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The Viability of Cooperatives in Enterprise Development
The Case of NEMCO

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What is NEMCO?

- National Irrigation Administration Region 4 Employees Multi-purpose Cooperative
- organized in August 2, 1991
- by the 34 employees of the NIA Region 4
- through the assistance of **Mr. Cesar Lagmay**, one of NEMCO's pioneering members and considered the Father of NEMCO
- Pila, Laguna

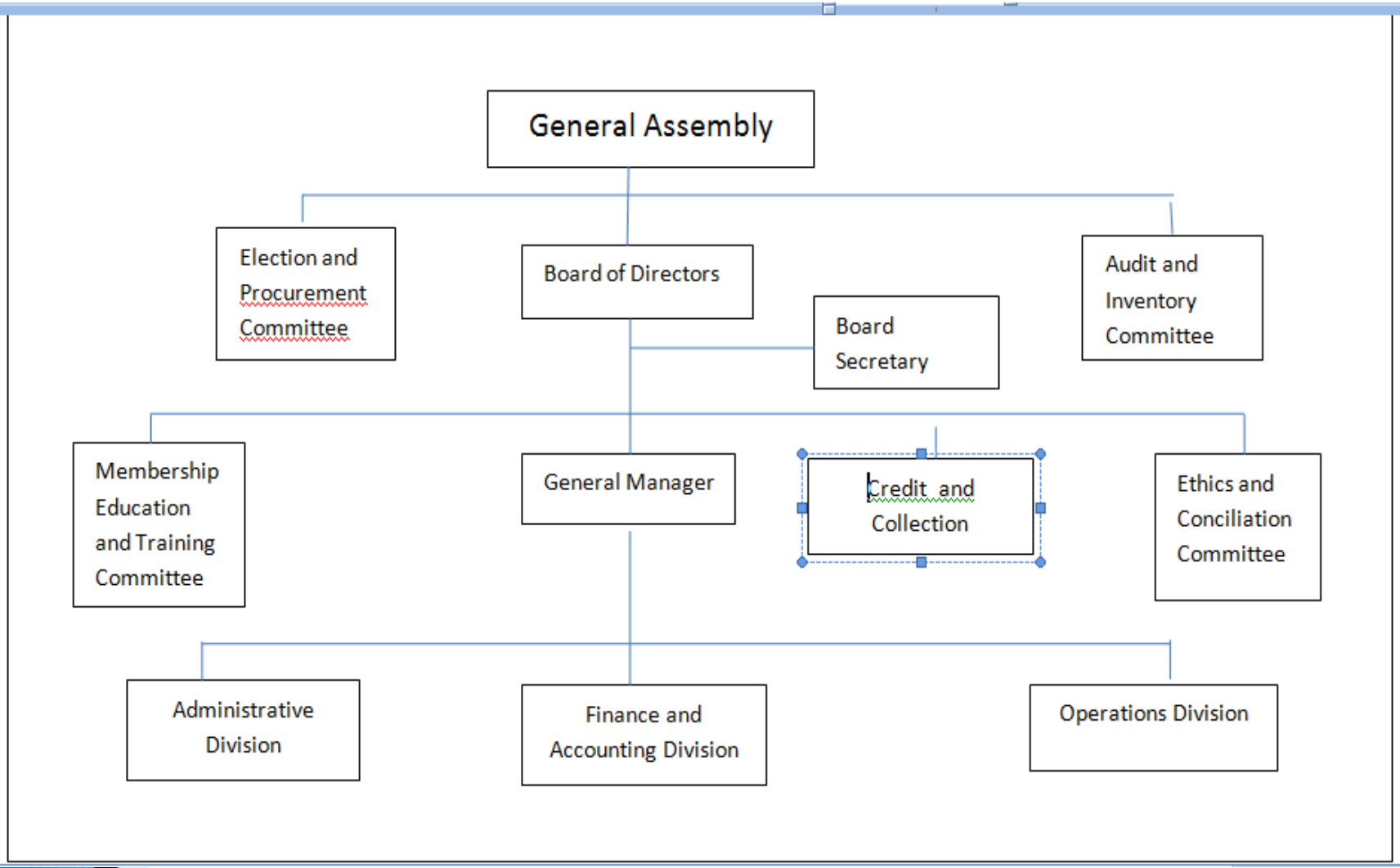
Significance of the Study

- NEMCO is one of the only three cooperatives based in Pila, Laguna and one of the 349 active cooperatives in Laguna *(www.cda.gov.ph).*
- NEMCO has been successfully existing for 24 years and nearing its Silver Anniversary in 2016.
- Its success is evidenced by its increase in assets, membership and being recipients of several awards including the prestigious *Gawad Pitak Award* given by the Land Bank of the Philippines in 2012.

