

JAPAN INTERNATIONAL COOPERATION AGENCY (JICA)

No. 2

COOPERATIVE DEVELOPMENT AUTHORITY (CDA)  
REPUBLIC OF THE PHILIPPINES

**The Master Plan Study  
for  
Strengthening the Agricultural Cooperative System  
in the Republic of the Philippines**

**The Final Report**

**Appendix I**

**December 1993**

**Central Union of Agricultural Co-operatives (JA-ZENCHU)  
Japan**

AFA

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REPUBLIC OF  
THE PHILIPPINES

THE MASTER PLAN STUDY FOR STRENGTHENING  
THE AGRICULTURAL COOPERATIVE SYSTEM

THE FINAL REPORT

APPENDIX I

DECEMBER

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**The Final Report**

**Appendix I**

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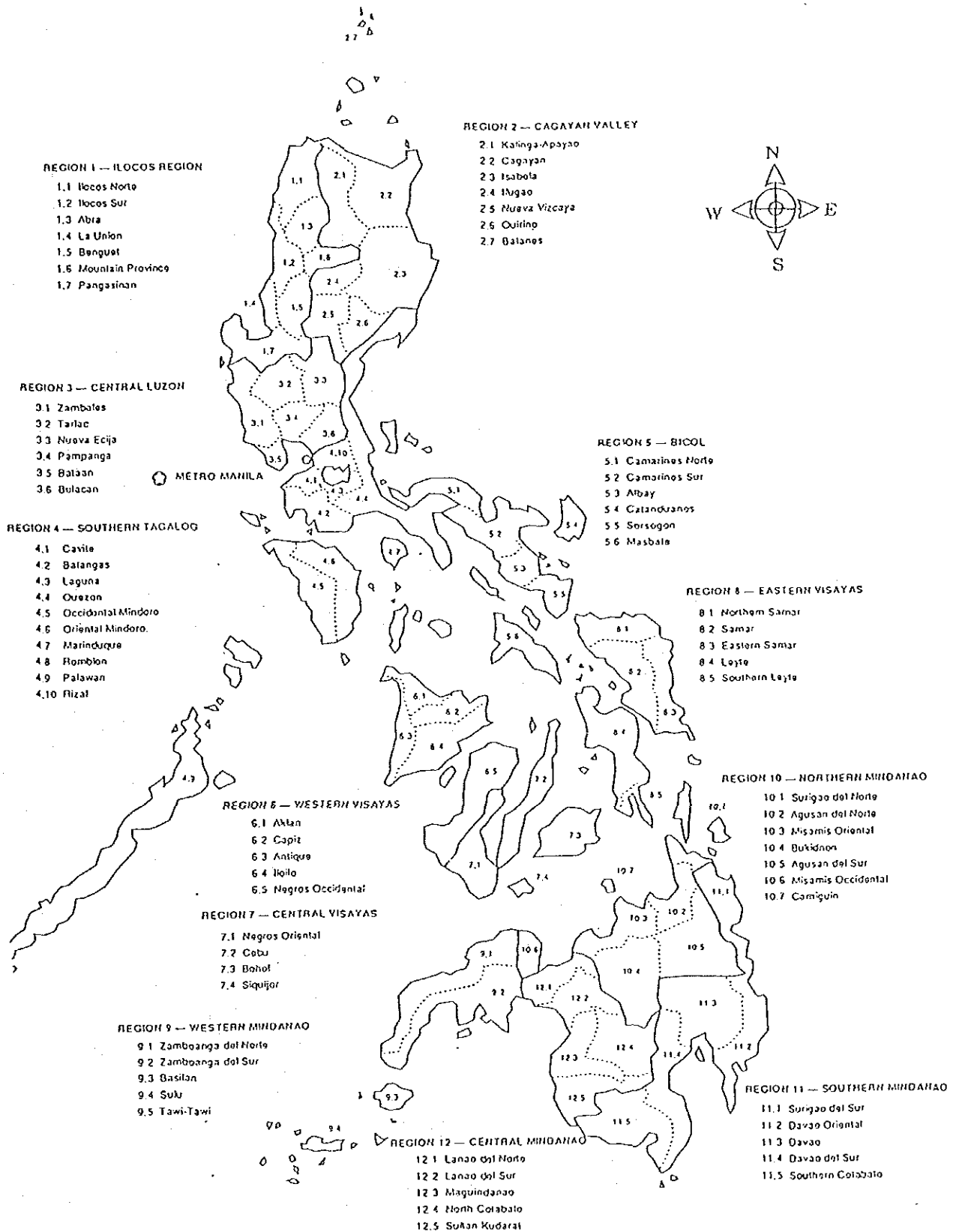
**December 1993**

**Central Union of Agricultural Co-operatives (JA-ZENCHU)**  
**Japan**

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# PUBLIC OF THE PHILIPPINES Regional Map





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## ACRONYMS

ACCI	Agricultural Credit and Cooperative Institute
ACDI	Agricultural Cooperative Development International
AMC	Area Marketing Cooperative
ATI	Agricultural Training Institute
BACOD	Bureau of Agricultural Cooperative Development
BANGKOOP	Cooperative Rural Bank Federation of the Philippines
BCDC	Bicol Cooperative Development Center
CALF	Comprehensive Agricultural Loan Fund
CARL	Comprehensive Agrarian Reform Law
CARP	Comprehensive Agrarian Reform Project
CB	Central Bank of the Philippines
CBs	Cooperative Banks
CDA	Cooperative Development Authority
CDLF	Cooperative Development Loan Fund
CERD	Cooperative Entrepreneurship for Rural Development
CETF	Cooperative Education and Training Fund
CFPI	Cooperative Foundation of the Philippines, Inc.
CISP	Cooperative Insurance System of the Philippines
CLT	Certificate of Land Transfer
CLIMBS	Coop-Life Mutual Benefit Service Association
CMP	Cooperative Marketing Project
CMSP	Cooperative Marketing System of the Philippines, Inc.
CPA	Certified Public Account
CRB	Cooperative Rural Bank

CRDLF	Cooperative Rehabilitation Development Loan Fund
CUP	Cooperative Union of the Philippines, Inc.
DA	Department of Agriculture
DANIDA	Danish International Development Agency
DAR	Department of Agrarian Reform
DBP	Development Bank of the Philippines
DENR	Department of Environment and Natural Resources
DOF	Department of Finance
DTI	Department of Trade and Industry
FACOP	Federation of Agri-based Cooperatives of the Philippines
FECO-Phil.	Federation of Electric Cooperatives in the Philippines
FFF	Federation of Free Farmers
HYVs	High Yielding Varieties
INCAS	Integrated Cooperative Audit System
ISF	Integrated Social Forestry
KKPPI	Federation of Transport Cooperatives in the Philippines
LBP	Land Bank of the Philippines
LGC	Local Government Code
LGU	Local Government Unit
MASS/SPECC	Mindanao Alliance of Self-Help Societies/Southern Philippines Educational Cooperative Center
NATCCO	National Confederation of Cooperatives, Inc.
NCB	National Cooperative Bank
NEDA	National Economic Development Authority
NFA	National Food Authority
NGO	Non-Government Organization

NIA	National Irrigation Administration
PBSP	Philippine Business for Social Progress
PCIC	Philippine Crop Insurance Corporation
PCU	Provincial Cooperative Union
P.D.	Presidential Decree
PFAC	Provincial Federation of Agricultural Cooperatives
PFCCI	Philippine Federation of Credit Cooperatives, Inc.
PMES	Premembership Education Seminar
PVO	Private Voluntary Organization
Quedancor.	Quedan Rural Credit Guaranty Cooperation
RCU	Regional Cooperative Union
RDC	Regional Development Center
RFAGC	Regional Federation of Agricultural Cooperatives
SEC	Security and Exchange Commission
SN	Samahang Nayon
SNSP	Samahang Nayon Support Project
TAGCODEC	Tagalog Cooperative Development Center
TLRC	Technology Livelihood and Resource Center
UPLB	University of the Philippines at Los Baños
USAID	United States Agency for International Development

**Primary cooperatives, unions and federations etc.  
subject to Detailed survey**

(Benguet Province)

BFMCI	Balacbac Farmers Multi-purpose Cooperative, Inc.
BSDCI	Bangao Saving and Development Cooperative, Inc.



PPPK-MCI	PPPK-Multi-purpose Cooperative, Inc.
BACFED	Benguet Agricultural Cooperative Federation, Inc.
NORLU	Northern Luzon Cooperative Development Center, Inc.
CBB	Cooperative Bank of Benguet

(Nueva Ecija Province)

PPMKBI	Pulo Primary Multi-purpose Kilusang Bayan, Inc.
GNPMCI	General Natvidad Primary Multi-purpose Cooperative, Inc.
GIPMCI	Gapumaca-Isa Primary Multi-purpose Cooperative, Inc.
NEFABCI	Nueva Ecija Federation of Agri-based Cooperatives, Inc.
PFACNE	Provincial Federation of Agri-based Cooperatives of Nueva Ecija
TINESCO	Timog Nueva Ecija Secondary Cooperative, Inc.
CRB-NE	Cooperative Rural Bank of Nueva Ecija

(Batangas Province)

LMCI	Limcoma Marketing Cooperative, Inc.
SIDCI	Sorosoro Ibaba Development Cooperative, Inc.
CUBI	Cooperative Union of Batangas, Inc.
PBACI	Province of Batangas of Agri-based Cooperative, Inc.
CCRBBI	The Countryside Cooperative Rural Bank of Batangas, Inc.

(Laguna Province)

DIMCI	Dambo Irrigators Multi-purpose Cooperative, Inc.
CULI	The Cooperative Union of Laguna, Inc.
FLFMC	The Federation of Laguna Farmers Marketing Cooperative, Inc.

(Iloilo Province)

PCDCI	The Panay Cotton Cooperative Development , Inc.
PFMCI	Pototan Farmers Multi-purpose Cooperative, Inc.
WVUCI	Western Visayas Union of Cooperatives, Inc.
SIAMCI	Southern Iloilo Area Marketing Cooperative, Inc.
IFACI	Iloilo Federation of Agricultural Cooperatives, Inc.
1ST AMCI	1st Iloilo Area Marketing Cooperative, Inc.
CRBI	The Cooperative Rural Bank of Iloilo, Inc.

(Leyte Province)

BAMCI	Barayong Agricultural Multi-purpose Cooperative, Inc.
UMCI	Unifarm Multi-purpose Cooperative, Inc.
CMCI	Canluta Primary Multi-purpose Agricultural Cooperative, Inc.
ELFACO	Eastern Leyte Federation of Agri-based Cooperatives
WELFACO	Western Leyte Federation of Agricultural Cooperatives
LCRB	Leyte Cooperative Rural Bank, Inc.
VICTO	Visayas Cooperative Development Center, Inc.

(Davao Del Norte Province)

DFFCI	Davao Free Farmers Cooperative, Inc.
NICI	Nabunturan Integrated Cooperative, Inc.
PCU-DAVAO	Provincial Cooperative Union of Davao, Inc.
DAFEDACO	Davao Federation of Agri-based Cooperatives, Inc.
CFDC	Cooperative Federation of Davao City
CBDC	Cooperative Bank of Davao City, Inc.

**I. Selection Criteria for Detailed Study Areas,  
Selection of the Number of Detailed Study  
Areas, etc.**



# **I. Selection Criteria for Detailed Study Areas, Selection of the Number of Detailed Study Areas, etc.**

## **1. Selection Criteria for Detailed Study Areas**

### **1-1 Basic Attitude Toward Selection of Detailed Study Areas**

Detailed study areas will be selected from islands and regions such as Luzon (region 1/2/3/4/5/national capital), Visaya (region 6/7/8) and Mindanao (region 9/10/11/12), in consideration of characteristics of the regional agricultural structure, the geographical balance of socioeconomic situations, etc.

### **1-2 Selection Criteria**

#### **(1) Framework of criteria**

The framework of selection criteria for detailed study areas will be determined by taking into account province-level socioeconomic conditions, geographical conditions, conditions favorable and unfavorable to the development of cooperatives, the propriety of implementing study of agricultural cooperatives, security conditions for the implementation of study and others.

#### **(2) Details about selection criteria**

##### **1) Socioeconomic conditions**

Basic factors for the socioeconomic status of the agricultural sector and conditions for the development of the agricultural sector are diverse. Hence GDP by industrial sector, working population by industrial sector, economic growth rate, dynamic trends in population and the distribution of household economy by income bracket will be adopted as selection criteria for detailed study areas.

##### **2) Geographical conditions**

To give thought to basic factors creating the geographical environment of the agricultural sector that is easily affected by natural conditions, weather, history, regional integration (unity/economic zone), traffic conditions

(transport system network situation) and the distance/time to major consumption areas will additionally be included as selection criteria.

3) Conditions favorable and unfavorable to the development of cooperatives

The development situation of cooperatives varies according to region. There are many factors influencing such situations. Therefore, conditions for the development of cooperatives will be divided by pattern concerning the items given below so that detailed study areas may be selected in accordance with each pattern. In this case, consideration will be given to the developed and undeveloped state of cooperatives as a whole and to reasons for their conditions.

	Level		
	I	II	III
* Management capability of agricultural cooperative officials	I	II	III
* Degree of member farmers' understanding toward the agricultural cooperative movement	I	II	III
* Degree of member farmers' participation in the agricultural cooperative movement	I	II	III

4) Structural conditions for agriculture

Conditions incidental to agriculture, which create the fundamental character of cooperative businesses/activities, must be taken into consideration. More specifically, the rate of acreage arable (Table 1 on attached sheet), major farm products and dynamic production (Table 2, Table 3 on attached sheets), the irrigation situation (Figure 1), soil, agricultural output as percentage of GDP, access to the agricultural market, and the ratio of farm households and small farmers to agriculture serve as major criteria.

Special attention needs to be paid to the ratio of acreage arable to the total land area in province because it is an effective index promoting the status of the agricultural sector per province.

5) Propriety of cooperative study

In order to effectively implement detailed cooperative study, it is necessary to categorize the attributes of cooperatives subject to study, by the factors given below:

Regional distribution situation of cooperatives, the history of cooperatives; characteristics of their locations; their main business areas; leading facilities they own; their distance to major consumption city; their membership scale; their management capability; their capability of technical guidance in agriculture; their financial status; their competition with dealers; their development potential; and their system for cooperation in the study.

* Regional distribution situation of cooperatives	(See Table 4)				
* Major farm products					
* History of cooperatives	-3 years	4-5	6-10	10-	
* Characteristics of locations	Near City	Remote from City		Halfway from City Mountains	
* Major business	Purchasing	Collection/Marketing	Credit Others		
* Leading facilities owned	Mill	Dryers	Warehouses	Trucks	Combines Others
* Distance to major consumption city	-5km	6-10	11-30	31-50	51-
* Membership scale	-50	50-100	100-300	300-500	500-
* Management capability	A	B	C	D	
* Capability of technical guidance in agriculture	A	B	C	D	
* Financial status	A	B	C	D	No F.S.
* Competition with dealers	Intense	Ordinary	No Competition		
* Development potential	A	B	C		
* Cooperative system for cooperation in the study	A	B	C		

6) Security conditions and others

The physical security of Japanese study specialists and their Philippine counterparts, their ease of access to transport and hotel accommodations, and the presence or absence of relevant public organs, etc., will be included in criteria for the selection of cooperatives subject to the study (in this respect, it is largely up to the judgment of the Philippine Government).

