

harvests or in absolute peso values. Hired agricultural workers are paid on daily basis and loosely approximate the minimum wage rates. Local government units, on the other hand, have visible positive policies & measures promoting agricultural development in the province.

(3) Condition of primary cooperatives

A. PULO PRIMARY MULTI-PURPOSE KILUSANG BAYAN (PPMKBI)

1) General background

The PPMKBI is a successor organization to a Samahang Nayon (pre-cooperative) which was originally organized in 1975 but which conducted no business activities due to legal restrictions then existing. It was transformed into the PPMKBI in 1988 and its service area includes all of the municipality of San Isidro, Nueva Ecija consisting of nine barangays. PPMKBI was registered in May 1988 and confirmed in February 1991 by CDA. However, because it lacks adequate facilities, its operations are more or less confined to four barangays adjacent to Pulo where its warehouse and office are located.

2) Membership

When organized in 1988 PPMKBI began with 70 members with paid-in capital of P40,000. Currently there are 136 regular members of which 18 (13%) are women. Reportedly there are 6,471 total households in San Isidro of which 1,883 (29%) are farm households.

Therefore, only 7% of farm households are members of PPMKBI. It currently has no associate members however, it has one laboratory cooperative made up of students which it organized. The majority of PPMKBI's members are reportedly in their thirties. It actively recruits new members primarily through several community-based and social activities which it sponsors/co-sponsors.

3) Affiliations

PPMKBI is affiliated with the following upper organizations:

- Timog Nueva Ecija Secondary Coop (TINESCO)
- Provincial Federation of Agri-Based Cooperatives of Nueva Ecija (PFACNE)

Also, PPMKBI was affiliated with the Regional Cooperative Union (RCU) located in Pampanga but that relationship was severed in 1991 due to unsatisfactory service. PPMKBI has P40,000 invested in TINESCO and P1,000.00 in PFACNE.

4) Organization aspects

PPMKBI has a Board of 7 persons which meets at least once each month and attendance averages 98%. Only one (Chairman) is a college graduate, two finished high school and two finished elementary school. PPMKBI also has an Audit and Inventory Committee which meets monthly to count inventories; an Education and Training Committee which meets quarterly to formulate training activities; a Credit Committee which meets quarterly to approve loans to members; and an Election Committee which meets prior to the General Assembly to screen candidates. Each Committee has three members. Candidates for the Board and Committee come through a Nominating Committee, by voluntary offer or by nomination by special interest groups.

The Annual General Assembly is held in February each year and attendance is reported 85%. Prior to each General Assembly meetings with members in each barangay are held to update them on PPMKBI's activities, problems, plans, etc., and to get their views about present and future needs. In 1991 PPMKBI has one Special General Assembly to review plans for its future expansion.

The PPMKBI Chairman (49) is a college graduate and has been chairman since 1984 when it was still a Samahang Nayon. He was formerly employed by the DA as a Local Extension Agent for 13 years but is currently employed full-time on the field staff of Congressman Lorenzo. The Vice Chairman is a 38 year old farmer with high school education. The Secretary is a 29 year old farmer with some degree in college. The Treasurer is a 24 year old female college student who is also the bookkeeper. PPMKBI has no Accountant.

The General Manager is a 48 year old farmer with only an elementary school education. The Board Chairman is the prime mover in PPMKBI. He appears to be heavily involved in management and to dominate the Board.

Until March 1992 PPMKBI had three full-time employees. It now has five full-time employees including the General Manager.

The 1991 annual audit was performed by a licensed accountant but apparently not according to generally accepted auditing principles. Prior to 1991 the annual statements were certified by the DA. PPMKBI's Audit Committee verifies inventories monthly. PPMKBI has not prepared any mid or long-term plans. A very simple plan for 1992-93 was presented.

PPMKBI appears to have good communications with government especially at the national level since its chairman is on the staff of Congressman Lorenzo. PPMKBI has made one request to the local government for assistance (requested gravel fill for warehouse site) but it was not granted for unknown reasons. PPMKBI is also very active in community affairs/events.

5) Operating aspects

i. Financial

PPMKBI has produced profits for the past three years however, its liquidity, profitability and solvency ratios have been declining. However, liquidity is adequate largely as the result of its capital buildup program in solving retention of 3% of loans to members and retention of dividends on share capital and patronage refunds. It also has a modest savings program.

Net surplus are generally distributed as follows:

- 10% General Reserve Fund
- 10% CETF
- 10% Optional Fund
- 1% KBGF
- 12% Dividend on Share Capital
- Balance-Patronage Refund

In 1991 the CETF was all retained by PPMKBI because the CDA's rules for payment are unclear.

ii. Marketing

The major crop in the area is palay. However, most members also produce hogs for supplemental income and many wives produce duck eggs (balut) and soap made from coconut oil. The only product marketed by PPMKBI is palay of about 50 tons per cropping which is all obtained from its members. PPMKBI has a small

warehouse (5,000 cavans) and a small solar dryer (300 sq. mtr.) which were constructed in 1991 and are in good condition but no rice mill. About 80% of the palay is marketed to NFA and the balance to retail private dealers. Its federation, TINESCO, does not provide any marketing services. Without an adequate warehouse, rice mill and dryer PPMKBI is at a great disadvantage in marketing. When share capital becomes adequate PPMKBI would like to build a larger warehouse and dryer and add a rice mill.

iii. Retailing

In 1991 PPMKBI sold 1,900 bags of fertilizer and 816 litres of chemicals per cropping of which 90% was purchased from TINESCO and 95% sold to members. It also purchased 1,000 bags of hog feed from a private retailer of which 90% was sold to members. Problems associated with purchasing from TINESCO include inadequate and sometimes delayed supplies most of which is due to TINESCO's inadequate financing. PPMKBI expects TINESCO to purchase inputs in larger quantities so it can take advantage of quantity discounts. Principal competition is from private traders and dealers.

iv. Savings

PPMKBI has a modest voluntary savings program which encourages members and students (in the laboratory coop) to deposit 1 peso per day. Such savings currently total about P20,000. Principal competition is from one private rural bank which is countered by PPMKBI paying 2% (8%) higher interest. PPMKBI has no savings deposits in federations.

v. Lending

PPMKBI is participating in the LBP crop production loan program. It borrows about P1,500,000 each cropping season at 12% p.a. which it lends to members at the rate of P6,000 per hectare at 24% per annum with no collateral required. Total actual production costs are about P8,000 per hectare so members must obtain additional production loans as well as loans for providential needs from money-lenders, traders, etc. at usurious rates. Until 1992 members have repaid 100% however, the second 1992 crop was only about 50% repaid due to a 50% general crop failure in the area. PPMKBI Also makes some "character" loans from its own funds to non-members at 30% p.a, and repayment has been good.

Because of PPMKBI's relatively low interest rates, competition is not a major factor.

vi Borrowing

PPMKBI borrows only from LBP for on-lending to its members for crop production. To date, no difficulties in obtaining such loans have been encountered because of PPMKBI's 100% repayment performance.

In order to repay the current crop loan, which members are unable to repay, PPMKBI plans to apply to LBP for a commodity loan which it will use to maintain its 100% repayment record on the LBP crop loans. PPMKBI complained about documentation requirements of LBP which are repetitious for each (2) cropping seasons per year and frequently causes a late release of funds. PPMKBI also has availed of a small grant (P37,000) from the DA the nature of which was not determined.

6) Education on training activities

i. Members and non-members

PPMKBI conducts a modest amount of member training. In 1991 most programs related to farm management/techniques and most were co-sponsored by a government agency and none were provided by its federation (TINESCO). While the need for better living training is recognized PPMKBI has not assisted the organizing rural women but it did conduct one program on soap making. For non-members PPMKBI conducted one pre-membership education seminar (PMES) in 1991 and has assisted in the organization of a student laboratory cooperative for the purpose of generating savings deposits.

PPMKBI is also very active in community affairs (fiestas) and in recognizing outstanding farmers. Both CETF and PPMKBI's own funds utilized for training activities.

ii. Directors and employees

In 1991 directors and employees participated in two training seminars, one hosted by DANIDA (Danish) and one by ATI (DA) and the bookkeeper attended a bookkeeping seminar hosted by TINESCO.

iii. Needs

PPMKBI has not developed its own plan for education and training needs and has more or less participated in programs developed by government agencies, NGOs, etc. on a selective basis. And, its federations (TINESCO) has so far provided little direction or assistance.

7) Insurance

PPMKBI does not offer any kinds of life insurance to its members mostly because CISP's have not been promoting their insurance products in the area. Currently members feel it is simply an added outlay of money which they cannot afford and do not understand the benefits.

PPKMBI
(Financial Data)

	12-31-89	12-31-90	12-31-91
1. LIQUIDITY RATIOS			
1.1 <u>Current Assets</u> Current Liabilities	2.44:1	1.51:1	1.11:1
1.2 Working Capital	P 90,233	P 324,403	P 211,300
2. PROFITABILITY RATIOS			
2.1 <u>Net Savings</u> Gross Savings	41.1%	47.0%	23.0%
2.2 <u>Total Operating Expenses</u> Gross Savings	58.9%	53.0%	76.9%
2.3 <u>Net Savings</u> Total Assets	23.0%	11.1%	3.5%
2.4 <u>Net Savings</u> Fixed Assets	(Not Applicable)	(Not Applicable)	23.5%
2.5 <u>Net Savings</u> Paid In Capital	40.4%	49.8%	20.0%
3. SOLVENCY RATIOS			
3.1 <u>Member Equity and Reserves</u> Total Assets	64.8%	36.3%	19.2%
3.2 <u>Loans Outstanding</u> Total Deposits	(Not Applicable)	(Not Applicable)	(Not Applicable)
3.3 <u>Long-Term Liabilities</u> Members Equity and Reserves	(No Long-term debt)		
4. OTHER RATIOS			
4.1 <u>Paid-In Share Capital (Reg. Members)</u> No. of Regular Members	(Not Available)		P 3,278
4.2 <u>Paid-In Share-Capital (Ass. Members)</u> No. of Associate Members	(No Associate members)		
4.3 <u>Total Paid-In-Share-Capital</u> Subscribed Share Capital	(Not Available)	(Not Available)	59.4%

Note: As of June 30, 1992 the average paid-in capital per members (4.1) was P4,588 and the paid-in capital to subscribed capital (4.3) was 83.2%.

B. GENERAL NATVIDAD PRIMARY MULTIPURPOSE COOPERATIVE,
INC. (GNPMCI)

1) Outline

Its cooperative office is in Potlacion, located 25 km northeast of Cabanatuan, the capital of the province. It has as an area of operation 7 of the 20 barangay included within General Natvidad. Registered by the DA in May 1988, it was confirmed by the CDA in March 1991. Although its main product is palay, in recent years vegetables have been produced in increasing amounts, and livestock raising has also been on the rise. However, this cooperative is still unable to conduct business activity related to vegetables and livestock. It is engaged in the marketing of palay, the supplying of inputs, and a financing operation for members where it relends capital borrowed from the LBP.

2) Characteristics of organization and operations

i Organization

There are 9 primary cooperatives within the General Natvidad, and cooperatives' areas of operation overlap. Including women, there are 180 members.

There is no data available which tells one which of the farmers engaged in agricultural pursuits within the area of operation are members of which cooperatives, or how many farmers have not yet to join any cooperative. Partly because of a concern about refraining from advising people who are members of other cooperatives to use its operations, it is practically speaking extremely difficult for the cooperative to make plans for increasing membership. However, members have organized into groups of about 10 persons each.

A union exists neither at the municipal nor at the provincial level. The federations to which the cooperative belongs are as follows:

Nueva Ecija Federation of Agribased Cooperatives, Inc. (NEFABCI)

Nueva Ecija Federation of Cooperatives, Inc. (NEFCI)

Provincial Federation of Agribased Cooperatives, Inc. (PFACNE)

ii The will to decide/implement

A general assembly is held every year in January. The attendance rate of members is 80-90%. There are a total of 7 directors. A board of directors meeting is held twice each month, on the second and fourth Sundays, as established by cooperative rules. The attendance rate for directors is 100% each time. Upon attendance, directors are given P150 by the cooperative. Regarding selection of directors, a system in which a person is completely free to become a candidate has been adopted. Decisions are made by votes at the general assembly.

There are 8 employees, of which 4 are college graduates.

iii Characteristics of management

Members' paid-up capital has been increasingly at quite a good pace each year, standing at the end of 1992 at P806,086.

According to financial statements, gross profit on sales in fiscal 1991 reached P265,000. Although this is not a large figure, other income of P1,120,000 contributed and allowed the cooperative to report net income before provisions of P428,000. 80% of other income is investment income. The cooperative has not prepared a mid or long-term plan.

iv Characteristics of business activities

(a) Marketing

Although the cooperative has rented a warehouse with storage capacity of 10,000 cavans, the palay which is purchased in the ratio of 90% from members and 10% from non-members is not processed into rice because of the lack of a dryer. Instead, it is sold in the ratio of 80% to wholesalers and 20% to retailers.

(b) Supply

With respect to fertilizers and chemicals, no purchasing is done from the federation. The entire amount is bought from wholesalers. The cooperative also supplies non-members with about 10% of its total volume.

At the end of 1992, the cooperative supplied 20 members with 25 baby pigs to be raised and fattened. Although the cooperative does not have plans to sell or

handle hogs for meat purposes, it says that it eventually wants to make an appeal to members for support in bringing about an operation for the supply of feed for pig raising.

(c) Credit

The cooperative borrows a production loan of about P3,000,000 from the LBP for each harvest and lends it to members. In both October and November of 1991, the area was hit by typhoons, making collection of loans extremely difficult. In an effort involving everyone, directors and employees managed to repay P1,200,000 of the approximately P2,900,000 borrowed, and to reach an agreement for a production loan in 1992. The directors and employees say that this experience drove home the necessity to all of them of the need for everyday contact with the members. Although the cooperative is conducting an educational campaign aimed at members in which its position is that those who are unable to repay their loans will lose their qualifications to run for director, and will forfeit their rights to vote on matters before the general assembly, the percentage of loan repayment still stands at an average of 70%.

C. GAPMACA-ISA PRIMARY MULTI-PURPOSE COOPERATIVE, INC.
(GIPMCI)

1) Outline

This is a cooperative whose office is located in the barangay of Zaragosa, in the municipality of Sta. Lucia, which is located 30 km west of Cabanatuan, the capital of the province.

The cooperative's forerunner was an organization established in 1980 as the ISA (Irrigation Service Association). This organization was converted to a cooperative in 1987. It has as its area of operation 2 of the barangay within the municipality. Its main products are rice, vegetables (tomato, eggplant, squash, citow, etc.), and livestock (layers, broilers, etc.). It conducts marketing, supply and credit operations. Marketing, however, is limited to palay, while supply operations are limited to the handling of fertilizers and chemicals.

2) Characteristics of organization and operations

i Organization

Members number 284 persons, of which female members account for 39. Qualified non-members living within the area of operations number 120 persons, and the rate of organization is 70%. As one might expect for an organization established for joint use of irrigation facilities, the unity among members is said to be strong.

