

IMPACT EVALUATION OF POLICY-BASED CREDIT FOR AGRICULTURE ON AGRARIAN REFORM – The Case of the Philippines

(Evaluation of RASCP)

FINAL REPORT

Submitted by:

University of the Philippines
Los Baños Foundation, Inc.

Funded by:

Japan Bank for International
Cooperation (JBIC)

October 31, 2005

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EXECUTIVE SUMMARY

The TOR

The Evaluation of RASCP was undertaken to a) assess the accomplishment or results achieved by RASCP with reference to the logical framework and project design sheet agreed by DAR and LBP, b) determine if RASCP contributed to the attainment of GOP's overall goal of poverty alleviation as well as the individual institutional development goals of DAR and LBP, c) evaluate whether the extension of sub-loan to cooperatives has resulted to an improvement in income and livelihood activities; d) evaluate whether the technical assistance for capability-building and enterprise development has improved the absorptive capacity of cooperative (especially ARC cooperative) not only as end-users of credit but as integrators of agricultural-based industries, e) evaluate to what extent has RASCP consulting services was able to improve LBP's overall supervision and monitoring of JBIC loans, and f) verify lessons learned/recommendations of RASCP. The evaluation research included the a) overall evaluation for the entire project with evaluation criteria of DAC, b) detailed evaluation for consulting and TA portions, c) detailed evaluation of loan portion, and d) extraction of lessons learned/recommendations out of evaluation results.

The RASCP

RASCP is a twin loan agreement between JBIC and GOP to a) provide loan funds to LBP for on-lending to cooperatives in support of the credit needs of the agrarian reform beneficiaries; small-farmers/fisherfolk/livestock raisers, and other group/clients in the rural areas, b) provide an institutional strengthening program for the ARC cooperatives to improve their absorptive capacity not only as end-users of credit but eventually as integrator of agri-rural based industries; and c) strengthen LBP's overall supervision and monitoring of the OECF loan.

The first loan agreement (L/A PH168) involved the provision of credit assistance to farmers, particularly to ARBs and was implemented by LBP. L/A PH168 had four (4) components, namely: sub-loan with loan proceeds of ¥10,184 million; consulting services with an amount of ¥225 million; and technical assistance to LBP amounting to ¥85 million or a total OEC of ¥10,530 million.

The sub-loan which comprised 97% of the L/A PH168 loan package was meant for re-lending by LBP to JBIC-accredited small-farmer cooperatives as a) long-term credit line to cooperatives (not to exceed 50% of the total RASCP loan disbursed), b) long-term production loan to small farmers through their cooperatives, c) long-term working capital loan to cooperatives, d) fixed asset loan to cooperatives, and e) fixed asset loan to farmers.

The consulting service was composed of the services of foreign consultants (53 man-months), local consultants (65 man-months), and administrative support services (208 man-months).

The technical assistance to LBP was composed of support facilities (equipment), assistance in the conduct of baseline surveys on the status of LBP branches, cooperatives, and household-members done by UP SCRFI, and support for the training of LBP personnel abroad (in Japan) and in the Philippines. A total of 15 personnel were sent to Japan for training in three batches in 1998, 1999, and 2002. Three hundred two (302) LBP personnel were trained domestically on office productivity, project cycle management, financial management, and accounting, and internal control.

The support facilities given to LBP involved 27 units of computers, 18 units of printers, 22 units of UPS, 3 units of fax machines, 13 units of overhead projectors, one LCD, 15 units of AVR, 21 units of software, 19 units of fax modem, 6 units of zip drivers and disks, and 16 units of CD-ROM.

The second loan agreement was L/A PH 169, a technical component of RASCP (RASCP-TA) and was implemented by DAR with a loan proceeds of ¥305 million. The RASCP-TA was meant to strengthen the financial and managerial capabilities of agricultural cooperatives in the 96 ARCs originally targeted for assistance under ARISP to improve their organizational maturity in order to access capital for production and marketing activities. Specifically, RASCP-TA sought to a) train ARB cooperatives on financial management, credit management, and other types of advanced training programs on institutional, technical, and enterprise development, b) assist the ARB cooperatives in the preparation of project proposals, feasibility studies, business plans, among others, to facilitate credit and the implementation of identified projects, c) provide assistance to cooperatives in various aspects of management and operation of projects funded under the RASCP ARC support credit sub-loan; d) strengthen the capability of program implementers in managing the project, and e) develop and install an appropriate M & E system for the TA component of the project.

The RASCP-TA has three (3) aspects, namely: training, cooperative development advisory services, and support to program management. The training aspect sought to strengthen the organization and management of cooperatives. The training programs were done in the areas of organizational development, post-harvest facilities, operations and management, financial management, enterprise development and management, agricultural development, demonstration farms, and moisture meter O & M skills training. The CDAS involved the engagement of the services of C-CDAs and L-CDAs, and provision of TAs to cooperatives. The C-CDAs were hired to provide technical assistance and management advisory services to

PMOs, in the overseeing of the implementation of the project, and supervising the L-CDAs. The L-CDAs, on the other hand, were hired to provide technical and management advisory services to the cooperatives in areas of day-to-day operations, and in identifying and packaging project proposals for assistance under RASCP. The support to program management consisted to institutional strengthening of DAR and LBP, acquisitions of equipment, and installation of program monitoring and evaluation system for assessment of project accomplishment.

RASCP had OEC of ¥10,886.8 million, 99.2% of which was foreign counterpart; the rest, ¥21.95 million was local counterpart. The bulk of OEC, 96.5%, was under L/A PH-168. The rest was under L/A PH 169, 3.5% of ¥356.8 million. The amount earmarked for re-lending to cooperatives and farmer-borrowers was ¥10,184 million or 97% of the loan package under L/A PH-168.

RASCP carries an interest cost of 7.5% per annum and has a maturity period of 30 years inclusive of the 10-year grace period. The payment of principal shall commence in March 2006. The accrued interest of RASCP shall be paid semi-annually. The first semi-annual payment shall be for the period September 20 of the previous year to March 19 of the current year, and the second semi-annual payment shall be for the period September 20 of the current year to March 20 of the succeeding year.

RASCP should had been implemented starting March 29, 1996 but actual implementation started July 24, 1996 until July, 2002. RASCP-TA was implemented as scheduled, July 1997 to July, 2002. There was a delay in the implementation of consulting services by six (6) months but the provision of the services was extended by six (6) months also. The sub-loan utilization was delayed by five (5) months although the utilization was completed as scheduled in July, 2002.

Research Methodology

The RASCP was evaluated using primary and secondary data with descriptive, WAWPA, and BAPA as methods of analysis. Primary data were obtained through site surveys of cooperatives, households, LBP lending centers, LCDAs, and LBP personnel who participated in local trainings. FGDs were also conducted as a source of primary data at the community level in selected areas. Secondary data were obtained from LBP, DAR, NEDA, ACPC, and cooperatives.

Included in the site survey of cooperatives were six (6) ARC cooperatives which obtained RASCP-FA and TA, 24 ARC cooperatives with RASCP-TA only, three ARC cooperatives which obtained loans under a LBP lending scheme other than RASCP such as 5-25-70, CAP-PBD, and regular; five pilot cooperatives, eight agricultural cooperatives, and one ARC cooperative with no DAR-TA at all.

The site survey of households involved 800 farmer-respondents representing ARBs who are ARC cooperative members, ARBs who are not ARC cooperative members, ARC cooperative members who are not ARBs, farmers who are not ARBs and non-ARC cooperative members. The farmer-respondents were drawn from the ARC cooperatives with RASCP FA and TA, six ARC cooperatives with RASCP-TA only, and the agricultural cooperatives with RASCP-FA.

FGDs were conducted in barangays where the aforementioned cooperatives were situated.

Secondary data and descriptive method of analysis were used in the overall evaluation of RASCP using DAC criteria of relevance, effectiveness, efficiency, impact, and sustainability. WAWPA was used in evaluating the effectiveness of RASCP loan, effectiveness of RASCP-TA, and impact of RASCP loan. BAPA, on the other hand was used in the evaluation of RASCP-TA to cooperatives, and in the evaluation of the effectiveness and impact of RASCP loan to cooperatives and households.

In the WAWPA for loan, the six ARC cooperatives with RASCP FA and TA were compared against six ARC cooperatives with RASCP-TA. In the WAWPA for TA, the 24 ARC cooperatives given RASCP-TA were compared against one (1) ARC cooperatives with no DAR-TA at all. On the impact of RASCP loan, the households from six ARC cooperatives with RASCP FA and TA were compared against households from six ARC cooperatives with RASCP-TA only and to households from eight agricultural cooperatives with RASCP-FA.

In the BAPA for loan, the secondary data (1996-2004) from the records of sample ARC cooperatives with RASCP FA and TA, ARC cooperatives with RASCP-TA and agricultural cooperatives with RASCP-FA were used. In the BAPA for the impact of RASCP on the households economy, the data from site survey of households were compared to the data gathered by UPSCRFI and ARISP I.

Site surveys of cooperatives, households, LCDAs, LBP lending centers and selected personnel, and the conduct of FGDs were done from April 7 to June 30, 2005. A total of 68 Project consultants and staff were involved in gathering data from various sites in the country.

Overall Evaluation of RASCP

Relevance

RASCP was relevant to the government policies of promoting agricultural development and agrarian reform. In particular, it is supportive of the policies of reducing poverty, increasing employment in the rural areas, of developing agriculture, of promoting the use of banks and financial institutions as the intermediaries in reaching out the target clients. RASCP was supportive of the roles of the DAR in the implementation of the agrarian reform program and the LBP as the financial arm of the agrarian reform program, in particular in financing land acquired from the landowners and in providing credit to support the needs of the ARBs and their cooperatives.

Efficiency

RASCP was implemented as planned within the target period of 79 months from March, 1996 to July, 2002. The consulting services were done in September 1997 to

June 2002; TA in July 1997 to July 2002; and sub-loan utilization in November 1996 to July 2002.

RASCP had an OEC of JP ¥10,885.8 million, of which ¥10,722.8 million was used. RASCP charged an interest of 7.3% as against AJDF of 10.1%.

RASCP's target for consulting services were 40 pilot cooperatives, and training for LBP personnel locally (126) and abroad (15). The TA target was to assist 71 ARC cooperatives in 97 ARCs assisted under ARISP I. Of this target, 11 ARC cooperatives accessed RASCP-FA and 37 from other windows of LBP. The total number of cooperatives which accessed loan under RASCP-FA from LBP was 652 benefitting 136,200 small farmers and fisherfolks.

Effectiveness

a. Of Consulting Services

The consulting service was effective in establishing pilot cooperatives (40), training of LBP personnel abroad (15), training of LBP personnel locally (126), in improving the lending system of LBP through the development of computer applications and monitoring templates although they found limited applications in LBP; in creating proposed credit limits for HVC; in proposing TA tie-up, CBA, and PCM.

b. Of Technical Assistance to Cooperatives

RASCP-TA was effective in improving the maturity classification of assisted ARC cooperatives by one level on the over all. After RASCP, 59% of Class F ARC cooperatives were reclassified to D; 16% of D to C, and 3% of C to B. No ARC cooperatives were classified as A and 3% were downgraded to F.

RASCP-TA was effective in increasing the membership of ARC cooperatives. Based on the PCR, the overall membership increased by 26%; membership in NACs grew by 75%, and in NBAC by 2%.

Business of cooperatives also increased with RASCP-TA. The number of ARC cooperatives that engaged in business grew by about 13%.

With RASCP-TA, the accessing to LBP credit window was also improved. Of the 71 target ARC cooperatives, 48 or 68% were able to access loan from various loan windows of LBP, 11 of which or 15% accessed through RASCP.

The number of training programs received by ARC cooperative also improved with RASCP-TA due partly to the assistance of LCDAs. During RASCP the number and duration of training by the ARC cooperative grew by about 10 folds from the before RASCP period. However, after RASCP, the training activities went back to almost the same level as the before RASCP in terms of

number and duration, indicating the importance of LCDAs in the conduct of training program of cooperatives.

c. *Of Financial Assistance to Cooperatives*

RASCP FA and TA was effective in increasing the number of new businesses engaged in by cooperatives. There was about six-fold increase in the number of new businesses of ARC cooperatives with RASCP FA and TA amounting to a total of about PhP 10 million, nearly three times as much as the amount of investment prior to RASCP.

RASCP-FA was also effective in increasing of number of new business of agricultural cooperatives. The number of new business doubled with RASCP-FA, although the total and average amount of investment declined by 28% and 64%, during and after RASCP, respectively indicating that the business activities newly undertaken are small on the average.

d. *Of Financial Assistance to Farmers*

For farmers under ARC Cooperatives with FA and TA, the loan availment from formal sources increased with RASCP by about 28%. Consequently, loan availment from informal sources increased by only about 7% before and after RASCP.

The interest on loan paid decreased by 9% from 25% per annum before RASCP to 16% after RASCP.

Rice yields as an indicator of productivity did not change much after RASCP. The rice yield before and after RASCP was about the same 3.2 and 3.28 metric tons per hectare, respectively.

For farmers under Agricultural Cooperatives With RASCP-FA, the RASCP was effective in terms of providing credit to farmers as there was an increase in the number of members who were extended loans by cooperatives by as much as 89% from before to during RASCP period.

Comparing loan beneficiary farmers under ARC cooperatives, the number of farmers who were extended credit under ARC cooperatives with FA and TA was more than those under ARC cooperatives with TA only by a ratio of 3:1.

Impact

OF RASCP-TA

a. *On DAR and LBP*

The RASCP-TA strengthened the working relationship between LBP and DAR. With RASCP-TA, DAR and LBP jointly conducted operation review at the regional and provincial levels; and forged partnership activities, road shows, and informal meetings.

b. *On DAR*

Due to RASCP, the computer literacy of project staff was improved with the training on office systems, MS Access '97, and MS Project '98.

The technical capability and mobility of DAR field offices were also improved with RASCP-TA as a result of the acquisition of computers and motorcycles. Likewise, the equipment of ARC cooperatives were upgraded with the provision of moisture meters (58) and weighing scales (52) to different ARC cooperatives.

c. *On LBP*

The senior officials of LBP were provided training abroad. As a result, a shift in focus of lending policy of LBP from commercial to agriculture and agrarian reform was initiated as claimed by LBP official. The skills on training by LBP personnel was also improved due to training received on accounting, internal control and audit process; financial management; and small business development.

d. *On Cooperatives*

An apparent impact of RASCP-TA is on the strengthening of governance of cooperatives. The PSPs of ARC cooperatives were formulated, installed and put in place with RASCP-TA, but the enforcement of PSPs was diluted after RASCP. The presence of LCDA, contributed to the proper formulation, installation, and enforcement of PSPs during RASCP.

OF RASCP-FA

a. *On ARC Cooperatives with FA and TA*

The implementation of RASCP resulted in an increase of networth of ARC cooperatives with FA and TA by almost five times from before to during RASCP period. This means RASCP FA and TA contributed to the increase in the net assets of ARC cooperatives.

The business activities of ARC cooperatives increased with RASCP FA. Comparing the new business, ARC cooperatives with FA and TA had more new business than ARC cooperatives with TA only by a ratio of 4:1 in terms of number before RASCP and 2:1 after RASCP. In terms of total investment, the ratio was about 3:1 during RASCP.

b. On ARC Cooperatives with FA from LBP Other Lending Schemes

The network of ARC cooperatives which obtained loan from other credit windows of LBP saw their network increased with LBP-FA. The network of these cooperatives grew by as much as 10 folds during RASCP and by 11 folds after RASCP.

c. On Household Income

The income of households under ARC cooperatives with FA and TA was PhP95,506 for cooperative borrowers as against PhP74,613 for non-cooperative borrowers. But non-borrowers from cooperative had more income from non-agricultural sources (73%) than cooperative borrowers (51%).

Household income was PhP 69,629 for ARBs and PhP100,128 for non-ARBs. Non-ARBs had more income from non-agricultural sources (68%) than ARBs (56%).

The income figures indicate that cooperative borrowers are richer than non-cooperative borrowers, and non-ARBs are richer than ARBs. This could be attributed to the findings that a number of the non-ARBs are small farm owners. In all cases, however, the income derived by the households from non-agricultural sources was more than from agriculture.

Household income before and after RASCP would not be appropriately compared due to the absence of data from the before RASCP period.

Income of farmers under agricultural cooperatives with RASCP-FA was PhP182,605 for cooperative borrowers and PhP118,915 for non-cooperative borrowers. The proportion of income from agriculture and non-agriculture sources was 52:48 ratio for cooperative borrowers and 25:75 ratio for non-cooperative borrowers. This implies that non-cooperative borrowers belong more to non-farming group than cooperative borrowers.

ON THE COMMUNITY

In terms of tenure status and tenure instruments, there were hardly any changes from 1996 to 2004 in any of the three cooperative types. However, it was noted that there is a relatively larger number of owner cultivators among non-ARBs compared to the ARBs. This implies that a considerable number of the non-ARBs are small farm owners.

As to the payment of land amortization, nearly half (49%) of those With Both DAR TA and FA are paying regularly. More than two-fifths (41%) are reportedly paying on an irregular basis. A mere three percent have not paid a single centavo. Among those With DAR TA Only, a little over a half (51%) are paying irregularly while 43 percent are paying on a regular basis. Some five percent have not paid at all. As to the LBP Regular Coops, close to three-fourths (71%) claimed they are paying irregularly while around a fourth (26%) are paying regularly. A few (3%) have not started paying at all. The main reason for non-payment is the low income or production.

The goal of the ARC concept was to increase household income to PhP60,000. However, majority of those With DAR TA and FA (54%) and With DAR TA only (54%) have not met this target. In contrast, 56 percent of household respondents under the LBP Regular Coops earned more than PhP60,000. The results further indicate that compared to non-ARBs, there is a greater portion of ARBs compared to the non-ARBs whose income are below PhP60,000.

Consequently, more than half of household respondents under With Both DAR TA and FA (53%) and With DAR TA Only (54%) receive incomes below the poverty threshold. Meanwhile, only 40% of the respondents under the LBP Regular Coops fall below the poverty threshold. The ARB households are also more impoverished than the non-ARBs since greater shares of ARBs have earnings below the poverty threshold.

Sustainability

The sustainability of RASCP is inferred from the loan collection of LBP from cooperatives, repayment of loans by farmers, networth of cooperatives after RASCP, and from institutional arrangement of DAR and LBP.

Loan collection of LBP from cooperatives in 1997-2002 ranged from 82% (1997) to 99% (2002). Loan repayment of farmers of loans from cooperatives was 75% for farmers under ARC cooperatives with RASCP-FA and TA, 76% for farmers under ARC cooperatives with RASCP-TA only, and 54% for farmers under agricultural cooperatives with FA only. There is a threat to sustainability of lending to farmers considering the loan repayment to cooperatives.

Likewise, of loan from cooperatives there is a threat to sustainability of lending considering the non-full collection by LBP. In order to sustain lending of LBP to cooperatives at 82% to 99% loan collection rates would require infusion of fresh capital within the next 20 years, the period of lending using revolving fund.

Cooperatives have positive networth after RASCP (2004). The largest size of networth was from ARC cooperatives with RASCP-FA and TA (PhP 759,256), followed by agricultural cooperatives with RASCP-FA (PhP 413,924), and ARC cooperatives with RASCP-TA only (PhP 101,901). The sizes of the networth of the

cooperatives indicate sustainability of lending to cooperatives because have the equity to secure, at least, the loan.

On the part of the DAR, the extension of TA to cooperatives will be integrated with DAR-PO regular activities of providing TA to beneficiaries of agrarian reform. The sustainability of TA therefore will partly depend on government appropriation and from mobilization of fund from other sources, as well as on the manpower complement of DAR-POs.

On the part of LBP, lending using RASCP Revolving Fund will form part of the regular lending of the bank to the agri-agra sector starting 2003, although the monitoring of RASCP Revolving Fund can be separately done by the bank. There will be no RASCP window for LBP. The LBP had the network of branches and offices, manpower complement, and financial strength to continue on lending to agri-agra sector with RASCP revolving fund.

Other factors that are seen to affect the sustainability of the program is the performance of the cooperatives in terms of membership, business undertaking, financial ratios, lending activities and trainings conducted. A comparison of the during and after RASCP situations show that the performance of all three cooperative types have declined.

The Consulting Service

The consulting service was undertaken to provide support to LBP for effective implementation of the program. The areas of assistance were on the improvement of the credit delivery and monitoring system, improvement of cooperative strengthening program, monitoring and evaluation of the program, and formulation of integrated rural support credit schemes. The OEC of consulting services was ¥261 million, of which amount ¥227.25 million was actually used.

