

NATIONAL CO-OPERATIVE EDUCATION SYSTEM : A KEY TO THE SUCCESS OF CO-OPERATIVISM IN THE PHILIPPINES

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ABSTRACT

Co-operativism in the Philippines is developing towards institutional viability. The pieces of success in co-operatives should be enhanced by creating a pool of manpower with appropriate education and training on co-operatives to serve as the backbone of the development process. A national co-operative education system that shall evolve into a Co-operative College is proposed in order to have an organized, systematic and continuing system of education for co-operatives. The system shall have active participation of the government, the co-operative sector and the state colleges and universities (SCUs) to have an efficient and effective conduct of co-operative education and training in various parts of the country. Elements of the system shall include the network of educational institutions, standard curricula, information and teaching materials and regular budget.

INTRODUCTION

Co-operatives in the Philippines can still be generally categorized as in the state towards building institutional viability. While there are some large operating co-operatives, the over-all picture of success remains wanting. Appendix A shows the number and type of registered co-operatives in Philippines in 2005. As of 31 December 2005, only 41% of the 71,248 registered co-operatives were operating. Of the operating co-operatives, 20% were able to submit the required annual reports and 7% did not have financial statements.

In addition, the spirit of co-operation although engrained in the culture as exemplified by the practice of the pristine “bayanihan” system of doing farm, household, and community chores, co-operatives have yet to demonstrate considerable influence in promoting national, social and economic development.

A lot of reasons have been advanced as to the causes of the state of co-operativism ranging from political, social, economic, to business in nature. Careful analysis of the situation, however, would lead one to conclude that the real culprit is the absence of a clear understanding by the practitioners and regulators of the fundamentals and importance of co-operatives as an institution of change for national, social and economic development due to the lack of an organized systematic national education program on co-operatives.

Objectives

This paper (1) outlines the historical development of education programs as they are stipulated in various legal frameworks on co-operativism in the country, (2) assesses the current state of education and training on co-operatives, and (3) proposes the institution of a national system of education for co-operatives in the Philippines.

Data Used

Data used in this paper was obtained from the Co-operative Development Authority (CDA), and Agricultural Credit and Co-operatives Institute, University of the Philippines Los Baños (ACCI-UPLB). Secondary data were largely used in the analysis.

THEORETICAL FRAMEWORK OF ANALYSIS

The framework of analysis used for the paper is the importance of education in the successful operation of co-operatives as spelled out in the literature of co-operativism.

The importance of education in co-operative development is well-articulated in the literature. In 1828, Dr. William King in the *Cooperator*¹ argued that the first and last step to make

¹ Monthly periodical initially published in May 1828 in the United Kingdom by Dr. William King.

a co-operative successful is to remove the ignorance of members by every means in their power. He considered the acquisition of knowledge as the first principle of cooperation (1). The Rochdale Society of Equitable Pioneers (RSEP) of 1844, the recognized first successful co-operative society in the world, included in its rules that a certain percentage of the Society's profit should be allocated to education. In 1853, under the Industrial and Provident Societies Act of England, co-operative societies were required to allot 10% of their profit to education. This amount, however, was modified to 2.5% with the objection of the Registrar (2).

A century after the RSEP was organized, the rules and order of the Society were reformulated during the Congress of the International Co-operative Alliance (ICA) which led to the re-statement of the Society's co-operative principles of 1844 and the declaration of ICA Co-operative Principles of 1937 (3). The reformulation included the promotion of education as one of the principles of cooperation. The subsequent reformulations of the principles by the ICA in 1966 (4) and 1995 (5), maintained the emphasis on education and training. The ICA Congress of 1995 declared that "co-operatives should provide education and training for their members, elected representatives, managers and employees so they can effectively contribute to the development of their co-operatives; co-operatives should also inform the general public, particularly the young people and opinion leaders about the nature and benefits of cooperation."