Among the upper organizations to which it belongs are the following noted below. Within the province, no unions exist. The cooperative is still not a member of the RCU.

- ① Timog Nueva Ecija Secondary Cooperative (TINESCO, a cooperative whose area of operation is the southern part of the province)
- ② Nueva Ecija Federation of Agribased Cooperatives (NEFABCI, a provincial federation)
- ③ Provincial Federation of Agribased Cooperatives of Nueva Ecija (PFACNE, a provincial federation)

ii The will to decide/implement

A general assembly is held each year in December. In 1991, the cooperative held an extraordinary general assembly in April and placed plans for the construction of a warehouse on the agenda. Members' rates of attendance at the general assemblies are about 65%. Based on needs related to the management of irrigation facilities, 15 units comprised of groups of cooperative members have been established. The cooperative's 15 directors are also elected by each unit.

A board of directors meeting is held once each month. These are held, according to rules, on the fourth Wednesday of the month. Directors' rates of attendance are 90%. Directors are paid p300 each time they attend.

There are 5 employees, a number which has not changed for several years. Of these, 3 have academic backgrounds which include graduation from university.

3) Characteristics of management

Paid-up capital has been increasingly steadily, growing from P82,258 as of the end of 1989, to P174,094 as of the end of 1990, to P243,965 as of the end of 1991. The cooperative is currently setting its target on goal of P2,000,000.

Profit from the marketing and supply business doubled year-on-year in fiscal 1990, and tripled year-on-year in fiscal 1991 to P340,760. Net profit rose from P82,258 in fiscal 1989 to P174,094 in fiscal 1990. In fiscal 1991, net profit declined slightly year-on-year to P138,951. The decline in profit in fiscal 1991 was the result of an increase in operating expenses.

Partly due to the small amounts reserved for various items, the interest ratio on members' paid-up capital is an extremely high 21.3%. In view of the principles underlying cooperatives, some reconsideration appears to be required here. The recipient of the 1991 CETF remittance was the RCU; however, the 1992 remittance remains on hold without having been made. From its own standpoint as well, the cooperative desires an improvement in the system. The cooperative has not yet looked into the issue of preparation of a mid- or long-term plan.

4) Characteristics of business activity

i Marketing

Because the cooperative added a mill with capacity of 700~800 cavan/12 hours as well as a warehouse with storage capacity of 3,000 cavan to its facilities at the end of 1992, the marketing of rice will become possible beginning in fiscal 1993. In fiscal 1991, it sold its entire stock of palay worth P3,993,000 to retailers. It does not use a federation.

There are numerous rice retailers within the district, and these merchants use young people to collect their supplies of rice, paying them 50 centavos per kilogram. The cooperative is still at a point where it fails to secure 50% of the quantities sold by its members.

ii Supply

It purchases all of its fertilizers and chemicals from wholesalers. The cooperative says that the prices of items supplied by the federation are always higher than those coming via merchants and thus the federation cannot be used.

About 10% of the unit volume supplied by the cooperative is purchased by non-members. The cooperative does not charge different unit prices on purchases made by non-members and those made by members.

iii Credit

The LBP production loan (about P3,000,000 per harvest) is lent to members via the cooperative. In years when there are no disasters, the rate of repayment is 100%. For its part, the cooperative sends a notice encouraging attention to the matter a month before the harvest, while the director in charge of the group to which the indebted member belongs takes the responsibility of holding meetings and giving guidance to the member in an endeavor to prevent payments from becoming in arrears.

(4) Condition of affiliated unions/federations

A. NUEVA ECIJA FEDERATION OF AGRI-BASED COOPERATIVES, INC. (NEFABCI)

1) General background

NEFABCI is based in Cabanatuan, the capital City of Nueva Ecija province and its area of operations includes the entire province. It has operated for slightly more than one year and it has no branch or extension offices. NEFABCI was registered in March 1991.

2) Membership

Reportedly there are 818 cooperatives in the province of which about 725 (88.26%) are agri-based. Currently NEFABCI has 16 members or 2.2% of the agri-based cooperative of which 8 are secondary and 8 are primary cooperatives. NEFABCI has an annual plan for increasing membership to 60% of secondary level agri-based cooperatives by December 1993.

3) Affiliations

NEFABCI has not yet become affiliated with any tertiary level organizations.

4) Organization aspects

NEFABCI has no owned facilities. It operates from a rented office in the LBP building in Cabanatuan. It has a Board of Directors of nine which meets at least monthly. There are four full-time male employees (1 manager, 2 district managers, 1 utility man) and two full-time female employees (1 bookkeeper, 1 secretary) plus four contractual (part-time) employees. There is no accountant and the books for its first full year of operation (1992) have not been audited.

NEFABCI plans to meet the Chairmen of member cooperatives prior to its first Annual General Assembly which is expected to be held within the next two months.

To date NEFABCI has not provided any brochures or documents to members or non-members. However, it is participating in a local weekly radio program which is currently providing discussions on the various aspects related to the proposed consolidation of provincial level federations. It also plans to someday begin publishing a monthly newsletter.

SPECIAL NOTE: Due to the existence of five province-wide federations in Nueva Ecija which among other things has created much competition for membership share capital, CETF, business operations, etc., it is very difficult for any one of them to carry on business activities and to implement any long-term development plans. Currently the five federations are exploring the possibility of consolidating into one provincial federation. This is expected to be accomplished in 1993.

5) Operations aspects

i. Financial

NEFABCI has an authorized capital of P2,400,000 and subscribed capital of P680,000 of which P170,000 (25%) is paid in. It has developed a mid-term plan to increase membership, paid-in capital and business, etc. However, it will be very difficult to implement because of organizational problems in the province. See **SPECIAL NOTE** above.

In its first full year of operations (1992) NEFABCI has concentrated on sales of farm inputs on which it takes a 1.5% mark-up. Sales of farm inputs for the year totaled P35,543,947 on which net savings were recorded of P96,839 (22%) but the data is based upon unaudited figures.

Reportedly the farm inputs were sourced 100% from private wholesalers of which only 8% was sold to primary member cooperatives.

NEFABCI is not receiving any CETF from its members and therefore must rely on its own business income for education and training activities.

ii. Marketing

NEFABCI is not conducting any marketing activities but would like to in the future.

iii. Retailing

See comments above in Section 5)-i

iv. Savings

NEFABCI does not have a savings mobilization program as it is currently concentrating on share capital build-up from members.

v. Lending

Due to lack of capital and external funding NEFABCI does not have a lending program for members.

vi. Borrowing

NEFABCI has not borrowed from external sources to date. In fact, reportedly, LBP will not lend to NEFABCI because of too many provincial federations.

vii. Problems

The principal management problems were identified as follows:

- Lack of manpower and technical and marketing skills
- Lack of adequate facilities and vehicles.
- Insufficient share capital
- Competitive problems created by too many provincial federations
- Need to increase membership patronage

6) Education and training activities

In 1992 NEFABCI participated in 17 seminars related to basic management subjects and bookkeeping which were sponsored by ATI/LBP. There were mostly 3-day live-in seminars and accommodations (classroom and dormitory) were provided by the NFA in Cabanatuan.

Also during the year NEFABCI provided some on-the-job training (when requested) to members in bookkeeping and financial statement preparation.

NEFABCI plans to undertake several training activities in 1993 but it is believed that because it does not receive any CETF and has limited financial resources it may simply participate in training seminars provided by ATI/LBP as in 1992.

NEFABCI maintains good communications with local and national governments but reportedly has received no assistance from them. It believes the government should provide promotion and funding for livelihood projects.

7) Insurance

The CISP has not conducted any insurance seminars or promoted its insurance products in the area. However, NEFABCI has taken the initiative and is in the process of negotiating with the CISP to become one of its general agents.

NEFABCI
(Financial Data)

January 14, 1993 (Unaudited Data)

1.	LIQUIDITY RATIOS	
1.1	<u>Current Assets</u>	2.29:1
	Current Liabilities	
1.2	Working Capital	P 221,939
2.	PROFITABILITY RATIOS	
2.1	<u>Net Savings</u>	22.1%
	Gross Income	
2.2	<u>Total Operating Expenses</u>	77.9%
	Gross Income	
2.3	<u>Net Savings</u>	21.8%
	Total Assets	
2.4	<u>Net Savings</u>	292.3%
	Fixed Assets	
2.5	<u>Net Savings</u>	57.0%
	Paid In Capital	
3.	SOLVENCY RATIOS	
3.1	<u>Members' Equity & Reserves</u>	22.7%
	Total Assets	
3.2	<u>Loans Outstanding</u>	NA
	Total Deposits	
4.	OTHER RATIOS	
4.1	<u>Paid-Share Capital (Reg. Members)</u>	P10,625
	No. of Regular Members	
4.2	<u>Paid-In-Share Capital</u>	(No Associate Members)
	No. of Associate Member	
4.3	<u>Paid-In Share Capital</u>	25.0%
	Subscribed Capital	

B. PROVINCIAL FEDERATION OF AGRI-BASED COOPERATIVES OF NUEVA ECIJA (PFACNE)

Established as a provincial federation in November 1990. Both the GENERAL NATVIDAD PRIMARY MULTIPURPOSE COOPERATIVE, INC. (GNPMCI) and GAPMACA-ISA PRIMARY MULTIPURPOSE COOPERATIVE, INC. (GPMCI) cooperatives became members of the PFACNE upon its establishment. As of January 1993, members of the PFACNE stood at 103 primary cooperatives and 2 federations, the TIMOG NUEVA ECIJA SECONDARY COOPERATIVE (TINESCO) and the KADISANAN NGMGA MAGSISI-BUYAS SA NUEVA ECIJA (KASAMNE).

Paid-up capital is P130,000. There are 15 directors; the chairman of the GNPMCI has assumed the post of chairman. There is one volunteer manager, and no full-time employees. It is a member of FACOP, the national level marketing and supply federation.

PFACNA is not presently engaged in the marketing of agricultural products or in an input supply operation. However, it has intentions of developing a rice marketing operation in the near future, and began negotiations in September 1992 to lease a NFA warehouse (capacity 30,000 cavans of rice) and a mill (3.5 tons/hour).

C. TIMOG NUEVA ECIJA SECONDARY COOPERATIVE, INC. (TINESCO)

1) General background

TINESCO is located in a predominantly rice-growing area, however, there is also a relatively large poultry industry in the area and some swine and vegetables. It is domiciled in the municipality of San Isidro and operate in San Isidro and nine surrounding municipalities in southern Nueva Ecija including Gapan, San Antonio, Jaen, Cabiao, Penaranda, Zaragoza, Santa Rosa, San Leonardo, and Gen. Tinio.

2) Membership

There are 78 primary cooperatives in TINESCO's area of which 20 (26%) are members. Only two new members were added in 1991. Membership growth has been severely hampered by the fact that the LBP has a campaign to organize similar secondary cooperatives in each municipality. Further, confusion is

created by the fact that Nueva Ecija has five province-wide federations which includes one CRB. There is currently an attempt being made to consolidate the five provincial federations into one. TINESCO has no associate members.

3) Affiliations

TINESCO is affiliated with two of the province-wide federations as follows:

- Nueva Ecija Federation of Agri-Based Coop., Inc. (NEFABCI)
- Provincial Federation of Agricultural Cooperatives of Nueva Ecija (PFACNE)

Of the two only NEFABCI is actually operating. TINESCO has invested P20,000 in NEFABCI and P10,000 in PFACNE. NEFABCI was developed by LBP and PFACNE by the DA.

4) Organization aspects

TINESCO operates from a small rented office in San Isidro and has no operating facilities nor branch offices. It has a Board of Directors of 7 and also has an Audit & Inventory Committee, a Credit Committee, and Education & Training Committee and an Election Committee. TINESCO reportedly has 3 full-time employees - a manager, an assistant manager and a bookkeeper. However, it appears they do not work full-time. It also has one part-time employee but no accountant.

TINESCO's principal channel of communications with its members is through its Board of Directors. It apparently does not have regular meetings with member coops.

Reportedly TINESCO's members expect it to provide:

- Training programs
- Assist management and provide bookkeeping services.
- Promote trading assistance and interim financing.
- Sell business and accounting forms.
- Provide communications system.
- Provide business forum for leaders.

TINESCO maintains good communications with its upper organization (NEFABCI) and at this time expects it to provide:

- Assistance in strengthening and coordinating operations.
- Professionalization (training) of officers and directors
- Production or direct purchase of fertilizers and chemicals from manufacturers and/or undertake importation of same
- Establish markets for farm products in urban communities

In 1991 TINESCO's annual audit was performed by a private licensed auditor. Prior financial statements were simply "certified" by the DA (BACOD).

5) Operations aspects

i. Financial

TINESCO has an authorized capital of P1,000,000 and reported P270,000 subscribed and paid in full. However, the audit report for December 31, 1991 shows P367,000 of paid-up share capital. It has no definitive plan to increase share capital. However, financial statements record a significant increase in share capital during the past 2 years (1990 and 1991) of P135,500 or 58.5%.

Operations for the past 3 years have recorded very small profit because TINESCO has a policy of adding only a 1% markup on its sales of farm inputs which is by far its major business activity. Actually, the major portion of TINESCO's income is derived from interest income on loans and bank deposits. TINESCO is relatively good financial condition.

In April 1990, Leslie Herbert, a volunteer from a U.S. organization (VOCA) developed a five-year development plan for TINESCO, however, it is not being followed due to changes which have occurred and lack of necessary updating.

TINESCO is not receiving any CETF from its members due to the proliferation of so many secondary organizations in Nueva Ecija and the lack of clear guidelines from CDA.

Current management problems include:

- more staff training and sufficient salaries

- additional funding
- competitive problems created by too many provincial federations

ii. Marketing

TINESCO is not conducting any marketing activities although someday it would like to have a rice mill and market palay/rice for its members.

iii. Retaining

TINESCO's primary business activity is the purchase and sale of fertilizers (no chemicals) which it sources mostly from NEFABCI through a distributor in Gapan and a private dealer in Cabanatuan of which 100% is sold to its member cooperatives. Its annual net sales volume of fertilizers has grown from P3.3M in 1989 to P6.8 million in 1991, an increase of 106%. All of the sales are delivered by the suppliers directly to the member cooperatives.

iv. Savings

TINESCO has no program to mobilize savings nor does it intend to in the foreseeable future.

v. Lending

TINESCO is relatively liquid and lends money on an interim basis (bridge financing) to member primaries while they are awaiting release of LBP loan funds. In fact, interest income on loans to members is a major source of income. The interest rate charged is 12% p.a. As of December 31, 1991, P608,809 in loans to members were outstanding and none were reported as being past due.

vi. Borrowing

TINESCO is not borrowing from LBP. Its only debt is a long-term loan from DTI of P500,000 which it obtained in December 1990 at 7% p.a. and which is being reloaned to its member primaries at 12% p.a. for relending to farmer members primarily for livelihood projects. As of December 31, 1991 TINESCO has an overdue balance of P180,000 on the DTI loan.

vii. Problems

The management problems cited were:

- Share capital buildup.
- Staff training and payment of adequate salaries
- Expansion of facilities to include rice mill, more adequate office facilities.
- Expand operations to include palay/rice marketing.

