

3-2 Credit Business

3-2-1 Whole figure

Aggregate data on loans to agricultural cooperatives is not maintained. However, field research revealed the following loan data from the principal formal credit sources on loans outstanding:

Loans to Agricultural Cooperatives December 31, 1991

- Land Bank of the Philippines (LBP)	P6,800,000,000*
- Cooperative Banks (CB)	201,830,000*
- Cooperative Development Authority (CDA)	
- Cooperative Development Fund (CDLF)	101,822,317**
- Cooperative Marketing Project (CMP)	21,773,912***
- Samahang Nasyon Support Project (SNSP)	2,377,740**
- Cooperative Rehabilitation Development Loan Fund (CRDLF)	37,250,822**

(Source: LBP, CDA, BANGKOOP)

* The major portion of loans to agricultural cooperatives extended by the LBP and the CBs are for on lending to farmer members for short-term production purposes.

** The major portion of loans granted to agricultural cooperatives by the CDLF, SNSP and CRDLF were long-term for (rice) post-harvest facilities.

*** Loans extended by the CMP are largely long-term for (rice) post-harvest facilities but also include substantial amounts of short-term commodity or inventory, financing loans. In addition the CMP had P 4,793,011 outstanding in preferred stock investments in AMCs.

3-2-2 Primary agricultural cooperatives

(1) Conditions of savings

Traditionally primary agricultural Cooperatives have not been engaged in mobilizing savings from their farmer members. However, the new Cooperative Code (RA 6938) specifically authorizes all cooperatives to engage in savings mobilization but no plans are evident to implement any saving programs. It should also be mentioned, however, that credit cooperatives, especially those in rural areas, which have a large proportion of farmers as members, have traditionally promoted savings among their members however, no aggregate data is available.

(2) Condition of loans

Primary agricultural cooperatives are providing production loans to their farmer members with group loans obtained mostly from the LBP and a relatively small amount from the provincial levels CBs. Generally, the loans are obtained from the LBP at 12% per annum and granted for a 6-month period at 18% (36% per annum) to farmer members. They are secured by a promissory note which also contains a Deed of Assignment (crop lien). As mentioned earlier, in 1991 the LBP loaned P6,800,000 to 6,746 cooperatives and the CBs P201,830 to an unknown number of cooperatives. The amount of loan granted to an individual farmer is based upon a flat rate by type of crop e.g. P8,000 per hectare for rice.

Primary cooperatives can avail of long-term loans for post harvest facilities from the LBP at 16% per annum which are amortized up to a maximum of ten years. The amount of such loans is 80% of the cost or appraised value and they are secured by a mortgage on the facility being financed.

The CBs also act as conduit banks for CDA/CMP loans for post harvest facilities. Such loans are granted at 9% per annum, up to 80% of the cost or appraised value, secured by a mortgage on facility financed and amortized up to a maximum of ten years.

Cooperatives also have available "soft" loans for post harvest facilities from the CDA through the CDLF/SNSP/CRDLF loan programs. Such loans have been granted in the past at interest rates varying from 0% to 9% per annum. They are

generally secured by a mortgage on the facility being financed and usually amortized up to a maximum of ten years.

Commodity (inventory) loans are available to primary agricultural cooperatives as follows:

Source	interest	Loan Amount	Loan period	Security
LBP	12% p.a.	80%	6 mo.	warehouse receipt
CB (CMP)	10% p.a.	70%	up to 1 yr.	Invty, lien
CDLF	16% p.a.	up to 100%	up to 1 yr.	Discretionary

(Sources: LBP, CDA)

(3) Conditions of treatment of government funds.

All loan funds currently available to primary agricultural cooperatives flow from the government in one way or another. Historically, the attitude toward such loans has been very poor as evidenced by repayment performance. Many Cooperatives receiving considered then more as "dole-outs" rather than loans. Such negative attitudes developed because many of them were granted in a haphazard manner motivated more by socio/political forces rather than sound business (economic) principles by various government agencies which were also incapable of providing adequate supervision and therefore, normal borrower disciplines were never established.

Following is an age analysis (see "Note" which follows) of the various loan programs administered by the CDA:

Loans Outstanding As of December 31, 1991 (P1,000)

Age	CDLF*		CMP		SNSP		CRDLF	
	Amount	%	Amount	%	Amount	%	Amount	%
current	35,391	35%	9,226	42%	362	15%	34,059	91%
1-6 mo	33	-	4,170	19%	40	1%	1,240	3%
7-12 mo	300	-	339	2%	95	4%	680	2%
1-3 yrs.	5,697	5%	4,198	19%	632	27%	767	2%
3-5 yrs	6,771	7%	1,932	9%	1,038	44%	475	1%
over 5 5years	53,629	53%	1,908	9%	210	9%	30	
Totals	101,822	100%	21,773	100%	2,377	100%	37,251	100%

(Sources: CDA Reports)

* CDLF loans includes loans to federations of agri-based cooperatives.

Note: The foregoing aging is not in accordance with normal practice. The aging is based upon the length of time past the final maturity date of a loan and not on the time an amortization payment became past due. Also, in the case of CDLF about P25,000,000 of past due loans were recently restructured thereby placing them in the "current" status. Also, CRDLF loans started to be granted in 1985 and most had a 10 year final maturity date. Therefore, in reviewing the above aging it is very possible that the vast majority of the loans are delinquent at least 5 years and those in the over 5 years classification could easily be 10 years or more in arrears and some as many 15 years.

In regard to loans to primary cooperatives by the LBP for relending to farmers as production loans, no age analysis is available but LBP officers reported verbally that the collection rate on production loans made in 1991 was 93%. However, it is possible such a favorable rate should be viewed with a degree of caution. Firstly, 1991 was only the second year in which the LBP has a major exposure in this market segment. In fact, the growth in loan volume and number of cooperatives served in 1991 was explosive. And, that trend is continuing in 1992 as a result of the continuing explosive growth in the number of cooperatives

being organized with the assistance of the LBP to expand its market. The number of agri-based cooperatives grew some 319% to 9,003 in number during the first three months of 1992 alone. Secondly, as result of field research conducted by the Study Team it was learned that while many cooperatives reported verbally 100% repayment on 1991 production loans, some farmers had to borrow money from family, friends, usurers, etc. to repay their production loans to be assured of future loans from the LBP. There were also some reports that in some of the LBP field offices unpaid crop loans from 1990 were rolled over into the 1991 loans. Further, it was learned that in many areas affected by drought in 1990 approximately 50% of the production loans were not paid. In those areas most of those small agrarian reform beneficiary farmers are foreclosed from the formal credit market and must now look to dealers, usurers, etc. for crop financing. Further, since the LBP borrower is the cooperative, any loans not repaid by farmer borrowers remain as liabilities to the LBP on the cooperative's books thus affecting cooperative's future viability. Therefore, the long term viability and success of the LBP's Countryside Credit Delivery Program remains unknown and possibly questionable in view of the negative attitudes of farmers and cooperatives toward government initiated loans as evidenced by past repayment performance.

(4) Conditions of collection of loans advanced

Loans advanced to members by primary agricultural cooperatives are virtually all short-term loans to finance production. Most of the funding for those loans is obtained by the cooperative from loans obtained from the LBP although a small proportion may be similarly borrowed from a CB.

As mentioned earlier, the LBP reported verbally that the collection rate on loans granted to primary cooperatives for relending to farmer member for production purposes in 1991 amounted to 93%. Aggregate data on the collection rate for the CB is not available but such loans currently represent a very small proportion of that market sector.

Financial data collected by the Study Team during its field research did not yield any more conclusive or reliable information on collections than that reported above. In general, cooperatives do not prepare age analyses on their outstanding loans to members.

(5) Conditions of competitive relations with other banking institutions

In regard to providing short-term production loans to farmers through their cooperatives there is almost no competition except for an insignificant amount from the provincial level CBs of which there are only 29 and from small privately owned rural banks of which there are approximately 800 operating in the country. For example, in 1991 the CBs granted a total of P180,700,000 in agricultural loans compared to P6,800,000,000 by the LBP. In fact, the CBs and especially the private rural banks in recent years have reemphasized agricultural loans as they struggle to recover from the devastating losses incurred under the government's previous crop production scheme, Masagana 99, during the 1970s and early 1980s. Private commercial banks have never been a competitive factor as they have traditionally had very little interest in lending for agricultural production although some banks have loaned regularly to some of the large plantation type entities involved in the production of sugar, pineapple and bananas for export. However, there appears to be an increasing amount of competition from rural based credit cooperatives, of which there are many, in providing short-term production loans to farmers who are members of those cooperatives.

Likewise, there is little to no competition in lending to primary agricultural cooperatives for any other purpose. The only competition that would exist from time to time would be between the various lending schemes of the government and currently the dominant one is the LBP as other existing government lending programs are in a "hold" position.

