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ORGANIZATIONAL CAPACITIES OF SELECTED COOPERATIVES IN THE UPLAND AREAS OF NUEVA VIZCAYA, PHILIPPINES

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Introduction

Cooperatives carry a special purpose in helping disadvantaged groups in a society to obtain greater influence in market transactions:

- improve the purchasing power of the members
- provide cost advantage through elimination of unnecessary middlemen.

Introduction

- Nueva Vizcaya is in the heart of Northern Luzon.
- It is one of the five (5) provinces of Region 02 and one of the four (4) mainland provinces of the region.
- It is the third largest province in terms of area with 14.55% share of the regional area.
- It is geographically located at the southernmost part of Region 2 and is regarded as the gateway to Cagayan Valley.

Introduction

The Study Areas:

- The municipality of Dupax del Norte, Kasibu, and Kayapa, Nueva Vizcaya are noted as hilly to mountainous terrain with fertile land and favorable climate suited for agricultural production.

- Of the 15 municipalities, these 3 municipalities belong to the upland vegetable municipalities of the province of Nueva Vizcaya.

- Rice produced in these areas were intended for family consumption.

Introduction

- However, it is noted that most farmers claimed their income to be low, they operate in poor marketing system, inadequate pre-and post harvest facilities, poor access and high cost of credit because of inadequate capital to finance their farming activities. (DAR,2012)

- Price of vegetables is often dictated by middlemen dominating the operations of the Nueva Vizcaya Agricultural Terminal.

- The study is therefore imperative to determine the organizational capacity of the coops to offer new services particularly agri-enterprises besides their present line of businesses to improve the condition of their members.

Objectives

The study aims to assess the organizational capacity of selected coops to manage their present services and products and similarly to develop, establish and manage new agri-enterprises in terms of their;

- governance
- human and fiscal resources
- policy, systems and procedures
- existing enterprises
- access to credit, information and market
- support services, and
- networks and linkages

Methodologies

Location of the study

- Kasibu - St Patrick MPC, KAFDECO and MSCC
- Kayapa- St Joseph MPC- Kayapa and PCDC
- Dupax del Norte- GCC, CONVALCO and St Joseph MPC-Belance

Data Collection Method

- Focused Group Discussion with officials and management staff of the coops, respective municipal officers, and other officials of national agencies
- Key Informant Interviews of farmers- members, other officials of the coops and LGU leaders not included during the conduct of FGDs
- Actual visit and personal observation of the sites, cooperative and its operations
- Secondary data gathering
- Conduct of validation workshops

Method of Analysis

- Organizational and Enterprise Needs and Design Assessment (DAR, 2012) is used to assess the organizational capacities of the cooperative to manage their present business and to undertake new enterprises.

