

3-2 Credit Business

3-2-1 Primary cooperative

(1) Management strengthening

Management of credit activities may be strengthened by the following:

1) Develop a credit department or activity to provide adequate importance to this function. In the smaller cooperatives (Categories I and II) this activity may simply involve appointing one person as the credit officer. In the larger cooperatives (categories III and IV) the credit department could be staffed with from 3 to 10 experienced credit officers headed by a credit manager.

2) In all cases, appropriate credit manuals should be provided to the credit department or credit officers. Such manuals could be based upon "model" manuals developed with varying degrees of complexity to fit the needs of the four categories of cooperatives. As a minimum such manuals should be in simple language and contain credit policies, procedures and techniques to evaluate loan requests and to supervise the disbursement and utilization of loans with special emphasis on loan supervision and collections.

3) Also in all cases, all credit officers especially credit managers, should receive specialized training to continuously upgrade their skills in either an on-the-job or formal setting.

4) It might be feasible in the cooperatives with large numbers of borrowers to computerize their loan accounting records.

5) Smaller cooperatives (Categories I and II) should consider merging with one or more nearby primaries to provide greater financial and human resources.

(2) Equity capital build-up

Some activities which are being used successfully by some cooperatives in the Philippines are:

1) Continuous promotion at all membership meetings.

2) Smaller cooperatives (categories I and II) should undertake aggressive programs to build new membership and capital. Such programs might involve offering incentives or awards such as cash prizes, plaques, special discounts on purchases, etc.

3) All cooperatives should initiate a compulsory program whereby all or at least 50% of all annual dividends on stock and patronage refunds are automatically retained and credited to member's capital subscriptions.

4) Smaller cooperatives could initiate a compulsory or voluntary program whereby members will contribute toward their capital subscriptions at least one cavan of palay (or cash equivalent) per hectare per cropping season.

5) Agri-based credit cooperatives should continue, or initiate as necessary, a compulsory program whereby members obtaining commercial or providential loans would be required to invest 5% of loan proceeds in additional share capital.

6) Larger cooperatives (categories III and IV) could undertake various incentive programs such as awarding plaques, cash, shares of capital, special discounts on purchases, free term life insurance (i.e. premiums paid by the coop) etc. which recognizes individual members' increase in share capital. Greatest recognition is achieved by making such awards during the Annual General Assembly.

7) Increase business activities to increase net savings and retained earnings.

8) Smaller cooperatives should consider merging with one or more nearby primaries to provide a larger capital base.

(3) Savings mobilization

It is unlikely that the smaller cooperatives (Categories I and II) can effectively implement a savings program until such time as their members satisfy their subscriptions for share capital nor are they likely to have the staff capabilities, records systems, etc. to manage savings programs. However, larger cooperatives (Categories III and IV) might accelerate deposits through the following strategies some of which are being used successfully in some cooperatives in the Philippines:

1) If necessary, management of primaries should become motivated through training and trained in proper management of savings programs by their federations.

2) Continuous promotion at all membership meetings which should be directed mostly toward wives of members because in the Philippine culture they are the ones who usually manage the family finances.

3) Organize thrift clubs amongst wives of members.

4) Promote savings programs such as "one peso per day"

5) Assist in developing "laboratory" cooperatives with young people such as high school, college, university students to develop savings and positive savings habits.

6) Promote savings programs amongst non-members such as local merchants, vendors, traders and other business people.

7) When appropriate, promote the use of savings deposits as collateral for loans.

8) Initiate staff award programs e.g. reward staff members for obtaining the largest number of new depositors or amounts of deposit during the year or during a specific savings campaign.

9) Pay slightly higher rates (1 or 2%) than competing depositories but only if financially feasible.

10) Automatically credit cash distributions of dividends on stock and patronage refunds to member's savings accounts or open new accounts for those members who do not have deposit accounts.

(4) Production loans to farmers

Credit administration can be strengthened and the risk of loss minimized by the following:

1) Provide the credit person(s) with appropriate credit manuals and adequate training as described in (1) above.

2) Develop and maintain adequate loan records which will provide the credit person(s), management and the Credit Committee at least monthly with a report on past due loans and which preferably includes an age analysis of outstanding loans.

3) Train the credit staff to vigorously pursue delinquent borrowers on a timely and consistent basis through personal contact with the borrower and/or the use of peer pressure which can be very effective especially in smaller cooperatives.

4) Develop a loan guarantee fund through a small compulsory deduction of 1 or 2% from each crop production loan granted. If justified, members could obtain supplementary/temporary loans from the fund to repay crop production loans.

3-2-2 Federations

(1) Management strengthening

Management of provincial level CBs may be strengthened by the following:

1) Provide high quality on-going management training in all aspects of banking especially credit administration, deposit mobilization, accounting and management information together with planning, organizing, coordinating and controlling. Where possible, select one or more successful CBs in each geographic region which could be utilized as "Models" and training centers for formal and on-the-job training.

2) Provide similar on-going training as described in 1) above but at appropriate skill levels for boards of directors of CBs.

3) Assist CBs in developing appropriate salary structures designed to attract and maintain capable senior level management.

(2) Equity capital build-up

Since most CBs are under-capitalized equity capital build-up can be enhanced through the following:

1) During all contacts with member primaries continuously emphasize the need for payment of capital subscriptions.

2) Establish branch offices and/or "roving" extension offices, as appropriate, to provide the bank's services to more of its members and to encourage new member and new equity capital.

3) Continue or initiate as necessary, a compulsory program whereby each member obtaining loans would be required to invest 5% of the proceeds of each loan in additional share capital.

4) Undertake various incentive programs such as awarding plaques, cash, shares of capital, etc. which recognizes individual members' increase in share capital during a given time period or promotional campaign.

5) Initiate a compulsory program whereby all annual dividends on stock and patronage refunds are automatically retained and credited to members' capital subscriptions until they are fully paid.

6) Increase business activities to increase net savings and retained earnings.

7) Smaller CBs should consider merging with and becoming a branch of a regional CB, whenever possible, to give it access to a larger capital base and greater human resources.

(3) Savings mobilization

1) If necessary, management should become motivated through training to give major emphasis to deposit mobilization as a low cost source of loan funds.

2) Establish branches or "roving" extension offices to provide the bank's deposit programs to more of its members as well as non-members.

3) Assist in developing "laboratory" cooperatives with young people such as high school, college, university students to develop savings and positive savings habits.

4) Develop and promote deposit programs designed to attract non members such as local merchants, traders, vendors, etc. which are tailored to serve their needs.

5) Develop and promote special deposit campaigns which will assist member primaries to expand their deposit activities. This activity could include award programs e.g. for primaries gaining the largest number of new depositors or amounts of deposits during the year or during a specific savings campaign.

6) Possibly pay slightly higher interest rates (1 or 2%) than competing depositories but only if financially feasible and not in violation of regulatory limits.

(4) Credit administration

Since most CBs have excessive amounts (above 25%) of loans past due which prevents them to rediscount their loan paper, major and immediate emphasis must be directed at this problem as well as the long-term strengthening of their Credit Administration. Some measures which can be employed are:

1) Ascertain that each CB has a properly organized and functioning and adequately staffed and trained credit department and that appropriate procedure manuals are in use.

2) Initiate a campaign to drastically improve the past due ratio to an acceptable level in the shortest period of time. The basic components of this exercise should include: (1) developing a list of all loans outstanding which are aged by period of delinquency and is segmented in appropriate loan size groupings; (2) with emphasis on the largest loans first, assign them to credit officers for collection; (3) use all means possible to collect loans including liquidation of collateral and/or legal processes; establish adequate reporting mechanisms to monitor performance. If appropriate, an incentive award program for the best collection performance by credit officers could be incorporated in the campaign.

3) Develop and maintain adequate loan records which will provide the credit officers, management and the board of directors at least monthly with a detailed report on past due loans including an age analysis of outstanding loans.

4) If competitively feasible, develop a loan guarantee fund through a small compulsory deduction of 1 or 2% from the proceeds of each loan granted.

(5) CBs as Provincial/Regional federations

CBs should be assisting their member primaries to strengthen their credit and deposit mobilization activities as a fundamental means of strengthening their corresponding activities. Although in most cases they are not capable at the present time, the provincial and/or regional Cooperative Banks (CBs) need to be developed so they become capable of providing primary cooperatives, either directly or in collaboration with others, all the necessary training, guidance and support for the credit and savings mobilization activities of primary cooperatives. At least initially the CBs should develop the capability to provide technical and training assistance to primary cooperatives based upon their respective levels of development in the following areas:

1) Assistance in establishing a Credit Department (staff) including model job descriptions and training of credit staff on their responsibilities.

