

# A RECOMMENDATION ON THE STRUCTURAL FORM OF REPLICATION IN THE PHILIPPINES

By D. R. Quimby

## INTRODUCTION

The following is based on a businessman guardian's observations and involvement in the Philippines' Sudtonggan Human Development Project and is written with the concern that the benefits of the ICA's methodologies be implemented broadly and rapidly to villages throughout the Philippines and in other developing countries.

The already visible results in the Sudtonggan Human Development Project are remarkable and unique, and offer a new hope for the whole world. Spirit and motivation, cooperation and sacrifice of selfish interest have reached levels unimagined in similar villages throughout the world. Malnutrition has virtually disappeared. New homemaking skills have been acquired. Education, cleanliness, and health have vastly improved. A pride in being a member of that community, and generally love of life, exists.

Thus, in the realms of spirit, culture, symbols, community, health, nutrition, education, and motivation, the realms in which ICA has developed a unique expertise and methodology, the project is already a huge success. In the realm of the development of economic self sufficiency, some very important beginnings have been made to establish viable businesses. However, it is still too early to consider any of the businesses successful today. A sound economic foundation is necessary before a human development project can be considered completed.

## VISION

Based on the accomplishments and progress being made in Sudtonggan and in the development of an advisory or guardian network in the Philippines from the time of the consult in May of 1976 to the present, it is possible to envision in the Philippines the selection of fifteen additional replication sites by September of 1977 and to conduct Global Community Forums in these villages in October. From the Global Community Forums trainees can be selected to attend a replication school to be conducted in November. Consults inaugurating each project can be held at a rate of two per month during the first half of 1978. The fifteen projects can be implemented during 1978 and 1979. In 1979 National Government involvement with financial and personnel assistance by the governments of the United States, Japan, France, Germany, and others can be established to prepare a broad

replication plan involving several thousands villages and this plan can be implemented beginning in 1980.

### THE CONTRADICTIONS

Several contradictions exist which could impede the envisioned replication rate here and probably in other areas in the world.

1. Funding - Even with one project in the Philippines, development of necessary funding is lagging and impeding the acquisition of inputs required for creation of a sound and growing self-sustaining economic base.

The possible sources of funds are governments, foundations, churches, companies, and individuals.

Governments of developing countries have extremely strained budgets due to the vast demands for infrastructure development. No money is available for unbudgeted avoidable expenses. Only projects with proven results are approved in budgets. No money is budgeted for social experimentation unless directly supervised and controlled by the political leadership of the country. Hence, in the early stages of replication, developing countries' governments are not a probable source of funds. Governments of developed countries have as their objectives in their overseas aid programs the improvement of political and economic relations. From their viewpoint a project which would be eligible to receive their funds should be highly visible, the donor country should be closely identified with it and it should be a project which would be considered to have a high priority either with the political leadership or a large proportion of the people of the developing country. At this stage, ICA's projects are too small and invisible to qualify. Additionally, there is a justified reluctance on the part of ICA to permit its projects to be identified with the economic or political aims of any donor country. Thus, even the governments of developed countries do not represent a probable source of extensive funds in the early stages of replication. Later in massive replication both developing and developed country governments should be excellent sources for replication money.

Foundations are sometimes established out of funds endowed to achieve a specific purpose (elimination of diseases, promotion of sciences, education, etc.) in which case ICA could solicit substantial funds for its total number of

projects, for various specific programs within each project. This can be very helpful in the social and cultural development realms of community development projects and funding from these foundations should be pursued. Broad purpose based foundations exist but the demands for their money are such that the money is scattered in small amounts, and limited income can be achieved from extensive funding efforts.

Churches are often ready to provide a large outreach funds for the propagation of their faith but generally little for general social development. When church money is available for social development, it is also scattered in small amounts.