The consultants were able to provide assistances on the improvement of credit delivery and monitoring systems, improvement of the cooperative strengthening program, on monitoring and evaluation system of the program, and on formulation of integrated rural support credit scheme. In particular, the consultants developed computer applications to enhance credit delivery system such as LFC template, RASCP-RF Monitoring template, and COLODAT. However, their applications were limited. The LFC template was not used regularly; the COLODAT was not used; and RASCP-RF monitoring template had limited use.

On cooperative strengthening program, five training modules were developed and conducted by the consultants. The training participants evaluated the training program as satisfactory and excellent, but found the PCM as demanding on time and financial resources. There was delay in the implementation of cascading training to cooperatives, and TA tie-up training was implemented very slowly.

The PBME trainers training was not implemented and the credit schemes formulated were not approved by the Steering Committee.

Feedbacks from the LBP personnel who attended the training indicated that although the training courses attended were useful to them in doing their previous and current jobs, very few used the RASCP templates developed by the consultants.

All LBP-LC included in the study indicated awareness of the RASCP. The LBP-LC implemented a monitoring system, but only Palawan and Iloilo LC received the template and used it for a year. The COLODAT was not used by the LC. Iloilo LC is still using the RASCP-RF template but claimed that it is useful but not so important because it has no bearing to their targets. Palawan, Negros and Bukidnon LCs were aware of HVC credit limits developed by the consultants, but they did not implement them. Negros/Siquijor and Iloilo LC, on the other hand disseminated the basic cooperative accounting and auditing manual to their assisted cooperatives.

No LC included in the site survey was aware of the CBA except Negros which stated that a CBA was organized but not registered with CDA. They were not also aware of the FLTMS and PBME designed by the consultants.

On the whole, the consulting services were able to deliver the assistance as stated in the TOR. However, the templates developed for the suggested credit schemes, PCM, HVC credit limits, CBA, and TA tie-ups found limited implementation and applications.

As to the speed of screening loan applications, this normally takes about 45 days. This could even be reduced to 30 days if all the required documents (e.g., financial statements) are all in order. However, in some instances it takes more than 45 days to screen loan application and release the loan. This is because it took time for cooperatives to submit required documents such as the feasibility study and BOD Resolution. Moreover, the required documents took some time before they become acceptable to LBP. The results imply that even though the consultants developed computer applications to facilitate loan processing/evaluation, if the cooperatives do not satisfy the requirements of LBP loan evaluation and release will take time.

The RASCP-TA

The RASCP-TA was a package of technical assistance to ARBs composed of trainings, CADS, institutional strengthening of LBP and DAR, acquisition of equipment, and program monitoring and evaluation.

The training implemented by PMOs of DAR used alternative modes such as customized, on-the-job, formal, and farmer exchange in collaboration with institutional partners on the aspects of organizational management, resource management, social enterprise operations, establishment of livelihood projects, post-harvest facilities operation and management, governance and alliance building, enterprise

development and management for DAR-assisted cooperatives, Bayan-Anihan Para Magsasaka Siyentista, and institutional strengthening of LBP and DAR.

The RASCP-TA conducted 61 batches of organizational management training for 101 participants; 114 batches of social enterprise operation training for 3,537 participants; 57 batches of training for 146 participants on governance and alliance building; 9 batches of training on enterprise development for 253 participants; and 8 batches on enterprise management for 265 participants.

On assistance to cooperatives to facilitate credit and implement identified projects, RASCP-TA was able to assist 48 cooperatives to access loans under various credit windows of LBP, 11 cooperatives of which were able to access credit through RASCP. BaMaS was implemented in 25 ARCs in 9 regions benefiting 856 farmers; FSTP-KIDS program was established and participated in by 565 kids.

On provision of guidance to cooperatives in various aspects of management and operation of projects funded under RASCP, 48 L-CDAs and 7 C-CDAs were deployed to the project; 95 demonstration projects were established benefiting 685 cooperators.

On strengthening the capability of program implementers in managing the project, joint orientation, assessment and planning workshops were forged between LBP and DAR; and equipment were acquired for project implementation such as 58 moisture meters, 52 weighing scales, 74 motorcycles, and 40 computers.

On installing M & E for the TA component of RASCP, an M & E system was established for RASCP-TA in the PMOs.

DAR pointed out that RASCP-TA had caused an improvement by one level of the maturity of ARC cooperatives, increased the membership of RASCP-assisted cooperatives by 20% on the average, and increased the number of cooperatives engaging in business by nine.

The results of the site survey of cooperatives showed that RASCP-TA was effective in increasing the size of membership of cooperatives, capacity to obtain loan from different sources, lending to members, loan collection, number of cooperative business undertaken and amount of investment, number and amount of grants/donations received, organizational capability and governance of the cooperative, number of training received, management of post-harvest facilities, capital, income and reserve fund. The improvement in the said variables due to TA was shown in positive manner before, during, and after RASCP, although the pattern of improvement was increasing from the before period to the implementation period, and a declining trend towards the after RASCP period.

After RASCP, the TA to RASCP-assisted cooperatives shall be integrated with the regular function of DAR-POs in the delivery of support services to ARBs. As such, the sustainability of the TA to cooperatives will partly be dependent on the budget of

DAR from government appropriations and other sources, and on the manpower complement of DAR-POs.

The RASCP-FA

The RASCP-FA was largely composed of sub-loan and technical assistance to LBP.

The sub-loan portion of RASCP-FA was re-lent by LBP to cooperatives in 1997-2002. Total loan released to borrowers was P3,581.4 million to 672 BACs and 326,023 farmer-beneficiaries. Loan released for the period was largely used for production purposes, P3,113.5 million (75-91%), followed by working capital loan, P314.8 million (0.8 to 23%), and fixed asset loan, P153.1 million (0.9 to 7%). In terms of type of

enterprise financed, loan released was largest for crop production, (P2,984.4 million followed by trading, (P325.2 million), livestock production, (P227.3 million), and fish production, (P44.5 million).

By type of cooperative, non-ARC cooperatives (519) received the bigger portion of the sub-loan (P2,909.2 million) than ARC cooperatives (153) which received P413.2 million.

The collection of loan by LBP from cooperatives ranged from a high of 99% (1998) to a low of 82% (1999) during the RASCP period (1998-2002). During the years 2000-2002, the rate of collection declined from 92% (2000) to 89% (2002). In the post-RASCP period, 2003 and 2004, loan collection rate was 95% and 94%, respectively.

The collection rate is within the acceptable limits considering the type of clients, but the non-full collection of loan by LBP from cooperative poses a threat to the long-term sustainability of the lending program, particularly during the revolving fund period (2006 to 2026).

RASCP-FA was effective in improving the membership of ARC cooperative, acquiring loans, serving (re-lending) members with credit, collecting loan, expanding engagement in business and investment, obtaining grants/donations, improving cooperative governance, receiving training during RASCP period, increasing the paid-up capital of members, and in improving networth, net income, and reserve fund of the cooperative.

In the abovementioned variables, ARC cooperatives with RASCP FA and TA performed better than ARC cooperatives with RASCP TA only during the periods before RASCP, during RASCP, and after RASCP.

RASCP-FA was efficient in terms of timing of implementation. Loan releases were completed in the prescribed period, November 1996 to July 2002, although the start of releasing the loan was delayed by about five months.

RASCP-FA was also efficient in terms of releasing the loan. The total loan released to borrowers was ¥10,204 million (P3,598 million), ¥56 million (P417 million) beyond the OEC of ¥10,184 (P3,181 million).

In terms of cost of money, RASCP-FA was more efficient than AJDF. The interest rate of RASCP was 7.3% per annum and that of AJDF was 10.3% per annum. But RASCP-FA was less efficient than local sources of funds considering the local savings interest rate of 2% per annum, and T-bills rate of 6% per annum.

Comparing RASCP-FA to other LBP lending schemes, RASCP-FA was more efficient than other LBP lending schemes in terms of size of membership of cooperatives served, number and amount of loans acquired, number of borrowers, amount of loan to members, loan repayment, number and amount of grants/donations received, salary/honorarium of officers and employees (except for current secretary), training received, paid-up capital, networth, and reserved fund. ARC cooperatives with RASCP-FA and TA had large positive advantages than ARC cooperatives who obtained loans under other LBP lending schemes on the variables cited above. Other LBP lending schemes were more efficient than RASCP-FA in terms of investment (after RASCP).

CONCLUSION, RECOMMENDATION AND LESSONS LEARNED

Conclusion

RASCP is relevant to the government policies of promoting agricultural development, agrarian reform, and poverty alleviation as provided for in the AFMA, Magna Carta for Small Farmers, CARL and Agri-Agra Law which are all still in effect.

RASCP is effective in improving the maturity of ARC cooperatives considering the LBP CAC; in improving the membership and business of cooperatives; in accessing loans from LBP; in improving the governance and net worth of cooperatives; and in strengthening the working relationship between DAR and LBP.

The impact of RASCP on household income and productivity is not clear. In fact, the proportion of income of all types of households is more in favor of non-agricultural than agricultural sources. Farm productivity, using rice as an example, remain practically unchanged.

The sustainability of RASCP is threatened by the poor repayment of loans by farmers and non-full collection of loans of cooperatives by LBP. Likewise, organizationally, RASCP-TA and RASCP-FA will be integrated with the regular functions of DAR-PO and LBP, respectively. The sustainability of RASCP therefore will depend on the budget of DAR in extending TA, and on the financial strength of LBP as financial arm

of CARP. It is perceived, however that LBP with its network of branches and offices, manpower complement, financial viability and renewed focus to agri-agra lending can sustain the lending to agri-agra sector.

Recommendations

It is recommended that the delivery of TA and FA to agri-agra sector should be sustained since the farm productivity and income of farmers are stagnating. The TA should include provisions for agricultural technology and market development in addition to credit delivery and institutional building support.

The FA, given the CAC of LBP, should be delivered according to the level of maturity of cooperative to select and manage profitable enterprise, and to financially manage the cooperative. Cooperatives which are not yet “bankable” should be continuously provided with institutional capacity enhancing support until maturity to build their financial, managerial, and technical capabilities to well-managed cooperatives and to assist members in enhancing the profitabilities of their farm enterprises.

To focus and integrate the delivery of services by DAR and LBP to ARBs, a coordinating mechanism should be installed to harmonize the roles of DAR and LBP as far as support services delivery to farmers and their cooperatives are concerned. The coordinating mechanism should have the authority to influence DAR and LBP to deliver the services to ARBs in accordance to the determined national policies on agricultural development, agrarian reform, and poverty alleviation.

Lessons Learned

The lessons learned are grouped into the areas of implementation of RASCP and conduct of research evaluation.

a. On RASCP Implementation

The importance of keeping the people trained on the program throughout the implementation of the program is observed in the implementation of RASCP. It was mentioned that the reorganization of LBP affected to a certain extent the re-assignment of staff trained for RASCP to other assignments and this had a consequent effect on the implementation of RASCP.

The value of effective coordination of DAR and LBP, given their separate contracts under RASCP, should had been emphasized at the start of the RASCP since the two agencies are working for common clients, the ARBs. For instance, the CAC of LBP could had been well-applied with a development sense if the CAC was a focused in the delivery of TA to ARC cooperatives, and the plight of the numerous ARBs are highlighted in the delivery of FA because they are critical. The delivery of TA and FA should had been treated as continuum rather than disjointed activities.

The importance of market development appeared as an important component of the TA in building the viability of ARC cooperatives and in improving the income of the ARBs. Therefore, the inclusion of market development as a component of future institutional as well as agricultural development efforts in the ARCs is worth considering.

An institutional tie-up by DAR with academic or research institutions dealing with cooperatives and rural credit such as the state colleges and universities (SCUs) in the areas where ARCs exist is important to have a sustained and stable source of TA for the institution building of cooperatives. The tie-up will help in enhancing the technical capability of DAR in assisting the ARC cooperatives and at the same time will contribute to maximizing the use of SCUs in developing agriculture in their areas of domicile.

b. On the Conduct of Research

The design of the evaluation of RASCP should have been prepared at the beginning of the implementation of RASCP. Thus, a benchmark survey should have been done which could have facilitated the conduct of the research evaluation. The recall process in gathering data has its limitations and these could have been addressed if the research data gathering was built-in with the design and implementation of the RASCP.

**IMPACT EVALUATION OF POLICY BASED CREDIT FOR
AGRICULTURE ON AGRARIAN REFORM – THE CASE
OF THE PHILIPPINES
(EVALUATION OF THE RASCP)**

1.0 INTRODUCTION

1.1 The Land Reform Program. A decisive policy of the state to create agrarian justice and improve agro-industrial development is land reform. The policy seeks to pursue agrarian justice by distributing agricultural lands to the tillers and to foster industrialization by directing investment of capital of the landowners from agriculture to industries. The implementation of the policy is expected to increase farm productivity and income thereby increasing the farmer-tillers purchasing power. On the other hand, the investments of the landlords are expected to expand the industrial base of the economy which will eventually support the needs of agriculture and non-agriculture enterprises, and the demand for consumer goods of the households.

The Comprehensive Agrarian Reform Law of 1988 (RA 6657) provides for the basic framework for the implementation of a Comprehensive Agrarian Reform Program (CARP). It is comprehensive in the sense that, among others, it defines the coverage and time frame of the program, land retention and distribution limits, beneficiaries, compensation to the landowners, system of payment of the land, and support services to the agrarian reform beneficiaries (ARBs).

In the implementation of the CARP, among others, the government assumes the responsibility of acquiring land from the landlords, payment of land acquisition, collection of land amortization, and delivery of support services to the farmer-beneficiaries.

The government agency earmarked to implement the CARP is the Department of Agrarian Reform (DAR). On the other hand, the agency mandated to serve as the financing arm of the CARP is the Land Bank of the Philippines (LBP). Among others, it is tasked to finance the acquisition of land from the landowners and the delivery of credit services for production, marketing, and other farm activities to farmers.

The CARP has three components and these are: (1) land tenure improvement; (2) support services and productivity improvement; and (3) delivery of social justice. Land tenure improvement entails both the physical land transfer and non-land transfer activities. The former involves the acquisition and distribution of private and state owned lands to qualified beneficiaries while the latter pertains to the improvement in the tenurial arrangements of farmers through the shift from share tenancy to leasehold, stock distribution option, production and profit sharing, among others. Support services and productivity improvement include the provision of credit, extension services, and infrastructure support, among others to farmer-beneficiaries of the program. Meanwhile, delivery of agrarian justice concerns the settlement of cases which are related to landlord and tenant relationships as well as those pertaining to land valuation.

As a key strategy in the implementation of the CARP, the Department of Agrarian Reform (DAR) launched the Agrarian Reform Community (ARC) concept in 1993, primarily to accelerate the delivery of support services. An ARC is a barangay at the minimum or a cluster of barangays where there is a critical mass of agrarian reform beneficiaries (ARBs) clamoring for the implementation of agrarian reform. Through the ARCs, the DAR was able to streamline the focus of its support services delivery by adopting an integrated area development approach. The ARC served as convergence zone for the delivery of support services, including credit. Corollary to the establishment of ARCs was the strengthening and/or/ rehabilitation of organizations in such communities, particularly the cooperatives. An area is declared an ARC based on the following criteria: (1) a large scope (80%) in the locality has been distributed or will be distributed within one or two years; (2) there is a high density of potential and actual ARBS; (3) there is a low rate of economic growth but it has a high agro-industrial development potential; and (4) there are NGOs and POs in the area. The latter is required because the ARC strategy uses a community-based approach as well as integrated efforts from tripartite partnership among government organizations (GOs), non-government organizations (NGOs) and people's organizations (POs).

The progress of the land reform program has encouraged the interest of donor agencies to participate in the government initiatives to successfully implement the CARP by extending financial and technical assistance to cooperatives and farmers such as the Rural Farmers and Agrarian Reform Support Credit Program (RASCP).

Since 1992 to June 2004, the DAR has generated nearly PhP42 billion to support the implementation of 49 projects. The financial resources generated covered 896 ARCs or 54% of the total ARCs nationwide. The first three projects which were approved in 1995 included the Agrarian Reform Support Project (ARSP), the Agrarian Reform Infrastructure Support Project (ARISP) and the Belgian Agrarian Reform Support Project (BARSP). Funding from these special projects for the ARCS came from the EU, JBIC and the government of Belgium, respectively.

1.2 Objectives of the Study. This research was conducted to evaluate RASCP. Per terms of reference of consultancy services (TOR), the evaluation of RASCP shall be undertaken to:

- a) assess the accomplishment or results achieved by RASCP with reference to the logical framework and project design sheet agreed by DAR and LBP;
- b) determine if RASCP contributed to the attainment of GOP's overall goal of poverty alleviation as well as the individual institutional development goals of DAR and LBP;
- c) evaluate whether the extension of sub-loans to cooperatives (specially to ARC cooperatives) has resulted to an improvement in income and livelihood activities;
- d) evaluate whether the technical assistance for capability-building and enterprise development has improved the absorptive capacity of cooperative

(especially ARC cooperatives) not only as end-users of credit but as integrators of agri/rural-based industries;

e) evaluate to what extent has RASCP consulting services was able to improve LBP's overall supervision and monitoring of JBIC loans; and

f) identify lessons learned/recommendations of RASCP.

The evaluation research shall include the:

a) over-all evaluation for the entire project with evaluation criteria of DAC;

b) detailed evaluation for consulting service and TA portions;

c) detailed evaluation of loan portion; and

d) extraction of lessons learned/recommendation out of evaluation results.

2.0 THE RASCP

2.1 *Background.* The RASCP was borne out of the recommendations of a Special Assistance for Project Implementation (SAPI) team dispatched by Overseas Economic Cooperation Fund (OECF) in December 1994 to assess among others, the performance of the implementation of OECF-AJDF loan fund.

In 1991, the LBP received a loan of ¥ 6.6 billion or US \$ 50 million from the OECF under the ASEAN-Japan Development Fund (AJDF) to augment LBP's loanable fund for small farmer-cooperatives in the form of fixed assets, working capital and production loans. The loans were disbursed for five (5) years in 1992-1996 to 620 accredited cooperatives involving 136,200 small farmers and fisherfolks.

Among the recommendations of the SAPI was for LBP to introduce time-bound measures to improve the handling of OECF-AJDF particularly on monitoring and evaluation of sub-loans, credit supervision and system of accreditation including specific support for cooperatives to ensure their viability as conduits of formal credit in the rural areas. The LBP, in response to the recommendation of SAPI, submitted a subsequent rural credit project under OECF called RASCP. An appraisal mission was dispatched by OECF to LBP and DAR, and confirmed the program description, operating procedures, implementation schedules and a loan agreement was executed on March 29, 1996.¹

2.2 *Objectives.* The RASCP has three-fold objectives, namely to:

- a. provide loan funds to LBP for on-lending to cooperatives in support of the credit needs of the agrarian reform beneficiaries, small-farmers/fisherfolks/livestock raisers and other groups/clients in the rural areas;
- b. provide an institutional strengthening program for the ARC cooperatives to improve their absorptive capacity not only as end-users of credit but eventually as integrator of agri/rural-based industries; and
- c. strengthen LBP's over-all supervision and monitoring of the OECF loan.

2.3 *Scope.* The RASCP is a twin loan agreement between Japan Bank for International Cooperation (JBIC), formerly OECF, and the Philippine Government. The first loan agreement (L/A PH-168) involves the provision of credit assistance to farmers, particularly to ARBs and was implemented through LBP. The second loan agreement (L/A PH-169) is the technical assistance (TA) component for the ARB cooperatives which were previously assisted under Phase I of the Agrarian Reform Infrastructure Support Project (ARISP I) and was implemented by DAR.

¹ LBP document.

2.3.1 The Loan Assistance (L/A PH 168)

2.3.1.1 Components. The PH 168 loan agreement has four components, namely: sub-loan, consulting services, equipment, and training and survey. The total loan proceeds under PH 168 was ¥10,494 and was allocated as follows:

| | |
|----------------------|-------------------|
| Sub-loan | ¥ 10,184 million; |
| Consulting Services | ¥ 225 million; |
| Technical Assistance | ¥ 85 million |

a) *The Sub-Loan.* The sub-loan component comprised the bulk of the program fund, 97% or ¥ 10,184 million. The fund was re-lent by LBP to JBIC – accredited small farmer cooperatives as:

- i. long-term credit line to cooperatives (not to exceed 50% of the total RASCP loan disbursed;
- ii. long-term production loan to small farmers through their cooperatives;
- iii. long-term working capital loan to cooperatives;
- iv. fixed asset loan to cooperatives; and
- v. fixed asset loan to farmers.