Objective

- For its achievements and services provided to its members and to the community, this study aimed to assess how it came into its present stature and the secrets of its success for other cooperatives to learn from.
- To find out NEMCO's ventures in enterprise development

Organizational Structure of NEMCO, 2014



Membership

- original membership - 34
- composed of NIA employees only.
- In 1999, they opened its membership to non-NIA employees who were relatives of NIA employee-members with residence within the four municipalities of Calauan, Victoria, Pila and Sta. Cruz in Laguna.
- In 2002, NEMCO was re-launched opening its membership to all NIA and non-NIA employees with residence within Region 4.

Classification of Members

- **Regular member**
  - has complied with all the membership requirements
  - entitled to all the rights and privileges of membership.
  - Regular members are those that have the right to run as officers, and vote during assembly meetings and election of officers
  - Sub-classifications:
    - 1) Valued member 2) class A 3) class B 4) class D 5) no classification; where the members' privileges depend on.
    - E.g. maximum loanable amount
    - type of loan a member can avail of
    - member's share in the capital build-up
- **Associate member**

Classification of Members

- **Associate Member**
  - those that do not enjoy yet the rights being enjoyed by the regular members
  - under probation for 2 years before they can be regular members
  - no right to vote and be voted upon
  - entitled only to limited rights and privileges as defined in NEMCO's by-laws
  - can avail of the microfinance service of the cooperative (5,000 to 25,000 max) by forming themselves into a group, and they must show that they are credit worthy in the two years that they are categorized as associate members
  - By the time they become regular members, they know the coop principles by practice already.

Table 1. NEMCO membership, 2011 to 2013

Type of Member	2011	2012	2013
Regular	1,280	1,382	1,651
Associate	3,293	3,220	3,916
All	4,573	4,602	5,567
% Increase from Previous Year of Regular Members	8.47	7.97	19.46

Table 2.Members' share capital, 2011-2013.

	Authorized Capitalization	Capital Share	% Increase in CS	% Subscribed
2011	**50,000,000**	**24,898,426**	**32.64**	**49.80**
2012	**50,000,000**	**28,768,788**	**15.54**	**57.54**
2013	**50,000,000**	**33,098,024**	**15.05**	**66.20**