(6) Financial condition of primary agricultural cooperatives

Although there is no aggregate data available on the financial condition of primary agricultural cooperatives the Study Team during its field research was able to obtain audited financial statement from some cooperatives as well as verbal responses to inquiries in others. Audited statements came mostly from the more mature cooperatives i.e. those that have been in existence for three or more years. Refer also to a financial analysis of 11 agricultural cooperatives appearing in section 3-1 of this report.

Financial statements from the more mature cooperatives in general revealed that nearly all were operating profitably but in varying degrees. In nearly all cases they were highly leveraged i.e. excessive debts in relation to members' equity which resulted in their having little to no working capital and very high

debt servicing requirements. However, it was also very evident that many, especially Area Marketing Cooperatives (AMCs), which had obtained long-term loans from the CDLF and/or the CMP loan programs were not actually servicing those debt although some are making some interest payments. All had some type of capital build-up program but they are obviously inadequate. Therefore, substantial infusions of equity capital from members and/or other sources will be required in order for most cooperatives to leverage additional loans to improve or expand services for their members.

At the same time it should be noted that it appears the rural based credit cooperatives which are increasingly providing short-term production loans to their farmer members from internally generated funds and many of which are gradually expanding their services to include marketing of crops and farm inputs are generally in much stronger financial condition. In fact, many have very adequate equity capital to leverage additional borrowings but appear to be constrained in doing so by their historically conservative management and negative attitudes toward borrowing money.

An entirely different scenario has emerged with regard to the thousands of primary agricultural cooperatives organized during the past two years.

Since most, if not all, of those cooperatives were organized, at least initially, for the sole purpose of obtaining production loans for their members from the LBP few, if any, are performing any significant amounts of business (economic) activities. Therefore, to date, no meaningful financial data for those cooperatives exists. However, the Study Team through its interviews with government officials and its field research was able to develop limited information upon which some tentative conclusions can be drawn.

A mass of small economically unsound cooperatives are being allowed to be established. The minimum requirements for registration are 15 members and P2,000 of paid-in capital or approximately P134 per member. The incentive to organize such small cooperatives is clear because theoretically a farmer can invest only P134 in a cooperative and thereby be virtually assured of obtaining an LBP production loan in the amount of P8,000 per hectare. Currently the LBP is the primary source for agricultural production loans and from outward appearances it would appear that such loans, at least initially, are being granted rather indiscriminately.

The motivational forces behind such a massive cooperative development program, which appear to include public sociopolitical factors, could easily lead to long-term negative consequences not only for the small agrarian reform beneficiaries but also their cooperatives and ultimately the national economy. For example, when a farmer defaults on an LBP loan he cannot obtain subsequent Loans forcing him out of the formal credit market and bank into informal credit sources such as usurers thereby defeating one of the major objectives of the government's program. And, history has shown that the default rate by farmers on such government initiated loan schemes has been extremely high. Further, however, the liability to repay such LBP loans remains with the cooperative on its books because the cooperative not the farmer, is the borrower from the LBP. Therefore, if past default rates are repeated, many of the small cooperatives could easily become moribund or bankrupt within a few years or cropping seasons thereby creating a renewed economic as well as sociopolitical problem for the country.

3-2-3 Federations

(1) Conditions of savings

With one exception, Federations like primary agricultural cooperatives have not been engaged in mobilizing savings from their members although it is now clearly permitted under the new Cooperatives Code (RA 6938).

The exception is the provincial CBs which have accepted both demand and time savings deposits since their establishment in the 1970s. Aggregate data for the 29 CBs as of December 31, 1991 indicates that total savings deposits increased some P118,000,000 indicate the CBs are relying more on savings deposits as a source of loanable funds than on borrowed funds which decreased about 5% during the same period. As a general practice most CBs pay interest on demand and time deposits as rates competitive in the local area.

(2) Conditions of loans

Federations have access to the same types of loan as do primary agricultural cooperatives as described earlier in Section 2.6.2 (2) ii However, the LBP does not lend to federations for purposes of relending to farmers for production loans.

Additionally provincial level CBs have access to a relatively small amount of loanable funds mostly for special projects from the Cooperative Rural Banks Federation of the Philippines (BANGKOOP). BANGKOOP has a loan of P25,000,000 from the Department of Agricultural to provide funds to CBs for relending to farmers under the Intensified Rice production Program. BANGKOOP pays 3% interest per annum for that loan and the funds have been recycled about 15 times so far. The BANGKOOP has also recently negotiated a loan of P12,500,000 from the Dutch Rural Development Assistance Program for a 1,000 hector seed production project at no cost to BANGKOOP. Also, from time to time BANGKOOP provides liquidity assistance to CBs in the form of demand and time deposits which as of December 31, 1992 amounted to P2,100,000

(3) Conditions of treatment of governmental funds.

The findings relative to the treatment of governmental financial assistance by federations is identical to that previously gate date included in that Section is inclusive of both federations and primaries.

(4) Conditions of collection of loans advanced.

BANGKOOP - Through 15 cycles of its Intensified Rice Production Program BANGKOOP has loaned to CBs as of December 31, 1991 a total of P202,712,600 and a total of only P11,006,571 is past due indicating a very good collection rate of 94.4% however, no age analysis was made available. Loans made by BANGKOOP under its new seed production project amounted to P2,986,799.00 as of December 31, 1991 and the amortization of those loans to the CBs has not yet commenced.

FFF - Long-term loans granted by this federation to its members had total outstanding balance in the amount of only P4,991 993 as of December 31, 1991 and reportedly nearly all are in good standing. An age analysis was not available.

(5) Conditions of competitive relations with other banking institutions.

As was described earlier in Section 2.6.2 (2) v relative to primary cooperatives there is also virtually no competition to date between federations and the private sector commercial banking institutions. However the Countryside Credit Program of the government-owned LBP could become a serious competitive factor if and when the cooperatives should establish an apex cooperatively owned bank.

(6) Background and financial condition of federations

A brief summary of the background and financial conditions of each of the existing federations having the capability to perform credit and/or other business services for their members follows.

Cooperative Banks (CBs)

As of the end of 1991, there were 29 Cooperative Banks operating in 28 provinces and 1 city. A campaign is underway by BANGKOOP, the national federation, to have a CB in each province. The CBs were mostly organized in the mid to late 1970s and their membership originally consisted of mostly Samahang Nayons which were pre-cooperatives. However, since passage of the new Cooperative Code many Samahang Nayons have been re-registered as primary multi-purpose cooperatives. Therefore, the CBs are now categorized as provincial federations. Aggregate financial highlights for the 29 CBs are as follows:

29 Cooperative Banks - December 31, 1991
(in thousand pesos)

	1989	1990	1991
Total Assets Employed	P 436,932	P 480,448	P 565,131
Loans Outstanding (net)	359,873	385,371	445,522
Total Deposits	113,618	137,675	190,794
Loans Payable	131,202	133,655	147,869
Total Equity Capital	110,273	117,949	135,348
Total Income	59,410	64,890	80,953
Total Expenses	50,828	52,879	72,403
Net Income	8,582	12,011	8,550
Debt to Equity Ratio	1.03:1	1.13:1	1.09:1
Loans Outstanding to Equity Ratio	3.26:1	3.27:1	3.29:1

(Sources: BANGKOOP Annual Reports)

Although the aggregate financial ratios above appear to be relatively conservative for the CBs as a group most CBs have difficulty in being able to satisfy loan demands of their members. That is due primarily to the high rate of loan delinquencies which has been reduced from 36.7% in 1989 to 33.8% in 1991 but in order for a CB to rediscount its loan paper with either the LBP or the Central Bank delinquencies cannot exceed 25%. Among other things, this problem is due primarily to weak management. As a result many CBs are relying mostly on loan reflow, equity in creases and savings mobilization to satisfy loan demand. Additionally, most CBs are located in the provincial Capital and very few have branches, thus making accessibility a problem. In order for the CBs to improve and expand their financial services they will need to strengthen and the board of Directors, undertake accelerated capital build-up and savings mobilization programs and improve accessibility to members.

Cooperative Rural Bank Federation of the Philippines (BANGKOOP)

BANGKOOP was registered as a national federation in 1984 and all 29 CBs are members. Although BANGKOOP's primary role is one of advocacy and training for the CBs it has in recent years engaged in income producing activities by sourcing some special project loans and farm inputs for its members. Selected financial high-light are as follows:

BANGKOOP -December 31
(in thousand pesos)

	1989	1990	1991
Working Capital	P 30,168	P 31,158	P 41,467
Loans Outstanding	24,672	22,367	24,545
Total Assets Employed	30,512	32,480	45,349
Long-Term Dept	25,000	25,250	35,364
Total Equity Capital	5,239	6,033	7,116
Total Income	2,368	2,999	4,904
Operating Expenses	2,255	2,873	4,252
Net Income	113	126	652
Percentage Equity to Total Assets	17%	19%	16%
Long-Term Debt to Equity Ratio	4.77:1	4.18:1	4.97:1
Loans Outstanding to Equity Ratio	4.71:1	3.71:1	3.45:1

(Sources: BANGKOOP Annual Reports)

As a lending institution BANGKOOP is relatively highly levered with a 4.97:1 dept to equity ratio however, with a reported 94% collection rate on its principal loan program there is some additional room for this activity provided that collection rate can be maintained. Since BANGKOOP is not a bank it does not have rediscount privileges with either LBP or Central Bank. However, as an agri-business entity (selling farm inputs) it appears to be very highly levered. Additionally, BANGKOOP appears to be positioning itself to develop into an apex cooperative bank. Its capabilities of expanding its lending and farm input businesses would require substantial infusions of equity capital in order to become a meaningful factor in either market. Essentially, BANGKOOP needs to more clearly define its future role in the cooperative movement and manage its finances accordingly.