The long-term credit line to cooperatives and long-term production loan to small farmers through their cooperatives had a maturity period of more than one (1) year with an interest rate of 12% per annum. In the revised scope of the RASCP, coco-coir and piña cloth productions were added as additional livelihood projects eligible for financing under these credit categories.

The long-term working capital loan to cooperatives had a term of 1-3 years with rate of interest of 12% per annum.

The fixed assets loan to cooperatives had a term of 3-10 years with an interest rate of 14% per annum.

Fixed asset loan to farmer-member on the other hand, had a term of 3-5 years and an interest rate of 14% per annum.

b. *Consulting Service (CS).* The CS was composed of the services of foreign consultants, 53 man-months; local consultants, 65 man-months; and administrative support services, 208 man-months.

The CS was modified in the latter part of the Project Implementation with the reduction of the services of foreign consultants to 41.57 man-months; the extension of the services of the local consultants to 138.66 man-months; the hiring of technical support staff services of 18 man-months, and the extension of administrative support staff services to 252.08 man-months.

The extension of the CS was primarily due to the changes in the RASCP implementing units at the field level from the LBP branches to lending centers, and the re-assignment of LBP trainees with adequate RASCP orientation and training to other LBP units.

c. *Equipment.* As support facilities, 57 pieces of equipment with an estimated cost of ¥ 3.4 million were identified for procurement. Actual procurement, however, involved computers, 27 units; printers, 18 units; UPS 22 units; fax machines, 3 units; overhead projector, 13 units; LCD, one (1) unit; AVR, 15 units; softwares, 21 units; fax modem, 19 units; zip drive and disk, (6) units; and CD ROM drive 16 units.

d. *Survey and Training.* Baseline surveys on the status of LBP branches, cooperatives, and household-members of the cooperative were done by UP Statistical Center Research Foundation, Inc. for the LBP.

On LBP branches, three (3) pilot and correspondingly, three (3) non-pilot branches were covered in the survey for each RASCP regions: 1, 5, 6, and 10.

On cooperatives, the survey included 10 pilot cooperatives, 10 non-pilot cooperatives, and five (5) non-BAC cooperatives.

The household survey included 500 sample-households per region for each RASCP Region.

The RASCP intended to provide training support to 150 cooperatives on cluster formation and strengthening; and training for LBP staff on cooperative data base system, monitoring and management with on-the job coaching and consultancy services for financial product development, loan handling, and MIS improvement. A total of 131 cooperatives were given training on tie-up arrangement with partner agencies, project cycle management, accounting, internal control, and financial management.

On the other hand, LBP staff were given training on skills upgrading in the areas of office productivity (OP), project cycle management (PCM), financial management (FM), and accounting, auditing and internal control (AAIC).

A total of 302 LBP personnel from the four (4) RASCP Regions 1, 5, 6 and 10 were given training (Table 2-1). About one-half of them attended one (1) training program on OP, PCM, AAIC, and FM; about 40% attended two trainings on the same subject; 7% attended three training programs, and 2% attended all the four (4) training programs (Table 2-2).

Table 2-1. Distribution of LBP personnel who attended LBP-RASCP training by region.

| REGION | NUMBER | PERCENT |
|--------|--------|---------|
| I | 70 | 23 |
| V | 68 | 22 |
| VI | 86 | 29 |
| X | 78 | 26 |
| ALL | 302 | 100 |

Source: List of LB-RASCP Trainees, PCR of Consulting Services, 2002.

Table 2-2. Distribution of LBP personnel who attended LBP-RASCP training by region and by number and type of training attended.

| NUMBER/TYPE OF TRAINING ATTENDED | REGION | | | | | | | | TOTAL | |
|--|--------|-----|-----|-----|-----|-----|-----|-----|-------|-----|
| | I | | V | | VI | | X | | No. | % |
| | No. | % | No. | % | No. | % | No. | % | | |
| 1. One Training | 35 | 50 | 37 | 54 | 56 | 65 | 44 | 56 | 172 | 57 |
| Office Productivity (OP) | 13 | | 13 | | 19 | | 17 | | 62 | |
| Project Cycle Management (PCM) | 15 | | 10 | | 19 | | 20 | | 64 | |
| Accounting, Auditing Internal Control (AAIC) | 4 | | 10 | | 10 | | 3 | | 27 | |
| Financial Management (FM) | 3 | | 4 | | 8 | | 4 | | 19 | |
| 2. Two Trainings | 28 | 40 | 18 | 21 | 29 | 34 | 27 | 35 | 102 | 34 |
| OP and PCM | 6 | | 5 | | 9 | | 7 | | 27 | |
| OP and AAIC | 5 | | 2 | | 1 | | 1 | | 9 | |
| OP and FM | 2 | | 1 | | - | | - | | 3 | |
| PCM and FM | 2 | | 2 | | 1 | | - | | 5 | |
| AAIC and FM | 13 | | 8 | | 18 | | 19 | | 58 | |
| 3. Three Trainings | 5 | 7 | 12 | 18 | 1 | 1 | 5 | 6 | 23 | 7 |
| OP, PCM and AMC | - | | 2 | | - | | - | | 2 | |
| OP, PCM and FM | - | | 3 | | 1 | | - | | 4 | |
| OP, AAIC and FM | 4 | | 4 | | - | | 4 | | 12 | |
| PCM, AAIC and FM | 1 | | 3 | | - | | 1 | | 5 | |
| 4. All (4) Trainings | 2 | 3 | 1 | 2 | - | - | 2 | 3 | 5 | 2 |
| TOTAL | 70 | 100 | 68 | 100 | 86 | 100 | 78 | 100 | 302 | 100 |

Source: List of LBP-RASCP Trainees, PCR of Consulting Services, 2002.

2.3.1.2 Program Implementation. As provided for in the agreement, the LBP implemented the credit assistance component (RASCP-FA) of the twin agreements between the GOP and JBIC. The RASCP-FA was supposed to commence in March 29, 1996 but actual implementation started in July 24, 1996 and completed in July, 2002.

2.3.1.3 Implementing Structure. At the LBP level, the RASCP implementing structure is shown in Figure 2-1. At the helm of the organization is the Steering Committee chaired by the ADBS head. The LBP cooperative chairperson was the Vice-Chair. The members of the Committee were the heads of FUSD, DAD, and PMD. The steering committee set policy directions and approved plans, projects and activities.

In charge of the operation of the RASCP including the supervision of the consultants was the Program Management Unit composed of the PMD Head, technical staff, loan specialist, and accountant. PMU also served as the Steering Committee Secretariat.

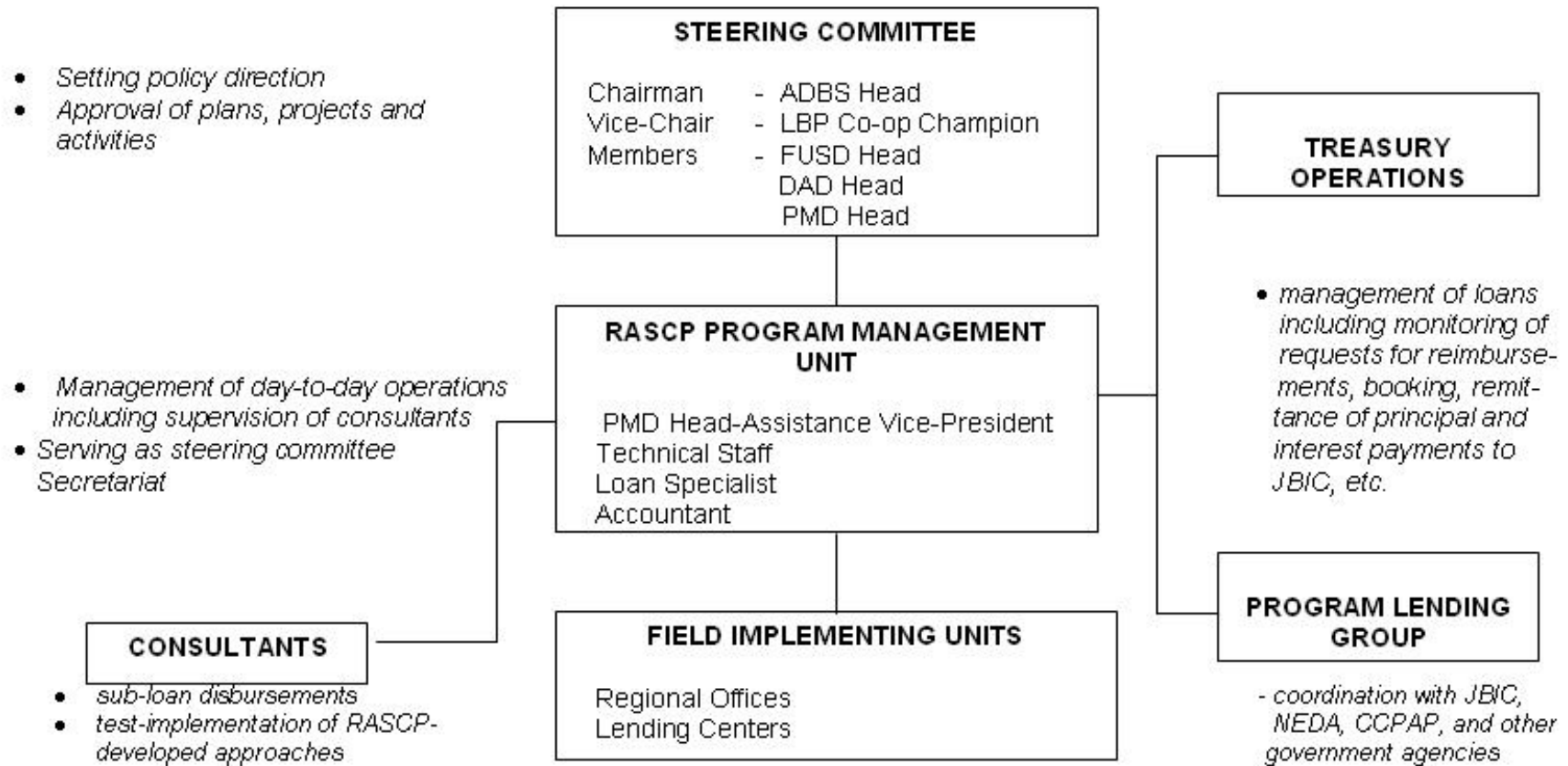
Implementing the RASCP at the field level were the Regional Officers and lending centers. The units made the disbursement of the sub-loan and implemented RASCP developed approaches.

During the period of implementation of RASCP, however, amendments were made in the program implementation due to the re-organization in LBP. The major changes effected were:

- a. the transfer of loan packaging from branches to lending centers;
- b. the transfer of cooperative accreditation function from branches to Development Assistance Center (DAC) with the establishment of DACs;
- c. the preparation/submission of sub-loan reimbursement application from the branches to lending centers;
- d. the transfer of loan monitoring, evaluation, and processing of application for loan reimbursement to JBIC from Cooperatives Loan Department (CLD) to RASCP PMD due to the dissolution of CLD; and
- e. the exclusion of the branches group, cooperative enterprise assistance group (CEAG) and CLD from the Steering Committee as CEAG and CLD were phased out, and branches group became area-based. (Table 2-3).

A serious concern that came up with the organization was the replacement of RASCP field personnel with personnel of minimal or nil orientation on RASCP. To remedy the situation, LBP adopted measures such as: a) fastracking of field personnel re-orientation on RASCP by the consultants and PMD staff; b) the full take-over of the CLD function by the FMD/RASCP; and c) deployment of RASCP

**FIGURE 2 – 1
RASCP FUNCTIONAL CHART**



Source: PCR, LBP, September 2002.

staff to LC/satellite LC to facilitate the RASCP orientation, and preparation and submission of sub-loan reimbursement applications.

Table 2-3. Activities affected by changes in program implementation, RASCP, 1996-2002.

| ACTIVITY | UNITS INVOLVED | REASON FOR CHANGE |
|---|---|--|
| <ul style="list-style-type: none"> Loan Packaging | From Branches to the Lending Centers (LCs) | Re-org and shift in designated functions of Branches and the Lending Centers |
| <ul style="list-style-type: none"> Co-op Accreditation | From Branches to the Development Assistance Centers (DACs) | Establishment of DACs to provide focused assistance to cooperatives |
| <ul style="list-style-type: none"> Preparation/Submission of Loan Reimbursement Application | From Branches to the Lending Centers (LCs) | Delineation of functions between Branches and the Lending Centers |
| <ul style="list-style-type: none"> Loan Monitoring/ Evaluation & Processing Of Applications for Loan Reimbursement to JBIC | From the Cooperative Loans Dept. (CLD) to the RASCP Program Management | Dissolution of CLD as a result of Bank reorganization |
| <ul style="list-style-type: none"> Dropping from Membership and Involvement in Steering Committee Functions | Branches Group Cooperative Enterprise Assistance Group Cooperative Loans Department | Branches Group Heads have become area-based/ Unavailable Phasing out of CEAG as a result of the LBP re-org. Phasing out of CLD as a result of LBP reorg. |

Source: PCR, LBP, September 2002.

2.3.1.4 Implementation Schedule. RASCP was scheduled for implementation from 1996 to 2002. On the over-all, there was a slight delay in the implementation of RASCP but the utilization of the sub-loan and the delivery of DAR technical assistance were completed in the prescribed period, July 1997-July 2002 (Table 2-4).

Table 2-4. Implementation period: Original schedule and actual implementation, RASCP, 1996-2002.

| I T E M | IMPLEMENTATION PERIOD | |
|--|---|-----------------------|
| | Original (At time of OECF Appraisal) | Actual |
| • Commencement of Program Implementation | 29 March 1996 | 24 July 1996 |
| • Selection of Consultants | Jan. 1996 – December 1996 | May 1996-June 1997 |
| • Consulting Services | Jan. 1997 – December 2001 | Sept. 1997-June 2002 |
| • Sub-Loan Utilization | July 1996 – July 2002 | Nov. 1996*-July 2002 |
| • DAR Technical Assistance | July 1997 – July 2002 | July 1997 – July 2002 |

* Release of Special Account to LBP from Bank of Tokyo.
Source: PCR, LBP, September, 2002.

There was about four (4) months delay in the commencement of the project implementation (from March 1996 to July 1996), and selection of consultants (from January 1996 to May 1996). Sub-loan utilization was delayed by about five (5) months, (July 1996 to November 1996) and the delivery of consulting services had its commencement delayed by about eight (8) months (from January to September, 1996). The delivery of DAR technical assistance was done as scheduled.

The delay in the selection of consultants and delivery in consulting services were affected by the delay in the commencement of the Program implementation. However, the delivery of consulting services was extended by about six (6) months without exceeding the original estimated cost for the services due to the amendments in the recommendations in the light of the LBP's reorganization.

2.3.2 The TA Component. The TA component of RASCP is covered by loan agreement PH 169 and was implemented by DAR. PH 169 had a loan proceeds of ¥ 305 million.

2.3.2.1 Objectives. The TA was designed to strengthen the financial and managerial capabilities of agricultural cooperatives in the 96 ARCs originally targeted for assistance under ARISP to improve their organizational maturity in order to access capital for production and marketing activities. Specifically, it aimed to:

- a) train ARB cooperatives on financial management, credit management and other types of advanced training programs on institutional, technical, and enterprise development;
- b) assist the ARBs cooperatives in the preparation of project proposals, feasibility studies, business plans, among others, to facilitate credit and in the implementation of identified projects;
- c) provide guidance to the cooperatives in various aspects of management and operation of projects funded under the RASCP ARC Support Credit Sub-Loan;
- d) strengthen the capability of program implementors in managing the project, and
- e) develop and install an appropriate M & E system for the TA component of the project.

2.3.2.2 *Aspects of TA.* The RASCP-TA is composed of training, advisory services and support to program management.

a. Training. The training for cooperative officers and members was the core of the technical assistance to cooperatives. The training sought to strengthen the organization and management of cooperatives. The training programs were done in the following areas: organizational development, post-harvest facilities operations and management, financial management, enterprise development and management, agricultural development, demonstration farms, and moisture meter O & M skills training.

b. Cooperative Development Advisory Services (CDAS). The CDAS primarily involved the engagement of the services of Central Cooperative Development Advisers (C-CDAs), and Local Cooperative Development Advisers (L-CDAs), and provision of TA to cooperatives.

The C-CDAs were hired to a) provide technical assistance and management advisory services to PMOs (CPMO, RPMO, and PPMO), and b) assist the PMOs in overseeing the implementation of the projects in respective areas of assignments, and supervise the L-CDAs.

The L-CDAs were employed to provide technical and management advisory services to the cooperatives in areas of day-to-day operations, and in identifying and packaging project proposals for assistance under the Project.

c. Support to Program Management. The support to program management consists of institutional strengthening of DAR and LBP, acquisitions of equipment, and installation of program monitoring and evaluation system for assessment of project accomplishments.

The institutional strengthening of DAR and LBP essentially involved the forging of coordination between the two agencies as they complement each other's activities in extending services to ARC cooperatives and farmers. The coordination mechanisms included conduct of joint workshops, partnership activities, informal meetings, to cite a few.

In the conduct of RASCP-TA, equipment were acquired to support the activities such as motorcycles (74 units) costing P5.3420 million; computers, 40 units with a cost of P7.834 million; and moisture meters, 58 units with a cost of P522 thousands. An ARC Weather Direction System was also installed at CPO to process data for preparation of feasibility studies and design of projects covered under ARISP II.

A Program Monitoring and Evaluation System was also developed and operationalized to regularly monitor the accomplishment of the Project.

2.4 Project Cost. The RASCP had a total original estimated cost (OEC) of ¥10,886.8 million, of which ¥ 10,799 million or 99.2% was foreign component; the rest, ¥ 21.95 million or 0.8% was local counterpart (Table 2-5).

Table 2-5. Project cost, original estimated cost and actual expenditure, RASCP, in millions.

| ITEM | FOREIGN (¥) | | LOCAL (P) | | TOTAL (¥) | | BALANCE* (¥) |
|---------------------|-------------|-----------|-----------|--------|-----------|-----------|--------------|
| | OEC | Actual | OEC | Actual | OEC | Actual | |
| LBP: | | | | | | | |
| Sub-loan | 10,184 | 10,240.00 | - | - | 10,184 | 10,240.00 | (56.00) |
| Consulting Services | 225 | 212.29 | 9 | 4.80 | 261 | 227.25 | 33.75 |
| Survey & Training | 60 | 28.59 | - | 0.70 | 60 | 30.09 | 29.91 |
| Equipment | 25 | 9.16 | - | 0.57 | 25 | 11.49 | 13.51 |
| Sub-Total | 10,494 | 10,490.04 | 9 | 6.07 | 10,530 | 10,508.83 | 21.17 |
| DLR: | | | | | | | |
| TA | 305 | 227.20 | 12.95 | 16.20 | 356.8* | 231.25* | 125.55 |
| TOTAL | 10,799 | 10,717.24 | 21.95 | 22.27 | 10,885.8 | 10,722.81 | 163.99 |

Note: OEC – original estimated cost

* - Computed

P1 = ¥4, the exchange rate used.

Source: PCR, LBP, 2002.

The bulk of the OEC of ¥ 10,886.8 million or 96.5% was under loan agreement PH 168 and was implemented by LBP as loan component. Of this amount, ¥ 10,184 million or 97% was earmarked for relending purposes to cooperatives and farmer-borrowers; the rest, 3%, were allotted for consulting services, survey and training, and equipment purposes.

The amount under the loan agreement PH169 was ¥ 356.8 million, ¥305 million of which or 85% came from foreign cost; the rest (¥12.95 million or 15%) was local counterpart fund. The amount indicated in the PH169 agreement was meant for RASCP technical assistance (RASCP-TA) to ARC cooperatives and was implemented by DAR.

Per PCRs of LBP and DAR in 2002, the OEC were not fully used except for the sub-loan purposes under LBP where actual expenditure exceeded OEC by ¥56.0 million. The rest of the items under the RASCP loan components implemented by LBP had unused portion. Likewise, the actual expenditure by DAR RASCP-TA was less than the OEC by ¥125.55 million.

3.0 RESEARCH METHODOLOGY

3.1 Conceptual Framework

Figure 3-1 presents the conceptual framework of analysis which was used for this study. The RASCP extended three services, namely: (a) consulting services to LBP; (b) technical assistance to ARC cooperatives by DAR; and (c) loans to cooperatives and farmers through the LBP. The RASCP therefore was assessed by evaluating its overall performance and that of the various components such as consulting services to LBP, technical assistance to ARC cooperatives, and loans to cooperatives and farmers.