2) Development of one or more Credit Manuals which can be adapted to primaries at different levels of development and sophistication and equally important provide adequate training to management and designated staff to assure effective implementation.

3) Guidance on various techniques for increasing equity capital including organization and sponsorship of appropriate provincial or regional campaigns.

4) Guidance to management and Board on constructive asset/liability management, internal financial systems and controls, mergers, etc.

5) Assistance in establishing or expanding savings mobilization programs including the design of necessary forms, accounting records, computer systems, cash controls and other controls, job descriptions, etc. and provide adequate training for the management and designated staff.

6) Guidance on various techniques to promote thrift/savings including origination and sponsorship of appropriate provincial regional campaigns.

7) Assistance, guidance and/or on-the-job expertise as appropriate, to provide direct assistance to cooperatives having difficulties with credit administration especially loan collections.

8) Additionally, the CB's should develop the capability to be the prime financial intermediary for primary cooperatives within the province or region whereby they would become the principal source of loans for relending to farmers for crop production purposes as well as loans to primaries for their short, intermediate, and long-term loan needs whether the principal source of such loan funds is the LBP, a National Cooperative Bank, some other apex wholesaler or some foreign donor/lender.

3-3 Insurance Business

3-3-1 Primary cooperatives

Ideally and as a long-term matter, insurance operations should be established in the same manner as sales/supply and credit operations: as a basic and fundamental business of agricultural cooperatives. Under the guidance of the National Mutual Insurance Federation of Cooperatives, established at the nationwide level, primary cooperatives would be counted on to handle the function of original underwriting. In this case, the primary cooperatives would enter into contracts for reinsurance with the National Federation.

However, for the time being, it is crucial that primary cooperatives promote activities aimed at getting a large number of members to become new policyholders.

Toward this end, it is important that: 1) officers and employees personally endeavor to increase their knowledge of insurance, thereby raising the ability of cooperatives to handle administrative matters related to recruitment of new policyholders; and that 2) cooperatives take advantage of meetings of the membership and other occasions to educate members in bringing more rationality into the way they look at their daily lives, and in the necessity of taking out insurance.

3-3-2 Federation

If, as a long-term issue, insurance can be made an integral part of agricultural cooperatives, the National Mutual Insurance Federation of Cooperatives would, for the time being, promote the business through setting up local offices at the level of regions and provinces. Depending on how the business develops, these local offices could be abolished, and local insurance federations established to provide reinsurance to primary cooperatives; the National Federation would then be responsible for re-reinsurance.

Because there are numerous issues that have to be dealt with in order to bring this about, however, cooperatives should, for the moment, sustain the present system and attempt to make large gains in the number of new policyholders among their members.

For this purpose, the CISP should, for the moment, establish local offices in areas where this would be realistic, doing so gradually and according to a plan. This would be to attempt to strengthen guidance activities by primary cooperatives aimed at getting more members to become new policyholders. There is a need for local offices to strengthen ties with primary cooperatives, and especially to be the conduit to headquarters of information regarding how campaigns for new policyholders are going, and regarding issues that need to be solved to endeavor, in particular, to have the will of primary cooperatives reflected at the national level.

3-4 Education and Guidance Activity

3-4-1 Primary cooperatives

Since there are big differences among the primary cooperatives, it is important to establish development measures, taking into consideration the scale differentials. The main measures are as follows:

(1) Measures to supplement the lack of experience and know-how and overcome limitations of scale.

Most of the Category I and II cooperatives are small and have short histories. Their resources are limited and activity experiences are meager. It is important to learn from the advanced cooperatives. Regarding the problems confronting Category IV cooperatives, there are very few domestic examples to consult. Therefore, advanced examples in foreign countries should be introduced.

a) For Category I, II and III cooperatives, set up an organization to interchange information in with neighboring cooperatives, and jointly sponsor education and guidance activities.

b) Visit models of advanced cooperatives and invite their managers as lecturers. As for education and training concerning the development and implementation of seminars in "Fostering general managers," "Management analysis," "Wage system," "Personnel rating system," and "Computer system," overseas examples should be introduced for reference. For that purpose, Category IV cooperatives should join the nationwide study meetings for large scale agricultural cooperatives sponsored by the Comprehensive Agricultural Cooperative Training Department (provisional name) (hereinafter Training Department.)

c) Give constant encouragement to creative ideas and proposals for education and guidance activities. In particular, overseas models should be introduced for education and guidance activities for the development and implementation of quality control circles (Category IV cooperatives).

(2) Steps to decrease costs for training, expand the opportunities for training, and overcome the shortage of educational materials.

For small cooperatives, in particular, opportunities for Off-JT are limited. Emphasis should be placed on OJT and SD (self-development).

a) Organize on-the-job study circles with participants in Off-JT as lecturers.

b) Set up a reference room where standard textbooks, comprehensive management handbooks and periodicals published by the training department and the materials from past seminars are classified and stored, lending to officers, staff and members.

c) Join the Cooperative Mobile Library System operated by the Comprehensive Agricultural Cooperative Training Sections (provisional name) (hereinafter Local Training Section). Utilizing the system, books on agriculture and cooperatives, as well as general knowledge books will be lent out to officers, staff and members.

d) In order to encourage self-development, support members who participate in the correspondence course developed by the training department.

e) In order to encourage self-development, support members who participate in the radio education course developed by the cooperative training department.

f) In order to contain the burden of training expenses and bolster the sense of loyalty to the cooperative, utilize the Cooperative Scholarship System (for employees) operated by the training department.

(3) Measures to recruit, retain and foster human resources.

Because of inferior pay and other working conditions, small-scale cooperatives find it difficult to secure adequate personnel.

For Category II cooperatives, in particular, special efforts must be made to secure a general manager and bookkeeper.

Cooperatives of all categories are suffering from the problem of retaining competent personnel. There is a need to introduce personnel measures which make it advantageous for employees to work for long periods at the same cooperative.

In addition, steps to help employees improve their ability through continuous training is necessary. At the same time, incompetence must be eliminated.

For that purpose, the following measures, including support from the local training sections, are necessary.

a) In order to promote the recruiting and fostering of competent personnel through the combined efforts of the cooperative, the officers and leadership of the cooperative members should be further educated and informed on the importance of business management of the cooperative and maintenance of bookkeeping record. (especially for Category I & II cooperatives).

b) Utilize the information and services provided by the Human Resource Pool for Agricultural Cooperatives, and conduct aggressive negotiations to secure competent individuals.

c) Utilize the Cooperative Scholarship System (for students) operated by the training department. to support and recruit young leaders from among the youth of cooperative members.

d) Send appropriate employees to the Training Course for Bookkeepers and Accountants and the Training Course for General Managers, conducted by the local training sections to continuously develop human resources. Category III & IV cooperatives should send their employees to the Training Course for Developing Section Managers and the "Attitude and Morale Training Course.

e) Send employees to the Local Bookkeeping Competition sponsored by the Local Training Sections and implement measures to encourage take the "Competence Examination for Employees in Agricultural Cooperatives". By employing such measures along with the appropriate personnel management system, vitalize the self-development activities of the employees and improve their abilities. (Through comparison with other cooperatives, confirmation of the skill level of one's own cooperative is possible. And consequently, the results may be used to discover and reorganize competent personnel.)

f) Join the "Retirement System for Agricultural Cooperative Employees" managed by the Local Training Sections. By applying it along with an appropriate personnel management system, it will encourage competent personnel to work for long periods continuously.

(4) Steps to expand educational and informational activities for non-members

Primary cooperatives should mainly take the following steps:

a) In addition to making further efforts to independently plan and manage the PMES, improve the educational materials and training methods. (For example, utilize audio-visual media such as slides.)

b) Publicize the cooperative by putting up posters and distributing fliers to encourage non-members to join.

c) Publicize the cooperative by participating in agricultural festivals and other community events.

d) Support the organization of laboratory-co-ops and their activities (Category III & IV cooperatives).

(5) Steps to reinforce guidance activity for improved farming and better living.

There is a need to recognize anew the significance of this activity:

First, it functions to improve members' farming technique and wisdom for living, and it is an important function for the cooperative to educate and patronize its members.

Secondly, this activity (a) strengthens the functional ties between cooperative members and the various aspects of the cooperative's business, (b) integrates those businesses organically, and (c) creates the organizational integrity between members and cooperative as the subject and maintains that relationship.

Thirdly, in the distribution of farm products and livestock to the market via the cooperative, farm households cannot sell at high prices unless they supply what the market demands. Only organizations like the cooperatives, which is in direct contact with the market, can gather effective market information. Such information gathering cannot be conducted by an institution without business functions. Cooperatives can provide members with guidance in growing farm produce not only from the point of production technology but also from that of pricing strategy. Otherwise, the member farm households will lose interest in the cooperative.