National Confederation of Cooperatives (NATCCO)

NATCCO was originally formed in 1977 by five Regional Development Centers (RDCs) located throughout the country. The RDCs which include NORLU, TAGCODEC, BCDC, VICTO and MASS/SPECC were organized over a ten-year period, 1966-76, primarily by Credit Cooperatives. Currently, there are over 1,000 primary cooperatives including provincial CBs, as members of the RDCs however, composition of the membership has changed dramatically. The 1,000 primaries have over 700,000 members the majority of which are farmers

and the latest date shows only 44% of member primaries are credit cooperatives and 35% are multi-purpose and the latter group is growing as more credit cooperatives are expanding their services to include sales of farm inputs and marketing farm products. NATCCO is basically a national support services organization which develops and provides training materials, auditing and other management services for its RDC members. Since the mid 1980s it has also operated a Central Fund System (CFS) which basically manages an inter-lending system for the RDCs and it also sourced external loans and grants which it lends to the RDCs. In 1991 NATCCO completed construction of a large national headquarters complex in Metro Manila which includes modern training facilities, a 40-bed dormitory and a hostel. NATCCO also plans to develop into an apex Cooperative Bank.

The RDCs provide hands-on training, auditing and other management services for its members and each operates a well-equipped training center. Another major activity is lending short-term loans to its members.

Specific data on loans outstanding for NATCCO and the RDCs was not made available however, lending activities appear to be managed in a professional manner and collection rates are reportedly very high at least according to local standards. Selected financial highlights for NATCCO and RDCs follows:

NATCCO December 31 (in thousand pesos)			
	1989	1990	1991
Working Capital	P 18,639	P 30,971	P 21,688
Loans Outstanding	16,516	14,537	7,907
Total Assets Employed	25,487	39,957	50,167
Long-Term Debt			
Total Equity Capital	22,357	37,239	46,824
Total Income	2,428	4,113	3,636
Operating Expenses	2,140	2,847	3,423
Net Income	288	1,266	213
% Equity to Total Assets	88%	93%	93%
Long-Term Debt to Equity Ratio	0:1	0:1	0:1
Loans Outstanding to Equity Ratio	0.73:1	0.39:1	0.17:1

(Sources: NATCCO Annual Reports)

REGIONAL DEVELOPMENT CENTERS

June 30, 1991

(in thousand pesos)

	NORLU	TAGCODEC	BCDC	VICTO	MASS/SPECC
Current Assets	P7,647	P4,712	P3,773	P21,534	P13,047
Current Liabilities	3,679	1,022	2,143	4,262	9,847
Total Assets	8,460	5,132	3,773	29,100	16,040
Long-term Debt	-	288	-	1,968	-
Total Equity	4,781	3,821	1,631	22,869	6,193
%Equity to Totals Assets	56%	74%	43%	79%	39%
Long-term Debt to Equity Ratio	0:1	0.07:1	0:1	0.09:1	0:1

(Sources: NATCCO Annual Reports)

NOTE: It is believed that a very high percentage of Current assets represent loans outstanding.

Both NATCCO and the RDCs are relatively mature federations, appear to be well managed and are financially strong as are most of their primary cooperative members especially those which operated for a number of years as credit cooperatives. Their growth has been hampered only by their lack of funds because of many years only internally generated funds were available as they do not have rediscount privileges with either the LBP or the Central Bank. As a group they appear to have developed a strong self-help attitude.

Federation of Free Farmers (FFF)

The FFF functions primarily as a sort of financial intermediary and provider of managerial support services for its 34 primary cooperative members which are all rice-based. The FFF has been successful in obtaining substantial amounts of grants from foreign and domestic donor agencies. Most of those and other internally generated funds are invested in preferred stock of its primary members to provide them with equity funds to acquire needed post-harvest-facilities. In addition some short-term commodity loans are made to its members. As a result over 75% of FFF income is derived from interest and dividend income. Selected financial highlights of the FFF follows:

FEDERATION OF FREE FARMERS - December 31
(in thousands pesos)

	1989	1990	1991
Working Capital	P 5,827	P 7,751	P 7,839
Loans Outstanding	4,477	4,921	4,992
Investments in Affiliates	13,987	15,665	17,047
Total Assets	22,363	24,773	26,695
Long-Term Debt			
Total Equity	21,057	23,778	26,225
Total Income	1,632	1,990	2,529
Operating Expenses	544	628	869
Net Income	1,088	1,362	1,659
% Equity to Total Assets	94%	96%	98%
Long-Term Debt to Equity Ratio	0:1	0:1	0:1
Loans and Investment to Equity Ratio	0.88:1	0.86:1	0.84:1

(Sources: FFF Financial Statements)

The FFF appears to be very strong financially. However, its commitment to serving its few members and its conservative attitude toward leveraging its equity capital with long-term loans could serve to limit its future growth. In effect, the FFF could be considered more of a regional rather than national federation in spite of the fact its headquarters is located in Metro Manila.

Cooperatives Marketing System of the Philippines. (CMSP)

This national marketing federation became moribund in the mid 1980s and is being liquidated so it is no longer a factor.

3-3 Education and Guidance Activity

3-3-1 Whole figure

There are a variety of organizations engaging in agricultural cooperative education and guidance activities. They are roughly divided into the government sector and the private sector. The former are represented by CDA, DA and LBP, and the latter, by CUP, NATCCO, CISP, BANGKOOP and FACOP in the cooperatives sector, and NGO-CCD, CFPI and PBSP in the NGOs sector. In addition, a training institution like ACCI and state college and universities carry out activities supporting cooperatives from their respective standpoints.

RA 6939 provides that the above mentioned bodies may take part in the education and training activities of cooperatives, (RA 6939 Section 11).

These bodies have organized education and training activities for the sake of (a) farmers who are not yet affiliated with any agricultural cooperative, (b) agricultural cooperative members and (c) agricultural cooperative officials and personnels.

Meanwhile, farming and better living guidance activities are being pushed mainly by DA's Extension Services. This is because agricultural cooperatives themselves are not yet in a position to conduct such activities with their own staff and systems. What results the TTPC (Technology Transfer Program for Cooperatives), now being promoted on a trial basis in some provinces, will achieve is being watched in connection with future cooperative activities, including guidance in farming operations and in the improvement of living standards.

3-3-2 Education and training activities

(1) CDA

CDA is supporting education and training activities upon request of agricultural cooperatives. Its powers, functions and responsibilities are prescribed by RA 6939 (Section 3-b, c).

The following are the characteristics of 1991 education and training activities (See Table 1.2):

- ① Pre-Membership education Seminars (PMES) account for nearly 90 percent of the total education and training activities in terms of frequency and the number of participants.
- ② The Extension Officers (E.O) implement training, the difference of which is substantial according to region.
- ③ The Central Office (C.O) and E.O conduct same types of training courses.

These activities are carried out by C.O's Institutional Development Department (IDD), E.O's Institutional Development Unit (IDU) and responsible provincial staffers (See Fig. 1 and Fig. 2). E.O's education and training staffers are concurrently engaging in other services, and there is only two (2) or three (3) staffers in charge of provinces. In such circumstances, CDA's direct approach to primary cooperatives is extremely limited. In fact, CDA is so structured as to depend on government agencies and private organizations for cooperation.

CDA is also stepping up its financial support for the training activities of cooperatives. A total of 56 requests for training assistance were approved by CDA amounting to 11 million pesos.

CDA classifies cooperative education and training courses into three, i.e. (a) the basic course, (b) the advanced course and (c) the specialized course. It is understood that this has been accepted with the training policies of LBP, NGOs and others.

Existing teaching manuals include many that were prepared at a time when BACOD were worked out. Because of this, work on revising the old teaching manuals and developing new teaching manuals is currently underway.

The following are problems now facing CDA in the education and training area:

- ① Shortage of training personnel (there are not a sufficient number of specialists assigned to the Extension Offices).

- ② Weak Linkage with other organs and organizations
- ③ Deficiency and shortage of education and training equipment and materials

(2) LBP

In recent years, LBP has abolished retail finance and switched to wholesale finance through agricultural cooperatives. This has rapidly strengthened LBP's relations with agricultural cooperatives. LBP recently launched the training of personnel primarily for agricultural cooperatives, against the backdrop of a realistic need for the sound management of loans, said to amount to 6.8 billion pesos, and for their collection. Concretely speaking, "Local Trainers team" is in action under CDSP (Cooperative Development Support Program).