3.1.1 Overall Evaluation of RASCP

This evaluation part involved the use of existing documents and results of site surveys to evaluate items described in the log frame and evaluation framework using the DAC criteria of relevance, efficiency, effectiveness, impact, and sustainability. The considerations, policies that were examined and data that were gathered for the over-all of evaluation are presented in Table 3-1.

3.1.1.1 *On Relevance of RASCP*

The Social Development Agenda of the Philippines at this time of appraisal stated that the development of rural villages, agrarian reform, elimination of poverty, and improvement of agricultural productivity are policies the government shall undertake. In pursuance of these policies, the improvement of the directed credit programs (DCP) for rural farmers and of Land Bank of the Philippines along with the support infrastructure for rural villages are required.

The relevance of RASCP therefore was examined in relation to the provisions of the Comprehensive Agrarian Reform Program, medium-term development plan, AFMA of DA, Plan of LBP, and the President's Ten-point Agenda.

In particular, RASCP was examined as it contributed to the: (a) reduction of poverty in rural villages and agrarian reform areas; (b) agro-industry modernization; (c) improvement of the implementation of the CARP; (d) improvement of the strength of LBP in providing credit services to rural and agrarian reform areas; and (e) improvement of rural villages infrastructure such as post-harvest facilities, among others. The relevance of RASCP therefore was looked at the point of view of national policies on (a) poverty alleviation, (b) agricultural development including agrarian reform, and (c) improvement of rural credit.

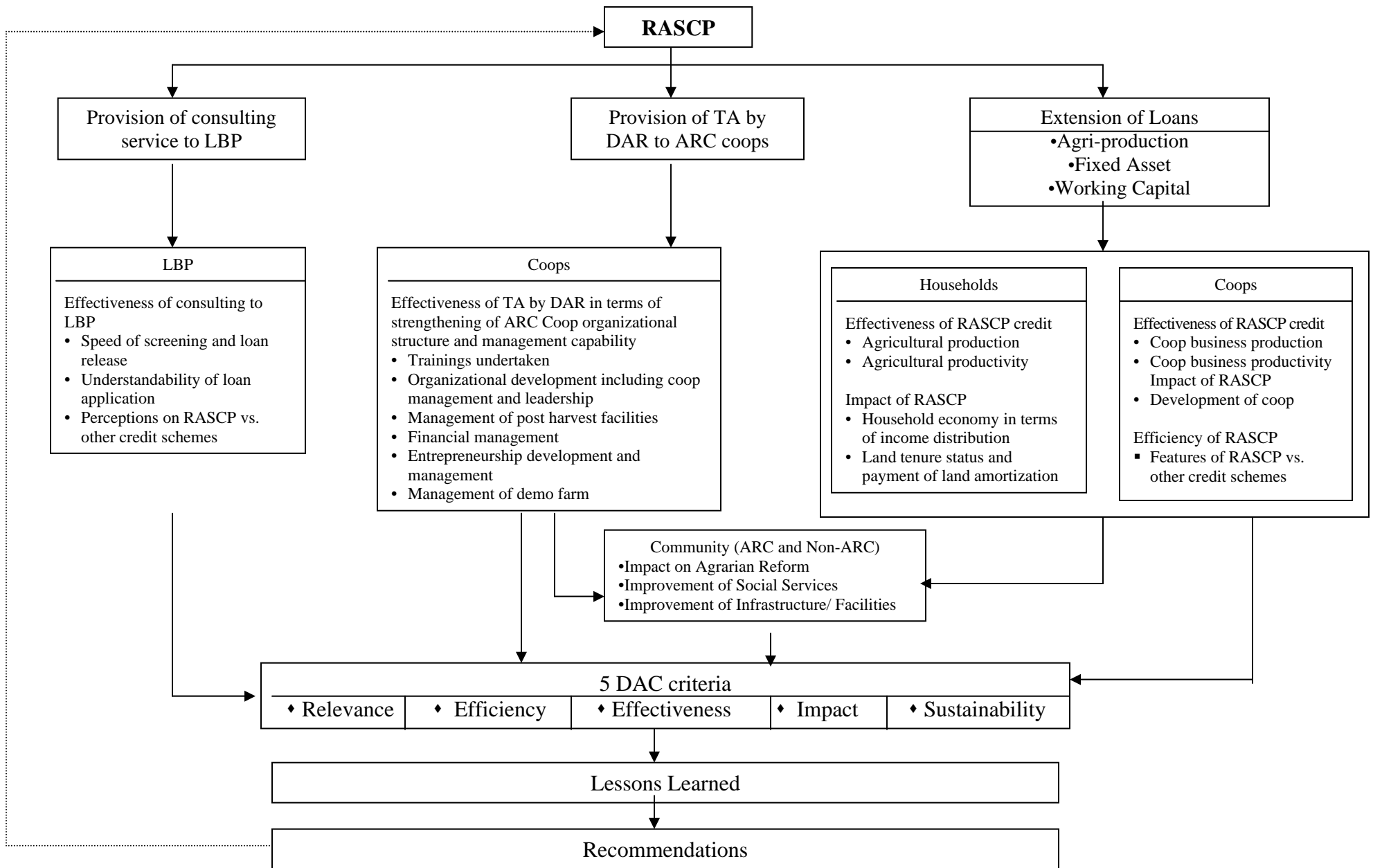


Figure 1. Conceptual Framework for the Evaluation of the RASCP

3.1.1.2 *On Effectiveness of RASCP*

The effectiveness of RASCP examined the extent in which the objectives of the RASCP were achieved under consulting service to LBP, TA of DAR to cooperatives, and provision of loans to ARC cooperatives and farmer-members.

The analysis under the consulting service determined whether the planned services to LBP were delivered, personnel were trained, trained personnel were used, and the cost of training and consulting services.

The TA portion examined: (a) whether or not the planned technical assistance was delivered by DAR to ARC cooperatives; (b) the outputs of the TA such as training programs and manuals, and persons trained; (c) the extent in which the outputs were applied by ARC cooperatives; (d) the extent in which the TA was appreciated by the ARC cooperatives; (e) the cost of TA, and (f) the improvement of ARC cooperatives due to TA.

The RASCP credit portion extended loans for farm production, fixed asset acquisition and working capital. Farm production loans were provided to farmers through the cooperatives while the cooperatives were the beneficiaries of the fixed asset and working capital loans. The production loan was expected to improve the agricultural productivity, production, and income of farmers. Fixed asset loan is expected to improve or develop the business activities of ARC cooperatives and improve the agricultural productivity and production of farmers; and working capital loan is expected to develop the ARC cooperative businesses. The effectiveness of RASCP loan examined the extent in which: a) the capital of LBP, ARC cooperatives and farmers were improved due to RASCP; (b) the programmed loan were delivered to the cooperatives and farmers; (c) the RASCP loan contributed to the improvement of business activities of ARC cooperative; and (d) the loan contributed to the improvement of farmers' productivity, production, and income.

3.1.1.3 *On Efficiency of RASCP*

RASCP provided technical assistance to LBP, ARC cooperatives, and regular cooperatives to build-up capacity to manage their respective businesses, and financial assistance to finance farm enterprises of cooperatives and farmers.

Technical assistance to cooperatives is intended for capacity build-up and enterprise development, which includes business planning, exchange program, training, enterprise development, and federation building or alliance among ARC cooperatives, and with other organizations.

Table 3-1. Summary of methods of gathering data and analysis

| AREA OF RESEARCH | TARGET | METHOD OF GATHERING DATA | METHOD OF ANALYSIS |
|---|---|---|---|
| Over-all Evaluation of RASCP | Relation of RASCP to MTD, CARP, LBP, AFMA, Pres. Arroyo's 8-Point Agenda | Secondary data from relevant agencies and documents; primary data from key informants | Desk Research; Before and After RASCP using DAC criteria of relevance, effectiveness, efficiency, impact and Sustainability |
| Detailed Evaluation of Consulting Service and Technical Assistance | | | |
| Effectiveness of Consulting Services | LBP; ARC Cooperatives and Regular Cooperatives; pilot cooperatives | Key Informants; LBP personnel who participated in the consulting services | Before and After RASCP |
| Effectiveness of RASCP-TA | DAR; 24 ARC cooperatives given RASCP-TA (6 ARC cooperatives with RASCP-TA used in "without" project TA scenario, and 18 ARC cooperatives with RASCP-TA which were originally planned to mail questionnaire approach), and three (3) ARC cooperatives under ARISP I with no TA at all. | - Key informants in the site survey | Before and After RASCP Analysis; With and Without Project TA Analysis |

Table 3-1. Continued.

| AREA OF RESEARCH | TARGET | METHOD OF GATHERING DATA | METHOD OF ANALYSIS |
|--|---|--|---|
| <p>Detailed Evaluation of Sub-Loan</p> <p>Effectiveness of RASCP Credit</p> <p>Efficiency of RASCP credit</p> | <p>240 farmer-respondents from six (6) ARC Cooperatives with RASCP FA and TA; 240 farmer-respondents from six (6) ARC cooperatives with RASCP-TA only 6 ARC Cooperatives with RASCP FA & TA 6 ARC Cooperatives with RASP-TA only</p> <p>8 regular cooperatives given loan by LBP under RASCP and 320 farmer-respondents from 8 regular cooperatives</p> <p>6 ARC Cooperatives with RASCP-FA & TA: 2 ARC cooperatives under CAP-PBD scheme 2 ARC cooperatives under regular scheme 2 ARC cooperatives under 5-25-75 scheme</p> <p>8 Regular cooperatives given loan by LBP under RASCP</p> | <ul style="list-style-type: none"> - Survey of farmers - Key informant interview of cooperative managers - Key informants; Survey of Households - Key informants - Key Informants | <p>With and Without Project Loan Analysis; Before and After RASCP</p> <p>Before and After RASCP</p> <p>Comparison by type of credit scheme</p> <p>Before and After RASCP</p> |

Table3- 1. Continued.

| AREA OF RESEARCH | TARGET | METHOD OF GATHERING DATA | METHOD OF ANALYSIS |
|-----------------------------------|---|---|---|
| Impacts : On Household Economy | 240 farmer-respondents from 6 ARC cooperatives with RASCP FA & TA 240 farmer-respondents from 6 ARC cooperatives with RASCP-TA only. 320 farmer-respondents from 8 regular cooperatives given loan by LBP under RASCP | - Survey of Households - Survey of Households | With and without Project Loan Analysis; Before and after RASCP Before and After RASCP |
| : On Dev't. of Coop | 6 ARC cooperatives with RASCP FA and TA 6 ARC cooperatives with RASCP-TA only 8 Regular cooperatives given loan by LBP under RASCP | - Key informant - Key informant | With and without Project Loan Analysis; Before and after RASCP Before and After RASCP |
| : On Promotion of Agrarian Reform | 6 ARC Cooperatives with RASCP FA and TA 6 ARC Cooperatives with RASCP TA only | - Key informants, secondary data on community profile and tenure status | With and without Project Loan Analysis; Before and after RASCP |

Financial assistance, on the other hand, addresses the need for capital for production of farmers, and capital for acquisition of fixed assets and expansion of cooperative business.

In evaluating efficiency of TA, the modalities used in strengthening the capacity of cooperatives shall be examined, as well as the target cooperatives to check whether or not there is overlapping in the target cooperatives of DAR-TA and LBP-TA.

In evaluating the efficiency of FA, the number of borrowers such as cooperatives and farmers shall be examined as well as the amount, types, projects financed, and repayment of the borrowers. The data on the said variables shall be examined if there is contribution of RASCP to the improvement of fixed assets and working capital of cooperatives, and production and income of farmers.

The efficiency of RASCP was also examined in terms of its output, duration period, and cost.

On output, RASCP was originally intended for 250 ARC cooperatives as borrowers. However, the target was revised to cover 71 ARC cooperatives in 97 ARCs covered by ARISP I. In this regard, borrowing from RASCP funds was analyzed looking at the borrowers by types of cooperatives, types of loans, frequency of borrowing (repeat borrowing) and status of loan accounts. The reason for the gap between planned and actual borrowers was also analyzed.

On project period, the RASCP should be implemented for 77 months from March 1996 to July 2002. The period of project implementation was examined in terms of the duration of the project.

On project cost, RASCP had a sub-loan portion of ¥ 10,184 million, of which ¥2,264 million was intended for agrarian reform cooperatives. The cost of the project examined the general allocation and use of the sub-loan component.

3.1.1.4 On Impact of RASCP

The evaluation of impact of RASCP focused on the improvement of the absorptive capacity of ARC and regular cooperatives as users of credit and integrators of agriculture and rural based industries, development of ARC, improvement of the well being of the farmers/households, and maturity classification of cooperatives by LBP.

The improvement of the absorptive capacity of ARC and regular cooperatives, and as integrators of credit examined in relation to the improvement of the cooperatives capital, human resource capacity, membership, governance, and business activities. The development of ARC, on the other hand, was examined

in terms of land tenure improvement, payment of land amortization, and business activities.

The improvement of the well-being of the farmer-households was gleaned from the improvement of income and access to credit and social services.

The improvement of maturity classification of cooperative by LBP was examined by relating the cooperative financial and management status to the standard classification established by LBP.

3.1.1.5 On Sustainability of RASCP

The sustainability criteria examined the ability of the LBP, DAR and ARC cooperatives to continue the RASCP scheme after the phase-out of the project. Among others, it examined the ability of LBP as well as DAR to continue the provision of technical assistance to ARC cooperatives, and financial assistance to ARC cooperatives and farmers using its own resources and funds.

The sustainability criteria was inferred from the improvement of financial and technical strength of LBP with RASCP, profitability of RASCP loans against other loan schemes of LBP, and repayment of RASCP loans. In addition, the sustainability of RASCP was also gleaned from the improvement of the managerial, and financial strength of ARC cooperatives in undertaking their projects and business enterprises even after RASCP had been terminated.

3.1.2 Detailed Evaluation

3.1.2.1 Evaluation of Consulting Services and TA

The target of the consulting services (CS) extended under RASCP is the LBP, and targets of TA by DAR are the ARC cooperatives. The evaluation of CS and TA examined the effectiveness of LBP and DAR in improving the performance of the said targets.

3.1.2.1.1 Effectiveness of Consulting Services

The consulting services were designed to improve the effectiveness of LBP in screening, monitoring and supervising of loans. Among the criteria that were looked into are speed of screening of loan application and loan release, understandability of loan application and perceptions on RASCP compared with other credit schemes. Eventually, the contribution of LBP to the Philippine financial system was also addressed.

3.1.2.1.2 *Effectiveness of RASCP TA*

The analysis on the effectiveness of TA examined to what extent the RASCP-TA improved the organization and capability of ARC cooperatives as user of credit and integrator of business activity of members.

The effectiveness of the TA provided by DAR to the ARC cooperatives was evaluated in terms of how, what aspects and what degree the organizational structure and management capability of ARC cooperatives were strengthened with the provision of TA to the cooperatives. The factors that looked into were the organizational development including cooperative management and leadership; management of post-harvest facilities; financial management; entrepreneurship development and management of demonstration farms.

3.1.2.2 *Evaluation of the Loan Portion*

As mentioned previously, the target of the loan extended through the RASCP are the cooperatives and its farmer-members as well. Thus, the analysis of the loan portion is focused on these target clients.

3.1.2.2.1 *Effectiveness of Loan Portion*

At the coop level, the effectiveness of RASCP credit was analyzed in terms of the business production and productivity of cooperatives and development of related business of cooperatives. Meanwhile, at the household level, the effectiveness of credit was assessed by looking at agricultural or farm production and productivity.

3.1.2.2.2 *Efficiency of Loan Portion*

The efficiency of RASCP credit was also analyzed in terms of the perception of cooperatives on the RASCP credit vis-à-vis other LBP credit schemes such as CAP-PBD, 5-25-70, and regular scheme as reflected by loan availment and repayment.

3.1.2.2.3 *Impact of Loan Portion*

The impact of RASCP credit at the cooperative level was analyzed in terms of the extent of contributions of RASCP credit to the development of cooperatives. At the household level, the impact of RASCP credit was evaluated by assessing the improvement of RASCP to the household economy.

Any impact that the RASCP had on the cooperative and households consequently had effects on the community. Thus, at the community level, the impact of RASCP was examined by looking at its influence on agrarian reform,

repayment of land amortization, and improvement of the community infrastructures and facilities. Table 3-2 presents the specific variables that were examined in conducting the detailed evaluation.

Table 3-2. Detailed Evaluation of RASCP

| Level/Criteria/Indicators | Variables |
|---|---|
| <p><i>LBP Level</i> Effectiveness of Consulting Services</p> <ul style="list-style-type: none"> a. Speed of screening and loan release b. Understandability of application form and costs involved c. Beneficiaries opinion about RASCP and other credit scheme | <ul style="list-style-type: none"> Length of time of screening from filing of application to loan approval Language of application form Types and amount of cost (e.g. charges for loan application, credit investigation, loan registration) Interest rate Loan requirement (collateral, security, counter part funds) Amount (Loan limit) Terms (Maturity) |
| <p><i>Cooperative Level</i> Effectiveness of TA by DAR to ARC Cooperatives</p> <ul style="list-style-type: none"> a. Organizational Development b. Coops Management of post –harvest facilities c. Financial Management d. Entrepreneurship development and management e. Management of Demo farms <p>Effectiveness of RASCP Credit</p> <ul style="list-style-type: none"> a. Cooperative business production <p>Impact of RASCP</p> <ul style="list-style-type: none"> a. Development of cooperatives <p>Efficiency of RASCP credit</p> <ul style="list-style-type: none"> a. Perceptions | <ul style="list-style-type: none"> Capability building/Training Recording, keeping and accounting systems Audit procedures/systems Meeting held Election of officers Number and Type of Post-Harvest Facilities Operated Lending and collection Capital build-up Management of assets Management of liabilities Introduction/generation of business enterprises Number of demo farms Types Type of business (agri and non-agri) Investment Cost Volume and types of lending Membership Capital build-up Business enterprises undertaken Assets Networth Net surplus Interest rate Loan requirement Loan amount/limit Terms Mode of repayment Timing of payments |

3.1.3 Lessons Learned/Recommendations

This portion of the evaluation research summarized the results of the overall evaluation of RASCP, detailed evaluation of the consulting service and technical assistance, and detailed evaluation of the loan assistance.

The results of the evaluations were used in generating the lessons learned and recommendations on RASCP.

3.2 *Analysis and Data*

3.2.1 *Method of Analysis and Samples*

Descriptive method, “with” and “without” project analysis (WAWPA) and “before” and “after” project analysis (BAPA) were used in the evaluation research. The WAWPA were used in evaluating the effects on the variables considered due to RASCP (FA and TA) while BAPA was used in evaluating the effects of RASCP on the variables considered through time.

3.2.1.1 *Descriptive Method*

Descriptive method was mainly used and to a certain extent BAPA in the over all evaluation of RASCP portion.

3.2.1.2 *WAWPA*

The WAWPA was used in evaluating the effectiveness of RASCP-TA and RASCP-FA, and impact of RASCP FA.

- a. *WAWPA For Loan.* In the WAWPA for loan, the “with” project loan scenario was composed of six (6) ARC cooperatives which were given FA and TA and sample farmer-respondents drawn from these cooperatives. The “without” project scenario was composed of six (6) ARC cooperatives which were given RASCP-TA only, but not loan from LBP from any of its schemes, and the 240 sample farmer-respondents drawn from these ARC cooperatives.

The sample ARC cooperatives that were used in the “with” loan scenario are found in column 2, Table 3-3. They were only six (6) because the four (4) sample ARC cooperatives from Zamboanga del Sur, Saranggani and South Cotabato were excluded because of the peace and order conditions in the said areas as suggested by JBIC.

The ARC cooperatives that were used in the “without” loan scenario, on the other hand, are those found in column 3 of the same table with asterisks. Again, the samples do not include those from high-risk areas as earlier

indicated. The considerations for their selection were primarily the proximity, and appropriate similarity of bio-physical features and agro-economic environment of the sample ARC cooperatives with RASCP-TA to sample ARC cooperatives with RASCP-FA and TA.

- b. WAWPA for TA.* In the WAWPA for TA, the “with” project TA scenario were composed of the 24 ARC cooperatives given TA by DAR but no loan from RASCP (Table 3-3, column 3), and the “without” TA scenario was composed of ARC cooperatives under ARISP I which were given TA by DAR. Based on the conference with ARISP I staff on March 4, 2005, they were three (3): Pinukpok ARC in Kalinga, Torrijos ARC in Marinduque, and Grain Valley Cluster 1 ARC in Northern Samar². Verification of records, however, showed the last two cooperatives had TA from DAR. Therefore, the ARC cooperatives that represented the “without” TA scenario was Pinukpok ARC in Kalinga.