1-3 Quantity

(1) Number of study provinces

The number of study provinces is roughly determined from 73 provinces in consideration of the conditions clarified in the foregoing Item 1.

1) Determination of the number of study provinces

It is appropriate to set the number of study provinces at seven.

2) Reasons

- (i) It is considered that seven study provinces almost account for 10 percent of the 73 provinces and that they meet the requirements of representation as study provinces.
- (ii) The distribution of acreage planted by 73 provinces can be classified almost into seven (Figure 2).
- (iii) The distribution of soil and base rocks, which are major factors determining natural conditions for Philippine agriculture, is classifiable almost into seven (Figure 3).

(2) Number of study cooperatives

The number is set at about 16 cooperatives.

Reasons for designating about 16 detailed study cooperatives.



1) Premise

In principle, study cooperatives are confined to those with a membership of 100 and over. This is because extremely small cooperatives are considered inappropriate for the analysis of the economic activities and status of cooperatives.

2) Number of cooperatives with membership exceeding 100

$$9,452 \text{ cooperatives} \times 0.034 (0.028 + 0.003 + 0.003) = 321$$

(See the table below).

$$321 \times 10\% (\text{rate of sampling}) \times 1/2 = 16$$

1/2: This denotes the weight of detailed study to the total study.

Number of Cooperatives by Membership Scale

Class(Member)	Number of Cooperatives	Percentage
15	32	10.0
16-30	146	45.6
31-50	104	32.5
51-100	27	8.4
101-200	9	2.8
201-300	1	0.3
300-	1	0.3
計	320	100.0

Remarks: Results of random sampling as of March 1992

Source: CDA

1-4 Points Requiring Attention in Determining Number of Study Cooperatives

The number of study cooperatives is determined by taking into consideration the advisability of collecting various data that need to be used in the application of the aforementioned criteria for the selection of study provinces, and also the view and policy judgment of the Philippine Government.

## 1-5 Selection of Candidate Detailed Study Areas

Candidate detailed Study areas were selected as follows in accordance with selection criteria for and the number of detailed Study areas roughly determined detailed study areas.

### (1) Selection of candidate detailed study areas

Seven candidate detailed Study areas will be roughly determined with the geographical balance of the national land as a whole used as a criterion, in consideration of conditions required for the recording of selection criteria. More specifically, the following areas will be selected as candidate detailed Study areas:

Benguet (Region 1), Nueva Ecija (Region 3), Batangas (Region 4), Laguna (Region 4), Iloilo (Region 6), Leyte (Region 8) and Davao Del Norte (Region 11)

### (2) Reasons for selection of above-mentioned candidate detailed study areas

#### 1) Natural geography

The Philippines can be divided into four regions, two in the north and south and another two in the east and west, centering on the point where 123 degrees east longitude crosses latitude 12 degrees north.

In designating candidate detailed Study areas, it is considered desirable that one to two areas should be selected from regions in the north and south and in the east and south, respectively, to form a geographical balance. Attention must therefore be paid to the respective areas being located at a given distance from each other geographically.

When accordingly, candidate detailed Study areas are roughly selected accordingly, the following areas can be picked:

More specifically, Benguet (Region 1), Nueva Ecija (Region 3), Batangas (Region 4) and Laguna (Region 4) are located on the northern side of the center line of latitude 12 degrees north, and Iloilo (Region 6), Leyte (Region 8) and Davao Del Norte (Region 11), on the southern side.

Benguet, Nueva Ecija, Batangas and Laguna are also situated on the western side of 123 degrees east longitude, while Iloilo, Leyte and Davao Del Norte are

located on the eastern side. These areas are situated at a given distance from each other geographically, thus meeting the above-mentioned requirements (Figure 4).

2) Balance in the rate of planted acreage

The rate of arable acreage per province is shown in Table 1. This rate for 73 provinces averages out of 13.6 percent. The minimum rate is 3.6 percent and the maximum rate is 34.8 percent. Because of this vast imbalance in the rate, it is considered undesirable to select an area with a specific rate of planted acreage, as a candidate detailed study area. Hence seven candidate detailed study areas will be apportioned by classifying areas into three types, that is, an area below 10 percent, an area below 11 to 20 percent and area above 21 percent of planted acreage. In this case, the number of candidate detailed Study areas will be apportioned with an emphasis put on a more agriculture-based area. Following the results of the apportion:

Candidate detailed Study areas whose rate of arable acreage is below 10 percent .....	2
Those whose rate of arable acreage is below 11 percent to 20 percent .....	2
Those whose rate of arable acreage is above 21 percent .....	3
Total .....	7

Following are the results of random pickup of areas on the basis of the rate of planted acreage:

- Below 10 percent ..... Benguet (6.6%), Davao Del Norte (10.6%)
- Below 11 to 20 percent ..... Laguna (18.3%), Leyte (18.4%)
- Above 21 percent ..... Nueva Ecija (32.8%), Batangas (25.4%), Iloilo (30.6%)

3) Distribution of soil and base rocks

The current status and development potential of diverse agricultural production in the Philippines depend, basically, on the widespread distribution of

soil and base rocks. The climate is divided into four different patterns — dry in winter and rainy in summer and autumn, dry for a short period and a lot of rain, neither dry nor rainy, and not dry and rainy in winter. However, the distribution of soil and base rocks is considered a factor that will enable the production of a great variety of farm crops. This must be taken into special consideration in the selection of candidate detailed study areas.

Basically, there are seven types of soil distribution in the Philippines: Alluvial soil; shales and sandstones; andesites; basalts; agglomerates; limestones; and crusts.

The following individual areas can be selected according to the distribution of seven different types of soil and base rocks:

Alluvial soil .....	Batangas
Shale and sandstone .....	Iloilo
Volcanic Tuff .....	Laguna
Andesite, basalt and agglomerate .....	Benguet
Limestone .....	Leyte
Complex .....	Nueva Ecija
Crust .....	Davao Del Norte

(3) Cooperatives, unions and federations to be covered by study, in 7 areas

1) Cooperatives, unions and federations

First, 16 cooperatives to be covered by the study will be selected from the aforementioned areas with consideration given to factors for cooperative development and undevelopment, and the propriety of the study. Next, unions and federations, to which these cooperatives belong, will be chosen to be covered by the Study.

If cooperatives to be covered by the study are members of plural unions and federations, the latter selection will be made from those of which such cooperatives form the core.

The result of selection is as follows;

- (a) Primary cooperatives to be covered by the study
  - a Benguet
    - \* Bangao Saving and Development Cooperative (1)
    - \* PPPK-Multipurpose Cooperative, Inc. (2)
    - \* Balacbac Farmers Multipurpose Cooperative (3)
  - b Nueva Ecija
    - \* Pulo Primary Multipurpose Kilusang Bayan, Inc. (4)
    - \* General Matividad Primary Multipurpose Cooperative, Inc. (5)
    - \* Gapumaca-Isa Primary Multipurpose Cooperative, Inc. (6)
  - c Batangas
    - \* Limcoma Multipurpose Cooperative (7)
    - \* Sorosoro Ibaba Development Cooperative, Inc. (8)
  - d Laguna
    - \* Dambo Irrigators Multipurpose Cooperative (9)
  - e Iloilo
    - \* Panay Cotton Development Cooperative, Inc. (10)
    - \* Pototan farmers Multipurpose Cooperative, Inc. (11)
  - f Leyte
    - \* Unifarm Multipurpose Cooperative (12)
    - \* Barayong Agricultural Multipurpose Cooperative (13)
    - \* Canlutaao Multipurpose Cooperative (14)
  - g Davao Del Norte
    - \* Davao Free Farmers Cooperative, Inc. (15)
    - \* Nabunturan Integrated Cooperative, Inc. (16)

(b) Unions and federations to be covered by the study

- a Benguet
  - \* Benguet Federation of Agricultural Cooperatives
- b Nueva Ecija
  - \* Provincial Federation of Agribased Cooperatives of Nueva Ecija
- c Batangas
  - \* Batangas Agribased Federation, LIPA
- d Laguna
  - \* Federation of Laguna Farmers Marketing Cooperative, Inc.
- e Iloilo
  - \* Western Visayas Union of Cooperatives, Inc
  - \* Cooperative Rural Bank of Iloilo, Inc.
- f Leyte
  - \* Eastern Leyte Federation of Agricultural Cooperatives
  - \* Western Leyte Federation of Agricultural Cooperatives
- g Davao Del Norte
  - \* The Davao Federation of Agricultural Cooperatives
  - \* Cooperative Rural Bank of Davao City, Inc.

2) Reasons for selection of cooperatives to be covered by the study

The above-listed cooperatives were found to be qualified to be covered by the study, in terms of indexes to cooperative development and undevelopment factors, and to Study propriety.

The results of the application of such indexes are as follows:

a Benguet

\* Bangao Saving and Development Cooperative

(1)

	LEVEL		
· Management capability of agricultural cooperative officials	I	II	III
· Degree of member farmers' understanding toward the agricultural cooperative movement	I	II	III
· Degree of member farmers' participation in the agricultural cooperative movement	I	II	III

· Major farm products	Vegetables				
· History of cooperatives	-3years	4-5	6-10	10-	
· Characteristics of locations	Near City	Remote from City	Halfway from City	Mountains	
· Major business	Purchasing	Collection/Marketing	Credit	Others	
· Leading facilities owned	Mill	Dryers	Ware-houses	Trucks	Combines Others
· Distance to major consumption city	-5km	6-10	11-30	31-50	51-
· Membership scale	-50	50-100	100-300	300-500	500-
· Management capability	A	B	C	D	
· Capability of technical guidance in agriculture	A	B	C	D	
· Financial status	A	B	C	D	No F.S.
· Competition with dealers	Intense	Ordinary	No Competition		
· Development potential	A	B	C		
· Cooperative system for cooperation in the study	A	B	C		

	LEVEL		
· Management capability of agricultural cooperative officials	I	II	III
· Degree of member farmers' understanding toward the agricultural cooperative movement	I	II	III
· Degree of member farmers' participation in the agricultural cooperative movement	I	II	III

· Major farm products	Pineapple				
· History of cooperatives	-3years	4-5	6-10	10-	
· Characteristics of locations	Near City	Remote from City	Halfway from City	Mountains	
· Major business	Purchasing	Collection/Marketing	Credit	Others	
· Leading facilities owned	Mill	Dryers	Ware-houses	Trucks	Combines Others
· Distance to major consumption city	-5km	6-10	11-30	31-50	51-
· Membership scale	-50	50-100	100-300	300-500	500-
· Management capability	A	B	C	D	
· Capability of technical guidance in agriculture	A	B	C	D	
· Financial status	A	B	C	D	No F.S.
· Competition with dealers	Intense	Ordinary	No Competition		
· Development potential	A	B	C		
· Cooperative system for cooperation in the study	A	B	C		



\* Balacbac Farmers Multipurpose Cooperative

(3)

	LEVEL		
· Management capability of agricultural cooperative officials	I	II	III
· Degree of member farmers' understanding toward the agricultural cooperative movement	I	II	III
· Degree of member farmers' participation in the agricultural cooperative movement	I	II	III

· Major farm products	Vegetables and Cut Flowers				
· History of cooperatives	-3years	4-5	6-10	10-	
· Characteristics of locations	Near City	Remote from City	Halfway from City	Mountains	
· Major business	Purchasing	Collection/Marketing	Credit	Others	
· Leading facilities owned	Mill	Dryers	Ware-houses	Trucks	Combines Others
· Distance to major consumption city	-5km	6-10	11-30	31-50	51-
· Membership scale	-50	50-100	100-300	300-500	500-
· Management capability	A	B	C	D	
· Capability of technical guidance in agriculture	A	B	C	D	
· Financial status	A	B	C	D	No F.S.
· Competition with dealers	Intense	Ordinary	No Competition		
· Development potential	A	B	C		
· Cooperative system for cooperation in the study	A	B	C		

b Nueva Ecija

\* Pulo Primary Multipurpose Kilusang Bayan, Inc.

(4)

	LEVEL		
· Management capability of agricultural cooperative officials	I	II	III
· Degree of member farmers' understanding toward the agricultural cooperative movement	I	II	III
· Degree of member farmers' participation in the agricultural cooperative movement	I	II	III

· Major farm products	Rice and Chicken Raising				
· History of cooperatives	-3years	4-5	6-10	10-	
· Characteristics of locations	Near City	Remote from City	Halfway from City	Mountains	
· Major business	Purchasing	Collection/Marketing	Credit	Others	
· Leading facilities owned	Mill	Dryers	Ware-houses	Trucks	Combines Others
· Distance to major consumption city	-5km	6-10	11-30	31-50	51-
· Membership scale	-50	50-100	100-300	300-500	500-
· Management capability	A	B	C	D	
· Capability of technical guidance in agriculture	A	B	C	D	
· Financial status	A	B	C	D	No F.S.
· Competition with dealers	Intense	Ordinary	No Competition		
· Development potential	A	B	C		
· Cooperative system for cooperation in the study	A	B	C		

\* General Natividad Primary Multipurpose Cooperative, Inc. (5)

	LEVEL		
· Management capability of agricultural cooperative officials	I	II	III
· Degree of member farmers' understanding toward the agricultural cooperative movement	I	II	III
· Degree of member farmers' participation in the agricultural cooperative movement	I	II	III

· Major farm products	Rice				
· History of cooperatives	(-3years)	4-5	6-10	10-	
· Characteristics of locations	Near City	(Remote from City)	Halfway from City	Mountains	
· Major business	(Purchasing)	(Collection/Marketing)	(Credit)	Others	
· Leading facilities owned	Mill	Dryers	(Ware-houses)	Trucks	Combines Others
· Distance to major consumption city	-5km	6-10	11-30	31-50	(51-)
· Membership scale	-50	50-100	(100-300)	300-500	500-
· Management capability	A	(B)	C	D	
· Capability of technical guidance in agriculture	A	B	(C)	D	
· Financial status	A	B	(C)	D	No F.S.
· Competition with dealers	(Intense)	Ordinary	No Competition		
· Development potential	(A)	B	C		
· Cooperative system for cooperation in the study	A	(B)	C		

\* Gapumaca-Isa Primary Multipurpose Cooperative, Inc. (6)

	LEVEL		
· Management capability of agricultural cooperative officials	I	II	III
· Degree of member farmers' understanding toward the agricultural cooperative movement	I	II	III
· Degree of member farmers' participation in the agricultural cooperative movement	I	II	III