Also, TINESCO's management and Board have recognized that farmers cannot survive on rice growing alone and must become engaged in livelihood projects for supplemental income.

6) Education and training activities

In 1991 TINESCO participated in 2 training programs for directors and employees. One was on the general subject of coop. management provided to directors and management by ATI (DA). The other consisted of 3 seminars on bookkeeping provided by LBP. However, the bookkeeper who received this training resigned for another position in late 1992. Reportedly mimeographed handouts were provided at these seminars. TINESCO owns a personal computer (PC) donated to it by ACDI however, no one has the skill to utilize it. Since TINESCO is not receiving any CETF it is not performing any meaningful member training activities. Needs cited included: inadequate reference materials; unavailability of top-caliber resource speakers; insufficient funding; and, lack of government financial support.

TINESCO management also complained of "too much training" of a top-down nature. They criticized both GOs and NGOs for not basing training on the real needs at the grass roots level.

7) Insurance

The CISP has not been actively promoting its life insurance products in this area. However, with proper training and support TINESCO would be interested in acting as an agent for CISP.

Interest was also expressed in the Government giving powers to secondary cooperatives to underwrite their own crop insurance program with the PCIC acting as reinsurer for catastrophic crop losses.

TINESCO
(Financial Data)

	12-31-89	12-31-90	12-31-91
1. LIQUIDITY RATIOS			
1.1 <u>Current Assets</u> Current Liabilities	1.26:1	1.18:1	1.59:1
1.2 Working Capital	P 259,213	P 291,424	P 815,453
2. PROFITABILITY RATIOS			
2.1 <u>Net Savings</u> Gross Income	33.2%	19.9.0%	4.0%
2.2 <u>Total Operating Expenses</u> Gross Income	66.8%	80.1%	96.0%
2.3 <u>Net Savings</u> Total Assets	2.1%	2.0%	0.4%
2.4 <u>Net Savings</u> Fixed Assets	55.4%	54.6%	10.5%
2.5 <u>Net Savings</u> Paid In Capital	12.0%	15.2%	2.8%
3. SOLVENCY RATIOS			
3.1 <u>Member Equity and Reserves</u> Total Assets	23.8%	18.7%	19.0%
3.2 <u>Loans Outstanding</u> Total Deposits	N/A	2.82X	1.58X
3.3 Long-Term Liabilities	None	None	1.13X
4. OTHER RATIOS			
4.1 <u>Paid-In Share Capital (Reg. Members)</u> No. of Regular Members	N/A	N/A	P 18,350
4.2 <u>Paid-In Share Capital (Ass. Members)</u> No. of Associate Members		(No Associate Members)	
4.3 <u>Paid-In Share Capital</u> Subscribed Capital	N/A	N/A	100%

D. COOPERATIVE RURAL BANK OF NUEVA ECIJA (CRB-NE)

1) General background

The CRBNE (Bank) was the first Cooperative Rural Bank to be registered in the country under P.D. 175. It registered with the SEC on January 13, 1975, the DA (BCOD) on March 18, 1975 and received authority from the Central Bank to operate as a rural bank on December 10, 1975. The bank has also been confirmed by CDA under the new cooperative Code on March 20, 1991. Its main, and only office is located in Cabanatuan City and it serves the entire province of Nueva Ecija.

2) Membership

The Bank has a total membership of 439 of which 3 are secondary cooperatives, 427 are primaries of which the majority are Samahang Nayons, and, 9 individuals. There are no associate members. There are 818 registered coops. in the province which does not include Samahang Nayons. It does not have an annual plan to increase membership.

3) Affiliations

The Bank is affiliated with the following apex/national cooperative institutions:

- Cooperative Rural Banks Federation of the Philippines (BANGKOOP)
- Cooperative Insurance System of the Philippines (CISP)
- Cooperative Union of the Philippines (CUP)
- Cooperative Foundation of the Philippines (CFPI)

The Bank has capital investments of P50,000 in BANGKOOP and P10,000 in CISP.

4) Organization aspects

The Bank operates from its own office building which it constructed in the mid-1970s and which appears to be adequate and in good condition. It has no branch or extension offices.

The Bank has Board of seven directors which meets at least monthly. Members also elect at the annual General Assembly an Audit and Inventory Committee of 3 and an Election Committee of 3. other committees appointed by the Board include: an Executive Committee of 3; a Credit Committee of 3; a Budget Committee of 3; and a Membership and Education Committee of 6. It has 21 full-time employees of which 16 (76%) are female including the General Manager and Assistant General Manager.

Reportedly the Bank maintains good Communications with its members, however, it is believed that those communications are maintained only with about 20 coops/SNs it is actually serving in the surrounding nearby municipalities. The only documents provided to members is an annual (mimeographed) report which contains audited financial statements and Board, Committee and management reports.

Bank management reports members expect it to provide:

- PMES training
- Extension services in bookkeeping and accounting
- Extension of credit and financial assistance
- Education and training of members

The Bank maintains good communications with upper and nearby secondary organizations and expects from them:

- Assistance in strengthening member cooperatives.
- Guidance/assistance in developing project feasibility studies
- Generation of loan funds from external sources
- Training (skills) of directors and employees.

The Bank' annual audit is performed by a local CPA.

5) Operations aspects

i. Financial

The Bank has an authorized capital of P15,000,000 of which P10,433,717 has been subscribed and P10,350,283 (99.2%) has been paid in. That amount includes P2,500,000 of preferred shares paid in by LBP.

Although audit reports show a modest net savings from operations for the past two years that is before extraordinary loss reserves on past due loans required by the Central Bank had been recorded. After those loss reserve additions, net savings resulted in losses both years and no dividend on stock or patronage refunds have been paid. In fact, the Bank has accumulated losses of 3,127,768 as of December 31, 1991.

Financial highlights for the past two years are summarized below:

- Total assets employed increased 18.8%
- Loans outstanding increased 13.0%
- Past due loan % increased 2.0%
- Total deposits decreased 7.5%
- Capital stock increased 41.8%
- Reserves and undivided income decreased 16.2%
- Total equity accounts increased 53.9%
- Total gross income increased 55.0%
- Total operating expenses increased 59.8%
- Net savings increased 24.0% (before extraordinary loss reserves)

The Bank has no mid or long-term development plan and it receives no CETF.

Current management problems include:

- Need for more skill training of staff
- Lack of loanable funds. (Due to high past due loans and declines in savings deposits).
- Generate more share capital and deposits
- Reduce loans past due
- The need is seen to establish extension offices to provide services to more of its members.
- Due to frequent brownouts an emergency generator is needed in order to operate computers.

ii. Savings

During the past 2 years total deposits have shown a net decline from P7,772,347 to P7,189,029 (7.5%) which is reportedly due to the low income of rice farmers. However, the decline is believed to be more the result of the Bank's

lethargic efforts to mobilize savings and its inability to provide services to more of its members.

iii. Lending

Year-end loans outstanding for the past two years (1990/1991) have increased from P27,572,745 to P31,541,065 (14.4%).

The vast majority of its loans are for agricultural purposes (88.9% as of 12-31-91) and nearly all are made to member Samahang Nayons or primary cooperatives for relending to the farmer member for crop production purposes. The loans are granted at 12% p.a. without collateral. The Bank also makes a few commercial loans.

Although the Bank has made some improvement in its loan collection ratio the condition of its loan portfolio remains poor and potential loan losses are high. The past due ratio at 12-31-91 was 27.1%. A recent age analysis is not available however, as of 12-31-90 the Bank reported:

Years Past Due	No. of Accounts	Amount (pesos)
1 to 5 years	873	4,125,247
6 to 14 years	2,944	4,172,569
Totals	3,817	8,297,816

The reserve for loan losses at 12-31-90 was only P2,666,578 or 63.9% of loans past due 6 to 14 years.

iv. Borrowing

Due to the Bank's poor collection performance it has had difficulty in obtaining external funding. It does have a modest (P5,000,000) line of credit from LBP at 6% p.a. Also in 1990 the Bank was able to obtain P10,000,000 long-term loan from the Dutch Development Assistance Program at 0%. It also has loans outstanding from the DA at 8% p.a. (which is past due) and BANGKOOP at 5% p.a. for some special government related financing programs.

The Bank's preferred source of borrowed funds is the LBP but its rediscounting line is severely limited because of the Bank's high past due ratio and perhaps due to competitive reasons also - both banks are lending to the same market.

6) Education and training activities

The Bank is relatively inactive in providing training for officers and employees of members. None were provided in 1991. However, in the past, the Bank has provided some training in cooperative principles, savings promotion, bookkeeping and promotion of livelihood projects. Perhaps a major reason for such inactivity is the lack of funding - none from CETF and limited resources of its own. Bank management feels the government should provide training of trainers.

7) Insurance

The CISP has been relatively active in promoting its insurance products to the Bank. The Bank is an agent for CISP and provides both group life insurance and credit insurance to its members.

(Additional information)

Trend toward unification among provincial federations

Cooperatives existing within Nueva Ecija Province number 818. Of these, about 90% are agri-based cooperatives. Federations that exist to support the business activities of cooperatives number 5 at the provincial level, 2 at the district level, and 14 at the municipal level. None can be said to be a powerful presence, and there is even competition arising between federations, and between federations and primary cooperatives. It has been long pointed out from both within and without the cooperative organization that the excessive proliferation of federations has become one of the factors obstructing the development of the cooperative organization as a whole.

At present, however, debate on the unification of federations is taking place among involved parties. The formation of a task force by involved parties following the issuance of an opinion in December 1992 by the Governor of the provincial government calling for the unification of federations became the event that set things into motion. Those participating in this task force are the 5 representatives of provincial federations (NEFABCI, PFACNE, NEFCI, NEMCO, CRB), the 4 representatives of each district federation, and the representative of the CDA. The chairman of the NEFABCI assumed the chairmanship, and in order to facilitate administrative matters, a secretary selected from the NEFABCI was installed.

The secretary of the task force explains that representatives of the provincial federations already endorse the policy of unification, and that if things go as planned the establishment of a new federation in April, 1993 is a possibility.

The task force is envisaging the following operations for the new federation: (a) marketing of agricultural products; (b) grain processing; (c) supplying of inputs; (d) insurance, etc.

Further, with respect to the establishment of the new federation, the task force believes that the following types of issues need to be discussed.

(a) The new federation will place extension offices (4) at the district level. These extension offices will conduct activities aimed at strengthening cooperation among cooperatives within the districts.

(b) At the level of the municipalities, one federation each will be established. Primary cooperatives shall become dual members of both these municipal level federations and the new provincial level federation.

3. Batangas Province

(1) Socio-economic condition

Characterized by highlands and generally lotted with hills, Batangas lies in the southwest of Luzon. It is bounded by Cavite in the north; Laguna and Quezon on the east; Verde Island Passage in the south; and China Sea in the west. It has a total land area of 3,165.8 sq. m. with 2 cities, 32 municipalities and 1,075 barangays. Its income was P77,635,113.73 in 1986. Its population reached 1.477 million who came from a total of 272,116 households in 1990.

(2) Agricultural condition

Around 73% of its 316,581 hectares of land was classified as alienable and disposable; 26.71% as unclassified forest lands and 0.81% as classified forest land. Of its total 122,648 hectares of land 65.45% were covered by temporary crops; 37.50% were under permanent crops; 2.32% were under permanent pastures and meadows; 2.60% were covered by forest growth; 4.47% were lying idle; and 2.09% were classified as other lands.

In 1986, Batangas grew corn in 163,660 has.; palay in 34,450 has.; sugar cane in 27,242 has.; coconut in 23,561 has.; banana in 9,185 has.; cassava in 1,100 has.; tomatoes in 540 has.; and peanut in 535 hectares.

Batangas is a major livestock producer, primarily of cattle and goats. Its cattle and goat inventories constitute 29 and 41 percent of the total of Region IV. In 1986, the total number of livestock in the province were as follows: cattle - 86,800 heads; hog - 140,370 heads; carabao - 28,080 heads and goat - 105,380 heads. Only 7% of the cattle; 17% of the hogs and 0.44% of the goats were raised on commercial basis. The rest were grown on the farmers backyards. The province is also a major poultry producer. In 1986, a total of 4,155,170 heads of chicken and 89,690 heads of ducks were grown in Batangas. In contrast to livestock, 71.02% of the chicken were raised commercially.

Among the agribased establishments in Batangas were: patis and bagoong making; rice and corn mill; sugar mill; and prawn and shrimp culture and hatchery. Cashew and black pepper were considered potential agricultural crops, while, meat, coffee, cacao and fruit processing; leather tanning; feedmills; salt

farming; and integrated vegetable farming were considered potential agri-business ventures.

The province's fish output in 1986 has increased by 53% from its catch in 1981. The total marine fish catch in that year was 22,688 mt. while, from in land the total catch was 922 metric ton.

Included among its support services were: 3,647.624 kilometers of road network; 1 military and 1 private airports; 10 municipal ports; 10 municipal fishing ports; and an international port. There were 34 telegraph stations; 3 radio stations and 1 TV station. With respect to financial institutions, the province has 4 financing companies; 3 thrift banks; 5 savings and mortgage banks; 35 rural banks; 1 CRB; 35 pawnshops; 30 lending investors; 1 loan and savings association; and 21 commercial banks. All the municipalities have electricity and community water system. There were a total of 36 irrigation systems servicing a total area of 2,073 hectares. A total of 8 private ice plants were listed. National Food Authority (NFA) has established 1 polisher (5 tph), 2 graders (6 tph), 1 thresher (0.3 tph), 4 stock conveyor (260 tph), 2 dryer (0.5 tph) and 6 dryers (2.028 million bags capacity).

The wages of the people employed in the rural areas follow the minimum wage law. However, wages of people hired for farming were slightly below the minimum wage for agricultural farm makers. In irrigated areas, rice and rice culture dominates, but in rained areas rice-corn, corn-corn, rice-vegetable and corn-vegetables were common.

Because of the prevalence of backyard livestock, small farm machineries were not widely used in small rice and corn farms. Big machineries however, were normally used in sugar cane farms.

Feed milling, product processing and marketing of farm products are still controlled by private traders and middlemen, although there is a big farmers market area in the province. At present, 3 feed mills are being operated by cooperatives.

Because of agrarian reform program majority of the tenant farmers in Batangas had either been awarded CLTs as been converted into lessees.

Like in Laguna, the local government agencies had positive policy measures to promote agriculture in Batangas, but the local policy makers are currently

concentrating in the implementation of their industrial development projects under the CALABARZON development program of the government.

(3) Condition of primary cooperatives

A. LIMCOMA MARKETING COOPERATIVE, INC. (LMCI)

1) Outline

LIMCOMA MARKETING COOPERATIVE, INC. is located in the city of Lipa, population 170,000, where preparations for industrial development have been moving forward recently. This agricultural cooperative was established in 1970 by 77 individuals with the objective of supplying feed at low prices to households raising broilers. Registration with the CAD took place in 1991.

Presently, it is in the business of supplying feed to households producing eggs and to those raising broilers and hogs, as well as of supplying chickens and pigs to farming households. The operations of this cooperative span 10 different cities, towns and villages, and the percentage of livestock-raising households of the type mentioned above belonging to the organization organizational ratio is high (detailed data not available).