Funding from companies has given the best results in Asia. With the personnel resources available to ICA to solicit funds, the amount received from companies has proven to be almost adequate to support one demonstration project. However, the present level does not appear to be adequate to support replication. Solicitation of individuals would tend to consume even more of ICA's critically short personnel resources. Consequently, a new model is needed to develop required funds to bridge the gap between the present one project and the level of fifteen, at which time governments should be convinced of the viability of proven methods of replication and could then budget the necessary funds.

With the broader social commitments which company managements have made, companies still present the best sources of funds. A typical company will allocate its resources toward achievement in the following arenas: profit to its stockholders; salaries, fringe benefits, continuity of employment to its employees; responsible performance vis-a-vis customers, suppliers; governments, unions, bankers; and maintenance of a respectable stance vis-a-vis social issues related to environmental protection, responsible advertising, fair trade laws, equal opportunity employment, bribery. Way down the list is development and maintenance of good community relations in communities in which factories are located. At the very end of the list of commitments is a discretionary fund in the budget which is divided into small pieces and given to many worthy causes. It is justified under the heading of public relations. In allocating this fund the first question that is asked is "what is the benefit to the company?" and the answer to this is dependent on "who is requesting the funds?" and "how visible is the gift?". Gifts to ICA do not get priority with respect to the answers to these questions.

There is also the question "what good will this contribution do for our society?". It is only from the answer to this question that many men of goodwill strive to find a way, even in opposition to the policies of their companies, to fund an ICA proposal. The amount of money is necessarily small as a result of these policies and the amount of personnel resources which ICA must use in solicitation of the required funds is therefore large.

Most companies have their policies set by financial people who understand accounting well. Accountants must find a category for every expense item. They are constructionists. In general constructionists believe that business makes its best contribution to society when it does its business well and minds its own business. Generalized social development is not its business. (There are exceptions to these statements - perhaps many, but there is general truth here.)

Based on discussions with many company officials, there is a way to overcome this problem and to get the funds required through the budgeting process with a high priority commitment.

2. Management - Adequate experienced business management is lacking even for the one current project.

Too large a proportion of ICA's available business trained human resources are dedicated to the process of fund raising, leaving inadequate business management resources to competently select, manage, and develop small business investments which are necessary for the economic foundation for continuing human development process.

Methodologies for acquiring, selecting, and utilizing business and technical advice and service are inadequate. There are instances where experts have travelled half way around the world to provide advice and that advice was forgotten before any effort was made to implement it or any alternative. People with no business experience are making final judgments on allocation of available resources. Expensive assets have been acquired and sit idle for lack of necessary auxiliary equipment while adequate funds are not available for inexpensive inputs crucial to implementing key projects.

Because business management is untrained, inexperienced, and inadequate, training and development of future business managers cannot go on. Hence, anticipated discontinuation of donated inputs at the conclusion of the demonstration project will probably result in a lowered living standard and at least a partial reversion to the conditions of mal-

nutrition and hopelessness existing in the village before the project began.

In terms of replication business and technical management capabilities must be multiplied in a quantum leap.

3. Land Ownership - Land ownership and control in the hands of a few wealthier individuals both within and from outside the community is a key contradiction in long term agricultural investment and development, the benefits of which are necessary for all people in the community.
4. Although the ICA has many willing friends in the business and government community, there is no adequate structure to inform them of the needs and to solicit their involvement and obtain their dedication to implementation of the replication phase.

### THE PROPOSAL

Funding. It is proposed that the first level of replication in the Philippines be an extension from one project to fifteen projects. It's proposed that each of these projects be entered into with the cooperation of one company. Each of fifteen companies would be required to provide an input to a trust fund (to be described below) of \$30,000 per year for five years. The company and the ICA would jointly select a manager to manage the business aspects of the project. The company would also be required to house and pay the manager to live on site. The manager's job would be to develop markets, establish businesses, train management, and be accountable to the company that sound studies are made and solid business practices carried out. The company, together with ICA, would have joint authority on village selection. The company would have the uncontested right to consider the village as their adopted village and to use this adoption to convince government and the public of their high-minded social commitment utilizing their own public relations facilities and institutional ads. It is believed (based on reports of many fund-raising interviews) that many companies would gladly take on such a responsibility and view it as an opportunity. Multinationals badly need a way of convincing local people and governments in developing countries of their good citizenship. Local businessmen want to find a way to make an identified contribution to the village of their birth or the region of their family history. Replication to the level of 15 projects in the Philippines would become feasible at which time the responsibility would shift to government. All of the remaining effective methods of ICA including the consult, guilds, etc., would be