· Major farm products	Rice			
· History of cooperatives	-3years	4-5	6-10	10-
· Characteristics of locations	Near City	Remote from City	Halfway from City	Mountains
· Major business	Purchasing	Collection/Marketing	Credit	Others
· Leading facilities owned	Mill	Dryers	Warehouses	Trucks Combines Others
· Distance to major consumption city	-5km	6-10	11-30	31-50 51-
· Membership scale	-50	50-100	100-300	300-500 500-
· Management capability	A	B	C	D
· Capability of technical guidance in agriculture	A	B	C	D
· Financial status	A	B	C	D No F.S.
· Competition with dealers	Intense	Ordinary	No Competition	
· Development potential	A	B	C	
· Cooperative system for cooperation in the study	A	B	C	

c Batangas

\* Limcoma Multipurpose Cooperative

(7)

	LEVEL		
· Management capability of agricultural cooperative officials	I	II	III
· Degree of member farmers' understanding toward the agricultural cooperative movement	I	II	III
· Degree of member farmers' participation in the agricultural cooperative movement	I	II	III

· Major farm products	Chicken Raising, Rice and Corn				
· History of cooperatives	-3years	4-5	6-10	10-	
· Characteristics of locations	Near City	Remote from City	Halfway from City	Mountains	
· Major business	Purchasing	Collection/Marketing	Credit	Others	
· Leading facilities owned	Mill	Dryers	Ware-houses	Trucks	Combines Others (Mixers)
· Distance to major consumption city	-5km	6-10	11-30	31-50	51-
· Membership scale	-50	50-100	100-300	300-500	500-
· Management capability	A	B	C	D	
· Capability of technical guidance in agriculture	A	B	C	D	
· Financial status	A	B	C	D	No F.S.
· Competition with dealers	Intense	Ordinary	No Competition		
· Development potential	A	B	C		
· Cooperative system for cooperation in the study	A	B	C		

	LEVEL		
· Management capability of agricultural cooperative officials	(I)	II	III
· Degree of member farmers' understanding toward the agricultural cooperative movement	I	(II)	III
· Degree of member farmers' participation in the agricultural cooperative movement	I	(II)	III

· Major farm products	Animal Husbandry				
· History of cooperatives	-3years	4-5	6-10	(10-)	
· Characteristics of locations	Near City	(Remote from City)	Halfway from City	Mountains	
· Major business	(Purchasing)	Collection/Marketing	Credit	Others	
· Leading facilities owned	(Mill)	Dryers	(Ware-houses)	Trucks	Combines Others
· Distance to major consumption city	-5km	6-10	11-30	31-50	(51-)
· Membership scale	-50	50-100	100-300	300-500	(500-)
· Management capability	(A)	B	C	D	
· Capability of technical guidance in agriculture	A	B	(C)	D	
· Financial status	A	B	(C)	D	No F.S.
· Competition with dealers	Intense	(Ordinary)		No Competition	
· Development potential	A	(B)	C		
· Cooperative system for cooperation in the study	(A)	B	C		

d Laguna

\* Dambo Irrigators Multipurpose Cooperative

(9)

	LEVEL		
· Management capability of agricultural cooperative officials	(I)	II	III
· Degree of member farmers' understanding toward the agricultural cooperative movement	(I)	II	III
· Degree of member farmers' participation in the agricultural cooperative movement	(I)	II	III

· Major farm products	Rice				
· History of cooperatives	-3years	4-5	6-10	(10-)	
· Characteristics of locations	Near City	(Remote from City)	Halfway from City	Mountains	
· Major business	Purchasing	(Collection/Marketing)	Credit	(Others (irrigation facilities))	
· Leading facilities owned	(Mill)	Dryers	(Ware-houses)	Trucks	Combines Others
· Distance to major consumption city	-5km	6-10	11-30	(31-50)	51-
· Membership scale	-50	50-100	(100-300)	300-500	500-
· Management capability	(A)	B	C	D	
· Capability of technical guidance in agriculture	A	(B)	C	D	
· Financial status	A	(B)	C	D	No F.S.
· Competition with dealers	(Intense)	Ordinary	No Competition		
· Development potential	(A)	B	C		
· Cooperative system for cooperation in the study	(A)	B	C		

e Iloilo

\* Panay Cotton Development Cooperative, Inc.

(10)

	LEVEL		
· Management capability of agricultural cooperative officials	(I)	II	III
· Degree of member farmers' understanding toward the agricultural cooperative movement	(I)	(II)	III
· Degree of member farmers' participation in the agricultural cooperative movement	I	II	III

· Major farm products	Cotton				
· History of cooperatives	-3years	(4-5)	6-10	10-	
· Characteristics of locations	(Near City)	(Remote from City)	Halfway from City	Mountains	
· Major business	(Purchasing)	(Collection/Marketing)	Credit	Others	
· Leading facilities owned	(Mill)	Dryers	Ware-houses	(Trucks)	Combines Others
· Distance to major consumption city	-5km	(6-10)	11-30	31-50	51-
· Membership scale	-50	50-100	100-300	300-500	(500-)
· Management capability	(A)	B	C	D	
· Capability of technical guidance in agriculture	A	(B)	C	D	
· Financial status	A	(B)	C	D	No F.S.
· Competition with dealers	(Intense)	Ordinary	No Competition		
· Development potential	(A)	B	C		
· Cooperative system for cooperation in the study	(A)	B	C		



	LEVEL		
· Management capability of agricultural cooperative officials	(I)	II	III
· Degree of member farmers' understanding toward the agricultural cooperative movement	(I)	II	III
· Degree of member farmers' participation in the agricultural cooperative movement	I	(II)	III

· Major farm products	Rice and Vegetables				
· History of cooperatives	-3years	4-5	6-10	(10-)	
· Characteristics of locations	(Near City)	Remote from City	Halfway from City	Mountains	
· Major business	(Purchasing)	(Collection/Marketing)	Credit	Others	
· Leading facilities owned	Mill	Dryers	Ware-houses	Trucks	Combines (Others)
· Distance to major consumption city	(-5km)	6-10	11-30	31-50	51-
· Membership scale	-50	50-100	100-300	300-500	(500-)
· Management capability	(A)	B	C	D	
· Capability of technical guidance in agriculture	A	B	(C)	D	
· Financial status	(A)	B	C	D	No F.S.
· Competition with dealers	(Intense)	Ordinary	No Competition		
· Development potential	(A)	B	C		
· Cooperative system for cooperation in the study	(A)	B	C		

f Leyte

\* Uniform Multipurpose Cooperative

(12)

	LEVEL		
· Management capability of agricultural cooperative officials	I	II	III
· Degree of member farmers' understanding toward the agricultural cooperative movement	I	II	III
· Degree of member farmers' participation in the agricultural cooperative movement	I	II	III

· Major farm products	Sugar and Rice				
· History of cooperatives	(-3years)	4-5	6-10	10-	
· Characteristics of locations	Near City	(Remote from City)	Halfway from City	Mountains	
· Major business	(Purchasing)	(Collection/Marketing)	Credit	Others	
· Leading facilities owned	(Mill)	Dryers	Ware-houses	Trucks	Combines Others
· Distance to major consumption city	-5km	6-10	11-30	31-50	(51-)
· Membership scale	-50	50-100	100-300	(300-500)	500-
· Management capability	A	(B)	C	D	
· Capability of technical guidance in agriculture	A	B	(C)	D	
· Financial status	A	B	(C)	D	No F.S.
· Competition with dealers	(Intense)	Ordinary	No Competition		
· Development potential	A	(B)	C		
· Cooperative system for cooperation in the study	A	(B)	C		

	LEVEL		
· Management capability of agricultural cooperative officials	I	II	III
· Degree of member farmers' understanding toward the agricultural cooperative movement	I	II	III
· Degree of member farmers' participation in the agricultural cooperative movement	I	II	III

· Major farm products	Rice				
· History of cooperatives	-3years	4-5	6-10	10-	
· Characteristics of locations	Near City	Remote from City	Halfway from City	Mountains	
· Major business	Purchasing	Collection/Marketing	Credit	Others	
· Leading facilities owned	Mill	Dryers	Ware-houses	Trucks	Combines Others
· Distance to major consumption city	-5km	6-10	11-30	31-50	51-
· Membership scale	-50	50-100	100-300	300-500	500-
· Management capability	A	B	C	D	
· Capability of technical guidance in agriculture	A	B	C	D	
· Financial status	A	B	C	D	No F.S.
· Competition with dealers	Intense	Ordinary	No Competition		
· Development potential	A	B	C		
· Cooperative system for cooperation in the study	A	B	C		

\* Canluta Multipurpose Cooperative

(14)

	LEVEL		
· Management capability of agricultural cooperative officials	I	II	III
· Degree of member farmers' understanding toward the agricultural cooperative movement	I	II	III
· Degree of member farmers' participation in the agricultural cooperative movement	I	II	III

· Major farm products	Rice and Animal Husbandry				
· History of cooperatives	-3years	4-5	6-10	10-	
· Characteristics of locations	Near City	Remote from City	Halfway from City	Mountains	
· Major business	Purchasing	Collection/Marketing	Credit	Others	
· Leading facilities owned	Mill	Dryers	Ware-houses	Trucks	Combines Others
· Distance to major consumption city	-5km	6-10	11-30	31-50	51-
· Membership scale	-50	50-100	100-300	300-500	500-
· Management capability	A	B	C	D	
· Capability of technical guidance in agriculture	A	B	C	D	
· Financial status	A	B	C	D	No F.S.
· Competition with dealers	Intense	Ordinary	No Competition		
· Development potential	A	B	C		
· Cooperative system for cooperation in the study	A	B	C		

g Davao Del Norte

\* Davao Free Farmers Cooperative, Inc.

(15)

	LEVEL		
· Management capability of agricultural cooperative officials	(I)	II	III
· Degree of member farmers' understanding toward the agricultural cooperative movement	(I)	II	III
· Degree of member farmers' participation in the agricultural cooperative movement	(I)	II	III

· Major farm products	Rice				
· History of cooperatives	-3years	4-5	6-10	(10-)	
· Characteristics of locations	Near City	(Remote from City)	Halfway from City	Mountains	
· Major business	(Purchasing)	(Collection/Marketing)	Credit	Others	
· Leading facilities owned	(Mill)	(Dryers)	(Warehouses)	Trucks	Combines (Others)
· Distance to major consumption city	-5km	6-10	11-30	31-50	(51-)
· Membership scale	-50	50-100	100-300	300-500	(500-)
· Management capability	(A)	B	C	D	
· Capability of technical guidance in agriculture	A	(B)	C	D	
· Financial status	A	B	(C)	D	No F.S.
· Competition with dealers	(Intense)	Ordinary	No Competition		
· Development potential	(A)	B	C		
· Cooperative system for cooperation in the study	(A)	B	C		

	LEVEL		
· Management capability of agricultural cooperative officials	I	II	III
· Degree of member farmers' understanding toward the agricultural cooperative movement	I	II	III
· Degree of member farmers' participation in the agricultural cooperative movement	I	II	III

· Major farm products	Rice				
· History of cooperatives	-3years	4-5	6-10	10-	
· Characteristics of locations	Near City	Remote from City	Halfway from City	Mountains	
· Major business	Purchasing	Collection/Marketing	Credit	Others	
· Leading facilities owned	Mill	Dryers	Ware-houses	Trucks	Combines Others
· Distance to major consumption city	-5km	6-10	11-30	31-50	51-
· Membership scale	-50	50-100	100-300	300-500	500-
· Management capability	A	B	C	D	
· Capability of technical guidance in agriculture	A	B	C	D	
· Financial status	A	B	C	D	No F.S.
· Competition with dealers	Intense	Ordinary	No Competition		
· Development potential	A	B	C		
· Cooperative system for cooperation in the study	A	B	C		

Table 1 (1)

## The Rate of Acreage Arable (by Region, Province)

	TOTAL LAND AREA	TOTAL LAND ARABLE	(B)/(A)
	(A)	(B)	(B)/(A)
ILOCOS NORTE	339,934	34,437	10.1
ILOCOS SUR	257,958	36,487	14.1
ABRA	397,585	21,265	5.3
LA UHION	149,309	32,431	21.7
BENGUET	265,538	17,528	6.6
MOUNTAIN PROVINCE	209,733	9,489	4.5
PANGASINAN	536,818	151,597	28.2
REGION 1	2,156,875	303,234	14.1
KALINGA APAYAO	704,765	34,690	4.9
CAGAYAN	900,267	127,873	14.2
ISABELA	1,066,456	181,057	17.0
IFUGAO	251,778	16,935	6.7
NOEVA VIZCAYA	696,107	35,760	5.1
QUIRINO	305,720	16,772	5.5
BATANES	20,928	1,373	6.6
REGION 2	3,946,021	414,160	10.5
ZAMBALES	371,440	18,608	5.0
BATAAN	137,016	12,928	9.4
TARLAC	305,345	94,609	31.0
NUEVA ECIJA	528,433	173,339	32.8
BULACAN	264,947	63,986	24.2
PAMPANGA	218,070	75,989	34.8
REGION 3	1,825,251	439,459	24.1

Source: Provincial profiles Philippines

Remarks; ha

Table 1 (2)

	TOTAL LAND AREA	TOTAL LAND ARABLE	(B)/(A)
	(A)	(B)	(B)/(A)
CAVITE	132,433	26,896	20.3
OCCIDENTAL MINDORO	587,986	42,373	7.2
QUEZON	870,660	57,541	6.6
ORIENTAL MINDORO	436,472	50,550	11.6
ROMBLON	135,593	11,975	8.8
MARINDU QUE	95,925	9,651	10.1
BATANGAS	316,581	80,282	25.4
LAGUNA	175,973	32,177	18.3
AURORA	323,954	11,677	3.6
PALAWAN	1,489,626	59,548	4.0
RIZAL	130,892	12,961	9.9
REGION 4	4,696,095	395,631	8.4
CATANDUANES	148,148	14,223	9.6
CAMARINES NORTE	211,249	12,393	5.9
CAMARINES SUR	526,682	98,367	18.7
SORSOGON	214,144	23,778	11.1
ALBAY	255,257	43,682	17.1
MASBATE	404,769	79,653	19.7
REGION 5	1,760,249	272,096	15.5
AKALAN	181,789	22,090	12.2
ANTIQUE	252,201	45,029	17.9
CAPIE	263,317	61,391	23.3
ILOILO	532,397	162,937	30.6
NEGROS OCCIDENTAL	792,607	210,393	26.5
REGION 6	2,022,311	501,840	24.8

Source: Provincial profiles Philippines

Remarks; ha



Table 1 (3)