From the time it was established until 1991, this agricultural cooperative grew as follows: members rose from 77 to 2,254 (29.3 times); paid-up capital rose from P57,000 to P23,000,000 (403.5 times); and assets rose from P77,000 to P123,000,000 (1,597.4 times). During this period, the cooperative raised the quality of its physical plant, including introducing mills from Holland. Today it owns 11 hammermill-type flour mills and 8 mixers. Business conditions are generally good. However, the instability of both prices and quantities of corn, which is purchased as an ingredient for feed, and the advancing deterioration of the above-mentioned facilities are its major problems.

2) Characteristics of organization and operations

i Organization of members

All 2,254 members (7.2 members per employee) are regular members, and of these 730 (32.4%) are female members. Those in their 50s comprise the largest age-group among the members. The cooperative is counting on further increases

in membership and cited as effective measures for those purposes the holding of seminars for non-members.

ii The will to decide/implement

a. General meetings

Regular general meetings are held each year in April (special general meetings are not held), with members' average rate of attendance 70%. The cooperative holds meetings for members prior to the regular general meeting 4 times a year, while it creates other opportunities for dialogue with members as the need arises.

b. Executive committee

There are 11 directors on the executive committee. The executive committee meets once each month with all members present.

c. Various committees

This cooperative has the following committees, whose frequency of meeting (each year) and major items of discussion are as follows:

Activity	Frequency	Major Categories of Activity
Audit Committee	6	*Special committees *Inventory control
Education & Training Committee	12	*Seminars for non-members *Management guidance for members
Finance & Budget Committee	12	*Raising capital *Deciding on budgets *Financial analysis
Purchasing & Selling Committee	12	*Outlook on purchasing *Sales outlook
Employee Supervision Committee	12	*Measures relating to *Management of employees

d. Methods of selecting directors and committee members

The selection of directors and committee members (11) is based on nominations from the members. The list of candidates is posted prior to the general meeting. It is the common practice for a person running an agricultural business to become chairman of the cooperative.

e. The academic background of directors and committee members

There is a high level of education among directors and committee members, all of whom are university graduates.

f. Outside auditors

The audit committee selects outside auditors. Presently, it contracts the work of auditor out to an auditing company and CPAs. The fee is P30,000 per annum. It does not subject itself to auditing by the union or the federation. This is because neither have the ability to provide it.

g. Formulation of medium and long-term plan

Although the cooperative has developmental plans with five-year horizons, there is nothing that has been committed to writing. These plans deal in large part with steps relating to increasing membership, and to strengthening supplies.

h. Facts head officers

The facts relating to officers are as follows:

	Age	Sex	Annual salary (P100)	Assumed the post (date)	Highest level of education	Major career
Chairman	38	M	1,800	1989	UN	Farm manager
Vice-Chairman	38	M	1,080	1988	UN	Farm manager
Secretary	34	F	717	1980	CO	Employee
Treasurer	33	F	940	1980	CO	Employee
Manager	54	F	1,440	1990	UN	CPA
Accountant	33	F	940	1986	CO	Employee

Note: UN = University, CO = Junior college

i. Cooperative employees

The recent trend in the number of cooperative employees is as follows:

	4/91	9/91	3/92	Average
Full-time	301	293	293	296
Temporary	35	35	35	35
Total I	336	328	328	331
Total II (counting temporaries as 1/2)	318	310	310	313

iii Relationship with local government

The cooperative's relations with local government are good. However, it neither receives any special aid from it nor, at the present time, does it particularly expect any.

3) Characteristics of management

i Finances/profit & loss

Roughly, the following are the major indicators of the state of business and finances in fiscal year 1991. Judging from this and from the data of the past, business is generally trending in a good direction.

Paid-up capital per individual cooperative member:	P13,220
Ratio of paid-up capital (paid-up capital/subscribed capital):	100%
Ratio of fixed assets represented by member's equity:	41.6%
Liquidity ratio:	228.3%
Ratio of liabilities represented by member's assets:	64.5%
Ratio of gross profit to net sales:	6.1%
Net profit rate to sales:	0.3%
Rate of earnings on total capital:	1.2%
Labor productivity:	P109,403
Average wage:	P74,933
Labor's relative share:	68.5%

ii Management-related matters

a. Plans for capital increase

As its plan for increasing capital, this cooperative has adopted the measure of recognizing 50% of the incentive dividend as a revolving equity contribution.

b. Allocation of net surplus

Dividends are paid at a rate of 10% per annum. The basis of calculation for patronage refund is the amount purchased from the cooperative. The CETF remittance is made to the Cooperative Union of Batangas.

iii Measures to secure and introduce external funding

Of the major categories of funds raised from outside sources, the balance of short-term capital is as follows:

Bank credit line: P20 million (rolled over every 90 days); borrowing from Quedan: P13.5 million (rolled over every 90 days); import credit: P1.2 million (including 30-day interest).

4) Characteristics of marketing/supply/utilization activities

At the present time, this agricultural cooperative has no intentions of beginning a marketing operation (the reason is that the cost burden would be high).

The major items handled in its supply operations are: corn (48,000 tons per annum, of which 65% is sold for cash); soybean meal; chickens (43,000 tons per annum); and hogs (50,000 tons per annum). However, competition is severe with both feed processors operating along corporate lines as well as small processors, which purchase at lower prices and offer better payment terms. In order to respond to the competition, improvements in quality, lower prices, easier to settle account, and enlightenment regarding the advantages of the cooperative are deemed necessary.

Purchased raw material is processed by feed milling machinery. Processing capacity is 6000 bags per day and the present operating rate is 100%. Because present facilities are antiquated (the most recently installed equipment was built

in 1975), the introduction of new computer-controlled facilities is an urgent task. There are also 7 warehouses. One should also note that raw materials are purchased from wholesalers (this includes imports--80% of the corn purchased is paid for in cash), that only about 1% is purchased from farms and that there are no purchases from the federation. The lack of any purchases from the federation is due to its not being equipped to handle such functions. The cooperative is hoping that the federation will begin to provide marketing business, meat processing and contract livestock raising services.

5) Characteristics of credit activities

This agricultural cooperative does not engage in credit activities. The reason is that the burden of cost would be great. Especially with regard to accepting savings, it cites as its reason the fact that it does not engage in a marketing operation.

6) Insurance

This agricultural cooperative has a mutual aid program in which it pays P11,000 at the time of death of a cooperative member and P20,000 at the time of death of a cooperative officer or employee. It also has a high school scholarship program for the children of cooperative members in which it pays an annual sum of P9,000. The reality is that there is not a lot of interest in the cooperative engaging in a mutual insurance operation.

7) Characteristics of education/guidance activities

The education and training carried out by the cooperative are aimed at employees and cooperative members. It conducts in-house seminars and job rotations among employees for its on-the-job training. For seminars, it invites lecturers from other cooperatives. It also conducts training in control and supervision and training in leadership for the education of its managerial personnel.

For guidance in farm management, it invites specialists in feed and in hygiene and disease control and conducts training in seminar form. It also provides market information and training in the raising of livestock.

B. SOROSORO IBABA DEVELOPMENT COOPERATIVE, INC. (SIDCI)

1) General information

The Sorosoro Ibaba Development Cooperative Incorporation (SIDCI) was originally established in Batangas City as a farmers' association. A few years later, in November 1978, it was formally organized as a full-fledged cooperative with an authorized capital of P15,000,000.00 and a subscribed capital of P705,694.00. Subsequently, it was confirmed by the Cooperative Development Authority in December 1990.

Its market area is the whole province of Batangas. Its objectives are ① to raise piglets and broiler chicks and to market the full grown hogs and chicken, ② to manufacture feeds, and ③ to sell consumer goods. Its bakery and meat retailing operations were terminated in 1991.

SIDCI is affiliated with the Countryside Rural Bank of Batangas City, the Cooperative Union of Batangas Inc. and the Cooperative Union of the Philippines.

2) Financial Information

As shown in the financial ratios in Table 1, SIDCI is in a very sound financial position. It has experienced a very rapid growth rate over the last three years. Sales has increased by more than 8% per year, net profit by about 57%, assets by 17% and reserves by 46%.

About 58% of the sales revenue comes from the sale of livestock and the remaining 42% from the sale of feeds.

Table 1 summarizes the financial condition of SIDCI over the last three years.

Table 1: Financial Data, 1989-1990, in P1000

Items	1989	1990	1991
1. Revenue & costs			
Sales	89,393.54	107,574.32	104,600.39
Cost of Sales	81,504.62	102,376.10	98,810.21
Savings from Sales	2,888.92	5,198.22	5,790.10
Other Savings	876.66	1,250.50	1,604.77
Total Savings	3,765.58	6,448.78	7,394.96
Operating Expenses	1,885.67	2,678.42	2,772.74
Net Savings	1,879.81	3,770.35	4,622.22
2. Assets, Liabilities & Equity			
Assets	1,382.17	15,060.91	19,071.12
Liabilities	5,293.57	4,513.71	6,049.77
Equity	5,475.95	5,308.95	6,490.00
Reserves	3,051.64	5,238.70	6,531.34
3. Financial Ratios in %			
Net Savings/Sale	2.10	3.50	4.42
Net Savings/Assets	13.60	25.03	24.42
Net Savings/Equity	34.33	71.02	71.22

3) Organization

SIDCI's membership comes from four barangays within the municipality of Sorosoro. Sorosoro has 2500 households, of which 1500 or 60% are farm households. Among the farm households, 772 or 51% are active members of SIDCI of which 47% are women and 52% men.

SIDCI is governed by a Board of Directors consisting of 9 members. The Board is organized around seven committees, namely, the Audit Committee, the Election Committee, the Finance Committee, the Physical Facilities Committee, the Research and Development Committee, the Training and Education Committee and the Fact Finding Committee. In addition, the Board has a number of secretaries, staff and consultants.

The General Manager and Assistant general Manager directs the day to day operation of SIDCI through its 4 divisions, namely, the Feeds Production Division, the Marketing and Sales Division, the Administrative Division and the Treasury and Finance Division.

SIDCI does not have a very close working relationship with the local government. It has neither requested nor received special services and favors from the local government.

4) Education and training

The Directors, Committee members, employees and cooperative members of SIDCI are highly educated. Their educational levels are shown in Table 2.

Table 2: Educational Attainments of Management Membership and Staff of SIDCI, 1991

Position	Elementary	High School	College	Total
Directors		4	5	9
Committee members		4	11	15
Employees		47	18	65
Members	155	309	308	772

The Chairman of the Board has the Doctor of Veterinary Medicine degree and also serves as the Provincial Veterinarian. The Vice Chairman, the General Manager, and the Treasurer have the Bachelor of Commerce degree and the Secretary has the Bachelor of Education degree. Except for the Chairman of the Board, all are females, ranging in age from 32-45 years old with 6 years average years of service in their present jobs.

5) Management

SIDCI has a mid-term and long term development plans. Both plans provide for increased veterinary assistance to members as a wave of expanding their business operations and increasing their profits. In addition, the SIDCI pay a high interest rate on share capital (12%) and continues to return to membership a high percentage of the profit through patronage refund.

6) Business activities

As indicated earlier, SIDCI is involved in feeds manufacturing, livestock growing and marketing and selling of consumer goods. The scope of these activities, the sources of supply and the sales outlets are summarized in Tables 3.

In 1991, SIDCI purchased a total of P23,267,000.00 of agricultural input supplies of which 1.74% represents fertilizer, 97.01% represent feeds (mostly corn), and 1.24% represents agricultural chemicals. About 90.30% of these inputs were purchased from private wholesale dealers and the remainder were supplied by primary cooperatives.

These input supplies were sold for P26,120,000.00 of which 85.28% were sold to farmer members, 5% to non-members and 9.72% to primary cooperatives. SIDCI realized a net profit of P2,853,000.00 from the sale of input supplies.

Similarly, SIDCI procured farm products worth P8,774,000.00 of which 29.56% represent rice, 2.05% represent poultry and 68% represent swine. Of these about 63.57% were purchased from members, 30.51% from wholesale dealers and 5.92% from primary cooperatives.

Table 3 Procurement and Sales of Input Supplies, Farm Products, and Consumer Goods by Sources and Outlets

Commodities	Sources in P1,000						Outlets in P1000						Profit	
	Farmers		Dealers		Coops		Farmers		Dealers		Coop			
	M	NM	W	R	P	F	M	NM	W	R	P	F		
A. Input Supplies														
1. Fert.			406				400	21						15
2. Feeds			20315		2257		21574	1269			2538			2809
3. Agr. Chem.			289				302	16						29
Total			21010		2257		22276	1306			2538			2853
Percent			90.30		9.70		85.28	5.00			9.72			
B. Farm Products														
1. Rice	778	1297			519		2387	265						58
2. Poultry		180					104		937					861
3. Swine	4800	1200					2264		11321	1509				9094
Total	5578	2677			519		4755	265	12258	1509				10130
Percent	63.57	30.51			5.92		25.31	1.41	65.25	8.03				
C. Consumer Goods														
1. Food Items			307			34	357	19						35
2. Non-Food Items			710			125	873	46						84
Total			1017			159	1230	65						119
Percent			86.48			13.52	94.98	5.02						
M = Member of SIDCI NM = Non-Member of SIDCI W = Wholesale Dealer R = Retail Dealer P = Primary Cooperative F = Federation														

These farm products were sold for P18,787,000.00. Members purchased about 25.31%; non-members, 1.4%; wholesale dealers 65.25% and retail dealers, 8.03%. Rice yielded a profit of P58,000.00; poultry P861,000.00; and swine P9,094,000.00

SIDCI also sold consumer goods. For example, it purchased a total of P1,176,000.00 of which 29% represent food items and 71.00% non-food items. About 86.48% was purchased from wholesale dealers and 13.52% from federation.

These consumer goods were sold for P1,295,000.00. About 95% were sold to members and 5% to non-members. The net profit from food items was P35,000.00 while non-food items was P84,000.00.

7) Financing

Methods of financing the purchase and sale of agricultural input supplies, farm products and consumer goods are shown in Table 4.

Table 4: Financing Purchases and Sale of Input supplies, Farm Products and Consumer Goods

Commodities	Purchase in Pct				Sales in Pct			
	Cash	Cosgmt	Inst	Dmd	Cash	Cosgmt	Inst	Dmd
A. Farm Products								
1. Rice	95	5			50			50
2. Poultry	90			10	30			70
3. Swine	90			10	20			80
B. Input Supplies								
1. Fertilizer	40			60	50			50
2. Feeds	40			60	30			70
3. Agr. Chem.	80	5		15	45			55
C. Consumer Goods								
1. Food	80			20	50			50
2. Non-food	80			20	50			50

8) Competition

The strongest competitor in the purchase of farm products are the private wholesale dealers. They have strong financial backers and they are willing to buy at higher prices. A number of cooperators are willing to sell their products to them for this reason. SIDCI competes with them by improving the services it

offers to its suppliers and appealing to their loyalty as members of the cooperative.