unchanged. The large number of ICA people engaged in soliciting funds would be released for work in the villages. Salaries in the villages may become possible releasing people engaged in "order self support" to work in the villages.

After the 15 projects have been underway for two years, it is believed that the concepts involved in replication would be proven and at that point, government could become interested in directly funding the replication or in finding some other way of supporting it. For example, the government of the Philippines recently required some 400 large companies to engage in rice farming to overcome the rice shortage and get good management into rice farming. In a similar way it could be legislated that all large companies must adopt a village and build businesses in those villages.

Additionally, some personnel of the U.S. Embassy's Department of Commerce are vitally interested in improving trade relations with the Philippines and are talking in terms of organizing American business, Peace Corps, and USAID into a system which would follow ICA's examples. Hence, massive funding and personnel could be expected from the U.S. Other government embassies have also expressed interest. Finally, the Department of Local Government of the Philippines at that point could budget for massive replication because of the then proven results. ICA would have done its job at that stage and could move on to other necessary pioneering tasks.

During the period in which ICA is still involved, the ICA would remain in charge of all aspects of the projects except for the small business development in which admittedly it has less expertise.

What is to keep the company from exploiting their management position for their own profits in ways other than solely through better public relations?

The \$30,000 per year donation would be paid into a "trust or endowment" fund which is to be established for each project for the perpetual improvement of opportunities and living conditions within the delimited geography of that village. The geography would be of the size where at present approximately 20,000 people live. The starting point of a project would be any portion of that geography in which 300 to 2,500 people now live. Seven trustees would be appointed for varying terms to administer the trust fund. These would be concerned people from the village, from the ICA, from the national business and political scene. Each year one trustee would be replaced and a new trustee nominated and elected by the remainder.

Management. The trust fund would establish a business corporation and buy all the shares in it. The donor company would provide the general manager for a period of five years. He would have to get his funds from

the trust and the trust would exercise the same control that any responsible banker would in lending funds but it would require as well that all projects be for the benefit of the community. The manager would have free access to his companies' telex, computer, accounting, management systems and training, etc. as would a regular division of the company.

Among his first acts would be the longer term lease of suitable agricultural land (even outside the community, if necessary) the acquisition of necessary inputs, the employment of people to develop and farm the land, and to market the produce of the land. The major land ownership contradiction could thereby be overcome.

He would find markets, pay people in cottage industries on a piece rate basis, build inventories, and improve technologies.

As the financial health of the community improves, people could establish their own partnerships, proprietorships, cooperatives or companies, and do business directly with the world as desired.

The corporation would return to the trust fund the principal plus a moderate interest after a repayment holiday. The trust fund would be used to lend to other businesses as they are established.

The funding required for the social and cultural work administered by ICA for schools, hospitals, nutrition centers, etc. could also come from the trust fund. However, efforts should be contained to raise as much money as possible from foundations and governments for social and cultural work in order that as large an amount is possible is available for establishing the economic foundations.