Here lies the reason for cooperatives to reinforce their independent guidance activity for farming and better living.

From this point of view, it is essential to make special efforts to recruit and reinforce staff members (the farming and better living advisors), who have general knowledge of farming technology, as well as being well-versed in market conditions.

At present, cooperatives should indoctrinate their officers and staff with the significance of this activity, and reinforce the education and training of the advisors.

a) Register outstanding farmers and farm women as farming and better living advisors or co-workers, and let them share in guidance activities.

b) Expand the activities using the extension workers by keeping in close contact with the agricultural extension institutions such as DA/LGU.

c) Send appropriate personnel to the Study Meeting on Education and Guidance Activities of Primary Cooperatives Group, the Training Course for Farming and Better Living Advisors (Basic course), and the Liaison Meeting of Advanced Farmers, DA/LGU Extension Workers and Cooperative Advisors, conducted by the local training section, as well as various other training sessions for guidance activities held by ATI and other institutions.

d) Subscribe to professional magazines and newspapers appropriate for guidance activities. Gather market information from purchasers of farm products and livestock. Print such information in cooperative newsletters and provide to members (Category III & IV cooperatives).

e) In order to understand the members' needs in terms of guidance activities of the cooperative, conduct opinion surveys or entrust them to the local training section to do so. There is also a need to self-check activities or receive a diagnosis by the local training section (Category III & IV cooperatives).

3-4-2 Unions and federations

(1) Establishment of "Comprehensive Agricultural Cooperative Training Section" (provisional name)

Since most of the local level agricultural cooperatives (unions and federations) are weak, it is imperative to establish an entity which can provide strong support to the aforementioned development measures for education and guidance activities at the level of primary cooperatives. Comprehensive Agricultural Cooperative Training Section (provisional name) (hereinafter Local Training Section) is such an organization. It is placed under the Provincial Branch of the Central Union of Cooperatives, and will be composed of the various organizations and agencies participating in agricultural cooperative education and guidance activities at the local level. It is desirable that this entity be established at each province in the long term.

However, we believe that the CDA extension office will have to assume the role of running the operations of sections. At the point when agricultural cooperatives ready themselves organizationally and are strong enough, the operations would be gradually transferred to the local training section.

(2) Major functions

The major function of the local training section is to act in support of the fostering of human resources at the primary cooperatives (including unions and federations). It is important to foster human resources by means of practical training which is well suited to the actual work of primary cooperatives. In order to furnish a degree of lively education and guidance activities, fresh information from both within and outside of the cooperative, and the participation of the suppliers of such information is indispensable. It is particularly important that information on surveys, consultations, auditing, and various business operations be utilized in the training. The Local Training Section should be operated in close cooperation with such information possessors (individuals or government agencies and others). Consequently, its function is not confined to education and training activities in the narrow sense of the term. The nature of its function is defined as one supporting the education and guidance activities at the level of primary cooperatives. More specifically, the following functions are important:

- 1) Function to supplement the lack of experience and knowhow and overcome the limitations of scale, etc.
 - a) Encourage joint implementation of education and guidance activities among neighboring cooperatives. Also mediate and advise on exchanges and meetings among the related cooperatives.

- b) Collect, analyze and introduce excellent examples of advanced cooperatives. Plan and execute training sessions based on visits to advanced cooperatives.
- c) Establish and operate the (Study Meeting on Education and Guidance Activities of Primary Cooperatives.*

* This will become an important communication organ helping in forming a common intent between the Local Training Section and primary cooperatives. Since many of the participants should have the opportunity to ask questions and present their opinions mutually, the recommended maximum number of members of one Meeting is 30.

- d) Register lecturers on education and guidance activities at the local level and dispatch in response to requests from primary cooperatives.

2) Support function to alleviate the financial burden of attending the training courses, expand training opportunities and overcome the lack of training materials at the level of primary cooperatives.

- a) Encourage on-the-job study circles and, if necessary, give guidance and support by dispatching lecturers.
- b) Distribute and sell relevant standard textbooks, comprehensive management handbooks and periodicals.
- c) Establish and operate a Cooperative Mobile Library System.*

* This system will allow the lending of books, audio-visual cassettes, etc. via a channel from the Local Training Section to primary cooperatives and members (and their families) for a certain period of time. The Local Training Section must purchase the necessary books and own circulating cars. There is a need for the system to be developed and operated in cooperation with LGU.

- d) Help spread correspondence courses and radio courses and conduct schooling on these courses.
- e) Publicize the Cooperative Scholarship System (for employees) and conduct screening of applicants.

3) Function to support the recruiting, retention and fostering of human resources at the level of primary cooperatives.

a) Digup appropriate individuals from within and outside the cooperative, register them in the Human Resource Pool for Agricultural Cooperatives*, and introduce and dispatch to primary cooperatives in response to requests.

* A system which stores information about individuals who wish to work in primary cooperatives.

b) Publicize the Cooperative Scholarship System (for students) and conduct initial screening of the applicants.

c) Conduct short-term training courses for the officers and employees of primary cooperatives. Develop and conduct the following training courses:

"Training for Directors and Committee Members"

"Training for New Employees"

"Training for Bookkeepers (basic course)"

"Training for General Managers (basic course)"

"Training for Farming and Better Living Advisors (basic course)"

Several local cooperative federations are already conducting similar training courses. If the quality of the lecturers and the curriculum are satisfactory, those training courses may be designated instead of the above-mentioned. Certain support measures should be taken for these designated training courses.

d) Hold the local bookkeeping competition* and present awards.

* This competition calls for the completion of balance sheets based on transaction examples. Speed and accuracy will be contested. If necessary, contest at the municipal and barangay levels may be held.

e) Implement the competence examination for employees in agricultural cooperatives (basic course)*

- * This Examination judges the level of basic work knowledge for all employees of agricultural cooperatives. Participation is voluntary. The standards for its testing methods, etc. will be established by the Cooperative Training Dept.
- f) Establish a retirement system for agricultural cooperative employees and publicize and operate the system. This is a measure to encourage the long continuous service of excellent employees. As there are great wage differentials by each region, it is more practical to establish and operate the system from the local level.
- 4) Function to promote the enlightening activities for non-members.
 - a) Compile standard textbooks for PMES and conduct training of its lecturers for the primary cooperatives.
 - b) Publicize the existence of the cooperative by participating in agro-festivals and local events held at the provincial level.
 - c) Provide information on the organization of laboratory-co-ops and introduce its excellent examples.
- 5) Function to support guidance activity for farming and better living at the primary cooperative level.
 - a) Compile and distribute examples and guidebook to guidance activities for farming and better Living.
 - b) Foster the forming and better living advisor at primary cooperatives by holding the study meeting on education and guidance activities of primary cooperatives, the training course for farming and better living advisors (basic course) and the liaison meeting of advanced farmers, DA/LGU extension workers and cooperative advisors.
 - c) Establish with the LGU a system to have extension workers from LGU periodically visit primary cooperatives or be stationed at the cooperatives. Implement the necessary support measures.

(3) Construction and furnishing of facilities

The local training section will require facilities for short-term training. It will also require personnel and funds to develop the above functions. Personnel may be supplied from CDAs at the provincial, city and region levels, and from government agencies and other cooperative groups. And also, personnel may be reinforced by lecturers registered at the local training section and experts from primary cooperatives.

However, securing facilities and funds through the efforts of only the local level is expected to be difficult. The following points should be noted regarding the construction and furnishing of facilities for the local training section, especially the training facilities:

- a) The facilities should basically be for short-term training courses which do not require overnight stays. It is desirable that the facilities be located within a half-day's roundtrip from the homes of most of the participants.
- b) Standard facilities will be composed of the lecture room, meeting room, library, instrument room, office and lunch room. In most cases, air conditioning will be needed.
- c) In addition, blackboards, overhead projectors, slides, xerox machines, mimeograph machines, typewriters, word processors, computers, and video cassette players will become necessary.
- d) If any facility in the province fulfills the above conditions, it may be used as a designated training facility with a lease contract. Certain support measures should be taken for the designated facilities.

VIII. Concepts of Staged Implementation for Strengthening National and Local Agricultural Cooperatives

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The purpose of this survey is to address the broad range of tasks required in the National and Local Agricultural Cooperative Strengthening Plan. Below is a list of major tasks; some require immediate action, while others are intended to be viewed from the medium- and long-term. They can be divided as follows:

1. Current Tasks

1-1 Strengthening of Education and Training with an Emphasis on Leadership Training

- (1) Establishment of a Central Training Center (one location)
- (2) Establishment of Local Training Centers (one center in each of the 14 regions).
- (3) Development and distribution of standard training materials
- (4) Development and implementation of training courses for education and training of leaders and managers of cooperatives.
- (5) Development and implementation of training courses for bookkeeping, accounting, and tax-related personnel (including holding of a bookkeeping competition event.)