In the sale of farm products, the private wholesale dealers are again the strongest competitor. They often sell at lower prices and often give better credit terms and price discounts. Again, SIDCI meet the competition by giving better services to its-customers and appealing to their loyalty to the cooperative.

SIDCPS competitive strategy seem to be effective because its share of the market has been increasing.

9) Utilization

All of the facilities of SIDCI are fully utilized and in good working condition. It operates one truck which is 15 years old, a store which is 23 years old, a warehouse which is 17 years old, two offices which are 27 and 5 years old, and a feedmill which is 5 years old.

10) Credit

SIDCI does not formally provide credit to suppliers or buyers except those already discussed under financing.

(4) Condition of affiliated unions/federations

A. COOPERATIVE UNION OF BATANGAS, INC. (CUBI)

1) Outline

LIMCOMA MARKETING COOPERATIVE, INC. joined in 1985.

Registration 1979, confirmation March 1990. Total assets P145,647 (fiscal 1991). Taking as its area the entire region of Batangas Province, its members number 77 of the 290 primary cooperatives registered under its jurisdiction (organizational rate of 26.6%). Officers representing the organization are a chairman, vice-chairman, secretary and accountant and head officer. Although they are responsible for handling day-to-day affairs, there are no full-time employees. When the need arises for meetings, for getting the books in order, etc., P100 per month is paid to the persons responsible for the task. There are 9 directors. The chairman is a director of the CUP and his present occupation is

chairman of The Batangas Nacida Producers Association Multi-Purpose Cooperative. There are 4 committees, each with 3 members: audit, research, supervision, education/training.

2) Main problems

- Regarding organization

The biggest problem for the organization is its low organizing rate. In order to raise this rate and to spread word about its operations, the CUBI is in need of educational and training facilities equipped for accommodation. Currently, under an energetic chairman, it is aiming to enlarge its organization. Actual results, however, have been slow in coming about.

- Regarding management

With no equity contributions from members, it relies solely on CETF. In fiscal 1991, total revenues were P91,178, of which 90% was CETF. To assess new membership fees requires the approval of 60% of all the 290 primary cooperatives under its jurisdiction. Because there are 77 primary cooperatives that are members, another 97 primary cooperatives would have to join to make that possible.

3) Communication with member cooperatives

In response to a variety of consultations from member cooperatives, the organization is making efforts to convey committee reports in a prompt manner. It receives requests from members for various kinds of guidance.

4) Communication with upper organizations, including national level agricultural organizations

The organization's communication with the CUP is in good shape. It is counting on the CUP to assign to it a guidance specialist on management and supervision.

B. PROVINCE OF BATANGAS OF AGRI-BASED COOPERATIVES, INC.
(PBACI)

1) Outline

LIMCOMA MARKETING COOPERATIVE, INC. became a member in 1992.

Registration in 1991. Its area of operation is the entire region of Batangas Province. Officers are a chairman, vice-chairman and secretary. There is no full-time staff. Daily work is provided without pay. Virtually no daily activities are undertaken as a federation. As a member of LIMCOMA cooperative, it has made an equity contribution of P155,000. The organization has no office of its own. The secretary's job is handled by LIMCOMA's secretary in a dual role.

2) Main problems

- Regarding organization

The number of members remains at the minimum level required to organize a cooperative. Actually getting operations off to a start is the major hurdle that must be cleared in order to strengthen the organization.

- Regarding management

Total paid-in capital is only P9,000. Management has not reached the stage there is anything to discuss regarding it.

- Regarding business activities

The organization is at the stage where actual operations have not yet been launched. In order to strengthen itself, the organization is planning to engage in a slaughtering operation and in the supplying of piglets, chick, etc.. Externally, it looks forward to the establishment of a new bank for agricultural cooperatives.

3) Communication with member cooperatives

Because the organization is not at the stage where operations have begun, exchange of information with members is not at the level it should be. Medium and long-term plans are also still being formulated.

- 4) Communication with upper organizations, including national level agricultural organizations

The organization has not joined any upper organization. The strengthening of FACOP has higher priority as an issue.

C. THE COUNTRYSIDE COOPERATIVE RURAL BANK OF BATAGAS, INC. (CCRBBI)

1) General information

The Countryside Cooperative Rural Bank of Batangas, Inc., (CCRBBI) was registered in March 1979 and confirmed in March 1992. It has an authorized capital of P11,000,000.00, subscribed capital of P2,807,930.00 and a paid-up capital of P2,730,930.00. Its corporate office is in Batangas City, with 258 individual, corporate and cooperative members from the whole province of Batangas. It is affiliated with BANGKOOOP.

2) Financial information

A summary of the financial statements of CCRBBI for the years 1990 and 1991 are shown below.

Table 1: Summary of the Financial Statements of CCRBBI, 1990 and 1991 in P1000

Items	1990	1991
Income	1389.51	1576.16
Expenses	1173.23	1348.73
Net Profit	225.28	227.43
Assets	12837.85	13415.23
Liabilities	9134.99	9555.57
Capital	3702.84	3859.49

3) Organization

CCRBBI has eight employees all of whom are also serving as officers. The 14 members of the Board of Directors is chaired by the Chairman, assisted by the Vice-Chairman, the Secretary, the Treasurer and the Legal Counsel. The Board is organized around five committees, namely, the Management Committee, Credit Committee, Evaluation and Training Committee, Audit Committee and Promotional Committee.

The Bank consists of five divisions; the Cash Division, the Accounting Division, the Loans Division and the Rural Development Division.

4) Management

Lack of funds to expand lending operation is the biggest problem faced by the Bank at the present time. In its present financial condition, the Bank can not respond to all the legitimate credit needs of its members, much less respond to the needs of non-members. Also the bank needs to computerize its operation to keep up the latest in banking technology and to handle increasing workload as business continue to increase.

5) Business activities

The main business of the Bank is to provide loans and discounts to cooperative members. Interest earnings from loans and discounts generated 76/% of total revenue. The other 24% is generated from interest on bank deposits, investment in government securities and service fees.

The biggest expense item is salaries which constitutes 48%, followed by interest on deposits and borrowed funds which constitutes 18%. The remainder represents operational and miscellaneous expenses.

4. Laguna Province

(1) Socio-economic condition

Situated at the southern end of the province of Rizal, Laguna is an inland province bounded by the province of Quezon in the east; Batangas and Cavite in the West; Laguna de Bay in the North; and Batangas in the South. It has a total land area of 1,759.7 square kilometers covering 1 city, 29 municipalities and 591 barangays. In 1986, it generated a total income of P57.69 million. In 1990, its total population was recorded at 1.370 million from a total of 269,342 households. The population growth rate was computed at 3.89 percent/year. The proportion of female to male population was placed at approximately 1:1. In 1983, its total land area of 175,973 hectares was classified as follows: 74.82% - alienable & disposable; 8.35% - forest land; and 16.83% as unclassified forest land. In 1983, the average income per household was placed at P6,106 with 35% earning less than P4,000; 38.9% generating incomes from P4,000 to P7,500 and 26.1% receiving an income beyond P7,500 per annum. Its major establishments include: agriculture, fishery & forestry; mining and quarrying; manufacturing; electricity, gas and water; construction; wholesale & retail trade, transportation; storage & communication; finance; insurance; real estate & business; and community, social & personal services.

(2) Agricultural condition

Laguna grows coconut (38,362 has.), palay (32,540 has.), corn (18,720 has.), sugar cane (12,066 has.), lanzones (3,470 has.), banana (3,080 has.), coffee (1,080 has.), calamansi (500 has.), cassava (380 has.) and mango (157 has.). The province is the country's top lanzones producer. It produces inland aquatic products only. In 1986, the total fish production was recorded at 12,539 MT down from a total of 171,864 MT in 1983.

Except for goats (10,880 hds.) and hogs (115,720 hds), the cattle (12,000 hds), carabao (16,520 hds) and other livestock inventories decreased in 1986. In contrast to livestock sector, its poultry industry was on the rise. In 1986, 11 percent of the country's total duck population were raised in Laguna. In the chicken category, Laguna contributes substantially to Region IV total production.

Out of its 85,808 hectares of arable lands, 37.5% was under temporary crops; 1.4% was lying idle; 55.04% under permanent crops; 1.3% under permanent

meadows and pastures; 1.47% covered with forest growth and 3.26% was classified as all other lands.

The agri-based establishments include: coconut coir and coir products plant; desiccated coconut plant; coconut oil mill; coconut oil refining plant; coconut food processing (home-based); rice and corn mills; meat processing plant; poultry contract growers; piggery farms; food processing plant; dairy products manufacture; coconut shellcraft and coconut midrib craft. The potential agribusiness ventures include: bookkeeping/honey processing; mushroom growing and canning; black pepper production and processing; ilang-ilang production and processing; lemon grass production and processing; and outflower production.

As of December 1986, it has completed a total of 1,392.316 kilometers of road network. It has 4 municipal ports and 4 municipal fishing ports; 37 telegraph stations; 2 radio stations; 1 financing company; 3 thrift banks; 3 savings and mortgage banks; 26 rural banks; 1 CRB; 38 pawnshops; and 8 lending corporations. All of its 29 municipalities and one city has electricity and community water system. Around 85 irrigation systems had already been built covering a total of 4,890 hectares. There were 9 private ice plants. Rice dryers and warehouse abound in the province owned both by the government and private traders. Cooperatively owned rice dryers and warehouses were found mostly in districts 3 & 4, although several can still be found in districts 1 & 2. The premier agricultural university in Asia is located in Laguna, the U.P.L.B.-CA. A national and local farmers' training center are also available in the province. In agricultural and environmental research and training, Laguna is a host to International Rice Research Institute (IRRI), Forest Product Research Institute (FPRI), Environmental Research and Development Board (ERDB) and Southeast Asia Research Center for Agriculture (SEARCA), Philippine Council for Agricultural Research and Resources Development (PCARRD).

Although many tenant-farmers had already been award their CLT's, a lot more remained lessees. Thus, land rents were fixed in pesos or in absolute number of cavans harvested. Landless farm workers were paid from P50 to P80 per day were noticed to be growing in number. Rice paddy preparation are mostly done using farm machineries owned or rented by farmers. Threshing is performed using threshing machines but planting and harvesting are still done manually. The cropping pattern in the irrigated areas is dominated by rice-rice culture. In non-irrigated areas, rice is usually followed by corn or vegetables. During

summer months, watermelon and pineapple were grown by not a few palay farmers.

Although cooperatives currently proliferates in Laguna, farm products are mostly purchased by private traders who owned most of the processing and storage facilities. Although local government units have positive policies and measures to promote agriculture in the province, their concentration is currently focused on the implementation of the industry based Techno-Park development project under the CALABARZON industrial development program of the government.

(3) Conditions of primary cooperatives

A. DAMBO IRRIGATORS MULTI-PURPOSE COOPERATIVE, INC. (DIMCI)

1) Outline

DAMBO IRRIGATORS MULTI-PURPOSE COOPERATIVE, INC. is a multi-purpose agricultural cooperative of 250 members, which was registered in 1990 and confirmed in 1992.

Located on the eastern bank of Laguna de Bay, this cooperative was organized by rice farmers living on about 1,600 hectares of land suitable for rice production along the shores of Laguna. In addition to rice producers, there are also farm families who grow coconuts and citrus fruits. The major objective in organizing the cooperative was to improve productivity and stabilize rice farming through the establishment of irrigation facilities which used Laguna de Bay as a water source. The irrigation facilities were completed through loans and technical support from the National Irrigation Association (NIA). Currently, 3 electrical pumps (VMP type, 68 cubic meters/minute, motor output 255 KW × 3) have been installed, of which 2 are not operating due to problems with the insulation (damage caused by field mice).

Although one should not get the impression that the cooperative's operations are in a crisis state, it has quite a few problems, including bearing the burden of damage from heavy rains that had continued for 1 1/2 years when irrigation facilities began operations in 1991.

2) Characteristics of organization and operations

i Organization of members

All of the 250 members (19 members per employee) which make up this cooperative are regular members, and of these only 12 are female (4.8%). Those in their 40s comprise the largest age group. For this cooperative, the highest priority is seen by the organization to lie in devising ways of stabilizing the financial situation of the farm families who are presently members and of getting them to accept the ideas of cooperatives, rather than in increasing the number of members.

ii The will to decide/implement

a. General meetings

Regular general meetings are held each year in April, and have an average attendance rate of 70%. This year, the cooperative held an extraordinary general meeting, where it discussed the problem of repayment of funds to the NIA, the problem of purchasing postharvest facilities which borrowing from NIA currently, etc. In dialogue with members held prior to this year's general meeting, the question of how best to run the irrigation facilities and other issues were looked into. Study tours of individual cooperatives were carried out.

b. Executive committee

There are 7 members of the executive committee. Regular executive committee meetings are held once a month, with special meetings called at other times when necessary. Committee members' rates of attendance average about 75%.

c. The various committees

This cooperative has the following committees. The frequency of meetings (on a yearly basis) and the major items of discussion are as follows.

	Frequency	Major Categories of Activity
Audit Committee	1	*Regular audits
Education & Training Committee	1	*Seminars for members *Study groups for members
Financing Committee	1	*Proposals for businesses
Finance & Budget Committee	1	*Review of possible sources of financing

d. Methods of selecting the executive committee and the members of other committees

The selection of the executive committee and of members of other committees (21 persons) is based on nominations from a nominating committee. The head of the cooperative is normally selected from among persons running farming operations.

e. Academic background of the executive committee and the members of other committees

Apart from one junior college graduate, executive committee members have elementary school backgrounds. In the other committees, with the exception of a university graduate and a junior college graduate, members have gone through various levels of education up through high school.

f. External auditor

The external auditor is chosen by the audit committee. Auditing is currently handled by an auditing company and CPAs. The auditing period is 28 days, costing p10,000. The cooperative does not subject itself to union or federation auditing.

g. Formulation of medium and long-term plans

Although the cooperative has medium and long-term term development plans primarily dealing with expanding and improving irrigation facilities, it has nothing that has been systematically committed to writing.

h. Officers

General facts relating to officers is as follows:

	Age	Sex	Annual salary (P100)	Assumed the post (date)	Highest level of education	Major career
Chairman	-	M	600	-	E	Farm manager
Vice-Chairman	-	M	600	-	CO	
Secretary	-	F	600	-	CO	
Treasurer	-	F	600	-	E	
Manager	-	F	30	-	UN	
Accountant	-	F	10	-	UN	CPA

Note: E=Elementary, CO=Junior college, UN=University

i. Cooperative employees

The recent trend in the number of cooperative employees is as follows:

	4/91	9/91	3/92	Average
Full-time	8	10	10	10
Temporary	5	5	5	5
Total I	13	15	15	15
Total II (counting temporaries as 1/2)	11	13	13	13

iii Relationship with local government

Relationships with local government are good. In the past, the cooperative appealed to legislators for financial assistance but this did not materialize.

3) Characteristics of management

i Finances/profit & loss

Roughly, the following are the major indicators of business and finances for fiscal 1991.

