undertakings in the Provision of Basic Services

### **A Housing Model via Cooperative-Barangay Fusion**

#### **The Saint Louis University-Saint Vincent Parish Experience**

Renato C. Fernandez and Donna Marie Yap

*In early times, our country was not united. It was divided into independent communities called barangays. The barangay constituted a social unit. However, it was also a political unit. (Leogardo, 1962)*

### **ABSTRACT**

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The pioneering members of Saint Louis University-Saint Vincent Parish (SLU-SVP) Housing Cooperative were employees of SLU and parishioners of SVP. In this case study, SLU-SVP variably refers to the housing cooperative, or the barangay, or any of the cooperative's housing subdivision projects.

SLU-SVP is a housing cooperative. A cooperative is an independent voluntary group that emerges for the pursuit of common interests. It is a self-help method employed to achieve economies of scale. Costs, risks, and benefits are equitably shared by the membership (*Verhagen, 1997*). Housing is a form of built environment that is more than just the "dwelling" or the structures. It implies a concept of community development and its physical (houses, roads, utilities, playgrounds,

facilities) and non-physical (organization, health, security, livelihood, ecology, disaster relief) components (*Alterplan et al., 1993*).

SLU-SVP is a non-profit, self-provided housing group where the first occupants, bonded together as a cooperative and assisted by socially minded outsiders (non-awardables), arranged for the building of their own dwellings and community, and, in various ways, participate in production, maintenance and the upgrade of the housing project.

SLU-SVP is also a barangay. The barangay is the basic territorial and political unity of the Republic of the Philippines. As a basic political unit, the barangay “serves as the primary planning and implementing unit of government policies, plans, programs, projects and activities in the community, and as a forum wherein the collective views of the people may be expressed, crystallized and considered, and where disputes may be amicably settled” (*Sec. 384, Local Government Code*).

The SLU-SVP cooperative housing project at Bakakeng, Baguio City is unique because it is concurrently a housing cooperative and a barangay. Many things have happened and are happening in this small community - a tiny arena for cooperative and barangay dominions if set apart, and for cooperative and barangay powers if held distinct. Confined together in this territory - strange bedfellows in a historic collaboration - these players, cooperative and barangay, have tried new arrangements in their shared mission of human and community development. The results prove to be very promising. Should the uncommon things common people do in this small community be selectively replicated and multiplied, they may contribute to national development and social progress.

## **BACKGROUND AND CONTEXT**

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The SLU-SVP cooperative society and the SLU-SVP barangay are inextricably intertwined, if not fused in many areas: their territorial boundaries coincide, their memberships are essentially the same, and their mission to make the community a better place to live in are very much alike. Both consult and serve the same population, elect leaders from the same human resource pool, account to the same constituency, and aim at better life for all.

Yet, they have different judicial personalities. The housing cooperative is a *private* people’s organization that employs collective self-help, self-build housing strategies to construct decent and affordable houses. It offers member-homeowners’ control over their homes, as they themselves freely participate in building a caring and balanced community (*SLU-SVP By-laws*). The barangay on the other hand is a *public* local government unit, an agent and political subdivision of the State, created by law to

operate in this same village with the mandate to represent the collective interest of its constituency, to govern and look after the general welfare, and to develop an empowered, self-reliant and viable community (*Orendain, 1983; Sosmena, 1991; Sibal, 1992*).

The SLU-SVP Housing Cooperative (registered 1971) was organized before the SLU-SVP Housing Barangay. The members, applying cooperative principles and practices, built a cluster of houses for themselves, left slums and dilapidated dwellings, stopped paying high rental fees, and settled with pride to their new and permanent homes. These “cooperative housers” secure for themselves quality housing at a lower cost. By sharing and working together for their common interests in the spirit of the *bayanihan* way, men, women, and children strengthened their social ties and their community identity. Home to these people is SLU-SVP cooperative housing village at Bakakeng, four kilometers from downtown Baguio City.

The pioneering cooperative succeeded in housing 290 families in this village. However, the cooperative has committed itself to a continuing mission. In the pursuit of this mission, it decided to house more needy families despite limited resources. The cooperative wanted to replicate the first successful experience by expanding the beneficiaries of the housing project.

While aspiring to increase the beneficiaries of their pioneering enterprise, they also wanted to ensure that their endeavors would nourish an atmosphere of genuine harmony. The cooperative faced a phalanx of problems: post-occupancy, minimal site development and infrastructure, and community facilities, among others. After the joyous awarding ceremonies to the owners, the practical problems had to be confronted. Prospective homeowners increased as more people took interest in the project. In spite of the 12.5-hectare land area, the project seemed to be in need of more real estate. The cooperative wanted to acquire more acreage but by then, prices had started going up. The problem worsened as the revolving funds from soft loans and savings were eroded by inflation that hit the country in 1973. It was a difficult time for the cooperative.

Then came the presidential decrees creating barangay assemblies, followed by the institutionalization of the barangay as a basic local government unit (Presidential Decrees No. 86, 86-A, 557). The SLU-SVP villagers felt the need and had the opportunity to constitute their village as a new barangay. Through perseverance, teamwork, and joint actions, the SLU-SVP cooperative community got what it wanted - the SLU-SVP Housing Barangay.

Since then, the cooperative- barangay collaboration started. They discovered the potentials of local governments as a new source of power. The connection to government would bring in better access to services and opportunities, including allocation. As decentralization intensified, and local government units gained more attention in grassroots development, the SLU-SVP cooperative and barangay found more reasons to work together.

After completing Phase I to IV at Bakakeng, the cooperative started building housing communities in other sites: Phase V (at Ambiong, La Trinidad, Benguet, house construction stage), VI-A and VI-B (at Longlong, La Trinidad, site development stage), VII-A and VII-B (at Puguis, La Trinidad). The SLU-SVP housing cooperative is considered as one of the longest-running and sustainable housing cooperatives.

Many groups wanted to look into the success of the SLU-SVP cooperative. It hosted the First Unity Conference of Housing Cooperatives in 1992. The patterns of its cooperative housing practices have been dissected, synthesized, and set as models (Alterplan et al., 1994, 1995), its sites visited and observed by advocates and practitioners of low-to-moderate income housing projects. In 1996, during the United Nations HABITAT II conference in Istanbul, Turkey, SLU-SVP was honored as one of the best models for housing cooperative development in the world.

### **The Cooperative's Partnership with Local Government**

Many factors contributed to success of the SLU-SVP cooperative-barangay collaboration. Although willing to collaborate with government, the cooperative had apprehension at the beginning: tight government control, dirty politics, unpredictable and changing public policies, loss of independence, and so on. Nevertheless, the cooperative pushed forward with its plans of collaboration with the local government. Although the barangay was supportive, it needed to clarify its role in the partnership, as it was a newly created unit.

The cooperative's assets in the partnership were as follows:

#### **1. A solid organization and established governance**

As a cooperative, SLU-SVP adheres strictly to the universally accepted principles of cooperativism, namely: (a) membership open to anyone in the area served (SLU, SVP) who supports the organization's purposes and who accepts the responsibilities of membership; (b) democratic control, which means that the organization is run and controlled by the members for the members; (c) equity, with limited rate of interest, if any, on capital pooled,

whether material, financial, or social capital; (d) non-profit operation emphasizing service orientation; (e) cooperative education; (f) social responsibility – members work together, obey rules that members themselves directly or indirectly promulgate, and support each other through various for a such as general assembly, board of directors, committees, work crew and support groups; and (g) cooperation among cooperatives, which means that the cooperative shares ideas and collaborates with other cooperatives to solve common problems.

## **2. Rich pool of human resources.**

The SLU-SVP cooperative has a diverse membership: teachers, engineers, accountants, clerks, janitors, drivers, market vendors, and so on. These varied faculties and skills of the members were blended and utilized to strengthen the capability of the barangay.

Furthermore, the members were given training on house-and-village building activities in the barangay. Coupled with these training and skills development initiatives was a religious orientation that enriched the social alignment of the cooperative. The unity and community involvement constituted what the people referred to as a strong “Bakakeng culture.”

Corpuz, the former cooperative President and current HUDCC Project Director, described the approach of the SLU-SVP Cooperative. He posits that the cooperative was “a talent receiving and multiplying model with a sense of mission and social responsibility, characterized by a religious leadership and a membership that is solvent and founded on equity and socio- cultural formation” (Corpuz, 1999).

## **3. Self-help approach to community building.**

The self-help and equity approach of the members coupled with thorough management enriched the collaboration. Bayanihan has long been a practice at the SLU-SVP cooperative before Jimmy Carter’s *Habitat*. Cooperative leader Maria Asuncion Minglana, characterized the project thus:

### **a) It has positive economic implications:**

- Housing opportunity for low income sector within a mixed-housing scheme
- Low cost of labor due to equity of members in excavation of septic tanks, electrical, pipe-laying, dirt road cobbling, hauling, clearing, guarding and professional services such as planning, design,

finance, management, feasibility studies, newsletter publishing, bookkeeping, and auditing

- Employment of subcontractors in construction industry
- Greater control over production process
- Avoidance of excessive profits and overheads to builders and developers
- Lower cost of units meant savings for use in for other amenities
- Housing brings about new purchases in home furnishings and appliances
- Better product quality at a given expenditure
- Family savings invested in professional growth, higher education, business
- Cooperative savings translated to more housing units and other housing services
- Gain in trust and goodwill (for marketing, promotions, benefactors, fund sources)
- Less complaints on “do-it-yourself” results

**b) It has benefited the Individual:**

- Bolstered self-confidence, self-worth, and acceptance
- Learned lessons in responsibility and accountability
- Fostered a sense of community, and mutual support
- Raised an appreciation of work, cooperation, collective action
- Discovery, acquisition, and improvement of skills, capabilities
- Participatory democracy, rise of new leaders
- Pride in accomplishment
- Compliance with social, charitable, and religious responsibilities
- Physical exercise, productive work-outs, adventure, recreation for a cause

**c) It has provided considerable socio-cultural benefits:**

- Solidarity among future neighbors, friendship and camaraderie
- Integrated development of material, human, and social capital (experiential, on-the job-adjustments, direct and immediate problem solving processes)
- Practice in governance
- Team-building, group dynamics, division of labor by expertise and capabilities
- Multiculturalism, exposure to ethnic and social differences
- Intra- and inter-family togetherness
- Religious upbringing
- Cooperativism as a way of life, “co-housing subculture”

## **The Role of the Cooperative**

The village is virtually a creation of the cooperative. The cooperative did not only build houses, but it also helped build the community. It also helped settle conflicts by the formulation of policies and rules regarding homeowners' relationship among themselves. In addition to these roles, the cooperative also performed other functions in the community, such as:

1. It moved for the creation of the SLU-SVP Housing Barangay.
2. Cooperative members, officers, and many new leaders were elected into various positions in the barangay, thereby blurring the distinction between the leadership and constituency of the cooperative and the barangay.
3. The cooperative in most cases, hosted the barangay using the coop facilities and resources.
4. The punong barangay, barangay council, and other officials were allowed to attend and participate even in cooperative board meetings.
5. There were joint sessions between the Barangay Council and the Cooperative Board of Directors.
6. When requested, the cooperative assisted the barangay in interest-articulation as well as lobbying with higher authorities.
7. The cooperative closely coordinated with the barangay in most community projects.
8. The cooperative was crucial in mobilizing the homeowners toward bayanihan in the implementation of projects.
9. The cooperative maintained respect for barangay independence and gave the barangay its autonomy on local government initiatives and other matters related to governance.
10. The cooperative represented its members on issues and matters affecting them.

## **The Role of the Barangay**

The barangay showed respect and support for the cooperative.

1. The barangay coordinated with the cooperative on on-site barangay plans, ordinances, projects and activities, and other matters affecting the cooperative;
2. It initiated meetings, planning, dialogue and consultations with cooperative, officers, and members;
3. It encouraged bayanihan and self-help activities in the implementation of projects;
4. It settled disputes including those that affected the cooperative;
5. It advocated and supported the SLU-SVP barangay/cooperative interests in other government agencies;

## **PROJECT RESULTS AND OUTCOMES**

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The collaboration between the barangay and the cooperative resulted in a number of significant achievements for the cooperative members and the barangay constituents.

Macario Flores, acting barangay captain and coop director, recounted the projects in which the barangay and the cooperative supported each other:

1. Construction of asphalted access road
2. Improvement of some secondary roads
3. Ensuring the security of the barangay through police patrols at night
4. Prevention of the loss of electric lines in the village
5. Construction of children's playground and recreation facilities
6. Various representations with city government on cooperative concerns
7. Resolution of petty crimes and family problems
8. Establishment of voting precincts within the barangay
9. Lending heavy equipment for site development
10. Communication and postal services

The city government funded some of the cooperative projects initiated by the barangay. Members of the cooperative provided voluntary work in the *bayanihan* spirit. It was not difficult, according to Flores, to deal with the cooperative, because most of the members of the barangay council were at the same time members of the cooperative's Board of Directors. At that time, there existed a system of consultation between the council-cooperative and the city government concerning infrastructure, roads, and food rations.

Because of such collaboration, positive effects were noted:

1. There was community awareness that all problems can be overcome; and
2. The emergence of the barangay within the cooperative gave the community a forum to voice out their needs before the city government.

According to Teodorico de la Cruz, barangay officer and Cooperative Director, the barangay and the cooperative jointly undertook many other projects. These projects for community development included the following:

1. Green revolution, gardening and tree planting
2. Two waiting sheds

3. Improvement of substantial portions of the community drainage system
4. Basketball court, inter-village sports tournament for men, women, and youth
5. Organized seminars on food processing with DA and BAECON as resource agencies)
6. Cleanliness campaign
7. Operation free, honest, and orderly elections
8. Settlement of community disputes or minor conflicts
9. Ensuring peace and order through the installation of an alert system

In all of these projects, the people moved as one community and considered themselves as both members of the cooperative as well as the barangay. These types of projects were replicated in many parts of the barangay. Because of this collaboration, SLU-SVP was awarded the “Cleanest and Greenest Barangay” among 129 city barangays of Baguio and ultimately, in the Philippines.

The prizes the barangay collected from these local government competitions were put to good use. The cooperative and the barangay agreed to invest the cash prizes to other development projects, which again were jointly implemented by the barangay and the cooperative.

What appeared as a good deed of collaboration turned into a habit. The results were so rewarding for both the barangay and the cooperative that anything done together continued to merit recognition.

No less than P 9 million in government funds, coursed through the barangay, have been infused into SLU-SVP. These funds were spent on infrastructure development, maintenance, and repairs. The collaboration has also completed the core site development, which for sometime had been left undeveloped. Excellent roads, alleys, drainage, benching, erosion control, and markers have transformed SLU-SVP into a virtual first-class private subdivision.

The local government and the SLU-SVP shared much time, money, energy, resources, and skills for major community facilities. The fruits of these activities such as the playground, basketball court, the showcase SLU-SVP Mini Forest, the improved of church grounds which has become a tourist attraction, streetlights, and what is considered to be one of Baguio City’s best day care centers, have attracted transients and tourists. Conflict resolution, particularly the celebrated Bakakeng Jeepney Drivers and

Operators Association against the SLU-SVP Commuters Association, was one of the most important achievements of the SLU-SVP.

Virtually all government functions at the barangay level are being carried out in partnership with the cooperative, so much so that the SLU-SVP and the barangay have become synonymous.

With the tested collaboration for community building, the cooperative was able to channel its savings and resources toward the construction of more houses. This meant shelter for many homeless families and the establishment of many other “Bakakengs.” The cooperative goes on and on - Phases V in Ambiong, VI-A and VI-B in Longlong, and VII-A and VII-B in Puguis, all in nearby La Trinidad, Benguet.

### **Issues and Problems**

Collaboration and success did not come without problems, though. There was confusion between public and private initiatives. Road lots, open spaces, and other reserves belonging to the cooperative were acquired through the cooperative funds. The barangay funds could only be used for the development of public properties. In as much as most properties belonged to the cooperative, confusion arose as to whether the barangay resources could then be used to develop the area, most of which were cooperative property and investments.

The barangay and the Cooperative Board sat in joint meetings to sort out the confusion and to discuss the issues, hoping to arrive at some resolutions. At that point, the barangay was practically begging for the cooperative’s consent on transfer by donation.

Barangay owned property such as the barangay hall, health center, day care center, and reading center were built on cooperative-owned property. The availability of these resources depended heavily on the generosity of the cooperative.

Although there are still no clear resolutions about these matters, the cooperative Board did not just ignore the barangay’s request. The Cooperative Board is still continuing to study the request, shelving its resolution in the meantime.

On the other hand, there are laws regarding socialized housing. There are policies that require compliance with housing standards as a precondition to awarding housing units. The SLU-SVP cooperative had completed the houses, ready to award these houses to beneficiaries even though it had yet to comply with the said policy.

Other threats loom in the horizon for the SLU-SVP cooperative and barangay partnership. There are ongoing discussions in the City Council to make considerable reductions in the number of city barangays. When such legislation is passed, the policy will adversely affect the SLU-SVP barangay that is being proposed for mergers with other barangays. The quick expansion of real estate and private property developers, whose lands surround the SLU-SVP, are threatening not just the cooperative, but the cooperative-barangay relationship as well.

## **CONCLUSIONS AND OBSERVATIONS**

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The benefits of the collaboration between the community and the cooperative are difficult to quantify. Apart from these financial or material contributions, what matters significantly in the partnership is the communal participation of cooperative members – the professionals, service men, laborers, women, and youth, in putting a community together. These contributions go beyond monetary costs.

Human development is an added value to the community. Members of the community have enhanced their skills and faculties. Networks and linkages developed as the influx of more people, organizations, and establishments with various activities opened the floodgates of opportunity and connections.

Residents witnessed an effective government shaped and influenced by an articulate populace, through negotiation, bidding, arbitration, and pencil-pushing. Cooperative members now knew what it meant to engage in a participatory process to access government services.

## **INTERVIEWEES/KEY INFORMANTS**

Flores, Macario Sr.	Cendaña, Amado Jesus
Minglana, Maria Asuncion	Banisa, Romy
Manuyag, Bob	Cerezo, Ernesto
Corpuz, Ruben	Cortez, Reynaldo
Manantan, Emeterio	Robles, Perfecto
Rimorin, Felimon	Estepa, Joe
Castro, Dominador	Estigoy, Florence
Buliyat, Francis	Acebedo, Rene
Lamadrid, Mariano	Lardizabal, Leticia
Brown, Jose	Dela Cruz, Teodorico

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## **Chapter 2**

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# **Joint Undertakings in the Provision of Basic Services**

### **Stimulating Local Growth through Strategic LGU-Cooperative Negotiation**

#### **Managing the Malabon Public Market**

**Cornelio C. Torrijos**

### **ABSTRACT**

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For 12 years starting January 1, 1995, the Municipal Government of Malabon had been leasing the Malabon central public market to the Malabon Central Market Development Cooperative (MCMDC), which was organized by the local market vendors' cooperatives. This was a landmark event, as it showed a local government willingness to share its responsibility over community service and economic development with its constituency's organizations.

The confidence of the local government of Malabon in the vendors' cooperative was well placed, proven by several improvements in the public market implemented by the cooperative. The Malabon local government itself played a leading role in the establishment of the Malabon Central Market Vendors' Cooperative when it initiated its formation in 1974.

The Malabon Central Market Development Cooperative (MCMDC) has grown in size, financial strength, unity, and managerial capability. It delivers quality service to the people of Malabon and plans for even better services. MCMDC continues to work in close partnership with the Malabon local government in many areas: overall cleanliness, peace and order, consumer welfare and convenience, development and strengthening of other organizations and cooperatives, improvement in the public market structures and layout, and community cultural activities.

Today, a new spirit pervades Malabon, captured in the town's new slogan "*Bagong Malabon*." Development and growth will come faster to Malabon as local government executives pursue plans for city-hood. Changes in the economic environment are making the MCMDC examine more closely its ability to respond to these changes.