THE PHILIPPINE PROGRAMS ON CO-OPERATIVE EDUCATION

The importance of education in co-operative development is also well-recognized in the Philippines. The current practice of allocating 10% of the net surplus of primary co-operatives for a co-operative education and training fund (CETF) is parallel to the initial practice of RSEP (1844) of allocating 10% of a Society's profit to education. The education and training program of British Cooperation, however, has evolved into a unified effort under the Co-operative College, an educational institution run by the Co-operative Union. The Philippines has yet to evolve a similar unified and integrated system of co-operative education as shown by the disjointed education and training programs under various legal frameworks on co-operatives.

Under Republic Act (RA) 821 (1952)

RA 821 (6) created the Agricultural Credit and Co-operative Financing Administration (ACCFA) to promote, organize, supervise, and finance the Farmers Co-operative Marketing Associations (FACOMAs), among others. The law granted special powers to ACCFA "to take charge of all government activities relating to the promotion, organization and supervision of co-operative associations in rural areas particularly to promote education in the principles and practices of co-operative production, marketing and credit among farmers."

Under RA 2023 (1957)

Under RA 2023 (7), Non-Agricultural Co-operative Law, a Central Co-operative Education Fund (CCEF) was established to support the education, training, and promotion of non-agricultural co-operatives such as credit unions. Member co-operatives then were required to contribute 5% of their net savings to CCEF. The Fund was administered by the Central Co-operative Education Board (CCEB) composed of the Administrator of the Co-operative Administration Office (CAO), as chairman and representatives from ACCI-UPLB, Philippine National Co-operative Bank (PNCB), and six co-operative societies and federations, as members.

Under ACCI (1960)

In 1960, by virtue of the Far East Agricultural Credit Workshop Resolution attended by delegates from Cambodia, China, Indonesia, Japan, Korea, Thailand, Vietnam and the Philippines held at Baguio City on June 8, 1956 (8), ACCI-UPLB was organized as a regional center for the training of officials and employees of government agencies dealing with the promotion and supervision of agricultural credit and co-operative organizations; for the holding of seminars and workshops to discuss operations, management and problems of these organizations; for the conduct of scientific research specifically directed towards solving current problems of credit and co-operative agencies and organizations; and for providing extension services, including advisory and consultative services to co-operatives and credit organizations in the rural area. It was then a semi-autonomous institution headed by a Director and was placed under the University of the Philippines for supervision. Policy matters over the Institute were exercised by an Advisory Council, except with respect to academic policies of the University of the Philippines. The Advisory Council then was composed of the Dean of the College of Agriculture as Chairman, and six representatives from the Central Bank of the Philippines (CBP), Philippine National Bank (PNB), Development Bank of the Philippines (DBP), ACCFA, Department of Agriculture and Natural Resources (DANR), and other interested institutions, as members.

Since 1960 ACCI has been conducting various training, instruction, research, extension (including training) on co-operatives and agricultural credit.

Training

Table 1 shows that during the years 1960-2004, ACCI-UPLB was able to conduct 744.32 man-years of training for about 20,655 participants or an average training session of 16.92 man-years per year for the said period for various sectors such as government, banking, co-operative, and international.

Table 1: Training Activities Conducted by ACCI, UPLB (1960-2004)

Sector	Year*	Number of Days	Number of Participants	Total Man-days**	Total Man-Years
Government	1960-1976	1,181	1,637	32,821	124.32
Banking	1960-1971	1,024	2,695	42,601	161.37
Co-operative	1961-2004	38,075	8,576	84,475	319.98
International	1962-1993	1,953	794	12,127	45.94
Others	1961-1997	628	1,448	17,400	65.91
PMEP	1975-1999	188	5,505	7,074	26.80
ALL		43,049	20,655	196,498	744.32

* - Period of high activity.