Business and Capitalization

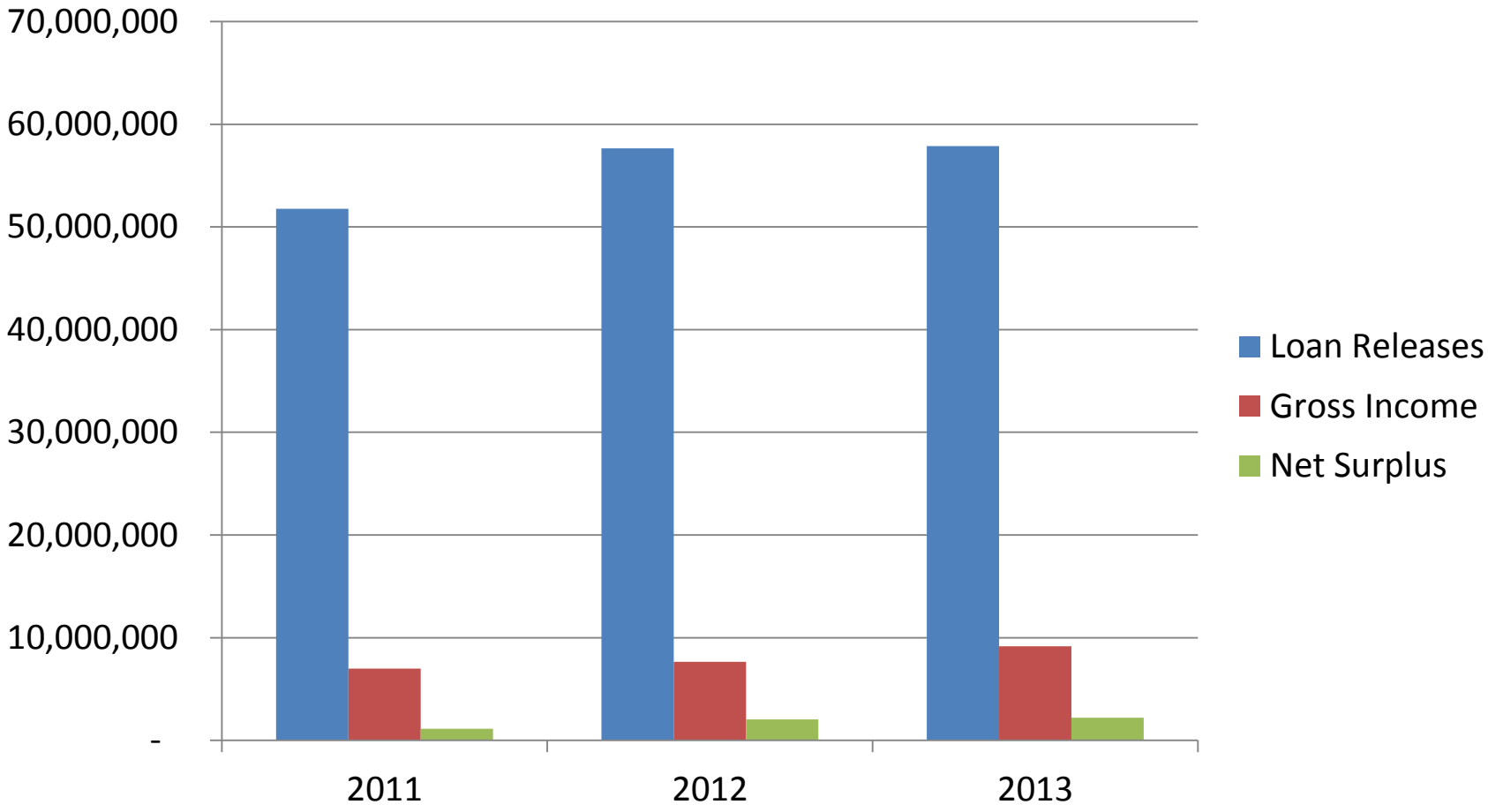
Credit Operations

- Credit was the first and main service provided by NEMCO to its members.
- It is the felt need for credit source of NIA employees that made NEMCO into being.
- Before, the funds for lending were limited and the members' applications for loans were queued for its turn to be granted the loan. Presently, the queuing is no longer happening. From the original credit service provided to its members, the cooperative expanded its credit services to seventeen