The cooperative leadership sees the need to become more capable in meeting external challenges, and to take advantage of economic opportunities that come with change. MCMDC and the local government are considering and discussing proposals that will modernize the Malabon Central Market site.

Developers want to build a multi-story commercial structure at the Malabon central public market site. The cooperative and the Malabon local government will surely arrive at mutually favorable arrangements. They have already proven that they could find solutions that enable market vendors to provide sustained quality service to the people of Malabon through shared management responsibility.

## **BACKGROUND AND CONTEXT**

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The construction and management of a public market is one of the most important services provided by a local government for its constituents. It is in the public market that most of the residents of a community find their daily household needs, such as fresh food and grocery items, low cost clothing and footwear, and school supplies.

A public market is a very important sales and distribution center for local agricultural products. Artisans and small industrial producers from the community and nearby towns need public markets as storefronts for their products.

In every Filipino town, there is usually a public market consisting of one or more open sided roofed structures under which several stalls from which market vendors offer their wares. These edifices are commonly located near the town church, the town hall, or the public plaza.

The market consists of product groupings such as:

- A wet goods section for fresh or chilled food products (fish, meat, poultry, fruits, vegetables)
- A dry goods section for groceries, dried fish, housewares, kitchen ware, garments, foot wear, stationeries, school supplies, native products, small hardware items, and hand tools
- A cooked food stalls section offering ready to serve hot food

The numerous market vendors doing business in these sections are themselves mostly middle and lower income families, similar to the patron they cater to. The market vendors serve as the indispensable link between the community members who come to buy, and the suppliers – the local agricultural producers, local fishermen, local craftsmen, and local food processors in the area, who provide the goods. National and regional industrial processors and producers also rely on the market vendors to trade their products, whether by retail or bulk.

There are usually several competing stallholders for each type of product in every public market. Depending on the size of the public market and the population of the town or city, a public market could have five (5) or more stalls selling fish, the same number of stalls selling meat products, the same number of stalls for rice, groceries, vegetables, etc. This built-in competition ensures low prices and a wider range of choices for consumers.

In time, the public market sites become the commercial center of the town. The public market usually raises the value of the real estate around it. Today, chain retail stores and owners of restaurants see the stream of ready and increasingly more affluent buyers at public market sites, considering these good locations for their establishments.

### **The Malabon Central Public Market**

The Malabon central market is located on the side and at the back of the Malabon municipal hall where the offices of the town mayor and other local government officials are housed.

Sonny Calanog, a stallholder and member of the board of directors of the cooperative, remembers the old Malabon Central Market as a one- story, open- sided structure. “In 1982, the market vendors were moved out into the streets surrounding the old public market which was later demolished. A new two story structure was then built,” Sonny revealed. In 1983, the market vendors were asked to return to the new public market building, now a two-story structure.

A Department of Agriculture bulletin on “Retail Markets in Metro Manila” states: “Malabon Central Public Market was established in 1982 and started its operations in 1983. It is directly managed by the municipal government through a market superintendent. The market structure consists of a two-story building that was intended to house the sections for vegetables, fruits, and other dry goods on the second floor; and wet and other dry goods sections on the ground floor. However, the sectioning did not push through as most buyers found it difficult to climb the stairs,

preferring instead, to buy on the ground floor. Stall holders therefore abandoned their second-floor stalls.”

The Malabon Central Public Market is noted for its low prices. Whenever the Department of Trade and Industry lists the prices of various basic products, Malabon Central Market is usually listed as having the lowest prices. It attracts retailers from other public markets, enjoys the patronage of restaurant owners, and caterers to the entire Metro Manila. This is largely due to its famed low prices and the renowned freshness of the fish and meat products available there.

## **PROJECT DESCRIPTION**

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The privatizations of the Malabon Central Market and the two other public markets of Malabon were discussed in the early 1990's under then mayor Prospero Oreta. The basis for this proposed move was the opinion of the town's legal officer that municipal governments should privatize services that might cause losses for the municipal government.

To avoid operating at a loss, the local government proposed a 1000% increase in rental fees to the market vendors. This was strongly opposed by the market vendors in the three Malabon public markets: Central, Hulong Duhat, and Concepcion.

The threat of unusually large rent increases prompted the market vendors, through their cooperative leaders, to seek management control of the public markets where they were doing business.

Management of a public market by a market vendors' cooperative requires a capable market vendors cooperative, an enabling national legislation, and an enabling local legislation.

### **The Beginnings of the Malabon Central Market Development Cooperative**

The seeds of the cooperative idea were planted as early as 1974. Due to the frequent power disconnection by the local Manila Electric Company (Meralco), and the deficiencies of the contractor that redistributed electricity to the various stalls in the public market, the market vendors association pushed to take over the management of the electric service.

Constant dialogue with then Mayor Maynardo Espiritu resulted in the awarding of the management of the electrical service to the market vendors association. The management of the electrical service was later turned over to the municipal government after the contract expired.

In 1974, through the leadership of the Municipal Development Officer, Mr. Ceasar Suarez and some leaders of the market vendors, seminars for future members of the cooperative were started. Certificates of completion of the pre-membership seminar were issued to 44 vendors. However, 250 were needed to get a cooperative registered at that time.

Help came from four (4) leaders of other earlier established market vendors' cooperatives. These leaders were fondly remembered for their dedication and were referred to as the James Roberson-led *Cuatro Cantos*. The Municipal Development Officer again organized pre-membership seminars, with leaders from other market vendors' cooperatives as trainers and resource persons.

In March 1977, 250 vendors completed the seminar. As a result, on September 14, 1977, the Malabon Central Market Credit Cooperative was registered by the Bureau of Cooperatives Development with a starting capital of P 25,000 that came from 15 incorporators.

Loans were given to members and the cooperative started with several collectors who provided free voluntary service for several months. By the end of 1977, the total assets of the cooperative had reached P 207,745. By the end of its 5th year of operation in 1981, total assets had increased to P 1,656,317.

The cooperative later changed its name to the Malabon Central Market Development Cooperative to reflect its increase in services beyond savings and loans. As of December 1998, MCMDC had 790 members and nearly P32 million in assets.

Republic Act 6938, known as the Cooperative Code of the Philippines, states that preference is given to market vendors' cooperatives in the management of public markets. This provision in the Cooperative Code came about due to the rise of National Market Vendors Confederation of Cooperatives.

### **The Role of NAMVESCO**

The organization known as the National Market Vendors Confederation of Cooperatives (NAMVESCO) was registered on August 29, 1979. The Malabon Central Market cooperative leaders were one of the 12 original members of NAMVESCO. The market vendors saw that they had common problems that could be solved similarly.

The market vendors listed three main concerns:

1. The need for low interest credit to finance their trading activities

2. The need for common sourcing of the commodities which they trade
3. The need to improve the management of public markets by local government officials.

The energies of the leaders of NAMVESCO were first directed towards the organization of other market vendors' cooperatives. Their efforts gained national government support when, on March 14, 1983, NAMVESCO was given the task to organize market vendors' cooperatives nationwide by the Ministry of Agriculture. NAMVESCO is one organization that is officially represented in the National Agriculture and Fisheries Council (NAFC) of the Department of Agriculture. This is in consideration of the important role that public markets play in the distribution of agricultural products.

In September 1983, Quezon City Mayor Adelina Rodriguez, a progressive local government executive, requested the assistance of NAMVESCO. A year later, eight (8) market vendors cooperatives were organized in Quezon City, yet another early example of local government support for people empowerment through cooperative development.

Despite economic and political upheavals in the 1980's, market vendors' cooperatives began to grow in size. They concentrated their efforts on capital build-up for the most urgently needed provision of giving short-term loans to their members.

### **The Philippine Cooperative Code**

The new constitution promulgated by the revolutionary government of President Corazon Aquino in 1987 enshrined cooperatives as being important for the attainment of social justice. The idea of empowering the lower income groups through cooperative organizations was given great importance.

Leaders of NAMVESCO led by its Executive Officer James Roberson, worked hard, lobbied and succeeded in inserting a provision in the Cooperative Code which gives market vendors cooperatives preference in the management of public markets. Francisco Lopez who was the Chairman of the Malabon Market Vendors Development Cooperative was also a director of NAMVESCO at that time. He was probably hoping that this very provision would indeed help them win management control over the Malabon Central Public Market.

### **Enabling Local Legislation**

The English word to “lobby” means to persuade decision makers to favor a certain position or provision of law or regulation. To win a favorable decision, the cooperative leaders had to try to persuade not only the Mayor but also the members of the town council. A more expressive word used is the Pilipino term “gapang.” Gapang literally means to “crawl” but the word connotes quiet behind the scene visits to key persons to explain why they should vote for or against a regulation or provision.

The leading lobbyists of the cooperative were the members of the board of directors led by Lito Tan and Francisco Lopez. Eventually, the first year of the management of the Malabon central market was under the chairmanship of Lito Tan.

They recall their many meetings with Mayor Oreta and the council members explaining the provisions of the cooperative code and the reasons why it is to the vendors cooperative that the management control of the public market should be devolved. Before Mayor Oreta could enter into a contract with the market vendors’ cooperatives, appropriate resolutions by the Municipal Council were needed.

The first resolution was passed on October 3, 1994 through Resolution Number 127-1994 of the Municipal Council. Under this resolution, the Municipal council decided that the public markets at Concepcion, Hulong Duhat, and Malabon Central of Malabon be privatized.

The municipal council cited provisions under Chapter 1, Section 3 of the of the Local Government Code of 1991 that encourages decentralization and encourages the private sector to work with local government in the delivery of basic services. This is generally referred to as the privatization of the delivery of basic services to the public for sustaining economic progress.

Among the other reasons cited by the municipal council for privatizing the public market were:

- The increasing demand for services from the local government and that by privatizing the delivery of services, the local government could better provide services to the people
- The belief in the ability of the private sector to improve the delivery of services
- The belief that the delivery of services by the private sector with respect to the public market would not be unduly expensive and that under the private sector the public markets would continue to be developed

A second Municipal Council resolution was needed to specifically empower incumbent Malabon Mayor Prospero Oreta to conduct a public bidding and to negotiate and enter into contracts to lease out the management of the Malabon public markets in terms that would be favorable to the municipality. This was done under Resolution number 143-1994 on November 7, 1994. These two municipal council resolutions made it possible for Mayor Oreta to proceed.

There were several interested parties to manage the public market. Francisco Lopez recounted that they met them at the meetings called by Mayor Oreta. In the end, the two other parties withdrew their proposals to manage the public markets.

### **The Contract between MCMDC and the Local Government: Key Provisions.**

Victory was attained by the Malabon Central Market Vendors when on Dec. 28, 1994 they were finally called for the signing of the contract granting them management of the public markets. Signing the contract in behalf of Malabon Central Market Development Cooperative was Lito Tan, Chairman of the Board of Directors; Mayor Prospero Oreta signed on behalf of Malabon Municipality.

“Our solidarity with the other vendors cooperatives in the two other public markets helped greatly,” Lito Tan recounted. Francisco Lopez believes that the main reason that convinced Mayor Prospero Oreta was the argument advanced by the public market vendors that if management were vested in others, their primary motive would be profit whereas in the hands of the market vendors, the main motivation would be service.

The contract entered into by the Municipal government with the Malabon Central Market Development Cooperative is a contract leasing the public market to the cooperative.

The key elements of the agreement were:

1. Annual rentals pegged at P1.5 million per annum, paid monthly to the municipal government as contained in the bid proposal by the cooperative
2. If stall rental fees are increased, 20% of the increase would be paid to the LGU
3. A market development plan
4. The cooperative to keep premises in good tenantable condition
5. Improvements and alterations require the prior written consent of the municipal government
6. Charges for utilities shall be on the account of the cooperative

7. Alterations or changes in the utility system require prior written consent
8. Compliance by the Cooperative with laws and regulations affecting the leased premises

A development plan shows how the cooperative would improve the market. The key items in the development plan includes:

Key Items	Yearly Total During Lease Period
Improvement of aisles and stalls	P1,100,000
Repair of market roofing	P1,351,033
Cementing of Riverside and drainage improvement	P 850,000
Installation of two electric posts	P 100,000
Installation of fire hydrants	P 100,000
Development of the “skylab” area	P1,002,000
Construction of two toilets	P 400,000

The lease contract would be in effect for 12 years from January 1, 1995 to December 31, 2007.

### **Managing the Public Market**

Luz Dato, a member of the market management committee in her tribute to the market cleaners recalls the first hectic days in January 1995 when the cooperative took over management of the public market. She wrote (in Pilipino):

“December 28, 1994 the day of surprises from former Mayor Peng Oreta when he gave a Christmas gift which we had all hoped for – the granting of the management of the public market to the Malabon Central Market Development Cooperative. This sudden turn of events allowed us only three days to plan for what would be needed: collectors, clerks, maintenance for January 1, 1999 would be our first days as market managers. Morning of January 2, 1995, the market management committee, the Board of Directors, and other leaders came to the public market – and what stared us in the face were piles of garbage inside the market, at the parking lot and other places. The cooperative leaders quickly met and arrived at solutions for the removal of the garbage. The people who were expected to clean the market quickly went to work. They did not even ask how much they would be paid. Their only thought was to get the orderliness and cleanliness of the market. The cooperative leaders and members appreciated the enthusiasm of the workers.”

### **Market Management Committee**

The members of the board of directors of the cooperative are directly involved in the day-to-day management of the public market. The Market Committee members for the year 1996 were: Francisco C. Lopez, Market Executive Director, Lito T. Tan, Market, Managing Director, and Villaluz Dato, Market Maintenance Director.

From the very beginning, it was the practice that the chairperson of the board of directors would also become the executive director of the market management committee with one of the directors as the managing director. Thus problems and solutions are discussed at practically the board level since most of the members of the board usually come around to the cooperative offices daily.

The committee report listed the following key activities:

1. Continuous daily de-clogging of the canals inside the market particularly the meat and vegetable sections
2. Interaction with the office of the municipal engineer on the de-clogging of the canals around the market and other pertinent matters in the market
3. Maintaining the cleanliness and orderliness inside and outside the market
4. Participation in the programs of Mrs. Florinda Vicencio (wife of the new mayor), Chairperson of the Clean and Green program of Malabon
5. Concreting of the canals in the meat, bread and candies sections and
6. Providing space for the market management staff

## **Assistance and Supervision by LGU**

### **1. Cleanliness**

The most urgent, important, and day-in-day-out activities in the management of the public market are the maintenance of its cleanliness and orderliness. The municipal government ensures that the garbage generated in the public market is sorted out. At the designated times, the garbage is brought out into waiting garbage truck.

As head of the town's Clean and Green Program, Mrs. Florinda Vicencio, has been directly and closely supportive of the efforts of the cooperative to maintain the cleanliness and orderliness of the public market. She offered her office to help ensure that the garbage is collected regularly.

## **2. Beautification and Greening**

Mrs. Vicencio has also worked closely with the cooperative for the beautification of the central public market and its surroundings. This consisted of the painting of the facade of the public market. In addition, shrubs and trees from the plant nursery that are placed on the market are maintained by the municipal government.

### **Structural Improvements**

With the approval of the Malabon municipal engineer, Ulysses Tumbucon, MCMDC was able to make important improvements such as the re-roofing of several sections of the public market. There is constant dialogue with this office.

The annual report for fiscal year 1997 states that the following were completed:

1. Raising the floor level of some of the low areas of the market
2. Construction of a hallway near the parking area near the dry goods section
3. Construction of new canals to avoid flooding
4. Re-roofing of the vegetable section near the riverside
5. New roofing at the fish section

### **Office of the Municipal Mayor**

The proximity of the central market to the municipal hall enables the cooperative leaders to have constant dialogue with municipal mayor Amado Vicencio. MCMDC usually brings important matters directly to the Mayor's attention. The municipal mayor then calls the concerned staff members of the local government and matters are discussed openly and with the good of the consumers and buyers who patronize the market in their minds.

Ed Virtudes, current chairperson of MCMDC reports that there is good rapport with the mayor because he is fair in his decisions. He is flexible enough when the good of the people is the main result. "We maintain direct contact cordial relations with Mayor Vicencio," Ed Virtudes explains. "We bring our problems and proposals to him directly and he usually calls to these meetings the persons concerned."

A fire hit the Malabon Central Market last June. About 400 stalls out of 1200 were destroyed and the inventory turned to ashes.

As Market Executive Director, Ed is frequently in and out the local government offices to get the needed approvals for the renovation of the damaged portion of the public market. The cooperative's liquidity enables it to undertake the needed renovation relying on the cooperative and members' resources.

## **PROJECT RESULTS AND OUTCOMES**

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Benefits to the Malabon Municipal Government

### **1. Increased Income for the Local Government**

The most important benefit for the local government resulting from the management of the public market is increased net income. For year 1995, the rental from the Malabon public market of P 1,500,000 represents 1.06% of the town's total income.

Malabon municipality's income and expenditures from 1993 to 1997 shows that the town has been operating at a deficit from 1994 onwards.

<b>Year</b>	<b>Income</b>	<b>Expenditures</b>	<b>Difference</b>
1993	P 85,198,394	85,108,201	90,193
1994	P 116,935,793	120,402,752	3,466,959
1995	P 141,914,754	158,166,907	16,252,153
1996	P 165,110,359	168,843,734	3,733,375
1997	P 201,134,461	205,537,184	4,402,723

In 1997, the composition of Malabon local government's income showed that it was heavily dependent on allotments from the national government:

Internal Revenue Allotment	P 94,430,861	47%
Real Property Tax	P 35,339,609	18%
Tax on goods & Services	P 38,523,760	19%
Operating & Misc. Revenue	P 29,424,784	15%
Other Taxes	P 3,415,447	1%

It is quite clear from the above that Malabon would like real property values to increase and for a much greater economic activity in the industrial and services sectors.

### **2. No manpower or market management expenses for the local government**

No market management expenses related to the income from the public market lease. The management manpower costs are borne entirely by the cooperative. Some of the collectors of stall fees have been employed by the cooperative.

In 1977, the Malabon Central Market Development Cooperative maintained for its market operations two accounting clerks, seven collectors (one collector doubles as a night guard), and a general utility person. The salaries and wages of the staff would have been borne by the local government unit.

The budget of the cooperative is most instructive in that it shows the following budget items:

Salaries: Market Operations:	Monthly	One Year
2 Accounting clerks	P 11,500	
5 Market Collectors	33,800	
1 Utility Person	5,550	
Sub total	P50,850	P 661,050
Allowance market sweepers		P 642,000
Allowance of Uniformed Security Guards		P 288,000
Allowance of night Guards		P 125,000
Sub total		P1,055,000
On the management side, we have the following allowances for the Market Management Committee. This is equivalent to P12,000 per month.		
Allowances Market Management Committee		P 144,000
Grand Total		P1,860,050

Clearly, the labor costs needed to manage the public market alone would have exceeded the rental income received by the local government.

### **3. No Repairs and Maintenance Expenses on the part of local government**

The municipality incurs no expenses for repairs and maintenance of the public market as all of these are on the account of the Cooperative.

In the cooperative's Statement of Assets, the improvements in the public market are listed under Property and Equipment. The value of the improvements made has reached nearly P 2 million.

In the Statement of Operations of the Cooperative for years 1997, 1996 and 1995 one finds the following:

<b>1995</b>	<b>1997</b>	<b>1996</b>	
Market Income: 1,805,569	P 2,846,668	P 2,749,697	P
Market Expense 1,722,000	P 2,846,668	P 2,649,152	P
Market Equipment 130,491	P 227,353	P 224,839	P
Market Improvement 317,342	P 1,996,409	P 600,042	P

The market improvements are those that the cooperative considers necessary and would have been undertaken by the local government if the market were not leased to the cooperative. The annual deficit that Malabon suffers prompts it to consider other ways of improving incomes. The assured income from the management of the public market has probably opened the eyes of the local government officials to the true potential of its commercial properties.