Paid-up capital per regular member:	P60
Ratio of paid-up capital (paid-up capital/subscribed capital):	6%
Ratio of fixed assets represented by member's equity:	0.9%
Liquidity ratio:	373.1%
Ratio of total liabilities represented by member's assets:	100 times
Ratio of gross profit to net sales:	10.4%
Net profit rate to sales:	0.5%

Rate of earnings on total capital:	0.7%
Labor productivity:	P27,435
Average wage:	P14,648
Labor's relative share:	53.4%

Judging from this and also past data, the cooperative's characteristics are a small amount of paid-up capital, a large amount of liabilities in comparison to internally accumulated capital, and a low labor productivity. On the other hand, the liquidity ratio is strong and profit margins are showing signs of improving.

ii Management-related matters

a. Plans for capital increase

As its plan for increasing capital, this cooperative is targeting a 30% increase in sales or, alternatively, the achievement of P4 million in revenue.

b. Disposition of net profit

Dividends on equity investment are prorated among all members.

iii Measures to secure and introduce external funding

Excluding deposits from members, total liabilities amount to P2,339,691. The major source of outside capital is the LBP, from which there is an outstanding production loan of P1,850,000. The cooperative has not been in arrears with respect to this loan. Other than this, there is a debt outstanding to the NIA of P223,658.

4) Characteristics of marketing/supply/utilization activities

i Marketing

The cooperative's major facilities include warehouses, rice mills, dryers, threshers (introduced in 1991), trucks (from 1991), irrigation facilities, etc., which

are being borrowed. With the exception of the irrigation pumps, the operating rate of the facilities is close to 100%. The purchase of the warehouses and rice mills, and the repair of the irrigation pumps, are outstanding issues.

The main item of sale is rice. In fiscal 1991, revenues were P3,226,154, but sales through the Federation (LFAC) were only 1.5% of this. With respect to the selling of rice, competition with private operators in collection and sales is fierce. However, market share has been on a rising trend recently. With regard to collection, the amount made up by shipments from members is currently 50%.

ii Supply

Its supply operations provide fertilizer (P124,167) and agricultural chemicals (P39,125), and account for total revenue of P163,292. 100% of inventory is purchased from private operators; it does not use the Federation, because the federation is not equipped with this function.

5) Characteristics of financial activities

i Savings

The balance of deposits is currently a mere P103,768. In order to increase deposits, it believes it is necessary to have the capability to provide bank-type services. At present, it is behind in the competition with financial institutions.

ii Lending/borrowing

The loans it provides are for LBP financing (production loans, outstanding balance as mentioned above). Loans are made at interest rates of 18%, while the cost of capital is 12%. At present, 22% of this balance is in arrears. A problem from the standpoint of raising capital is that the period of borrowing is short, 180 days, which prevents the cooperative from taking a flexible approach toward managing the funds. The hopes being held for the creation of a pool of long-term, low-interest funds are great.

iii Deposits

Its bank deposits amount to P465,167. It is not a member of the CRB.

iv Expectations toward federations

The CRB should take heed of the requests of agricultural cooperatives.

v Insurance

Members have an interest in mutual insurance. However, because cooperatives do not currently engaged in this operation at primary cooperative level, they are not afforded the service. It is understood that a mutual insurance operation would contribute to viability of financial operations.

vi Characteristics of education/guidance activities

This cooperative carries out educational programs for officers and employees (in particular, management education) as well as for members and non-members. Generally, this tends to deal with subjects such as cooperative ideals, economic theory, etc.

At the union and federation level, there is a desire to see cooperatives provide a variety of educational programs relating to the ideas behind cooperatives.

(4) Condition of affiliated unions/federations

A. THE COOPERATIVE UNION OF LAGUNA, INC. (CULI)

1) General information

The Cooperative Union of Languna was registered in September 1988 and confirmed in March 1991. Its principal objective is to unify and integrate the different cooperative activities, specifically:

- ① To audit affiliate cooperatives,
- ② To provide technical and management guidance,
- ③ To provide cooperative education and training,
- ④ To act as a spokesman for member cooperatives,
- ⑤ To dessiminate information regarding cooperatives through the mass media, and
- ⑥ To conduct fund raising activities.

The Cooperative Union of Languna maintains its office at the Agricultural Credit and Cooperative Institute, University of the Philippines at Los Banos. There are presently 52 members located in most of the municipalities and cities of Languna.

2) Organization

The Board of Directors consists of 11 members representing the 5 districts of Languna. It is organized around 3 committees, namely, the Election Committee, the Audit Committee, and the Education and Training Committee. CULI is managed by an Executive Officer which is appointed by the Board of Directors.

3) Management

The Cooperative Union of Languna has neither business nor educational and training activities because it does not have employees at the present time. There is no fund to hire qualified manager and staff and no fund to initiate new or expand existing programs.

4) Education and training

Some members of the Board of Directors have participated in 2 training courses, the Leadership and Management Training Course and the Values Development Course.

5) Relationship with government units

Attempts to establish relationships with both the national and local government units have not been successful.

6) Cooperative insurance

Cooperative insurance has been discussed in several meetings with representatives of primary cooperatives. However, insurance is not promoted vigorously because of the high premiums.

B. THE FEDERATION OF LAGUNA FARMERS MARKETING COOPERATIVES, INC. (FLFMC)

1) General information

The Federation of Languna Farmers marketing Cooperatives (FLFMC) was registered in November 1988 and confirmed in March 1992. Its corporate office is located in Calauan, Laguna. Its membership consists of eight primary cooperatives and is affiliated with the Cooperative Union of Languna.

Its principal objectives are:

- ① To purchase rice, relay, corn, vegetables, livestock and poultry from member cooperatives or directly from farmers.
- ② To provide services related to handling, storing, processing, marketing, selling or utilization of the above commodities,
- ③ To grant production and consumer loans,
- ④ To provide quality consumer goods and services to members at reasonable prices, and
- ⑤ To cooperate with other cooperatives to strengthen the cooperative movement.

2) Scale of operation

The Federation of Laguna Farmers Marketing Cooperative has 8 primary cooperatives as members with an authorized capital of P5,000,000.00, a subscribed capital of P4,000,000.00 and a paid-up capital of P420,701.00.

3) Financial information

The gross income of FLFMC from the sales of rice and services fees for milling and transport was P7,706,000.00 was less than the cost of sales and operating expenses of P7,990,000.00 resulting to a net loss of P284,000.00. FLFMC is also being de-capitalized as shown by a decrease in its assets from P1,673,000.00 in 1990 to P1,288,000.00 in 1991.

4) Business activities

FLFMC's principal business activities are buying milling and transporting rice. In 1991, it purchased palay on cash valued at P7,269,400.00 of which 60% were purchased directly from member farmers, 5% from non-member farmers and 35% from primary cooperatives. These purchases were milled and sold on cash (95%) and consignment (5%) for P7,411,000.00 of which 80% were sold to private wholesale dealers, 10% to retailers and 10% to other cooperatives.

5) Utilization of facilities

The rate of utilization, condition and service fees of the facilities of FLFMC are summarized in Table 1.

Table 1: Rate of Utilization, Year of Acquisition, Condition and Service Fees of Facilities

Facilities	No.	Percent Utztn	Year Acqrd	Condition a)	Service Fee
Trucks	2	90	1988	NR	depending on distance
Warehouse	1	90	1988	NR	fee to members
Office	1	100	1988	NR	
Rice Mill	1	100	1988	G	P26/bag of rice
Dryer	1	50	1989	G	P.20/kg of rice
Tractor	1				
Thresher	1		1992	G	

a) NR = needs repair, G = good condition

6) Management

The 9 Board of Directors also serve as officers of FLFMC as Chairman, Vice-Chairman, Secretary, Treasurer and Manager. There are 8 employees, 7 men and one woman.

7) Education and training

The courses attended by management and staff are Values and Leadership Training, Marketing, Cooperative Principles, Agricultural Production, Savings and Credit.

8) Relationship with local government units

The manager meets regularly with representatives of local and national governments. He receives from them occasional technical assistance and material support.

9) Main problems

Most of the problems of FLFMC is related to lack of funds. The lack of funds does not allow FLFMC to ① hire competent and qualified management and staff, ② expand its services and the number of commodities it handles, ③ attain economies of scale and reduce operational expenses.

Another important problem is the competition from private dealers. About seventy-five percent of members' production are sold to private dealers because private dealers offer higher prices, purchase on cash basis, and give better credit terms.

5. Iloilo Province

(1) Socio-economic condition

Iloilo occupies the entire southeastern portion of Panay Island including the several small islands dotting its southeastern coast. The province of Capiz bounds the province in the north; Visayas Sea and Guimaras straight in the east; Antique in the west; Iloilo straight in the southeast; and Panay Gulf in the south. The total land area of Iloilo was estimated at 5,324 square kilometers (532,397 hectares) covering 1 city, 46 municipalities and 1,996 barangays. Its income in 1986 was placed at P53,399 million. It is dry season from November to April and wet season that rest of the year. The population growth rate was placed at 1.77% in 1987 that in 1990 its total population reached 1.647 million coming from 299,121 households. In 1984, there were more females (720,315) than males (713,326) in Iloilo. The average household income in 1983 was estimated at P2,506 and 78.8% were earning less than P4,000.00 per annum.

(2) Agricultural condition

The major crops grown in Iloilo include: palay (206,320 has.); coconut (25,105.); banana (17,627 has.) sugar cane (11,041 has.); corn (9,450 has.); mango (2,700 has.); green and leafy vegetables (2,160 has.); mango (2,160 has.); coffee (1,350 has.); and sweet potato (1,200 has.) considered the rice bound in the Visayas, Iloilo produces substantial quantities of palay, banana and carrots.

Iloilo is a major fish producer, in 1986, its total fish production reached 98,873 metric ton, 415 of which were contributed by marine fishing. Except for carabao, the province produces livestock in large quantities compared to Western Visayas region. In 1986, its inventories of cattle (58,790 heads); hogs (191,490 heads); and goats (90,880 heads) were 42%, 39% and 34% of Region VI's total production, respectively. Its carabao inventory during that year was 121,450 heads. The province is also a major poultry producer. Its chicken (2,447,880 heads) and duck (251,870 heads) inventories in 1986 were 39% and 36% of Region VI's entire aggregates, respectively.

Of the province's 249,237 marble land: 65.37% were under temporary crops; 16.11% were under permanent crops; 5.86% were permanent meadows and pasture; 4.22% were covered by forest growth; 4.93% were lying idle; and 3.40% were all other lands.

The major agribusiness establishments in the province include: rice mills, bamboo craft, shell craft, rattan craft, food processing (i.e., fruit, meat, fish and vegetables), ballot making, broiler and egg production, swine production and vernie-culture. With most potential agribusiness ventures in the province include: mango processing/canning, bangus canning, fish protein concentrates, fish making/drying, rice straw wrapping paper, coffee processing, fish meal processing and fish processing. Meanwhile, rice, corn peanuts, mungbeans, string beans, sweet potato, taro, cotton, watermelon and mango were the crops remained with highest potentials.

Iloilo as an island province is said to be self-supporting both in agriculture and industry. Its support services available includes: 3,755.72 kilometers of road networks, 1 international airport, 2 private airports, 1 base port, 10 municipal ports and 7 municipal fishing ports. There were 35 telegraph stations, 1 TV station, and 12 radio stations. All of its city and municipalities have electricity systems while only 1 municipality has no community water system. Existing are 56 irrigation systems servicing a total of 5,011.50 hectares. It has 10 ice plants, and PFDA ice plant/cold storage, 10 metric ton flake ice, 50 metric ton ice storage, 50 metric ton cold storage, and 5 tons black freezer. National Food Authority has 2 rice mills (15 tph), 4 graders (30 tph), 1 pre-cleaner (1 tph), 8 threshers (4.7 tph), 1 corn sheller (1 tph), 39 dryers (27.5 tph) and 12 warehouses (1.954 million bags). Hosts the U.P. Visayas, Western Visayas State University, and Farmer's Training Center.

The financial facilities include 8 financing companies, 2 thrift banks, 1 savings and mortgage banks, 32 rural banks, 1 CRB, 20 pawnshops, 4 lending investors, 1 non-stock savings and loan association, 30 commercial banks and 2 development banks.

Most of the rice and corn farmers in the province are lessees if not already recipients of CLTs. Iloilo, has strong cooperative movement, however, the private traders/middlemen continue to control the processing, storing and marketing of agricultural produce. The hired agricultural workers receive wages closer to the minimum wage prescribed by the law. Small farm machineries bound in the province as it is engaged in local manufacturing of such equipment. The local government agencies have strong policies and positive measures to promote agricultural development in the area.

(3) Condition of primary cooperatives

- A. THE PANAY COTTON COOPERATIVE DEVELOPMENT, INC. (PCDCI)
THE JANIUAY FARMERS COOPERATIVE MARKETING ASSOCIATION (JANFACOMA)
THE PASSI SUGAR FARMERS COOPERATIVE (PASFAMCO)

1) General information

The Panay Cotton Development Incorporation (PCDCI), the Janiuay Farmers Cooperative Marketing Association (JANFACOMA) and the Passi Sugar Farmers Cooperative (PASFAMCO) are all located in the province of Iloilo. All are primary agricultural multi-purpose cooperatives. The PCDCI was registered in August 1989, the JANFACOMA in July 1984 and the PASFAMCO in October 1991. All were confirmed in 1991.

The PCDCI operate in 23 barangays in 8 municipalities in the provinces of Iloilo, Aklan, Antique and Guimaras. It has its corporate headquarters in Sta. Barbara, Iloilo. The JANFACOMA operates in 26 barangays in the municipalities of Janiuay, Cabatuan, Malinog, Mina, Badiacan and Lambunao, all in the province of Iloilo. Its corporate headquarters is in Janiuay. PASFAMCO operates in 34 barangays in Passi and surrounding municipalities in Iloilo province.

All are involved in the production and marketing of palay and rice, fertilizer and agricultural chemicals. In addition, PCDCI is also producing cotton and PASFAMCO, sugar.

The three cooperatives have common objectives namely:

- ① To encourage thrift and savings among the members,
- ② To extend production and providentially (personal consumer or emergency) loans,
- ③ To supply agricultural inputs, other goods and services at reasonable prices,
- ④ To teach members scientific methods of agricultural production, and

- ⑤ To teach members the principles and practice of cooperation and to use cooperative as instrument to improve their economic condition and to attain social justice.

2) Organizational information

- i. Membership PCDCI has 625 members, JANFACOMA has 584, and PASFAMCO has 48. Most of the members are in their fifties.
- ii. Board of Directors PCDCI has 9 members of the Board of Directors, JANFACOMA has 11 members and PASFAMCO has 7.
- iii. Employees PCDCI has six employees, PASFAMCO has 2. The number of employees of JANFACOMA is not available.
- iv. Officers All have 4 principal officers, the Chairman of the Board of Director, Vice Chairman, the General Manager and the Treasurer. In addition, PASFAMCO has a secretary and an accountant/bookkeeper, JANFACOMA has an accountant and a bookkeeper and PCDCI has a secretary.
- v. Committees All have 4 committees in common, namely, the Election Committee, the Audit and Inventory Committee, the Education and Training Committee and the Credit and Collection Committee. In addition, JANFACOMA creates special or ad hoc committees as the need arises. PASFAMCO has other specialized committees such as Research and Development Committee and Accommodation and Service Committee.
- vi. Affiliation PCDCI is affiliated with the Cooperative Union of the Philippines, the Iloilo Federation of Agricultural cooperatives (IFAC), the Iloilo Consumer Cooperatives and the Federation of Iloilo Cotton Farmers. PASFAMCO is affiliated with IFAC, the Western Visaya Union of Cooperative and the Cooperative Union of the Philippines. The affiliation of JANFACOMA is not available.
- vii. Capitalization JANFACOMA has an authorized capital of P4.00 million, a subscribed capital of P2.64 million and a paid up capital of P1.33 million. The capitalization of PCDCI and PASFAMCO are not available.

