

Strengthening Capacities of Cooperatives in Implementing Rice Post Production and Marketing in Laguna, Philippines

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Background of the Paper

- DAR Laguna identified palay trading as a project that Agrarian Reform Cooperatives could go into
- Covers two AR Coops and one Farmers' Association
- Given the current status of the AR Coops, characteristics of their members as well as other community residents and the situation in the communities involved, could these organizations pursue such enterprise?

Phil Coop Code of 2008 (RA 9520)

- Covers Agrarian Reform (AR) Cooperatives (Chapter XI)
- Defines an AR Coop as one organized by marginal farmers, majority of which are agrarian reform beneficiaries (ARBs), for the purpose of developing an appropriate system of land tenure, land development, land consolidation or land management in areas covered by agrarian reform (Art. 88)

Phil Coop Code of 2008 (RA 9520)

- Article 93 (Privileges) states that subject to such reasonable terms and conditions as the Department of Agrarian Reform (DAR) and the Authority may impose, the AR Coops may be given the exclusive right to do any or all of the following economic activities in agrarian reform and resettlement areas:
 - 1) Supply and distribution of consumer, agricultural, aqua-cultural, and industrial goods, production inputs, and raw materials and supplies, machinery, equipment, facilities and other services and requirements of the beneficiaries and marginal farmers at reasonable prices;

Art. 93 (Privileges) of RA 9520

- 2) Marketing of the products and services of the beneficiaries in local and foreign markets;
- 3) Processing of the members' products into finished consumer or industrial goods for domestic consumption or for export;
- 4) Provision of essential public services at cost such as power, irrigation, potable water, passenger and/or cargo transportation by land or sea, communication services, public health and medical care services;

Art. 93 (Privileges) of RA 9520

- 5) Management, conservation, and commercial development of marine, forestry, mineral, water and other natural resources subject to compliance with the laws and regulations on environmental and ecological controls; and
- 6) Provision of financial, technological and other services and facilities required by the beneficiaries in their daily lives and livelihood.

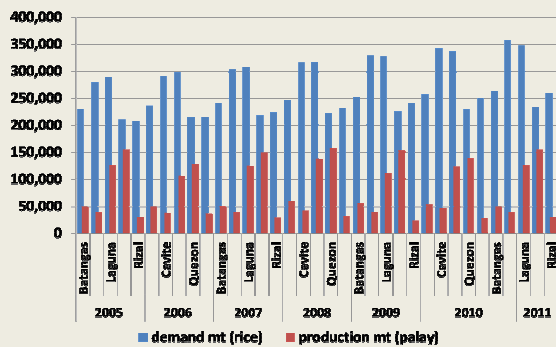
Description and Source of Data

- Primary data
 - Household survey
 - Victoria and Bay, Laguna covering year 2011
 - 60 household respondents:
 - ✓ 30 AR Coop members
 - ✓ 30 Non- members
 - Focus Group Discussions with two AR coops and one Farmers' Association which are based in Agrarian Reform Communities (ARCs)

Description and Source of Data

- Victoria and Bay, Laguna covering year 2011
- Dila Multi-Purpose Cooperative For Progress, Inc.
- Puypuy Farmers' Association
- Secondary data

Production and demand for rice (mt), Region 4a, 2005-2011



Source of basic data: BAS 2012

Current State of Three AR Coops

STRENGTHS	WEAKNESSES
Assets such as office building and production and post-production facilities like warehouse, mechanical dryer, flat beds, rice mill	Many inactive members
Member's and officers' willingness to embark on a large scale rice production	Non-repayment of loans of some member-borrowers
Linkages with government and non-government organizations/agencies	Limited operating capital to embark on a rice trading enterprise
Management/officers had undergone many trainings	Lack of marketing outlet/arm
Receptive towards undertaking a palay trading enterprise	"Dole out" mentality of some members
	"Wait and see" attitude
	Low capacities of post-harvest facilities which are not enough if large scale palay trading is entered into