### **Benefits to the Malabon Central Market Development Cooperative**

#### **1. A financially strengthened Cooperative**

The cooperative was strengthened financially immediately because of its assumption of the management of the central public market. The percentage increase of the total assets of the cooperative is as follows:

	<b>Total Assets</b>	<b>Increase</b>	<b>% Increase</b>
	<b>vs. Previous Year</b>		
1993	P 18,049,419	P 756,868	4.4 %
1994	P 18,906,091	P 856,672	4.7%
1995	P 21,041,609	P 2,135,518	10.1%
1996	P 24,766,552	P 3,724,943	17.7%
1997	P 30,523,460	P 5,756,908	23.2%

The cash position of the cooperative increased by 23.9% in 1995 by more than P 1,254,323 from the previous level of P 5,246,512 in 1994 to P 6,500,835 in 1995. Much of the increase in total assets in 1995 was in the cash position of the cooperative, which resulted from the creation of a market fund as part of the cooperatives' reserves.

<b>Reserves:</b>	<b>1995</b>	<b>1996</b>

General Fund	P 283,587	P 264,405
Education & Training Fund	P 5,509	32,161
Land & Building Fund	P 201,656	P 182,475
Market Fund	P 882,417	P --
Total	P 1,373,169	P 473,241

This market fund increased in subsequent years as follows:

1995	P 882,417
1996	P 1,141,169
1997	P 1,896,620

The successful management of the public market by the cooperative in 1995 helped it gain the confidence of the stallholders and this was reflected in the increased savings deposits in the cooperative:

	<b>Savings Deposits</b>	<b>Increase</b>
1994	P 7,356,815	
1995	P 7,559,907	P 203,092
1996	P 9,400,749	1,840,842
1997	P 12,045,576	2,644,827

Increased liquidity led to increases in the amount of loans released to the cooperative members:

	<b>Loans Released</b>	<b>Increase</b>
1994	P 60,686,191	
1995	P 66,442,579	P 5,756,388
1996	P 77,075,998	10,633,419
1997	P 91,009,020	13,933,020

## **2. Increased Coordination among Cooperative Members**

Increased coordination with the stallholders and cooperative members resulted from the management takeover of the public market by the cooperative. One of the very first improvements made by the cooperative was the purchase and installation of a public address system through which announcements to stall holders, coop members and to the public could be made. A total of 35 units of speakers were installed at the public market. Information could be disseminated more quickly.

Total cooperative membership in the first year increased by 40 members to 701. This increased further to 736 members by 1996. In two years total cooperative membership increased by 75 persons.

### **3. A capability for Cooperative management**

With the management of the public market by the cooperative, the leaders of the cooperative became more concerned with the physical structures of the public market and they quickly made improvements. The cooperative leaders are learning how to maintain large structures and how to plan and implement multi-million infrastructure projects.

The cooperative leaders have taken on operating responsibility. The Chairman and Vice-chairman of the Board of Directors by tradition assume the responsibilities and the positions of Market Executive Director and Market Managing Director respectively. In addition, one of the Directors assumes the position of Market Maintenance Director.

The directors who themselves are owners of market stalls are readily available for consultation meetings and this makes it easier for the cooperative leaders to discuss and arrive at solutions to problems quickly. In the first year of the cooperative's management of the public market, the following improvements were implemented:

- 45 metal posts and 12 wooden posts were found rusted, rotten and unsafe and were quickly replaced
- The muddy and narrow aisles of the Riverside Annex were widened and cemented
- The muddy and frequently flooded main entrance to the public market was raised and cemented
- Widening and cementing of the entrance and exit areas of the parking lots 1 and 2
- Improvements to the toilets
- Improvements to the canals at the meat section
- General check up of the electrical system by an electrical contractor
- Hiring of 3 uniformed security guards for service during the daytime
- Repairs, painting of trusses and roof of the Riverside, meat and fish sections

The leaders of the Malabon Central Market Development Cooperative are showing that they can quickly respond to new problems. This says much about their versatility and ability to learn. The older leaders have quickly come to realize the importance of preparing the younger leaders to take on greater responsibility in the management of cooperative affairs.

#### **Benefits to the Community**

##### **1. Low prices of consumer goods maintained**

The stability of the tenure of the stallholders in the public market has been translated to maintenance of low prices for consumers. Malabon stall holders are quite proud of the fact that checks on prices of commodities in public markets by the Department of Trade and Industry almost always results in Malabon Central Public market being listed with the lowest prices.

## **2. Safer, cleaner, brighter, more convenient public market**

The visible presence of uniformed security guards makes customers and stallholders feel safer and more secure. The repairs and maintenance of the physical structures and electrical connections further improves the general safety of the public markets. De-clogging canals as well as raising and cementing the floor level of walkways and muddy areas makes for a cleaner and more convenient public market.

## **3. Expanded services**

The installation of a public address system helps the cooperative provide timely and important information not only to the cooperative members but to the shoppers as well. More recently, with the assistance of the Department of Trade and Industry, cooperative leaders were trained on handling consumer complaints and a consumer desk has been established by the cooperative.

## **Lessons for Other Market Vendor Cooperatives**

The leaders of the Malabon Central Market Development Cooperative are showing to other market vendors' cooperatives that a public market can be effectively managed by market vendors. Ed Virtudes, MCMDC chairperson reports that they have been visited by many market vendors' cooperatives that come to learn how the Malabon market vendors managed to gain the confidence of the local government officials and grant them management of the public market

Cynthia Donato, the general manager of the cooperative explained how much of the success of the management of the market depends on the goodwill and cooperation of the members. The willingness of the members to keep the cooperative liquid is the very foundation of the management success. Their willingness to shoulder the expenses of the repairs and improvements spells the difference she stated.

This is most graphically demonstrated by the stallholders paying for the monthly rentals of their stalls even if their stalls and trade goods went up in smoke in the fire that hit the market last June 1999.

## **How to Interact with Local Government Officials for Mutual Benefit**

The leaders of the Malabon market can also show other market vendors cooperatives how to maintain close relationships and communications with members of the town council for the purpose of gaining management of the public market and how to sustain good working relations with local government executives.

The cooperative leaders are also alert and quick to respond to possible threats to their management rights. Rights over the use of the second floor of the public market are now under discussion.

As early as the first year of their management, the market vendors showed their unity and strength in opposing moves by local government which would affect the orderliness and traffic flow at the market site.

## **ISSUES AND PROBLEMS**

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### **1. Changing Economic Environment**

Globalization, trade liberalization and the polarization of retail trade to establishments that primarily cater to the more affluent and those that cater to the lower income groups are the most serious external threats facing the market vendors and their cooperatives. What is certain is a more competitive retail trade situation with the competition coming from outside the country.

“In the coming years, Asian retailers can capitalize on the following socio-demographic and consumer trends:

1. The growing acceptance of one-stop shops
2. Low population growth
3. The ageing of the population vis-à-vis a growing demand for health care and financial services
4. The increase in the number of working women, and the corresponding high demand for convenient consumer products
5. The rise of value consciousness among consumers
6. The development of large format specialty stores
7. Extended trading hours of supermarkets
8. The rationalization of the wholesale industry
9. More joint ventures
10. Technology improvement
11. The development of large warehouse stores
12. The polarization of low-and high-income groups and improved quality of life

13. The emergence of suburban shopping—a new lifestyle niche for retailing”

(FARA, 1993)

“The Philippine retail industry has a structure that is similar to that of its Indonesian counterpart. Majority of Filipino households still rely on traditional markets (palengkes) for their daily needs. However, established supermarkets, specialty, and department stores have been increasing their market share, posting a 20.4% increase in sales in 1992. In the same year, the sales turnover of these retailers reached \$3.5 billion.”

The further polarization of higher and lower income groups will cast public markets more and more as for the poor and will tend to give the goods there a lower quality image.

## **2. Desire by LGUs for faster site development**

There is an obvious trend to convert public market sites into multi-story commercial building development projects. This trend is the most immediate threat and serious threat to market vendors. There is a proposal for a 4 to 5 story commercial structures at the public market sites.

The promise of higher income from the local government lands, which have commercial possibilities, is also of great interest to Malabon town officials. In fact, to some of them, this is a foregone conclusion. The speed of its implementation depends on the cooperation of the market vendors.

The Malabon Central Market cooperative leaders are linking with various colleges in the University of the Philippines to help them study their options. These efforts are being done with the help of NAMVESCCO.

## **3. MCMDC capability building to meet the challenges of the future**

A key issue here is how the Malabon vendor cooperatives are improving their capability to meet the external challenges. One of the local government officials recommended that MCMDC build up its technical capability. There are major areas for capability building:

1. Understanding and meeting the challenges in the retail trade trends
2. Financing, constructing and managing a multi-story commercial building
3. Improving the financial and manpower base of the cooperative for greatly expanded services

The contract for the management of the public market by MCMDC has another 7 years to run. Will the cooperative be able to improve its capability to itself undertake a Build, Operate and Transfer project that is desired by local government?

## **CONCLUSIONS AND OBSERVATIONS**

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The central issue with respect to Malabon Central Market faced by local government is how to maximize the returns from the commercial site in the shortest time possible in order to increase the town's revenues and fund increasing expenditures for services.

Rentals from public market stallholders are no longer potentially as important as rentals from other types of commercial users. By building upwards, the town can gain income from 4 to 5 times the present area occupied by the public market.

Ultimately, the ability to provide services to its growing population is the main concern of local government officials. How not to sacrifice the welfare of the market vendors while working for greater good of the community is also of importance.

If the cooperative members focus primarily on protecting their family income from their present activity of vending in the public market, external factors will be seen as obstacles and threats. If they choose to look at the social and economic opportunities that may be offered by change, they may be more willing to enhance their capabilities to take advantage of future opportunities.

Many market vendors may not be willing to look at the long term. Some of them may see the trends but they may also believe that they are unable to positively respond to the opportunities offered by change because of technical and financial limitations.

Earning income from selling fish from a two square meter stall as against earning from the management and operation of a 5- story commercial building may be an impossible leap for some.

The Malabon local government and the Malabon Central Market Vendors' Cooperative have worked well together in the management of the public market.

However, priorities appear to have changed. Can the local government and the vendors' cooperative be suitable partners in the rapidly changing economic environment? MCMDC could offer profitable income to the local government from the public market in 1995.

The local government income needs have escalated. What can MCMDC offer to the local government now or 7 years hence when the management contract expires? How willing is the local government to protect the income sources of the market vendors?

## **RECOMMENDATIONS**

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If the economic rewards can be clearly identified and presented, many market vendors would probably be willing to invest in other business activities. It is therefore important that the cooperative sector is aware of the economic opportunities that come with a changing environment.

Ideally, a business federation should be studying economic opportunities and presenting these to the primaries. This is where capability building should start.

Many families are relying on the cooperative sector to help them attain improved incomes and to sustain Philippine economy. Local and national governments should fund efforts to improve the leadership and business knowledge of the cooperative leaders.

Many local and national government leaders actively involve themselves in enhancing the economic potential of the middle-income groups. They could also look into the possibility of granting management of public markets to market vendors' cooperatives who then could help develop the management ability and business acumen of the leaders of Philippine retail trade and the market vendors.

It is also clear that local governments can benefit financially from allowing cooperatives manage public markets. Management of public markets by market vendors' cooperatives is clearly a win-win situation for all concerned: consumers, small-scale producers, market vendors, and local governments. Local governments could look into market vendors' cooperatives as partners in the management of public markets.

### **INTERVIEWEES/KEY INFORMANTS**

- Concordia Brigino
- Francisco Lopez
- Lito Tan
- Villaluz Dato
- Ed Virtudes
- Cynthia Donato
- Gloria Tamayo
- Marcelo Tobias
- Floty Santos

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## **Chapter 2**

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# **Joint Undertakings in the Provision of Basic Services**

### **Partnership in Health Services Delivery**

#### **Bohol Medical Mission Group Hospital and Health Services Cooperative**

**Marie Frances Buyco-Macabenta**

### **ABSTRACT**

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Situated at the center of the small island-province that is referred to as a “breeding place for heroes”, Tagbilaran City made another heroic stint when in 1994, the city government signed a Memorandum of Agreement with the Bohol Medical Mission Group Hospital and Health Services Cooperative on the latter’s management of the then Tagbilaran City Hospital.

The project resulted to enormous benefits for the city. For its part, the Local Government Unit (LGU) has created an ally as well as a resource in the cooperative. Maximum people’s participation particularly in discussion on health and cooperative-related issues has drawn multi-sectoral views, the cooperative being a representation of the medical, business, women and workers’ sectors. In addition, the city government was more able to fund other basic services out of the savings from health.

The project virtually served as a school of learning for both sectors, as well as for the public. Dole outs and dependency were minimized, with the “certified indigent” patients already educated to raise their own counterpart and to shoulder minimal costs for hospital and health services. To date, the hospital prides itself on its competent doctors and medical workers, efficient office personnel, sophisticated facilities but lower

medical costs compared to other hospitals. In addition, as its mega-project launched only in 1999, the Cooperative Health Program, a community-based, comprehensive yet low cost health insurance program has been serving hundreds of patients from all over the province.

This case is a true story of two friends: government and civil society coming together to provide the best, affordable medical care to the marginalized and the working class. The case presents the best practices of LGU-cooperative collaboration, drawing on evidence from the key players themselves. It aims to convey hope for LGUs and cooperatives that used to work independently and at worse, as adversaries to each other. It trumpets the message: “It works here in Bohol. It might work in your place, too!”

## **BACKGROUND AND CONTEXT**

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Bohol is dubbed as the potential fish pen and farmland of Central Visayas. The tenth largest island in the Philippines, it has a population of over one million, 40 percent of which is skilled labor force. As a famous tourist hub, Bohol is proud of its pristine white sand beaches and famous Chocolate hills, century-old churches and towers, scuba diving haven, majestic falls and caves as well as its exotic flora and fauna. To enjoy these, one does not have to go far from Tagbilaran City, the capital and commercial center of the province.

In 1994, notwithstanding its natural and human wealth, Bohol’s poverty situation was alarming considering the fact that it had the highest poverty incidence in Central Visayas. Forty-two percent of the total number of families lived below the poverty threshold.

Tagbilaran City had the highest population and poverty occurrence in the province. In fact, malnutrition among the poor sector particularly among children was prevalent. Many ailments, led by water-borne diseases and pneumonia were not properly treated. Ten out of 200 people needed hospitalization and one out of these ten died every year. Apparently, the responsibility of government in providing basic health services for the Tagbilaran constituents increased to a large measure. The question was, how could the city government effectively and efficiently perform such enormous responsibility?

### **The Tagbilaran City Hospital Then**

Only two of the six hospitals in Tagbilaran City are government-owned, namely, the Gov. Celestino Gallares Hospital (GCGH) and the Tagbilaran City Hospital (TCH). The four private hospitals are also providers of

health services but because they charged high cost for services, most indigent patients trooped to either GCGH or TCH. The TCH, a primary hospital used to be managed by the city government.

Located at the Airport Road and within the city commercial area, TCH is very accessible to patients. TCH is about 2 kilometers away from the City Government Office; therefore, it was easy to monitor the hospital as far as the city government was concerned. Communication was also ensured. However, the capacity of TCH to deliver the appropriate services to a growing populace, not to mention its capability to sustain its own operations, was doubted by the city administration itself.

In her observation of TCH operation in 1992, Dr. Virginia Lao, one of the pioneers of the MMGGHSC noted:

*“Before we came into the picture, the TCH was beset with insurmountable problems. One, it lacked the facilities that are basic to a decent hospital: water system, operating room, laboratory, intensive care unit, and medicines. The 25 beds, most of which were for charity, were jam-packed in small, dilapidated rooms. Two, admission of “political indigents” was unregulated due to some lapses in the screening and monitoring of patients who should qualify for government assistance. Three, TCH had too many personnel (that numbered 60) in the payroll yet too few competent, committed workingmen. Many of the employees were political appointees, a number of whom were detailed from other city government offices and continued to be idle in TCH. What’s worse, the needed doctors and other medical workers did not stay long because pay at TCH was extremely low. Thus, the services provided the patients were not really at par with other hospitals. For these reasons, TCH could not attract paying patients. With little income yet huge expenses, TCH was going down the drain.”*

For 14 years under the city government, TCH had been allocated an annual budget of P3.5 million for its operations. The amount was inadequate to sustain its day-to day operations. The city government noted that TCH was losing; yet, there was a tremendous need to continue and improve its services for the populace. Later in 1992, the city government recognized the TCH problem as how Dr. Lao saw it, “an administrative headache.”

### **LGU-Civil Society Exploratory Talks**

“Local government units may enter into joint ventures and such other cooperative arrangements with people’s organizations and non-governmental organizations (including cooperatives) to engage in the

delivery of certain basic services... and enhance the economic and social well-being of the people” (Sec. 35, Local Government Code of 1991). This legal provision became the bedrock of the city government’s campaign for support for the ailing city hospital.

The slogans “*Let’s DOH it!*” and “*Health cannot wait!*” of the DOH and the MMGHHSCP were the battle cry of the city government. Local newspapers published Mayor Rocha’s urgent heed any group or anyone who would be interested to save TCH. The Mayor himself mobilized participation among non-government and private sectors in the discussion of the issue among a few doctors. Exploratory talks gradually progressed with more medical practitioners, consultants, and employees of TCH and individuals from the private sector. Then, the suggestion to form a cooperative at TCH evolved.

Incidentally, the MMGHHSCP of Davao City was already gaining popularity in the early 90’s. A success story of a mission-oriented group of doctors who organized themselves into a cooperative hospital, the MMGHHSCP concept attracted a number of doctors from Tagbilaran. It was first heard from Dr. Jose Tiongco, a pioneer of MMG Davao (current head of the MMGHHSC Philippines) who has his roots in Bohol. Even before 1990, the noted surgeon visited Bohol for a personal trip but eventually found himself sharing the idea of a cooperative hospital among his friends and peers in the province. Although the discussion drew interest, people did not bite the idea.

The bad news regarding TCH came at an opportune time. The few years after Dr. Tiongco’s visit ripened the doctors’ knowledge about cooperatives and created in them the social mission of saving the hospital for the Tagbilaranons. Later in 1992, several doctors led by Dr. Lao visited Davao to see for themselves the MMG success story. After the Tagum visit, Dr. Lao described Davao MMG as a hospital that has more physical inadequacies than TCH. She recalled:

*“The hospital looked like army barracks, with Spartan amenities. The space was too small that patients welled up to the last available space; some had to stay in the corridors. Patients had to bring their own beddings because the hospital could not provide these. But in spite of this condition, patients and hospital workers alike expressed hope and joy. Patients were happy because they were treated in a Christian way and were given the best medical attention that the MMG personnel could give. Many would come because they knew they would be treated. The doctors and hospital personnel were competent, hardworking and committed. The patients, despite marginal capacity to pay, were able to afford the hospital’s low charges. And nothing was free. The patients who could be indigents in Tagbilaran’s standards were gladly paying—up to the last*

*cotton ball they used! Why, if it is possible in Davao, it is also possible in Tagbilaran!”*

The MMG Cooperative virus was indeed contagious. It set the tone for a series of sessions that produced a comprehensive health program for Tagbilaran—a replication of MMGHHSC Davao. The team presented the proposal to Mayor Rocha. After careful consideration, the plan was approved.

### **Organizing Bohol MMGHHSC**

In 1993, nothing could stop the cooperative movement in Tagbilaran’s medical sector. A core group of 17 doctors was organized to facilitate the implementation of the project. The same core group decided to name themselves the Bohol Medical Mission Group Hospital and Health Services Cooperative. From among them were elected 13 members of the interim board, a treasurer, and a secretary. What followed was a series of core group meetings, brainstorming, recruitment, negotiations, and exposures. A seed capital of P 350,000.00 was contributed by the core members to start the operation. By the end of 1993, the number of members rose to 43 doctors and members of the private sector.