1-2 Increasing the Rate of Use of Primary Cooperative's Services and Promoting the Reduction of Non-Members.

- (1) Promoting the transfer of single-purpose primary cooperatives into multi-purpose cooperatives.
- (2) Holding Member's meetings at primary cooperatives divided according to type of agricultural activity performed, and farming areas.
- (3) Performing consulting activities for members at a primary cooperatives

- (4) Strengthening guidance for the improvement of farming and better living at primary cooperatives.
- (5) Strengthening the education and training of primary cooperative non-members.
- (6) Strengthening cooperation with government extension officers to improve farming and daily life at primary agricultural cooperatives

1-3 Promoting Mergers of Cooperatives

- (1) Hold joint exchanges and promote cooperative projects by nearby primary cooperatives.
- (2) The national agricultural cooperative organizations categorize primary agricultural cooperatives, and establish guidelines for the merger of cooperatives.
- (3) The national agricultural cooperative organizations promote the merger of federations of cooperatives that engage in the same kind of business activities.

1-4 Strengthening Marketing Activities of Primary Agricultural Cooperatives

- (1) The national agricultural cooperative organizations establish plans for improving distribution of agricultural products (activities to include the improvement and development of sales facilities and transportation), select model primary cooperatives, and execute the plan step-by step.
- (2) The national agricultural cooperative organizations, under the leadership of FACOP, builds a unified product flow and a distribution system for agricultural products.
- (3) A pooling-price system and commission-sales system is adopted.

1-5 Establishment of a National Cooperative Union and Strengthening of the Agricultural Cooperative Bureau

- (1) Establish a national cooperative union that represents all types of cooperatives.

- (2) Establish a strong Agricultural Cooperative Bureau in the National Cooperative Union.
- (3) The union in regions and provinces will be branches of the national cooperative union.
- (4) Create a Fund for the Management and Administration of the Agricultural Cooperative Bureau of Cooperative Union.

1-6 Establishment of a National Cooperative Bank and Structuring Savings

- (1) A national bank will be established for all types of cooperatives. It will satisfy demand for short-term operational funds, agricultural cooperative operational funds, and middle-term facility funds.
- (2) Provincial cooperative banks will be established in all provinces. There will be one in each province.
- (3) In provinces where members of cooperatives have poor access to banks, the provincial cooperative bank will introduce mobile banks.
- (4) Subscribed capital will be strengthened and a savings promotion movement will be promoted.

2. Middle-to Long-Term Tasks

2-1 Measures for Overcoming Distance and Transportation Limitations

- (1) Installation of communication equipments, such as telephones, at all primary cooperatives.
- (2) Active use of radio communications, including satellite communications, to spread educational materials and information (including development and operation of radio courses).
- (3) For businesses executed by primary cooperatives, introduce mobile facilities, e.g. mobile libraries.

2-2 Supply of Long-Term Low-Interest Loans

- (1) Establish a government financial institution which maintains a cooperative relationship with the National Cooperative Bank and supplies soft loans.
- (2) It is most desirable that the government financial institution will be the central organization. As for the loan network, cooperative banking outlets should be utilized.
- (3) Improvement and development of mutual aid business.

2-3 Promotion of Mutual Insurance Business

- (1) Establish a National Mutual Insurance Federation of Cooperatives.
- (2) Primary cooperative will carry out primary mutual insurance business.
- (3) Establish a federation that will be responsible for secondary mutual insurance business in the regions where applicable.

IX. Recommendation

IX. Recommendation

Based on the survey of the agricultural cooperative organizations and their current activities and evaluations of the cooperatives, we have established plans for revitalizing national and local agricultural cooperatives in the Philippines. The plan covers many areas. We hope that the Philippine Government will refer to the preceding chapter (VIII) and select priorities that take into account the current status of the cooperatives, their stage of development, and the feasibility of executing the plans. We sincerely wish that the government gives the agricultural organizations concerned positive advice and cooperation in the promotion of agricultural cooperative activities.

In view of the nature of the cooperatives, the role played by training and education in strengthening organizations is very important. However, compared to direct promotion of cooperative businesses, the effects of education and training are slow to materialize. Notwithstanding, it is very urgent that education and training is undertaken for the strengthening of agricultural cooperatives. We understand the Philippine Government has sufficient understanding of these matters. However, it is hoped that both improvement and development in physical equipments and facilities (hardware), and education and proper placement of appropriate personnel (software) proceed simultaneously.

Attachment 1

(Attachment I)

**1. Lists of Persons who have conducted the Study and
GOP Counterpart Personnel**

(1) List of Persons who have conducted the Study

Field	Name
Leader	Midori Matsuhira (Mr.)
Rural Society & Economy	Leandro R. Rola (Dr.)
Organization of Ag. Coops.	Seiichi Miyagawa (Mr.)
Management of Ag. Coops.	Goro Takahashi (Dr.)
Marketing, Supply & Utilization Activities of Ag. Coops.	Ernesto C. Lucas (Dr.)
Credit Activities of Ag. Coops.	Richard A. Neis (Mr.)
Guidance & Education of Ag. Coops.	Isao Sugishita (Mr.)

(2) List of GOP Counterpart Personnel

Chief Counterpart	-	Dr. Vicente U. Quintana Administrator
Asst. Chief Counterpart	-	Ms. Milagros M. Buenavista Chief, CPDAD
Rural Society and Economy	-	Mr. Santiago Cabrera Planning Officer II
Organization of Ag. Coops.	-	Mr. Cesar Culling CDS II
Management of Ag. Coops.	-	Mr. Abraham Revil CDS II Ms. Rosalie Grace Solina CDS II
Marketing, Supply & Utilization Activities of Ag. Coops.	-	Mr. Rodolfo T. Tanasioco CDS II Ms. Lourdes Faustino PDO II
Credit Activities of Ag. Coops.	-	Mr. Bonifacio Tugade CDS II
Guidance and Education Activities of Ag. Coops.	-	Ms. Virgie C. Cadiente CDS II Mr. Abundio Aban CDS II
Liaison Officer	-	Ms. Aurora A. Campos Sr. CDS

2. Implementing Arrangement

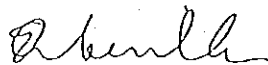
IMPLEMENTING ARRANGEMENT
ON
THE TECHNICAL COOPERATION

FOR

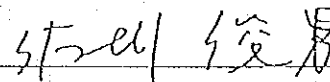
THE MASTER PLAN STUDY
FOR
STRENGTHENING OF THE AGRICULTURAL COOPERATIVE SYSTEM
IN
THE REPUBLIC OF THE PHILIPPINES

AGREED UPON BETWEEN
COOPERATIVE DEVELOPMENT AUTHORITY
AND
JAPAN INTERNATIONAL COOPERATION AGENCY

METRO MANILA, DECEMBER 13, 1991

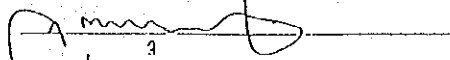


EDNA E. ABERILLA
Chairman,
Board of Administrators,
Cooperative Development
Authority



TOSHIO SAGAWA
Leader,
Preparatory Study Team,
Japan International
Cooperation Agency

witnessed by:



ARTURO J. DANCEL
Assistant Secretary,
Department of Agriculture

I . INTRODUCTION

In response to the request of the Government of the Republic of the Philippines (hereinafter referred to as "GOP"), the Government of Japan (hereinafter referred to as "GOJ") has decided to conduct the Master Plan Study for Strengthening of the Agricultural Cooperative System in the Republic of the Philippines (hereinafter referred to as "the Study"), and exchanged the Note Verbale with GOP concerning the implementation of the Study.

Japan International Cooperation Agency (hereinafter referred to as "JICA"), the official agency responsible for the implementation of the technical cooperation programs of GOJ, will undertake the Study, in accordance with the relevant laws and regulations in force in Japan.

On the part of GOP, the Cooperative Development Authority (hereinafter referred to as "CDA") shall act as the counterpart agency to the Japanese study team and also as coordinating body in relation with the Department of Agriculture and other governmental and non-governmental organizations concerned for the smooth implementation of the Study.

The present document constitutes the implementing arrangement between JICA and CDA under the above mentioned Note Verbale exchanged between two governments.