	TOTAL LAND AREA	TOTAL LAND ARABLE	(B)/(A)
	(A)	(B)	(B)/(A)
BOHOL	411,726	76,131	18.5
CEBU	508,839	106,486	20.9
NEGROS ORIENTAL	574,597	132,367	23.0
SIQUIJOR	34,350	5,717	16.6
REGION 7	1,529,512	320,701	21.0
LEYTE	626,826	115,039	18.4
SOUTHERN LEYTE	173,480	10,942	6.3
EASTERN SAMAR	443,965	20,991	4.7
NORTHERN SAMAR	347,960	35,729	10.3
SAMAR	560,938	40,295	7.2
REGION 8	2,153,169	222,996	10.4
BASILAN	132,723	6,318	4.8
SULU	1,644,138	25,298	1.5
TAWI TAWI	108,740	10,004	9.2
ZAMBOANGA			
DEL NORTE	607,519	70,544	11.6
DEL SUR	859,488	152,284	17.7
REGION 9	3,352,608	264,448	7.9

Source: Provincial profiles Philippines

Remarks; ha

Table 1 (4)

	TOTAL LAND AREA	TOTAL LAND ARABLE	
	(A)	(B)	(B)/(A)
AGOSAN DEL NORTE	259,029	27,039	10.4
AGOSAN DEL SUR	896,550	62,149	6.9
BUKIDNON	829,378	182,941	22.1
CAMIGUIN	29,187	1,935	6.6
MISAMIS OCCIDENTAL	193,932	18,608	9.6
MISAMIS ORIENTAL	379,983	45,532	12.0
SURIGAO DEL NORTE	273,902	29,585	10.9
REGION 10	2,861,961	368,054	12.9
DAVAO DEL NORTE	812,975	86,356	10.6
DAVAO ORIENTAL	516,446	31,158	6.0
DAVAO DEL SUR	637,762	86,114	13.5
SOUTHE COTABATO	735,567	122,782	16.7
SURIGAO DEL SUR	455,216	41,471	9.1
REGION 11	6,293,829	765,785	12.2
LANAO DEL NORTE	309,200	48,321	15.6
LANAO DEL SUR	387,289	90,258	23.3
MAGUIDNANAO	1,644,138	114,560	7.0
NORTEH COTABATO	656,590	138,164	21.0
SULTAN KUDARAT	471,480	76,910	16.3
REGION 12	3,468,697	468,213	13.5

Source: Provincial profiles Philippines

Remarks; ha

Table 2 Land Area of Major Farm Products

(by Region)

as of 1987

Crops	Cagayan Valley		Central Luzon		Southern Tagalog		Bicol		Western Visayas		Central Visayas		Eastern Visayas		Northern Mindanao		Southern Mindanao		Central Manila	Total
	Ilocos	Valley	Luzon	Central	Tagalog	Southern	Bicol	Western	Central	Eastern	Northern	Central	Eastern	Northern	Central	Southern	Manila			
Palay	340,910 10.02%	403,860 11.87%	493,120 14.49%	376,960 11.08%	306,520 9.01%	459,600 13.51%	106,360 3.13%	221,330 6.50%	138,220 4.06%	118,280 3.48%	186,500 5.48%	251,250 7.38%	3,402,910 100.00%							
Corn	80,320 2.25%	333,540 9.36%	11,440 0.32%	251,180 7.05%	180,630 5.07%	105,650 2.96%	519,830 14.58%	224,790 6.31%	283,380 7.95%	246,220 6.91%	757,770 21.26%	569,730 15.98%	3,564,480 100.00%							
Banana	12,710 3.85%	11,170 3.38%	2,440 0.74%	57,510 17.40%	15,040 4.55%	35,710 10.80%	12,550 3.80%	36,340 10.99%	22,010 6.66%	43,620 13.20%	51,210 15.49%	30,230 9.15%	330,540 100.00%							
Mango	19,000 30.26%	1,770 2.82%	13,270 21.14%	6,100 9.72%	200 0.32%	7,270 11.58%	4,630 7.37%	200 0.32%	2,930 4.67%	1,700 2.71%	3,300 5.26%	2,410 3.84%	62,780 100.00%							
Pineapple	180 0.30%	170 0.29%	0 0.00%	2,270 3.83%	1,920 3.24%	500 0.84%	380 0.64%	250 0.42%	100 0.17%	32,340 54.62%	21,056 35.56%	40 0.07%	59,206 100.00%							
Camote	7,700 4.68%	5,190 3.15%	6,500 3.95%	8,550 5.19%	36,030 21.89%	8,030 4.88%	22,570 13.71%	39,390 23.93%	6,450 3.92%	10,410 6.32%	10,230 6.21%	3,560 2.16%	164,610 100.00%							
Cassava	2,170 0.99%	700 0.32%	1,190 0.54%	8,050 3.68%	31,560 14.41%	9,400 4.29%	43,520 19.87%	29,150 13.31%	47,020 21.47%	11,950 5.46%	7,190 3.28%	27,120 12.38%	219,020 100.00%							
Tomatoes	5,880 32.38%	1,110 6.11%	2,540 13.99%	2,510 13.82%	920 5.07%	1,420 7.82%	1,270 6.99%	140 0.77%	220 1.21%	1,130 6.22%	750 4.13%	270 1.49%	18,160 100.00%							
Coffee	1,830 1.22%	7,200 4.82%	190 0.13%	31,090 20.80%	3,130 2.09%	8,550 5.72%	1,210 0.81%	780 0.52%	11,940 7.99%	37,140 24.84%	30,380 20.32%	16,060 10.74%	149,500 100.00%							
Coconut	15,490 0.46%	6,750 0.20%	2,440 0.07%	551,910 16.43%	450,410 13.40%	106,230 3.16%	162,840 4.85%	336,540 10.02%	477,490 14.21%	369,460 11.00%	553,780 16.48%	326,680 9.72%	3,360,020 100.00%							
Sugarcane	3,960 1.44%	2,830 1.03%	33,500 12.22%	35,080 12.79%	3,750 1.37%	141,020 51.42%	25,520 9.31%	10,630 3.88%	30 0.01%	9,500 3.46%	5,950 2.17%	2,480 0.90%	274,250 100.00%							

Source: DA

Table 3 PRODUCTION BY KIND OF CROP

Crops	1985 CROP YEAR			1987 CROP YEAR			1987/1985	
	Hectare	Metric Tons	Pesos (1000)	Hectare	Metric Tons	Pesos (1000)	Hectare	Metric Tons
Palay	3,224,790 P 7.74 *	8,200,000	24,969,480	3,402,910 P 7.49	8,957,760	25,503,872	1.06	1.09
Corn	3,314,560 P 2.88	3,438,700	9,542,594	3,564,480 P 3.06	4,015,040	10,922,913	1.08	1.17
Banana	328,200 P 12.96	3,697,820	4,255,000	330,540 P 14.12	3,755,164	4,666,951	1.01	1.02
Mango	45,397 P 68.49	384,340	3,109,410	62,780 P 56.90	352,005	3,572,322	1.38	0.92
Pineapple	54,105 P 40.33	1,448,620	2,182,120	59,206 P 66.89	2,232,445	3,960,043	1.09	1.54
Camote	164,300 P 8.09	777,000	1,328,370	164,610 P 9.46	843,674	1,557,934	1.00	1.09
Cassava	216,260 P 8.17	1,551,000	1,787,175	219,020 P 9.66	1,739,724	2,116,336	1.01	1.12
Tomatoes	16,410 P 37.02	130,350	607,523	18,1630 P 31.20	150,028	566,551	1.11	1.15
Coffee	145,440 P 24.68	133,256	3,589,960	149,500 P 29.01	134,599	4,337,074	1.03	1.01
Coconut	3,274,940 P 3.86	2,964,846	12,628,675	3,360,920 P 2.45	3,262,503	8,231,642	1.03	1.10
Sugarcane	407,142 P 22.79	2,747,650	9,277,963	274,250 P 31.22	1,861,170	8,562,863	0.67	0.68

Source: DA

\* Productivity per ha

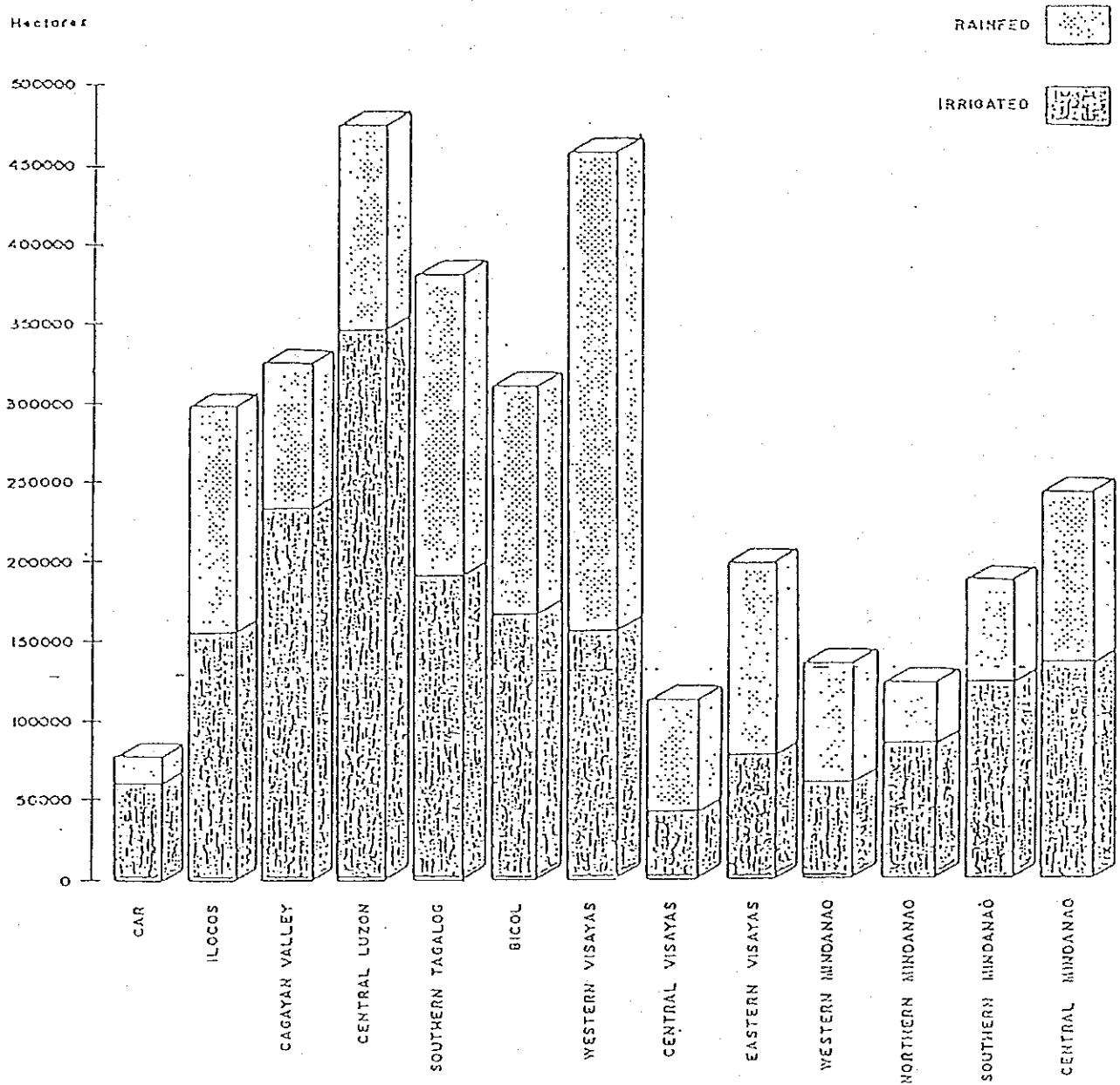
Table 4

## A Number of Registered Cooperatives as of 1992, March

	CREDIT	MARKETING	MULTICOOP (AGRI)	TOTAL	RATIO (TOTAL)
REGION 1	9	3	1,022	1,034	10.9
REGION 2	27	0	605	632	6.7
CAR	11	0	489	500	5.3
REGION 3	43	9	1,151	1,203	12.7
REGION 4	48	13	1,260	1,321	14.0
NCR	89	3	55	147	1.5
REGION 5	7	2	650	659	7.0
REGION 6	16	10	924	950	10.1
REGION 7	12	1	144	157	1.7
REGION 8	7	2	422	431	4.6
REGION 9	4	0	124	128	1.4
REGION 10	17	4	454	475	5.0
REGION 11	20	21	913	954	10.1
REGION 12	19	52	790	861	9.1
TOTAL	329	120	9,003	9,452	100.0