Among the prime movers of Bohol MMGHHSC were Dr. Marcial Escobia, Jr., Dr. Cirilo Jalad, Dr. Enriqueta Sepe, Dr. Stella Maris Amora, Dr. Oliver Yu, Dr. Virginia Lao, Dr. Jose Arcay, Dr. Emmanuel Camacho, Dr. Benjamin Galia, Dr. Emma Dominguez, Dr. Simeona Virtucio, and Dr. Zaldy Buac. These medical specialists are also noted men and women of integrity, the “best in town,” as Dr. Lao called them.

The unprecedented process of organizing the MMGHHSC included consultations among the core group, Mayor Rocha and the city council and the various stakeholders of the project. Consultations with the hospital personnel were carried out to ensure that change and transition from a city hospital to a cooperative would not hurt the TCH personnel.

### **Phasing Out TCH**

The eventual change was painful for many of the employees who had been working in TCH for 14 years. As a pain reliever, the city government generously gave the employees separation and retirement pay from the Government Service Insurance System. The wrapping up period was ample time for employees who were not absorbed by the MMGHHSC to look for other employment before the actual closure of the TCH. This was done by the LGU to maintain an amicable relationship with all its

constituents, since some of the affected personnel were hired by the previous administration.

### **The Partnership Agreement**

On March 30, 1994, the partnership between the City Government of Tagbilaran and the Bohol Medical Mission Group Hospital and Health Services Cooperative was forged. The city government represented by Mayor Rocha and the Bohol MMGHHSC represented by Dr. Marcial Escobia, Jr. as Chair of the Interim Board signed a Memorandum of Agreement (MOA) allowing BMMGHHSC “to utilize the Tagbilaran City-owned hospital for its delivery of hospital services to the Tagbilaran City populace.” (See appendix)

The leasehold fee was P 20,000 monthly and would last for ten years starting May 16, 1994. It was intended to cover the city subsidy for indigent patients. When the lease amount was used up, the city government was to pay the excess in the form of reimbursement to the MMGHHSC. This was to ensure the growth and sustainability of the hospital and the program for indigents.”

### **Start of MMGHHSC Operations**

The MMGHHSC officially began its operations on May 16, 1994, a day after the TCH was declared closed. No less than then DOH Secretary Juan Flavio, who was the guest speaker in the hospital inauguration, “opened the gates of the new cooperative hospital to the Boholano people” (History of Bohol MMGHHSC, 5th Annual Gen. Assembly Yearbook 99).

On Day 1, the hospital regular personnel numbered 29, 19 of whom were employees of the defunct TCH while 10 were new employees. They were headed by Dr. Cirilo Jalad, MMGHHSC’s medical director who is known for his integrity as head of the Bohol Medical Society. Aside from the regular employees, the committee Chairmen and Department Heads who came from the core group of specialists, initially performed as volunteers. MMGHHSC ensured that all employees and consultants were members of the cooperative.

As a cooperative, MMGHHSC started with 140 regular members with a CBU of P 723,725 and 35 associate members with a total invested capital of P 822,625. The membership was comprised of the following: 79 doctors, 41 nurses, 4 dentists, 3 midwives, 3 medical technologists, 2 optometrists, 2 nursing aides, 2 sanitary aides, 2 office workers, 1 pharmacist and 1 social worker. Also elected was the Interim Board of Advisers.

## **PROJECT DESCRIPTION**

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The project's objective, as stipulated in the MOA was "to create an atmosphere whereby the BMMGGHSC could grow into a fully equipped and fully-staffed tertiary hospital while ensuring the continuity of hospital services for the Tagbilaran City populace with special concern for the city indigent patients."

The emphases of the undertaking were: equipping of the hospital as an organization, upgrading the facility for tertiary level, and improvement of hospital services for the indigent patients. The ensuing project, the Cooperative Health Program (CHP) was also given importance as the sustaining mechanism for the expansion of hospital services.

### **Governance**

The MOA was substantiated by the BMMGGHSC when the latter exercised its 'local autonomy' by promulgating its own set of rules, policies, procedures, and standards. The organization formulated its own Vision and Mission and Goals. Its Vision and Mission were as follows:

**VISION:** A fully equipped hospital with qualified staff, that is capable and committed to maintain the health of cooperative members, their families, and the public.

**MISSION:**

1. To forge a cohesive and participative pooling of financial resources and professional/technical capabilities among cooperative members
2. To become partners with the government in the implementation of health policies and programs
3. To integrate in cooperative activities the social responsibility of the institution towards the community
4. To provide total health services which is affordable, accessible, sustainable
5. To respond to changing business environment and work towards sustainable development of the cooperative hospital

To put heart and soul to its VMG, the BMMGGHSC also developed its own Family Creed. The family creed reflects the basic philosophy of BMMGGHSC.

The first General Assembly (GA) was on September 3, 1994 with majority of its members in attendance. As such, it formally elected the 13 members of the BOD, three

members of the AICOM, three members of the ELECOM, and two members of the EDCOM. Dr. Marcial Escobia was installed as the first Chairman of the BOD.

Subsequent GA's, special meetings, and consultations with cooperative members were undertaken. Monthly Board meetings were facilitated to fast track planning and decision-making. As an exercise of self-governance, BMMGGHSC has approved vital resolutions and decisions that were actually implemented. To date, they continue to affect the lives of the cooperative members, the clientele, and the wider community.

### **Summary of Resolutions/Decisions Actually Undertaken by BMMGGHSC**

#### **1994**

- Membership in the MMG National Directorate with 28 chapters nationwide
- Allowing the Bohol MMG to be a member of the ADHOC Committee tasked to oversee and assist the organization of 10 district hospitals in Bohol
- Establishment of a Physical Rehabilitation Center, a joint project with UB
- Establishment of Botika Bol-anon pharmacy
- Investment in Cooperative Bank of Bohol
- Availment of DTI loan from CDF of Congresswoman Agana

#### **1997**

- Registration with the CDA
- Availment of the rediscounting scheme of LBP

#### **1998**

- Acquisition of ambulance from the PCSO
- Purchase of OR facilities
- Implementation of the CHP
- Capital Investment in MMG Medicine Trading
- Establishment of the Neo Natal Care Unit
- Increase of personnel benefits

To rally a maximum participation, the BMMGGHSC actively encouraged all members, from the doctors to the cook, clerk, and janitor, to exercise one's right to vote. Every regular member or regular shareholder is entitled to vote and be voted upon, and to sit in the Board of Directors, the policy making body of the BMMGGHSC.

In 1997, the CDA approved Bohol MMGHHSC's registration as full-fledged cooperative. The MMGHHSC increased its capitalization and expanded its membership to sectors other than the medical and workers' sector.

Indeed, representation from a cross-section of groups expanded, with a growth in membership that reached 459 by 1998. Since it began in May 1994, its total membership increased by 262 percent (see appendix).

The BMMGHHSC had an impressive leadership, composed of distinguished medical practitioners such as the Chair of the cooperative Board, Dr. Marcial Escobia and Dr. Virginia Lao and Dr. Bienvenido Omo among others. Others in the Board were respected doctors such as Dr. Cirilo Jalad, Dr. Quintin Derikito, and Dr. Segundo Racho.

The cooperative policies provided that the BOD shall consist of five doctors and four non-doctors, since majority of the members were doctors.

### **Personnel Motivation: Work and Own**

With the change in leadership and management, productivity of the personnel was enhanced. As the philosophy of "work and own" is emphasized, work values were also given importance. The work standard was excellence. As Joel Amora, BMMGHHSC's accountant put it, *"Compared to the hospital management before, the management now is very particular with diligence of the personnel, operation efficiency, and patient care."*

*"We employees are working hard because we own the hospital. As the hospital grows, we also grow,"* says Ruth Cosmod, a hospital clerk. The employees grew in number as well as in terms of salaries and benefits. Although they may not have the standardized rate as they had in TCH, they receive greater benefits whenever the hospital generates bigger revenues. The plus factor is that all hospital personnel who are now common shareholders receive dividends and patronage refund. Either cash or stocks dividends of up to 70% of net income and patronage refund of 30% of net income are given to shareholders at the end of the year. When a member owns P 1,000 worth of shares (10 shares), he/she is given 20% discount on all hospital services.

Moreover, the cooperative spirit and the sense of family were strengthened among employees. Unity was encouraged by the monthly 'family (hospital staff) meetings', informal feed back sessions, social and recreation activities, and staff development seminars.

### **Health Care for All**

In spite of the hospital's expansion and creation of pay wards and private rooms, the quality of service for patients was not compromised. In fact, the hospital expanded its range of services to all sectors and ensured sustainability by expanding the base of paying patients, who then partly subsidized the costs for indigent patients.

The hospital has a Social Worker, Ms. Expedita Manosa, who coordinates with the City DSWD in attending to the administrative concerns of the indigents. As such, application for indigent benefits is appropriately screened by the Social Worker who then refers the case to the City DSWD. By doing so, the hospital systematized the referral system in conjunction with the city government services. In the case of patient assistance, the health cost is charged against the leasehold fee of P 20,000 paid monthly by the MGGHSC to the City Government.

In-patient and out-patient services are availed of by indigents. However, under the present administration, a ceiling of P 5,000 as assistance to indigents puts the patient to bear some of the hospitalization costs. The scheme, according to Mr. Bersaluna, is intended to discourage the dole out mentality among some city constituents, thereby enabling the city government to serve more patients that are indigent. Another service is counseling which is extended by the Social Worker of MGGHSC and of DSWD, to help educate the clients.

### **Upgrading Hospital Facilities**

The BMMGGHSC tried to procure advance, modern equipment, and supplies for efficient and effective services. The MGGHSC purchased an Anesthesia machine, OR light and Resuscitators, OR table, electrolyte machine analyzer, and computers. It also acquired tricycles and an ambulance. Moreover, the BMMGGHSC management installed the hospital's water system and improved the power system.

It is noteworthy that as a result of its continuing partnership with the LGU and other government entities, the hospital received equipment as donations such as: the X-ray transformer from the city government, the ambulance from the PCSO and the Office of President Fidel Ramos.

As part of its upgrading, the BMMGGHSC made some renovations of rooms, added private rooms and doctors' clinics, the OR and the ICU. To date, the total costs of repair and improvement already reached P2 million.

### **Expanding Network, Forging Partnerships**

For over four years of experience in the cooperative movement, the Bohol MMGGHSC has expanded its network of contacts and partners. This network did not only enable BMMGGHSC to acquire its needed equipment and supplies but also represented the cooperative sector in several development fora. The cooperative forged partnership with the Federation of MMG, LBP, DTI, and PCSO. Some benefits from the partnership are already visible; others are expected to bring results in the future. Moreover, the transformation of the hospital into a cooperative allowed for ownership of the shares by hospital personnel, consultants, and the public.

Bohol MMGGHSC participated in various activities and opened its doors to visitors from the NATTCO and the Poverty Alleviation Program of Mongolia. It was also a subject of a case study on the Local Governance Participation Fair in March 1999. The cooperative actively participated in the activities of the Tagbilaran City Cooperative Council, the CUP, NATCCO, and the CDA, the National Directorate Meetings of MMG, the Cooperative Month Celebration, and the Annual Cooperative Summit.

### **Strengthened Links with LGU**

The partnership between the city government and the MMGGHSC continues in spite of the change of city leadership from former Mayor Jose Maria Rocha to incumbent Mayor Jose Torralba. In his greetings addressed to BMMGGHSC on the celebration of its 1997 General Assembly, Mayor Torralba extolled the cooperative for its laudable projects and accomplishments, including its role as an “indispensable partner of the government in its thrust of delivering efficient health service.” (5<sup>th</sup> Annual General Assembly Yearbook, March 27, 1997)

The CDA registration of BMMG as a cooperative also came as good news to Mayor Torralba. The Mayor had doubts about the cooperative until its official registration with the CDA. A genuine coop, according to him, is one that allows any member, regardless of his office or position in society, to exercise his right to vote and to participate in decision-making. Hence, when the news that the hospital has already become a full-fledged cooperative came, his doubts turned into anticipation of a sustainable relationship with the BMMGGHSC.

A proof of the cooperative hospital’s active link with the city government was the latter’s donation of an X-ray transformer to the BMMGGHSC. The brand new facility came at the time when the hospital needed it most. The city government’s quick response to the garbage collection problem relieved the hospital of a major environmental concern.

### **CHF: Another Service Dimension of the MMGGHSC**

The LGU and the Bohol MMGGHSC cooperate through the Cooperative' Health Program (CHP) — a community-based, comprehensive health insurance program that has been gaining support from its membership as well as from the government, other cooperatives and sectors. According to Dr. Lao, the CHP is the backbone of the MMGGHSC. Behind the CHP is the Cooperative Health Fund (CHF), which generates interest from the Cooperative Bank of Bohol.

The CHP is open to all members of the BMMGGHSC or any cooperative in the locality. An individual who decides to get the CHP may opt for any of the three packages: 1) the CHP Individual Health Package, 2) the Family Health Package, and 3) the Group Package. The first covers only the members. All services are provided free - outpatient consultations, procedures, and medications to hospitalizations and operations. It entails a contribution of P 1,250 annually. The second package covers a family of five with an annual fee of P 2,000 and an additional P 450 per additional dependent in excess of five. The third covers a member of an organized group of persons: the price of which defers from accommodation to number of members. To complete one's membership, a membership fee is collected upon enrollment to cover the cost of membership expenses to the CHP and P100 membership to the BMMGGHSC. The CHP is national in scope since it is a key project of the MMG National Federation. Hence, all plan holders can avail themselves of its health services in other areas of the country where there are MMG Hospitals.

The CHP's target clients are the low-income earners, even the so-called indigents. Under the management of Dr. Emmanuel Camacho, the CHP marketing is taken care of by the team of BMMGGHSC's Internal Auditor, Mr. Timoteo Batingal.

## **PROJECT RESULTS AND OUTCOMES**

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After five years, the undertaking has undoubtedly brought enormous results. Its end-goal, that is: "ensuring for the continuity of hospital services for the Tagbilaran City populace with special concern for the city indigent patients" -- is at least half-achieved. Its milestones should be worth mentioning:

**Improved health care.** In his medical director's report of 1998, Dr. Quintin Derikito said, "*Patient care was maintained at its optimum level with the best medical consultants playing a great role in attending to the patient's health care needs. They were ably assisted by our House Physicians, nurses, paramedical and the Administrative Support Services Staff and Personnel. It was wonderful to witness a TEAM working for the*

*provision of quality medical care to our patients.” (Dr. Derikito, director of Bohol MMGHHSC in 1997 –1998)*

The hospital, having upgraded its facilities and equipment, has now been accredited as a secondary hospital. As such, it is now able to undertake major operations. MMGHHSC has also been able to render expert care, consultation and in-patient services with its pool of medical experts and the best doctors in town.

With its own pharmacy, the hospital makes medicines available to patients. The BMMGHHSC is a member/part-owner of the MMG Medicine Trading and Drug Company. Mildred Estoque, Nursing Aide, relates the benefits of the hospital’s pharmacy:

*Before, patients were just given prescriptions and medicines had to be bought outside of TCH. The hospital was supposed to keep stock of essential medicines but at very small quantities. When we ran out of stock and request for medicines, we had to wait for a long time because disbursement was very slow. It was a big burden for patients and their families, especially during emergency or on evenings. The pharmacies are at considerably far distance from the hospital and they do not usually dispose of their goods to individuals on credit. There was a time when we had to help buy medicines for the patient because nothing was available at the hospital. It is true that the room rates then were very low, but the services given the patients were also very cheap. And often without available medicines and good doctors, all that the patient got were mere prescriptions so they ended up going to private hospitals where they could get complete and quality services, sometimes on credit. Now, under efficient management, procurement of hospital supplies and medicines are fast. With our own pharmacy, patients would not anymore be burdened by the thought of where to get their next pill. Our health care for them is already complete.*

### **More Indigent Patients Served**

Virtually, there is an increase in the number of indigent patients assisted. Just a year after the operation of the MMGHHSC, the total number of patients served rose by 300%, half of whom were indigents. In 1995, 415 indigent patients were served with a hospitalization costs totaling P 978,934.30. In 1999, 142 indigents received financial assistance of P 135,837.

### **LGU Savings**

Aside from having assisted more people, the undertaking enabled the city government to save over P2.5 million from its P3.5 annual budget before

1994. The assumption is that with these savings by the city government, the local government is able to divert its resources to other services and functions for its constituents.

### **Comprehensive, low-cost health insurance**

Since it started in January of this year, the CHP has already served 415 patients. It has enrolled 240 holders (over 1,200 beneficiaries) under the group/family insurance plans, about 50% of who are City Government Employees. The CHP upheld as MMGHHSC's backbone for holistic health service makes health insurance affordable to the masses while allowing them co-ownership of the hospital.

### **People's participation in Action**

The undertaking encouraged participation on local governance from the medical and business sector. Through its active participation in the CCDC, the CUP, and the BUC, the medical sector now contributes to pressing issues. Many cooperatives have for their members, farmers, vendors, and others who belong to the lower rung of society. Now, the MMGHHSC is a representation of many sectors in Tagbilaran.

Moreover, the transformation of the hospital into a cooperative allowed the public to own a hospital. The cooperative hospital has also popularized the CHF thereby allowing the patients to become associate members of the cooperative and part owners. The cooperative also enhanced the spirit of volunteerism and commitment among medical practitioners—doctors who were specialists in their respective fields, skilled nurses, and medical workers who preferred serving their fellowmen to high-paying jobs abroad. According to CDA Regional Director Carlito Fernandez,

*“MMGHHSC served as a venue for professionals to pool their talents, knowledge and resources for a missionary cooperative venture in hospitalization and medical care. Indeed, MMGHHSC was doing medical mission the cooperative way.” (GA Yearbook 1998)*

### **Creating Ripples**

Even the provincial government recognizes the advantages of cooperativizing the government district hospitals. The BMMGHHSC experience inspired district hospitals in Bohol to form an Ad Hoc Committee that would conduct consultation and information campaign on the cooperativization plan among district health workers. A representative of BMGHHSC was part of this committee. No less than Bohol Governor Rene Relampagos supported the idea. The experience has inspired other

health institutions as far as Mindanao. In Zamboanga del Sur, Governor Isidoro Real told Cooperative Health,

*“We are converting some of our district hospitals into cooperative hospitals. If Bohol could do it, why couldn’t Zamboanga del Sur?”*  
(CoopHealth, Vol 1 No 3-5, Oct-Dec 1995)

## **CONCLUSION AND OBSERVATIONS**

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Indeed, success comes easy when work begins with the right people at the right time. This is what the LGU of Tagbilaran and the Bohol Medical Mission Group of Hospitals and Health Services Cooperative, as partners, have proven.

A dream, apparently impossible, was realized: cooperative and government, which were traditional adversaries, could work hand in hand. Moreover, local government people and doctors who were strangers to cooperativism, worked through the cooperative. Both local government and the medical sector realized that in order to spur development in the city, it was imperative to work together. The cooperative was instrumental in realizing this common goal. Both groups recognized that through the cooperative they could complement resources, such as the funds, skills, technology, and the mass base. Hence, the collaboration and cooperation

Although the process of developing a partnership between LGU and the cooperative may be long and arduous, effective communication sustained it. The LGU placed itself on equal footing with the cooperative and recognized that the undertaking could never be realized without the cooperative.

The partnership serves as a school of learning for both sectors, as well as for the public. It emphasizes education as a tool of development.

The contract will end in 2004, but the collaboration will not end there. The MMGGHSC’s plan is to expand, build its own edifice so that together with the city government, it may continue its mission of serving the constituents of Tagbilaran.