3.2.1.3 BAPA

The BAPA was used in the evaluation of RASCP-TA to cooperatives, and on the effectiveness and impact of RASCP FA on the cooperatives and households.

The “before” project loan scenario of the BAPA was composed of the data from the ARISP I evaluation survey conducted earlier. They served as the benchmark information on the cooperatives. The “after” project scenario data were composed of the information from the “with” project loan scenario.

For the cooperatives given TA, the “before” and “after” project scenario data were obtained from the interview of Key Informants (KI) and records of the cooperatives. Registered cooperatives are required to submit reports to CDA and conduct general assembly annually and they are expected to have records of the operation before and after receiving TA from DAR.

Summary of method of analysis and data gathering is shown in Table 3-1.

It may be important to mention at this juncture that UPLB-FI reduced the sample ARC cooperatives from ten (10) to six (6), and the sample farmer-respondents from 400 to 240 both for the “with” and “without” project scenarios of the WAWPA due to the riskiness of conducting the key informant survey in some areas mentioned. We went to the original sample size as stipulated in the TOR to cover six (6) ARC cooperatives with RASCP FA and TA, and six (6) ARC cooperatives with RASCP-TA but no RASCP loan. But the farmer-respondents per sample cooperatives remain as 40 as proposed.

² Recent evaluation of records shows this cooperative has TA from DAR, hence not included in the group of cooperatives under ARISP 1 not given TA by DAR.

Table 3-3. Distribution of sample cooperatives for RASCP evaluation research.

| LOCATION NAME OF COOP | With RASCP-FA & TA | With RASCP- TA Only | Other LBP Scheme** | Agri Coop with LBP RASCP Loan | Coop with no TA at all | Pilot Coops |
|--|--------------------------|---------------------------|-----------------------|---|------------------------------|----------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Ilocos Norte | | | | | | |
| Burgos: Nagsurot ARBs MPC | ✓ | - | | - | - | - |
| Vintar: Suerte MPC | - | - | - | ✓ | - | - |
| La Union | | | | | | |
| Rosario: Pusonangtatay ARB MPC | - | ✓ * | - | - | - | - |
| Balaoan: Calliat MPC | - | ✓ | - | - | - | - |
| Benguet | | | | | | |
| Tuba: Taloy Norte MPC | - | ✓ | - | - | - | - |
| Cagayan | | | | | | |
| Tuguegarao: Namabalan Integrated Farmers Coop | - | ✓ | - | - | - | - |
| Sta. Teresita: Micavice ARB MPC | - | ✓ | - | - | - | - |
| Palawan | | | | | | |
| Bataraza: Bono-bono Gintong Butil MPC | ✓ | - | | - | - | - |
| Narra: Princess Urduja SCF MPC | ✓ | - | - | - | - | - |
| Elmogon Tagbanato MPC | - | ✓ * | | - | - | - |
| Quezon I | | | | | | |
| Sariaya: Tumbaga MPC | - | ✓ * | - | - | - | - |
| Mt. Banahaw MPC | - | - | - | ✓ | - | - |
| Candelaria: Kinatihan I MPC | - | - | 1 | - | - | - |
| Mulanay: Patabog ARB Coop | - | ✓ * | - | - | - | - |
| Calauag: Calauag ARB MPC | - | - | 1 | - | - | - |
| Camarines Sur | | | | | | |
| Ocampo: Pinit MPC | - | ✓ | - | - | - | - |
| Libmanan: Concepcion Umalo Farmers Coop | - | - | - | ✓ | - | - |
| Buhi: Sagrada MPC | - | - | - | ✓ | - | - |
| Marinduque | | | | | | |
| Buenavista: Malbog MP Farmers Coop | - | ✓ | - | - | - | - |
| Torrijos: Sibuyao Pangkabuhayan MPC | - | ✓ | - | - | - | - |
| Iloilo | | | | | | |
| Banate: De La Paz MPC | ✓ | - | | - | - | - |
| Merced MPC | - | - | - | ✓ | - | - |
| Sara: Nagkaisa MPC | - | - | 2 | - | - | - |
| Dingle: Pototan MPC | - | - | - | - | - | ✓ |
| Dingle MPC | - | - | - | - | - | ✓ |
| Kalinga | | | | | | |
| Pinukpok: Malagnat MPC | - | - | - | - | ✓ | - |

Table 3-3. (Continued)

| | | | | | | |
|---|---|-----|---|---|---|---|
| Legaspi | | | | | | |
| Albay: Banquerohan MPC | - | - | - | - | - | ✓ |
| Pangasinan | | | | | | |
| Sison-Pozzorubio MPC | - | - | - | - | - | ✓ |
| Negros Oriental | | | | | | |
| Sta. Catalina: Jagna-Nagbalaye MPC | ✓ | - | - | - | - | - |
| Tolong MPC | - | - | - | ✓ | - | - |
| Mabinay: Bato ARC MPC | - | ✓ * | - | - | - | - |
| La Libertad: Solongon Small Farmers MPC | - | ✓ | - | - | - | - |
| Bayawan: Tubuan Small Farmers Coop | - | ✓ | - | - | - | - |
| Bukidnon | | | | | | |
| Malaybalay: Linabo MPC | - | ✓ | - | - | - | - |
| Apo Macote MPC | - | - | - | - | - | ✓ |
| Maramag: SIFAMCO | - | ✓ | - | - | - | - |
| Quezon: Salawagan Communal Irrigators MPC | - | ✓ | - | - | - | - |
| Sumilao: Kisolan San Vicente | - | ✓ | - | - | - | - |
| Davao del Norte | | | | | | |
| Nabunturan: NARCICO | ✓ | - | - | - | - | - |
| Panabo: Panabo Agro-Industrial Coop | - | - | - | ✓ | - | - |
| Sto. Tomas: Kinsan Banana Producers MPC | - | - | - | ✓ | - | - |
| Surigao Sur | | | | | | |
| Tandag: Tabon-Tabon MPC | - | ✓ * | - | - | - | - |
| Madrid: Bayogo Agro-Forestry MPC | - | ✓ | - | - | - | - |
| Lanusa: Bunga SN MPC | - | ✓ | - | - | - | - |
| Cortez: Mabahin Farmers MPC | - | ✓ | - | - | - | - |
| Carascal: Patagabo Farmers MPC | - | ✓ | - | - | - | - |
| Cagwait: Bitaugan West Irrigators MPC | - | ✓ | - | - | - | - |
| TOTAL | 6 | 24 | 3 | 8 | 1 | 5 |

* Use as samples for without RASCP loan scenario.

** 1. CAP-PBD

2. Regular

3. 5-25-70

For loans granted by LBP to agricultural cooperatives, eight (8) agricultural cooperatives were drawn as samples. On the households side, 40 farmer-respondents were also drawn per sample agricultural cooperatives stratified as members, non-members, ARBs, and non-ARBs as well. The data from the sample cooperatives and households were used in evaluating the effectiveness, efficiency, and impact of loans of LBP to agricultural cooperatives using RASCP credit.

The distribution of sample cooperatives (ARC and agricultural) is shown in Table 3-3.

3.2.2 *Data Gathering*

3.2.2.1 *Over-all Evaluation of RASCP*

Secondary data were obtained from relevant government agencies for various programs such as SRA, CARP, AFMA, Medium-Term Development Plan of NEDA, and GMA's Ten-Point Agenda. The RASCP was evaluated taking into consideration these various government programs at the time of its approval, and current agriculture and rural financial environment.

However, to reinforce the analysis, primary data gathered from the survey of household, and the KIs interview from sample cooperatives were also used in the overall evaluation of RASCP.

3.2.2.2 *Evaluation of Consulting Service and TA*

a) *Effectiveness of Consulting Service to LBP*

Selected personnel of LBP who were included in the consulting service given to LBP by RASCP were sent out questionnaires or interviewed regarding the consulting services. Forty-three (43) LBP staff who attended local training under consulting services were drawn as samples from the list of 467 trainees on office productivity; project cycle management, accounting, auditing and internal control; and financial management. The samples comprised about 10% of the total attendance in the training courses (Table 3-4).

Secondary data were also gathered from LBP lending centers using questionnaire. Eight (8) lending centers were requested to provide information on their RASCP operations. The lending centers were selected in areas where there were sample ARC cooperatives with RASCP-FA and TA. Lucena City and Bukidnon lending centers were included in the selection of sample due to the numerous ARC cooperatives in their vicinity that were covered in the study (Table 3-5).

Table 3-4. Participants in the four training courses under LBP consulting services as of July 2002.

| TITLE OF TRAINING COURSE | DISTRIBUTION OF PARTICIPANTS (PILOT REGIONS) | | | | | | | | ALL | Percent |
|--|--|-----|----------|-----|-----------|-----|----------|-----|-----|---------|
| | Region I | | Region V | | Region VI | | Region X | | | |
| | No. | % | No. | % | No. | % | No. | % | | |
| 1. Office Productivity | | | | | | | | | | |
| A | 30 | 90 | 32 | 100 | 27 | 90 | 28 | 90 | 117 | 93 |
| B | 3 | 10 | 0 | 0 | 3 | 10 | 3 | 10 | 9 | 7 |
| Sub-Total | 33 | 100 | 32 | 100 | 30 | 100 | 31 | 100 | 126 | 100 |
| 2. Project Cycle Mgt. | | | | | | | | | | |
| A | 24 | 92 | 26 | 100 | 28 | 93 | 27 | 90 | 105 | 94 |
| B | 2 | 8 | 0 | 0 | 2 | 7 | 3 | 10 | 7 | 6 |
| Sub-Total | 26 | 100 | 26 | 100 | 30 | 100 | 30 | 100 | 112 | 100 |
| 3. Accounting, Auditing & Internal Control | | | | | | | | | | |
| A | 27 | 93 | 25 | 83 | 11 | 39 | 23 | 77 | 86 | 73 |
| B | 2 | 7 | 5 | 17 | 17 | 61 | 7 | 23 | 31 | 27 |
| Sub-Total | 29 | 100 | 30 | 100 | 28 | 100 | 30 | 100 | 117 | 100 |
| 4. Financial Mgt. | | | | | | | | | | |
| A | 23 | 88 | 27 | 100 | 12 | 41 | 22 | 73 | 84 | 75 |
| B | 2 | 12 | 0 | 0 | 17 | 59 | 8 | 27 | 28 | 25 |
| Sub-Total | 26 | 100 | 27 | 100 | 29 | 100 | 30 | 100 | 112 | 100 |
| GRAND TOTAL | | | | | | | | | | |
| A | 104 | 89 | 110 | 96 | 78 | 67 | 100 | 83 | 392 | 84 |
| B | 10 | 11 | 5 | 4 | 39 | 33 | 21 | 17 | 75 | 16 |
| ALL | 114 | 100 | 115 | 100 | 117 | 100 | 121 | 100 | 467 | 100 |

A – Still with LBP/Coop employment

B – Terminated, Retired/Deceased

Note: There is multiple attendance of some trainees in the training program.

Table 3-5. LBP lending centers included in the site survey, April-May, 2005.

| LENDING CENTER | ADDRESS |
|--------------------------------|---|
| Ilocos-La Union LC | LBP Building, Barangay 20, Rizal St. LAOAG CITY |
| Palawan Lending Center | Rizal Avenue, Puerto Princesa City, PALAWAN |
| Tandag Lending Center | Tandag, SURIGAO DEL SUR |
| Negros Siquijor Lending Center | LBP Bayawan, NEGROS ORIENTAL |
| Dumaguete Lending Center | LBP DUMAGUETE CITY |
| Iloilo Lending Center | Corner Solis & IZNART, ILOILO CITY |
| Lucena Lending Center | Lucena City, QUEZON |
| Davao Lending Center | DAVAO City |
| Bukidnon Lending Center | Malaybalay, BUKIDNON |

b) Effectiveness of RASCP-TA

Data were gathered through the interview of KIs using a structured questionnaire where the KIs were the managers of the six (6) ARC cooperatives given RASCP-FA and TA (columns 2, Table 3-3), 24 ARC cooperatives given DAR-TA but no

loan from RASCP (column 3, Table 3-3), three (3) ARC cooperatives which were given TA but got loan from LBP under other credit schemes (column 4 of Table 3-3), and eight (8) agricultural cooperatives given loan by LBP under RASCP (column 5, Table 3-3).

Data were also gathered through the KI interview of LCDAs involved in the extension of RASCP-TA to ARC cooperatives using a structured questionnaire. Sample LCDAs were drawn from the list of LCDAs who participated in RASCP. The sample LCDAs were expected to provide information on the activities and performance of LCDAs in extending technical assistance to ARC cooperatives. The sample LCDAs and the period of site interview are indicated in Table 3-6. Most LCDAs had already changed addresses and employment and could not be contacted for interview. Some who were successfully contacted refused to be interviewed or failed to fill-out the questionnaire sent or handed-out to them.

Table 3-6. Sample LCDAs included for interview, 2005.

| NAME | REMARKS |
|-----------------------|--|
| Madelyn M. Abel | Address unknown |
| Grace Berbarno | Cannot be located |
| Catalina Exmundo | 44 Zamboanga, LAOAG CITY |
| Edwin Rondina | Address unknown |
| Luzminda Legaspi | Purok Sampaguita, Brgy. Quezon, Tandag, SURIGAO DEL SUR |
| Enrique Mejia | DAR Provincial Office, Talipan, Pagbilao, QUEZON |
| Marissa K. Orillana | Formerly assigned in Negros Oriental; address unknown; cannot be located |
| Romulo C. Mandalupe | Formerly assigned in ILOILO; address unknown, cannot be located |
| Melina Marie L. Badon | Formerly assigned in NEGROS ORIENTAL; address unknown, cannot be located |

3.2.2.3 Evaluation of Loan Portion

a. *Effectiveness of RASCP FA.* At the cooperative level, the evaluation of the effectiveness of RASCP covered the six (6) ARC cooperatives under the “with” and “without” project loan scenario of the WAWPA. The data from “after” as well as the “with” project scenario were generated through KI interview of the managers of the six (6) ARC cooperatives with RASCP-TA, and RASCP-FA and TA loans. For the “before” scenario, data generated through the ARISP I project were used as the benchmark.

Household level data were also gathered to evaluate the effectiveness of RASCP. For each of the six (6) ARC cooperatives with RASCP-FA and TA loan, six (6) ARC cooperatives with RASCP-TA but no loan from LBP, and eight (8) agricultural cooperatives given loan by LBP under RASCP, 40 household-respondents were drawn randomly for each cooperative where 20 were

cooperative members and the other 20 are non-cooperative members. A balance of respondents according to household type (i.e. ARB or non-ARB) was also considered in drawing the respondents such that from the cooperative members, 10 were ARBs and an equal number (10) were non-ARBs. Hence, 20 of the respondents were ARBs and the other half will be non-ARBs for each cooperative. Given 20 sites and each site having 40 respondents, the total number of respondents is 800. These households were interviewed using questionnaire (Table 3-7).

b. Efficiency of RASCP FA. For this part, KIs interviews of nine (9) ARC cooperatives were done. Six (6) of these were the ARC cooperatives which obtained RASCP-FA and TA. The other three (3) cooperatives were those which received the TA and obtained loans from LBP, not under the RASCP scheme but under the CAP-PBD, Regular and 5-25-70 credit schemes. For each scheme, two (2) cooperatives were supposed to be selected. But only three (3) ARC cooperatives were finally drawn as sample due to the limited number of ARC cooperatives in the survey areas which obtained LBP loan under such schemes. These ARC cooperatives are those under column 4 of Table 3-1. The criteria used for the selection of the three (3) coops were proximity and similarity to the agricultural, biological, and physical environment to the six (6) ARC cooperatives with RASCP-FA and TA.

3.2.2.4 *Impact of RASCP-FA*

The impact of RASCP credit examined the extent RASCP affected the household economy of members of ARC cooperatives, the development of ARC cooperatives, and the promotion of agrarian reform.

In assessing the impact of RASCP credit, the method of data gathering and analysis suggested in evaluating the effectiveness of RASCP credit was followed such as the survey on the financial and economic conditions of beneficiary households and cooperatives, loan repayment status, farmland tenancy, and living conditions of ARBs using WAWPA and BAPA. In addition, secondary data on the profile of the community were also gathered to analyze the impact of the RASCP on the promotion of agrarian reform. These data included tenure status of farms, infrastructure and facilities in the area, availability of social services, and payment of land amortization were also gathered from LBP/DAR.

Focused group discussion (FGD) at the barangay level was also be done to enhance information on the impact of RASCP on the community. A set of guide questions was prepared for this purpose.

Table 3-7. Distribution of respondents in the site survey of households, 2005.

| CATEGORY | REGION/PROVINCE | NAME OF COOP | NUMBER OF HOUSEHOLD RESPONDENTS | | | | TOTAL |
|-------------------------------|--------------------------|-------------------------------|---------------------------------|------------|-----------------|------------|------------|
| | | | Coop Member | | Non-Coop Member | | |
| | | | ARB | Non-ARB | ARB | Non-ARB | |
| ARC Coop with RASCP FA and TA | Reg I/Ilocos Norte | Nagsurot ARBs MPC | 10 | 11 | 5 | 14 | 40 |
| | Reg IV/Palawan | Princess Urduja SCF MPC | 11 | 8 | 13 | 8 | 40 |
| | | Bono-bono Gintong Butil MPC | 10 | 10 | 10 | 10 | 40 |
| | Reg VI/Iloilo | Dela Paz MPC | 13 | 10 | 7 | 10 | 40 |
| | Reg VII/Negros Oriental | Jagna-Nagbalaya MPC | 9 | 10 | 11 | 10 | 40 |
| | Reg XI/Compostela Valley | NARCICO | 12 | 9 | 8 | 11 | 40 |
| ARC Coop with RASCP TA only | Reg I/La Union | Pusunangtatay ARB MPC | 9 | 9 | 9 | 13 | 40 |
| | Reg IV/Quezon | Tumbaga MPC | 10 | 10 | 10 | 10 | 40 |
| | | Patabog ARB Coop | 15 | 5 | 10 | 10 | 40 |
| | Reg IV/Palawan | Elmogon Tagbabato MPC | 10 | 10 | 10 | 10 | 40 |
| | Reg VII/Negros Oriental | Bato ARC MPC | 10 | 10 | 10 | 10 | 40 |
| | CARAGA/Surigao del Sur | Tabon-tabon MPC | 7 | 13 | 7 | 13 | 40 |
| Agricultural Credit LBP-RASCP | Reg I/Ilocos Norte | Suerte MPC | 8 | 21 | 3 | 8 | 40 |
| | Reg IV/Quezon | Mt. Banahaw | 4 | 17 | 1 | 18 | 40 |
| | Reg V/Camarines Sur | Concepcion Umalo Farmers Coop | 11 | 10 | 9 | 10 | 40 |
| | | Sagrada MPC | 10 | 10 | 9 | 11 | 40 |
| | Reg VI/Iloilo | Merced MPC | 10 | 10 | 10 | 10 | 40 |
| | Reg VII/Negros Oriental | Tolong MPC | 13 | 10 | 7 | 10 | 40 |
| | Reg XI/Davao del Norte | Panabo Agro Industrial Coop | 4 | 15 | 12 | 9 | 40 |
| | | Kinsan Banana Producers MPC | 10 | 9 | 9 | 12 | 40 |
| ALL | | | 196 | 217 | 170 | 217 | 800 |

3.2.3 *The Site Survey*

The survey of respondents from cooperatives, households, LBP lending centers, and LBP personnel trained under consulting services, and households; interview of LCDAs; and conduct of focused discussion groups were done from April 7 until June 30, 2005. A total of 68 project personnel were involved in the survey and interview of respondents: three (3) consultants, six (6) assistant consultants, 11 research assistants, and 48 enumerators.

The Study Team coordinated with the ARISP-CPMO and informed the office of the schedule for the conduct of the household survey and FGD. The details of the data gathering were later made with the various DAR provincial offices (DARPOs) covered by the site survey.

Prior to the conduct of the survey, the enumerators were recruited and trained by the research team assigned in the site on the objectives of the research and on the conduct of interview. An interviewer's manual, developed for the survey, was used as the primary material for the training. Enumerators recruited for the site survey were those who were fluent in the local dialect and had background in technical agriculture as well as experience in field interviews.

3.2.4 *Focused Group Discussion (FGD)*

FGDs were conducted in 20 barangays where the interview of household-respondents were done to complement information obtained from KIs and household interviews. Prior to the conduct of FGDs, the research team coordinated with the barangay to have three cooperative officers/staff, three barangay officials and three farmers (who are non-officers or non-members) to attend the FGD. However, not all of the requested participants were able to attend the group discussion. Table 3-8 indicates the number of participants in each FGD.