According to a survey by LBP, the basic need of on the spot education and training is to secure staffers who are capable of financial management. LBP's training performance in 1991 is shown in Table 3. As is obvious from the table, most participants took part in "Basic Coop Bookkeeping." LBP's training course is not confined to the financial area because agricultural cooperatives are so small in scale that their financial functions do not work independently.

LBP's training activities are noteworthy in the following points:

- ① Training is conducted on the basis of evaluation of agricultural cooperatives in terms of the scale of their membership, and also in manner which is commensurate with their levels-(at present, 80 percent of the agricultural cooperatives are at the lowest level).
- ② Training is provided on a businesslike basis as it is linked with financial services.
- ③ Efforts have been made to reduce participation costs (current participation cost is reportedly set at between 50 and 100 pesos a day per participant. Training expenses shouldered by LBP are procured by its subsidiary, "Education Foundation Inc.").

LBP has as many as 108 field offices in nation wide. Like this, it carries great weight in agricultural cooperative areas, hence its moves are definitely worth watching in connection with privatization problems.

(3) CUP and RCUs

Cooperative Education and Training Services are one of CUP's principal activities. The results of the training services for 1991' are shown in Table 4.

- ① Education and training services were devoted mostly to a campaign on the "2 Cooperative Law" in RA 6938 and RA 6939 (CDA helped finance this campaign).
- ② Few systematical education and training activities were noted (these activities, in many cases, took the form of Forums or Conferences)

CUP's education and training activities are debated at a "national cooperative congress," which is usually called parallel to a general assembly meeting. However, RCUs are "direct members" of CUP hence there is hardly a definite flow of linkaged guidance from RCUs to PCUs/CCUs and from PCUs/CCUs to primary cooperatives. In reality, agricultural cooperative at various levels are carrying out education and training activities to meet their respective needs, and dictated by the circumstances in which they are placed each. CUP, for its part, lacks the power to promote integrated training activities.

One of the background factors behind this situation is the shortage of "Man-power". The Education and Financing Section takes charge of CUP activities, but the quorum is only one staffer, and still worse, it is not filled. Therefore, actual training is provided often by consultants (volunteers) registered with CUP.

The situation can be considered severer with Cooperative Unions below the level of RCUs. According to hearing with CUP official, the number of RCU and PCU/CCU personnel averaged three to four.

What training activities are being carried out by Cooperative Unions at levels below RCUs can be fathomed by Table 5.

Next, there are financial restraints for education and training activities. Direct costs CUP shouldered for these activities in 1991 were 158,000 pesos, which accounted for only 5.7 percent of its real revenue. A major portion of CUP's

revenue comes from CETF* and CUP activities are covered by remittances from primary cooperatives. In recent years, a decrease in remitted CETF posed a problem to CUP.

CUP plans to promote NCETP** jointly with the government and the private sector, but the circumstances, explained in the foregoing, make it difficult for CUP to give full scope to its powerful initiative.

* CETF (Cooperative Education and Training Fund)

New Cooperative Law RA 6938 stipulates in Article 87 (2) that every cooperative is required to set aside 10% of its net surplus for the education and training fund, and half of the fund may be spent by the cooperative for education and training and other purposes, while the remaining half shall be credited to the cooperative education and training fund of the respective apex organization of which the cooperative is member. An apex organization may be federation or union.

** NCETP: National Cooperative Education and Training Plan for the Entire Cooperative Movement

(4) NATCCO and RDCs

NATCCO made a start with the creation of cooperative education and training center by credit union leaders. Five these centers were established from 1966 through 1976, and they in 1977 formed NATCCO as a national level organization. NATCCO has since then expanded its scope of activities in the business management area, ranging from audit to business activities to research and publication, and data bank services.

NATCCO itself plans and develops training modules, and also takes the charge of implementing the basic training course, while RDCs provide applied and specialized training courses.

There are many points worthy of note about the education and training activities of NATCCO and RDCs. For example:

- ① They have many competent staffers who can perform comprehensive categories of assignments (they have a permanent staff of more than 330 and do not have to rely whatsoever on outside helping hands).

- ② They are making efforts to conduct education and training activities on a commercial basis (these activities were conducted free of charge until the middle of the 1970s, but switched later to paid activities to enhance their quality. It is said that the participation costs are basically set at 660 pesos a day, including accommodation and meals charges).
- ③ Primary cooperatives, which are affiliated with NATCCO and RDC's are large in scale (See Table 6), and it is believed that the level of training needs and the burden-sharing capacity of participation costs relatively high.
- ④ The "Distance Education Program" was developed for implementation (the program started in 1988. At present, two training courses are provided under this program. In 1991, 101 trainees took part anew in these training courses. Additional two new training courses are currently under development).
- ⑤ A "National Cooperative Scholarship System" was developed and is now being operated for the sake of small-scale or deficit-redden primary cooperatives (this system started last year. Up to a maximum 75 percent of the training fee does not require repayment).
- ⑥ AS is clear from Table 7, remitted CETF is put in scholarship system to be returned to primary cooperatives. This system is designed so that large-scale surplus cooperatives may financially support small-scale, deficit-redden cooperatives.

NATCCO-RDCs, which are carrying out these vigorous activities, are being plagued by the following problems, according to their staffers:

- (a) The retirement rate of personnel is high.
- (b) They have a shortage of personnel extending on-the-spot guidance.
- (c) Their facilities are not distributed properly, making them not necessarily available in a satisfactory way.

(5) Federations

It can be said that Philippines cooperatives and federations at national and provincial levels are now not organized systematically. The status of educational training activities staged by federations for agricultural cooperatives can be gathered from the activities of those visited by the Study Team (such as BANGKOOP-CRB, CISP and FACOP-PFAC).

These federations have not yet attained adequate levels in the volume of business, financial capacity and the number of personnel. This makes it difficult to systematically train personnel required by primary cooperatives. On the other hand, primary cooperatives, for their part, have not carried out their undertakings on a separate basis, hence there are a few cases in which staffers in charge are assigned to individual businesses. This is presumably because there are not tangible specialized training needs by business.

In the cases of BANGKOOP and CISP, they conduct activities such as helping find lecturers upon request and dispatching them to primary cooperatives to give them briefing on items of merchandise and how to use them.

FACOP was recently established to take charge of the marketing and supplying business of cooperatives. FACOP makes the training of "Entrepreneurs" and training on bookkeeping and auditing the goal of its non-economic services. But these are not training activities based on its own business, but are identical with the training activities of other bodies.

(6) NGO-CCD and CFPI

i NGO-CCD

NGOs are also carrying out education and training activities for agricultural cooperatives. NGO-CCD was inaugurated in 1988 as an NGOs' network organization on the basis of a common agenda. NGO-CCD is characteristic in that it is seriously concerned about the natural environment and the political and cultural conditions of the poorest in society, including small farmers. In this respect, it is said that NGO-CCD draws a distinction between its activities and the mainstream cooperative movement. It is believed that about 350 primary agricultural cooperative societies are supported by NGOs (40 organizations) with which NGO-CCD is affiliated.

Training courses hosted by NGO-CCD comprise a basic course, an advanced course and a specialized course. These training courses are attended mainly by training staffers and leading staffers of NGOs. The training courses are managed by the Education and Training Committee, which is made up of only eight members, including its secretariat staff. Because of this, NGO-CCD has a pool of human resources, which reinforced by speakers, lectures, facilitators and trainers and specialists on cooperatives and relevant matters.

Participants in training courses previously did not have to pay fees, but they are now charged training fee (for example, 1,500 to 2,000 pesos per head for a five day training course including accommodation charges). Membership fees paid by member organizations are only 1,200 pesos a year. This biggest problem facing NGO-CCD is how to secure grants and contribution from abroad, which account for 95 percent of its total revenue.

ii CFPI

A member of NGO-CCD, CFPI is currently staging activities to foster agricultural cooperatives in accordance with its own ideal. It is a unique organization in that it is a cooperative registered with BCOD in 1981 and which CDA in 1991 and that it is also a member of CUP.

At present, CFPI has a staff of 80 (80 percent of whom are project staffers). It has assigned about 10 guidance personnel to its four (4) branches and seven (7) field units. It also has many volunteer personnel.

