

4th Annual General Assembly

Carbon Market Unit 1 Vendors Multi-Purpose Cooperative (CAMUOVEMPCO)

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Towards a Stronger Cooperative Movement

Hon. Wigberto E. Tañada

Representative

Fourth Congressional District of Quezon Province

and

President

Philippine Rural Reconstruction Movement

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3

MALUGOD KONG BINABATI ANG MGA OPISYAL AT kasapi ng CAMUOVEMPCO sa inyong ika-apat na pambansang pangkalahatang asembliya. Thank you for inviting me to be with you today to mark this momentous occasion in the life of your organization. I am one with you in celebrating the special theme of your Fourth Annual General Assembly: "Prosperous Cooperative Movement in the New Millennium and the Jubileum."

I understand that your cooperative is a member of the Cooperative-National Confederation of Cooperatives or the COOP-NATTCO. If there are coconut farmers in your ranks, may I inform you that your party list representative, Congressman Cresente Paez, is a close ally in our struggle for the recovery of the coco levy funds and assets for the benefit of small coconut farmers and farm workers and for benefit of the entire coconut industry itself.

Today, let me share with you some of my thoughts about the cooperative movements in our country, particularly the guiding principles that must serve as a beacon for their continued development in the new millennium.

First is the fact that the cooperative movement is very much alive and well and kicking, despite all comments to the contrary. Your assembly today is concrete and dynamic proof of this. In my own district, the fourth district of Quezon province, I am witness as well to the capacity of the coops to adapt to changing conditions and to forge new alternatives to survive and prosper.

Second, let me say with all certainty that when it comes to seeking new and innovative approaches to renewing or revising agenda for change based on the cooperative principles, our local cooperative movement has not been found wanting. This was proven by the enactment of the Cooperative Code of the Philippines by virtue of R.A. 6938. I am proud to say that even if the law has its weaknesses, our Cooperative Code is still one of the most progressive legislations in the pacific region owing to the enshrinement of the spirit of independence, autonomy and subsidiary.

Third, there are critical principles that set cooperatives apart from other types of organizations. One important principle that genuine cooperatives must carry at all times is that of "autonomy and independence" which gives emphasis on its outright control and direction by its own members. It goes without saying that this is a crucial prerequisite for coop members to collectively be the masters of their own destiny.

Another is the principle of subsidiarity which essentially recognizes that coops are organized by the private sector and that the cooperative sector will and must regulate itself. This entails that the government must distance itself and pursue an arms-length approach in regulating coops.

Still another important guiding principle is the principle of "concern for community" that sets the true cooperative apart from private business and corporate entities which primarily exist to promote maximum growth and squeeze maximum profits for their owners and/or stockholders. While there are tendencies



within some large coops to adopt certain practices of private sector businesses that run counter to the cooperative culture, it must be stressed that true cooperatives always put people before growth digits.

Unlike private corporations that are, first and foremost, accountable to their owner/stockholders, cooperatives, in contrast, should have more concern for, greater identification with and far greater accountability not just to their members but also to their community. To be of real service, coops must never lose sight of their main goal – which is to promote and create greater economic and social well-being of their members who are composed of the people in their respective community. Coops are, first and foremost, individuals voluntarily joining together, democratically managing their organization and undertaking legitimate business activities to meet their own needs.

Fourth, there is a dawning of a “new age” for the cooperative movement in the country characterized by a number of development initiatives pursued by people-initiated coops active in the field of community health, youth, gender and environmental promotion.

Historically, coops have been formed mostly by lower-income families in a community to promote their well-being and eventually become self-reliant. Today, their very presence has metamorphosed into a critical role – that of being a countervailing force mitigating the negative repercussions of growth strategies that often neglect environmental accountability and people empowerment. We all hope to see the day when cooperatives shall truly become the building blocks of nation-building.

Fifth, even as we see positive developments in the situation of cooperatives in the country, it would also do us well to look at the negative side of the equation in order to learn from mistakes and find solutions to problems.

According to the newsletter Policy Notes of the national Credit Council, as of the latest count, there are more than 50,000 coops registered with the Cooperative Development Authority (CDA). However, the exact state of health and status of most of these coops remain largely unknown. The CDA in 1997 found that 12,751 or 28% of the 45,668 surveyed coops were not operating. A similar 1997 study conducted by the Credit Policy



Improvement Program on operating coops revealed that only 11,344 submitted annual reports while only 10,088 submitted audited financial statements.

These figures seem to tell us that not all is well in the cooperative movement. One source of problem could be traced to R.A. 6939 or the CDA Act itself which vests the CDA with a dual role – developmental and regulatory.

Pursuant to the first mandate, the CDA strived to increase the number registered coops at the expense of developing higher quality registrants as application are almost always approved. It appears that the CDA was sought by legislators to administer their respective Congressional Initiative Allocation (CIA) and the Countrywide Development Fund (CDF). These were the sources of subsidized credit to cooperatives which has led to the formation of many “fly-by-night” coops created merely as conduits for credit funds. Such coops almost always close down when credit fund sources dry up.

The CDA has been very reluctant to investigate these coops due to the principle of subsidiarity enshrined in the Cooperative Code. This principle is rooted on the recognition that coops are organized by the private sector and that coops will have to regulate themselves. The CDA will have to find some sort of balance between its regulatory role and developmental function.

There are other problem areas in the cooperative movement but I do not have the luxury of time to discuss all of them now. Some of these problems are being addressed by legislation. And it is my hope that coops themselves will forward and implement the solutions for addressing most of the problems.

Sixth, it is most providential that as we enter into the new millennium, the limitations of R.A. 6938 have been recognized. A total of seven bills have already been filed in the House of Representatives to amend certain provisions of this law. Congressman Paez is the author of one of those bills.

There is now an unnumbered substitute bill consolidating all those bills. In general, the important features of the substitute bill are the following:



1) making it more attractive and safe for people to organize coops with stricter requirements for registration; 2) clearer promulgation of principles and practices of cooperation that will rationalize attitudes of people towards coops; 3) adequate and clear tax incentives and privileges to fortify their financial standing; 4) appropriate safeguards against undemocratic practices of officers of coops to help bring back the trust and confidence of members to their leaders; 5) appropriate and sufficient systems for cooperative banks to ensure their viability and growth; and 6) overall strengthening of the Cooperative Code to provide appropriate and fertile social and economic environment for coops to succeed.

It will not take long before this bill gets to be deliberated in the floor and hopefully passed by the house of Representatives. The constructive, even critical comments and inputs furnished by the cooperative movement, plus the collective wisdom of our legislators, will be of great help in rectifying provisions that need to be corrected, fortifying those that need to be strengthened and junking those that are deemed useless.

Hopefully, this omnibus amendments to the Cooperative Code will help our cooperatives be stronger and more viable as we sally forth into the new millennium and mark the Great Jubilee Year of the coming of Lord Jesus Christ whose life and works were dedicated to the poor and the marginalized.

Before I end, let me say that I wish your general assembly every success in its programs and endeavors. Maraming salamat muli sa pag-imbita ninyo sa akin dito sa Cebu.

Mabuhay ang CAMUOVEMPCO! Mabuhay kayong lahat!