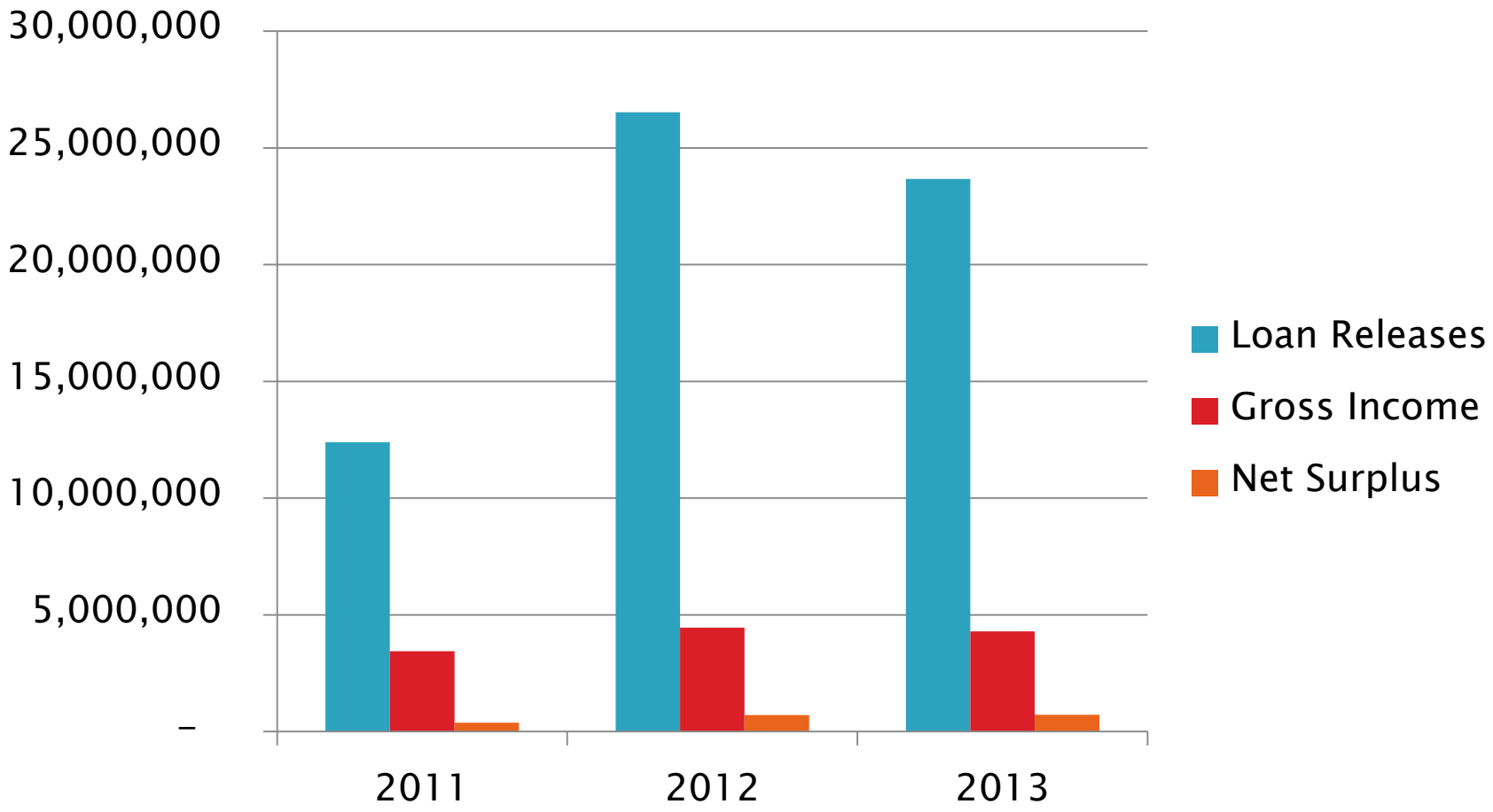
18 types of loans

1. regular loan
2. production loan
3. small scale business loan
4. petty cash loan
5. hospitalization loan
6. staff loan
7. time deposit loan
8. Pasaloan loan
9. DASAL
10. calamity loan
11. holiday loan
12. dream loan
13. educational assistance loan
14. CBU loan
15. salary loan
16. SLP loan
17. rice productivity
18. microfinance