II . OBJECTIVES OF THE STUDY

1. To formulate a master plan for strengthening of agricultural cooperative system in the Republic of the Philippines, and
2. To carry out technology transfer to the Philippine counterpart personnel in the course of the Study

III . THE STUDY AREA

The study area covers the entire Philippines.

A. Benli



IV. SCOPE OF THE STUDY

The Study will consist of two phases and will cover the following;

1. Phase I

Study on current status and surroundings and for strengthening of agricultural cooperatives (hereinafter referred to as "AC") in the entire Philippines, and selection of some detailed study areas will be conducted as follows;

- (1) To collect and review existing data and information in view of,
 - 1) social and economic conditions (population, economy, etc.),
 - 2) agricultural conditions (land use, land ownership, cropping pattern, agricultural yield/production, farming practice, farmers' economy, processing, marketing, etc.),
 - 3) AC conditions (structure, operation, management, etc.),
 - 4) Government policy for supporting AC, and
 - 5) others.

- (2) To prepare strengthening programs of AC system in national level including, and
 - 1) operation guideline of the central AC,
 - 2) supervisory and supporting programs for regional AC, and
 - 3) human resource development program.

- (3) To select some detailed study areas in terms of potentiality for activating existing AC.

2. Phase II

Detailed study on current status and surroundings of AC in the selected areas, and formulation of a master plan for strengthening of AC will be conducted as follows;

- (1) To collect and review data and information and to carry out field investigations in the selected areas in terms of,
 - 1) regional social and economic conditions (same as Phase I),
 - 2) regional agricultural conditions (same as Phase I),
 - 3) current status of individual AC (membership, activities, operational policy, funds, fixed assets, investments, training for members, etc.),
 - 4) members' expectation to AC, and
 - 5) others.

- (2) To categorize AC on the basis of criterias such as type of organizations, scale of activities, etc.,
- (3) To clarify constraints against developaent, specific characteristics, etc. on each categorized AC, and
- (4) To formulate a master plan for strengthening of AC system in the selected areas and for every category. The Master Plan will include substantial items, such as;
 - 1)comprehensive evaluation of AC system,
 - 2)guidelines for improving AC system,
 - vocational and management training plan for AC staff
 - support services for strengthening organic function
 - others
 - 3)guidelines for operating and managing AC, and
 - 4)development plan of AC activities.
 - marketing
 - credit
 - extension
 - agro-processing
 - livelihood activities
 - others

V. STUDY SCHEDULE

The Study will be carried out within 22 month period in accordance with the attached tentative work schedule.

VI. REPORT

JICA shall prepare and submit following reports in English to GOP:

- (1) Inception report
Twenty (20) copies at the commencement of the Study
- (2) Progress report (I)
Twenty (20) copies at the end of the field work of Phase I study
- (3) Interim report
Twenty (20) copies at the end of Phase I study
- (4) Progress report (II)
Twenty (20) copies at the end of the field work of Phase II study

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F.S.

(5) Draft final report

Twenty (20) copies within one (1) month following the end of the home office work of Phase II study. GOP shall provide JICA with its comments within one (1) month after receipt of the Draft Final Report.

(6) Final report

Fifty (50) copies within two (2) months after receiving GOP's comments on the Draft Final Report

VI. UNDERTAKING OF GOP

In accordance with the Note Verbale exchanged between GOJ and GOP, GOP shall accord privileges, immunities and other assistance to the Japanese study team and, through the authorities concerned, take necessary measures to facilitate the smooth conduct of the Study.

1. GOP shall be responsible for dealing with claims which may be brought by third parties against the members of the Japanese study team and shall hold them harmless in receipt of claims and liabilities arising in the course of, or otherwise connected with the discharge of their duties in the implementation of the Study, except when such claims or liabilities arise from gross negligence or willful misconduct of the above mentioned members.

2. CDA shall provide the Japanese study team at its own expense with the following, if necessary, in cooperation with other agencies concerned;

(1) available data and information related to the Study,

(2) counterpart personnel,

(3) suitable office space with necessary equipment in Metro Manila,
and

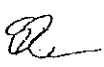
(4) credentials or identification cards to the members of the Japanese study team.

3. CDA shall make necessary arrangements with other governmental and non-governmental organizations concerned for the following;

(1) to secure the safety of the Japanese study team,

(2) to permit the members of the Japanese study team to enter,

leave and sojourn in the Philippines for the duration of their assignment therein,



- (3) to exempt the members of the Japanese study team from taxes, duties, fees and other charges on equipment, machinery and other materials brought into the Philippines for the conduct of the Study,
- (4) to exempt the members of the Japanese study team from income tax and charges of any kind imposed on or in connection with any emolument or allowance paid to the members of the Japanese study team for their services in connection with the implementation of the Study,
- (5) to provide requisite facilities to the Japanese study team for the remittance as well as utilization of the funds introduced into the Philippines from Japan in connection with the implementation of the Study,
- (6) to secure permission for entry into private properties or restricted areas for the conduct of the Study,
- (7) to secure permission to take all data and documents (including photographs) related to the Study out of the Philippines to Japan by the Japanese study team, and
- (8) to provide medical services as needed and its expenses will be chargeable to members of the Japanese study team.

VIII. UNDERTAKING OF GOJ

In accordance with the Note Verbale exchanged between GOJ and GOP, GOJ shall take the following measures for the implementation of the Study;

1. to dispatch study teams to the Philippines, and
2. to pursue technology transfer to the Philippine counterpart personnel in the course of the Study.

IX. CONSULTATION

JICA and CDA shall consult with each other in respect to any matter that may arise from or in connection with the Study.



TENTATIVE SCHEDULE

Item	Month	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Field work in Philippines		_____																					
Home office work in Japan		_____																					
Reports		△ IC/R	△ P/R(I)	△ IT/R							△ P/R(II)					△ DF/R						△ F/R	
Remarks		←----- Phase I -----→											←----- Phase II -----→										

(Remarks)

IC/R: Inception Report

P/R(I): Progress Report(I)

IT/R: Interim Report

P/R(II): Progress Report(II)

DF/R: Draft Final Report

F/R : Final Report

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3. Minutes of Meeting

(1)

MINUTES OF MEETINGS
OF
THE IMPLEMENTING ARRANGEMENT

FOR

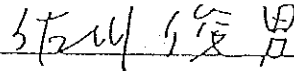
THE MASTER PLAN STUDY
FOR
STRENGTHENING OF THE AGRICULTURAL COOPERATIVE SYSTEM
IN
THE REPUBLIC OF THE PHILIPPINES

AGREED UPON BETWEEN
COOPERATIVE DEVELOPMENT AUTHORITY
AND
JAPAN INTERNATIONAL COOPERATION AGENCY

NETRO MANILA, DECEMBER 13, 1991

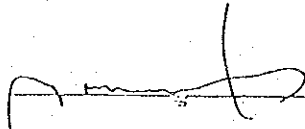


EDNA E. ABERILLA
Chairman,
Board of Administrators,
Cooperative Development
Authority



TOSHIO SAGAWA
Leader,
Preparatory Study Team,
Japan International
Cooperation Agency

witnessed by:


ARTURO J. DANCEL
Assistant Secretary,
Department of Agriculture

In response to the request of the Government of the Republic of the Philippines (hereinafter referred to as "GOP"), the Government of Japan (hereinafter referred to as "GOJ") dispatched the preparatory study team headed by Mr. Toshio Sagawa, from 4 December to 14 December, through Japan International Cooperation Agency (hereinafter referred to as "JICA"), to discuss a technical cooperation on the proposed Master Plan Study for Strengthening of the Agricultural Cooperative System in the Republic of the Philippines (hereinafter referred to as "the Study").

The preparatory study team conducted field surveys and had a series of discussions with authorities of GOP. The list of attendants is shown in Appendix.

As a result of the discussions, both sides came to an agreement on the Implementing Arrangement.

This Minutes of Meetings complement the Implementing Arrangement for the smooth conduct of the Study and salient features are as follows:

1. Technical Transfer

The Cooperative Development Authority (hereinafter referred to as "CDA") requested that technical training in Japan be given to counterpart personnel of the Study and a technical transfer seminar be held in the Philippines. The Japanese side took note of the request.

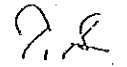
2. Detailed study areas

1) The number and location of the detailed study areas will be selected depending on the result of Phase I study.

2) The Japanese Study Team (hereinafter referred to as "the Team") will select the detailed study areas in consultation with CDA:

3. Report

The Team will consult with CDA on the basic concept of the Interim Report in the Philippines, before the Team finalizes the report.