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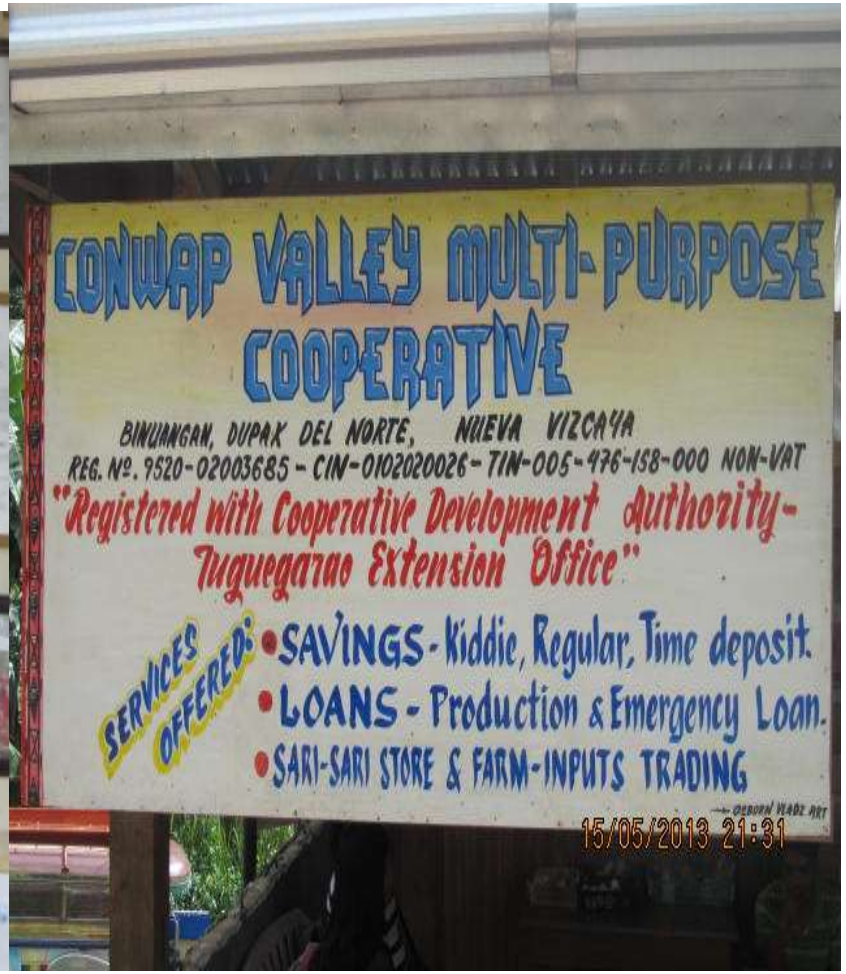
KAFDECO ORGANIZATIONAL STRUCTURE


CONWAP VALLEY MULTI-PURPOSE COOPERATIVE
BINUMGAN, DUPAK DEL NORTE, NUEVA VIZCAYA
REG. Nº. 9520-02003685 - CIN-0102020026 - TIN-005-476-158-000 NON-VAT
"Registered with Cooperative Development Authority-Tuguegarao Extension Office"
SERVICES OFFERED:
•SAVINGS - Kiddie, Regular, Time deposit.
•LOANS - Production & Emergency Loan.
•SARI-SARI STORE & FARM-INPUTS TRADING
15/05/2013 21:31

ST. PATRICK PARISH
MULTI-PURPOSE COOPERATIVE
CDA Registration: 9520-02007835
TIN: 003-375-903 Non-VAT
Poblacion Kasibu, Nueva Vizcaya
Maiparit ti Agsigarilyo ditoy!!
SP Ordinance 2010-049
THIS IS A SMOKE-FREE FACILITY

KASIBU FARMERS AND DEVELOPMENT COOPERATIVE
Poblacion, Kasibu, Nueva Vizcaya
CDA Registration Number: 9520-02007784
VISION:
KAFDECO – A safe, sound and sustainable financial Institution

SWOT Analysis

KRAs	STRENGTHS	Weaknesses	Opportunities	Threats
Vision, Mission & Goals	All coops have crafted and revisited their VMGs during strategic planning VMGs are displayed in conspicuous areas inside the cooperative offices. Bigger cooperatives have also put their VMGs in the annual reports given to membership during annual general assembly. VMGs are discussed during the PMES	The VMGs are written in English and may not be well understood by all the members. Statements are very long, vague and not properly stated especially the objectives	Federations are active in providing technical assistance during strategic planning. The provincial coop office provided free technical assistance.	

SWOT Analysis

Organizational Structure	**Included in the CBL submitted by the cooperatives to CDA.** **AGA are held annually**	**Smaller cooperatives (Marigold, Giyan) were not able to have complete set of officers**	**Some members are interested to run. As officers.**	
Participation	Decision making process and policymaking are done by the BOD and management. These are translated into resolutions and form part of their annual reports during annual general assemblies.	Membership participation is limited during annual general assemblies.	Area of operation is not yet saturated in terms of membership	