Loan Releases, Gross Income and Net Surplus, 2011–2013



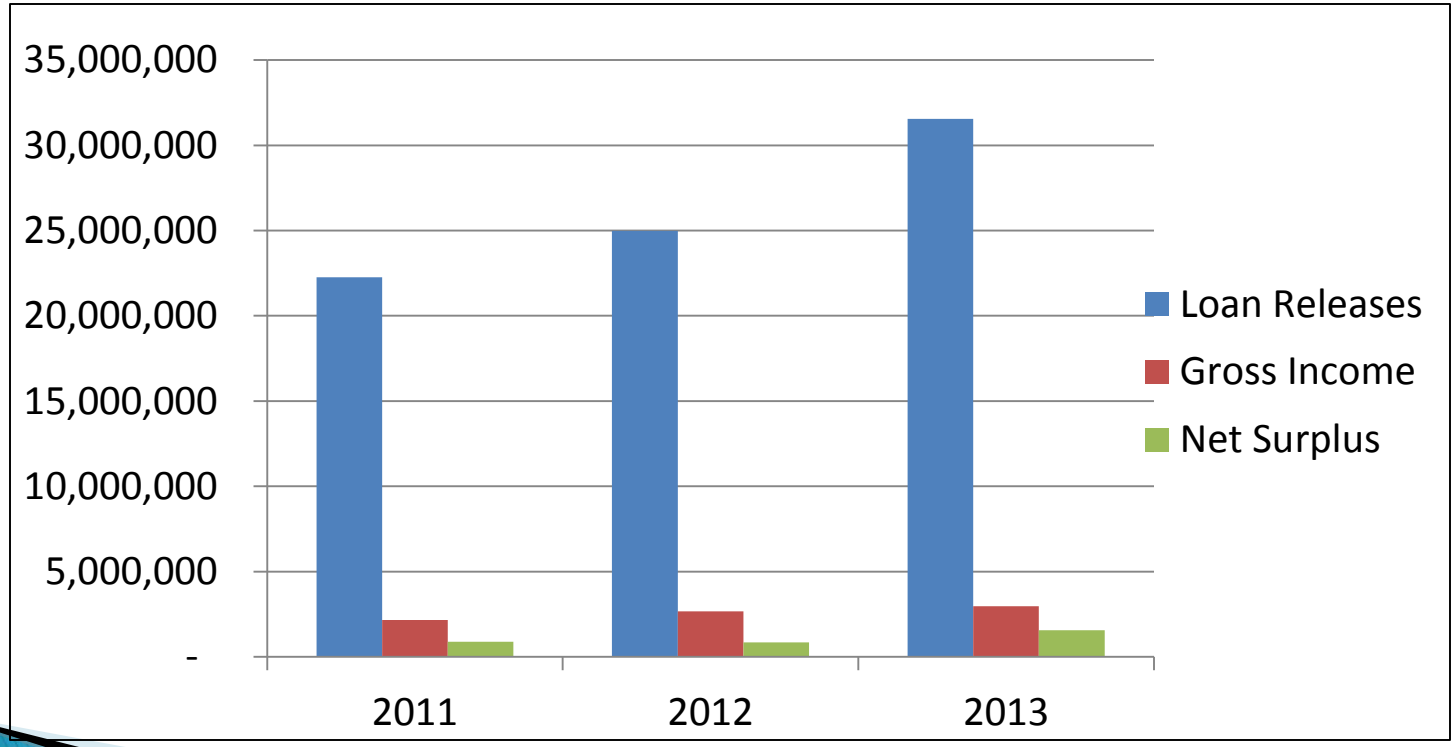
Microfinancing, 2011–2013



OTHER ENTERPRISES

Rice Productivity Program

- In partnership with LBP that started in 2009
- NEMCO serves as a conduit between rice farmers and LBP
- The program started with a credit line of 500,000 to 20,000,000 in 2014. For 2015, this facility is further expanded to PhP35M.



Special Livelihood Project – Wig Making

- This project includes needle work and wig-making.
- NEMCO enters into contract with Arts Nature, formerly a Japanese-European partnership and presently with the Japanese firm alone for wig-production.
- NEMCO provides the labor and got into needle work production intended for the project.
- The contract amount is being subdivided into: 60% for the wages; 30 for expenses and 10% for NEMCO.
- Loan window for the wig-production workers
- The net surplus includes income from needle works

Table 6. Special livelihood project, 2011-2013			
Item	2011	2012	2013
Total Value of Transactions	22,269,200	24,980,900	31,552,600
Gross Income	2,166,885	2,676,259	2,966,464
Net Surplus	887,123	853,872	1,558,913

Agricultural Store

- The operation started in 2005 to supply agricultural needs of the farmers such as fertilizers and pesticides.
- Complements with the RPP that was later on started in 2009.
- NEMCO earns by bulk buying agricultural inputs worth PhP500,000 per truckload.

Table 7. Agricultural Store, 2011-2013

Item	2011	2012	2013
Gross Income	8,906,519	6,564,633	5,939,636
Net Surplus	219,991	340,269	300,915

Other enterprises

1. *Dairy Cattle Production (2012-2014)*

- Two families who were members of NEMCO started dairy production anticipating for LBPs dairy program. NEMCO supported the operation by marketing the milk produced to Laguna Creamery, wherein one peso per liter of sold milk goes to NEMCO. However, the arrangement ceased due to low price received. NEMCO tried to join the KKMI but was not qualified because the number of members on dairy production was not enough. Presently, the two families into dairy production joined the KKMI and earned more from patronage refund.

Other Enterprises

- *Ticketing.* NEMCO got into booking air flights of members as requested and earned a small amount of P200 per booking. This was started in 2011.
- *Photocopying.*This service started in 2008. NEMCO bought a copier machine and catered to bulk-copying of NIA plans.
- *Catering*, Just started recently. NEMCO taps its members to do the cooking and serve as crew

ONLINE TICKETING

COPYING SERVICE

CATERING

Table 8. Amount of transactions for the other economic activities, 2011-2013

Activity	2011	2012	2013
Dairy Cattle Production		1,097,084	2,403,282
Ticketing	171,835	601,970	641,696
Photocopying	235,088	175,376	136,384