3) Administration and management

All of the three cooperatives hold their General Assembly meetings once a year with attendance estimated at 70% for PCDCI, 50% for JANFACOMA and 80%-90% for PASFAMCO. Board of Director meetings are held ones a year for PCDCI and JANFACOMA and ten times a year for PASFAMCO.

The frequency of Committee meetings differ. PCDCI has monthly meetings for the Education and Training, the Credit and Membership committees and quarterly meeting for the Audit and Inventory Committee. JANFACOMA has annual meetings for all of its committees except for the Education and Training Committee which meets quarterly. In general, PASFAMCO committees meet once a year except in special cases when the Credit Committee is called to special meetings to act on urgent matters regarding loan approval and loan collection.

All three cooperatives have annual operating plans and long term development plans. These documents and the financial statement are presented in the annual General Assembly meeting.

All three cooperatives have good relationship with the local government units. PCDCI has requested and received assistance from local and national governments in the form of special projects. None of the cooperatives has received special technical assistance, commodities or materials from their federation or union affiliates in the national or local levels.

Only PCDCI has an aggressive capital build-up policy. For example, it retains 5% of all sales and requires from each member a deposit of one cavan/hectare/harvest. JANFACOMA and PASFAMCO rely mostly on increased collection of subscribed capital and increased retention of dividends and patronage refund within the cooperative.

4) Financial information

Following is a summary of the financial statement and analyses of the three cooperatives.

Table 1: A Summary of the Financial Statements of PCDCI, JANFACOMA and PASFAMCO and Selected Financial Ratios, 1991 in P1000

Financial Accounts	PCDCI	(Reference) JANFACOMA	(Reference) PASFAMCO
Revenues from: Sales	P5,098.65	P7,332.62	P000.00
Oth. Inc.	104.46	1,230.76	32.00
Total Revenue	5,203.11	8,563.38	132.00
Cost of: Sales	4,100.17	7,022.37	000.00
Operation	788.88	1,274.65	89.54
Total Cost	4,889.05	8,297.00	89.54
Net Profit	314.06	266.36	42.46
Assets	1,753.05	6,632.48	1,018.92
Liabilities	1,137.81	4,422.21	992.89
Equity	237.70	1,957.76	19.86
Reserve	377.54	252.50	6.15
<hr/>			
<u>Financial Ratios in Percent</u>			
Net Profit to Asset	17.92	4.02	4.17
Net Profit to Liabilities	27.60	6.02	4.28
Net Profit to Equity	132.12	13.61	213.80
Net Profit to Reserve	83.19	105.49	690.41
Net Profit to Total Rev.	6.04	3.11	32.17

From the above data, one can conclude that JANFACOMA is the biggest among the three cooperatives with a sales of P8.5 million in 1991 compared with P5.2 million for PCDCI and P132 thousand for PASFAMCO. Its asset is valued at P6.6 million compared with P1.75 million for PCDCI and P1.00 million for PASFAMCO.

However, PCDCI is more profitable than JANFACOMA. The Net Profit/Total Revenue ratio is 6.04% for PCDCI compared with 3.11% for JANFACOMA; the Net Profit/Asset ratio is 12.92% for PCDCI compared with

9.02% for JANFACOMA and the Net Profit/Equity ratio is 132.12% for PCDCI compared with 13.61% for JANFACOMA.

5) Business information: marketing of farm products and farm inputs

Below is a summary of the sales volume of PCDCI, JANFACOMA and PASFAMCO by commodities and by major outlets.

Table 2: Sales of Farm Products and Farm Inputs by Commodities in P1000

Farm Products	PCDCI	(Reference) JANFACOMA	(Reference) PASFAMCO
Rice	P124.04	P2,900.00	P000.00
Palay	110.31	518.00	
Others (a)	4,303.05		
Total: Farm Prod.	4,537.40	3,418.00	
Farm Inputs			
Fertilizer	448.23	2,500.00	562.50
Seeds	212.25	46.00	
Agr. Chem.	342.18	1,300.00	
Total: Farm Inputs	1,002.66	3,846.00	562.00
Grand Total	P5,540.06	P7,264.00	P562.50

(a) Cotton lint and cotton seeds.

Table 3: Sales of Farm Products and Farm Inputs by Outlets in P1000

Farm Products	Farmers		Priv. Dealers		Cooperatives	
	M	NM	W	R	P	NFA
Rice	37.21	86.83	1,015.00	1,885.00		
Palay	25.90				110.31	492.00
Others			4,303.05			
Tot: Farm Prod	63.11	86.83	5,318.05	1,885.00	110.31	492.10
Farm Inputs						
Fertilizer	3,260.73	125.00			125.00	
Seeds	107.37	2.30	148.57			
Agr. Chem	1,512.18	65.00			65.00	
Tot. Farm Inputs	4,880.28	192.30	148.57		190.00	
Total	4,943.39	279.13	5,466.62	1,885.00	300.31	492.10

Legend: M = member farmers
 NM = Non-member farmers
 P = primary cooperatives
 W = wholesale dealers
 R = retail dealers
 NFA = National Food Authority

In 1991, the three cooperatives have total sales worth P13.4 million. JANFACOMA had the biggest volume of sale at P7.3 million or 54.34%, followed by PCDCI at P5.54 million or 41.45% and PASFAMCO with sale of over half a million or 4.21%.

Of the combined sale, about 60% was farm products consisting of rice, 23%; cotton 32%; and palay, 5%. Farm inputs constitute 40% of the total sale consisting of fertilizer, 26%; agricultural chemicals, 12%, and seeds, 2%.

The biggest outlet for farm products are wholesale private dealers representing 68%, followed by retail private dealers representing 24% and NFA 6%.

The biggest outlet of agricultural inputs are member farmers representing P4.9 million or 90%, followed by non-member farmers and primary cooperatives representing 3.5% each. The remaining 3% is sold to wholesale private dealers.

It is interesting to note that these cooperatives did not do any business with their federations or unions, either in the sale or purchase of farm products or farm inputs.

6) Credit

All three cooperatives are involved in credit programs. PCDCI borrows production loan from LBP at 12% (APR) and lends at 17% for 150 days (40.8% APR). These loans are secured by crops in the field. Forty percent of the loan are overdue.

JANFACOMA borrows at 8% from LBP and lends at 12%. It charges low interest rates and does not require collateral. The biggest problem is low repayment and slow collection rate. About 60% of the loan is overdue.

7) Training and education

All three cooperatives have training plans. JANFACOMA trains members only while PCDCI and PAMFASCO train members, officers and their staff. On the job training is given to employees in the form of seminars. Some of the more popular seminars which officials, members and employees attended include:

Agricultural Production and Marketing Technology
Cooperative Principles and Practices
Plans and Program Formulation
Values and Education
Bookkeeping and Accounting
Cooperative Management
Cooperative Policies

Most members of the board of directors have received higher education. Of the 27 combined members of the board of directors, seven have college and university education and the rest have high school or vocational training. Most of the employees are also college educated. Most of them have the Bachelor of Commerce or Bachelor of Education degrees.

Officers of PCDCI have an average age of 55 years with an average annual salary of P26,700. The average age of PASFAMCO officers is 46 years old with an average annual salary of P7,800.

8) Home economics extension

Two employees of PCDCI is involved in the Home Economics Extension work (Better Living and Extension). They teach scientific agriculture through farm demonstration, farm and household accounting, and organization of rural women. They are paid by the cooperatives and also by the students. JANFACOMA and PASFAMCO are also involved in extension work. Materials used in extension are obtained from the Department of Agriculture, seminars and their professional and practical experiences. Their extension work is funded by the cooperatives and by the students.

9) Insurance

Members of PCDCI are interested in accident and life insurance. However most of them are not insured because the premiums are too high. Officers and members of JANFACOMA are not informed about the benefits and cost of insurance.

B. POTOTAN FARMERS MULTI-PURPOSE COOPERATIVE, INC. (PFMCI)

1) General information

POTOTAN FARMERS MULTI-PURPOSE COOPERATIVE, INC. has 60 barangay as its area of operation (Pototan 46, Mina 6, Dingle 8) located mostly in the Pototan municipality of Iloilo Province. The region's primary agricultural crop is rice, with the West Visaya district having the function of supply base for rice. The region's population is about 60,000 people. As of fiscal year 1991, this cooperative had 2,273 individual members, an annual volume of sales of P9,304,261, and equity capital of P729,248, making it one of the largest of all agricultural cooperatives in the Philippines. Registration with the BACOD was in 1977, and CDA confirmation was in March 1991.

This cooperative was established in 1969, when 121 rice farmers jointly invested equity capital of P10,000 to get it started, and has gone through numerous changes to the present day. Up through 1992, it went through name 3 changes (1972, 1977, 1987), returning to its present name, the same one it had at the time it was established, in 1987. These last 20 years have seen a variety of problems arise relating to operations, as the cooperative got hit by the impact of inflation, recession, etc. However, while being forced to make such difficult choices as disposing of 2 supplying outlets and reducing its staff of 30 employees to 10 employees, its operations have finally begun to stabilize in recent days.

This cooperative's achievements have been the following:

(a) It has conducted a campaign of enlightenment, demonstrating to members through actual practice the need to avoid an easy reliance on debt, and has succeeded in getting this view accepted;

(b) by competing successfully against neighborhood retailers through opening for business on Sundays and practicing fairness in transactions, it has kept prices of purchased items down and has made selling based on proper weighing a common practice in the region's commerce;

(c) even when business faced difficult times, it has distributed dividends to patronizing members of the cooperative at the rate of 20% of net profit when distributions had to be kept low and at the rate of around 70% in normal times, thereby contributing to greater understanding by members toward the

cooperative (this point led to an increase in membership and stability in those numbers);

(d) in the lending of LBP and PSLF (Philippines Saving Loan Fund) funds, it conducts strict examinations through a credit committee and has kept arrearage down to a bare minimum (for LBP loans, 0.02% of outstanding loans, for PSLP loans, 0%).

The above achievements are reflected in the numerous occasions in which this cooperative has been recognized by the government and the CUP as an outstanding cooperative.

This does not mean that the cooperative is without its problems; it faces a crisis brought on by the decline of its competitiveness against traders, which has been caused by a complete lack of postharvest facilities related to the major agricultural product of rice, and by a deterioration and shortage of facilities (means of transportation, retail outlets, warehouses).

2) Characteristics of organization and operations

i Organization

As mentioned above, there are 2,273 members in all (the number of employees is 10, or 227 members per employee, which is an extremely large number comparing, say, to LIMCOMA, which with about the same number of members has a ratio of members to employees of 7.2); of this total, female members now number 1,229. The reason is that female members increased following the change in the cooperative's name to the CONSUMERS COOP in 1977. The present make-up of the membership is diverse, with laborers in general, housewives and others complementing the largely farm household category. The average age of members is 60.

ii The will to decide/implement

(a) General meetings

The fiscal year runs from January to December, with a general meeting normally held each year either at the end of February or the beginning of March. Recently, there have been no occasions to hold extraordinary general meetings. On average, there is about a 30% attendance rate at the general meetings.

Running from 8 am to 4:30 pm, the general meetings typically involve the making of detailed business and auditor's reports, the selection of directors and various committee members, etc. As a means of reflecting the membership's will on a daily basis, directors and employees endeavor to contact important members individually in order to effect improved communication.

(b) Board of Directors

Directors currently number 7. Meetings of the board of directors are held once a month. Attendance by directors is 85%.

(c) Committees

This cooperative has the following committees. The frequency of meetings (annual) and main items of discussion are as follows:

	Frequency	Main Items of Discussion
Audit & Finance Committee	2	*Regular audit reports, examination of financial condition
Education & Training Committee	2	*Meetings of members (at the barangay level)
Credit Committee	6	*Decisions on those seeking to borrow
Election Committee		*Nominations of directors, committee members

(d) Method of selecting directors and committee members

The method of selecting directors and committee members is by nomination from the committees. The current head of the cooperative is a former government employee.

(e) The academic backgrounds of directors and committee members

The academic backgrounds of the 7 directors are broken down as follows:

junior high school, 1; high school, 2; college, 4.

On the other hand, most of the committee members are college graduates, from which one can see that highly educated persons occupy key posts.

(f) Outside auditor

The outside auditor is appointed by the Audit & Finance Committee. Currently, the responsibility for this has been given to a private accounting company. Audits take a week to complete and cost P5,400.

(g) Formulation of an intermediate and long-term plan

The cooperative has formulated an intermediate and long-term plan, which deals mainly with establishing a credit cooperative. However, at present, no plan in writing exists.

(h) Officers

The pertinent facts relating to officers is as follows:

	Age	Sex	Annual salary (P100)	Taken the post (date)	Final education	Major career
Chairman	70	M	12	1992	CO	retired engineer (gvnt)
Vice-Chairman	52		12		CO	security guard
Secretary	76			1969	UN	m.a english
Treasurer	38		420	1983	CO	
Manager	76	F	780	1969	UN	m.a english
Accountant	28		228	1992	UN	company accounting

Note: CO = Junior college, UN = University

Of these, the person controlling the nerve center of the cooperative's operations is the manager. The progress of this cooperative owes an extraordinarily great deal to her perseverance and attachment to the cooperative movement.

(i) Cooperative employees

The recent trend in the number of cooperative employees is as follows:

In 1976, employees were increased to 30 people, but because of operational difficulties, the cooperative gradually cut back after 1978. Today there are 10 working full-time.

	1969	1976	1991	Recent 3 years
Full-time	6	30	10	10
Temporary			2	1.6
Total I	6	30	12	11.6
Total II (Temporary considered 1/2)	6	30	11	10.8

iii Relationship with local government

Although its relationships with local government are good, the cooperative does not receive any special support. Moreover, it is not making any specific requests of the local government.

3) Characteristics of management

i Finance/Profit & Loss

This cooperative has steadily built up its reserves over the past, and at the end of fiscal 1991 had P729,248 of paid-in shares (members' equity), or P320.8 per member. During deteriorating business conditions experienced in the 4-year period beginning in 1978, and in the 3-year period beginning in 1988, net profit fell drastically. However, except during the first period of poor business conditions, the cooperative has distributed dividends (patronage refunds) amounting to about 70% of net profit to members who frequently use the cooperative. This is the most significant factor behind attracting members to the cooperative (see Table 1).