### THE ROLE OF THE GUARDIANS

It is proposed that a guardian network be developed by assembling 100-150 people at a dinner and by describing the Sudtonggan project and the replication plan, solicit their willingness to enter cadres as families with each cadre having as its main purpose the support of one of the replication villages and to attend the consult and participate in the implementation phases. From these cadres individuals will be selected to participate in specific tasks forces to work on problems common to all villages. For example, one task force might be formed to solve the problems of irrigation, drainage, dams, pumps, potable water supply, water collection and distribution, waste disposal. Another might be concerned with energy in the form of wood powered steam generators, solar energy, wind energy, wiring, communications, lighting and the introduction of movies and television. A third might consider the questions of land ownership, lease arrangements, farm management contracts, forest development, processing

of agricultural products, marketing of agricultural products. Another might look into the development of small industries such as furniture, food products, handicrafts. Another group might be responsible for developing menus, cooking classes, health services, etc. Another group might be responsible for animal breeding and fattening. Another might be responsible for housing. Finally, another could be involved in methods of recreating the history and culture of villages in terms of music, dance, and drama.

The presently constituted ICA Board is available and capable of implementing the formation/organization of such a guardian network.

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DRQ/sol

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## UNION CARBIDE PHILIPPINES INC.

P. O. BOX 7137, AIRMAIL EXCHANGE OFFICE, MANILA INTERNATIONAL AIRPORT 3120  
PASAY CITY, PHILIPPINES

April 26, 1977

MR. RODNEY WILSON  
606 Old Elm Road  
Lake Forrest  
Illinois 60045, U.S.A.

Dear Rod:

At the GRA in early July the question of the most appropriate method for the economic structures in village project replication will be discussed. I personally feel that very few of the current projects are doing particularly well in terms of building businesses to achieve economic self sufficiency. I propose a plan in the attached and request your support in selling the concepts to the GRA so that we can move from there. Based on what I have learned, Marjuro has been promising a share of future profits to workers in that project. This has not been successful. My view is that unless a daily wage is paid, people lose interest in working and production is not continued. Also without adequate funding, there's no capability of building inventories so that major orders can be solicited. In Oombulgarri all the aboriginal people are on welfare. They don't need additional money for subsistence. All of the economic projects are geared toward community profit rather than personal profit. My understanding is that economic activity is slow.

Maliwada and one other Indian project seem to be doing well because they do have the support of private companies. Jeju has had a lot of money input but progress is very slow in developing any on-going businesses because of the management contradictions spelled out in the attached.

There seems to be some view in the Order that cooperatives are the answer. The problems with cooperatives are: (1) if each person is to get an equal share, the initial share purchase price must be extremely small and consequently the capitalization extremely small; probably, too small to make an appreciable impact. (2) If funding of the cooperative from the outside occurs and people are free to sell their shares, they will probably do so immediately to get a quick return. If they are not free to do so, there is no incentive to make the cooperative profitable. (3) New families entering the communities or newly formed from within the community would not have a share of the cooperative unless they buy in at the equity value and if the cooperative is profitable, a share could be too expensive; This would eliminate benefits to new comers and result in funding on behalf of a few members of the community rather than all the members.

The Order seems to have some thought that cooperative shares can be purchased for labor. My view is that this goes back to the Marjuro sharing of future profits which does not sustain the effort of hungry people.

I personally cannot see any other method than the one proposed in the attached. Many Order members are very opposed to working closely with private companies as the purity of the Order may come under question. Also, they do not trust the motives of private companies. The "trust fund" scheme should overcome this problem. No one, to my knowledge, has come up with an alternative approach toward wide scale replication. I would urge you to develop alternative schemes which you feel could be successful; but if you cannot, would request your strong support of the attached proposal at the GRA.

With best regards,



D. R. QUIMBY

DRQ/sol

Attached: a/s

more so as to be sure that the Order that we are  
making is one that will be open to all  
and not just a few. It is important that we  
share the responsibility for the success of the  
Order. It is not just the responsibility of a few  
people. It is the responsibility of all of us.  
I would like to see a system where each member  
contributes to the well-being of the Order. It is  
not just the responsibility of a few people.  
It is the responsibility of all of us. Unless  
each member at the end of the day can see a  
benefit, it is not going to work. We need a  
system that results in a benefit to the community  
rather than all the members.