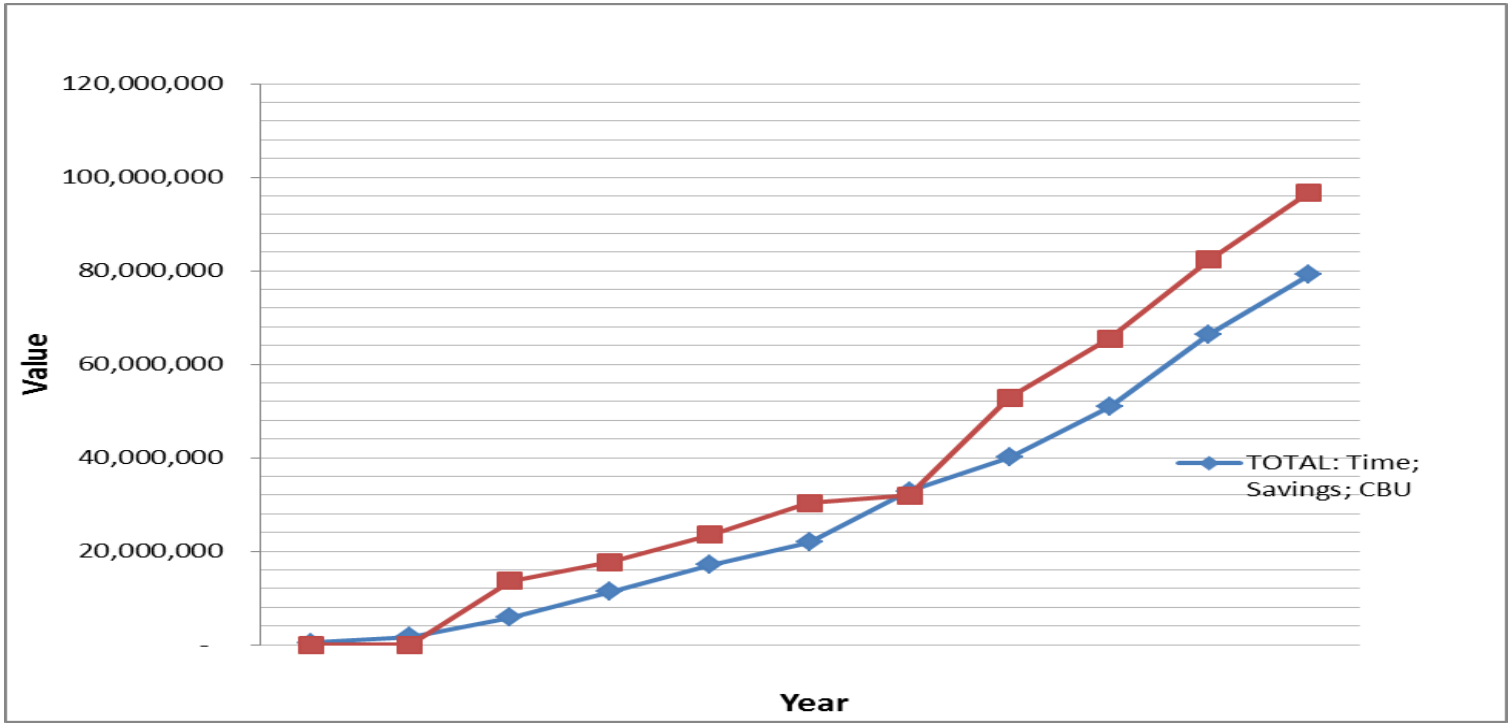
Table 10. Net revenues/surplus from different enterprises, 2011-2013

ENTERPRISE	2011	% share	2012	% share	2013	% share
Credit Services	1,142,280	34	2,031,866	48	2,202,626	38
Microfinance	373,508	11	707,818	17	723,120	13
Rice Production Program	887,123	27	853,872	20	1,558,913	27
Special Livelihood Project	707,529	21	312,834	7	946,255	17
Agri-Store	219,991	7	340,269	8	300,915	5
Total	3,330,431	100	4,246,659	100	5,731,829	100

NEMCO
since 1991
NEMCO

Balance Sheet

- NEMCO's assets increased by about PhP30 million
- from 95M in 2012 to 126M at the end of 2013
- A big share of this increase could be attributed to the increase in the time and savings deposits **37.6M – 46.3M**



Awards Received

NEMCO has garnered several awards from different entities such as from the Province of Laguna, municipality of Pila, Cooperative Union of Laguna, Land Bank of the Philippines among others

2010
1st PLACE
GAWAD PITAK
sa PINAKATANGING KOOPERATIBA NG LANDBANK

2011
REGIONAL WINNER

2012
3rd Runner-Up

2013
4th Runner-Up

2014
3rd Runner-Up

GAWAD PITAK AWARDS

The awards were given to NEMCO for its:

- business activities
- community projects
- job generation
- environmental practices
- scope of membership
- financial performance
- sustainability (historical performance)
- relationship with the LBP

2012
SILVER PLATE

2013
SILVER PLATE

2014
GOLD PLATE
Hall of Fame

TOFARM AWARDS

- It has also earned the Jaycee's TOFARM Award Silver Plate for two consecutive years in 2012 and 2013, and became Hall of Famer in 2014.

- In these awards, highlighted were **NEMCO's services to farmers**

2013
Provincial Winner
Small Category

2014
Regional Winner
Medium Category

CDA GAWAD PARANGAL

The Provincial Government of Laguna also awarded NEMCO in 2007 in recognition for its share of generating employment in its projects especially in its special livelihood program (SLP) where it employs coop members in wig-making and in needle work. NEMCO also received the *Gawad Parangal ng CDA* provincial level in 2012 and regional level in 2013.

Aside from these prestigious awards, NEMCO also received a number of citations from the province of Laguna and municipality of Pila for all its contributions and services to its members and the community.