A set of guide questions was used in the conduct of the FGD. The guide questions delved on cropping systems, major crops planted and major market outlets of ARB and non-ARBs; predominant tenure and tenurial arrangements and land related issues; farm and non-farm investments of ARBs and non-ARBs; participation in community activities; services and projects undertaken by existing organizations in the area; membership in these organizations; NGOs and GOs that have extended support services in the area; prevalent credit sources; issues on gender; perceptions on RASCP; and peace and order situation in the area.

3.3 *Limitations of Method of Analysis*

This study uses the “before and after” and “with and without” types of analysis. However, due to the absence of benchmark data, especially at the household level, there is no “before” situation oftentimes. At the cooperative level, the “before”, “during” and “after” information were taken mostly from records of the cooperative that were kept over time. However, in many instances, records of the cooperatives are not intact, particularly those who are already inactive.

The “without” scenario was represented by other cooperatives, however, there are certain limitations in the selection of the comparative ARCs. First, selecting the areas with homogeneous characteristics was based on limited parameters and constrained by available secondary or ex ante data. Under first best conditions, there should have been a reconnaissance survey of several options before a final choice is made but due to lack of time and limited funds, this was not done. Moreover, there was no validation of the criteria set in picking the comparative cases. The variables used in selecting comparative cooperatives may not be sufficient after all.

Another limitation of the research study is that the results for the primary household data are based on cross-section data that may have captured unique conditions prevailing during the time of the survey. It is possible that these conditions vary with situation in the “before” scenario.

Table 3-8. Distribution of participants in the FGDs, 2005.

| COOPERATIVE / ADDRESS | PARTICIPANTS | | | | | | | TOTAL |
|---|----------------------|----------------|-----------|-----------|---------------------|--------------------------|-----------------|------------|
| | Coop Official/ Staff | Brgy. Official | Farmers | DLR Staff | Womens' Org. Member | Irrigators' Asso. Member | Coop Non-Member | |
| Pusonangtatay ARB MPC, Rosario, La Union | 3 | 3 | - | 2 | - | - | - | 8 |
| Suerte MPC, Vintar, La Union | 4 | 2 | 1 | 3 | 2 | - | - | 12 |
| Nagsurot ARB MPC, Burgos, Ilocos Norte | 4 | 1 | 2 | 3 | - | - | - | 10 |
| Patabog MPC, Mulanay, Quezon | 4 | 6 | 1 | 1 | - | - | - | 12 |
| Tumbaga I MPC, Sariaya, Quezon | 3 | 7 | 3 | - | - | - | - | 13 |
| Mt. Banahaw MPC, Sariaya, Quezon | 2 | 4 | 1 | - | - | - | - | 7 |
| Bonobono Guintong Butil MPC, Bataraza, Palawan | 3 | 3 | 3 | 1 | - | - | - | 10 |
| Elmogon-Tagbanato MPC, Narra, Palawan | 4 | 2 | 3 | - | - | - | - | 9 |
| Princess Urduja Small Coconut Farmers, MPC, Narra, Palawan | 3 | 4 | 2 | 1 | - | - | - | 10 |
| Concepcion-Umalo Farmers Cooperative, Libmanan, Camarines Sur | 2 | 3 | 2 | - | - | - | - | 7 |
| Sagrada MPC Sagrada, Buhi, Camarines Sur | 1 | 1 | - | - | - | - | - | 2 |
| Merced MPC, Merced, Banale | 3 | 3 | 2 | 1 | - | - | - | 9 |
| Dela Paz MPC, Dela Paz, Banate | 5 | 2 | 1 | 1 | - | 2 | - | 11 |
| Jagna-Nagbalaye MPC, Jagna, Sta. Catalina, Negros Oriental | 2 | 4 | 2 | 2 | - | - | - | 10 |
| Tolong MPC, Sand Jose, Sta. Catalina, Negros Oriental | 5 | 5 | - | - | - | - | - | 10 |
| Bato MPC, Bato, Mabinay, Negros Oriental | 3 | 2 | 5 | - | - | - | - | 10 |
| Nabunturan ARC Integrated Coop, Nabunturan, Compostela Valley | 7 | 2 | 1 | - | - | - | - | 10 |
| Kinsan Banana Producers MPC, Sto. Tomas, Davao | 5 | 8 | - | - | - | - | 1 | 14 |
| Panabo Industrial Cooperative, Panabo, Davao del Norte | 1 | 4 | 2 | - | 3 | - | - | 10 |
| Tabon-Tabon MPC, Tandag, Surgiao del Sur | 1 | 4 | - | - | - | - | - | 5 |
| TOTAL | 65 | 70 | 31 | 15 | 5 | 2 | 1 | 189 |

4.0 OVERALL EVALUATION OF RASCP

The Rural Farmers and Agrarian Reform Support Credit Program (RASCP), as designed is aimed at: providing loanable funds to LBP for on-lending to cooperatives; strengthening the institutional capabilities of ARC cooperatives; and, improving LBPs overall capability to supervise and monitor these loans. These program objectives are consistent with the overall policy frameworks as embodied in various statutes and edicts of the legislative and executive branches of government.

The Comprehensive Agrarian Reform Law (RA 6657) of 1988 specifically mandates the creation of a Support Services Office, the functions of which, *inter alia*: extending to small landowners, farmers and farmers' organizations the necessary credit, like concessional and collateral-free loans, for agro-industrialization based on social collaterals like the guarantees of farmers' organizations; promoting, developing and extending financial assistance to small and medium-scaled industries in agrarian reform areas; and, developing the cooperative management skills through intensive training. Moreover, Section 37 and Section 38 of RA 6657 stipulate the support services to be extended to beneficiaries and landowners, respectively to include liberalized terms of credit facilities and production loans together with marketing and management assistance and support to cooperatives and farmers' organizations.

Under the Social Reform Package of Action Commitments contained in the Integrated National Agenda on Anti-Poverty, a key component was the expansion of credit, which called for, among others, the establishment of partnership between Government Financial Institutions (GFIs), e.g., Land Bank of the Philippines, and cooperatives and other NGOs, with the LBP acting as the trustee bank for specialized credit programs and cooperatives and NGOs and POs as actual program implementers. In addition, the same document beckons the rationalization of existing government credit programs and the designation of specific lead roles for different players in the financial system, e.g., for the GFIs to provide credit to small and medium enterprises, farmers and fisherfolks, commercial banks to mobilize the financial resources; rural and thrift banks to lead to small and medium entrepreneurs. In a similar vein, under the Social Reform Agenda Convergence Policy, the target areas for convergence, i.e, carrying out an amalgamation of government efforts at the local levels included Agrarian Reform Communities as priorities.

The Medium-Term Philippine Development Plan under the Arroyo Administration underscored the modernization of agriculture and fisheries sectors with social equity by laying emphasis on the Agricultural and Fisheries Modernization Act (AFMA) of 1997 and the Comprehensive Agrarian Reform Program as the keystone programs. One of the main directions of reform under the AFMA, which is intended to address the stability of productivity growth as well as increasing poverty and inequality in these sectors, was the improvement in the flow of credit and financial resources through micro-financing and SME lending while phasing out and consolidating directed credit programs. Concomitant strategies included the implementation of the convergence approach on rural development programs,

capacity building of farmers, fisherfolks and their organizations and promotion of strategic alliances between the private sector and small producers and/or their cooperatives to improve market access.

4.1 *Relevance of RASCP.* The relevance of RASCP to national policies at the time and after the RASCP was negotiated was specifically viewed at the policies on poverty alleviation, improvement of agricultural productivity, strengthening of credit program for rural farmers, and strengthening of LBP's role as the financial arm of the CARP.

4.1.1 Poverty Alleviation

RASCP is supportive of the government program on poverty alleviation, particularly for the rural folks.

Prior to the implementation of RASCP in 1994, the incidence of poverty in the country was 35.5% or 4.531 million families in the Philippines were poor. The poverty incidence was higher in the rural areas, 47% than the urban areas, 24.0% (Table 4-1).

Table 4-1. The Poor and Poverty Incidence (Levels are in thousands)

| | 1985\w | 1988\x | 1991\y | 1994\z |
|-------------------------|--------|--------|--------|--------|
| Philippines | | | | |
| Poor Families (Number) | 4,355 | 4,230 | 4,781 | 4,531 |
| Incidence (%) | 44.2 | 40.2 | 39.9 | 35.5 |
| Rural Areas | | | | |
| Poor Families (Number) | 3,105 | 3,032 | 2,933 | 3,003 |
| Incidence (%) | 50.7 | 46.3 | 48.6 | 47.0 |
| Urban Areas | | | | |
| Poor Families (Number) | 1,250 | 1,198 | 1,848 | 1,522 |
| Incidence (%) | 33.6 | 30.1 | 31.1 | 24.0 |
| National Capital Region | | | | |
| Poor Families (Number) | 302 | 310 | 218 | 142 |
| Incidence (%) | 23.0 | 21.6 | 13.2 | 8.0 |

Source : NSCB TWG on Income Statistics
w – without CAR, without ARMM
x – with CAR, without ARMM
y – with CAR, with ARMM revised
z – with CAR, with ARMM

In terms of annual per capita poverty threshold, in 2000 the national average was P13,913. NCR had the highest level among regions at P18,001; Region VIII had the lowest at P10,812. In general, urban areas had higher annual per capita poverty threshold than rural areas (Table 4-2).

Based on the preliminary results of the 2000 Family Income and Expenditure Survey (FIES) the number of families below the poverty line of P13,913 rosed from 31.8% in 1997 to 34.2% in 2000. In terms of relation of poor to the population, the poverty incidence rose from 36.8% in 1997 to 40.0% in 2000.

Table 4-2. Annual per capita poverty threshold by region, urban-rural: 1997 & 2000 (In Pesos)

| REGION | TOTAL | | URBAN | | RURAL | |
|-------------|--------|--------|--------|--------|--------|--------|
| | 1997 | 2000 | 1997 | 2000 | 1997 | 2000 |
| PHILIPPINE | 11,319 | 13,913 | 12,577 | 15,667 | 10,178 | 12,227 |
| NCR | 14,299 | 18,001 | 14,299 | 18,001 | - | - |
| CAR | 12,836 | 15,706 | 13,521 | 17,453 | 12,554 | 14,757 |
| REGION I | 11,975 | 14,800 | 12,768 | 15,358 | 11,603 | 14,534 |
| REGION II | 9,880 | 12,488 | 11,654 | 15,801 | 9,402 | 11,579 |
| REGION III | 11,839 | 14,653 | 12,926 | 16,456 | 10,467 | 12,485 |
| REGION IV | 12,452 | 15,307 | 13,127 | 16,458 | 11,710 | 13,764 |
| REGION V | 10,378 | 13,010 | 11,072 | 15,430 | 10,120 | 12,167 |
| REGION VI | 10,560 | 12,646 | 10,588 | 12,749 | 10,543 | 12,583 |
| REGION VII | 8,718 | 11,089 | 9,345 | 11,480 | 8,222 | 10,759 |
| REGION VIII | 8,727 | 10,812 | 9,991 | 12,150 | 8,250 | 10,272 |
| REGION IX | 9,732 | 11,046 | 11,299 | 12,727 | 9,055 | 10,280 |
| REGION X | 10,440 | 12,131 | 11,259 | 12,907 | 9,869 | 11,580 |
| REGION XI | 10,503 | 12,546 | 11,704 | 13,886 | 9,762 | 11,606 |
| REGION XII | 11,119 | 12,247 | 12,468 | 14,396 | 10,573 | 11,238 |
| ARMM | 11,134 | 14,017 | 12,603 | 15,630 | 10,711 | 13,567 |

Source of Basic Data: National Statistics Office., 2000 FIES

Preliminary Results

Source of Poverty Statistics: TWG on Income Statistics

At the time RASCP was conceived in 1996, it was then a policy of the government under Medium Term Development Plan (MTDP) of the Ramos Administration (1993-1998), among others to a) boost farm, off-farm, and non-farm incomes by promoting agricultural processing and accelerating the disposal of agriculture and labor-based industries to the countryside; and b) vigorously implement agrarian reform program and the urban land reform. In specific terms, the MTDP had targets of increasing the average rate of growth of GNP per capita from 6% to 8% and of reducing the poverty incidence from 39.9 percent (1991) to 30% (1998).

The Social Reform Agenda (SRA) of 1994 summarized the Ramos Administration's goals and activities towards poverty alleviation up to 1998 into a three-point agenda: a) access to quality basic services, b) asset reforms and sustainable development of productive resources, and access to economic opportunities; and c) institution building and effective participation in governance.

The three-point agenda was embodied in nine (9) sectoral and cross-sectoral flagship programs containing 68 specific action commitments aimed at meeting the identified critical needs of the basic sectors. It was distinct in the sense that it focused on the poor and in priority areas/provinces for convergence of action by the various agencies.

Under the SRA, agricultural development under the leadership of the Department of Agriculture and expansion of credit under the leadership of LBP and DOF were, among others, the flagship programs of the Ramos administration. The ARCs were identified as convergence sites of the flagship programs for the farmers sector.

Under the MTDP of the Estrada Administration (1999-2004) the development policies were divided into the following priority areas: a) acceleration of rural development, b) delivery of basic development services, c) strengthening competitiveness, d) sustained development of infrastructure, e) ensuring macro-economic stability, and f) reforming governance. The Estrada administration targeted the reduction of poverty incidence from 32% (1997) to 25-28% (2004).

4.1.2 Agricultural Development

RASCP is also relevant to the government program of developing agriculture, in particular increasing farm productivity. With a finite land area best suited for agriculture, increasing productivity is a measure to keep the production at pace with consumption and to create surplus for trade and industry. In general, there is much to be desired regarding productivity of agriculture in the Philippines.

In rice for example, yield per hectare was at best 2.93 metric tons (palay) per hectare (1997) at the onset of RASCP. Incidentally, yield from all rice ecosystem during and after RASCP periods reached more than 3.0 metric tons per hectare. In 2004, average rice yield reached 3.51 metric tons per hectare for all ecosystem, and 3.92 metric tons for irrigated rice farms. Yield figure was lower in lowland rainfed, 2.66 metric tons per hectare (Table 4-3). The yield of rice farm in the Philippines was generally inferior than the international rice yields, particularly those of China, Vietnam, and Indonesia in the Asian region (Table 4-4).

The Philippines is a traditional net importer of rice. In 1990-2003, the contribution of production to average annual gross rice supply was 74%. The rest came from imports, 6% and buffer stock, 20% of the annual gross supply to assure availability of rice during lean months (Table 4-5). Rice consumption was estimated at about 107 kilograms per capita per year in 2003.

For corn, the farm productivity was in the vicinity of 1.0 metric ton per hectare. The best yield was observed in 2004 at 1.43 metric tons per hectare (Table 4-5).

The fresh mandate given to President Gloria Macapagal-Arroyo sought to provide the country with an opportunity to attain food sufficiency, high growth in the rural sector, and reduction in poverty incidences in the countryside.

In the ensuing six years of administration of PGMA, the agriculture and fisheries sector is committed to sustain its growth and expand job creation potentials. An 8-point agenda was drawn up to serve as the groundwork for food security, job generation, and livelihood for every Filipino (see Annex 2 for details).

Table 4-3. Estimated palay yield in metric tons per hectare, by ecosystem, Philippines, 1975-2004.

| YEAR | IRRIGATED | LOWLAND RAINFED | UPLAND RAINFED | ALL ECOSYSTEM |
|----------------|------------------|------------------------|-----------------------|----------------------|
| 1975 | 2.31 | 1.49 | 0.86 | 1.76 |
| 1976 | 2.32 | 1.51 | 0.99 | 1.79 |
| 1977 | 2.56 | 1.66 | 1.04 | 1.96 |
| 1978 | 2.67 | 1.68 | 1.08 | 2.03 |
| 1979 | 2.95 | 1.70 | 1.02 | 2.17 |
| 1980 | 2.80 | 1.80 | 0.98 | 2.20 |
| 1981 | 2.89 | 1.88 | 1.03 | 2.31 |
| 1982 | 3.07 | 1.96 | 1.02 | 2.49 |
| 1983 | 2.93 | 1.90 | 1.08 | 2.39 |
| 1984 | 2.93 | 2.02 | 1.05 | 2.48 |
| 1985 | 3.17 | 2.13 | 1.11 | 2.65 |
| 1986 | 3.18 | 2.16 | 1.21 | 2.67 |
| 1987 | 3.14 | 2.02 | 1.14 | 2.62 |
| 1988 | 3.12 | 2.05 | 1.17 | 2.64 |
| 1989 | 3.19 | 2.04 | 1.36 | 2.70 |
| 1990 | 3.29 | 2.13 | 1.30 | 2.81 |
| 1991 | 3.32 | 2.16 | 1.37 | 2.82 |
| 1992 | 3.34 | 2.10 | 1.63 | 2.85 |
| 1993 | 3.34 | 2.19 | 1.47 | 2.87 |
| 1994 | 3.38 | 2.16 | 1.59 | 2.89 |
| 1995 | 3.25 | 2.11 | 1.55 | 2.80 |
| 1996 | 3.31 | 2.16 | 1.43 | 2.86 |
| 1997 | 3.39 | 2.14 | 1.50 | 2.93 |
| 1998 | 3.06 | 1.92 | 1.65 | 2.70 |
| 1999 | 3.35 | 2.20 | 1.54 | 2.95 |
| 2000 | 3.48 | 2.26 | 1.58 | 3.07 |
| 2001 | 3.59 | 2.42 | 1.70 | 3.19 |
| 2002 | 3.68 | 2.56 | 1.58 | 3.28 |
| 2003 | 3.77 | 2.52 | * | 3.37 |
| 2004 | 3.92 | 2.66 | * | 3.51 |
| AVERAGE | 3.19 | 2.06 | 1.29 | 2.66 |

Source: Bureau of Agricultural Statistics

Table 4-4. Rice production, area and yield, 25 world leading producers, 2004

| COUNTRY | RICE, PADDY | | | | |
|--------------------|--------------------|--------------------|-----------------|------------|---------------|
| | Production (MT) | Area Harvested | % of World Rice | | Yield (MT/ha) |
| | | | Production | Area | |
| China | 186,730,000 | 29,420,000 | 30.7 | 19.2 | 6.35 |
| India | 124,400,000 | 42,500,000 | 20.5 | 27.8 | 2.93 |
| Indonesia | 53,100,104 | 11,752,651 | 8.7 | 7.7 | 4.52 |
| Bangladesh | 37,910,000 | 11,000,000 | 6.2 | 7.2 | 3.45 |
| Vietnam | 35,500,000 | 7,400,000 | 5.8 | 4.8 | 4.80 |
| Thailand | 25,200,000 | 9,800,000 | 4.1 | 6.4 | 2.78 |
| Myanmar | 23,000,000 | 6,000,000 | 3.8 | 3.9 | 3.83 |
| Philippines | 14,440,000 | 4,000,000 | 2.3 | 2.6 | 3.52 |
| Brazil | 13,356,300 | 3,731,500 | 2.2 | 2.4 | 3.58 |
| Japan | 11,400,000 | 1,650,000 | 1.9 | 1.1 | 6.91 |
| USA | 10,227,960 | 1,349,240 | 1.7 | 0.9 | 7.58 |
| Pakistan | 7,570,000 | 2,210,000 | 1.2 | 1.4 | 3.43 |
| Korea, Republic | 6,351,000 | 990,000 | 1.0 | 0.6 | 6.42 |
| Egypt | 6,000,000 | 630,000 | 1.0 | 0.4 | 9.52 |
| Nigeria | 4,952,000 | 4,900,000 | 0.8 | 3.2 | 1.01 |
| Cambodia | 4,710,000 | 2,300,000 | 0.8 | 1.5 | 2.05 |
| Nepal | 4,300,000 | 1,550,000 | 0.7 | 1.0 | 2.77 |
| Iran | 3,400,000 | 570,000 | 0.6 | 0.4 | 5.96 |
| Madagascar | 2,800,000 | 1,219,400 | 0.5 | 0.8 | 2.30 |
| Laos | 2,700,000 | 820,000 | 0.4 | 0.5 | 3.29 |
| Colombia | 2,663,239 | 517,198 | 0.4 | 0.3 | 5.15 |
| Sri Lanka | 2,509,800 | 755,500 | 0.4 | 0.5 | 3.32 |
| Korea, Dem Rep | 2,370,000 | 583,000 | 0.4 | 0.4 | 4.07 |
| Malaysia | 2,183,660 | 670,000 | 0.4 | 0.4 | 3.26 |
| Peru | 1,473,422 | 318,000 | 0.2 | 0.2 | 4.63 |
| World Total | 607,902,374 | 153,019,185 | 100 | 100 | 3.50 |