## **INTERVIEWEES/KEY INFORMANTS**

- Hon. Jose Torralba, Tagbilaran City Mayor
- Dr. Virginia Lao, BOD Chair, BMMGGHSC
- Hon. Jorge Cabalit, Tagbilaran City Vice Mayor
- **Mr. Joel Amora, CPA, BMMGGHSC Accountant**
- Mildred Estoque, Nursing Aide, BMMGGHSC

- Ruth Cosmod, Clerk, BMMGGHSC
- Espidita Manosa, Social Worker, BMMGGHSC
- Mr. Well Bersaluna, Head, City Department of Social Welfare and Development
- Mrs. Margarita Quirog, BOD Member/Administrative Officer, BMMGGHSC

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**Table 1. BMMGGHSC Membership Growth**

	1994	1995	1996	1997	1998
Total	299	357	385	418	459
Regular	225	254	273	293	315
Associate	74	103	112	125	144

**Table 2. BMGGHSC Financial Performance (Php)**

	1994	1995	1996	1997	1998
Net Income	(15,493)	1,196,309		1,594,860	1,182,933
Assets	3,158,763	4,473,479	4,865,909	7,069,573	8,884,694
Liabilities	1,120,040	823,737	1,232,207	2,251,885	2,424,804
Share capita	1,992,486	2,345,371	3,203,126	3,337,278	

**Table 3. Assistance to City Indigents**

	1994	1995	1996	1999 (Aug)
Amount (PHP)	135,654	978,934	171,745	135,837
Number Assisted	93	253		142

## BMMGGHSC ACCOMPLISHMENTS/MILESTONES

### 1994

- Repairs and improvement of hospital premises
- May 15-Inauguration and blessing of BMMGGHSC
- Sept 3- First Gen. Assembly, Election of 13 BOD members, AICOM, ELECOM, EDCOM
- Approval of Hospital license by DOH
- Availment of DTI loan from Cong. Venice Agana's CDF

- Active membership with MMG National Directorate
- Investment of P 10,000 with Coop Bank of Bohol
- Purchase of tricycle at P 60,000 for transportation service
- Membership in ADHOC to oversee ten Bohol district hospitals
- Joint project w Univ of Bohol-Physical rehabilitation Center

**1995**

- Established relationship w/ new political leadership, Mayor Jose Torralba
- 2<sup>nd</sup> Annual Gen Assembly

**1997**

- Sept 10-Approval of registration w CDA
- 3<sup>rd</sup> Annual Gen Assembly
- Accredited as Secondary Hospital

**1998**

- 4<sup>th</sup> Annual Gen Assembly
- Acquisition of ambulance from PCSO
- Purchase of brand new OR table at P 150,000 and OR light at P 294,000
- Implementation of Cooperativeerators' Health Program
- Capital investment in MMG Medicine Trading-P 130,000

- Neo-Natal Intensive Care Unit

## Chapter 2

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# Joint Undertakings in the Provision of Basic Services

### Putting the Province on the Global Map

#### The Camiguin Telephone Cooperative

Julio Vivares

### ABSTRACT

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Building a cooperative, much more a telephone and communication system cooperative is a tall order for CAMTECO. This was especially true at a time when potential members were challenged to take a risk and start a telecom cooperative in the province. The beginnings of the cooperative were not easy. However, the burden was made light and the project was made possible through the intervention of the Provincial Governor. The local official did not only believe in and trust CAMTECO, but, also believed in progressive investments and facilitation of contract between the cooperative and the government. Through a strong endorsement by the local government, the cooperative clinched an agreement with the German company to start the innovative telecom system.

Today, that remarkable support and link extend by the provincial government has put Camiguin in a state of progress and attraction it would not have otherwise gained: for the members, the LGU, the constituents, and the rest of the world who want to link with the province.

### BACKGROUND AND CONTEXT

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North of Mindanao is a forlorn dot on the murky, shark-infested Mindanao sea, a tiny and coconut studded island. Camiguin is its name, with an interesting origin. It is an island so tranquil, untouched, and unspoiled.

The island maintains a homely atmosphere, created by its rich and clean environment and by a people generously endowed with warmth and friendliness. The old and the natural blend in rhythmic fashion as Camiguin draws a picture of an established civilization whose physical assets have not yet been victimized by modernization.

It was once a forgotten island found on the northeastern part of Mindanao, which later has really come of age and throbbing with activity.

In the community-based master plan, Camiguin has been identified as the Region's center for tourism. One of the major concerns that emerged in this comprehensive master plan was an installation of a world-class telephone network since Camiguin is isolated and cannot be reached immediately. This requirement was viewed by planners in the province as vital and indispensable to become a real eco-tourism destination. It is therefore imperative that Camiguin should have a sustainable development of the telephone system in order to be side by side in its marketing campaign to make the tourism development of the province effective.

An electrical power line from the mainland Cagayan was installed through a submarine cable funded by the Federal Republic of Germany. This freed the people from car batteries, petroleum lamps, and gas refrigerators. Electric power is supplied by the National Power Corporation through its main line from the famous Maria Cristina Falls in Iligan City.

Electrification paved the way to modernization. Agricultural production increased, tourism related establishments opened for business, employment opportunities increased, government infrastructure projects were finished before the target date and business in general perked up.

However, what the island lacked was a telephone system to complete its communication facilities. It did not have any telecommunication system and thus was virtually isolated from the outside world, almost out of reach from the other provinces.

Thanks to the government of the Federal Republic of Germany, a telephone system was installed that they put an end to the island's isolation and linked it closer with the rest of the world.

## **PROJECT DESCRIPTION**

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It was during the incumbency of former Governor, Hon. Antonio A. Gallardo when the assistance of the Federal Republic of Germany in establishing a telecommunication system in the island was made. The Federal Republic of Germany gave a telephone equipment grant of 5.0 Million Deutschmark (about P 50 Million in 1994).

Upon receiving confirmation from the German Embassy of the initial DM 1.5M, the local government of Camiguin immediately initiated the organization of a cooperative to manage and operate the telephone system. In April of 1991, the Camiguin Telephone Cooperative (CAMTECO) was born and registered with the Cooperative Development Authority.

CAMTECO was granted a local franchise by the Sangguniang Panlalawigan through Resolution Number 139 to operate and maintain a telephone system in the island. This complies with RA 6849 otherwise known as the Municipal Telephone Act of 1989.

The interim officers were retired RTC Judge, Ceferino D. Chan, Sr. (Chairman), Provincial Prosecutor Julio A. Vivares (Vice-Chairman), businessman Nelson Dychauco (Treasurer) and Leo Wong (Secretary). They were assisted by Pablo Timajo, Rene Redera and Retired Judge Consejo W. Paderanga.

The cooperative was born with the usual initial difficulties. The cooperative nucleus was formed in November 1990 and could only muster 80 members, far from the targeted 400 members. This was due to the "wait and see" attitude of the populace. The board however, continued to drum up support from the community for the cooperative. Each applicant was asked to put up an investment capital of five (5) shares at P 800.00 per share plus P 30.00 for membership fee. The board's persistent sacrifices bore fruit when application for membership exceeded the target.

In the agreement between the Philippine Government and the Provincial Government of Camiguin, a rural but ultra modern telephone network were to be installed by the ALCATEL-SEL Conglomerate and to be managed by CAMTECO. With the local, national and international telephone connection, the services include:

1. The operation of at least 400 telephone connection through the latest digital switching technology;
2. At least fifteen (15) lines to be connected to the long distance telephone network of the PLDT (digital microwave);
3. Access by everyone to a telephone within a five (5) kilometers radius; and,
4. Five public call office (PCOs) with fax facilities in the five municipalities in Camiguin.

The major contribution of the German government was the telephone grant. German experts supervised the installation of the technical equipment and the operations of the telephone network. They set up the system with room for expansion in the future.

In May 1993, the civil work started while the board hired a very knowledgeable manager and five (5) support staff.

Mr. Genciano C. Dagondon, the manager of the telephone system was sent to Ireland for a familiarization tour. His trip was funded by the German government. He was able to observe the telephone system in Ireland, which was very much similar to the telephone system being installed in the province. He was trained specifically on the Time Division Multiple Access, which was equivalent to the Rurtel - a special ALCATEL model.

Aside from his one-month trip to Ireland in November 1992, he was also trained by PLDT for one month on the overview of the telephone system, rurtel theory, and actual hands on.

After years of painstaking preparations, the stage was finally set for the inauguration of the Camiguin Telephone System under the management of the CAMTECO. On October 16, 1993, former President Fidel V. Ramos visited Camiguin to personally inspect the progress of the on-going telephone project. He was escorted by Hon. Christian Hermann, Charge'd Affairs of the Embassy of the Federal Republic of Germany.

On February 12, 1994, Undersecretary Josefina Lichauco of the Department of Transportation and Communication together with the embassy officials led by Hon. Peter Scholz, Ambassador to the Philippines, visited Camiguin to formally inaugurate the Camiguin Telephone System. Undersecretary Lichauco made the first call to the DOTC in Manila.

The inauguration was doubly significant and meaningful, since it happened during the Silver Jubilee celebration of the founding of Camiguin as a province. The telephone system was the greatest gift given to the people as they marked the 28th Year Anniversary of Camiguin as a separate province from Misamis Oriental.

City mayors and governors from Mindanao, together with national figures witnessed the inauguration. It is significant to note that the system is the only telephone exchange system in the country that is operated by a cooperative. It is probably the first metered system in the entire country and the first province having a telephone network grant.

The cooperative was governed by a seven-person Board of Directors, whose members have served without remuneration since its organization. Its management staff consists of a station manager, an accountant, a clerk, two technicians, and two linemen.

The local exchange and central station are co-located in Mambajao. The nine (9) subscriber stations are located in Bug-ong and Tupsan in Mambajao; Alangilan and Poblacion in Sagay; Compol and Poblacion Catarman; Benoni and Poblacion Mahinog and North and South Poblacion in Guinsiliban.

Due to the rugged nature of the terrain, repeater stations are located in Mantigue Island and at the PLDT relay at Kalubo (Kinoguitan, Misamis Oriental) relay via an ALCATEL point-to-point radio relay link. The line-of sight technology used allows hops of up to 50 kilometer without repeater stations.

Three years later, Project-Hand-Over was held in the capital town of Mambajao. The Camiguin Rural Telephone System was transferred from the Government of the Federal Republic of Germany to the Philippine National Government, who in turn, transferred it to CAMTECO.

All the equipment and materials were inventoried, and all the rights and obligations concerning these were turned over to CAMTECO.

Documents on the Transfer of Ownership were signed on February 8, 1997 by Hon. Wolfgang Boetsch, Federal Minister for Post and Telecommunications of the Federal Republic of Germany, Department of Transportation and Communication Secretary Amado Lagdameo and CAMTECO Board Chairman Ceferino D. Chan, Sr. The signing was also witnessed by the members of the German Federal Parliament and Embassy Officials, German and Philippine Press, GTZ Manila, DOTC, NTC and CDA National Officials.

At present, the exchange used in the island is an Alcatel 1000 S12 small Standalone (SSA) digital exchange, which is powered by two diesel generators located in a small exchange building located at the Provincial Capitol Ground. The lot is being offered for use by the Provincial Government of Camiguin and is one sign of partnership between the private sector and the government.

The cooperative had 317 lines in the initial phase. In 1996, the number increased to 400 lines, then to 600 in 1997 and at present, 893. More than 300 applicants have applied for more telephone connections. Of the 893 lines, 154 are commercial, 661 are residential and 78 used by the government. Tool circuits remain at 30.

Today, 17 permanent personnel are employed by the management, supported with four vehicles equipped with modern tools and equipment. There were times when the management had encountered major problems but due to a collective effort of the board, management, and the Provincial

Government of Camiguin, they were able to solve these problems successfully. To strengthen the capability of the management, the board created two vital committees to help in the implementation of its projects and programs: the Audit and Inventory Committee and the Committee on Bidding and Awards.

## **PROJECT RESULTS AND OUTCOMES**

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The birth of the Camiguin Telephone system has directly benefited the province's tourism sector. Most of the resorts, hotels, and restaurants now have access to their customers. Their transactions have increased due to the telephone system. Most of the resorts, hotels, and restaurants have at least one telephone line. Installation of fax machine, E-mail and Internet are already in place in some of the tourist related establishments.

Tourist arrivals in 1994 registered 129,057. Today, they have reached 185,154. Camiguin is now one of the three (3) most frequently visited destinations in Mindanao. The Department of Tourism declared Camiguin to be one of the top 25 destination areas in the Philippines.

Mrs. Sarah C. Ayco, a Caltex dealer in Mambajao since 1968 said that before the telephone system was installed in the province, she had to travel to Cagayan de Oro City to order and pay the purchases. It was very risky, inconvenient, and time consuming. "But with the telephone system, it is now my hands that do the walking," Sarah said with a smile.

Mr. Luisito Salugsugan, Officer in-charge of the Philippine Institute of Volcanology in Camiguin said that they usually transmitted their daily report to Phivolcs main office in Quezon City through the Single Side Band (SSB) radio facilities of his office since there was no telephone system in Camiguin at that time. "We usually incur a lot of problems in transmitting the message. If the weather is not good, our transmission process is aborted. Sometimes, the accuracy of the message sent was not clear. It was time consuming and quite expensive. However, with the telephone system, everything is simple, fast, accurate, and less expensive. From 35 to 50 minutes consumed in the SSB transmission to 3 to 5 minutes using the telephone system and the fax machine," Salugsugan remarked. He continued, "Now, consultation with our main office is faster and this makes our office credible and ready to serve its constituents specially during emergencies," he added.

With the telephone system, according to SP04 Ismael T. Carracal, police response time improved from 20 to 30 minutes to 7 to 10 minutes depending on the distance of the crime scene. Police assistance is therefore effective.

Aside from these developments, Camiguin is now served by a water jet from Cagayan de Oro City that offers three trips daily. Reservations to this ferry are much faster for travel agents, tour operators, and vacationers due to the presence of the telephone system. Business establishments are thankful due to the efficient services of the telephone system.

### **Government Intervention and Participation**

In pursuing the telephone project, the provincial government did not encounter much problems other than the procedural requirements set by the National Government Agencies such as the Certificate of Convenience and Necessity, NTC approval, Cooperative Development Authority and other government agencies. These were addressed through proper coordination between the cooperative, the provincial leaders, and the private sectors.

Changes in the political leadership were not much of a problem. This was evident after the 1998 May elections when Governor Gallardo lost in the election. The new Governor is Pedro P. Romualdo (former congressman of the Lone District of Camiguin). Governor Romualdo was even more aggressive in the development of cooperativism in the province. He doubled his time strengthening and revitalizing the cooperative movement in the province. He was more than willing to be the consultant of the board. The present board members frequently visited the Governor to seek advice and to consult.

Congressman Jurdin Jesus M. Romualdo assured the management of CAMTECO of his full support especially in the expansion programs of the telephone system.

In addition to the local government's support for the telephone system, the province allocated a sizeable amount of Php 200,000.00 for cooperative development in the province in 1999. This contribution was given in spite of the LGU's meager resources. The Governor intensified its campaign to organize more cooperatives in the province. Because of such support from the local government, one of the biggest cooperatives, the Camiguin Traders Cooperative was organized in June 1999.

The Provincial Government of Camiguin has always been supportive and has been assisting the cooperative's activities. The provincial leaders have been instructing the employees to give full support to the project. The LGU was instrumental in getting the private owners to donate the lots that are now sites of its relay towers. The government offered 1/4 of its new capitol building as the site of the telephone exchange and another lot of the capitol compound for the telephone tower and engine house. During the inauguration and the hand-over ceremonies, the provincial government

employees were all out in their support, from the billeting to entertainment, from reception to transportation, and from souvenir program preparation to printing.

### **Management at Work**

The cooperative was very democratic and participatory. They have an annual election to fill up vacant positions in the board. Working relationships have been participatory and diplomatic. During annual membership meetings or even during ordinary days, the members are given the chance to express their views freely. They have ready access to the books or records of the cooperative anytime. The CAMTECO officials are very professional. They are patient, persevering and open minded with unquestioned integrity.

Moreover, the board members have inherited the credibility of the pioneering board of directors. The incumbent Chairman and Vice Chairman of the Board, Mr. Rene Redera, and Fiscal Julio Vivares respectively, are the only two pioneering members of the board. They are men of sobriety, far thinking and have a love of the island. They believe in preparing Camiguin for globalization, wants to foster business, to attract more and bigger investors and to attain sustainable economic growth. They face their task courageously and well.

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### **CAMTECO BOARD OF DIRECTORS AND OFFICERS:**

CHAIRMAN :	MR. RENATO C. REDERA
VICE-CHAIRMAN :	ATTY. JULIO A. VIVARES
DIRECTORS :	MR. JAMES S. BOLLOZOS
	MR. ANTONIO T. CREDO
	MR. EVANGELISTO Z. ALMONIA
	MR. JESUS A. WONG
	ATTY. ANIANO S. PADERANGA

TREASURER : MR. PALERMO B. SIA  
BOARD SECRETARY : MR. EDUARDO A. VILLAREAL, JR.  
GENERAL MANAGER : ENGR. FELIPE G. ABANIL  
HEAD, FINANCE AND MRS. MARGELINE BOLLOZOS  
ADMINISTRATION :  
INSIDE PLANT ENGR. BOB TERENCE B. CEBRIAN  
ENGINEER:  
OUTSIDE PLANT ENGR. PRIMO D. ARADO  
ENGINEER:



## Chapter 2

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# Joint Undertakings in the Provision of Basic Services

### **Partnership in Traffic and Transport Franchise Management**

**The Olongapo-Subic-Castillejos Transport Service Cooperative**

*Abad L. Santos*

### **ABSTRACT**

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The color-coded scheme and traffic management system in Olongapo City was implemented to help solve the chaotic traffic situation prevailing in the city.

In partnership with the city government, the local transport cooperative, the Olongapo Subic Castillejos Transport Service Cooperative (OSCTSCI) initiated the project through a resolution passed by its Board of Directors in 1982 and endorsed to then City Mayor Richard Gordon.

It was an idea that came to Mr. Cleto delos Santos, the General Manager of the Olongapo Subic Castillejos Transport Service Cooperative or OSCTSCI, who transformed the transport cooperative to become one of the more successful transport cooperatives in the country today. It was during one of the public dialogues conducted by the Board of Transportation (BOT) on the transport survey that the idea of color-coding was first heard of. The political commitment of then Mayor Richard Gordon, his continuing dialogue with the people, and the voluntary cooperativization of the jeepney cooperatives, associations, and federations were key to the success of the project.

The Olongapo City traffic and transport system experiment has caught the attention of other local government units nationwide. It has become a model in traffic management by the national government particularly

those concerned with traffic and transport. The experience has been replicated in many parts of the country, notably Quezon City, which have adopted the color-coding for all its tricycles in the city and other cities such as Marikina, Davao, Angeles, Iloilo, Bacolod, San Fernando La Union, and other major urban centers.

Other cities and municipalities conduct study tours for their local traffic officials in Olongapo to observe the city's traffic and transport system. Hopefully, other cities and urban centers would adopt the system. The experiment also conveys what can be done to restore order in a chaotic situation, if only the concerned people study the matter and pursue the solution decisively and diligently.

## **BACKGROUND AND CONTEXT**

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In the 1980's, traffic system in the City of Olongapo was as chaotic as that in Metro Manila. There was no rationalized transportation system that existed in most parts of the country. The "Kabit" ("linked") system of franchising was prevalent and became the order of the day. Colorum (illegal) jeepneys and taxis were rampant and could be driven wherever people pleased. Over-charging and "trip-cutting" were common practices among drivers. More often, local authorities could do nothing to solve the problem.

The Olongapo Subic Castillejos Transport Service Cooperative or OSCTSCI was borne out of the need of its initial members to help themselves and to provide efficient service. The members were 45 drivers, operators, and allied workers. It started with 23 units and an initial capital of only P4,000. The OSCTSCI continued to serve its members who never stopped to devise means to uplift their living conditions. It served the people of Olongapo by providing efficient service and by plying its assigned route even when the morale of members was dampened by intense competition.

The competition came from colorum jeepneys from the neighboring towns of the city; others came from San Fernando, Pampanga, Bataan, and parts of Zambales. Competition was even harsh every time a flotilla of US Naval warships docked at the Subic Naval Base. During this time, American servicemen would go for rest and recreation.