** - 1 man-year = 264 man-days

Source: ACCI-UPLB

The Government Sector refers to the government agencies which had programs on co-operatives and sought the services of ACCI-UPLB for the training of their staff such as Co-operative Administration Office (CAO), ACCFA, Agricultural Credit Administration (ACA), Bureau of Co-operatives Development (BCOD), and Bureau of Agricultural Co-operatives Development (BACOD). So far, a total of 32,821 participants had been trained for a total of 124.32 man-years of training time for the sector.

The Banking Sector is largely composed of the Department of Rural Banks and Savings and Loan Association (DRBSLA-CBP), rural banks, PNB, and Land Bank of the Philippines (LBP). Training for the sector has been on supervised credit and the use of co-operatives as a channel for the delivery of credit services to agriculture and rural communities. Training activities for the sector so far involved about 2,695 participants or a training duration of 161.37 man-years.

The Co-operative Sector is composed of primary, federations, and unions of co-operatives in the Philippines which sought the assistance of ACCI-UPLB in the training of their manpower such as board of directors (BOD), managers, accountants, bookkeepers, warehousemen. It is the largest group of clients which involved 8,576 participants for a total training period of almost 320 man-years in 1960-2004.

The International Sector is composed of trainees sponsored by the International Co-operative Alliance (ICA), US Agency for International Development (US-AID), Friedrich-Ebert-Stiftung of Germany (FES), International Labor Organization (ILO), to cite a few. The participants largely came from Asia (Southeast, South and Central) and the Pacific. So far 794 international participants had been trained with a total training duration of 45.94 man-years.

The Other Sector refers to a group of clients from other government and private agencies who requested assistance for the conduct of training involving various training methodologies such as case study discussions, workshops, seminars, conferences, and conventions. So far, 1,448 participants involving a training duration of 26.80 man-years have been trained for this sector.

The PMEP is the sector which is composed of prospective co-operative practitioners who requested Pre-membership Education Program (PMEP), a one-day seminar on organizing co-operatives. During the Martial Law Period, pre-membership education seminar (PMES) was a requirement for the registration of a co-operative. Many requested ACCI-UPLB for this activity. In fact, they comprise the second largest group of clients involving 5,505 participants or an equivalent training period of 25.80 man-years.

Instruction Program

ACCI has been offering Master's degree programs in co-operatives; Master of Management with a major in Co-operative Management (MM-CM) (Appendix B), and Master of Public Affairs major in Co-operative Management (MPAf-CM) beginning from 1998 (Appendix B). The MM-CM was a two-year, non-thesis program with 42 units of course work including the three units of field studies. It was offered from 1990 until 2001. The MPAf-CM, on the other hand, is a one-year program (two semesters and one summer) with 31 units of course requirement (Appendix C). The enrollment in the masteral degree programs, however, has not been very encouraging, due to various reasons such as the perception on the market for these graduates, admission hurdles, and cost of education.

Research

Research is a major concern of ACCI-UPLB. Research activities support the instruction, training, and the extension programs of the Institute. For the period 1960-2004, ACCI conducted about 90 research programs/projects/studies in the fields of co-operatives, agricultural credit, rural banking, and co-operative rural banking.

Under Martial Law Period (1972-1986)

During the martial law period, Presidential Decree (PD) 175 (9) and Letter of Instruction (LOI) 23 (10) called for the strengthening of the co-operative movement in the Philippines. A pillar of the strengthening program was a continuous education and training for Samahang Nasyon (SN) and co-operative members. The program together with the disciplinary measures and the capital build-up programs through the Barangay Guarantee Fund (BGF) and Barangay Savings Fund (BSF)² formed the foundation of the co-operative development initiatives.

The education and training aspects of the program under PD 175 and LOI 23 included seminars for government officials, trainers, fieldworkers, Samahang Nasyon (SN) officers, agricultural counselors, and co-operative members.

