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Assessing the Capacities of Cooperatives to Manage a Business: The Case of St. Marcos Multi-Purpose Cooperative

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INTRODUCTION

- Cooperatives play significant role in the Comprehensive Agrarian Reform Program (CARP).
- Agrarian Reform Community Connectivity and Economic Support Services or ARCCESS
- Proposed sub-project: ***Enhancement of Agricultural Productivity and Marketing***

Proposed ARCCESS Sub-Project

- **Objectives:**
  - FARMERS - increase farm productivity and income through the introduction of new technologies
  - ARBO - earn additional income by renting out common service facilities (CSFs) such as 35HP 4WD tractor and combined harvester-thresher

Proposed ARCCESS Sub-Project

- **Components:** Institutional Development and Agriculture and Enterprise Development

- **Proponent:** St. Marcos Multi-Purpose Cooperative (St. Marcos MPC)
  - Barangay Gapasan, Municipality of Magsaysay, Province of Occidental Mindoro, Philippines

Organization and Enterprise Needs Assessment and Design Assessment (OE-NADA)

- **Objectives:**
  - Determine the appropriateness of the proposed sub-project
  - Evaluate St. Marcos MPC's capacity to undertake the enterprise

Organization and Enterprise Needs Assessment and Design Assessment (OE-NADA)

- **Methodology:**
  - Focus group discussions with ARBO and non-ARBO members
  - Review of secondary data

OBJECTIVES OF THE PAPER

- Assess the **capacity of the Cooperative** to manage and sustain the operation of the project
- Determine the **relevance, acceptability,** and **estimated returns** of the proposed ARCCESS sub-project

- Registered with the Cooperative Development Authority
- Vision, Mission, Goals and Objectives
- Strategic Development Plan and Annual Operational Plan
- Policies, Systems and Procedures for its various enterprises
- Board of Directors, Core Management Team, committees
- Organizational Maturity Assessment rating of 5 for the past five years

2011, 2012, & 2013 Financial Statements

- Positive Income
- 3 main enterprises:
  1. Farm machinery rental
  2. Credit provision
  3. Consumer store operation

- Rental business has the highest revenue
- From 2012 to 2013, revenues from CSF rental increased from nearly PhP154,000 to almost PhP1.4 million
- Hand tractor (1), thresher (1), solar dryer (1), flatbed dryer (1), elf truck (1), and combined harvester-thresher (2)
- Existing marketing contract with the National Food Authority

Agricultural Practices

- Common livelihood of the people is rice farming.
- Farmers use farm machineries such as tractors for land preparation and hauling, and threshers or combined harvester-thresher during harvest.

Hand Tractors

- About 40-50% of farmers have their own hand tractors.
- St. Marcos MPC also owns one unit of hand tractor.
- About 70% of its members also possess a hand tractor.

4WD Tractors

- There are only 3 owners in the community and only 2 of them are renting out their equipment.
- These are used in land preparation and in hauling of *palay* during harvest season.

Combined harvester-thresher

- During harvest season, there is higher demand for combined harvester-thresher than threshers.
- The Cooperative owns two units of combined harvester-thresher.
- Another two units are owned and rented out by private individuals.

Flatbed Dryer

- Farmers prefer to use flatbed dryer than solar dryer because of the changing weather conditions.

- Cooperative is the only operator of mechanical dryer in the community.

- Barangay Gapasan is largely an agricultural area. It covers 546 hectares of agricultural land.
- Coop members cover 80 hectares.
- PAPULONG ARC covers 2,324.6 hectares of rice areas.

- Soil analysis was conducted 5 years ago.
- Average yield:
  - 80 cavans per hectare
  - 100 cavans during the dry season
  - 120 cavans from hybrid variety of rice

- Cooperative officers and members were interested to engage in the proposed enterprise.
- Machinery rental started in 2002.
- The Cooperative is also interested in operating another flatbed dryer since its current unit is not enough to meet the demands of its members and other farmers in the community.

- Non-ARBO members believed that the proposed sub-project will be beneficial to their community.

- They also believed that the Cooperative is capable of operating such enterprise.

Common Service Facility	Annual Income (PhP)	Annual Expense (PhP)	Annual Net Income (PhP)
35 HP 4WD Tractor	395,840.00	177,744.00	**218,096.00**
Combined Harvester/ Thresher	437,400.00	83,862.00	**353,538.00**
Flatbed dryer	144,000.00	105,292.80	**38,707.20**
TOTAL INCOME	**977,240.00**	**366,898.80**	**610,341.20**

SUMMARY & CONCLUSIONS

- There is a possible area for expansion.
- The demand for farm equipment is high.
- High demand for tractors (land preparation and hauling), combined harvester-threshers (harvesting), and flatbed dryer (drying).
- St. Marcos MPC has an outstanding record
- Interested to expand its rental services
- Successful rental business since 2002

- *Provision of agriculture extension and advisory and business development services*

RECOMMENDATIONS

- **CSF Provision:**
  - 1 unit of 35HP four-wheel tractor
  - 1 unit of combined harvester-thresher
  - Flatbed dryer

RECOMMENDATIONS

- **Business Development Services**
  - Marketing, record-keeping, financial management, accounting procedures, and equipment maintenance and repair
  - Continue and strengthen the marketing contract with the National Food Authority as this provides the Cooperative definite market of their products.

RECOMMENDATIONS

- **Agri-extension services**
  - Soil analysis
  - Technical assistance on vermicomposting
  - Information dissemination campaigns on hybrid rice production
  - Establish linkage with hybrid seed growers/suppliers

THANK YOU!