SWOT Analysis

Human and fiscal resources	**Continuous education of officers and management staff** **Bigger cooperatives have excess capitalization to operate their present or new business/ agri-enterprise.**	**Some officers are not interested to attend .** **Most of the officers have not completed the mandated trainings.** **Higher turn over of employees**	**Cooperatives are offered with loans and credit lines from banks and other FIs. Giyan Credit Cooperative was offered by SMC of contract growing of cassava.** **Presence of active accredited training providers in the province**	
Policy , systems and procedures	The coops have written operational manuals	Some coops have not revised/ revisited their operation manual for the last 3 years Incomplete policies and procedures of smaller coops	Bigger cooperatives and federations are willing to assist the smaller coops to prepare their manual of operation	

SWOT Analysis

Existing Enterprises	**Bigger cooperatives have excess capitalization to operate their present or new business/ agri-enterprise.**	**Smaller cooperatives do not have sufficient funds to operate new business**	**Cooperatives are offered with loans and credit lines from banks and other FIs. Giyan Credit Cooperative was offered by SMC of contract growing of cassava.**	**Increasing number of MFis in the area of operations**
Access to credit, information and market	All coops are accessible to credit (LBP and federation) and transportation . Presence of agricultural terminal in Bambang, Nueva Vizcaya	Most of the coop officers are afraid to take credit risks	The local government is pursuing total electrification project in the province	Absence of telecommunication and electricity in some parts of Dupax del Norte

SWOT Analysis

Existing Enterprises	**Bigger cooperatives have excess capitalization to operate their present or new business/agri-enterprise.**	**Smaller cooperatives do not have sufficient funds to operate new business**	**Cooperatives are offered with loans and credit lines from banks and other FIs. Giyan Credit Cooperative was offered by SMC of contract growing of cassava.**	**Stiff competitive rates and terms offered by other FIs**
Access to credit, information and market	All coops are accessible to credit (LBP and federation) , and road/transport facilities	Absence of telecommunicatio n and electricity in some parts of Dupax del Norte	The local electric company and the provincial local government is pursuing electrification project in the province.	Bad weather condition (inaccessible farm to market road)

SWOT Analysis

Support services	**MLGUs (In Kasibu) subsidized the cost of mandated trainings.** **PCAO and DAR are offering free trainings and technical services to coops**	**Limited number of officers may avail subsidized trainings.** **Some of the officers are not willing to attend mandated trainings**	**Other NGAs are offering free trainings and technical support.**	
Networks and linkages	Participation of the coops to community affairs is manifested in their annual reports. Most of them sits in the municipal LSBs and members of cooperative federation in the province region and national levels.	Giyan MPC and Marigold SCC are not members of federations	Presence of local active federations	

Potential agri-enterprises

Potential agri-enterprises to be established is based from the interest, market and resource assessment of the respective cooperatives:

- KAFDECO- Organic Fertilizer Production
- St Patrick Parish MPC-Squash Flour Processing
- Marigold SCC-Ginger and Tomato Processing
- Giyan Credit Cooperative- Bagsakan Center
- St Joseph Parish –Belance MPC- Squash Dried Noodles and Organic Fertilizer production
- CONVALCO-Farm input Trading and Ginger tea Processing
- St Joseph Parish MPC Kayapa- Vegetable Trading
- PCDC- Vegetable Trading Post Operation

Assessment of coops to manage new enterprises

Criteria	Assessment
Level of knowledge of the to potential enterprises	The cooperatives have insufficient knowledge and expertise to initiate the said enterprises
Current level of information about potential agri-enterprise	These agri-enterprises are their initial ventures therefore their levels of information are low.
Details of production technology being adopted	The proposed agri-enterprise of the coops are mostly on processing and marketing of the products. In Nueva Vizcaya, farmers are updated with production technologies in general
Factors that inhibits the coops from venturing into the enterprise of its interest	1. Lack of expertise on processing technologies 2. Inadequate capital to buy hauling trucks to market 3. Lack of market information including price, supply and demand situation of vegetables 4. Competition with existing processors 5. Technologies