CFPI is carrying out education and training activities with its "Cooperative Service Center" linked with the branches and field units. CFPI's training courses are as follows:

Curricula of Training Courses
(CFPI, revised May, 1992)

1) Pre-Membership Education Seminar (Two days)

Target Participants: Prospective Cooperative Members

Content: Membership Familiarization
Marginalization and Empowerment
Importance of Group Action
Self-reliance
Member-participation
Types, Classification and Categories of Cooperatives Action
Planning

2) Ownership Seminar (Two days)

Target Participants: Cooperative Members

Course Pre-requisite: Pre-Membership Education Seminar

Content: Review of Cooperative Principles
Review of the By-Laws of the Cooperatives
Review of the Economic Survey of the Cooperative
Cooperative Laws
Allocation and Distribution of net Savings

3) Basic Cooperative Fieldworkers' Training Course (Five days)

Target Participants: Cooperative Fieldworkers of Government and Non-Governmental Organizations

Content: Marginalization and Empowerment
History of Cooperative Movement
Traditional and Alternative Models of Cooperative Development
Social Preparation of Cooperatives
Cooperative Project Preparation
Types of Cooperatives

Cooperative Education and training
Action Planning

4) Advanced Cooperative Fieldworkers' Training Course I (Five days)

Target Participants: Cooperative Fieldworkers of Government and Non-Governmental Organizations

Content: Marginalization and Empowerment
History of Cooperative Movement
Traditional and Alternative Models of Cooperative Development
Types of Cooperatives
Social Preparation of Cooperatives
Overview of Bookkeeping and Accounting
Preparation and Analysis of Financial Statements
Cooperative Education and training
Cooperative Laws
Value Formation

5) Advanced Cooperative Fieldworkers' Training course II (Five days)

Target Participants: Cooperative Fieldworkers of Government and Non-Governmental Organizations

Content: Marginalization and Empowerment
History of Cooperative Movement
Traditional and Alternative Models of Cooperative Development
Types of Cooperatives
Social Preparation of Cooperatives
Basic Financial Management
Management and Financial Audit
Cooperative Education and training
Cooperative Laws
Value Formation

6) Basic Cooperative Bookkeeping and Accounting Course (Four days)

Target Participants: Cooperative Board Members, Management Staff and Members of the Audit Committee

Course Pre-requisite: Pre-Membership Education Seminar (for Cooperative members)

Content: Importance of Bookkeeping
Record of Transactions
Posting
Preparation of Trial Balance
Preparation and Analysis of Financial Statements
Value Formation

7) Basic Cooperative Management Training Course (Five days)

Target Participants: Cooperative Boars Members and Management Staff

Course Pre-requisite: Pre-Membership Education Seminar (for Cooperative members)

Content: Concept of cooperative Management
Management by Objectives
Project Management
Work Planning
Value formation

Over the last year, eight (8) kinds of training were provided 136 times with participants exceeding 2,600. Nearly 80 percent of these training activities are Pre-Membership Education Seminars (PMES).

They covered a broad range of courses ranging from "Bookkeeping" to "mushroom Culture".

Training is conducted at small training facilities of field offices, schools, private homes of members and volunteers, and even under the shades of trees sometimes. Training fees are remunerations for lectures and rentals of training sites.

Generally, members of agricultural cooperatives, which are affiliated with CFPI, concurrently serve as manager, or bookkeeper or treasurer, and these cooperatives, in many cases, operate on a small scale.

The activities of CFPI depend largely on grants and contributions from abroad. Of its 1991 total revenue of 12,800,000 pesos, 95 percent were grants and contribution from abroad, and there are large fluctuations of revenue according to year.

(7) PBSP

PBSP was established in 1970 by businessmen of leading companies in the Philippines, as a nonstock, nonprofit organization. It annually receives contributions of one percent of net profits from domestic firms ranked less than the 150 th. PBSP's total support and income in 1991 exceeded 153 million pesos, enabling its staff of 180 to implement 500 to 600 programs.

Assistance by PBSP to agricultural cooperatives is provided in the following form through NGOs in various regions:

- ① NGOs' personnel expenses and traveling expenses are granted (about 7 million pesos);
- ② Production loans (including those for investment in facilities such as rice milling equipment; refundable in one (1) to five (5) years) are offered (about 15 million pesos);
- ③ PBSP conducts training activities for staffers of NGOs, and officials and members of cooperatives with which NGOs are associated; and
- ④ PBSP provides grants to NGOs to help finance their training of farmers.

At present, PBSP supports 300 to 400 NGOs, and the number of cooperatives supported by PBSP is estimated to be considerable.

In 1986, the Social Development Management Institute (SDMI) was established to run two (2) training centers. SDMI, with a staff of 25 and 300 registered lecturers, hosts about 50 kinds of about 120 systematized training courses, which are attended by 4,000 people of 1,000 organizations a year. For cooperatives, it provides "Cooperatives Development and Management for NGO's" and "Financial Management" courses.

SDMI's net income from training activities comes to 2.56 million pesos. SDMI secures a self-supporting system by also obtaining income from the operation of

dormitories and consultative services. Training participation costs are, for example, 1,200 pesos per head and 3,500 pesos per capita, including accommodation and meals charges, in the case of three-day training course (no training fee is charged for farmers).

Simultaneously with the establishment of SDMI, a scholarship system was introduced. This system is designed to cover about 60 percent of the training fees. Eligible for scholarship recipients are those (a) who continue to serve for three (3) years as cooperative personnel after going through training and (b) who are capable of disseminating the results of training. In this way, the scholarship system is given due consideration so that it may embody the ideal of PBSP and its policies, there by effectively promoting training.

(8) ACCI

ACCI was established in April 1960. It was conceived as a regional center for the training of officials and employees of government agencies dealing with the promotion and supervision of agricultural credit and cooperative organizations.

ACCI's main functions comprise instruction, research and extension.

The instruction division has set up a "Graduate course in cooperatives" (period of two (2) years), officially called "Master Management Major in Cooperative Management" (MM-CM). The division has eight (8) assistant professors and four (4) instructors.

ACCI's training activities for agricultural cooperatives are the responsibility of the extension division. This division hosted, in 1991, five (5) kinds of training on a combined total of 52 occasions (130 days), which were attended by 2,137 people (see Table 8). ACCI attaches considerable weight to Pre-Membership Education Seminars and no less importance to "Coop Management Training". In addition, it sends experts to extend technical assistance to government agencies such as DAR, DA and LBP, as well as PBSP, UPLB-Coops and primary cooperatives.

Furthermore, Information Service is one of ACCI's important functions.

This service highlights:

- ① “Malayang Pagsasaka” a radio program;
- ② Preparation of “The Coop Comics” for publication (35,000 copies were distributed free of charge to the target farmers); and
- ③ Development of training materials (modules)
 - * Trainers training
 - * Basic cooperative management
 - * Advanced cooperative management
 - * Accounting and bookkeeping for cooperatives
 - * Financial management course for managers of cooperatives
 - * Project identification and evaluation
 - * Leadership training course for agriculture-based cooperatives

The following are the characteristics of ACCI's education and training activities for agricultural cooperatives:

- (a) A graduate course has been set up;
- (b) Sophisticated and scientific field activities and training activities are being carried out; and
- (c) With Region IV as the base, activities zeroed in on agriculture and agricultural cooperatives are being implemented.

[With regard to ACCI, information, including its annual reports, was analyzed. Meanwhile, the study team conducted a survey into a government corporation called the Development Academy of the Philippines (DAP). DAP conducts the training of experts mainly for government agency officials concerned. It also offers the training of leaders of agricultural cooperatives and farmers, but standard training fees average 1,000 pesos a day, hence the number of participants from agricultural cooperatives can be considered to be small.]

(9) Primary cooperatives

According to cooperative principles, education and training activities cover (a) non-membership farmers, (b) cooperative members, and (c) cooperative officials and personnels. Training for primary cooperatives directly involves the entire category of these people. Judging from information available from field surveys and annual reports filed with CDA, the outline of education and training activities is as follows:

(a) Education and training for non-membership farmers

Formal education and training activities are Pre-Membership Education Seminars. It seems that a considerable number of primary cooperatives sponsor or cooperate in such seminars (see Table 9).

There was also a case ("Pototan Farmers Multi-Purpose Cooperative Inc.") in which application forms for joining were kept at the cooperative office in a campaign to enlarge membership. Basically, however, this was through "word-of-mouth" publicity by cooperative members.

(b) Education and training for cooperative members

It seems that there are a few opportunities for cooperative members to receive formal educational and training activities. According to the field survey, there were a few cases, if any, of meetings attracting a large attendance of cooperative members except for general assembly meetings.

(c) Education and training for cooperative officials and personnels

It is yet to be determined how many cooperative officials and personnels participate in formal training. Many government agencies and private organizations provided opportunities for formal training, but quantitatively, Pre-Membership Education Seminars constitute the majority of formal training. Training courses in bookkeeping, accounting and management are being given priority. With the exception of LBP, there are few instances of education and training activities adapted to these needs. It seems that the percentage of cooperative officials and personnels taking part in training programs hosted by outside organizations is considerably low.

One of the reasons behind is the problem of participation costs. "Table 9" provide the analysis of agriculture-based cooperatives only in Region VI. The training fee for bookkeeping and accounting is 100 to 200 pesos per head, while that for management is 500 pesos per capita. Primary cooperatives should bear these training fees through their own CETF. "Table 10" show the distribution of net surplus of primary cooperatives in Region VI by the scale of their membership (CETF puts aside 5 percent of net surplus). The average net surplus of agricultural cooperatives is estimated as about 10,000 pesos. This means that CETF is only 500 peso per cooperative. As already explained, the participation costs, inclusive of accommodation charge, is 300 to 1,000 pesos per head per day. The agricultural cooperatives below average scale can not shoulder it. Such training fees can be borne only by large-scale primary cooperatives whose net surplus exceeds 50,000 pesos (2,500 pesos in terms of CETF) and whose membership surpasses 300.