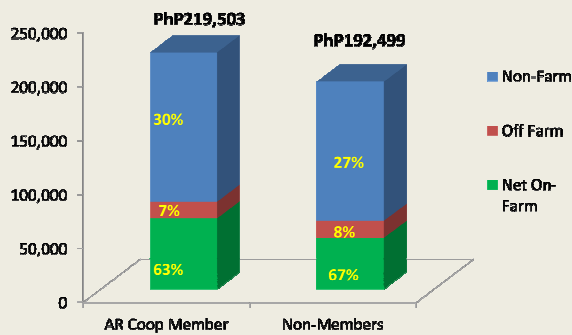
Current State of Three AR Coops

OPPORTUNITIES	THREATS
Expansion of palay/rice trading business by buying from nearby communities	Traders from within and outside of the communities
One ARC coop is an area which remains to be a farming community with a large area still devoted to agriculture	Provision of loans of some NGOs/ Micro-Financing Institutions (MFIs) in the ARC causes community residents to be heavily indebted
Good road conditions	Selling/ mortgaging of land & land rights
Availability of year-round irrigation	
Public transportation facilities readily available	
Access to basic social services such as water, electricity	
Non-farm employment opportunities	

AR Coop Members vs. Non-Members: Occupation

Household Members	AR Coop/Org Members	Non-Members
Household Heads' Primary Occupation	Majority in agriculture (farmers and hired farm workers)	Majority in agriculture (farmers and hired farm workers)
Household Heads' Secondary Occupation	Majority did not have any secondary occupation	Majority did not have any secondary occupation
Spouses' Primary Occupation	Close to half had no primary occupation	Close to half had no primary occupation
Spouses' Secondary Occupation	Almost all did not have any secondary occupation	Almost all did not have any secondary occupation
Children's Primary Occupation	More than half were not employed being underaged; many of those who were employed were either farmers/hired farm workers or Laborers/production workers	More than half were not employed being underaged; many of those who were employed were either farmers/hired farm workers or Laborers/production workers

AR Coop Members vs. Non-Members: HH Income



AR Coop Members vs. Non-Members: Crop Prod'n

Indicators	AR Coop Member	Non-Members
% Cultivators among Respondents	77	63
Major Crops Planted by Cultivators	Palay - 100%	Palay - 100%
Average Area Planted to Rice per Season (in Hectares)	1.57	1.31
Average Yield (MT/ha)	4.35	3.58
% Sold	68	66

Projected Volume Sold by Members to AR Coop

- Given:
 - ☛ total of 587 members
 - ☛ proportion who sell to coop = 30% = 176 members
 - ☛ Proportion sold by members = 68%
 - ☛ Average yield/ha = 4.35 mt/ha/season
 - ☛ Average area planted = 1.57
- Estimated volume that will be sold to coop = 817.35 MT/season

Coop Members vs. Non-Members: Crop Prod'n Problems (in %)

	AR Coop Member	Non-Members
With crop prod'n problems	91	53
Problems*	(n=21)	(n=10)
Pests/rats	67	90
Typhoon/floods	38	40
Golden snail	10	10
Birds	10	0
Diseases	10	0
Weeds	5	10
Non-availability of good quality seeds	5	0
Poor quality of harvested palay	5	0
High cost of inputs	5	0

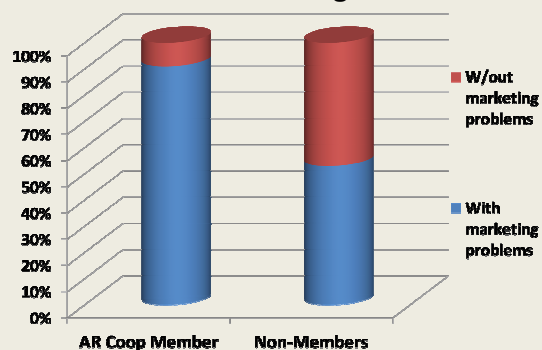
Coop Members vs. Non-Members: Marketing

- Market Outlets
 - AR Coop Members
 - ✓ 56% traders/middlemen
 - ✓ 30% coop
 - ✓ 14% buying stations and neighbors/relatives
 - Non-Members
 - ✓ 70% traders/middlemen
 - ✓ 30% public market, coop, rice mills, and buying stations

Coop Members vs. Non-Members: Marketing

Major Market Outlet	Reasons for Choice of Market	AR Coop Members (%)	Non-Members (%)
Traders/ middlemen		(n=16)	(n=14)
	Good/high price offered	44	21
	Cash payment	19	43
	Credit-market-tie-up	31	29
	Nearest/accessibility	6	14
	Picked up by buyers	6	0
	Others	12	0
Cooperative		(n=8)	(n=1)
	Good/high price offered	25	0
	Cash payment	0	100
	Credit-market-tie-up	38	0
	Nearest/accessibility	25	100
	Picked up by buyers	13	0
	Others	25	0