Assessment of coops to manage new enterprises

Sources of the uncertainties to venture into the enterprise of its interest	**The sources of coops uncertainty especially in the operation of trading post and 'bagsakan' center are the following;** **1. Lack of infrastructure especially telecommunication and electricity in some areas in Dupax del Norte** **2. Competition posed by NVAT which is very near to proposed Pingkian Trading Post and more accessible to both farmers and traders.** **Inadequate skills and competencies in food processing and production of organic fertilizer**
Interventions to address uncertainty	The service providers must be able to provide assistance that will enhance their business skills and technical competencies to operate their business/chosen enterprises. Market infrastructure like availability of market information, farm to market road will help the farmers and the coops to operate more efficiently.

Assessment of coops to manage new enterprises

Financial risks involved in the agri-enterprise	**Based from the information and discussion, the risks are more on the market side.** **Although they may encounter financial risks like price fluctuation, it is still associated with the market movement.**
Existing financial obligations	Although some of the cooperatives have existing financial obligations/loans from FIs, these will not affect the establishment of the proposed agri-enterprises since they required smaller initial investment.
Type of records that prove their creditworthiness	All the cooperative possessed audited financial statements except for the two smaller cooperatives. (GCC and MSCC)

Assessment of coops to manage new enterprises

Target market segment of the agri-enterprise	**The coop can sell directly to the customers/members through their agri-input stores and these are accessible to target markets and consumers.** **The cooperatives can also sell their products through their federations both in retail and wholesale bases depending on their agreements as their middlemen; in this manner coop to coop marketing will be established.**
Description of the product/s being marketed	For the coops interested in processing, these products are saleable because they are alternative to junk drinks and foods and therefore healthier and nutritious. The squash flour, noodles, ginger tea and dried tomatoes which can be converted to candies and condiments depending on preparation are potentials however, market competition with existing processors has to be studied and considered. The production of organic fertilizer is a commendable project since it will lead to sustainable agriculture. If found to be feasible and sustainable, this project may be replicated in Kayapa and in other vegetable producing areas of the province.

Proposed agri-enterprises

Municipality	Identified agri-enterprises	Coops
Dupax DNorte	Ginger, Squash Dried Noodles and Organic Fertilizer Production	St Joseph Parish-Belance MPC
Kasibu	Organic Fertilizer Production Squash Flour, Ginger and Tomato Processing	KAFDECO St PatrickParish MPC
Kayapa	Trading Post	CONVALCO St Joseph Parish-Kayapa MPC

Conclusions

- It is therefore concluded that the proposed agri-enterprises will be viable if all the required assistance and support especially during the start-up stage shall be provided.

- These identified enterprises are actually complementary and will boost the local economy through value adding, promote sustainable agriculture and provide job opportunities.

- Other smaller coops are not yet organizationally ready to establish new business.

Proposed Interventions
- for the development of the new agri-enterprises

- The LGU may initiate a techno-mission to any private or cooperative managing same kind of business.

- An FS and or Business Plan for the above agri-enterprises may be prepared with the assistance of DAR or FEDERATION. The FS should spelled out the marketing plan, production and or technical process, organizational and management aspects and financial requirements of the proposed enterprise.

- The ACADEME may provide business assistance that will enhance their business skills and technical competencies to operate their enterprises through a MOA. The assigned faculties should have a strong background in cooperative management and with good relationship with the LGUs and local leaders.

Proposed Interventions
- for the strengthening of the coops

- The LGU through **the local coop councils** may proposed a resolution to provide annual budget to subsidize the continuous education of elected officers of smaller cooperatives.

- The bigger cooperative may adopt smaller cooperative **(Big-Small Brother Concept**) within their area of operation .

- **The CDA through their provincial field officers** and or federations may provide assistance during the annual or strategic planning of the smaller cooperative.

- The **DAR ,other NGAs in cooperation with the LGUs** may look into the improvement of the market infrastructure required by the farmers to operate more efficiently such as improvement of the telecommunication in Dupax area, establishing community "bagsakan" center and facilitation of requirements to open new business line.