4. Undertaking of GOP

1) The Japanese side explained that the kind of passport held by the members of the Team shall be changed from official to ordinary and in this connection requested COA to make arrangements on the following;

- issuance of visa for the members of the Team, and
- tax exemption on equipment brought into the Philippines for the implementation of the Study.

2) The office of the Team shall be secured in COA office.

5. Undertaking of GOJ

COA requested that JICA provide appropriate number of vehicles, computers and other equipment which are necessary for the conduct of the Study. The Japanese side took note of the request.

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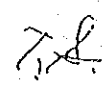
LIST OF ATTENDANTS

Philippine Side

Edna E. Aberilla	Chairman, CDA
Vincente U. Quintana	Administrator, CDA
Afty. Florencio S. Corral	Administrator, CDA
Candelario L. Verzosa, Jr.	Executive Director, CDA
Iraida A. Banaria	Director, Institutional Development Department, CDA
Dominador C. Punzalan	Director, Manila Extension Office, CDA
Ernesto M. Boado	Chief, Cooperative Project Development and Assistance Division, CDA
Roy R. Rodriguez	Chief, Department of Agriculture
Eleanor Hamaril	Agriculture Development Specialist, Department of Agriculture
Loudes G. Faustino	Agriculture Development Specialist, Department of Agriculture
Shigetaka Saburi	Adviser, Department of Agriculture

Japanese Side

Toshio Sagawa	Leader, JICA Preparatory Study Team
Masaru Kato	Member, JICA Preparatory Study Team
Jun-ichi Shimizu	Member, JICA Preparatory Study Team
Jiro Komatsu	Member, JICA Preparatory Study Team
Hidehiko Hioki	Member, JICA Preparatory Study Team
Katsuomi Yoshida	Staff, JICA Philippines Office

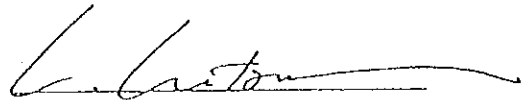
(2)

MINUTES OF MEETING
OF
THE INCEPTION REPORT
ON
THE MASTER PLAN STUDY
FOR
STRENGTHENING THE AGRICULTURAL COOPERATIVE SYSTEM
IN
THE REPUBLIC OF THE PHILIPPINES

METRO MANILA, JUNE 4, 1992

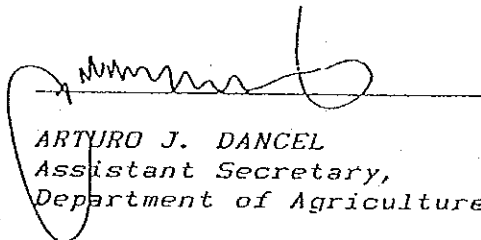


EDNA E. ABERILLA
Chairman
Board of Administrators,
Cooperative Development
Authority



MIDORI MATSUHIRO
Leader
The Study Team,
Japan International
Cooperation Agency

Witnessed by:



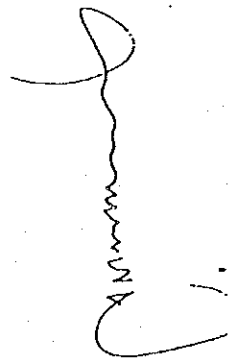
ARTURO J. DANCEL
Assistant Secretary,
Department of Agriculture

A Joint Meeting between the Cooperative Development Authority (hereinafter referred to as "CDA") and the JICA Study Team (hereinafter referred to as "the Team") was held on June 4, 1992 at CDA Head Office to discuss the contents of the Inception Report which was submitted to CDA on June 2, 1992.

After discussion, no proposed change was made, therefore, the contents of the Inception Report were generally agreed upon by and between both parties with confirmation of the following items:

1. CDA nominated the counterpart staff headed by Dr. Vicente U. Quintana as overall coordinator. The names and positions of the counterpart staff are listed in the attached sheet No. 2.
2. Should some alterations in regard with implementation of the study become necessary for technical reasons, both parties concerned will discuss the matter.
3. As to "1.4 Study Area" on page 2 of the Inception Report, it was agreed that the word "agriculture" does not include fisheries and forestry.
4. Technical training of the counterpart personnel in Japan be carried out while the Study Team is in Japan.

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LIST OF ATTENDANCE

	NAME	POSITION
CDA		
1.	Mrs. Edna E. Aberilla	Chairman
2.	Dr. Vicente U. Quintana	Administrator
3.	Mr. Alfonso V. Laguna	Administrator
4.	Mr. Candelario L. Verzosa, Jr.	Executive Director
5.	Mrs. Iraida A. Banaira	Director, IDD
6.	Ms. Milagros M. Buenavista	Chief, CPDAD
7.	Mrs. Aurora A. Campos	Sr. CDS
8.	Mr. Bonifacio Tugade	CDS II
9.	Mr. Abraham Revil	CDS II
10.	Mr. Abundio Aban	CDS II
11.	Mr. Cesar Culling	CDS II
12.	Ms. Rosalie Grace Solina	CDS II
13.	Mr. Rodolfo Tansioco	CDS II

DA

1.	Mr. Arturo J. Dancel	Asst. Secretary
2.	Mr. Roy Rodriguez	Chief, PPC (ADCCO)
3.	Ms. Ma. Isabel Barlaan	PDO
4.	Ms. Lourdes Faustino	PDO
5.	Ms. Cecile Astillo	PDO

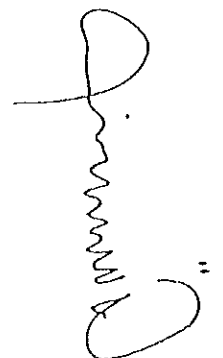
ADVISORY COMMITTEE OF JICA

1.	Jun'ichi SHINIZU	Team Leader
2.	Akira SHIMIZU	Coordinator

THE TEAM

1.	Midori Matsuhira	Leader
2.	Seiichi Niyagawa	Sub-leader
		Organization
3.	Goro Takahashi	Management
4.	Ernesto C. Lucas	Marketing, Supply & Utilization
5.	Richard A. Neis	Credit
6.	Isoo Sugishita	Guidance & Education

Edna E. Aberilla
L. L. Solina



GOP COUNTERPART PERSONNEL

Chief Counterpart	-	Dr. Vicente U. Quintana Administrator
Asst. Chief Counterpart	-	Ms. Milagros M. Buenavista Chief, CPDAD
Rural Society and Economy	-	Mr. Santiago Cabrera Planning Officer II
Organization of Ag. Coops.	-	Mr. Cesar Culling CDS II
Management of Ag. Coops.	-	Mr. Abraham Revil CDS II
		Ms. Rosalie Grace Solina CDS II
Marketing, Supply & Utili- zation Activities of Ag. Coops.	-	Mr. Rodolfo T. Tansioco CDS II
		Ms. Lourdes Faustino PDO II
Credit Activities of Ag. Coops.	-	Mr. Bonifacio Tugade CDS II
Guidance and Education Activities of Ag. Coops.	-	Mr. Abundio Aban CDS II
Liaison Officer	-	Ms. Aurora A. Campos Sr. CDS

R. Benito
A. Castro

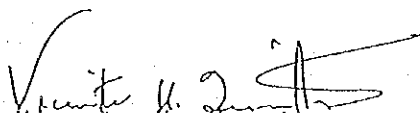
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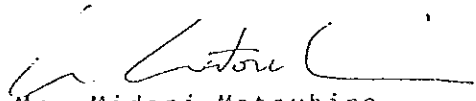
(3)

Minutes of Meeting
for
Progress Report (I)
on
The Master Plan Study
for
Strengthening the Agricultural Cooperative System
in
the Republic of the Philippines

Agreed upon between
Cooperative Development Authority (CDA)
and
Japan International Cooperation Agency (JICA)

Metro Manila, 28 August 1992


Dr. Vicente U. Quintana
Administrator
CDA


Mr. Midori Matsuhiro
Leader
JICA Study Team

In accordance with the Inception Report on the Master Plan Study for Strengthening the Agricultural Cooperative System in the Republic of the Philippines, the Study Team headed by Mr. Midori Matsuhira presented officially twenty (20) copies of the Progress Report (I) at the end of the First Field Study. The Study Team held a meeting with the CDA officials on 28th August, 1992 at the CDA Headquarters to discuss and exchange views on the Report. The meeting was chaired by Dr. Vicente U. Quintana, Administrator, CDA. The list of participants attending the meeting is attached.

At the meeting, CDA had suggested the following points, and the Team had well noted these kind suggestions, and promised to take due consideration in this regard when the Team prepares the Interim Report.

(1) In the Progress Report, there are some confusion on the description of RA 6938 and RA 6939.

(2) Re: "I 1. 1.1 BACOD agricultural Cooperative Development Program"

This is not an "existing plan" but a "previous plan."