Coop Members vs. Non-Members: Marketing

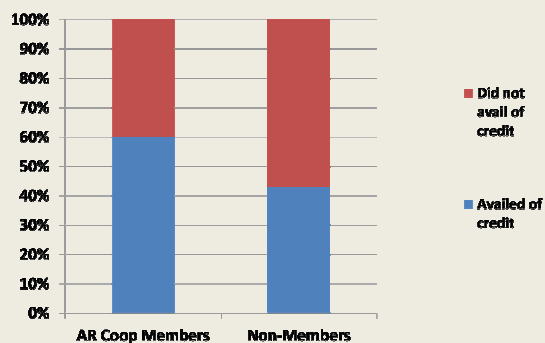


Coop Members vs. Non-Members: Marketing

Marketing Problems*	AR Coop Members (%)	Non-Members (%)
Low farm-gate prices	67	20
High transportation cost	0	60
Fluctuating prices	17	20
Limited marketing outlet	17	0
Not paid in cash	17	0
Poor farm to market roads	0	20

*multiple response

Coop Members vs. Non-Members: Credit

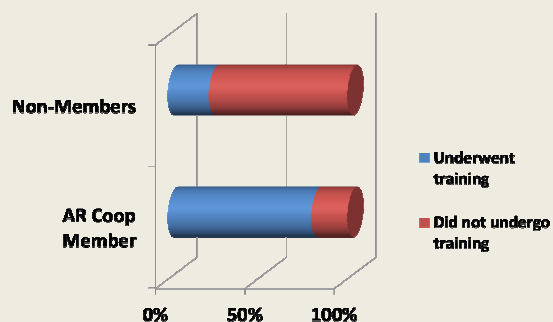


Coop Members vs. Non-Members: Credit

Sources of Credit *	(n=18)	(n=13)
Cooperatives	56%	35%
Micro-finance Institutions	22%	29%
Traders/Middlemen	17%	23%
Lending investors	-	6%
Relatives	-	6%
Government institutions	6%	3%
Private individuals		3%

*multiple response

Coop Members vs. Non-Members: Training



Coop Members vs. Non-Members: Training

Trainings Attended*	AR Coop Members (n=24)	Non-Members (n=7)
Farming techniques	50%	29%
Organic farming	33%	43%
Organizational management	17%	-
Farmer field school	13%	14%
Coop strengthening	8%	-
Others	29%	14%

*multiple response

Training Needs of AR Coop Officers

Training Needs of Officers*	%
None	15
Value formation	3
Financial management, bookkeeping, accounting and collection strategies	15
Coop management; organizational strengthening.	36
Continuous program that will help transfer to members the knowledge and skills learned by officers.	3
Leadership	3
Intensive training on palay production;soil testing and analysis	3
Technical training on water chlorination and maintenance	3
Don't know/no response	9

*multiple response

Training Needs of AR Coop Members

Training Needs of Members*	%
None	21
PMES; Review of members' duties; team building activities	21
Value formation	12
Livelihood training/seminars	9
Intensive training on palay production;soil testing and analysis	9
Financial management,bookkeeping,accounting and collection strategies	3
Continuous program that will help transfer to members the knowledge and skills learned by officers	3
Awareness level on importance of paying loans	3
Don't know/no response	9

*multiple response

Coop Members vs. Non-Members: Other Assistance

Assistance Availd*	AR Coop Members	Non-Members
Farm to market roads	53	30
Seed dispersal	47	33
Irrigation	53	23
Fertilizer dispersal	50	23
Dryer	33	13
Crop Insurance	40	3
Marketing	30	10
Warehouse	13	7
Bridges	13	7
Harvester	10	7
Thresher	7	7
Mills	7	3
Animal dispersal	3	3

*multiple response

Conclusions and Recommendations

- Rice production enhancement and marketing project proposed by DAR Laguna is appropriate:
 - ❖ Supply of rice in the province of Laguna is far below its demand
 - ❖ Areas selected for the proposed enterprise are rice producers
 - ❖ Good roads and telecommunication facilities are plus factors
- Have to contend with traders by offering better prices and incentives

Conclusions and Recommendations

- AR Coops must have access to market information to be competitive
- Volume sold to AR Coops can be increased if:
 - More members will be encouraged to market to coops by providing incentives
 - Non-members will be encouraged to market to the coops
 - Volume of production will be enhanced
- DAR must be able to provide the necessary farm machinery and post-harvest facilities
- Given the advantages of being affiliated with the AR Coops, recruitment plans should be pursued

Conclusions and Recommendations

- Provide appropriate trainings to officers and members who have not undergone much training
- Since the AR Coops lack sufficient capital, they should be infused with working capital
- Policies and guidelines regarding the proposed project should be created to ensure sustainability