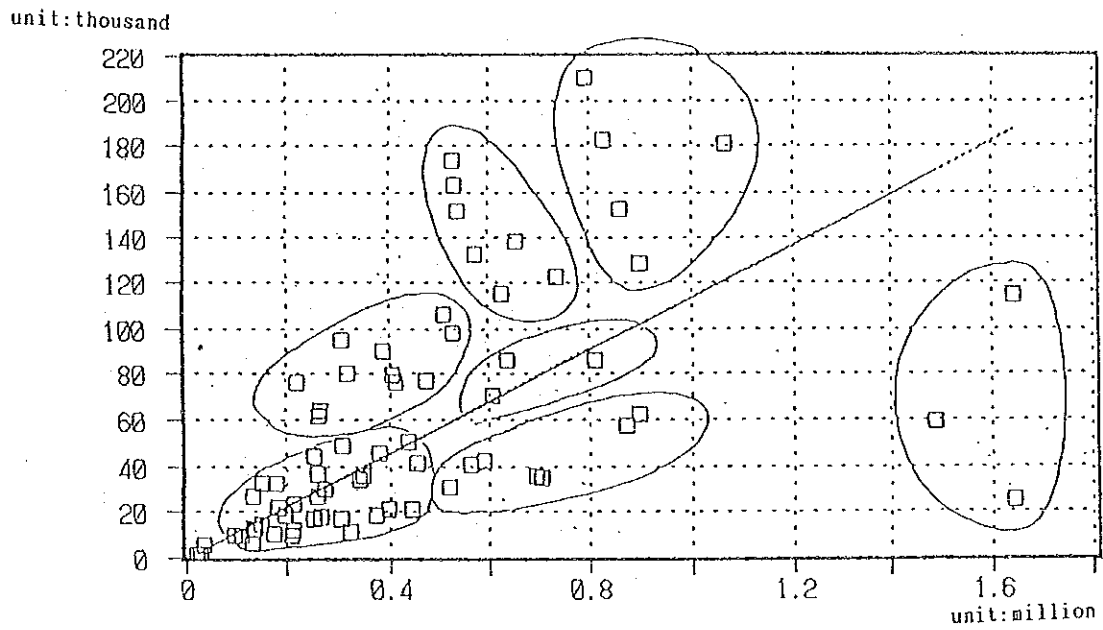
Source: CDA

Figure 1 Irrigation Ratio



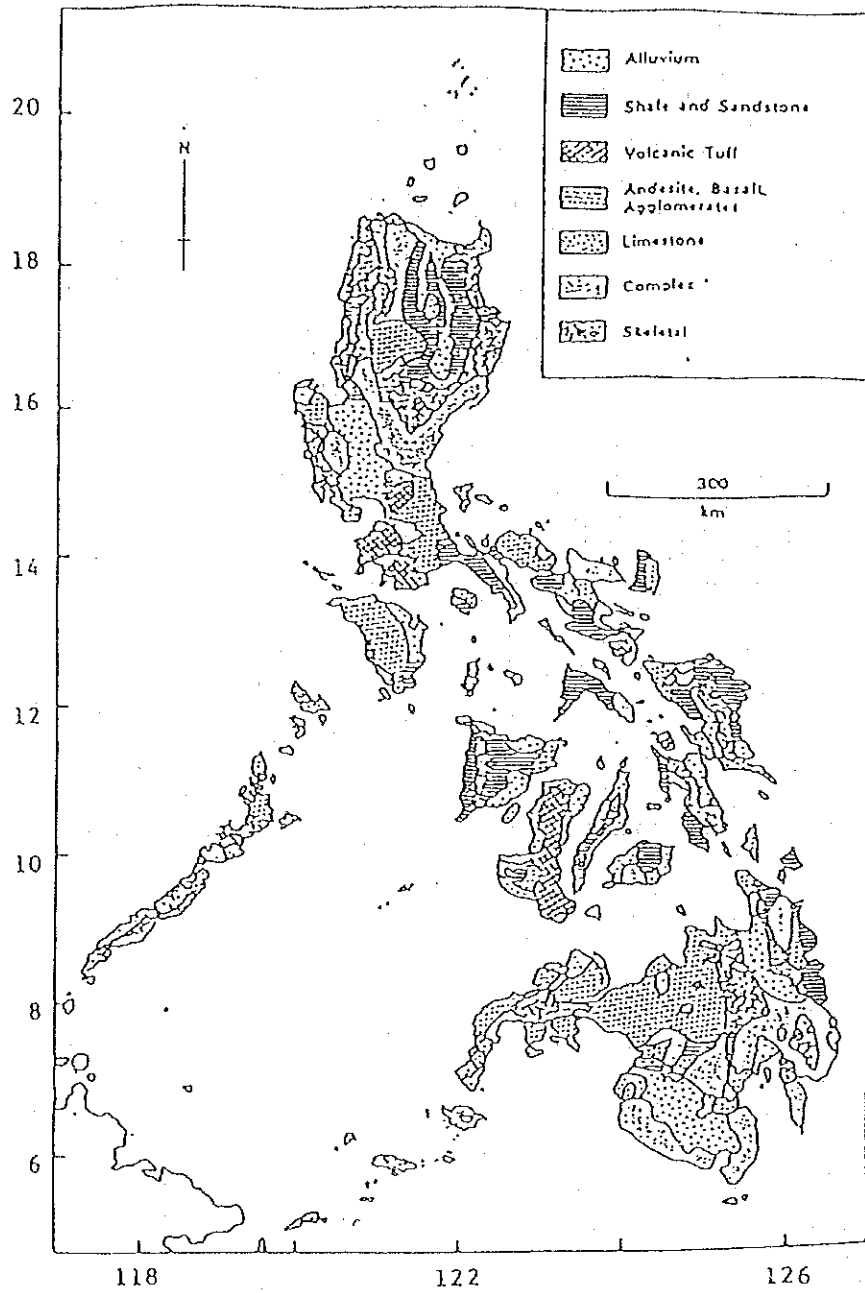
Source: Based on the survey conducted by the Study Team

Figure 2 Distribution of Planted Acrege



Source: Based on the survey conducted by the Study Team

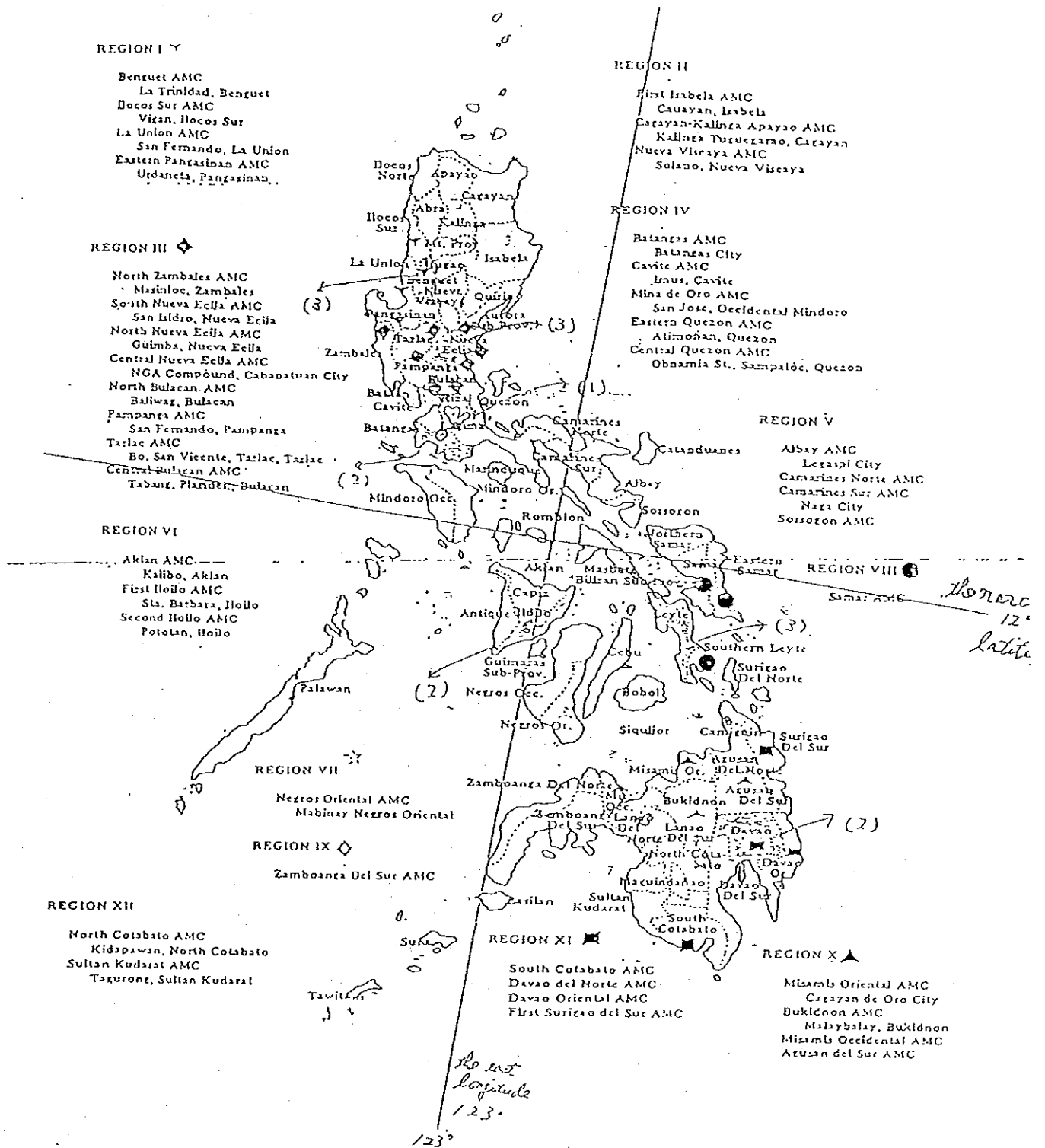
Figure 3 Distribution of Soil and Base Rocks (Burley 1973)



Source: Agriculture of the Philippines 1987. 3 p85



Figure 4 Regional Distribution Situation of Cooperatives



Source: Based on the survey conducted by the Study Team

**2. Lists of Primary Cooperatives, Unions and Federations etc. Subject to Detailed Survey**

(Benguet Province)

(1) Primary cooperatives

Balacbac Farmers Multi-Purpose Cooperative, Inc.  
Bangao Saving and Development Cooperative, Inc.  
PPPK-Multi-purpose Cooperative, Inc.

(2) Unions/Federations

Benguet Agricultural Cooperative Federation, Inc.  
Northern Luzon Cooperative Development Center, Inc.  
Cooperative Bank of Benguet

(Nueva Ecija Province)

(1) Primary cooperatives

Pulo Primary Multi-Purpose Kilusang Bayan, Inc.  
General Natvidad Primary Multi-purpose Cooperative, Inc.  
Gapumaca-Isa Primary Multi-purpose Cooperative, Inc.

(2) Unions/Federations

Nueva Ecija Federation of Agri-based Cooperatives, Inc.  
Provincial Federation of Agri-based Cooperatives of Nueva Ecija  
Timog Nueva Ecija Secondary Cooperative, Inc.  
Cooperative Rural Bank of Nueva Ecija

(Batangas Province)

(1) Primary cooperatives

Limcoma Marketing Cooperative, Inc.  
Sorosoro Ibaba Development Cooperative, Inc.

(2) Unions/Federations

Cooperative Union of Batangas, Inc.  
Province of Batangas of Agri-based Cooperative, Inc.  
The Countryside Cooperative Rural Bank of Batangas, Inc.

(Laguna Province)

(1) Primary cooperatives

Dambo Irrigators Multi-purpose Cooperative, Inc.

(2) Unions/Federations

The Cooperative Union of Laguna, Inc.  
The Federation of Laguna Farmers Marketing Cooperatives, Inc.

(Iloilo Province)

(1) Primary cooperatives

The Panay Cotton Cooperative Development, Inc.  
Pototan Farmers Multi-purpose Cooperative, Inc.

(2) Unions/Federations

Western Visayas Union of Cooperatives, Inc.  
Southern Iloilo Area Marketing Cooperative, Inc.  
Iloilo Federation of Agricultural Cooperatives, Inc.  
1st Iloilo Area Marketing Cooperative, Inc.  
The Cooperative Rural Bank of Iloilo, Inc.

(Leyte province)

(1) Primary cooperatives

Barayong Agricultural Multi-purpose Cooperative, Inc.  
Unifarm Multi-purpose Cooperative, Inc.  
Canluta Primary Multi-purpose Agricultural Cooperative, Inc.

(2) Union/Federations

Eastern Leyte Federation of Agribased Cooperatives  
Western Leyte Federation of Agricultural Cooperatives  
Leyte Cooperative Rural Bank, Inc.  
Visayas Cooperative Development Center, Inc.

(Davao Del Norte Province)

(1) Primary cooperative

Davao Free Farmers Cooperative, Inc.  
Nabunturan Integrated Cooperative, Inc.

(2) Unions/Federations

Provincial Cooperative Union of Davao, Inc.  
Davao Federation of Agri-based Cooperatives, Inc.  
Cooperative Federation of Davao City.  
Cooperative Bank of Davao City, Inc.

## **II. Grouping Cooperatives Subjected to Detailed Surveys into Types**



## II. Grouping Cooperatives Subjected to Detailed Surveys into Types

### 1. Methods of Categorizing the Surveyed Cooperatives

#### (1) Original data used and manner in which it was used

With regard to the 16 cooperatives on which detailed surveys were conducted, we processed and analyzed combinations of the following six factors to come up with original data and information (data/information took into consideration average values from 1990 and 1991 and the circumstances leading to them): (1) the number of regular members; (2) the principle crops of the cooperatives' areas of operation; (3) the principle operations engaged in by the surveyed cooperatives; (4) turnover; (5) net profit; and (6) paid-up capital.

#### (2) Methods of using the processed data

We used the processed data derived from the above-mentioned processing and analysis to: (1) extract standards considered to be the most suitable for arriving at our groupings; and, based on these standards, (2) categorized the 16 cooperatives that had been surveyed.

Below, we explain (1) and (2) above in more detail.

With regard to (1):

The original data that we used is as presented in Table 1. The cooperatives subjected to the detailed surveys are truly diverse and reflect the present conditions of agricultural cooperatives in the Philippines.

With regard to (2):

The processed data is as presented in Tables 2(1) and 2(2). Table 2(1) lists calculations of turnover, net profit, and paid-up capital per regular member (quantitative analysis). Table 2(2) provides data on the results of dividing net profit by turnover (data which indicates business efficiency) and on net profit divided by paid-up capital (data which indicates the productivity of equity capital)--(qualitative analysis).

Based on the above processed data, we extracted standards considered to be the most suitable for arriving at our groupings.

(3) Results of investigation:

We first looked at turnover, net profit, and paid-up capital per regular member (Table 2(1)), and came up with the following.

Turnover per regular member were characterized by extreme differences and thus not suitable as a standard for categorization.

Conversely, net profit per regular member was characterized by differences that were too small and thus was not suitable as a standard for categorization.

Paid-up capital per regular member showed suitable variation among the 16 cooperatives and thus met a condition of becoming a standard. However, as there was a considerable difference in the periods of time that had elapsed since founding among the 16 cooperatives, it would be problematical to use this as a sole standard in as much as we are forced to use analytical methods in our categorization which assume a fixed point.

As a result of the above, we decided that the processed data in Table 2(1) was not a suitable standard for categorization.

Next, we considered data derived from dividing net profit by turnover (a measure of business efficiency) and from dividing net profit by paid-up capital (Table 2(2)) and came up with the following.

Results of investigation:

The data derived from dividing net profit by turnover (business efficiency) includes the financial results of cooperatives' operations and reflects the operational and managerial performance of cooperatives. Furthermore, a suitable variation in the processed data was shown and thus this was determined to be a suitable standard for categorization.

The data derived from dividing net profit by paid-up capital (productivity of equity capital) reflects the results of operations and management of the cooperatives. However, given that there is currently a considerable difference



among the 16 cooperatives in their abilities to build up equity capital, this was determined to be unsuitable as a standard for categorization.

(4) Conclusion:

As a result of the above investigation, we decided that using the data derived from dividing net profit by turnover was appropriate as a standard for classifying the cooperatives subjected to the detailed surveys.

Based on this conclusion, we classified the 16 surveyed cooperatives in the following way.

By doing so, we arrived at Figure 1.

When one uses Figure 1 to categorize the 16 cooperatives subjected to the detailed survey, he arrives at the following. There are 4 groupings, for which the standards of classification are: small in size, high in efficiency (Type I); small in size, low in efficiency (Type II); medium in size, high in efficiency (Type III); large in size, low in efficiency (Type IV).

Classification Results	Name of Cooperative	Scale	Efficiency
Category I	BSDCI, BFMCI, PPMKBI, CMCI	Small	High
Category II	PPPKMCI, GNPMCI, GIPMCI, DIMCI, BAMCI	Small	Low
Category III	SIDCI, PCDCI, UMCI	Medium	High
Category IV	LMCI, PFMCI, DFFCI, NICI	Large	Low

Grouping based on the standard of major businesses and products was difficult. The original data derived was shown to have no significance as a standard for categorization.