(3) "One per cent" on page 181 is misleading.

(4) "After..." on page 181 is misleading.

Mr. Matsuhira thanked the CDA side for the sincere cooperation extended to the Team from all the authorities concerned and briefed the participants about contents of the Report.

The CDA agreed with the contents of the Report.

Reference

Attendance in the Meeting at CDA

Date : 27th August 1992

Venue : Conference Room, CDA Headquarters

The Philippine Side

CDA

Chairman	(1)	Dr. Vicente U. Quintana	Administrator
	(2)	Exec. Dir. Candelario Verzosa, Jr.	Executive Director
	(3)	Mrs. Iraida A. Banaira	Director, IDD
	(4)	Ms. Lolita Illescas	Asst. Chief, Finance
	(5)	Ms. Evelyn Dolencio	HRMO III
	(6)	Ms. Marietta Jose	Supvg CDS
	(7)	Ms. Ma Erlinda Dailisan	Sr. CDS
DA	(8)	Ms. Sylvia Posadas	Legal Officer II
	(9)	Ms. Aurora Campos	Sr. CDS
	(10)	Mr. Santiago Cabrera	Planning Officer III
JICA Side	(11)	Ms. Imelda Baldo	Supvg. CDS

(1)	Mr. Midori Matsuhira	Team Leader
(2)	Mr. Seiichi Miyagawa	Team Member
(3)	Mr. Goro Takahashi	do
(4)	Mr. Isoo Sugishita	do

(4)

Minutes of Meeting

For

Interim Report

On

The Master Plan Study

For

Strengthening Agricultural Cooperative System

In

The Republic of the Philippines


Agreed Upon Between

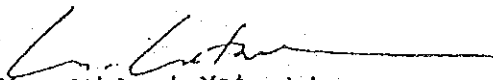
Cooperative Development Authority (CDA)

and

Japan International Cooperation Agency (JICA)

Metro Manila, 26 November 1992


Prof. Edna E. Aberilla
Chairperson, CDA


Mr. Midori Matsuhira
Leader
JICA Study Team

In accordance with the Inception Report on the Master Plan Study for Strengthening the Agricultural Cooperative System in the Republic of the Philippines, the Study Team headed by Mr. Midori Matsuhira presented officially twenty (20) copies of the Interim Report at the end of the Phase I Study. The Study Team held a meeting with CDA Officials on 25th November, 1992 at CDA Headquarters to discuss and exchange views on the Report. The meeting was chaired by Mrs. Edna E. Aberilla, Chairwoman, CDA. The list of participants attending the meeting is attached.

Mr. Matsuhira thanked the CDA side for the sincere cooperation extended to the Team from all the authorities concerned and briefed the participants about the contents of the Report.

The CDA agreed with the contents of the Report.

Discussion was focused on the following points:

- 1) Suggested establishment of branch offices of the Central Union of Cooperatives;

CDA and the Team recognized the sensitive nature of this issue and also the need to ensure that (a) national level cooperative policies be implemented better by pertinent organizations and (b) views and needs of member farmers be duly reflected and respected by the Central Union of Cooperatives in planning policies;

- 2) Financial resources of the Central Union of Cooperatives;

It was pointed out that fees for training have to be included and the Team has well noted this suggestion;

- 3) How to make best use of the loanable funds available within CDA;

"Direct or indirect loaning systems for farmers" were discussed. CDA and the Team agreed that in principle, and where applicable, indirect loan to farmers through their cooperative has to be promoted, instead of direct to individual farmer members. Indirect loans through formal financial institutions, such as cooperative banks should also be promoted.

- 4) It was agreed that the cooperative education should be promoted further in the general education program at all levels:

Reference

Attendance in the Meeting at CDA

Date: November 25, 1992


Venue: CDA Conference Room

The Philippine Side

1. Prof. Edna A. Aberilla - Chairperson, CDA
2. Mr. Candelario L. Verzosa, Jr. - Executive Director, CDA
3. Mr. Myron Gawigawen - Administrator
4. Atty. Pacifico Abraham - Administrator
5. Mrs. Iraida A. Banaira - Director, IDD
6. Ms. Aurora A. Campos - Sr. CDS
7. Mr. Santiago Cabrera - Planning Officer III
8. Mr. Bonifacio M. Tugade - CDS II
9. Mr. Rodolfo T. Tansioco - CDS II
10. Ms. Virgie Cadiente - CDS II

JICA SIDE

1. Mr. Midori Matsuhira - Team Leader
2. Mr. Seiichi Miyagawa - Team Member
3. Dr. Goro Takahashi - Team Member
4. Mr. Isao Sugishita - Team Member
5. Dr. Leandro Rola - Team Member
6. Mr. Hidehiko Hioki - JICA Headquarters
7. Mr. Junichi Shimizu - Advisory Committee
8. Mr. Cesar Subido - Interpreter



(5)

Minutes of Meeting

For

Progress Report (II)

On

The Master Plan Study

For

Strengthening Agricultural Cooperative System

In

The Republic of the Philippines

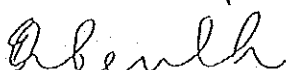
Agreed Upon Between


Cooperative Development Authority (CDA)

And

Japan International Cooperation Agency (JICA)

Netro Manila, 22 March 1993


Prof. Edna E. Aberilla
Chairperson, CDA


Mr. Midori Matsuhira
Leader
JICA Study Team

In accordance with the Inception Report on the Master Plan Study for Strengthening the Agricultural Cooperative System in the Republic of the Philippines, the Study Team headed by Mr. Midori Matsuhira presented officially twenty (20) copies of the Progress Report (II) at the end of the second field survey. The Study Team held a meeting with CDA and other government Officials on 22nd March, 1993 at the CDA Headquarters to discuss and exchange views on the Report. The meeting was chaired by Mrs. Edna E. Aberilla, Chairperson, CDA. The list of participants who attended the meeting is attached.

Mr. Matsuhira expressed most sincere thanks for all what the CDA and all other government agencies concerned have so kindly done in support for the Team in the conduct of the study, and proceeded with briefing the participants on the contents of the Report.

The CDA agreed with the contents of the Report.

Discussions were focused on the following points:

- a) It was agreed that the Report is comprehensive.
- b) CDA suggested that in the Final Report, it would be advisable to include some analysis of different policies of the Government of the Philippines as well as of the prevailing environment. In particular, the Japanese experience in coming up with an Apex Cooperative Bank shall also be included.
- c) It would be advisable that in the Final Report, the Japanese experience of amalgamation of agricultural cooperatives be included, perhaps as an Appendix.
- d) Also it was suggested that the introduction to "Agricultural and Fishery Cooperatives Deposit Insurance as well as the write-up about the "Corporation" which was created because of the law will be added to the "Final Report".

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Attendance in the Meeting at CDA

Date : March 22, 1993

Venue: CDA Conference Room

The Philippine Side

1. Prof. Edna A. Aberilla - Chairperson, CDA
2. Dr. Vicente U. Quintana - Administrator
3. Mr. Myron Gawigawen - Administrator
4. Mr. Candelario L. Verzosak Jr. - Executive Director
5. Mr. Roberto F. Villarroel - Deputy Executive Director
6. Mr. Buenaventura M. Buenaviata - Chief, Administrative Div.
7. Ms. Milagros M. Buenavista - Chief, CPDAD
8. Mr. Edwin Canonizado - Chief, Planning Div.
9. Ms. Ma. Luz Aggabao - Chief, Finance Div. dt
10. Mr. Adaueto Mendoza - Chief, Registration Div.
11. Ms. Marilyn Estrella - Sr. CDS
12. Mrs. Aurora A. Campos - Sr. CDS

JICA Side

1. Mr. Midori Matsuhiro - Team Leader
2. Mr. Seiichi Miyagawa - Team Member
3. Mr. Isao Sugishita - Team Member
4. Dr. Goro Takahashi - Team Member
5. Mr. Joe Otauka - Interpreter
6. Mr. Nobuyuki Kobayashi - JICA Philippine Office


DA Side

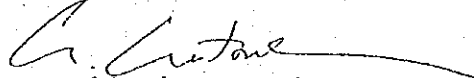
1. Mr. Segundo Serrano - ATI Director

(6)

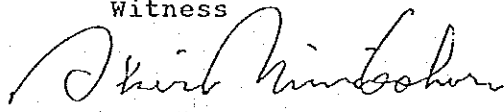
Minutes of Meeting
For
The Draft Final Report
On
The Master Plan Study
For
Strengthening Agricultural Cooperative System
In
The Republic of the Philippines
Agreed Upon Between
Cooperative Development Authority (CDA)
And
Japan International Cooperation Agency (JICA)

Metro Manila, 7 September 1993


Prof. Edna E. Aberilla
Chairperson, CDA


Mr. Midori Matsuhira
JICA Leader Team

Witness


Mr. Akira Minatohara
Acting Chairman, Supervising Committee

In the accordance with the Inception Report on the Master Plan Study for Strengthening the Agricultural Cooperative System in the Republic of the Philippines, the Study Team headed by Mr. Midori Matsuhiko presented officially twenty (20) copies of the Draft Final report.