² BGF and BSF were forced saving schemes. BGF was a social fund, a contribution of farmers' equivalent to one (1) cavan of palay (rough rice) per hectare per harvest per year. BSF was originally a 5% deduction as forced savings in the account of the farmer from loans obtained from formal financial institutions.

Under Phase I of the SN Education and Training Program (SN- ETP) seminars on the Co-operative Development Program were conducted for Regional Directors and staff; provincial officials, church leaders, and civic organizations; and municipal officials and barangay captains. Training was conducted for provincial trainers, field workers, and volunteer barrio workers. Pre-membership education programs were conducted for barrio residents. For the target audience, at least one (1) day was allotted for seminars, 16 days for training, and pre-membership education program within a three-week period for barrio residents (11).

Under Phase II of SN-ETP, training was conducted for provincial trainers, field workers, SN officers, and agricultural counselors; seminars for provincial and municipal rural development councils and continuing education for members of the SN through the Pamantasan sa Nasyon and School-on-the-Air Programs.

The education and training program had a total duration of 107 weeks (12). All the education and training programs under PD 175 and LOI 123 were discontinued with the passage of RA 6938 and RA 6939.

Under RA 6938 and 6939 (1990)

The current legal framework for the development of co-operatives are RAs 6938 (13) and 6939 (14). RA 6938 (Article 87) provides that not more than 10% of the net surplus shall be distributed to the co-operative education and training fund (CETF). One-half of this amount may be retained by the co-operative for its education and training activities while the other half shall be remitted to the apex organization of which the co-operative is a member.

RA 6939 (Section 11) provides, among others, that the history, philosophy, principles and practices of co-operatives and their role as a factor in the national economy shall be disseminated both in the formal and non-formal education and that SCUs shall provide technical assistance and guidance to co-operatives in the communities where they operate, upon request.

STATE OF THE EDUCATION SYSTEM FOR CO-OPERATIVES

After about a century of experience in co-operativism and having enacted about six major laws on co-operatives, the country is still in search of an effective system of co-operative education for an accelerated co-operative development. The current education is characterized by the presence of a disjointed conduct of education at various levels of concerns.

At the National Level

The responsibility for the promotion and education of the public on co-operatives at the national level rests primarily on the national agency of co-operatives, and to a certain extent on the apex organization. It has been observed that the responsibility moves from one government agency to another as a new legal framework is passed into law as in the case of the Agricultural Productivity Commission (APC), ACCFA, Agricultural Credit Administration (ACA), and Co-operative Administration Office (CAO) in the 1950s and 1960s; the Ministry of Local Government and Community Development (MLGCD) and Department of Agriculture (DA) in the 1970s and 1980s; and the CDA from the 1990s up to the present. With this movement of responsibility, one can imagine the difficulty the government would encounter in establishing and managing an efficient and effective system of co-operative promotion and education on a nationwide scale. Besides, the Co-operative Union of the Philippines (CUP), the apex organization, has been recently saddled with organizational and financial problems which limit its ability to effectively carry out a national program on co-operative education and promotion.

At the Co-operative Level

The education and training of members is vested on the co-operative. The responsibility is founded on the principle that a co-operative educates its members. While the principle encourages co-operatives to innovate and design an education system best suited to their needs, the leeway given to co-operatives to design and conduct the education programs they see as fit for their members and the situation creates a wide variability of education programs, and consequently, knowledge and skills imparted to the participant-members.

As mentioned earlier, co-operatives support their education and training activities by allocating at most 10% of their net surplus to CETF, 5% of which is intended for their own education and training programs and the other 5% for crediting to the CETF of the apex organizations in which the co-operative is a member. Observations show that the CETF has not been soundly utilized by the co-operative and apex organization. In many instances the CETF of the apex organization is largely spent on administrative purposes.