Table 1 data to categorize coops

average for 2 years ('90 , '91)						
	members (regular)	main products	main bussiness	turnover (P1,000)	net profit (P1,000)	paid-up capital (P1,000)
Benguet						
BSDCI	335	vegetable	Marketing supply credit	618	126	493
PPPKMCI	62	vegetable	marketing supply	89	11	34
BFMCI	32	cut flower vegetable	credit	9	5	17
Nueva Ecija						
PPMKBI	136	palay	rice marketing	311	100	334
GNPMCI	180	palay	rice marketing/supply	17,865	408	598
GIPMCI	282	palay	rice marketing/supply	5,496	157	195
Batangas						
LMCI	2,254	hogs chicken	feed supply	539,128	986	27,496
SIDCI	772	hogs, feed chicken	contract growing h/c manufacturing feeds	6,922	4,196	6,346
Laguna						
DIMCI	250	rice coconut citrus	rice marketing	3,849	17	15
Iloilo						
PCDCI	625	rice cotton	rice marketing, cotton processing	634	209	219
PFMCI	2,260	rice	input supply, foods supply	8,058	569	708
Leyte						
CMCI	75	sugar palay	credit marketing	375	148	67
BAMCI	27	palay coconut	credit	10	1	10
UMCI	717	sugar rice	credit marketing	466	126	320
Davao Norte						
DFFCI	2,976	palay	rice marketing/supply	36,834	841	2,273
NICI	2,890	palay rice	credit	4,857	412	6,081

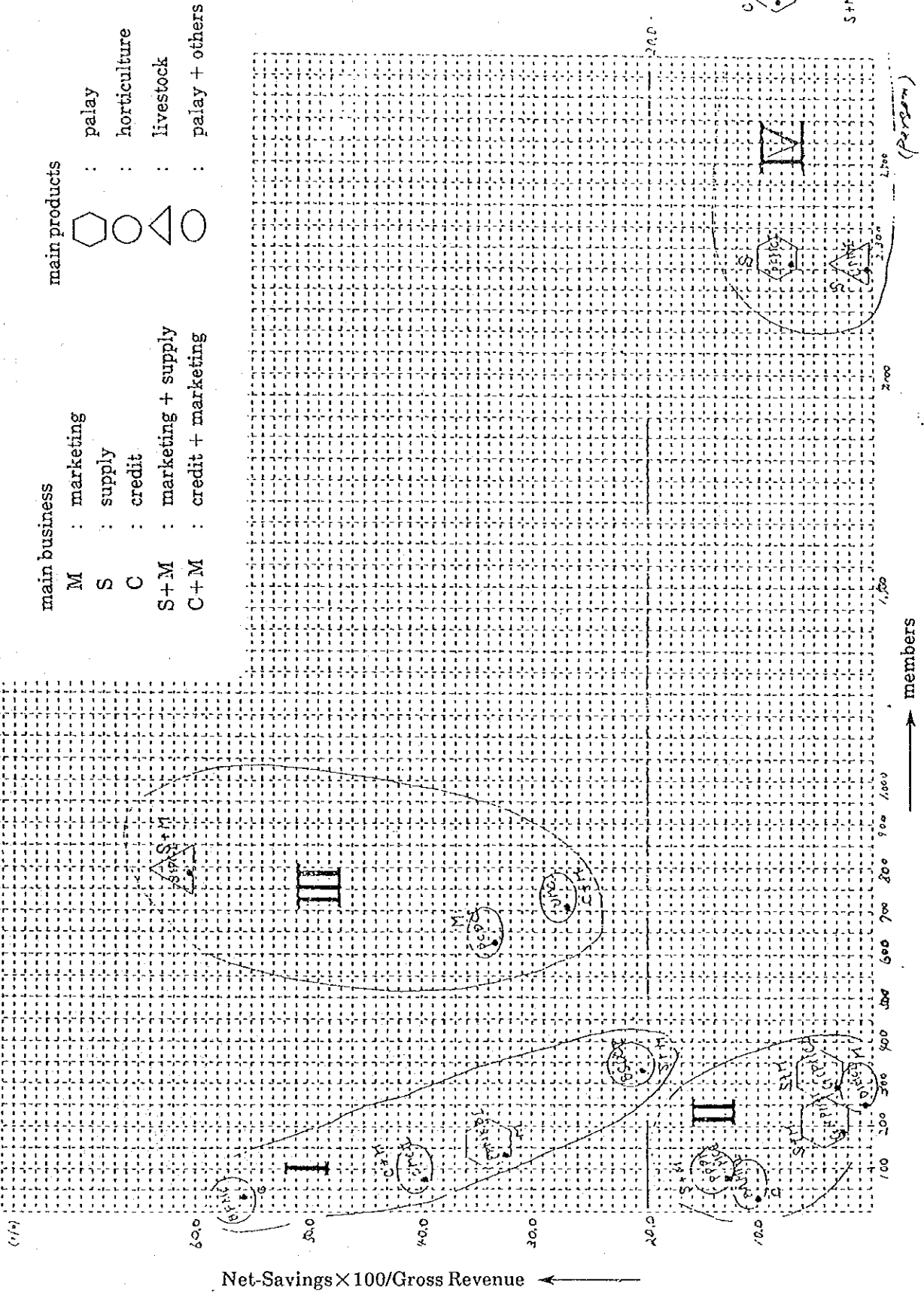
Table 2 (1) data to categoraize coops

		members (regular)	turnover (P1,000)	net profit (P1,000)	paid-up capital (P1,000)	per one member		
						gross revenue p/ms (P1,000)	net savings p/ms (P1,000)	paid-up capital p/ms (P1,000)
Benguet	BSDCI	335	618	126	493	1.8	0.4	1.5
	PPPKMCI	62	89	11	34	1.4	0.2	0.5
	BFMCI	32	9	5	17	0.3	0.2	0.5
Nueva Ecija	PPMKBI	136	311	100	334	2.3	0.7	2.5
	GNPMCI	180	17,865	408	598	99.3	2.3	3.3
	GIPMCI	282	5,496	157	195	19.5	0.6	0.7
Batangas	LMCI	2,254	539,128	986	27,496	239.2	0.4	12.2
	SIDCI	772	6,922	4,196	6,346	9.0	5.4	8.2
Laguna	DIMCI	250	3,849	17	15	15.4	0.1	0.1
Iloilo	PCDCI	625	634	209	219	1.0	0.3	0.4
	PFMCI	2,260	8,058	569	708	3.6	0.3	0.3
Leyte	CMCI	75	375	148	67	5.0	2.0	0.9
	BAMCI	27	10	1	10	0.4	0.04	0.4
	UMCI	717	466	126	320	0.6	0.1	0.5
Davao Norte	DFFCI	2,976	36,834	841	2,273	12.4	0.3	0.8
	NICI	2,890	4,857	412	6,081	0.7	0.1	2.1

Table 2 (2) data to categoraize coops

		$(\text{net profit}) \times 100$	$(\text{net profit}) \times 100$	Category
		(turnover) (%)	(paid-up capital) (%)	
Benguet	BSDCI	20.4	25.6	I
	PPPKMCI	12.4	32.4	II
	BFMCI	55.6	29.4	I
Nueva Ecija	PPMKBI	32.2	30.0	I
	GNPMCI	2.2	68.2	II
	GIPMCI	2.9	80.5	II
Batangas	LMCI	0.2	3.6	IV
	SIDCI	60.6	66.1	III
Laguna	DIMCI	0.4	113.3	II
Iloilo	PCDCI	33.0	95.4	III
	PFMCI	7.1	80.4	IV
Leyte	CMCI	39.5	220.1	I
	BAMCI	10.0	10.0	II
	UMCI	27.0	39.4	III
Davao Norte	DFFCI	2.3	37.0	IV
	NICI	8.5	6.8	IV

Figure 1 EFFICIENCY INDEX



Source: Based on the survey conducted by the Study Team



### **III. Plan for Strengthening Local Level Agricultural Cooperatives**





### **III. Plan for Strengthening Local Level Agricultural Cooperatives**

#### **1. Primary Cooperatives**

##### **Category I**

##### **(1) Guidelines for managing the organization**

The cooperatives belonging to this category have difficulty achieving a scale of business sufficient to permit them to fulfill the functions of those businesses, because size of memberships are small. Moreover this situation readily leads to shortages of capital and makes raising operating funds a problem. Additionally, securing the minimally necessary amount of work space is also not easy; rapid growth under such circumstances is difficult.

On the other hand, however, contact between the cooperative and cooperative members is possible, and these cooperatives are characterized by their ability to take members' wishes into account in operating their businesses and by it being relatively easy for members to participate directly in these operations.

If they take maximum advantage of these characteristics and pursue the policies discussed below, these cooperatives can be counted on to grow and develop.

##### **i. Expanding the scale of membership**

It is necessary to encourage the following to join the cooperative: 1) farmers who are not yet members; 2) women; 3) those in line to take over family farms.

For this purpose one would hope to see cooperatives engaging patiently in activities aimed at enlightenment and education. It is important to consider approaching opportunities for enlightenment and education from a variety of directions, including holding round table discussions with non-members in small districts, inviting non-members to events put on by the cooperative, etc. Moreover it is effective to make non-members aware of the existence of economic benefits which will newly accrue to them by joining--for example, dividends for use of cooperative businesses, etc.

Women joining the cooperative should not be understood simply as a means of increasing the size of membership; it should also be seen as a way of helping to incorporate the meticulous views peculiar to women into the running of cooperative businesses.

Finally, it is necessary to assist in the constant renewal of operations of cooperative business by promoting membership among young people, in particular potential successors to family farms, who are sensitive to social change in farming villages and who are cognizant of the need for reform in farm management.

ii. Raising members' rate of usage of cooperative businesses

Cooperatives must bring about an expansion of scale of business through raising the rate of usage of their businesses among members. That the structure of business of the cooperative needs to be primed beforehand goes without saying.

iii. Strengthening the links between cooperative members and the cooperative

Aside from general meetings, cooperatives should create opportunities for dialogue with directors and employees in an attempt to strengthen communication and ties between cooperative members and the cooperative. These should be held as and when necessary and should be based on the direct participation of primary cooperative members.

The status of daily operations of the cooperative must be correctly understood by cooperative members at these meetings, and the opinions and wishes expressed by cooperative members on these occasions must be fully heeded by the cooperative. Members, and directors, managers and other executive employees of the cooperative, who have divided responsibilities among themselves beforehand, will attend these meetings; it is important that the latter demonstrate to the former that the cooperative is seriously endeavoring to take members' wishes into account in the running of cooperative businesses.

Planning and executing these meetings at levels of the smallest possible geographic units is effective for achieving unanimity among members and for allowing members to express their opinions without reserve. It is necessary, moreover, that the cooperative make sure it report to all members afterwards

regarding the opinions or wishes expressed by members during the meetings and the way in which the cooperative responded.

(2) Guidelines for management and administration

Primary cooperatives belonging to this category have high ratios in the following areas: net member assets to total assets; net profit to sales; net profit to total assets. Although it is possible to attribute this generally low value of labor's share, a point which is closely related to the short histories of these organizations. Judging from the operational indices, the primary cooperatives in this category can be considered, from among the generally small primary cooperatives in the Philippines, as potential candidates for development hereafter. Viewing the issue from the perspective of policies to strengthen management and administration, it is possible to cite the following as important measures.

1) Based on the indices cited above, one can conclude that risk to equity investment is less than in the case of similarly sized cooperatives in Category II; thus the supply of low-interest rate loans should be increased to these cooperatives. Because controlling funds supplied in this manner will become an important part of management and administration, the acquisition of greater know-how for this purpose will be necessary.

2) At the same time, as a method for managing and administering small-scale primary cooperatives, it is necessary to aim at having investment concentrated in production of the most competitive agricultural products and to promote the creation of distinctive regional agriculture through the reassessment of climatic conditions, soils, and levels of farming technology.

3) For that purpose, the readying of post-harvest facilities and means of transportation will be necessary; but indispensable for this will also be the development of a cooperative finance system, covering a wide geographical area, which would be capable of taking the initiative in providing the capital necessary for these needs. There is a need to establish a cooperative bank in all provinces, as the financial institution for the cooperatives in this category, in order that all primary cooperatives can be equally availed of financial services.

4) Further, a system of interest-rate subsidies must be created in order to take steps to lower interest rates on funds from the LBP, a public financial

institution. Of course, the development of an administrative ability on the part of cooperatives receiving the funds is also necessary.

### Category I Operational Indices for Primary Cooperatives (Fiscal 1991)

	Ratio of net member assets to total assets (%)	Current ratio (%)	Ratio of total liabilities to net member assets (%)	Net profit margin (%)	Return on total assets (%)	Average wages P	Ratio of labors' share (%)
BSDCI	25.4	94.1	1.3 times	22.0	4.2	P24,486	77.0
BFMCI	22.0	134.3	3.3 times	45.7	9.2	0	0
PPMKBI	25.1	112.0	2.4 times	23.3	3.5	P13,149	6.1
CMCI	30.3	132.2	2.7 times	33.4	14.9	0	0

- (Note) Ratio of net member assets to total assets = net member assets / total assets  
 Current ratio = current assets / current liabilities  
 Ratio of total liabilities to net member assets = total liabilities / net member assets  
 Net profit margin = net profit / total revenue  
 Return on total assets = net profit / total assets  
 Average wages = total wages / number of full-time employees  
 Ratio of labors' share = total wages / gross profit

### (3) Measures to promote the business

#### 1) Marketing, supply and utilization business

The Category I cooperatives have an average sales of P848,000 in 1991, consisting of 35% farm products and 65% farm inputs. Their sales are just enough to cover their cost. Their profits come from activities other than sale.

#### i. Marketing

The sale of farm products constitute 35% of total revenue consisting of 11% rice and palay and 24% vegetables. 85% of these were purchased from members and 15% from non-members. 67% percent were sold to private dealers and 33% to institutional outlets such as the National Food Authority, hospitals and restaurants. Payments of all purchases and sales were completely in cash.

Given the above situation, a plan for strengthening the marketing of farm products under Category I cooperatives should include the following:

- ① Increase the volume and the variety of products to be marketed.
- ② Increase the volume of business with non-member farmers and other cooperatives especially with federation.
- ③ Use consignment or installment method of payment for purchases and cash payment for sales.

ii. Supply

39% of farm inputs were purchased from private dealers and 61% from federation. Of these, 93% were sold to members and 7% to non-members. 50% of purchases were paid in cash and the other 50% on consignment. Almost all of the sales were paid in cash.

Given the above condition, a plan for strengthening the marketing of farm inputs under Category I cooperatives should include the following:

- ① Increase the purchases from federations and decrease the purchases from private dealers.
- ② Increase the sales to non-members.
- ③ Use installment or consignment methods of paying for purchases and require cash payment for sale.

iii. Utilization

The combined facilities of two Category I cooperatives included in the survey are listed below:

Facilities	Qty	Percent Utilization	Age in Years	Condition
Store	1	100	3	good
Warehouse	1	60	1	good
Office	1	100	1	good
Dryer	1	80	1	good

All of the above facilities are in good condition. The warehouse, office and dryer are one year old and the store is three years old. The office and the store are fully utilized while the warehouse and the dryer are utilized at 60% and 80% capacity respectively.