Table 1 Members participation and management data
POTOTAN FARMERS MULTI COOP

Year	members ①	equity ②		refund ③		net savings ④		index	②/① (P)	③/④ (%)
		index	(P)	index	(P)	index	(P)			
1969	121	5.3	10,000	1.4	0	0	5,139	0.8	82.6	0.0
1970	200	8.8	12,960	1.8	3,656	0.8	6,995	1.1	64.8	52.3
1971	250	11.0	10,460	1.4	5,759	1.2	11,336	1.7	41.8	50.8
1972	340	15.0	13,890	1.9	13,941	3.0	24,426	3.8	40.9	57.1
1973	643	28.3	31,430	4.3	25,113	5.4	44,368	6.8	48.9	56.6
1974	1,231	54.2	48,200	6.6	91,714	19.8	126,749	19.5	39.2	72.4
1975	1,388	61.1	112,648	15.4	134,580	29.0	188,452	29.1	81.2	71.4
1976	1,535	67.5	199,700	27.4	132,704	28.6	182,044	28.1	130.1	72.9
1977	1,680	73.9	282,708	38.8	186,287	40.1	258,516	39.9	168.3	72.1
1978	1,727	76.0	385,055	52.8	75,524	16.3	131,270	20.2	223.0	57.5
1979	1,734	76.3	386,107	52.9	33,311	7.2	77,819	12.0	222.7	42.8
1980	1,792	78.8	371,528	50.9	28,042	6.0	71,314	11.0	207.3	39.3
1981	1,815	79.9	351,508	48.2	8,120	1.7	44,742	6.9	193.7	18.1
1982	1,778	78.2	361,114	49.5	159,480	34.4	232,642	35.9	203.1	68.6
1983	1,735	76.3	387,707	53.2	210,784	45.4	298,520	46.0	223.5	70.6
1984	1,832	80.6	418,175	57.3	408,554	88.0	611,198	94.2	228.3	66.8
1985	1,907	83.9	597,952	82.0	511,159	110.1	679,837	104.8	313.6	75.2
1986	2,018	88.8	698,655	95.8	327,167	70.5	462,633	71.3	346.2	70.7
1987	2,153	94.7	643,773	88.3	329,171	70.9	408,664	63.0	299.0	80.5
1988	2,250	99.0	680,054	93.3	280,592	60.5	369,784	57.0	302.2	75.9
1989	2,299	101.0	731,976	100.4	90,092	19.4	165,546	25.5	318.4	54.4
1990	2,247	98.9	686,972	94.2	325,192	70.1	487,572	75.2	305.7	66.7
1991	2,273	100.0	729,248	100.0	464,120	100.0	648,543	100.0	320.8	71.6

source: Pototan farmers multi purpose coop., inc.

A summary of the major operational and financial indices for fiscal 1991 would be as follows:

Paid-up capital per regular member was P321; the percentage of paid-up to subscribed capital (paid-up capital \times 100 / total subscribed capital) 100%; and the ratio of net member assets to fixed assets 31.9 times; the current ratio was 365.8%, the ratio of total liabilities to member assets 15.0%, and the gross profit margin and net profit margin 2.2% and 1.3% respectively; net return on total assets was 0.17%; labor productivity P106; average wages P38,402; and wage's share of distributions 36.3%.

The high ratio of net member assets to fixed assets, the adequate current ratio, and the low ratio of total liabilities to member assets resulting from a policy of keeping liabilities to a minimum can be judged in a favorable light. However, the generally low profit margins, and the low rate of labor's share are problems.

ii Management

a. Plans for capital increase

To increase capital, the cooperative uses patronage refunds. Consequently, there is no need to request new additional equity contributions from members.

b. Distribution of net profit

The board of directors has determined that net profit will be distributed in the following way.

(a) 10% to the reserve fund; (b) 2.5% to the education and training fund (in addition to CUP, to 2 other federations in the province); (c) 2.5% for CUP; (d) 10% to the community development fund; (e) 7% as dividends on equity investments (to all coop members); (f) the remaining 68% as patronage refunds. However, depending on fiscal year, some flexibility is allowed in the use of funds.

iii Measures to secure and introduce external funding

Capital raised from major external sources is limited to LBP funds, the balance of which stood at the end of fiscal 1991 at P315,384. The interest rate is 12% and term of borrowing 6 months.

4) Characteristics of marketing/supply/utilization activities

i Marketing

Although the region's primary agricultural product is rice, the cooperative does not deal in rice. It is also not engaged in the selling of other agricultural products. This is because it has absolutely no post-harvest facilities. The shortage or lack of post-harvest facilities holds true for all neighboring cooperatives and is the major problem being confronted that acts as a restraint on the progress of cooperatives. For example, the 200-member cooperative, PASBIGTABA IRRIGATOR'S MULTI-PURPOSE COOP., INC., and the 776-member cooperative, STA.BARBARA (FACOMA) MULTI-PURPOSE COOP., INC. are operating under precisely the same conditions. Although an understanding of the cooperative ideal and of the necessity of cooperatives has gained adequate acceptance, the truth is that there is a decisive shortage of the means of bringing it about.

ii Supply

The major categories of supply are P2,426,000 (316 tons) worth of fertilizer, P1,647,000 worth of pesticides, p3,800 worth of seeds, P3,073,000 worth of food, P2,165,000 worth of other material for daily existence. Payments for purchases are settled 90% of the time in cash (other material for daily existence 100%), while the ratio of cash payments in the settlement of items supplied is 83% for fertilizer, 100% for seeds, 79% for pesticides, 97% for food, and 99% for other material for daily existence.

iii Utilization

The facilities, etc. owned by this cooperative are 1 truck (purchased in 1978, operating rate 80%), 2 retail outlets (1970, operating rate 100%), 1 warehouse of 140 m² area (1981, operating rate 100%), and 1 office of 300 m² area (1977, operating rate 100%).

5) Characteristics of credit activities

i Savings

The cooperative does not conduct savings operations.

ii Lending/borrowing

Lending to members is of LBP funds and PSLF funds, the loan balances for which stood at P521,248 and P186,356 respectively at the end of 1992. The security taken when lending to members is land in the case of LBP funds and capital shares in the case of PSLF funds.

The rate of collection of loans made is good. The care given to making sure that thoughts about repayment of loans are communicated daily to members is bearing fruit.

6) Insurance

The number enrolled in the CISP mutual assistance program is 324, for which the cooperative receives a commission of P13,056 annually. There is a great deal of interest in the cooperative regarding mutual assistance, and it is asking the CISP to provide it with more frequent information.

7) Characteristics of educational/guidance activities

i Education

With respect to member education, the cooperative conducts a seminar once a year. In fiscal 1991, this seminar was held with the participation of 118 persons (cost P4,000). The cooperative's policy with regard to education is to instill a healthy attitude adopted toward debt and wisdom in consumer behavior among members as they go about actually using the cooperative's operations.

ii Guidance

With respect to agricultural techniques, the cooperative teaches members about toxic pesticides and the negative impact of the excessive use of inorganic fertilizers, and advocates a low-pesticide approach and the use of organic fertilizer.

(4) Condition of affiliated unions/federations

A. WESTERN VISAYAS UNION OF COOPERATIVES, INC. (WVUCI)

The unions/federations of which the PFMCI is a member are CUP, ILOILO FEDERATION OF CONSUMERS & MULTI-PURPOSE COOP., INC. and ILOILO FEDERATION OF AGRICULTURAL COOP., INC. In Iloilo, there are no provincial unions, only at present the WESTERN VISAYAS UNION OF COOPERATIVES, INC. (WVUCI), which is a regional level cooperative. This cooperative is a direct member of CUP.

Below, we will discuss the WVUCI, which, although not a member of the PFMCI, has strong ties with it as a related institution.

1) Outline

Registration was in 1979, and confirmation by the CDA in January 1992. Its members are 25 federations of various types in Western Visayas. Within its area of jurisdiction are 5 federations which are still not members. Total assets as of the end of fiscal 1991 stood at P140,000, a level significantly higher than the previous year (last year, P196,624). Principally, this was because of P128,015 in CETF revenues (collected from 50 organizations, mainly primary cooperatives). Of total assets, fixed assets account for no more than P45,000; apart from a single typewriter, there are no physical assets to speak of. Although there is equity capital of P50,000, P40,340 has already been extinguished by deficits of the past. The balance of revenues and expenses in fiscal 1990 resulted in a deficit of P27,434, but in fiscal 1991, there was a surplus of P10,363. This was because increased CETF revenue contributed. A deficit is once again forecast for fiscal 1992, and the cooperative will have no choice but to borrow against employees' salaries and from the CUP. Although it has a few projects aimed at increasing revenues, sustainability of operations hereafter remains in doubt.

In the example of fiscal 1991, more than 50% of total expenses of P420,434 was accounted for by seminar/training funds, while membership revenue was a mere P100. The fact that its operational functions are not adequate is checking use by members, consequently bringing about a lack of growth in revenue; and this deficiency of financial sources restrains the development of functions, demonstrating a vicious circle. At bottom lies the reality that the weakness of

economic capabilities of agricultural cooperatives and other primary cooperatives is failing to support umbrella organizations.

Moreover, beginning last fiscal year, the cooperative borrowed an office (annual rent P25,000), where 4 full-time employees (executive officer, project/training officer, cashier, and bookkeeper) attend to their daily tasks. As regards its committees, there are the Audit & Finance Committee (3 persons), the Election Committee (3 persons), and the Education & Training Committee (7 persons).

2) Communication with members

As its principal activity in fiscal 1991, the cooperative conducted 11 joint education and training sessions in various locales with the CDA and CUP (total participants 430), and also conducted audits of 21 primary cooperatives. In addition, it gave guidance in the preparation of promotional plans for primary cooperatives to 5 primary cooperatives.

The fact that it has no primary cooperatives as members is an organizational problem, but the WVUCI is endeavoring to move in the direction of organizing provincial level unions hereafter.

B. SOUTHERN ILOILO AREA MARKETING COOPERATIVE, INC. (SIAMCI)

1) Outline

Established by 15 primary cooperatives on May 22, 1982, and registered with the CDA on February 18, 1992.

This federation's major objectives at establishment were as follows.

- ① To increase the will to work, and, further, to encourage saving among cooperative members.
- ② To work toward increasing capital formation in order to invigorate activity in the market.
- ③ To provide funds for agricultural production.

- ④ To supply material required for production.
- ⑤ To contribute to raising the livelihoods of cooperative members through cooperatives.
- ⑥ While attempting to work closely with public authorities in supporting governmental policies, to contribute to the development of cooperatives.

2) Finance (unit: 1,000 pesos)

	FY 1989	FY 1990	FY 1991
Gross sales	7,527	7,942	8,001
Selling expenses	7,066	7,400	7,723
Gross profit on sales	461	542	278
Net profit (loss)	29	6	-43
Total assets	4,513	5,913	5,123
Total liabilities	2,983	3,651	3,617
Paid-up capital	1,639	1,650	1,660
Member's equity	1,502	1,539	1,505

3) Organizational structure

The board of directors is comprised of 9 members. Although the federation is a member of the Cooperative Marketing System of the Philippines (CMSP), in actuality it is attempting to gain access to the market on its own since the CMSP is no longer functioning. There are 136 primary cooperatives that belong to it.

4) Organization and operations

The principal agricultural products handled are ① palay and ② rice; the material supplied for production needs is ① fertilizer and ② chemical fertilizer. The arrangement of employees is: ① manager; ② employees (4 persons); ③ operating personnel (4 persons).

The federation has formulated a medium and long-term plan, and also formulates a plan for capital accumulation each fiscal year. The issues with which it must urgently deal are the need for more personnel and the need to accumulate capital. The issues which the federation faces from an operational standpoint are: ① stabilizing supply by cooperative members to the produce markets; ② supplementing funds available for activities; ③ purchasing material required for production at a lower cost than merchants selling such material; etc.

Although, with respect to facilities, the federation has a warehouse, rice-polishing machines and trucks, they are all extremely decrepit, and should be replaced by new facilities.

5) Relationship with public institutions

The federation has for many years received financial assistance from public institutions. Moreover, it desires that public institutions become directly involved and provide support in its operational activities.

6) Relationship with CISP

The federation is a member of the CISP, and its employees also participate in promoting the spread of insurance.

C. ILOILO FEDERATION OF AGRICULTURAL COOPERATIVES (IFACI)

1) Outline

This federation was established on January 30, 1990, and registered by the CDA on April 1, 1992. The major objectives in establishing the federation were as follows.

- ① To collect in bulk the agricultural products produced by cooperative members, and to supply such products directly to the market.
- ② To contribute to the storage, transportation, and processing activities for agricultural products produced by cooperative members.

③ The bulk purchase and supply of material required for agricultural production.

④ Activities in support of funds borrowed and repaid through the LAND BANK.

2) Operational activities

① The federation presently has 71 members. Including assistance from the government, equity contributions from members total P1,662,000. Its objective is to increase membership to 142 in fiscal 1993. In the area of providing information to members, it makes basic information relating to IFACI activities available. Among matters being requested by the membership are guidance in agricultural matters, counseling in the management of agricultural cooperatives, and instruction related to shipment of agricultural products to market.

② Volume of operations (FY 1992) Unit: 1,000 pesos

	Agricultural Products	Production Material	
Rice:	1,467	Fertilizer:	3,140
Palay:	609	Chemical fertilizer:	1,203
By-products:	119		
Other:	17		

Required by the federation in the area of facilities at present are a renovation of its warehouse and an expansion of its retail outlets. Further, in the area of accounting, a standardization of forms would be desirable.

③ Financial standing in FY 1991 (unit: 1,000 pesos)

Assets:	3,986
Liabilities:	860
Paid-up reserves:	1,500
Equity:	1,662
Undistributed net profit:	118

Among the problems with which it must currently deal are: ① a small amount of broker commissions; ② a slowdown in the volume of business; ③ inadequate education and training. Accordingly, in the area of education and training, the federation will pay particular attention to strengthening itself in the following categories: ① deepening the understanding of members toward equity investments, and, through this, seeking to increase the amount of its equity; ② expanding its operations; and ③ increasing members' awareness of the Project for Improvement Livelihoods.

3) Organizational structure

The board of directors is comprised of 11 directors (the president and 10 directors). Full-time staff is comprised of the general manager, a person in charge of accounting, and a secretary. Thus, increasing the full-time staff to 10 persons is an urgent goal and issue.

4) Problem areas

- ① A look at profit and loss statements by category of operations shows that the warehouse operation and the drying operation are in deficit. We conjecture that this is due to a low rate of usage by member cooperatives. Thus it is necessary to endeavor to promote use by member cooperatives hereafter.
- ② Selling expenses make up too high a percentage of total revenue. This is because agricultural inputs are being purchased quite expensively. There is room for improvement here.

5) Others

- ① The federation holds regular meetings with its umbrella organizations. These are the ILOILO Provincial Cooperative Coordinating Council (IPCCC), RCUP, and PAFC. The federation cites, as matters being requested of umbrella organizations, a more positive presence in a coordinating role when there are tie-ups between cooperatives, and the selling of agricultural materials at a lower price.
- ② The federation is requesting that the government and regional public institutions provide support for projects and subsidies for its capital account.