Colorum jeepneys and taxis openly operated against the legal franchise holders to the detriment of 17,000 base workers, students, and the local population who would eagerly await their rides for home. Jeepney drivers and "barkers" would entice a sailor to the beaches and nightspots at the outskirts of the city and charged exorbitant rates, often in dollars. American servicemen were practically harassed to take the jeepney for

“special trips.” Even legal franchisees had to compete with these colorum jeepneys. Transportation was indeed chaotic and peace and order became elusive.

The transport cooperative, very much affected by the worsening situation, filed a complaint with the city government and proposed to study options to cope with the problem. Through a resolution made by the cooperative’s Board of Directors, the cooperative requested the authorities to conduct a rationalized transport study for Olongapo City. It also requested the national government thru the Ministry of Transportation and Communications (MOTC) then under Minister Jose Dans, to send a group from the BOT to conduct a transport rationalization study.

Mang Cleto delos Santos, the cooperative manager and officer of the KKPPI, the national federation of transport cooperatives, had access to the MOTC minister. Mang Cleto informed Minister Dans about the situation in Olongapo who then instructed the BOT to form a team that would coordinate with the city government on a survey and an in-depth transport study.

### **Rationalizing the Scheme**

The City Planning and Development Staff coordinated with the MOTC-BOT to undertake an inventory of public utility jeepneys and tricycles and to study existing routes, transportation circulation plan route assignments, as well as route measured capacity. The study was meant to evolve a rational transportation system and traffic circulation plan that would offer realistic solutions to the problems. The study focused on the following strategies:

1. Improve the transportation and movement of vehicles in the city;
2. Establish and increase routes that were inadequately served;
3. Define and segregate the areas of operation of tricycles from jeepneys;
4. Regulate the use of public utility jeepneys (PUJs) in order to provide safe, efficient and regular public transportation service in all barangays of the city, and;
5. Gradually phase out tricycles from the Central Business District.

Interviews and saturation surveys were conducted among drivers to determine the problems brought about by the proliferation of colorum jeepneys. The study revealed the following as causes of the traffic chaos:

1. “Out-of-route” and “trip-cutting” were prevalent;
2. Most jeepneys switched from one route to another;

3. PUJs operated almost everywhere and their origins and destinations were not clearly defined;
4. Some jeepneys operated beyond the allowed distance of 30 kilometers for PUJ service; and
5. Tricycles operated as if they were taxis traversing along major roads, conveying passengers and crisscrossing anywhere in the city.

After a series of consultations with the transport sector, the study team came up with the following proposals:

- There should be an inventory of vehicles;
- A list of routes should be proposed;
- Route assignments and route measured capacity should be defined;
- Colorum vehicles should be legalized.

## The Equation on Route Measured Capacity and Route Assignment

Routes were assigned according to association or cooperatives to avoid conflict among drivers. Based on the results of the saturation survey, the route measured capacity or RMC was computed as follows:

$$RMC = \frac{PASSENGER\ VOLUME}{DAILY\ TRIPS\ PER\ UNIT \times PASSENGER\ PER\ TRIP}$$

Following the recommendations made by the BOT study team, several meetings and public hearings were conducted to get the opinions of a cross-section of the population. The consultations and public hearings were conducted in six months, from June until November 1982. Finally, a Memorandum of Agreement was signed between the Board of Transportation and the City government for the implementation of the study recommendations. Mayor Gordon issued Memorandum No. 3, Series of 1983 for the implementation of the color-coding system.

In spite of the absence of an ordinance, the OSCTSCI, owner-manager of 300 jeepneys began implementation of the color code scheme. Other drivers soon followed.

## Color Coding Scheme

The color-coding system was an original idea of the cooperative manager, Mang Cleto delos Santos. Although the concept came out in 1977, the

cooperative did not seriously consider its implementation because the cooperative knew that the scheme would be resisted by jeepney drivers, including the cooperative's own members. The color-coding scheme was therefore a big, brave move by the cooperative leaders.

According to the color-code scheme, each route or line, assigned to a franchise holder, shall carry a designated color. All jeepneys plying the said route shall bear the assigned color. Through the color alone, any commuter would easily distinguish the route of each vehicle. As the commuter is familiarized with the route and its assigned color, the scheme is better appreciated by both the drivers and the passengers.

## Route Assignment and Color Scheme

Upon issuance of a memorandum by the Mayor, routes were established, colors were assigned, and the scheme was implemented as follows:

<b>Route No.</b>	<b>Color Code</b>	<b>Route</b>
J-01	Yellow	Sta. Rita – Gate via Rizal Ave.
J-02	Orange	Gordon Heights – Gate via Pag-asa
J-03	Red	Gordon Heights – Gate via Mabayuan
J-04	Yellow Green	Mabayuan – Palengke
J-05	Cream	Gordon Heights –Palengke via Balic-balic
J-06	Brown	New Cabalan – Palengke
J-07	White w/green top	Dinalupihan – Palengke
J-08	Dark Blue	Subic - Olongapo
J-09	Sky Blue	Castillejos – Olongapo
J-10	Yellow w/blue top	Tabacuhan – Palengke
J-11	Yellow w/ red top	Filtration – Gate
J-12	Skyblue w/ yellow gold top	Olongapo- San Marcelino

He also helped the cooperative acquire some buses for use by the workers and granted them importation permits for buses and other vehicles, tax-free. The unprecedented growth of the cooperative led to the organization of another sister cooperative named Subic Bay International Transport Service Alliance and Multi-purpose Cooperative or SBITSAMPCI.

After one year of experimentation on the color code scheme, the public observed an orderly and efficient flow of traffic. The cooperative leaders were convinced that indeed, the mayor's political will and the initiative of the local transport cooperative were crucial to make the color-coded traffic

management scheme work. Subsequent to a successful experimentation, the City Council passed several ordinances on a rational transport scheme. These ordinances were as follows:

1. City Ordinance No. 3, Series of 1983, - Otherwise known as the “Jeepney Ordinance” - Regulating the operation of all public utility jeepneys in the city.
2. City Ordinance No. 01, Series of 1986 – Requiring drivers of public utilities to wear uniform.
3. City Ordinance No. 85, Series of 1986 – Requiring vehicle drivers to respond to any emergency calls.
4. City Ordinance No. 10, Series of 1988 – Setting regulations for the issuance of traffic citations by traffic enforcers.
5. City ordinance No. 25, Series of 1988- Establishing public utility terminals in the city.
6. City Ordinance No. 22, Series of 1990 – Authorizing traffic enforcers to tow and impound vehicles obstructing traffic.
7. City Ordinance No. 8, Series of 1990 – Requiring drivers to wear Identification Card at all times.
8. City Ordinance No. 29, Series of 1992- Otherwise known as the franchising ordinance of 1992.

## Traffic Management Board

Complementing the implementation of the color-coding scheme was the creation of the Traffic Management Board (TMB), enforced by virtue of an Executive Order from the mayor. The Executive Order also defined the mobilization of the Traffic Assistance Officers or TAO to manage traffic at every busy intersection of the city.

The Traffic Management Board started with forty-five volunteers, 15 of them coming from the cooperative (OSCTSCI) who were trained by senior police officers at the Subic Naval Base on the conduct of traffic. Twenty (20) volunteers managed the traffic during the night and another 20 for 12 hours during the day. The rest act as traffic supervisors. Besides the fifteen volunteers from the OSCTSCI, there were others who came from MOCODTSCI or the Metro Olongapo City Operators and Drivers Transport Service Cooperative, Inc. and the local federation.

The TAO was intended to eliminate rampant “tong collection” by traffic police officers. It was also meant to make the drivers look after their own ranks by making themselves, the enforcers of traffic rules in the city. As Manager Cleto puts it, “ the driver who volunteers as an enforcer can now apprehend his fellow driver who violates any traffic rules.”

When the system became effective, the City Traffic Board decided to pull out the traffic police who instead, concentrated on other work. The police were called in only during emergencies such as the occurrence of an accident.

The Traffic Management Board (TMB) consisted of the following:

1. City Mayor as Chair
2. City Councilor, in charge of the Committee on Transportation and Public Utilities
3. Chief of Police
4. City Legal Officer
5. City Engineer
6. City Prosecutor
7. City Planning officer
8. Traffic Administrator/Traffic Consultant to the City Mayor
9. Representative from the LTO / LTFRB
10. President of the Olongapo City Federation of Transport
11. Representative from DECS
12. Representative from the religious sector
13. Representative from the business sector
14. Representative from the students
15. Representative from the consumer sector
16. Secretariat from the City Council

### **The Traffic Assistance Officers (TAO)**

Lydia Herras was a former dispatcher of jeepneys assigned at Subic line terminal of the OSCTSCI since 1982. When the TAO were dispatched, she was one of the original 15 volunteers who have, up to this day, dedicated themselves to the maintenance of traffic order in Olongapo.

Isidro Lorenzo, Jr., also a driver-operator and a BOD of the cooperative, supervises the north sector of the traffic assistance officers. He receives P200 as daily allowance. The allowance comes from the city government, although before the LGU support, the traffic officers were subsidized by their cooperative. The cooperative provided free uniforms and a meager P30.00 daily allowance.

Pacifico Bayani of MOCODTSCI, another cooperative, supervises the south sector of the traffic enforcers.

After 2 years of experimentation and with the success of the traffic management, Mayor Dick Gordon recommended that the city government provide support to enforcers by giving each one P130.00 per day of work.

Later on, the number of enforcers increased to 62. They were given patrol cars so that they could easily respond to emergencies and later on, were issued citation tickets used for apprehension of violators.

They have also adopted the “walang lagay sa kapwa driver” (no corruption of fellow drivers) concept, although there remained a few cases of corruption committed by traffic officers. The mayor did not tolerate a single case of corruption. To ensure a corrupt-free traffic enforcement, he encouraged the assignment of traffic supervisors who would monitor the traffic officers.

The TAO continues to get citations from national government and private organizations for the effective traffic management in the city. The traffic management officers also gained the respect of their fellow drivers and the local population as a whole.

Likewise, the cooperative was a recipient of several citations and awards from the city government making it an effective partner in maintaining order in the city of Olongapo. The Traffic Officers were not only given an opportunity to fulfill their social responsibility, but also an occasion to show their dignity.

## Partnership in Action: Voluntarism at Work

The partnership between the city government under Mayor Richard Gordon and the cooperative (OSCTSCI) was strengthened by the fact that the mayors’ mother Amelia Gordon was close to Mang Cleto delos Santos, the latter having been their worker in the market where Mrs. Gordon sold imported meat from Australia. Mang Cleto grew up with the Gordon family.

The partnership between the cooperative and the city government was also tested during the crisis such as the Mt. Pinatubo eruption in July 1991. The city government mobilized all citizens of Olongapo to assist the victims while the cooperative used every vehicle they have to ferry people affected by the eruption.

During calamities like earthquakes and floods, both the city government and the cooperative would always be there, working together by providing voluntary work, equipment, and vehicles to rescue people. They worked together to give food, medicines, and other donated items to those who needed help. Having collaborated on many occasions, they earned the title “SBMA Volunteers.” By that time, Mayor Gordon was appointed the Chairman of the Subic Bay Metropolitan Authority (SBMA).

## Political Will and Challenges

The color-code scheme and traffic management system were met with challenges. Mayor Gordon, having decided to push through with the color-code scheme, was met with various forms of resistance by political opponents and other detractors. They considered him as someone with dictatorial tendencies. They accused him of being politically motivated. Furthermore, to impede the color-code scheme, opponents of the plan tried to convince other transport associations to oppose the mayor. Some jeepney operators and drivers who resisted the idea tried to evade the policy by citing the high costs of paint as a practical barrier. Nevertheless, the opposition did not succeed. The understanding and cooperation of the people of Olongapo prevailed after a series of dialogues and consultations initiated by the leadership.

In the midst of a stiff opposition by some quarters, OSCTSCI proved to be constantly a partner of the mayor and the city government in this endeavor. The cooperative was among the first groups to paint all their units with the appropriate, assigned colors according to routes. With good results gradually becoming visible, other drivers and vehicle owners followed. Thereafter, violators were either suspended or their franchise revoked. City ordinances Nos. 3 and 4 Series of 1983 were passed to regulate and monitor the operation of all public utility jeepneys in the city. Both ordinances specified the guidelines regarding: route or zone operation, the authorized number of units per zone, the adoption of body numbers of each vehicle, the issuance of permit decal, the wearing of uniforms by drivers and identification cards, and the printing of community-oriented slogans on the roof of their vehicles. Thus, one can see such slogans as “Aim high Olongapo” “Self-Help, Self Reliance”, “Cooperation”, “Protect and Preserve to Prosper”, “Bawal ang Tamad sa Olongapo” and “Do it the Olongapo Way”.

## PROJECT RESULTS AND OUTCOMES

The Board of Transportation, now known as Land Transportation Franchising and Regulatory Board (LTFRB), observed the following positive results of the traffic management

### **1. Safety Promotions**

- a. The orderly flow of traffic effected through the color-code scheme has reduced vehicular accidents from 65% to 0.3 %.
- b. By facilitating inspection of vehicles, accidents due to technical deficiencies of vehicles were minimized.

- c. Crimes committed inside passenger vehicles were enormously reduced by 85% due to the facilitation of identification of drivers and specific routes of vehicles.

## **2. Energy Conservation**

- a. Fuel conservation has been effected by strict implementation of the route measured capacity or RMC thereby eliminating unnecessary trips and avoiding stiff competition among drivers.

## **3. Strict Enforcement of Traffic Laws**

- a. By facilitating identification of vehicles and their corresponding routes, traffic rules are strictly enforced resulting in an orderly flow of traffic.
- b. Laxity on the part of traffic enforcers was also eliminated. Traffic enforcers do not tolerate traffic violations in consideration of a “tong” or grease money.
- c. As traffic enforcers are bound to strictly enforce the law, drivers, passengers, pedestrians, and the public are made to follow traffic rules more carefully.

## **4. More Income for Operators and Drivers**

- a. The orderly operation of vehicles resulted in less expenses for vehicle maintenance.
- b. Faster movements also made possible more trips per day giving the drivers and operators more income.

## **5. Promotion of Tourism / Technology Transfer**

The success of the Olongapo transport system has attracted not only local tourists but also foreigners who continue to flock to Olongapo to observe and study the color-coding system and traffic management.

## **CONCLUSIONS AND OBSERVATIONS**

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The traffic management scheme has assured the public that there are no colorum jeepneys anymore. All public vehicles have the body number to show that vehicle is authorized. The scheme contributes to deter crime. The drivers, who are always in uniform, are courteous, accountable, and professional. Traffic is smooth because the authorized vehicles are controlled and traffic enforcers are strict in implementing the laws.

Both color-code and devolved traffic management systems have helped solve the problems of peace and order, over-charging, colorum vehicles, discourteous drivers and *tong* collections. With the decentralization law devolving many functions to local government units, Mayor Gordon and the city government allowed the franchise whose functions included the elimination of corruption.

To deal with problems and other lapses of the policy, the government and the people continue to engage in continuing dialogues, public consultations, and the search for appropriate solutions to their problems. Furthermore, the system is being refined from time to time. Presently, the application of the policy is not limited to jeepneys and tricycles; it also includes mini-buses. Pedicabs are not considered as a public transport, and have been declared as a symbol of regression. Police have moved from performing traffic management to crime prevention, investigation, drug prevention, and other police functions.

## Lessons Learned from the Experience

Today, color-code scheme and the Olongapo transport management system are being adopted in many urban centers nationwide. Study groups called “Lakbay Aral” for the local government units being conducted by the Department of Interior and Local Government (DILG) would always include Olongapo City and Subic as part of their itinerary.

In November of 1984, the MOTC wrote Mayor Gordon informing him that a delegation from Korea would visit the city to observe and evaluate the operation of jeepneys in connection with the Korean government’s ongoing study on new forms of transport for their country. They took particular notice about the success of the color-code scheme and the route rationalization system which led to the orderly traffic in the city.

The World Bank-financed Provincial and Country Roads Development Project also included the Olongapo model in its (WB’s) senior course on Transport Technology where participants from different Asian countries came to Olongapo to observe its transport operations.

The Olongapo experience has been regarded as a total success by the government. This can be traced to the various steps taken by all those involved in the program—that for a program to become successful, coordination between the government and the private sector, particularly the transport community, must be established.

There are three (3) major lessons that can be drawn as regards the transfer of the Olongapo experience to other cities, namely:

1. A strong public leadership is necessary to gain the support of the transport organizations and the cooperation between the public and the private sectors; in the case of Mayor Gordon, his charisma as a leader, made even more prominent by his appointment as SBMA Chairperson, added to the luster of a convincing leadership. The

project should emphasize the mutual benefits that LGU and the cooperative could derive from the project.

2. The value of the “bottom up” planning through continuous consultation with the public, the transport operators, and enforcement personnel. “Bottom up” planning has always been the principle of the city government and the cooperative. The color-code is an example of a bottom-up planning whereby an idea arose from public consultations.
3. The role of the cooperative in organizing and managing public transport operations is extremely crucial. Public transport business is complex because there are drivers and operators to deal with, as much as there is a public service component to reckon. Limited interests and public interests in this case, have to be satisfactorily reconciled. The reconciliation of these interests is a responsibility of the transport cooperative.

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## **Chapter 2**

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# **Joint Undertakings in the Provision of Basic Services**

### **Partnership on Waste Management for People's Well-Rounded Health**

**The Municipality of Moncada and its All-Women Credit Cooperative**

**Ed Aurelio C. Reyes**

## **ABSTRACT**

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Cooperatives engaging in waste management programs and projects are not new. However, cooperatives in waste management projects do not easily deal with local government units, especially as many LGUs are either not so keen on addressing the waste management problem or have depended mainly on dumpsites and landfills for their garbage disposal.

But there is a multi-awarded millionaire cooperative in the municipality of Moncada, Tarlac - the stable and very influential Moncada Women's Credit Cooperative (MWCC), which has had for two years now, a very healthy partnership with the municipal government. Its growth also covered the realm of civic-spiritedness and values consciousness, which led it to embark on the ecological waste management and recycling project in tandem with the municipal government is now headed by a lady mayor who was the cooperative's own founder and immediate past chairperson.

Focused in this study is the joint operation of an ecological waste management and recycling-composting project which is duly covered by a Memorandum of Agreement and supported by an ordinance from the Sangguniang Bayan, and supported as well by a grant of about P3 million

in start-up funds from the Philippines-Australia Community Assistance Program (PACAP).

In just the one-year period from May 1999 to May 2000, almost 700 bags of fertilizer kilos were produced from composted garbage materials, of which 580 bags were sold. The production manager said there is not enough garbage in the public markets anymore to sustain increased production volumes. *The composting and recycling project has already solved fully the garbage stink problem in the public market* in just the second year of the project's operation.

This study covers (1) a situationer on cooperative involvement in waste management; (2) profile of the cooperative sector in Tarlac; (3) a profile and history of the already stable and still growing Moncada Women's Credit Cooperative; (4) the waste management problem of Moncada town before the project; (5) the history, specific agreements and actual practice of the cooperative's partnership with the municipal government, with a grant assistance from an Australian funding facility; (6) descriptions of the actual recycling and composting operations; and (7) an analysis of perspectives for the project, notably the MWCC's vision for the well-rounded health of the people of Moncada -- physically, economically, and morally.

Limitations of the study include the lack of more time for field research, the absence from the country of the incumbent chairperson of the cooperative, and the self-admitted weakness of the cooperative when it comes to narrative and analytical documentation of the project.

## **BACKGROUND AND CONTEXT**

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The joint UNDP-CDA-PCC project for *Effective Local Governance and Support Mechanisms for Sustainable Cooperative Development* covers research into and promotion of best practices in cooperative-LGU partnerships addressing various public service concerns. A sub-project for the preparation of 20 case studies of such best practices has included a case study in successful coop-LGU partnership in waste management enterprise.