A plan to increase the facilities and improve the rate of utilization of Category I cooperatives is not necessary at this time. There is no need to invest on additional facilities at the present scale of operation. A periodic review of the facilities requirements of Category I cooperatives will be necessary when the volume of business increases.

#### (Competition)

About 50% of the members sell their products to and/or purchase their farm inputs from private dealers. Private dealers are the biggest competitor of Category I cooperatives because they pay promptly for the farm products purchased from the farmers and offer liberal credit terms for farm inputs sold to the farmers.

Category I cooperatives use similar competitive strategies. In addition they maintain friendly relations with members of the cooperatives and appeal to their loyalty. This strategy is believed to be effective since the market share of Category I cooperatives is believed to be increasing.

A plan for strengthening the competitiveness of Category I cooperatives should include the following elements:

- ① Improve the services and increase the variety of products purchased from or sold to members and federations.
- ② Increase sales to and/or purchases from non-members.

#### 2) Credit Business

##### i. Management strengthening

Management of credit activities may be strengthened by the following:

- (a) Designate at least one staff member either full-time if possible or if that's not

possible part-time, who will specialize in credit administration and provide that person with specialized training.

- (b) Provide the credit person with a credit manual (to be supplied by the federation) which describes in simple language general credit policies, procedures and techniques to properly evaluate loan requests, and to supervise the disbursement and utilization of loans and with special emphasis on loan collection.
- (c) Merge with one or more nearby primaries to provide greater financial and human resources.

#### ii. Equity capital build-up

Capital build-up may be accelerated by the following:

- (a) Continuous promotion at all membership meetings;
- (b) Undertake an aggressive program to build new membership and capital. Offer incentives/awards such as plaques, cash prizes, special discounts on purchases, etc.
- (c) Initiate a compulsory program whereby all dividends on stock and patronage refunds are automatically retained and credited to member's capital subscriptions.
- (d) Initiate a compulsory or voluntary program whereby members will be expected to contribute toward their capital subscription at least one cavan of palay (or the cash equivalent) per hectare per cropping season. (One cavan = 50 kg)
- (e) Increase business activities to increase savings and retained earnings.
- (f) Merge with one or more nearby primaries to provide a larger capital base.

#### iii. Savings mobilization

It is unlikely that the smaller cooperatives in this category 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 system, etc. to manage savings programs. However, some larger cooperatives might utilize the following strategies:

- (a) If necessary, management should become motivated through training and trained in proper management of savings programs by their federation.
- (b) Continuous promotion at membership meetings which should be directed mostly toward the wives of members because in the Philippine culture they are the ones who usually manage the family finances.
- (c) Provide an incentive such as paying a slightly higher interest rate (1 or 2%) than competing depositories.
- (d) Promote a one peso per day savings.
- (e) Encourage members to deposit their annual dividends on stock and patronage refund.

#### iv. Production loans to farmers

Credit Administration can be strengthened by the following:

- (a) Provide the credit person(s) with a Credit Manual and adequate training as described in i. above.
  - (b) Develop and maintain adequate loan records which will provide the credit person(s), management and Credit Committees with a report at least monthly on past due loans.
  - (c) Vigorously pursue delinquent borrowers on a timely and consistent basis through personal contact and/or the use of peer pressure which can be very effective especially in smaller cooperatives.
  - (d) Develop guarantee fund through a small compulsory deduction of 1 or 2% from each crop granted. If justified, members could obtain "supplemental/temporary" loans from the fund to repay crop production loans.
- (4) Measures to promote the education and guidance activity

The primary cooperatives in this category all share the common characte-



ristic of being small and having a short history. As a result, the following measures are necessary: i. those to overcome the limitations of scale; ii. those to overcome the shortage of experience and know-how in various activities; iii. those to overcome the shortage of educational materials; iv. those to expand the opportunities for training; v. those to keep the burden of costs for training down; vi. those to expand educational activities aimed at non-members. At this scale of operations, measures are also established which can't be distinguished between measures aimed at employees and those aimed at cooperative members.

i. Measures to overcome the limitations of scale

A: Measures which primary cooperatives must conduct on their own:

- ① Promote gatherings and conferences with neighboring cooperatives at the director and committee member level.
- ② Establish planning meetings and joint executive committees with neighboring cooperatives at the manager and staff level.
- ③ Conduct joint educational and training activities with neighboring cooperatives.

B: Measures which local level unions/federations\* should support

\* By local level unions/federations, we refer to "Comprehensive Agricultural Cooperative Training Sections (Local Training Section)".

- ① Encourage the joint undertaking of educational and training activities with neighboring cooperatives.
- ② Collect and provide information regarding educational and training activity at related cooperatives.
- ③ Arrange gatherings and conferences with related cooperatives and provide advice in this regard.

# The national level union/federations of agricultural cooperatives\* will conduct surveys to unearth fine examples, compile these into a collection

of cases, and distribute it. Support from local governments will also be necessary.

\* By national level union/federations of agricultural cooperatives, we refer to "Comprehensive Agricultural Cooperative Training Department (Training Department)".

ii. Measures to overcome the shortage of experience and know-how in various activities

A: Measures which primary cooperatives must conduct on their own:

- ① Participate in observation and training sessions of the advanced cooperatives.
- ② Invite managers and others from the advanced cooperatives as instructors.
- ③ Encourage originalities and inventions on a daily basis in educational and guidance activities.

B: Measures which local level unions/federations should support

- ① Collect, analyze, and make known examples of advanced cooperatives.
  - ② Plan and execute training sessions based on visits to advanced cooperatives.
  - ③ Register the names of instructors responsible for educational and training activity at the local level, and arrange for them to be sent to cooperatives that require them.
  - ④ Establish and operate "Study Meetings on Education and Guidance Activities" (study meetings to be comprised of about 30 cooperatives).
- # The national level unions/federations of agricultural cooperatives will register the names of instructors responsible for educational and training activity at the national level, and supplement the local system.

iii. Measures to overcome the shortage of educational material

A: Measures which primary cooperatives must conduct on their own:

- ① Circulate materials from seminars attended to the entire staff.
- ② Purchase "the standard textbooks" and "the comprehensive management handbook (binding system)". Together with the materials in ①, place in "a reference room".
- ③ Use a mobile library.

B: Measures which local level unions/federations should support

- ② Distribute and sell "the standard textbooks" and the comprehensive management handbook (binding system)".
  - ③ Establish and operate a mobile library system.
- # The national level union/federations of agricultural cooperatives will develop and maintain "the standard textbooks" and "the comprehensive management handbook (binding system)".

iv. Measures to expand the opportunities for training

A: Measures which primary cooperatives must conduct on their own:

- ① Encourage on-the-job training (establish study meetings to deal with each issue on the work place).
- ② Support those who take correspondence courses (as part of "programs of self development").
- ③ Support those who take radio courses.

B: Measures which local level unions/federations should support

- ① Conduct guidance and support of OJT.

②, ③ Disseminate correspondence courses and radio courses and conduct "schooling" on these courses.

# The national level union/federations of agricultural cooperatives will develop and maintain correspondence courses and radio courses.

v. Measures to keep the burden of costs for training down

A: Measures which primary cooperatives must conduct on their own:

① Utilize the "Cooperative Scholarship System (for employees)".

② The same as i-A-③.

③ The same as iv-A-②, ③.

B: Measures which local level unions/federations should support

① Make aware of and explain the "Cooperative Scholarship System (for employees)"

② The same as i-B-③.

③ The same as iv-B-②, ③.

# The national level union/federations of agricultural cooperatives will develop and maintain the "Cooperative Scholarship System"

vi. Measures to expand educational activities aimed at non-members

A: Measures which primary cooperatives must conduct on their own:

① Conduct "PMES" using its own resources.

② Cosponsor "agro-festivals" and "community events".

③ Make aware of the existence of cooperatives, put up posters and distribute leaflets encouraging farmers to join.

**B: Measures which local level unions/federations should support**

- ① Create standard texts for “PMES” and provide training to those involved as trainers.
  - ② Cosponsor provincial-level “agro-festivals” and “community events”.
- # The national level union/federations of agricultural cooperatives will create and distribute posters and leaflets.

## Category II

### (1) Guidelines for managing the organization

The cooperatives belonging to this category are not only small in terms of membership; because efficiency is poor, their growth hereafter is endangered if they continue along the present path.

It is important for these cooperatives, first, to win over the trust of members by creating a specific economic impact through efficient use of their scarce capital in facilities and employees. For this purpose, it may be necessary to consider temporarily concentrating the types of businesses engaged in in areas where members' needs are strongest.

Then, as with cooperatives in Category I, they should expand the size of their memberships, increase members' use of cooperative businesses, and carry out policies designed to strengthen ties between the cooperative and its members. In furthering dialogue with members, the cooperative must take the initiative to explain honestly the real situation regarding its business operations such that it gains the understanding of cooperative members.

It should also be noted that cooperatives belonging to Category II often exist more than singly in districts that are not very large; moreover each cooperative engages in the same types of businesses, often overlapping with the other in operational areas.

In such instances the result is that development is nipped in the bud mutually among the cooperatives, making even immediate survival an issue. Here the cooperatives should defer to the advice and guidance of government agencies and union and be prepared to start again as a merged cooperative.

(2) Guidelines for management and administration

Primary cooperatives in this category generally have low ratios of net member assets to total assets, low net profit margins, and low returns on total assets. As with primary cooperatives in Category I, their ratios of labors' share are low. The primary cooperatives in this category can be considered, among the generally small primary cooperatives in the Philippines, to be among those for which growth hereafter is in doubt.

1) Particularly when natural disaster has a great impact on operations, supporting the operations of primary cooperatives through the creation of a natural disaster fund should be considered.

2) Further, although for small-scale primary cooperatives, the services provided by federations are indispensable, the federations which actually exist are extremely weak. Thus, the primary task must be first to strengthen the abilities of federations by placing priority on promoting their mergers in regions where cooperatives in this category are concentrated and where multiple federations exist in the same province. If, as a result, the abilities and operations of federations are strengthened, it should become possible to gain the services of talented personnel. If outstandingly capable personnel can be found, then it would not be out of the question for the federation also to be able to supplement the shortage of manpower at operationally weak primary cooperatives.

3) Cooperatives in Category II are engaged in both the marketing of palay and in supply activities, and there are signs that their operational resources are being dispersed; thus, there is a need to consider concentrating activities in one or the other for the time being. In order to bring this about, it will be necessary to gather operating information on well-run cooperatives.

Category II Operational Indices for Primary Cooperatives (Fiscal 1991)

	Ratio of net member assets to total assets (%)	Current ratio (%)	Ratio of total liabilities to net member assets (%)	Net profit margin (%)	Return on total assets (%)	Average wages P	Ratio of labors' share (%)
PPPKMCI	10.8	108.9	8.2 times	40.9	2.3	P450	3.7
GNPMCI	19.3	115.4	2.1 times	2.9	5.9	P24,600	17.1
GIPMCI	6.3	82.6	1.1 times	1.8	3.2	P5,080	3.2
DIMCI	0.9	373.1	100 times	0.5	0.7	P14,648	53.4
BAMCI	69.8	303.2	39.4 %	13.2	7.1	0	0

(3) Measures to promote the business

1) Marketing, supply and utilization business

Category II cooperatives have an average sales of P9,996,000 and an average loss of 2.93% of purchase cost in 1991. Farm products constitute 57%, farm inputs, 42%; and consumer goods, 1% of total sales.

i Marketing

Category II cooperatives handled only two types of farm products, palay which constitutes 55% and rice, 2% of total sales. About 88% of these were purchased from members and 12% from non-members, all of which were sold to private dealers. 67% of the purchases were paid on demand, 17% in cash and 16% on consignment. On the other hand, 65% of sales were paid on demand, 26% in cash and 9% on consignment. The loss from marketing of farm products is about 4.4% of sales.

Given the above conditions, a plan for the improvement of farm products marketing should include the following elements:

- ① Increase the variety and volume of farm products marketed.
- ② Dissolve unprofitable cooperatives or merge them with more profitable cooperatives.
- ③ Buy more from non-members and develop other market outlets in addition to private dealers.
- ④ Pay purchases of farm products using installment or consignment methods of payment.

ii. Supply

Farm inputs constitute 42% of total sales as follows: fertilizer, 29%; agricultural chemicals, 7%; seeds, 4%; and others, 2%. All farm inputs were purchased from private wholesale dealers of which 39% were paid on demand; 34% on consignment and 27% in cash. Practically all of the farm products were



sold to members. About 76% were paid on demand, 17% in cash, 7% on consignment. Farm inputs were sold at a loss of .51% of purchase cost.

Given the above conditions, a plan to strengthen the marketing of farm inputs under Category II cooperatives should include the following elements:

- ① Increase the procurement of farm inputs from federations while slowly phasing out procurement from private dealers.
- ② Pay purchases using installment or consignment methods and require cash payment on sale.

### iii. Utilization

Listed below are the facilities of four Category II cooperatives included in the survey.

Facilities	Qty	Percent Utilization	Age in Years	Condition
Trucks	3	100	2	good
Stores	2	100	2	good
Warehouse	1	100	1	good
Offices	2	100	4	good
Rice Mills	2	100	1	good
Dryer	1	80	NA	need repairs
Threshers	2	50	2	good

All of the facilities are relatively new, in good condition and fully utilized. At the present time, there is no need to develop plans for increasing or upgrading the facilities. As the Category II cooperatives become more profitable and as their scale of operation increases, a periodic review of their facilities requirements will be conducted as necessary.

### (Competition)

Private dealers are the biggest competitors of Category II cooperatives in the marketing of farm products and farm inputs. About 60% of members continue to sell their farm products to and/or buy their farm inputs from private dealers. Private dealers make advance purchases of farm products and offer liberal credit

terms for the sale of farm inputs. Category II cooperatives compete by buying farm products at higher prices, selling farm inputs at lower prices and appealing to members loyalty. This strategy appears effective since the market share of Category II cooperatives is believed to be increasing.

Under the above conditions, a plan to strengthen the competitiveness of Category II cooperatives should involve the following elements:

- ① Offer production and providentially loans to members and non-members under competitive terms.
  - ② Offer an assured market for farm products and stable and regular supply of farm inputs.
- 2) Credit business
- i. Management strengthening

Management of credit activities may be strengthened by the following:

- (a) Designate at least one staff member either full-time if possible or if that's not possible part-time, who will specialize in credit administration and provide that person with specialized training.
- (b) Provide the credit person with a credit manual (to be supplied by the federation) which describes in simple language general credit policies, procedures and techniques to properly evaluate loan requests, and to supervise the disbursement and utilization of loans and with special emphasis on loan collection.
- (c) Merge with one or more nearby primaries to provide greater financial and human resources.

ii. Equity capital build-up

Capital built-up may be accelerated by the following:

- (a) Continuous promotion at all membership meetings.