The Study Team held a meeting with CDA on 6 September, 1993 at the CDA Headquarters to discuss and exchange views on the Draft Final Report.

The meeting was chaired by Mrs. Edna E. Aberilla, Chairperson, CDA. The list of participants who attended the meeting is attached.

On behalf of members of the Study Team and himself, Mr. Matsuhiko expressed most sincere appreciation for kind assistance and support rendered to the Study Team by CDA, DA and other government authorities concerned. He emphasized that without such warm cooperation, the Study Team could not have prepared the Draft Final Report.

Then, he proceeded with briefing the participants on the contents of the Report.

The CDA agreed with the contents and expressions of the Report.

Discussions were focused on the following points.

- a) CDA side has appreciated the Draft Final Report as detailed and comprehensive. And the method of survey was well organized and scientific.
- b) The Team explained that the main points of the Draft Final Report have not been changed since the Team has presented the Progress Report II in March, 1993 to CDA.
- c) Among others, CDA was very much pleased to have a draft recommendation of the Team.
- d) Discussion took place on how to install telephone in rural area. Moreover, it was agreed that no alteration would be required to the suggested Recommendations.
- e) Some errors were pointed out by CDA as per attached sheet, and the Team promised to make corrections.

Edna E. Aberilla

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The following were agreed:

- a) CDA has no objection to make the Final Report open to the public in general.
- b) CDA will submit to JICA a letter to request JICA donate two (2) vehicles. (NISSAN PATHFINDER 4WD DX, left Hand Model, ZWBLYD21JFC)
- c) In accordance with the Scope of Work, CDA was cordially invited to send a letter to JICA Philippine Office indicating CDA's comments and/or views, if any, regarding the Draft Final Report not later than 7th October, 1993.

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Erratum

Page	Line	Error	Correct
1	8, from the bottom	Samahary Nayon	Samahang Nayon
1	2, from the bottom	phased	phrase
4	16, from the top	?? leaders	leaders
8	2, from the bottom	?Samanhannayon?	Samahang Nayon
9	3, from the top	1989	1990
13	tablet July 6-10, Regions July 5-10, Investi- gators	Batanga urvey group B	Batangas Survey Group B
25	8, from the bottom	300	320
123	4, from the top	9,000	16,000
124	6, from the top	subsidiarily	subsidiarity
124	12, from the top	hards-on	hands-on
126	2, from the top	P1.2 million	P1.25 million
126	3, from the top	and Seculities and Exchange Commission (SEC)	and Cooperative Development Authority (CDA)
129	9, from the bottom	have	has
129	8, from the bottom	have	has
135	4, from the bottom	streamlining	streamline

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C. U.
A. M.

Attendance in the Meeting at CDA

Date : 06 September 1993

Venue: CDA Conference Room

The Philippine Side

1. Prof. Edna A. Aberilla - Chairperson, CDA
2. Dr. Vicente U. Quintana - Administrator
3. Mr. Myron Gawigawen - Administrator
4. Gen. Arcadio S. Lozada, Ret. - Administrator
5. Ms. Omera Hd. Lucman - Administrator
6. Mr. Candelario L. Verzosa, Jr. - Executive Director
7. Mr. Roberto F. Villarroel - Deputy Exec. Director
8. Ms. Iraida A. Banaira - Director II
9. Mr. Buenaventura M. Buenavista, Jr. - Chief, CRITD
10. Ms. Milagros M. Buenavista - Chief, CPDAD
11. Mr. Edwin Canonizado - Chief, Planning Div.
12. Ms. Ma. Luz Aggabao - Chief, Finance Div.
13. Mr. Adaueto Mendoza - Chief, Registration
14. Atty. Neil Santillan - Chief, Legal Division
15. Ms. Aurora A. Campos - Sr. CDS
16. Ms. Nenita Santiago - Supvg. CDS

JICA Side

1. Mr. Midori Matsuhira - Team Leader
2. Mr. Seiichi Miyagawa - Asst. Team Leader
3. Dr. Goro Takahashi - Team Member
4. Mr. Isoo Sugishita - Team Member
5. Mr. Akira Minatohara - Actg. Chairman,
Supervisory Com.
6. Mr. Kyojin Mima - JICA Headquarters
7. Mr. Naoki Higuchi - CUAC
8. Mr. Joe Ohtsuka - Interpreter

Aberilla

C. L.

A. M.

Attachment 2

(Attachment 2)

The Philippine Medium Term Cooperatives Development Plan (1993-1998)

The 1993-1998 Medium Term Cooperatives Development Plan (MTCDP) of the Cooperative Development Authority (CDA), consists of six (6) major programs namely: 1) Macroeconomy and Development Financing; 2) Agro-Industrial Development; 3) Human Development; 4) Infrastructure Development; 5) Development Administration for the Cooperative Sector and 6) Development Administration for CDA.

The Macroeconomy and Development Financing Program hopes to strengthen and integrate the cooperative financial system to fully serve the needs of the cooperatives in the country. Under this program, there are three (3) major activities: 1) promotion, organization and strengthening of coop banks in the country; 2) establishment of a national co-op bank; and 3) strengthening and expansion of coop financial intermediation. The latter involves the strengthening of existing network of national federations and intensification of equity build-up and savings mobilization. By 1998, the CDA expects to organize 15 co-op banks; increased CRB capital by 25%; and establish an apex co-op bank.

The main goal of the Agro-Industrial Program is to raise the cooperatives' productivity and to optimize the use of resources with due regard to equity and environmental concerns of the country. The whole program revolves around the: 1) establishment of area focused, co-op-led agro-industrial enterprises that would promote efficient and integrated production and marketing systems in the country; 2) organization and development of cooperatives for agrarian reform beneficiaries; and 3) establishment of cooperatives exporting cottage industry products. In 1998, it is envisioned that: 1) 13 postharvest facilities have been acquired by cooperatives; 2) 10 ARB coops per province have been established; 3) one (1) integrated production system and one (1) marketing grid are in place; and 4) one (1) coop exporting cottage industry products per region have been organized.

To implement a unified and continuing education; and training program for cooperatives and to strengthen their local and international linkages are the main concerns of the Human Development Program (HDP). The strategy is to form and develop cooperatives that would attend to the basic needs of the people in the local

communities. Essentially, the program covers six (6) sectors, namely: 1) education, 2) labor and employment, 3) health, 4) housing, 5) research and development and 6) science and technology.

Under education, HDP aims to institutionalize and/or integrate cooperatives in the formal and non-formal education programs of the government. The creation of a workers' cooperatives financing system, on the other hand, is the main focus of the program under labor and employment. Under health, the organization of cooperatively owned community health centers is the main emphasis, while, the organization of construction workers and the urban poor to initiate low cost housing projects is the main concern under housing.

Meanwhile, database building on cooperatives, computerization of systems, continues research on cooperatives and development of promotional materials are the priorities under research and development. Finally, provision and transfer of science and technology to cooperatives are given emphasis under science and technology.

In 1998, the CDA expects to establish the following under HDP: laboratory coops in one (1) school per region; one (1) workers cooperatives in major factories, farm and offices; one (1) coop health center per province; one (1) coop housing per province; and one (1) national cooperative research and information center.

To build the cooperatives' capability to engage in infrastructure development and construction (to promote agricultural production and marketing) and to organize users of water service, electric, transport, and communication facilities into cooperatives are the major activities under the Infrastructure "Development Program. Thus, by 1998 the CDA expects to see: sea and land transport terminal cooperatives installed; members of 50% of transport cooperatives already owned their units; three (3) telecom co-ops organizing; one (1) water service coop organized and developed per region; and 119 electric coops rehabilitated and strengthened.

The aim of the Development Administration Program for cooperative sector is to achieve a more active private sector and citizen involvement in development activities through cooperatives as well as to establish a peaceful, stable and just environment conducive to national growth and development through cooperatives. As regards the program on Development Administration for CDA, the focus were: to strengthen the powers, functions and responsibilities of the agency and

its linkage with the movement, GOs and NGOs; implement an effective information exchange mechanism that will provide latest information on cooperatives enterprise development; and strengthen working relationships with interested cooperative groups institutions and academic communities.