Other RECOGNITIONS

LAND BANK OF THE PHILIPPINES

present this

CERTIFICATE OF APPRECIATION

to

NIA REGION-IV EMPLOYEES MULTIPURPOSE COOPERATIVE

for having participated in the
Gawad sa Pinakatanging Kooperatiba 2009
given this 23rd of July 2009 LANDBANK Board Room, 34th Floor, LANDBANK Plaza, Malate, Manila

SVP CRESENCIO R. SELISPARA
Chairman
Program Management Committee

COOPERATIVE UNION OF LAGUNA
ACCI Bldg. UPLB
College, Laguna

Certificate of Membership

This is to certify that

NIA EMPLOYEES COOPERATIVE

is a member of the Cooperative Union of Laguna.

Given this 31st day of July 2009.

LAZALI A. ALTOVEROS
Secretary

EULOGIO T. CASTILLO
Chair

Surian ng Pantsong Nutriyon at Paykain
Kolehiyo ng Ekolohiyang Pantao
Unibersidad ng Pilipinas sa Los Baños

Itong

GAWAD PARANGAL AT PASASALAMAT

ay inihahandog sa

NIA Employees Multi-purpose Cooperative (NEMCO)

sa kanilang taos-puong pagsuporta sa mga gawain at proyektong pangnutriyon at pangkaunlaran ng Community Nutrition Field Practicum mula Nobyembre 23 hanggang Disyembre 23, 2006.

Ipinagkaloob ngayong ika-22 ng Disyembre 2006 sa Bay, Laguna.

Prof. Leila S. Africa
Gurong Tagapatnubay

Prof. Angelina R. Bustos
Gurong Tagapatnubay

Bb. Aileen R. de Turus
Gurong Tagapatnubay

Dr. Maria Antonia G. Tuazon
Direktor, IHNF - UPLB

Dr. Sub Liga C. Saguiguit
Dekana, CFE-UPLB

LANDBANK OF THE PHILIPPINES

GAWAD PITAK

presents this

Certificate of Merit

to

NIA-Region IV Employees MPC

In recognition of its remarkable performance and contribution to its community in year 2008, and as such, for being selected as one of the Candidates for the Gawad PITAK 2009 Non-Agri Category Award of the Land Bank of the Philippines

Given this 5th day of June 2009

CRESENCIO R. SELISPARA
Senior Vice President and Chairman
Gawad PITAK 2009 Program Management Committee

Republika ng Pilipinas
Lalawigan ng Laguna
Bayan ng Pila

Katibayan ng Pagkilala

ay Iginagawad sa

NEMCO

NATATANGING KOOPERATIBA

sa Gawad Parangal sa Natatanging Pileño kaugnay ng pagliriwang ng ika-4 PAILAH FESTIVAL na may temang:
"Ipagmalaki Bagong Pila, Galing ng Pileño Kitang-kita."

Ipinagkaloob ngayong ika-22 ng Marso 2013 sa Pamahalaang Bayan ng Pila, Laguna.

HON. EDGARDO A. RAMOS
Municipal Mayor

Bagong Sigla, Bagong Pila, Tayo Mismo Sama-sama

Republic of the Philippines
Province of Laguna
Municipality of Pila

Certificate of Recognition

is

awarded to

NIA Employees Multi-Purpose Cooperative (NEMCO)
Region IV – Pila, Laguna

for rendering an exemplary accomplishment in the field of Cooperatives (non-agri-based category) and for being an awardee of the
GAWAD PITAK Awards 2010
(FIRST PLACE)
sponsored by the Land Bank of the Philippines.

Given this 16th day of August 2010 in Pila, Laguna.