### ***Cooperative Involvement in Waste Management***

Cooperatives engaging in waste management programs and projects are not that new anymore. In Metro Manila alone, no less than 500 cooperatives engage in junkshop and recycling operations, under the umbrella of the "Linis Ganda" and Metro Manila Balikatan federations. However, cooperatives in waste management projects do not easily find themselves in alliance with local government units, especially at the

present period where a great number of LGUs are either not so keen on addressing the waste management problem or have remained totally within the dumpsites and landfills paradigm in looking at the garbage problem.

This is ironic because composting, one of the main components of environment-friendly solid waste management, invariably produces organic fertilizer, which should be an obvious area of interest among agricultural cooperatives in this agriculture-based economy. Farmers have been burdened with rising costs and ecological damage in using imported chemical fertilizers, while the public markets and dumpsites in their towns simply stink in landfills or plain dumpsites.

But this fixation on dumpsites and landfills is not at all surprising. For one thing, they are just reflecting the position of the incumbent administration. The Presidential Adviser on Flagship Projects, Secretary Roberto Aventajado, who is also the solid waste management czar appointed by the President, has announced that landfills will remain to be the main answer to the garbage disposal problems. The secretary has engaged non-government environmental organizations in dialogue and he issued some statements indicating official openness to shifting policy in the direction of recycling-composting and even segregation at source. But even as he did so, he continued a bidding process for a replacement for the San Mateo and Payatas landfills covering a new contract period of no less than 25 years.

For another, many local government officials are quite comfortable with present arrangements, and the most unscrupulous among them actually even make a killing on unofficial commissions from garbage collecting and hauling contractors. A consolidated study on this is being prepared by environment-oriented non-government organizations, but common knowledge of this has preceded the study's empirical results.

Some recycling cooperatives in Metro Manila actually feel being harassed by local officials due to this sort of "competition." A leader of some of these cooperatives, who contributed her comments to this research on condition of anonymity, complained that the police operatives of this and that mayor have been hounding, even arresting, their collectors of waste materials. She voiced a strong suspicion that these officials had a commission per trip per truck, and waste reduction through recycling would naturally reduce the number of trips.

Thus, it is not surprising that the entry of waste management in the list of basic services to be the subject of partnerships between the cooperative sector and the local government units, as contemplated by the UNDP-CDA-PCC project, appears to have been an afterthought, a late addition to the original list which prominently included the operation of public

markets, government hospitals, public utility systems, transportation, and the like.

It has come as a pleasant surprise, therefore, that a multi-awarded cooperative in a municipality of Tarlac, right along the busy traffic corridor between Manila and the northern regions, the Moncada Women's Credit Cooperative (MWCC), known to many as exclusively a credit cooperative given its name, has had a healthy partnership with the municipal government for the past two years precisely on a waste management and recycling project.

After a brief survey of non-government organizations involved in waste management efforts, still quite few in comparison to the breadth of this field which has been traditionally shouldered alone by local government units, it was ascertained that there are highly successful enterprises in Santa Maria, Bulacan and in Blue Ridge, Quezon City but these do not involve cooperatives, and present interactions between the junkyard cooperatives in Metro Manila with the LGUs in their respective areas of operation would hardly qualify to be exemplified as best practices.

But there is a multi-awarded millionaire cooperative in the municipality of Moncada, Tarlac, the very stable and very influential Moncada Women's Credit Cooperative (MWCC), which has had for two years now, indeed, a very healthy partnership with the municipal government. That is the very subject of this study.

### **Cooperatives in Tarlac, in Moncada**

Tarlac is one of the six provinces comprising Central Luzon or Region III, a region with the third largest population among all the regions of the country. As recently as 1997, the region was the home of the largest concentration of registered cooperatives in the country according to *Tarlac Emerging Cooperative Sector in the New Millennium* written by Salvador Nicdao, provincial cooperative officer of Tarlac (p. 147)

And then, as of April 1999, there were 4,979 registered cooperatives within this region, representing 9.71 percent of the country's 51,267 total registered cooperatives then. (Nicdao, *Ibid.*, p. 154). Of the regional total for that period, Tarlac was on second place with 1,049 cooperatives or 21.07 percent, with Nueva Ecija on top (1,129 coops, representing 22.67 percent); with Pampanga on third, with 973 (19.54 percent); and Bulacan on fourth with 924 (18.56 percent).

Demographically speaking, Tarlac had the biggest concentration of registered cooperatives among the six provinces of the region in that same period. Viewed in terms of registered cooperatives proportionally to the number of barangays, the provinces ranged in April 1999 as follows:

Tarlac, with 12.16; Zambales, 12.1; Pampanga, 11.9; Bataan, 11.8; Bulacan, 112.62; and Nueva Ecija, 11.61. Among these provinces with available data, Tarlac also ranked second in percentage of population (that are qualified) who are actually cooperative members: Bulacan, 20.5 percent; Tarlac, 16.7 percent; and Pampanga, 7 percent.

By December 1999, the number of cooperatives in Tarlac rose to 1,105. (*Nicdao, p. 7*) Of the 17 towns and one component city, it was the component Tarlac City that had the biggest number, specifically 205 cooperatives. Among the municipalities, Concepcion had the biggest number with 160; Capaz, second, 146; followed successively by La Paz, 69; Camiling, 61; Victoria, 57; Paniqui, 47; Gerona, 46; San Jose, 42; Moncada, 36; Pura, 31; Mayantoc, 26; San Miguel, 24; Sta. Ignacia, 23; San Clemente, 21; and 17 each in Anao, Bamban and Ramos.

Nicdao said in his interview for this research that it is expected for Tarlac City to have the biggest concentration of cooperatives in the province, considering that "as the seat of the provincial government, it has the largest concentration of population as well as of business enterprises." In his book, the source of all these figures we are presenting in this part of the study, Nicdao indicates Moncada as seventh placer in terms of total cost of ongoing livelihood projects, citing a figure of P 31,028,195.19 compared to Tarlac City's P 164,275,887.53.

Moncada is the last municipality traversed by the Tarlac River before it enters the territory of Pangasinan. It is surrounded by Tarlac towns of San Miguel to its north, Anao to its east, Paniqui to its south, and Camiling to its southeast. It borders two Pangasinan towns, Bautista and Alcala to its west.

Moncada's location at the convergence of two river systems makes it a natural catch basin submerging some of its eastern barangays in floods during the rainy season. This fact of seasonal flooding would play out as one of the factors why the waste management and recycling project in the municipality is very significant.

In contrast to most other municipalities of Tarlac, which have the farmers cooperatives on top both in terms of membership and in CBU/SM (capital build-up and savings mobilization) contributions, Moncada's 29 farmers' cooperatives dominate only the membership size aspect, accounting for 80.55 percent among all the sectors, followed by three entrepreneurs cooperatives at 8.32 percent, and the two women cooperatives at only 5.56 percent. However, in terms of CBU/SM contribution, the women cooperatives' sector accounts for 87.18%, followed by the farmers sector with 12.45 percent, religious, 0.19 percent, and entrepreneurs, 0.16 percent. This dominant figure of CBU/SM contribution of the women

cooperatives, the overwhelming bulk is accounted for by the Moncada Women's Credit Cooperative, the only millionaire cooperative in the entire municipality.

### **MWCC: History of Exemplary Service and Growth**

The Moncada Women Credit Cooperative grew to be a giant in resources and recognition precisely as a credit cooperative, and Vic Suarez, acting chief of the Cooperative Research, Information and Training Section of CDA-Region III had reason to praise it copiously in an article he wrote for the June-September 1998 issue of *The CDA Forum*, aptly titled "Moncada Women Show How." But the growth of this particular cooperative also covered the realm of civic-spiritedness and values consciousness, which led it to embark on the ecological waste management and recycling project in tandem with the municipal government which is now headed by a lady mayor who was the cooperative's own immediate past chairperson.

But that is getting too far ahead of the story. Suarez gave us a historical background in his *CDA Forum* article:

"The Moncada Women's Credit Cooperative was conceived in February 1991 by the then officers and members of the Tarlac Provincial Buklod-Diwa Foundation - Moncada Chapter, an all-women organization headed by Ms. Estelita Montano-Aquino, better half of the (then incumbent) town mayor, Benito Aquino. (She is now the town mayor.)

"A series of seminars was then conducted to identify the worthy livelihood projects the members could undertake. Some of the invited resource persons from CDA and Central Bank in Manila talked about cooperativism, its potential and prospects in bringing about desired change in the life of the common man. Fully convinced that putting up a cooperative is a good project, the women of Moncada agreed to undergo a three-day Pre-membership Seminar (PMS), with CDA Manila personnel acting as resource persons. After the seminar, 43 willing and interested women organized themselves into a cooperative.

<b>ORGANIZATIONAL PROFILE OF MWCC</b>	
Name of Cooperative	MONCADA WOMEN'S CREDIT COOPERATIVE (MWCC)
Address	Poblacion No. 1, Moncada, Tarlac
Type of Business Activity	Credit
Date Established/Organized	February 1991
CDA Registration	MLA-1174, August 13, 1991
Starting Date of Operations	October 26, 1991
Total Assets (as of Dec. 31, 1999)	P 21,148,752.38

Total Liabilities (as of Dec. 31, 1999)	P 8,943,928.23
Total Members' Equity (as of same date)	P 21,148,752.38

*Source: Information Sheet submitted to CDA*

"On August 13, 1991, the Moncada Women's Credit Cooperative was born by virtue of its registration (Registration No. Mla. 1174) with the Authority. It had 43 pioneering members who staked P 40,600.00 in paid-up capital, and subscribed P 162,000.00 out of the P 500,000.00 authorized capital stock of the cooperative. (It has since been) a self-propelling organization involved in socio-economic and community-related endeavors to meet the holistic needs of the members. It (has aimed) to uplift the socio-economic conditions and rights of the members by developing self-reliance and inculcating the habit of thrift, savings services and other benefits."

Starting with a seed capital of P 40,600 the MWCC began operations on October 26, 1991. The first beneficiary of its lending service was a market vendor, Angelina Madayag, who needed to augment her operating capital and borrowed P 5,000. This loan sparked an accelerating stream of lending operations welcomed by members and aspiring members. By 1996, loans given to members had reached P 17,224,900 and rose still higher to P 24,106,800 the following year, benefiting more than 800 members. These loans were given to cover agricultural, commercial, educational, medical, and providential needs.

News of its smooth operations and growing capability to respond to members' needs spread like wildfire throughout the municipality. By 1997, the cooperative had expanded its total membership to 801, or an average annual increase of 126. Among the new recruits were teachers, retirees, housewives, and storeowners, a cross section of the residents of the municipality's 37 barangays.

The MWCC got award after award, moving fast to hall of fame and, past that, to the status of an award-giving body. It has been nominated in the year 2000 CDA Search for Outstanding Primary Cooperative.

The growth of this cooperative, according to Suarez, in terms of assets, paid-up capital, and net surplus is a "record of sorts unequalled in the whole of Tarlac." Capital snowballed from the initial P 40,600 in 1991 to P 435,000 the following year and up to P 5,481,804.38 by 1997. As of the latest audited report (covering calendar year 1999) obtained for this study, the cooperative's total assets stood at P 21,148,752.38 which is also the total members' equity.

The pouring in of members' share capital investments ensured the continuous increase in the capital of the cooperative. There were also loans given to the cooperative by external sources, namely, Rep. Jose

Cojuangco, April 1994, P 500,000; Land Bank of the Philippines, August 1995, P2 million rediscounting line (fully paid as of May 1998); Provincial Cooperative Office, December 1993, March 1995 and August 1996, P 100,000 each time; and Department of Trade and Industry, P 400,000 in March 1994, and P2 million in June 1998.

Note well, however that the total volume of these loans, some already repaid at that, does not come even close to the P21-million assets of MWCC.

Also pouring in were the awards. It has become a Hall of Famer of the "Gawad Agila" given annually by the Rotary Club of Tarlac; it was recognized as most outstanding credit cooperative by both the Land Bank of the Philippines and the CDA Region III, aside from the LBP's "Gawad Pitak" award. It has started its own awards, called "Tanglaw." It has recently been nominated to the CDA's 2000 Search for Most Outstanding Primary Cooperative.

MWCC's amazing growth as a cooperative may be partly explained by its all-women membership profile. The logic in this angle was expounded on the basis of an actual experiment in one of the talks on "Celebrative Culture of Solidarity Through Social Enterprise Building" (*Francis Senden Memorial Lectures, Asian Social Institute, Manila, Philippines, October 7, 2000*). A resource person from the Ahon Sa Hiras Inc. (ASHI), which has been active in Grameen-type banking in the Philippines for some years, revealed that when they experimented and allowed men to participate, the enterprise failed and they decided not to repeat such experiment anymore.

Nicdao gave a corroborative comment in an interview for this study. "We are both men and this will be sad for men to hear. But this is true. Women are apparently much better than men in honoring their commitments."

This has shone in the reality of the amazing success stories of Grameen-type banking (a lending system where loans are extended to individuals but are guaranteed by the respective all-women groups the individual borrowers belong to), and this has shone in the experience of the Moncada Women's Credit Cooperative.

This has also been, at least partly, behind the very motive and behind the success of MWCC in its partnership with the municipal government for the ecological waste management and recycling project. The cooperative's vice chairperson, Remedios de Guzman stressed that as homemakers, they had discerned that the municipality itself was a collective home needing their service as collective managers. As mothers who would directly care

for offspring, they were seriously concerned with the health of their children and the succeeding generations.

### **Solid Waste Disposal Problem in Moncada**

As of the latest collated census (1995) Moncada town had 46,219 residents in its 37 barangays. Located about two kilometers to the south of the municipio-poblacion area, the municipal public market alone accounted for a weekly average of about 1.5 tons of solid waste which was being collected and brought to the dumpsite in barangay Camposanto-Uno.

Consisting of fish internal organs and scales, vegetable and fruit peelings and other fast-decaying materials, the garbage became an annoying inconvenience and even health hazard to the market-goers and especially to the market vendors who had to stay there for long hours. The offensive stench was bad enough, but the flies attracted to the garbage made the entire set-up both a magnet and a potent channel for the spread of diseases.

Even a short time lag before their collection for hauling to the dumpsite had adverse enough an effect. Jose Ramos, who worked as collector and inspector in the public market, shared: "There have been many changes here since that project started. Now the garbage is being put in sacks instead of being piled just everywhere. Now the canals here at the market are clean and water is not clogged. And the obnoxious odor is gone. Because of this development, our public market here in Moncada has overtaken the one in Camiling as the cleanest municipal public market in Tarlac province."

This was corroborated by Virginia Damaso, an elderly vendor, who said "the stench especially from the canals coming from the fish section is gone." Another vendor, Aurora Buan, said "the really was a very bad odor coming especially from garbage piles just outside the market building. Look, this place is clean, you don't see any litter on the floor!" Tricycle driver Raul Gabriel added in a separate interview: "Not only the public market, the whole place here is now clean."

But this could not be solved simply by prompt garbage collection. Piling up an average of six tons of stinking garbage every month in the dumpsite was subjecting the residents of Camposanto-Uno to the same discomforts and health risks suffered by the people at the public market, only much worse and inevitably at a growing scale.

This had affected not only the physical health of the people but also their attitudes. Having, in a way, grown used to unsanitary conditions, they became careless and irresponsible with their waste disposal practices.

They would litter everywhere and dump their wastes everywhere, including the Tarlac river, or burn them.

### **Municipal Council Resolution, Ordinance**

The town's legislature saw fit to pass a resolution to address the problem. In its session of July 16, 1998, and upon the motion of Kgd. Zosimo S. Cuchapin which was unanimously seconded, the Sangguniang Bayan of Moncada passed Resolution No. 3, series of 1998, adopting an earlier resolution enacting an ordinance against littering and improper waste disposal, "and providing penalties for violators thereof."

Ordinance No. 1 was passed "(to) promote and maintain cleanliness, health and sanitation for the general welfare of the inhabitants," responding to a "compelling need of the Municipal Government to take positive and effective measures to guard against littering."

It declares that it is unlawful "to strew, litter, dump or throw garbage, refuse, rubbish and other filth and domestic wastes in any public roads or streets or highways, public places or parks, government buildings and their premises and in any municipal waters or canals", or "to urinate or defecate in any public places except in intended urinals and toilets." The same ordinance requires owners of restaurants and other eateries, tricycle operators, sidewalk vendors engaged in the business of selling food, retail stores and fishmongers, to provide their own cans or garbage containers or be subjected to suspension or revocation of their respective business permits or licenses.

First-time offenders face a penalty of P100 or one-day imprisonment or both, at the discretion of the court. The fine and the number of days are doubled for the second offense and tripled for the third.

### **Challenge of Effective Implementation**

Of course, as with any other well-intentioned piece of legislation, whether national or local, the crux of the matter would lie in implementation. Even with the penalties promulgated for the first-, second- and third-time offenders, which may be deemed heavy especially for ordinary citizens in rural municipalities, discipline, especially based on a measure of fear of punishment, has never been an effective deterrent to violations of laws and ordinances. Changes needed to be instituted in the very systems of doing things. It would not solve the problems if the citizens are made to simply conceal their garbage from public areas; the garbage has to be collected and properly disposed.

This is where the MWCC realized it could take it upon itself to play a major role. It could spark that change in the erstwhile dumpsite-oriented waste management system, with an innovation that would even prove helpful to the municipality's farming majority. The answer was in sorting, recycling and composting, in what has also been known as the reduce, recycle and reuse paradigm.

## **PROJECT DESCRIPTION**

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### **Summary description of the Project**

The coop-LGU partnership focused in this study is the joint operation of an ecological waste management and recycling project which is duly covered by a Memorandum of Agreement and supported by an ordinance from the Sangguniang Bayan, and supported as well by a grant of about P3 million in start-up funds from the Philippines-Australia Community Assistance Program (PACAP).

The MWCC sorts, recycles and composts waste materials and produces high-grade and environment-friendly but relatively inexpensive bio-organic in growing volumes. According to the MOA, actual collection work is to be done by the LGU. The document also stipulates that once the project is self-sustaining, management will be passed on completely to the cooperative, but net profits would be shared 50-50 between the two parties.

The positive performance and impact for this particular partnership bodes well for its replication in many other areas of the country, within and beyond the parameters of the UNDP-CDA-PCC project, something that would secure for effective waste management a major place in the list of public service concerns for healthy coop-LGU partnerships.

### **History of Civic-Spiritedness**

The Moncada Women's Credit Cooperative was well aware of the last but not least among the Seven Principles of Cooperativism as articulated by the International Cooperative Alliance, which states: "Cooperatives work for the sustainable development of their communities through policies approved by their members."

Living and invoking this principle, the MWCC reached a decision to engage in ecological waste management and recycling as a collective response to a civic need. Vice Chairperson De Guzman, added that the farming sector to whom 40 percent of the cooperative's members also belonged, had a felt need for an increased supply of inexpensive organic fertilizer. Interviewed for this study in the absence of MWCC

Chairperson Julita Espejo (who was on a trip to Europe), she said going into composting was going to address two problems in one stroke. She said that of the two purposes, the principal one was to have a clean environment.

This idea actually started when the founding chairperson's husband, Benito Aquino, was still the incumbent mayor and she was still the head of the cooperative. "It was still very vague then," she said in her interview, "we had to learn by trial and error, but the firm resolve was already there at the very start. We simply had to shape up and be able to help solve that garbage problem at the public market."

She gave details on that groping period. Armed only with a sense of determination and eagerness to learn, the cooperative's leaders went on "lakbay-aral" educational tours in search for guidance on how to go about starting the project and they were all on the lookout for sources of funding. They learned of the successful zero-waste project in Bulacan, and went there to find out more. However, the cooperative could not afford the honorarium for the leader of the Bulacan project to travel and give a seminar in Moncada.