For full-time cooperative officials and personnels, there are important areas of education and training, such as OJT (On-the-Job Training) and SD (Self Development). The study team came across one cooperative where OJT was offered under the direct guidance of the well-experienced manager.

3-3-3 Farming and better living guidance activities

Farming and better living guidance activities of multi-purpose agricultural cooperatives play a role in ① strengthening functional ties between cooperative members and agricultural cooperatives, ② integrating their functional ties and ③ creating their organizational unity and maintaining their relations.

However, the study term has so far not been able to come across a Philippines agricultural cooperative at any level with such a concept or a system of embodying it. There are a few agricultural cooperatives which have a full-time employee in charge of the activities.

In many cases, it seems that agricultural cooperatives are only concerned with educational training activities for farm households.

Hence it is assumed that farming and better living guidance functions are mostly covered by the agricultural extension workers of DA and others. According to hearing, they reportedly not only offer technical guidance but also help

open PMES, help newly organized cooperatives prepare papers for registration with CDA and help them go through formalities to obtain loans. (However, the DA extension service below the provincial level will be transferred from National to Local Governments with the enforcement of the Local Government Code, and, therefore, there is need to keep an eye on the functions of the DA extension service).

One of the principal problems to deal with in the improvement of farming operations lies in the postharvest process. More specifically, it has been virtually agreed upon by the parties concerned that the problem involves the process of drying, storing and rice milling, and means of transportation. For example, post-harvest losses are estimated at least at 3 percent at a minimum and 40 percent at a maximum ("The Philippines Agricultural Development Plan 1991-1995" D.A. P27).

With respect to preharvest problems, it was simply pointed out that difficulties have arisen in the repeated cultivation of farm crops primarily in vegetable-producing areas and that steps have been taken to protect farm crops from blights and harmful insects.

The concern of the farmers lies mainly in the market price of their products. The Technology Transfer Program for Cooperatives (TTPC) which CUP is jointly pushing with DA and others, is designed from the stand-point of how to increase income. However, there is hardly a program intended to systematically promote savings by rationalizing living. Even hearings as well as field surveys show that only a few cooperatives encourage savings.

"For us, the biggest headache is how to provide our children with education, whose lots are definitely getting worse than our generations," some farmers complain. In reality, primary agricultural cooperatives are now too incapable to meet great potential needs represented by their complaints.

Table 1 Training Activities Conducted/Coordinated Central Office
(January - December 1991)

Kinds of Training	No. of Trng.	No. of Participants
Skills Training on	6	367
Leadership and Management Training	5	205
Cooperative Development Training	4	111
Trainers Training	9	335
Cooperative Orientation Seminars	15	524
Grand Total	39	1,542

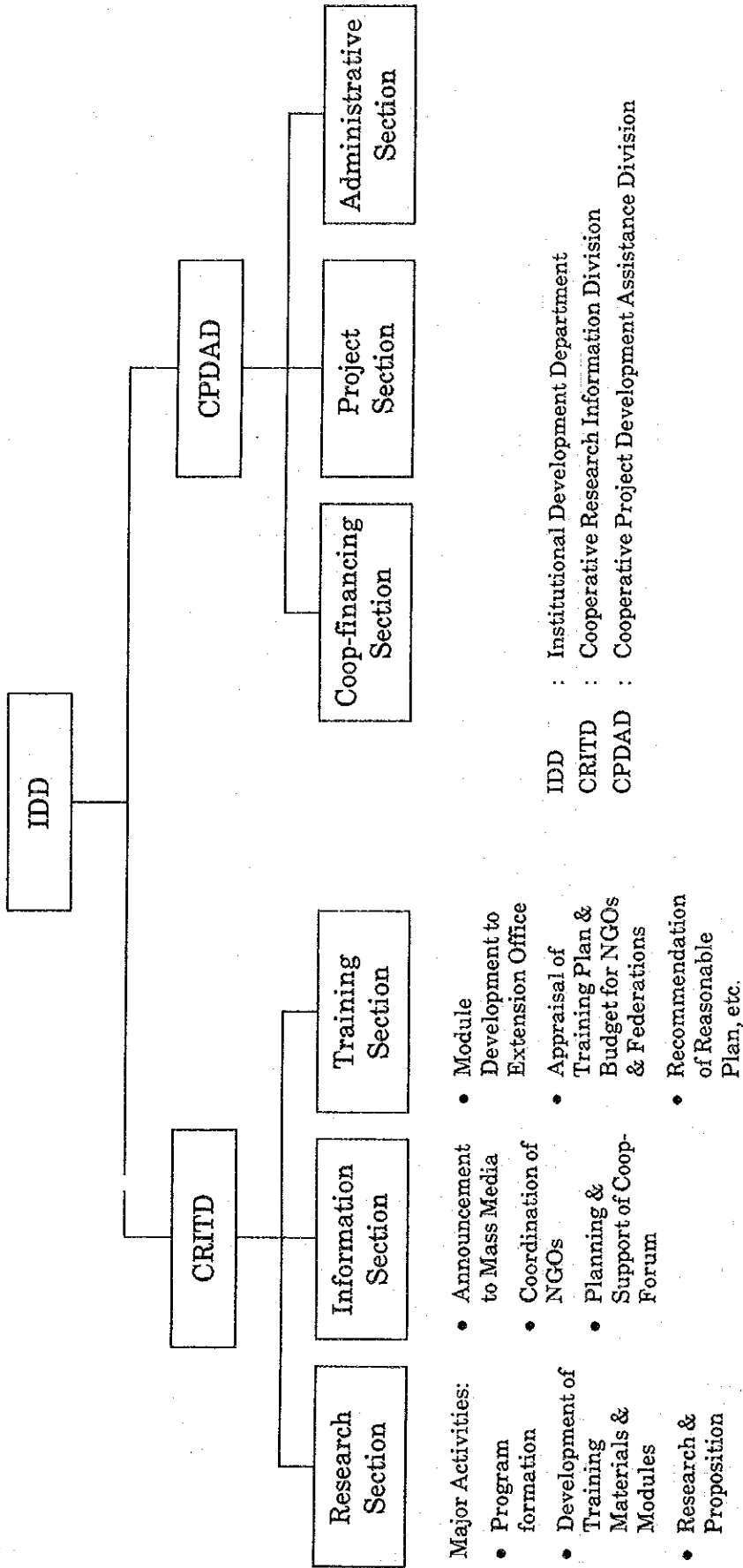
Source: Organizational Transition Report, CDA, 1992

Table 2 Training Activities Conducted/Coordinated Extension Office
(January - December 1991)

Kind of Training	Coverage	Number	Total Participants
Pre-membership Education Program	VII, VIII	185	4,625
	V	65	1,135
	XI, XII	278	9,567
	IX, X	7	217
	I, II, CAR	211	5,672
	NCR, III, IV	139	4,473
Total		885	25,689
Leadership Training/Managerial Training	I, II, CAR	23	720
	NCR, III, IV	1	46
	IX, X	1	210
Total		25	976
Bookkeeping and Accounting Seminar	I, II, CAR	49	1,827
	NCR, III, IV	2	46
	V	2	79
	XI, XII	3	104
	IX, X	2	89
Total		58	2,145
Trainers Training	CAR, I, II	4	135
	V	3	57
	XI, XII	1	39
Total		8	231
Auditing	XI, XII	2	4
Technology on Banana Production/Processing	XI, XII	1	110
Post Harvest Facilities	XI, XII	1	34
Accreditation Training	I, II, CAR	1	21
Staff Development Course	I, II, CAR	2	28
	V	2	30
	VI	13	160
Total		22	387
Entrepreneurial Course	I, II, CAR	1	21
Grand Total		999	29,449