At the Level of Program Implementers

The training of government officials involved in the promotion, regulation, program monitoring and evaluation, and policy formulation on co-operatives requires high level of skills and expertise. Highly trained trainers with advanced degrees in various fields of specialization are required for the conduct of education and training. As observed, there is a dearth of qualified educators and trainers who can execute the appropriate education and training for officials to prepare them for responsibilities that oversee the functioning of co-operatives at the micro and macro levels.

At the Level of Co-operative Officers

The education and training of co-operative officers often has been relegated to the background due to the dearth of technical manpower within the organization to do the job. In areas where apex organizations exist, the responsibility of educating and training the co-operative officers is shared with the apex organization, but this phenomenon is more of an exception rather than the rule. As a consequence, it becomes a usual observation to have officers who are not familiar with the fundamentals of co-operativism. This leads to a situation where the officers manage the co-operatives in a corporate way, a serious contradiction to the nature and spirit of co-operativism.

NEED FOR AN EDUCATION SYSTEM FOR CO-OPERATIVES

A national education system for co-operatives is in order to address the problems of education, performance and governance of co-operatives, and to make co-operatives serve the members well and be competitive in the market. Co-operatives are accorded importance in nation building today more than in the past. Article XII Section 15 of the 1987 Constitution, provides, among others, that the Congress of the Philippines shall enact laws that would use co-operatives as instruments for social justice and economic development.

Elements of the System

The system shall be composed of a network of educational institutions with logistics and expertise to support the education program on a sustained basis, standard curricular offerings, information and teaching materials, and regular budget.

Network of Educational Institutions

A viable network of educational institutions for the system are the state colleges and universities (SCUs) in the Philippines. As of 2002, there were 116 SCUs strategically located in various parts of the country as displayed in Appendix D. RA 6938 provides that SCUs shall assist co-operatives in the conduct of education and training in the area of their domicile upon request. The provision of law should be harnessed by co-operatives to the fullest to take advantage of the technical expertise, faculty, and instruction facilities available at these institutions.

A lead institution of the network shall be designated to serve as the central coordinating body until an educational facility such as a Co-operative College is created for the co-operative movement.

Standard Curricula

A standard curricula appropriate to the nature and operations of co-operatives as social and business organizations shall be developed. The curricula shall be broad enough to accommodate the various types of co-operatives, but shall be focused to equip the manpower with the knowledge and skills required to enhance their competitiveness in the labor market.

Information and Teaching Materials

A central facility for data banking and development of teaching materials shall be installed by the system. The facility shall be available to all participating educational institutions, students, researchers, program implementers, and policy makers on co-operatives. The accessibility of the facility shall be provided in a manner that would enhance the security and integrity of the information and materials.

Budget

A regular budget to support the operations of the system shall be put in place. The CETF of the co-operatives all over the country maybe mobilized to serve as a primary source of the regular budget. A policy support by the authorities in the installation of a regular budget shall be sought by the system.

Function of the System

The system shall serve, among others, as the national body mandated to assist the government and the co-operative sector in formulating, implementing, monitoring and evaluating education policies and programs on co-operatives in the country. Among its tasks are to identify educational institutions to participate in the system, assign tasks to participating institutions, allocate funds to participating institutions and programs, and develop materials and curricular programs for co-operatives.

Management of the System

A governing body composed of representatives from the participating educational institutions, co-operative sector, and government shall be formed to serve as the policy-making body and administrator of the system.

CONCLUSION

Co-operativism in the Philippines is developing towards institutional viability. Although some millionaire co-operatives exist, on the whole, there is still much to be desired regarding the success of co-operatives. As such, there is a need to preserve and enhance the patches of success by creating a pool of manpower that has knowledge and appreciation of

the fundamentals and importance of co-operatives as an instrument of change for national social and economic development to carry on the development process. The creation of an education system for co-operatives is necessary in order to develop the manpower needed to efficiently and effectively manage co-operatives, implement related national programs, and regulate co-operatives. The institution of a national education system for co-operatives leading to the institution of a co-operative college is proposed to serve as a national facility for co-operative education in the country.