"Meeting with the Australians and securing their assistance started somewhat accidentally," Mayor Estelita Aquino said. "I went on a trip to Davao and on the same plane was a representative of Philippines-Australia Community Assistance Program (PACAP) whom I didn't even get to talk with but I later found out that they are supporting cooperatives. So, when I arrived in Manila, I traced them through the Australian embassy and asked for an appointment. It turned out to be a fortunate coincidence."

### **Coop-LGU Memorandum of Agreement**

The municipal government of Moncada, invoking Sec. 35 of RA No. 7160, signed a Memorandum of Agreement (MOA) with the Moncada Women's Credit Cooperative on August 18, 1998, stipulating the following tasks for both parties to jointly undertake:

- "1. To at least reduce litter and garbage in public places specially at the public market and immediate environs and in all other public places.
- "2. To cause reduction of garbage dumped in dumping areas or landfill, through recycling of non-biodegradable materials like plastics, aluminum, papers, cartons and bottles.
- "3. To provide business opportunities to the community who will engage in the buy(ing) and sell(ing) of recyclables.
- "4. To cause conversion of biodegradable garbage to useful ingredients of organic fertilizer instead of being dumped,

"5. To produce organix fertilizer out of the biodegradable garbage, animal manure and other useful waste materials."

In the matter of defining the perspective for management responsibility and the division of profits, the MOA enumerates the parties' agreement to:

- "1. Transfer the sole management of the project/program (Zero Waste Management & Recycling Program) to the Moncada Women's Credit Cooperative as the program becomes sustainable.
- "2. Equally divide between them the net profit from the sale of organic fertilizer.
- "3. Continue the project/program even beyond the term of the present administration."

Between the two parties, the local government unit takes charge of manpower requirements, including actual collection and hauling of the waste materials into the productivity center behind the MWCC building in the *municipio* area.

The fact that the LGU takes responsibility for manpower bodes well for the project to continue expanding to cover waste materials from the 37 barangays of the town. While MWCC does have its own human resources, which may be labeled as volunteer "womanpower," it would be a more effective arrangement to have the officials and hired personnel of the municipality and of each barangay to handle collection and hauling. The cooperative would then concentrate on turning these into 50-kilogram bags of organic fertilizer and recyclable items that can be sold for additional income.

"But we are not interested in income from the recyclables, and we would rather let the barangays and the ordinary people have that," MWCC Manager Brenda Gison explained. "But sorting has to be done at source so we don't have to do it at the productivity center."

Note that the MOA indicates a full transfer of management of the project to the cooperative upon reaching the level of self-sustainability, while keeping the 50-50 sharing of profit well beyond that period.

Mayor Aquino explained this. She said both parties saw this option as one of continuing and further refining the healthy partnership between them, instead of one relinquishing and the other fully taking over responsibility for the arrangement.

### **Australian Assistance**

In the actual operationalization of the project, a third party came into the picture, a funding source called Philippines-Australia Community Aid Program (PACAP) has given the project a grant of almost P1 million per year for a project term of three years, and its fund releases account for almost half (47 percent) of the annual budget. The first year saw part of the PACAP grant in the form of waste materials grinding machines.

<b>CUMULATIVE EXPENDITURE REPORT</b> (May 16, 1999 -May 15,2000)				
	<b>SOURCES OF FUNDS</b>			
	<b>PACAP</b>	<b>LGU</b>	<b>MWCC</b>	<b>TOTAL</b>
A. Capability-Building	59,284.00	19,821.50	13,337.50	92,443.00
B. Solid Waste Engineering Resources	526,987.00	626,542.00	1,605,120.00	2,758,649.00
C. Project Management	79,416.00		3,475.00	82,891.00
D. Administrative Costs	65,948.00	253,647.84	240,048.90	559,644.74
<b>TOTAL</b>	<b>731,635.00</b>	<b>900,011.34</b>	<b>1,861,981.40</b>	<b>3,493,627.74</b>

*Source: Mostly computed from raw data in MWCC Expenditure Report*

Officially, the three parties share operating costs by this proportion: Cooperative, 17 percent; PACAP, 47 percent; and the municipal government, 36 percent.

### **Prime Consideration: Effective Implementation**

Both parties have claimed in separate interviews that the matter of money has never come prominently into consideration. "We entered into this contract with the cooperative because we are confident that partnership with it is the best arrangement for effectiveness in implementing the project," Mayor Aquino said, adding that the municipality did not stand to save money on costs in doing that instead of going it alone in the recycling and composting project.

The MWCC's large membership overlapping with those of other women's groups in Moncada, including vendors' and teachers' associations, and the barangay level chapters of Busilak (association of wives of local government officials, formerly called "Buklod Diwa"), is a formidable force for an education campaign and for actual implementation of the project at the municipal, barangay and even household levels.

Add to this the fact that the cooperative also overlaps with memberships of such civic associations such as the Girl Scouts and Catholic Parish Pastoral Council which is now headed by Fe Cuchapin, a member of the MWCC Board of Directors. Other officers of the cooperative are also "well-placed" to influence the population. For example, Vice Chairperson De Guzman is an elementary school principal, and the Parents-Teachers Association of her school is naturally involved actively in this project, let alone the pupils.

Manager Gison also said that in terms of income, what comes out of this project is small compared to the overall regular income of MWCC as a credit cooperative. The bookkeeper's figures on the cooperative's revenues bear this out. "We're in this out of civic duty to help make and keep Moncada clean." She adds, "we are teaching the people that the garbage problem can actually be turned into money, but the actual amounts are not that important, the added income is just a by-product of the project."

But sooner or later, the amounts will be growing and they will become more and more significant. This projection results from the conditions and imminent growth of actual operations in the cooperative's "productivity center".

Beyond Moncada's own territorial limits, the success story here stands to be emulated. Nicdao revealed that cooperatives and LGUs in other parts of Tarlac are looking closely into the Moncada experience and are about to try and duplicate the feat.

And Mayor Aquino promised to help them. "They just have to come here and we will teach them; they do not have to go through the process of trial and error which we had to go through in order to get to this. We want all cooperatives to be stronger and more active in community concerns. And we want all communities clean; in fact, we want the whole country to be clean!"

### **Waste Recycling and Composting Operations**

The place referred to as "productivity center" is a covered warehouse-type building with a floor area of 100 square meters that can accommodate 15 compost plots, at any given time, with each plot taking about 5 weeks from laying to harvest, according to Samuel Nacino, municipal agricultural technologist, who supervises and directly undertakes the composting operations. This is where the sorting, shredding/grinding and composting processes are being undertaken, under the supervision of Nacino assigned full-time by the municipal government under its own payroll but who doubles as the cooperative's ecological officer.

After sorting comes shredding/grinding, which is done faster and with finer results whenever the machines' blades have just been replaced.

There are two modes of composting: through the composting plot and through the "compost jar." A plot is a compost pile five meters long, 75 cm. wide and 75 cm. high. The ground biodegradable waste materials are mixed with carbonated rice hull before being formed into these plots.

Each plot is provided with ventilation shafts made of bamboo, to enable the composting materials to "breathe."

The "compost jar" is a plastic container with a restrainer screen and faucet system at the bottom for fluid collection and disposal. The waste materials to be composted is mixed with an equal amount of sawdust from lumberyards before being placed in the jar, where it stays for about a month before being "harvested."

In both modes, composting is done with the aid of "Effective Micro-organisms" (EM) which is cultured the water sprayed on all piles or sacks of waste materials, including those that are still in the public market because EM immediately eliminates odors even as it hastens decay. The cooperative has in fact taken to mass producing EM from a small quantity of "Mother EM" both for its own use and for sale especially to owners-operators of piggeries within and outside Moncada. The coop buys the "Mother EM" in Muntinlupa City, Metro Manila, at P600 per liter, and each liter is activated and cultured, and mixed with molasses, to produce 30 liters of potency equal to that of the original, to be resold at P50 per liter with a 20 percent discount for coop members.

A chart handwritten on the blackboard displayed at the "productivity center" at the time of the study indicated that three plots of waste materials using the old-blade shredder were laid on August 16 this year and sprayed with a liter of EM, and they yielded 32 bags of fertilizer by September 21. This was a "low harvest" with monetary value of P4,800 from what used to be a stinking garbage problem in the public market. The same chart indicated that a bigger harvest was realized after the waste materials were ground more finely with a sharper-blade shredder: after one month and ten days the operation harvested 50 bags of fertilizer with a monetary value of P7,500.

Continuing improvement in the application of composting technologies has increased the harvest yield of the composting operations in terms of bags of bio-organic fertilizer produced, to be marketed as "Moncada Bio-Organic Fertilizer" (MBOF). Immediately, the MBOF attained positive feedback from a satisfied clientele. Giron proudly claimed getting the farmers' own descriptions of the fertilizer as soft, fine and odorless, and resulting in rice grains that are much bigger, and resulting likewise savings because the farmers do not need to use expensive and nature-destructive pesticides that are generally required by crops using chemical fertilizers. The bio-organic fertilizer is sold almost just at cost, at P150 per bag, with a 10 percent discount enjoyed by cooperative members. Some farmers are said to be convincing their respective wives to join the cooperative to enjoy this privilege.

Mayor Aquino explained that they are maintaining mini-farms for experimentation and demonstration purposes, using the cooperative's organic fertilizer in some plots and commercial fertilizers in others, and then comparing the results. "A farmer only needs to try our product once, and he would stick to it from then on," she said, adding that giving away bags of free samples of the product has been the main method of promoting sales. "We have been giving for example to payers of real property tax; for every P1,500 in tax payment, we give them one, and many of these are into farming. Whenever we have seminars, training for farmers, we give them bags of the fertilizer for free, as give-aways" she said.

## **PROJECT RESULTS AND OUTCOMES**

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Popularity of the product has spread, she said, and many farmers from other towns of Tarlac and even in Pampanga would be coming to buy or reserve bags upon bags of this product. The provincial office of the Department of Agriculture has been buying as much as 200 bags per cropping season of this fertilizer. In just the one-year period from May 16, 1999 to May 15, 2000, almost 700 bags of fertilizer kilos were produced, of which 580 bags were sold, and farmers from other towns of Tarlac began buying in the period between February 16 and May 15.

EM in one-liter containers are also enjoying brisk sales. In that same whole-year period, sales figures of EM rose per quarter from 30 liters, to 44.5, to 58.5 and finally to 81.5 liters, for a total year-long sales figure of 214.50 liters,

Nacino, the production manager, said raw materials have reached ceiling levels. There simply is not enough garbage in the public markets to sustain increased production volumes. *The significance of this statement, albeit given with a sigh and a headshake, is that the composting and recycling project has already solved fully the garbage stink problem in the public market in just the second year of the project's operation.*

No garbage has had to be added to the Camposanto-Uno dumpsite and in fact that dumpsite has been stripped of all materials that could be recycled or coimposted. The dumpsite problem has already been solved too!

Gison said the solution was to expand the base of the garbage collection activities to cover the barangays. That would not only increase the volume of raw materials and the organic fertilizer output; that would also widen the effective coverage of the cleanliness drive as intended by the aforecited Sangguniang Bayan resolution.

At the time the interviews were made, there was an ongoing series of seminars for batches of barangay officials in preparation for this expansion of operations. Vice Chairperson De Guzman said the 37 barangays were divided into four groupings for the purposes of the seminar series. Gison added that by this expanded coverage, the cooperative will also have to convince those who still burn their yard sweepings to give these instead to the barangay-level garbage collectors to be turned into fertilizer and ultimately into money. Nacino shared that those who have already taken these seminars have started delivering various waste materials to the "productivity center," including hog manure.

Since the MWCC is composed of women who cut across all occupational sectors and are spread across the 37 barangays, there is a good chance the cooperative just might succeed in stopping the traditional but ozone-destructive practice of feeding to the flames all those dried leaves and twigs swept up everyday. "We tell them that sunshine feels more sharply hot on the skin nowadays because the ozone layer is becoming depleted, and they are growing concerned about this," Vice Chairperson De Guzman said. Asked if the MWCC is open to the option of buying the garbage, Manager Gison said the people do not require any payment, "having their garbage disposed is good enough for them to cooperate," she answered.

In terms of recycling non-biodegradable items, Gison said they have already found markets for many of them. "we have been able to sell all the paper, cartons, bottles and *bubog*," she said, adding that they are still looking for buyers of styrofoam and tin materials. A section of the "productivity center" is allotted for sorting and storing the non-biodegradables for selling. It has one full-time employee, augmented by utility personnel of the municipal government. Nacino added that in segregating garbage, they insure that the sacks are cleaned and returned to the vendors at the public market for new loads of garbage materials.

The dumpsite in barangay Camposanto-Uno has a slowly growing pile of what is called "residual wastes," those materials that they cannot sell or use anymore, like used plastics. Nacino said this pile has been stripped of all that can be recycled and is therefore virtually odor-free. He said there was a plan to bury this trash.

## CONCLUSIONS AND OBSERVATIONS

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If the Moncada municipal government and the Moncada Women's Credit Cooperative were to have their way, they will have, sustainably at that, a community with clean environment throughout, where the people would be healthy in a well-rounded way: physically, economically and morally. This is not at all an unreasonable expectation, much less a pipe dream, considering that *initial indicators have already been drawn in broad*

strokes by the project in its first two years of its three-year initial project term.

Physically healthy because the environment will be clean, with the air, the river and other waterways, including the seasonal floodwaters should they persist, would be free of garbage that attract flies and spread harmful germs. Physically healthy, too, because they would be eating more and better-quality food, thanks to the effect of organic fertilizers that should in time replace environmentally-destructive and health-hazardous chemical fertilizers and the accompanying pesticides.

Economic health can be had with development that grows from successful cooperativism; where the people, collectively, become investors and employers as well as empowered entrepreneurs that control prices of goods that they themselves buy as consumers. Specifically, the agricultural sector can have a decrease in input costs and still enjoy better harvests by using the bio-organic fertilizer from the cooperative, (the bio-organic fertilizer sells at P150 per bag to non-members, while the equivalent commercial fertilizer's price is P200 to as high as P500 per bag), instead of spending much on imported chemicals that even damage soil productivity.

And moral health is boosted all around by the strong sense of civic-spiritedness being fostered by the MWCC in partnership with the municipal government among all their collective and individual partners in this endeavor, including the sense of sharing experiences for other municipalities to learn and also be thus empowered.

### **Points for Perspective-Setting**

In the not-so-distant future, MWCC would be in full management of this gainful enterprise, as envisioned in the 1998 MOA. Or even in full ownership if the municipal government so decides, even as it can enter into partnerships with MWCC and other local cooperatives to address some other major public service concerns and concentrate on the latter.

On the other hand, the MWCC can also decide later to spin off an entirely new cooperative focused on the ecological waste management and recycling enterprise, so it can concentrate fully on developing further its financial services capabilities.

The political configuration that has consistently abetted the strong partnership between MWCC and the municipio, specifically the initial closeness to the town mayor of the cooperative's founding chairperson, and her occupancy of the top post in the local government unit since 1998, was obviously a supportive factor in the success of the coop-LGU partnership on the waste management endeavor. But strengths can

suddenly become weaknesses unless handled with much prudence and foresight.

This same configuration (with the founding chairperson of the cooperative now sitting as mayor) poses a risk to the same partnership if the Aquino couple fall out of political power in the municipality and the project is not adequately insulated beforehand from the undue encroachment from partisan politics. Local elections are due to be held in May 2001, and it is too early to say whether any which one of the Aquinos would run and win the mayoralty for the next three-year term. Sustainability of the project stands to be affected.

The MWCC appears to be conscious of this, and confident too that it has enough stability on its own as a cooperative to pursue the project even in a possible situation of political complication.

This definitely-positive and confident perspective can be deemed affordable by the cooperative considering that it has come into partnership with the local government unit from a position of strength. This strength it has built up mainly upon the synergy of its human resources and the latter's material resources. A weak cooperative could not have become this effective a partner of the municipal government in the implementation of the municipal waste management policies. But if we are to compare the relative sizes of the actual contributions of the two parties in funding the project, at least in the figures shown in the expenditure report of May 16, 1999 to May 15, 2000, we can plainly see that the cooperative even gave an amount bigger -- in fact more than double -- than the contribution of the LGU.

This exempts the case under study to the pattern in coop-LGU partnerships as acknowledged in the LGU-Cooperatives' Conference on Effective Local Governance and Cooperative Development held in Subic in November 1999. The general pattern, as synthesized and supported in that conference according to the usual relative strengths of coops and LGUs vis-à-vis each other, is that funds would come mainly from the LGU and the cooperative would provide human hours. There is a complete reversal of usual roles in this case.

It cannot be deemed an exaggeration that the very strength of this cooperative, including its influence on the various sectors of the community, was in the first place instrumental in the successful bid of its founding and then-incumbent chairperson for the mayoralty of the municipality. Chances are, this same influence will translate into votes for a local administration that would be at least as friendly to it as the incumbent one. And in case it does not turn out that way, the cooperative can assert the formalized partnership even with a reluctant successor

administration or even "go it alone" with the project for the sake of the people's well-rounded health.

What a wonderful legacy to bequeath to the present and future generations of this town and province! And, by way of sharing lessons from its exemplary drive and experience, what a wonderful legacy to bequeath to all the other cooperatives and LGUs!

#### **INTERVIEWEES (chronological)**

Frank Manese, CDA Regional Director for Region III  
Vic Suarez, Acting Chief, Research, Information and Training Center of CDA Region III  
Salvador Nicdao, Provincial Cooperative Officer of Tarlac  
Flory Cajilao, Bookkeeper, Moncada Women's Credit Cooperative  
Brenda E. Gison, Manager, Moncada Women's Credit Cooperative  
Hon. Estellita M. Aquino, Mayor, Municipality of Moncada; and founder and former Chairwoman, Moncada Women's Credit Cooperative  
Mr. Nacino, Agricultural Technician, Municipality of Moncada, and Operations Manager, Moncada Women's Credit Cooperative Solid Waste Recycling Project  
Mrs. Remedios de Guzman, Vice Chairwoman, Moncada Women's Credit Cooperative  
Raul Gabriel, a young tricycle driver  
Jose Ramos, Inspector and Collector, Moncada Public Market  
Virginia Damaso, Vendor, Moncada Public Market  
Aurora Buan, Vendor, Moncada Public Market

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Letter of Moncada Municipal Mayor Estelita M. Aquino, addressed to Mr. Rolando A. Lumibao, oversight-administrator, CDA Search for Most Outstanding Cooperatives, CDA Region III, dated June 20, 2000, endorsing the nomination of the Moncada Women's Credit Cooperative to the 2000 CDA Search for Most Outstanding Primary Cooperative  
"Brief Justification for the Recommendation of MWCC (as Most Outstanding Primary Cooperative for the 2000), with detailed "Facts/Information on the Nominated Cooperative(s)"  
Detailed Budget of the Ecological Waste Management and Recycling Project covering the period May 16, 1999 to May 15, 2000  
Expenditure Report on the Ecological Waste Management and Recycling Project covering the period May 16, 1999 to May 15, 2000, with variance figures against budgetary allotments  
Organic Fertilizer Production under the Ecological Waste Management and Recycling Project covering the period May 16, 1999 to May 15, 2000  
Activated EM Production under the Ecological Waste Management and Recycling Project covering the period May 16, 1999 to May 15, 2000

Resolution no 28, series of 1998, of the Sangguniang Bayan of the Municipality of Moncada, dated July 16, 1998, enacting Ordinance No. 1, "An Ordinance Against Littering and Providing Penalties for Violations Thereof."

Memorandum of Agreement between the Municipality of Moncada and the Moncada Women's Credit Cooperative, signed by Mayor Estelita M. Aquino and MWCC Chairwoman Julita L. Espejo, on August 18, 1998.

Photocopies of pertinent pages, Tarlac Emerging Cooperative Sector in the New Millennium by Salvador Nicdao

Photocopies of product handouts on the organic fertilizer being produced by the MWCC.

Photocopies of photos pertinent to the project, including one that shows MWCC chairperson Julita Espejo, manager Brenda Gison, bookkeeper Flory Cajulao and PACAP program officer Cecille Reyes.