Source: Organizational Transition Report, CDA, 1992

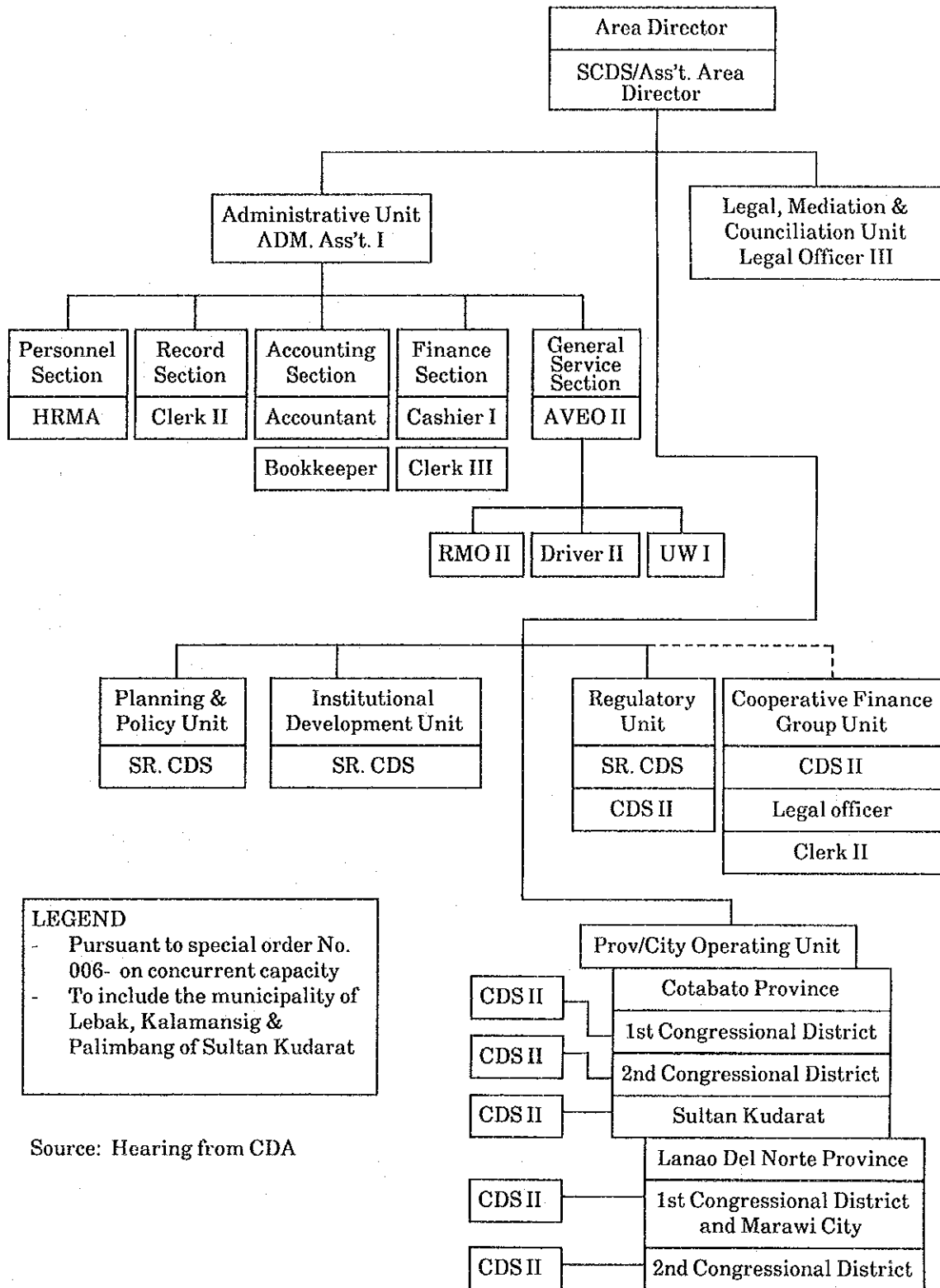
Figure 1 Offices in charge of Education & Training in CDA



Source: Hearing from CDA

Figure 2 Organization of Extension Office

— CDA Kidapawan Extension Office —



LEGEND
 - Pursuant to special order No. 006- on concurrent capacity
 - To include the municipality of Lebak, Kalamansig & Palimbang of Sultan Kudarat

Source: Hearing from CDA

Table 3 Schedule of Training of LBP in 1991

Type of Training	No. of Coops	LBPEFI Share
Basic Coop Bookkeeping	1,233	P 517,826.50
Basic Coop Management	257	111,700.00
Financial Management	550 2 federations	319,570.00
Sugar Technology	5	2,400.00
Certified Seed Production	71	50,460.00
Credit & Collection Management	64	31,700.00
Cooperative Entrepreneurial Development	4	2,000.00
Training on Project Packaging & Project Feasibility Study Preparation	30	10,000.00
Cattle Breeding	45	4,000.00
Total	2,259 2 federations	1,049,656.50

Source: LBP

Table 4 Education and training for 1991

Title of Activity/Date/Venue	No. of Parts.	MTH	Sponsors
1. Nationwide Information Campaign on the 2 Cooperative Laws	1,993	88,824	CUP/CDA RCUs
2. Philippine Cooperative Development Forum, Asian Institute of Tourism Hotel, Quezon City, June 4-7, 1991	62	1,984	ICA ROAP/SCC/ CUP/NATCCO/ SCDIP/CDA
3. Skills training Program for Metro Manila based Consumers Cooperative	20	120	ICA ROAP/ CUP/MMAFEC
4. National Evaluation Planning Conference, Feb 13-15, 1991; Sacred Heart Novitiate, Novaliches, Quezon City	35		CUP/CDA
5. National Cooperative Congress & 12th Annual CUP General Assembly; Oct 5-6, 1991; Imus Sports Center, Imus, Cavite	110	1,760	CUP
International Activities: Regional Consultation Conference on Cooperative Government Collaborative Strategies for the Development of Cooperatives; Nov 20-22, 1991 Hotel Aurerio, Ermita, Manila	40	960	ICA ROAP/SCC Co-hosts: CUP/ NATCCO/CDA
Totals	2,260	93,648	

Source: CUP

Table 5 Education and Training, Western Visayas Union of Cooperatives, Inc. (WVUC)
(January - June, 1992)

Activities/Venue	Date	Sponsors	Part.
Cooperative Marketing S/W San Jose, Antique	22-23 Jan	ATI/WVUC	35
Orientation on Requirements for Coop Registrat	30 Jan	WVUC/DA6MACO	103
ILO/MATCOM Trainers Training on Rural Savings & Credit Scheme, Iloilo City	6-9 Feb	ILO/WVUC	23
CERD Organization and Mgt. W/S, Iloilo City	6-10 Apr	ILO/DANIDA/WVUC	25
First Regional Coop Congress	4 May	WVUC	95
13th Annual General Assembly	5 May	WVUC	19
Strategic Planning Conference	9 June	WVUC/FIAMCI	17
Strategic Planning Conference	11 June	WVUC	29
UPV Graduates Project Presentation	12 June	WVUC	16
Total			367

Source: Western Visayas Union of Cooperatives, Inc. (WVUC)

Table 6 Scale of Coops

	No. of Coops (a)	No. of Membership (b)	(b)/(a)
(1) Newly Registered Coops (Sep. 1991)	4,475	172,064	39
(2) Confirmed Coops (Jun. 1991)	1,177	96,881	82
(3) NATCCO-Credit Coops (1991)	194	142,671	735
(4) NATCCO-Multi Coops	282	137,858	489

Source: (1) & (2) The Philippine Medium Term Coopertive Development Plan (CDA)
(3) & (4) NATCCO-DATA BANK

Table 7 Cooperative Education and Training Fund (CETF)
of NATCCO & RDCs

As of December 31, 1991

NATCCO Member	CETF Amount	NATCCO Share		Total Number of Affiliate Coops	Affiliate-Coops			
		Amount	%		Have Paid Already		Have Not Paid Yet	
					No.	%	No.	%
NORLU	P172,512.20	P43,128.05	20.76	207	35	16.91	172	83.09
TACCODEC	248,872.88	62,218.22	29.94	259	45	17.37	214	82.63
BCDC	76,807.84	19,201.96	9.24	124	16	12.90	103	87.10
VICTO	144,405.20	36,101.30	17.37	259	30	11.58	229	88.42
MASS/SPECC	149,744.52	37,436.13	18.02	239	14	5.86	225	94.14
CECI	38,821.64	9,705.41	4.67	30	27	90.00	3	10.00
Total	P831,164.28	P207,791.07	100.00	1,118	167	14.94	951	85.06

NATCCO Share of P207,791.07 was Applied to the Following Uses:

A. Education & Training

Training Assistance to Coop Leaders/
Staff availing of scholarship from the
National Cooperative Scholarship system (NCSS) P103,895.52

B. Advisory Services

To support Extension Workers of the RDCs 62,337.31

C. Publications

NATCCO Monitor & 1992 Calendar 41,558.24

Total P207,791.07

Source: NATCCO Annual Report

Table 8 Extension Program (ACCI, 1991)

Activity	No.	No. of Days	No. of Parts.
Pre-membership Education Seminar	40	40	1,657
Trainors Training *	2	36	76
Coop Management Training	7	46	168
(National)	(6)	(7)	(162)
(International)	(1)	(39)	(6)
Conference-Workshop **	2	6	36
Study Tour	1	1	100
Total	52	130	2,137