Source: FAO, 2004

Table 4-5. Production, area harvested and yield, white corn, Philippines, 1980-2004.

| YEAR | PRODUCTION (MT) | ANNUAL GROWTH RATE(%) | AREA HARVESTED (HA) | ANNUAL GROWTH RATE(%) | YIELD (MT/HA) | ANNUAL GROWTH RATE (%) |
|------|-----------------|-----------------------|---------------------|-----------------------|---------------|------------------------|
| 1980 | 2,717,785 | | 2,849,960 | | 0.95 | |
| 1981 | 2,710,710 | -0.26 | 2,683,270 | -5.85 | 1.01 | 6.32 |
| 1982 | 2,776,045 | 2.41 | 2,811,750 | 4.79 | 0.99 | -1.98 |
| 1983 | 2,355,835 | -15.14 | 2,543,890 | -9.53 | 0.93 | -6.06 |
| 1984 | 2,288,538 | -2.86 | 2,537,650 | -0.25 | 0.90 | -3.23 |
| 1985 | 2,977,777 | 30.12 | 2,834,460 | 12.05 | 1.05 | 16.67 |
| 1986 | 2,925,124 | -1.77 | 2,762,710 | -2.84 | 1.06 | 0.95 |
| 1987 | 2,764,710 | -5.48 | 2,692,670 | -2.54 | 1.03 | -2.83 |
| 1988 | 2,858,878 | 3.41 | 2,744,850 | 1.94 | 1.04 | 0.97 |
| 1989 | 2,922,913 | 2.24 | 2,703,390 | -1.51 | 1.08 | 3.85 |
| 1990 | 2,965,557 | 1.46 | 2,738,540 | 1.30 | 1.08 | 0.27 |
| 1991 | 2,905,691 | -2.02 | 2,583,370 | -5.67 | 1.12 | 3.87 |
| 1992 | 2,699,589 | -7.09 | 2,350,890 | -9.00 | 1.15 | 2.09 |
| 1993 | 2,627,049 | -2.69 | 2,098,370 | -10.74 | 1.25 | 9.02 |
| 1994 | 2,089,905 | -20.45 | 1,865,870 | -11.08 | 1.12 | -10.53 |
| 1995 | 1,862,423 | -10.88 | 1,670,318 | -10.48 | 1.12 | -0.45 |
| 1996 | 1,883,087 | 1.11 | 1,695,615 | 1.51 | 1.11 | -0.40 |
| 1997 | 1,879,209 | -0.21 | 1,698,964 | 0.20 | 1.11 | -0.40 |
| 1998 | 1,620,465 | -13.77 | 1,451,249 | -14.58 | 1.12 | 0.95 |
| 1999 | 1,823,834 | 12.55 | 1,607,755 | 10.78 | 1.13 | 1.59 |
| 2000 | 1,889,338 | 3.59 | 1,573,408 | -2.14 | 1.20 | 5.85 |
| 2001 | 1,917,654 | 1.50 | 1,565,112 | -0.53 | 1.23 | 2.04 |

| | | | | | | |
|----------------|------------------|--------------|------------------|--------------|-------------|-------------|
| 2002 | 1,796,926 | -6.30 | 1,503,188 | -3.96 | 1.20 | -2.43 |
| 2003 | 2,052,684 | 14.23 | 1,564,943 | 4.11 | 1.31 | 9.72 |
| 2004 | 2,227,430 | 8.51 | 1,562,347 | 0.17 | 1.43 | 8.69 |
| AVERAGE | 2,381,566 | -0.32 | 2,188,139 | -2.26 | 1.11 | 1.86 |

Source: Bureau of Agricultural Statistics, Department of Agriculture, Philippines.

4.1.3 Rural Credit and Role of LBP

On the part of LBP, RASCP contributed to the annual expansion of loan portfolio of LBP to agrarian sector by 5.1% or P599.8 million for the period 1997-2002 (Table 4-6). Additional skills on project implementation and management were acquired by LBP by sending selected personnel for training to Japan and to various local training programs.

RASCP is also in line with the government program of expanding the formal credit sector as source of farmers credit facilities, and the role of LBP in providing the credit needs of beneficiaries of land reform.

Credit is considered an accelerator of rural development. The adoption of improved and yield increasing farm technologies would be facilitated with credit, thus helping accelerate increases in production and income.

Table 4-6. Impact of RASCP on the LBP agrarian loan portfolio, amount in million pesos

| YEAR | LOAN RELEASES | | |
|---------|---------------|--------------|-----------|
| | RASCP | LBP Agrarian | Share (%) |
| 1997 | 482.3 | 11,257.5 | 4.3 |
| 1998 | 473.4 | 11,053.1 | 4.3 |
| 1999 | 522.2 | 12,516.0 | 4.2 |
| 2000 | 572.5 | 12,024.8 | 4.8 |
| 2001 | 1,066.4 | 11,876.5 | 9 |
| 2002 | 479.8 | 11,618.4 | 4.1 |
| TOTAL | 3,598.6 | 70346.3 | |
| AVERAGE | 599.8 | 11,724.4 | 5.1 |

Source: LBP, PCR, September 2002.

In the past, the incidence of borrowing among the farm households had a roller coaster pattern (1974 to 2002). In the 1970's the incidence of borrowing was recorded at 60%, but the proportion gradually declined to 34% until the middle of 1990's. Afterwards, the trend went up again to 64% in 2001-2002 (Table 4-7). Informal credit which usually charged high rate of interest was the dominant source of credit of farm households (Table 4-8). In the 1970's formal credit became a popular source due probably to the Masagana food production programs of the government where the Philippine National Bank and Rural Banks played dominant roles in serving the credit needs of agriculture and rural farmers.

Table 4-7. Borrowing incidence among farm households in the Philippines, sub-period averages, various years.

| PERIOD | BORROWERS % | NON-BORROWERS % |
|---------------|------------------------|----------------------------|
| 1974 – 1978 | 60 | 40 |
| 1981 – 1988 | 49 | 51 |
| 1990 – 1993 | 35 | 65 |
| 1994 – 1996 | 34 | 66 |
| 1997 – 1998 | 47 | 53 |
| 1999 – 2000 | 59 | 41 |
| 2001 – 2002 | 64 | 36 |

Sources: TBAC (1985); Tolentino, et.al (1989); ACPC-SWS (1989-1996); ACPC (1997-2002); Table was extracted from Agricultural Credit Plan FY 2004-2005, ACPC, DA.

Table 4.8. Sources of Credit, Sub-Period Averages, Various Surveys.

| PERIOD | FORMAL % | INFORMAL % |
|---------------|---------------------|-----------------------|
| 1973 – 1976 | 77 | 23 |
| 1981 – 1986 | 23 | 77 |
| 1989 – 1992 | 25 | 75 |
| 1993 – 1995 | 31 | 69 |
| 1997 – 1998 | 24 | 76 |
| 1999 – 2000 | 39 | 61 |
| 2001 – 2002 | 40 | 60 |

Sources: TBAC (1985); Tolentino, et.al (1989); ACPC-SWS (1989-1996); ACPC (1997-2002); Agricultural Credit Plan FY 2004-2005, ACPC, DA

Among banking institutions, private banks dominated the lending to agriculture. In terms of total agricultural loans granted, private banks provided 90.7% of the total loans made available to agriculture (1990-2002) as against 9.3% by government banks (Table 4-9). During this period, LBP granted loans to agriculture, 7.4% of all loans sourced from all government banks.

In terms of the proportions of agricultural loan to total loans, government banks had a higher performance than private banks (Table 4-10). In the period 1990-2002, government banks had a ratio of 12.08% as against 2.74% of that of private banks. Among the government banks, LBP had the highest ratio of 27.28%. Rural banks had the highest ratio among the private banks with 52.77%.

The policy frameworks that affected the flow of credit to agriculture and rural sectors were Executive Order 113 of 1987; RA 7607 Magna Carta for Small Farmers of 1992; RA 8435, Agriculture and Fisheries Modernization Act (AFMA) of 1997; Executive Order 138 of 1999; and PD 717, Agri-Agra Law of 1975.

EO 113 (1987) highlighted reform in the policy environment which included the a) termination of credit lending programs of government non-financial institutions, b) withdrawal of interest rate subsidies for loan to agriculture and rural farmers, and c) the placing of the responsibility of financing the rural sector to banking institutions.

RA 7607 (1992) declared as a policy of the State to give the highest priority to the development of agriculture such that equitable distribution of benefits and opportunities are realized through the empowerment of small farmers. On rural credit delivery, the DA through the ACPC and other agencies are mandated to give subsidies for education and training of small farmers on credit awareness, loan acquisition, and loan repayment and shall conduct information drive that will promote the establishment of strong and viable farmers' organizations.

RA 8435 (1997) sought to promote the competitiveness and efficiency of Philippine agriculture in the light of globalization and a liberalized trade regime. The AFMA also advocated the phasing out of all directed credit programs (DCPs) and the establishment of Agro-industry Modernization Credit and Financing Program (AMCFP), the rationalization and consolidation of all existing agriculture and fisheries credit guarantee schemes and funds into Agriculture and Fisheries Credit Guarantee Fund (AFCGF), the use of market rate of interest in government lending to ensure cost recovery and to enhance sustainability and outreach of the credit assistance, the active participation of government financial institutions in the implementation of credit programs, and to adjust the grace period in the repayment of loan according to the life of the project.

The AFMA credit policy was strengthened with the issuance of EO 138 in 1999 which reiterated the adoption of market-oriented financial and credit policies and the non-participation of GNFA's and GOCCs in the implementation of credit programs.

P.D. 717 (1975) or the Agri-Agra Law required banks to allocate 25% of their loan portfolio to agriculture and agrarian reform, i.e., 15% for agricultural credit and 10% for lending to agrarian reform beneficiaries.

4.1.4 Agrarian Reform

RASCP is very relevant to the objectives of the CARP, the centerpiece program of various Philippine government administrations since 1998 dealing with asset reform, agricultural and rural productivity, and social justice. RASCP sought to strengthen the financial capability of LBP to support the credit needs of the farmer-beneficiaries and their cooperatives, and to enhance the capability of DAR to build cooperatives as users of credit and integrators of farmer-members productive activities.

CARP covers 8.06 million hectares of which 4.29 million hectares are under DAR and 3.7 million hectares are under DENR. DAR covers about 53% of the total CARP areas.

Table 4-9. Agricultural production loans granted, by type of bank, 1990-2002 (amounts in P Million).

| FINANCIAL INSTITUTION | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 |
|---|------------------|------------------|--------------------|--------------------|--------------------|--------------------|-----------------------|-----------------------|
| Government Banks | 5,934.5 | 8,450.9 | 10,386.4 | 9,817.4 | 8,058.6 | 6,460.9 | 8,052.4 | 8,378.9 |
| DBP | 251.4 | 336.3 | 356.0 | 747.4 P | 961.9 P | 990.1 | 1,220.7 | 1,119.2 |
| LBP | 4,002.6 | 8,114.6 | 7,021.0 | 5,854.0 P | 5,029.4 P | 5,470.8 | 6,831.7 | 7,259.7 |
| Private Banks | 35,312.5 | 37,713.6 | 45,723.2 | 57,959.9 | 66,277.1 | 76,110.2 | 556,664.4 | 367,863.9 |
| PKBs | 27,250.8 | 28,937.9 | 35,177.8 | 37,028.3 P | 40,150.7 P | 43,273.2 P | 519,754.5 r | 335,235.9 r |
| TBs | 3,123.7 | 3,288.5 | 4,115.9 | 7,293.3 | 12,899.9 | 20,368.9 | 20,609.8 | 22,938.7 |
| PDBs | 1,142.2 | 1,678.7 | 1,491.1 | 1,986.2 | 3,739.5 | 6,363.5 | 4,229.2 | 6,034.1 |
| SMBs | 1,338.6 | 842.4 | 768.4 | 1,044.0 | 4,269.0 | 7,044.4 | 4,350.1 | 4,739.0 |
| SSLAs | 642.9 | 767.4 | 1,856.4 | 4,263.1 | 4,891.4 | 6,961.0 | 12,030.5 | 12,165.6 |
| RBs | 4,938.0 | 5,487.2 | 6,429.5 | 13,638.3 | 13,226.5 | 12,468.1 | 16,300.1 | 9,689.3 |
| ALL BANKS Total Agri Prodn Loans Granted | 41,247.0 | 46,164.5 | 56,109.6 | 67,777.3 | 74,335.7 | 82,571.1 | 564,716.8 r | 376,242.8 r |
| Total Agri Loans Granted | | | | | | | | |
| Total Loans Granted | 590,078.5 | 941,465.7 | 1,241,068.4 | 3,669,293.8 | 4,615,269.0 | 6,262,832.1 | 10,636,247.5 r | 10,141,482.5 r |
| Ratio of Agri Production Loans to Total Loans Granted, % | 6.99 | 4.90 | 4.52 | 1.85 | 1.61 | 1.32 | 5.31 | 3.71 |

Sources of basic data: Bangko Sentral ng Pilipinas (BSP) – Department of Economic Research (DER) and Supervisory Reports and Studies Office (SRSO), RB System Annual Reports, Land Bank of the Philippines (LBP) and Development Bank of the Philippines (DBP). The table was extracted from Agricultural Credit Plan FY 2004-2005, ACPC, DA

n.a./ Data not available

r/ Revised, based on actual reports from BSP

P/ Preliminary Amounts were forecasted due to non-availability of actual data. For 2000 & 2001, LBP and DBP figures are actual amounts

A/ starting 1995, PNB was classified under PKBs

Table 4-9. Cont'd.

| FINANCIAL INSTITUTION | 1998 | 1999 | 2000 r | 2001 | 2002 P | AVE. PERCENT SHARE (1990-02) | AVE. GROWTH RATE (%) (1990-02) |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|------------------------------|--------------------------------|
| Government Banks | 9,085.1 | 9,387.5 | 8,391.3 | 7,617.6 | 8,552.4 | 9.3 | 4.6 |
| DBP | 687.6 r | 258.2 r | 261.0 | 213.7 | 907.7 | 0.6 | 33.4 |
| LBP | 8,397.5 | 9,129.3 | 8,130.3 | 7,403.9 | 7,649.7 | 7.4 | 8.9 |
| Private Banks | 105,993.5 | 161,092.2 | 105,294.4 | 114,978.6 | 141,308.2 | 90.7 | 55.0 |
| PKBs | 73,026.1 | 123,001.9 r | 68,629.5 | 77,978.9 | 89,374.6 | 65.6 | 90.8 |
| TBs | 15,311.2 | 18,757.8 | 20,749.0 | 21,038.1 | 25,284.9 | 12.4 | 23.0 |
| PDBs | 5,280.1 | 7,925.5 | 6,717.1 | 7,703.1 | 9,621.2 | 4.2 | 24.9 |
| SMBs | 4,168.2 | 5,278.8 | 8,653.8 | 6,297.7 | 6,782.6 | 3.7 | 32.8 |
| SSLAs | 5,862.9 | 5,553.5 | 5,378.1 | 7,037.3 | 8,881.1 | 4.5 | 34.9 |
| RBs | 17,656.2 | 19,322.5 | 15,915.8 | 15,961.5 | 26,648.7 | 12.7 | 21.9 |
| ALL BANKS: Total Agri Prodn. Loans Granted | 115,078.6 r | 170,479.7 r | 113,685.7 | 122,596.2 | 149,860.6 | 100.0 | 50.1 |
| Tot Agri Loans Granted | 299,044.3 | 401,880.6 | 335,311.4 | 414,275.3 | 488,272.2 | | |
| Total Loans Granted | 8,650,831.7 | 9,909,128.0 | 9,478,182.1 | 7,123,321.5 | 6,874,923.9 | | |
| Ratio of Agri Prodn. Loans to Total Loans Granted, % | 1.33 | 1.72 | 1.20 | 1.72 | 2.18 | | |

Table 4-10. Ratio of agricultural production loans to total loans granted, by type of bank, 1990-2002.

| FINANCIAL INSTITUTION | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000r | 2001P | 2002 P | AVE. RATIO (%) 1990-02 |
|-------------------------|-------|-------|-------|--------|--------|--------|--------|--------|--------|--------|---------|-------|--------|------------------------|
| Government Banks | 24.04 | 19.30 | 7.59 | 5.45 | 6.82 | 7.71 | 18.30 | 17.03 | 14.17 | 7.96 | 7.28 | 15.16 | 6.20 | 12.08 |
| PNB | 18.40 | n.a. | 3.00 | 2.40 | 3.10 | a | a | a | a | a | a | a | a | a |
| DBP & PAB | 7.76 | 1.58 | 5.60 | 7.22 | 4.10 | 1.90 | 5.90 | 4.30 | 1.87 | 1.87 | 0.29 | 0.88 | 0.83 | 3.27 |
| LBP | 32.52 | 36.10 | 23.27 | 16.30 | 17.90 | 17.30 | 29.32 | 31.37 | 30.63 | 30.63 | 31.53 | 28.45 | 26.65 | 27.28 |
| Private Banks | 6.25 | 4.20 | 4.14 | 1.66 | 1.47 | 1.23 | 5.26 | 3.65 | 1.23 | 1.23 | 1.12 | 1.63 | 2.10 | 2.74 |
| PKBs | 5.55 | 3.52 | 3.64 | 1.13 P | 0.95 P | 0.74 P | 5.09 | 3.49 r | 0.89 r | 0.89 r | 0.78 b | 1.20 | 1.48 | 2.29 |
| TBs | 4.80 | 5.01 | 3.29 | 4.03 | 5.11 | 6.02 | 6.02 | 4.91 | 4.48 | 4.48 | 3.76 | 3.94 | 3.90 | 4.59 |
| PDBs | 10.45 | 13.37 | 15.98 | 10.94 | 5.55 | 9.03 | 4.05 | 3.05 | 5.23 | 5.23 | 3.88 b | 3.43 | 3.90 | 7.13 |
| SMBs | 2.61 | 1.69 | 0.73 | 0.71 | 2.57 | 2.94 | 2.23 | 2.25 | 2.09 | 2.09 | 2.63 b | 2.32 | 2.18 | 2.10 |
| SSLAs | 22.23 | 23.36 | 16.98 | 27.83 | 26.06 | 24.75 | 28.16 | 20.72 | 14.19 | 14.19 | 10.81 b | 18.97 | 19.83 | 20.77 |
| RBs | 52.82 | 52.16 | 50.59 | 73.53 | 87.09 | 44.90 | 45.35 | 46.86 | 46.11 | 46.11 | 46.98 P | 49.42 | 43.72 | 52.77 |
| All Banks | 6.99 | 4.90 | 4.52 | 1.85 | 1.61 | 1.32 | 5.31 r | 3.71 r | 1.33 r | 1.33 r | 1.20 r | 1.72 | 2.18 | 2.95 |

Sources of basic data: Bangko Sentral ng Pilipinas (BSP)-Department of Economic Research (DER) and Supervisory Reports and Studies (SRSO), RB System Annual Reports, LBP and DBP. The table was extracted from Agricultural Credit Plan FY 2004-2005, ACPC, DA.

n.a./ Data not available

r/ Revised, based on actual reports from BSP

P/ Preliminary. Basic data were forecasted due to non-availability of actual data. For 2000 & 2001, basic data for LBP and DBP are actual amounts.

a/ Starting 1995, PNB was classified under PKBs

b/ For PKBs, basic data was based on actual data for first semester, 2000. For TBs, basic data was estimated from actual data for first 3 quarters, 2000.

4.2 Efficiency of RASCP

4.2.1 Project Cost Allocation and Use. As indicated in Table 2-5, the OEC, of RASCP was ¥ 10,885.8 million, about 97% of which was allocated for financial assistance to cooperatives and farmers.

On the overall, the amount actually used under L/A PHP 168 was ¥10,508 million out of the OEC of ¥10,530 million. This means there was an unused balance of ¥21.17 million. On the other hand, the amount used for technical assistance under L/A PHP 169 was only ¥ 231.25 million or about 65% of the OEC of ¥356.8 million which means that about 35% was unused.

Among the line items of the project cost, only the sub-loan component under the financial assistance exceeded the OEC by about ¥56.00 million or 5% implying that the sub-loan had the highest rate of efficiency in terms of using the OEC.