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Appendix A
Registered Co-operatives in Philippines by Types
As of 31 December 2005

Co-operative Registered / Type	Number	%
Co-operative / Registered	71,248	100
Primary	70,409	99
Credit	4,695	(7)
Consumer	1,326	(2)
Producer	1,349	(2)
Marketing	890	(1)
Service	1,735	(2)
Multi-Purpose: Agric	37,028	(52)
Multi-Purpose: Non-Agric	2,338	(33)
Laboratory	79	a*
Secondary/Tertiary/Apex	760	1
Area Marketing	3	a*
Coop Bank	54	(7)
Federation	622	(82)
Union	81	(11)

Note. Agric = agriculture; a* means less than 1%; Figures in parentheses refer to percentage of co-operatives under a given type.

Source: Co-operative Development Authority, Philippines.

Appendix B
MM-CM Curriculum
ACCI-UPLB, Philippines

Course Number	Course Title	Credit (Units)	
<i>Core:</i>			(9)
MGT 201	Organization and Management	3	
MGT 213	Management Accounting and Control I	3	
MGT 231	Human Behavior in Organization	3	
<i>Major:</i>			(30)
MGT 205	Development Perspective	3	
MGT 207	Managerial Problem-Solving and Decision-Making	3	
MGT 221	Quantitative Methods in Administration	3	
MGT215	Financial Management	3	
COST201	Theory and Comparative Development of Co-operatives	3	
COST202	Organization and Management of Co-operatives	3	
COST 203	Co-operatives Legislation	3	
COST 291 [^]	Special Topics	2	
COST 298	Field Studies	3	
COST 299	Graduate Seminar	1	
<i>Elective*</i>			(3)
AECO 241	Economic Analysis and Planning of Agricultural Projects or	3	
ABM 241	Agricultural Production Management	3	
Total		42	

* May choose one course from the two options.

Note. One unit of credit is equivalent to one hour of class session per week in a semester; MGT. - Management; COST – Co-operative Studies; AECO – Agricultural Economics; and ABM – Agribusiness Management.

Appendix C
MPAf – CM Curriculum
ACCI-UPLB, Philippines

Course Number	Course Title	Credit (Units)
Core		(12)
PAf 201	Political Economy of Public Affairs	3
PAf 203	Data Systems for Public Affairs	4
PAf 204	Ethics in Public Affairs	3
PAf 224	Public Affairs Management in Development I	3
Required		(12)
COST 201	Theory and Comparative Development of Co-operatives	3
COST 202	Organization and Mgt. of Co-operatives	3
COST 291	Special Topics	2
COST 298	Field Studies	3
COST 299	Graduate Seminar	1
Elective*		(6)
COST 140	Co-operative Banking and Finance	3
COST 141	Co-operatives and Rural Credit	3
COST 150	Co-operative Marketing	3
COST 160	Education and Training in Co-operatives	3
COST 203	Co-operative Legislation	3
COST 271	New Enterprise Planning and Management	3

* May choose two courses from the six options.

• Note : PAF – Public Affairs

Appendix D
Distribution of State Colleges and Universities by Region,
Philippines (2002)

Region	Number	%
National Capital Region (NCR)	8	7.8
Cordillera Administrative Region (CAR)	6	5.2
Ilocos Region	5	4.3
Cagayan Valley	5	4.3
Central Luzon	13	10.3
Southern Tagalog	13	11.2
Bicol Region	8	6.9
Western Visayas	9	7.8
Central Visayas	5	4.3
Eastern Visayas	12	10.3
Western Mindanao	4	3.4
Northern Mindanao	7	6.0
Southern Mindanao	5	4.3
Central Mindanao	7	6.0
Caraga	4	3.4
ARMM	5	4.3
TOTAL	116	99.8*

* Not equal to 100% due to rounding error.

Source: Commission on Higher Education, Philippines.