- (b) Undertake an aggressive program to build new membership and capital. Offer incentives/awards such as plaques, cash prizes, special discounts on purchases, etc.
- (c) Initiate a compulsory program whereby all dividends on stock and patronage refunds are automatically retained and credited to member's capital subscriptions.
- (d) Initiate a compulsory or voluntary program whereby members will be expected to contribute toward their capital subscription at least one cavan of play (or the cash equivalent) per hectare per cropping season.
- (e) Increase business activities to increase savings and retained earnings.
- (f) Merge with one or more nearby primaries to provide a larger capital base.

### iii. Savings mobilization

It is unlikely that the smaller cooperatives in this category 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 system, etc. to manage savings programs. However, some larger cooperatives might utilize the following strategies:

- (a) If necessary, management should become motivated through training and trained in proper management of savings programs by their federation.
- (b) Continuous promotion at membership meetings which should be directed mostly toward the wives of members because in the Philippine culture they are the ones who usually manage te family finances.
- (c) Provide an incentive such as paying a slightly higher interest rate (1 or 2%) than competing depositories.
- (d) Promote a one peso per day savings.
- (e) Encourage members to deposit their annual dividends on stock and patronage refund.

iv. Production loans to farmers

Credit Administration can be strengthened by the following:

- (a) Provide the credit person(s) with a Credit Manual and adequate training as described in i. above.
  - (b) Develop and maintain adequate loan records which will provide the credit person(s), management and Credit Committees with a report at least monthly on past due loans.
  - (c) Vigorously pursue delinquent borrowers on a timely and consistent basis through personal contact and/or the use of peer pressure which can be very effective especially in smaller cooperatives.
  - (d) Develop guarantee fund through a small compulsory deduction of 1 or 2% from each crop granted. If justified, members could obtain "supplemental/temporary" loans from the fund to repay crop production loans.
- (4) Measures to promote the education and guidance activity

The following measures, in addition to those recommended for Category I. will be required for the primary cooperatives in this category: i. those which provide for human resources to be recruited, retained, and developed; ii. those which provide for the development of basic skills required for the functioning of an office; iii. those which strengthen the system of guidance activities.

- i. Measures which provide for human resources to be recruited, retained, and developed

# Measures focussed on the manager are especially important.

A: Measures which primary cooperatives must conduct on their own:

- ① Enlighten those at the membership level on the importance of cooperative management.
- ② Utilize the "Human Resource Pool for Agricultural Cooperatives."

- ③ Send personnel to the "Training for General Managers (long-term training)" program.
- ④ Utilize the "Agricultural Cooperative Scholarship Program (for students)".
- ⑤ Have personnel take the "Competence Examination for Employment in Agricultural Cooperatives".
- ⑥ Become a member of the "Retirement System for Agricultural Cooperative Employees".

B: Measures which local level unions/federations should support

- ① Place importance on management training for directors (especially the chairman).
  - ② Register suitable persons in the "Human resource Pool for Agricultural Cooperatives", and administer this system and work toward getting it accepted more widely.
  - ③ Carry out the "Training for General Managers (long-term training)" program (basic course).
  - ④ Work toward wider use of the "Agricultural Cooperative Scholarship Program (for students)" and conduct screening of scholarship students.
  - ⑤ Administer the "Competence Examination for Employment in Agricultural Cooperatives" (basic level examination).
  - ⑥ Develop and operate the "Retirement System for Agricultural Cooperative Employees".
- # The national level union/federations of agricultural cooperatives will develop and operate the "Training for General Managers (long-term training)" program, and the "Competence Examination for Employment in Agricultural Cooperatives". It will also support the operations of local level union/federations.

ii. Measures which provide for the development of basic skills required for the functioning of an office

# This will focus in particular on developing personnel responsible for bookkeeping/accounting.

A: Measures which primary cooperatives must conduct on their own:

① Send personnel to the "Training for Bookkeepers and Accountants (long-term training)" program.

② Promote on-the-job (OJB) training (through practice with actual cases in the workplace, etc.), and support self development (SD) programs.

③ Same as i-A-⑤.

④ Send accounting personnel to "The Bookkeeping Contest".

B: Measures which local level unions/federations should support

① run the "Training for Bookkeepers and Accountants (long-term training)" program (basic course).

② "Agricultural cooperative education and training instructors" (hereinafter called "instructors") will consult direct and support OJT.

③ Same as i-B-⑤.

④ Hold the "The Bookkeeping Contest" and present awards.

# The national level union/federations of agricultural cooperatives shall develop the "Training for Bookkeepers and Accountants (long-term training)" program and "Agricultural cooperative education and training instructors course", shall hold the "National Bookkeeping Contest", and shall support the operations of local level unions/federations.

iii. Measures which strengthen the system of guidance activities

A: Measures which primary cooperatives must conduct on their own:

- ① Register exemplary farmers and women as "the co-worker for farming and better living activities", and involve them as leaders in these activities
- ② Utilize specialists from outside institutions such as DA and local governments (LG). Moreover, maintain close relationships with those institutions.
- ③ Send personnel to the "Training for Farming and Better Living Advisors (long-term training)" program (basic course).
- ④ Subscribe to specialist newspapers and magazines.

B: Measures which local level unions/federations should support

- ① Prepare and disseminate a "Handbook and Examples of Farm Management Guidance Activities".
- ② Establish study meetings together with advanced-stage farmers and DA/LG extension workers.
- ③ Carry out the "Training for Farming and Better Living Advisors (long-term training)" program (basic course).
- ④ Facilitate subscriptions of specialist newspapers and magazines, and work toward their dissemination.

## Category III

### (1) Guidelines for managing the organization

Cooperatives in Category III, which have attained a basic sort of stability in terms of businesses and operations, must view their links with members as important and must strengthen the appeals made to members for more involvement. Otherwise, there is the danger that this stability will crumble.

Furthermore, the farming and livelihoods of members who make up the coops belonging to Category III are not uniform but considerably varied. A segment of the membership will emerge which fosters development and change in styles of farm management. Therefore, interest in cooperative businesses and the demands made of these businesses will inevitably be comprehensive. Cooperatives must take note of this fact. We offer the following policy proposals from such a perspective.

#### i Abiding by a policy of holding membership gatherings based on small areas

Membership groups shall be organized according to small areas where it is easy to get people to act in concert. With these geographical units as a base, regular gatherings of members shall be held. Cooperative directors and employees will split the responsibilities of attending these meetings, where doubts, dissatisfactions, and requests from members regarding cooperative business activities and other aspects of operations shall be sought. Reports about business and operations shall be made in detail by the cooperatives, who will request cooperation from the membership. We would hope, in particular, that agenda items at the annual general meetings are derived from discussions held at these membership gatherings.

#### ii Seeking to organize female members

Basically the recommendation here conforms to that made for Category I cooperatives. We would especially wish to be availed of proposals and participation with respect to expansion of cooperative business lines into areas such as the supply of consumer articles.



### iii Organizing farm-management related members

By encouraging the participation of members with a genuine desire to improve farm management through the acquisition of production technology, joint use of agricultural equipment, etc., moves to organize groups shall be supported. Guidance shall be provided to these groups in conjunction with agricultural extension work and they shall be encouraged to use cooperative businesses.

Furthermore, in the event that a new crop is adopted and a certain number of members seek to position it as a principal crop, it will be important to cooperate in organizing "crop groups" and to seek to provide integrated support from cooperative businesses in all areas from training in production technology, to marketing, supply of inputs, and finally loans.

### iv Stepping up consultation activity for members

It is necessary for cooperatives to divide their areas of operation in a suitable fashion, give each employee areas of responsibility, and carry out periodic rounds of consultations regarding use of cooperative businesses. By having numerous opportunities for this kind of dialogue with members, the cooperative's links with members become stronger.

## (2) Guidelines for management and administration

The mid-sized cooperatives in this category have high ratios of total liabilities to net member assets, but their net profit margins are high. Therefore, paying down debt is not necessarily a difficult task. As with cooperatives in Category I, these cooperatives can be grouped among those with relatively high operating efficiencies.

1) Return on equity was decent among the cooperatives in our survey. Therefore, they meet a condition which would justify, through equity investments and therefore a wider range of other sources, the aggressive supplying of capital for the purchase and/or upgrading of facilities, etc. The strengthening of abilities to control funds raised for these purposes will then become an important function in the managerial and administrative department.

2) The primary cooperatives in this category have a tendency to lean disproportionately in their operations toward certain businesses, particularly marketing. Therefore, there needs to be greater emphasis placed on the

expansion of the business toward supply activities. For that purpose, financing the capital requirements for investment in facilities is essential. Given that regular members exceed 600, we believe that even if areas of business operation were expanded achieving profitability would not be a problem.

3) At the same time, there is a need to strengthen policies for the development of personnel capable of taking the initiative in management consulting activities aimed at members, primarily those with regard to their farming activities.

4) In order for the cooperatives in this category to continue to make progress, they must win in the competition against merchants. For this purpose too, they must use information about the market that makes it possible for them to drive their marketing and supply businesses effectively. We believe that, in this regard, the development of a data telecommunications system is an urgent priority.

### Category III Operational Indices for Primary Cooperatives (Fiscal 1991)

	Ratio of net member assets to total assets (%)	Current ratio (%)	Ratio of total liabilities to net member assets (%)	Net profit margin (%)	Return on total assets (%)	Average wages P	Ratio of labors' share (%)
SIDCI	34.2	229.1	15.3 %	62.5	24.2	P19,570	15.1
PCDCI	11.6	90.8	4 times	28.5	3.3	P13,502	11.9
UMCI	4.3	103.4	18.4 times	27.0	1.1	P8,502	77.9

### (3) Measures to promote the business

#### 1) Marketing, supply and utilization business

Category III cooperatives have an average sales of P25,630,000 with a profit of 36.92% of sales. Its sales consist of 45% farm products, 52% farm inputs and 3% consumer goods.

#### i. Marketing

Poultry and swine constitute 31% of the total sale, cotton seeds and lint, 8%; and rice and palay, 6%. About 66% of farm products were purchased from

members, 16% from non-members, 12% from private dealers and 6% from primary cooperatives. Of these, 70% were sold to private dealers, 21% to members, 6% to retailers, 2% to non-members and 1% to primary cooperatives. Federations were neither involved in the purchase nor in the sale of farm products. About 41% of the purchases were paid in cash and 61% of the sales were paid on demand.

Given the above conditions, a plan to improve the marketing of farm products should include the following elements:

- ① Increase purchases from non-member farmers.
- ② Develop market outlets other than private dealers.
- ③ Use consignment or installment payments on purchases and cash payments on sale.
- ④ Diversify the type of products handled. Grain crops such as rice and corn should complement the feeds manufacturing business which in turn supports the poultry and swine businesses.

## ii. Supply

Feeds constitutes 50% of the farm inputs, followed by 3% of fertilizer and agricultural chemicals. Of these, about 90% were purchased from private dealers. 58% of purchases were paid on demand, 40% in cash, and 2% on consignment and installment. 86% were sold to members, 9% to primary cooperatives; and 5% to non-members. About 30% were sold in cash, 67% on demand and 3% on installment.

Given the above, a plan to strengthen the marketing of farm inputs should include the following elements.

- ① Sources of farm inputs should be more diversified in terms of dealerships and geographic location.
- ② Sales to non-members should be increased.
- ③ Federations should be more involved in the procurement sale and distribution of farm inputs with financial backing from the banks and the

Department of Agriculture for regulated and subsidized farm inputs such as fertilizer, agricultural chemicals and seeds.

- ④ Purchases should be paid on consignment and installment bases while sales should be paid in cash.

### iii. Utilization

The following is a list of facilities owned by two Category III cooperatives included in the survey.

Facilities	Qty	Percent Utilization	Age in Years	Condition
Truck	1	NA	15	good
Store	1	NA	23	good
Warehouses	3	100	8	good
Offices	2	NA	16	good
Mills	2	100	3	good

Most of the facilities of Category III cooperatives are old but are in good condition. While there remains a few more years of service for most of them, it is important to plan an investment program towards replacing the stores, offices and trucks.

### (Competition)

The private dealers are the biggest competitor of Category III cooperatives in the procurement and sale of farm products and farm inputs. About 45% of the members of the cooperatives sell their farm products to and/or purchase farm inputs from private dealers. While private dealers provide a ready market for the farmers' farm products and a stable source of supply of farm inputs, the cooperatives continue to provide efficient and prompt services and appeal on the loyalty of members.

Given the above conditions, a plan to strengthen the competitiveness of Category III against the private dealers should include the following elements:

- ① Assured market of members and non-members farm products, and availability of stable and regular supply of farm inputs.

- ② Availability of production, commodity and providential loans at reasonable terms.
- ③ Availability of support services from federation and local offices of national government agencies.

## 2) Credit business

### i. Management strengthening

Management of credit activities may be strengthened by the following:

- (a) Establish a Credit Department with an experienced credit person in charge who will report to the General Manager. If possible, the credit staff should consist of 3 to 5 persons, preferably experienced, depending upon the number of borrowers.
- (b) Provide the credit manager and staff with specialized training to continuously upgrade their skills either in an on-the-job or formal setting.
- (c) Provide the credit staff with a Credit Manual which might be adopted from a model manual developed by the federation or some other source. The manual should describe in simple language the general credit policies, procedures and techniques to evaluate loan requests and to supervise the disbursement and utilization of loans and with special emphasis on loan collections.

### ii. Equity capital build-up

Capital build-up may be enhanced by the following:

- (a) Emphasize the need for continuous capital build-up at all membership meetings.
- (b) Initiate a compulsory program whereby at least 50% of all annual dividends on stock and patronage refunds are automatically retained and credited to member's share capital.
- (c) In agri-based credit cooperatives continue or initiate as necessary a compulsory program whereby members obtaining providential or commercial

loans would be required to invest 5% of loan proceeds in additional share capital.

- (d) 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's increase in share capital. Possibly make those awards during the Annual General Assembly.
- (e) Maintain a continuous program to attract new members and capital.
- (f) Increase business activities to increase savings and retained earnings.

### iii. Savings mobilization

Those cooperatives not already engaged in mobilizing savings should do so as a low cost source of working capital for the cooperative and/or as a low cost source of funds for lending or for additional collateral for loans. Such programs should be initiated with guidance and training from experienced sources. Some or all of the following strategies may be useful in accelerating deposits:

- (a) Continuous promotion at all membership meetings.
- (b) Organize thrift clubs especially amongst wives of members and/or female members. Promote savings programs such as one peso per day.
- (c) Assist in developing "laboratory" cooperatives with young people such as high school, college, university students to promote positive savings habits.
- (d) Promote savings deposits amongst non-members such as local merchants, traders, vendors and other business people.
- (e) When appropriate, promote the use of savings deposits as collateral for loans.
- (f) Initiate staff award programs e.g. to reward staff members for obtaining the largest number of new depositors during the year.
- (g) Pay slightly higher interest rate (1 or 2%) than competing depositories, if financially feasible.