* Training for Fieldworkers of LBP & NTA

** On the "Role of State College & Univ. in Coop Development"

Source: ACCI Annual Report

Table 9 Type of Seminar / Trainings & Cost/Fee of Trainings

Type	Cost/Fee (P)										Unit. No. of Coops	
	1-50	51-100	101-200	201-300	301-400	401-500	501-	N.A.	Total			
Pre-membership Education Seminar		2	4	5	3	8	23	38				
Information Dissemination			1								1	
Education Seminar on Coop			2	2		1	1	2			8	
Coop Orientation						1		1			2	
Total	0	2	7	7	3	10	24	41			94	
Accounting & Bookkeeping Seminar			1								1	
Bookkeeping	2	1	6	1	1	1		5			17	
Accounting Seminar		1					1				3	
Audit & Inventory								1			1	
Total	2	2	7	1	1	2	1	6			22	
Coop Officers Training											3	
Cooperative Management			1		1	1	1	2			8	
Conflict Management Seminar											1	
Project & Fund Management			1		1		1	2			5	
Project Monitoring & Evaluation			1				1				2	
Leadership Training		1					1				2	
Total	0	1	3	0	2	1	7	7			21	
DTI Management		1									1	
Farm Management		1									1	
Crop Production Seminar	1		1								2	
Technical Training	2	3	1	1	1	2	1	4			15	
Skill Training	3	5	2	2	1	2	1	2			3	
Total	3	5	2	2	1	2	1	6			22	
Refresher Course on Coop				1							1	
Community Development Program							1				1	
Agri-business Entrepreneurial Training							1	1			2	
Organization Building Seminar					2						3	
Value Formation Seminar		1		1							2	
Membership Development							1				1	
Secretarial Service							1				1	
Total	0	1	0	3	2	0	4	1			11	
Grand Total	5	11	19	13	9	15	37	61			170	

Source : Annual Report, CDA Region VI, 1991

Table 10 Net Surplus of Agri-Coops by Membership Scale

Unit: No. of Coops

Net Surplus (P) Total Membership	A.	B.	C.	D.	E.	F.	G.	H.	I.	J.
	Deficit	0-500	501-1,000	1,001 -5,000	5,001 -10,000	10,001 -50,000	50,001 -100,000	100,001-	N.A.	Total
(1) -15					1				1	2
(2) 16-30			4	6	3	7			18	38
(3) 31-50	3		1	9	4	9			22	48
(4) 51-100	2		1	7	5	15	2	1	15	48
(5) 101-200						6	2		9	17
(6) 201-300				1	1		2			4
(7) 301-				1		2		2	3	8
(8) Total	5	0	6	24	14	39	6	3	68	165

Source: Annual Report, CDA (Region VI), 1991

**VII. Comparison between Agricultural
Cooperative System in the Republic of
the Philippines and in Japan**

VII. Comparison between Agricultural Cooperative System in the Republic of the Philippines and in Japan

I. Organisation Structure

1. Union

1-1 In the Philippines, there is CUP. However, CUP does not represent all types of cooperatives as required by the Cooperative Code. But agricultural, consumers' and other types of cooperatives are under the umbrella of CUP.

1-2 In Japan, Central Union of Agricultural Cooperatives represents agricultural cooperatives exclusively.

1-3 In the Philippines, local level unions are independent legal entities. In this particular connection, the situation in Japan is exactly the same.

2. Marketing and Supply Business Organisation

2-1 In the Philippines, FACOP has been established as a national marketing and supply federation. However, as it is a quite new organisation, much of its development will be expected in future.

At provincial level, there are some cases where economic federations deal with the same/similar kind of businesses within the same province.

2-2 In Japan, National Marketing Federation of Agricultural Cooperatives and National Supply Federation of Agricultural Cooperatives were merged into Zen-noh or National Federation of Agricultural Cooperatives which deals with marketing and supply businesses. In each prefecture, there is one Prefectural Economic Federation of Agricultural Cooperatives which is a member of Zen-noh.

3. Credit/Banking Institution

3-1 There is no national level cooperative banking institution in the Philippines. CBs have been established in provinces, but not in all provinces as expected.

3-2 In Japan, Norinchukin Bank or the Central Cooperative Bank for Agriculture, Forestry and Fisheries is serving agricultural, forestry and fisheries cooperatives. All shareholders of the Bank are cooperatives. Government has no single share capital of the Bank. In each prefecture, there is one Prefectural Credit Federation of Agricultural Cooperatives which is a member of the said Bank. The said Bank not only receives deposits but floats bank debentures as well.

II. Business Activities

1. In the Philippines, any cooperative which deals with more than 2 out of 5 (credit, consumers, producers, marketing and service) activities is defined as multi-purpose cooperatives.

Whereas in Japan, multi-purpose agricultural cooperative has to deal with savings receiving business. In many cases, multi-purpose agricultural cooperatives in Japan deal with such multiple lines of business as credit, marketing, supply, services etc. concurrently.

2. In the marketing side, agricultural cooperatives in the Philippines often compelled to endure unfavourable terms of trade. In Japan, especially in the marketing business, unconditional consignment sales and price-pooling system are prevailing for the benefit of member farmers and their cooperatives.

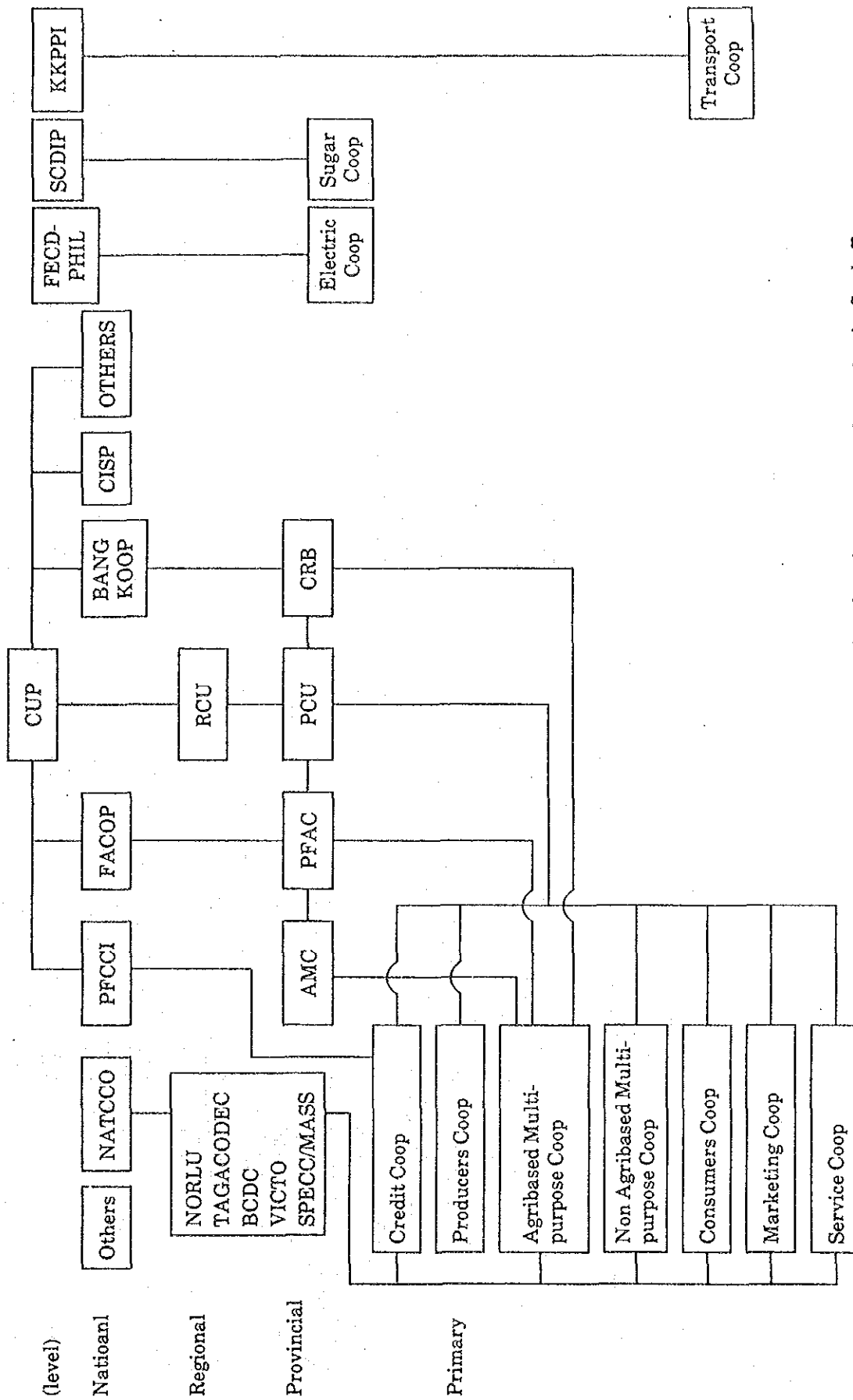
III. Legal Framework

1. In the Philippines, an unified cooperative code (Republic Act No. 6938) was promulgated in 1989.

2. In Japan, no unified cooperative code exists. More specifically, Agricultural Cooperative Law, Forestry Cooperative Law, Fisheries Cooperative Law, Consumers' Cooperative Law were enacted and applied to the respective types of cooperatives.

3. In the Philippines, single Cooperative Development Authority was established under the Agency Law (Republic Act No. 6939), whereas in Japan, no such single authority exists.

Structure of the Cooperative Movement



Based on the survey conducted by the Study Team

The Organization of Japan's Agricultural Co-operatives