Hon. ZALDY M. PANTUA
Chairman, Committee on Awards

Hon. GUERUBIN ANTONIO R. RELOVA, JR.
Vice Mayor

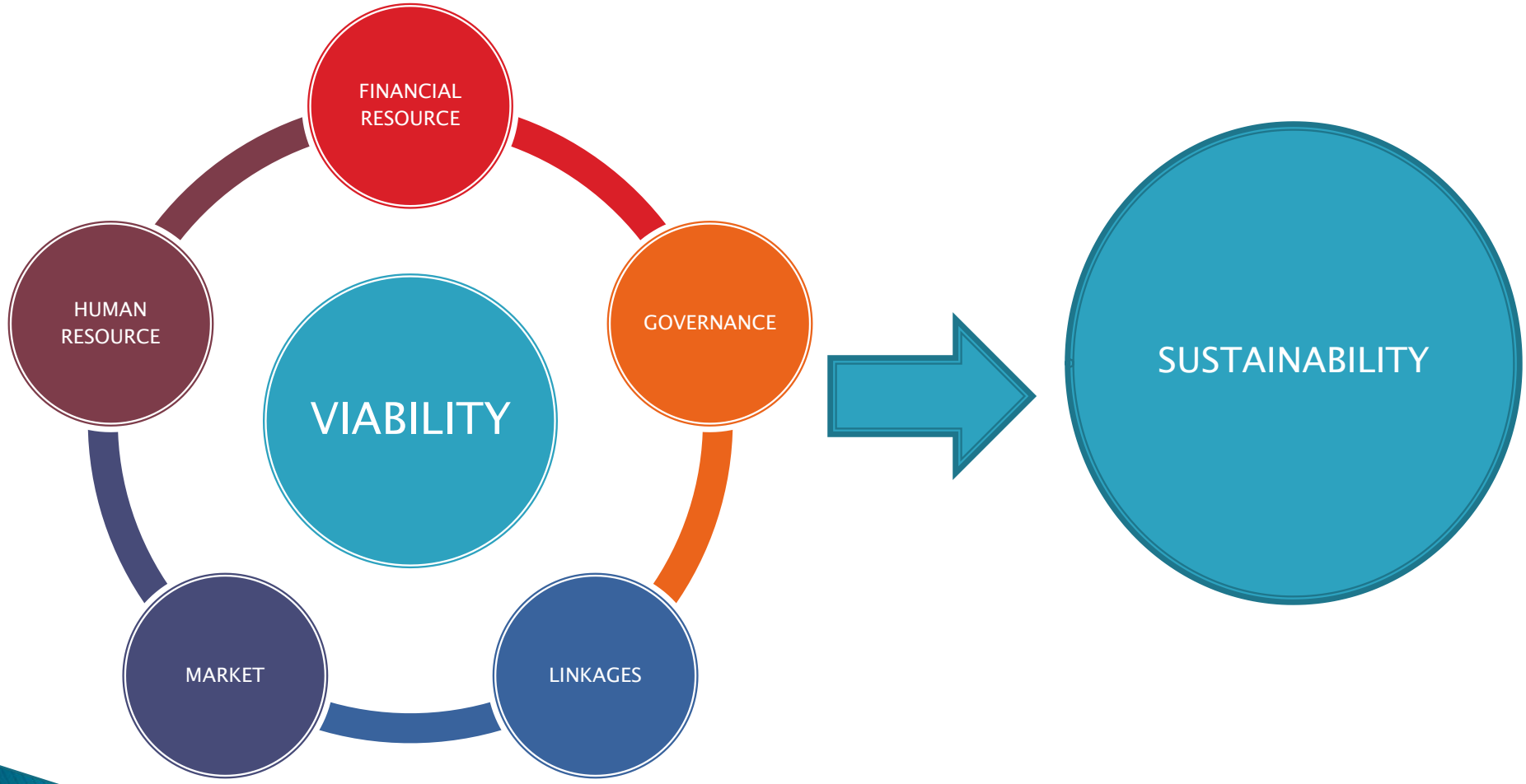
Hon. EDGARDO A. RAMOS
Municipal Mayor

Secrets of Success

- organized out of the felt need of its founding members
- transparency in its operations
- officers and staff underwent trainings and showed competence in performing their jobs
- officers are all professionals
- officers and staff earned the trust of the coop members
- formed partnership with other institutions by proving its worth
- Able to get over with problems and difficulties
- Continuing quest for new ventures that would benefit the members
- Living up with cooperatives' values and principles

Future Plans

- Continue being DA-accredited farm service provider which started in 2014.
- Establish microenterprises like a one-stop shop showcasing the products of its members from different localities (e.g., Liliw footwear, etc)
- Food catering services
- Laundry business
- Cash service delivery/outlet system like the Western Union or Bayad Center in partnership with NATCCO
- NEMCO Housing project (for employees and members; to start-up this year by conducting the FS and Plan of Action)
- Day Care Center


FINANCIAL RESOURCE
GOVERNANCE
LINKAGES
MARKET
HUMAN RESOURCE
VIABILITY
SUSTAINABILITY

Conclusion

- NEMCO is not a perfect cooperative, but it has proven that in its 24 years of existence, it has accomplished a lot in terms of the services and benefits it has offered to its members and the community, in social, economic and environment aspects.
- It is not stopping where it is now, it continues to seek and explore different ways to improve and get bigger whatever it has attained already… by trying to provide what the members need.
- It has ventured into different enterprises other than credit and has shown viability of a cooperative in enterprise development

- **To continue adherence to the values that members of the cooperative should live by**: self-help, self-responsibility, equity, democracy, equality, honesty, openness, social responsibility, caring for others and solidarity.
- **Embody by heart the seven cooperative principles** of: open and voluntary membership; democratic member control; member economic participation; autonomy and independence; education, training and information; cooperation among cooperatives; and concern for the community

THANK YOU!

SALAMAT PO!