4.2.2 Implementing Period. RASCP was programmed for implementation from March 29, 1996 to July 24, 2002 (Tables 2-4 and 4-11). As mentioned earlier and as indicated in Table 2-4, there was a delay in the commencement of the Project due to the delay in the conduct of consulting services and sub-loan utilization. Consulting services were supposed to start in January, 1997 but actual delivery of services started in September, 1997. However, consulting services were extended by about six (6) months from the target conclusion date of December 2001 to June 2002. The sub-loan utilization was completed as programmed on July, 2002, although its commencement was a bit delayed by about five (5) months. The extension of technical services by DAR was done as planned in July, 1997 to July, 2002.

In terms of implementation period, RASCP is efficient particularly in implementing the sub-loan utilization and DAR technical assistance.

RASCP has a loan repayment period of 30 years, inclusive of the 10-year grace period, which shall start on March, 2006 (Table 4-9).

4.2.3 Cost of Loan. The cost of RASCP or the cost of money is 7.3% per annum broken down as interest (2.7%), guarantee fee (1%), foreign exchange fees (3.5%), and service charge (0.1%).

Compared to AJDF, RASCP's cost of money is lower by 2.8%. The difference in the cost of money is largely due to lower foreign exchange fee for RASCP (3.5%) as against that of AJDF (6.5%). RASCP's interest rate of 2.7% per annum is lower than that of AJDF (2.5%) by about 0.2% per annum.

Therefore, in terms of cost of money RASCP is more efficient than AJDF. But considering the local cost of savings deposit (2% per annum) and T-bills rate (6% per annum)³, RASCP is less efficient than local sources of funds.

³ As quoted by LBP on July 20, 2005, Los Baños, Laguna

Table 4-11. Comparison of RASCP and AJDF loan, 2005.

| | AJDF | RASCP |
|---|---|---|
| Date Program Started | March 17, 1992 | March 29, 1996 |
| Loan Maturity | March 17, 1997 | July 24, 2002 |
| Loan Repayment | 30 years inclusive of 10 years grace period | 30 years inclusive of 10 years grace period |
| Start of Repayment | March 2002 | March 2006 |
| Cost of Loan | (10.1%) | (7.3%) |
| - Interest | 2.5% | 2.7% |
| - Guarantee Fee | 1.0% | 1.0% |
| - FX Risk Fee/Interest | 6.5% | 3.5% |
| - Service Charge | 0.10% | 0.10% |
| Total Program Funds | ¥6,686 Million | ¥10,184 Million |
| Outstanding Balance as of December 31, 2004* | P325.84 Million | P1,156.78 Million |
| Amount Available for Release (as of December 31, 2004)* <i>*per available data of FUSD</i> | P1,209.17 Million | P2,381.78 Million |
| Status of Loan with OECF/JBIC (as of 3/31/05)** | | |
| Total Loan/Drawdown | P1,475.15 Million | P3,181 Million |
| Total Amount Paid by LBP | 251.84 Million | - |
| Outstanding Balance | P1,223.31 Million | P3,181 Million |
| <i>**per ITOD</i> | | |

Source: PMD, LBP, July 5, 2005.

4.2.4 Loan Releases. Per PCR, as of September, 2002, LBP had released P3,598 million to cooperatives/farmers. Long-term production loan to farmers through cooperatives was P1,710 million or 48% of the total loan releases; long-term credit line to cooperatives was P1,665 million or 46%. These two-types of loans comprised 94% of the total loan released by LBP under RASCP. Other types of loan were of minor releases such as fixed assets loan to cooperatives/farmers, long-term capital loan to cooperatives, and short-term production loan to farmers of ARC cooperatives (Table 4-12). There were few availments of marketing and fixed asset loan because few engaged in trading and acquiring fixed assets such as pre-and post-harvest facilities.

Table 4-12. Amount of loans released by nature of loans as of September 30, 2002.

| NATURE | AMOUNT IN PESOS (Million) | % |
|---|----------------------------------|--------------|
| Fixed Assets to Coop/Farmers | 153.905 | 4.3 |
| Long-Term Working Capital Loan to Coops | 65.247 | 1.8 |
| Long-Term Production Loan to Farmers thru Coops | 1,710.300 | 47.5 |
| Long-Term Credit Line to Coops | 1,665.090 | 46.3 |
| Short-Term Production to Farmers of ARC Coops | 4.047 | 0.1 |
| TOTAL | 3,598.59 | 100.0 |

Source: LBP Project Completion Report, September 2002.

In terms of geographical distribution, about 30% of the loans or P1.399 billion were released in Mindanao; about 28% in Southern Luzon and Bicol or P995 million; and about 25% or P883 million in Northern and Central Luzon. The least loan releases were in the Visayas comprising about 9% or P320 million (Table 4-13). Visayas had the least area of coverage (three regions) as against North and Central Luzon (six regions), South Luzon and Bicol (four regions), and Mindanao (six regions).

Table 4-13. Amount of loan released by region as of September 30, 2002.

| NATURE | AMOUNT IN PESOS (M) | % |
|----------------------------|----------------------------|--------------|
| Northern and Central Luzon | 883.415 | 24.5 |
| Southern Luzon and Bicol | 995.840 | 27.7 |
| Visayas | 320.173 | 8.9 |
| Mindanao | 1,399.160 | 38.9 |
| TOTAL | 3,598.59 | 100.0 |

Source: LBP Project Completion Report, September, 2002.

RASCP is efficient in terms of loan releases because out of the total loan/drawdown of P3,181 million, LBP was able to make loan releases to borrowers of P3,598 million.

4.2.5 Repayment. Per PCR as of December 2002, out of the total loan releases by LBP of P3.584 billion, about 57% or P2.031 billion was fully repaid. Past due loans was P224.4 million or 16% of the outstanding balance of P1,385 million. There is threat to sustainability of RASCP given the level of loan recovery performance.

4.2.6 Beneficiaries. The beneficiaries of the loan were cooperatives and farmers. A total of 652 cooperatives were assisted with loans, 24% of which or 157⁴ were ARC cooperatives. It maybe worthwhile to mention that the ARC cooperatives granted RASCP-FA by LBP were more than the number of ARC cooperatives with RASCP-FA because other qualified ARC cooperatives located outside the ARISP-I coverage were also granted RASCP-FA. The figures imply that there are other ARC cooperatives which are qualified to access loan from LBP-RASCP outside the target 71 ARC cooperatives. Given the LBP CAC and process of screening loan applications, the 104⁵ implicitly had hurdled the CAC and obtained credit ratings better than other ARC cooperatives given RASCP-TA. A total of 289,910 farmers were assisted with loans under RASCP as of December 31, 2002 (Table 4-14).

⁴ In the data obtained from LBP the ARC cooperatives given RASCP-FA was 153 for the period 1997-2002 but the PCR indicated 157. Table 7-4 shows the number of ARC Cooperatives given RASCP-FA by year.

⁵ Using the PCR number of 157, the ARC cooperatives outside the target 71 ARC cooperatives which were able to access RASCP-FA was 104.

4.2.7 Efficiency of Lending Scheme. The efficiency of RASCP lending scheme was inferred by comparing the RASCP against other LBP credit schemes (LBP-OCS) such as CAP-PBD and 5-25-70. The comparison was made on program funds utilization and collection, and on selected parameters between six ARC cooperatives that received RASCP FA and TA vis-à-vis and ARC cooperatives that obtained loans under LBP-OCS.

a. Program Funds Utilization and Collection. In terms of the size of program funds, RASCP had the largest amount (P3,181.0 million) as against CAP-PBD (P187.2 million) and 5-25-70 scheme (P416 million) as of June 30, 2005 (Table 4-14).

Utilization rate of program fund was highest in RASCP (112%) which means that the amount of loan releases was more than the program fund by 12%. CAP-PBD and 5-25-70 schemes had about the same rate of fund utilization, 71% and 68%, respectively.

Likewise, the total loans granted was highest under RASCP (P3,581.4 million) followed by 5-25-70 schemes (P285.90 million) and lastly by CAP-PBD (P133.0 million). On the average, the size of loan per cooperative was largest under RASCP (P5.329 million). The least size of loan per cooperative was under 5-25-70 scheme with P285,900. The average size of loan under CAP-PBD was also below the million mark at P875,160 per cooperative.

Table 4-14. JBIC-Rural Farmers and Agrarian Reform Support Credit Program (RASCP), summary of outstanding balances as of 31 December 2002.

| ITEM | TOTAL | NCL | SL/B | VISAYAS | MINDANAO |
|---------------------------|---------------|-------------|-------------|-------------|---------------|
| Total Releases | 3,584,309,222 | 877,463,880 | 992,767,359 | 318,686,268 | 1,395,391,715 |
| Outstanding Balance | 1,385,564,999 | 292,928,477 | 140,952,690 | 98,292,382 | 833,391,410 |
| Fully Paid | 2,031,561,225 | 503,987,489 | 837,317,099 | 210,341,831 | 479,914,806 |
| Amortization | 167,183,038 | 80,547,914 | 14,497,570 | 10,052,054 | 62,085,499 |
| Current | 1,074,900,073 | 192,105,879 | 117,470,029 | 70,853,074 | 694,471,091 |
| Restructured – Current | 28,058,357 | 5,512,294 | 8,477,676 | 3,173,597 | 10,894,789 |
| Past Due | 224,396,653 | 70,922,572 | 11,433,475 | 14,644,259 | 127,394,347 |
| Restructured – Past Due | 44,554,638 | 22,899,065 | 927,174 | 174,415 | 20,533,985 |
| Written-Off | 6,528,879 | 1,448,667 | 926,632 | 4,036,384 | 77,197 |
| ROPOA | 7,126,357 | | 1,717,704 | 5,408,654 | |
| No. of Coops Assisted | 652 | 268 | 84 | 84 | 216 |
| No. of ARC Coops Assisted | 157 | 51 | 29 | 22 | 55 |
| No. of FBs | 289,910 | 65,305 | 54,401 | 38,324 | 131,880 |

Note: Data used for some accounts are as of later date due to unavailability of updated reports from concerned field units.

Source of Data: Land Bank of the Philippines

In terms of cooperative-beneficiaries, 5-25-70 scheme had the most number (1,000) as against RASCP (672) and CAP-PBD (152). The reason for the larger number of cooperative-beneficiaries for 5-25-70 schemes was due to the grant portion of 25% of the total loan. In effect, only 70% of the total amount of loan shall be repaid by the borrowers since the 25% is a grant and the 5% is equity of the borrower. The 5-25-70 scheme was popular but the average loan size was the smallest among the credit schemes.

On loan collection, the highest rate of collection was observed under 5-25-70 scheme with 78%, followed by RASCP (67%), and by CAP-PBD (43%). It appears that the grant portion, and the smaller size of loan made it easier for the cooperatives to pay the loan under 5-25-70 scheme.

Comparison of RASCP with Other LBP Lending Schemes. When the 47 cooperatives respondents were asked to differentiate RASCP loan from the other LBP lending schemes, responses were solicited from 12 cooperatives. As indicated in Table 4-15, the four LBP lending schemes do not vary in terms of interest rate and loanable amount. The mode of repayment across the four schemes is lump sum although for the 5-25-70 scheme, it sometimes depends on the project. The maturity for the 5-25-70 is 2 years while for CAP-PBD, it varies from 4 months to 2 years. Maturity for the regular loan is 6 months while that for RASCP ranges from 4-6 months. Collaterals are not required for the 5-25-70 while for the other schemes require promissory notes. The 5-25-70 scheme is the only one that requires an equity from the coop.

Table 4-15. Comparison of RASCP with other LBP lending schemes, 12 cooperatives, 2004.

| Item | 5-25-70 | CAP-PBD | Regular | RASCP |
|-------------------|------------------------------|-----------------|-----------------|-----------------|
| Interest Rate | 14% | 14% | 14% | 12-14% |
| Loanable Amount | Depends on FS | Depends on FS | Depends on FS | Depends on FS |
| Mode of Repayment | Depends on Project; lump sum | Lump sum | Lump sum | Lump sum |
| Maturity | 2 yrs | 4mos.to 2 yrs. | 4 to 6 mos. | 4 to 6 mos. |
| Collateral | none | Promissory note | Promissory note | Promissory note |
| Equity | 5% | none | none | none |

Note: FS = Feasibility Study

b. Effects on Cooperatives. As in more detail in Chapter 7.0, the comparison of six ARC cooperatives with RASCP-FA and TA against three ARC cooperatives which obtained loan under LBP-OCS, showed that cooperatives with RASCP-FA and TA pared better than cooperatives under LBP-OCS in terms of membership in cooperatives, business undertaking, lending operations to members, training activities and loan repayment of members to cooperatives.

RASCP was more efficient than LBP-OCS in terms of total size of program fund, average size of loans granted per cooperatives and rate of program fund utilization. RASCP is second to 5-25-70 credit scheme in the aspect of loan collection rate and number of beneficiaries served. It is also efficient over LBP-OCS in terms of effecting in the ARC cooperatives increase in membership, business undertaking, conduct of training, and loan extension to and collection from members.

4.3 Effectiveness of RASCP. The effectiveness of RASCP is viewed on the aspects of consulting services, technical assistance of DAR to cooperatives, and provisions of loans to ARC cooperatives and farmers.

On the overall, the consultants adequately delivered the consulting services expected of the RASCP. The consultants were able to review the credit delivery system and monitoring system of the LBP and made recommendations to improve them; recommend improvement on the cooperative data-base and management information system, and develop computer applications to facilitate loan processing/evaluation; train identified end-users on computer program applications; and pilot-tested the recommended improvements. However, the system introduced on credit delivery and monitoring such as the use of LFC, COLODAT, and RASCP-RF monitoring templates found limited used and applications; the PCM was not effectively implemented; the cascading of training and the implementation of TA tie-up on the conduct of training was very slowly implemented; the marketing tie-up between producers and consumers did not work well; and the CBA of cooperatives was not sustained.

RASCP was also effective in the giving training to ARC cooperatives, in giving guidance to DAR PMOs on project management through the deployment of C-CDAs, and in providing guidance to ARC cooperatives on daily operations through the detailing of L-CDAs.

As a consequence, RASCP was contributory to expanding the membership of ARC cooperatives, increasing business undertaking of cooperatives, the conduct of training of ARC cooperatives, increasing lending to ARC cooperatives and members and improving loan collection from members.

4.3.1 Reasons for Non-receipt of RASCP Loan

Of the 24 RASCP-TA Only sample cooperatives, three failed to meet the CAC requirements of LBP, while the rest (21) passed. However, they failed to get a loan from RASCP due to various reasons, foremost (38%) of which is they have outstanding loans with LBP and other funding agencies. About 19% reasoned out that RASCP requires too many documents while another 19% said they were

able to access grants which do not bear any interest at all. Three cooperatives cited the lack of collateral (Table 4-16).

Table 4-16. Reasons for non-availment of RASCP loan, 21 TA Only Cooperatives.

| Reasons* | n | % |
|---------------------------------------|---|----|
| Have outstanding loans | 8 | 38 |
| Too many documentary requirements | 4 | 19 |
| No collateral to offer | 3 | 14 |
| Have grants | 4 | 19 |
| Accessed loans from other LBP schemes | 2 | 10 |
| Enough internal funds | 1 | 5 |
| Project was not approved | 1 | 5 |

*Multiple responses

4.4 Impact of RASCP. The impact of RASCP was viewed on its target clients, the cooperatives and farmer-members and the ARC community.

With the RASCP-TA, on the whole, the maturity classifications of ARC cooperatives were improved by one level. RASCP-TA was contributory to increasing the size of membership of cooperatives, capacity to obtain loan from different sources, lending to and loan collection from members, business undertaken, organizational capability and governance, and financial condition.

On the part of the households and ARC economy, the impact of RASCP is not clear. The demographic characteristics of the farmers-respondents did not change with RASCP across classification of respondents under ARC cooperatives with RASCP-FA and TA, RASCP-TA, and agricultural cooperatives with RASCP-FA on variables such as age, educational attainment, and occupation. The same observation was true when farmers-respondents under the classifications of cooperatives were compared in terms of ownership of assets, and tenurial characteristics.

Cropping system was not observed to change with RASCP, too. Farmers under ARC cooperatives with RASCP-FA and TA, and RASCP-TA mostly practiced mono-cropping and planted rice, corn, sugar cane, and coconut while those

under LBP regular cooperatives planted banana. The reason for this system of cropping is due to the priority consideration of rice, corn, sugar, and coconut for land reform program. The planting of banana by farmers under LBP regular cooperatives was due to the influence of sample cooperatives in Davao areas which have banana as the major crop raised.

The impact of RASCP on farm productivity was not also clear. In fact, rice and coconut farmers under LBP regular cooperatives had higher yields than farmers under RASCP. However, sugar cane farmers under agricultural cooperatives with RASCP-FA had lower yields than sugarcane farmers belonging to cooperatives under RASCP.

On household income, farmer-respondents under agricultural cooperatives with RASCP-FA had higher income than farmers belonging to cooperatives under RASCP. Net farm income of farmers under agricultural cooperatives with RASCP-FA was twice as much as those of farmers belonging to cooperatives under RASCP.

On loan availment, while majority of farmer-respondents did not avail loan, LBP regular cooperatives had the more number of availed than those of RASCP cooperatives. It was observed that borrowing from formal sources was improved during the RASCP period for those farmers under RASCP-FA and TA, and RASCP-TA.

The mean size of loan was observed highest for farmers under RASCP TA cooperatives, and lowest for those under RASCP FA and TA cooperatives. Loan repayment was highest for farmers under RASCP FA and TA cooperatives and the lowest under RASCP TA cooperatives.

In general, farmer-respondents had a slight awareness of RASCP. They were more aware of the infrastructure facilities such as irrigation, farm-to-market road, and post-harvest facilities under ARISP. In an isolated instance, farmers claimed that RASCP brought problems to them.

On ARC Community

Tenure Characteristics

Tenurial status. In 1996, farmer-respondents under the With Both DAR TA and FA held 212 parcels while those With DAR TA Only category worked on a total of 118 parcels (Appendix Table 1). Meanwhile, those falling under the classification of LBP Regular Coops cultivated 271 parcels in all. It is worth noting that the common forms of tenure across cooperative categories do not deviate much. Owner cultivatorship was the most predominant form of tenure across the three groups. However, an examination of the tenure across type of respondents shows that a major difference. For instance, there is a much higher share of share-tenanted parcels among non-ARBs particularly for those belonging to the LBP Regular Coops and With DAR TA Only. Meanwhile, leaseholders and amortizing owners are common tenure status among ARBs.

For the year 2004, those With Both DAR TA and FA held a total of 263 parcels. Those under the categories of With DAR TA Only and LBP Regular Coops worked or managed 250 and 324 farm lots, respectively. Owner cultivatorship remained to be the foremost tenurial status in 2004 among the three cooperative classifications. More than 40 percent of parcels held in each category are owner cultivated. There is also quite a large percentage of leaseholders in the three strata. It is notable that share tenancy remains to be prevalent among those With Both DAR TA and FA (14%) and LBP Regular Coops (15%) particularly among non-ARBs.

The existence of share tenancy was validated during the FGDs conducted. In some cases, the farmers preferred to continue with the share tenancy agreement even though they should be following leasehold agreement. This is because under the leasehold agreement, they are compelled to pay fixed lease rental regardless of how much they produced. There are instances wherein the farmers cannot pay the supposed fixed rental due to low production.

A comparison of the 1996 and 2004 tenurial status shows that there have not been much changes across the respondent types. Nevertheless, similar to the 1996 results, there is a much higher share of share-tenanted parcels among non-ARBs compared with the ARBs. Moreover, leaseholders and amortizing owners are likewise common tenure status among ARBs. A closer perusal of the ARBs indicates that for those under the With DAR TA Only there has been a slight increase in the proportion of owner cultivated parcels from 1996 (40%) to 2004 (42%). Meanwhile, there was hardly any change among ARBs With Both DAR TA and FA. However, among ARBs under the LBP Regular Coops category, the proportion of owner cultivated parcels rose by nearly 10 percentage points from 37 percent to 47 percent. The results could be attributed to the fact that prior to the entry of the ARISP or RASCP in the DAR assisted ARCs, Land Tenure Improvement (LTI) activities of the DAR are almost complete.

Tenurial instruments. Appendix Table 2 shows the tenurial instruments held by the respondents in 1996 and 2004, respectively. Compared with the 1996 trends, tenurial instruments which cover the parcels held by the respondents do not seem to change much. CLOAs and land titles remain to be the prevalent tenurial instruments among those With Both DAR TA and FA. Nevertheless, there was a considerable rise in the proportion of parcels (from 7% to 11%) covered by Mother CLOAs. For those With DAR TA Only, many parcels are still accompanied by CLOAs (25%) and land titles (14%). However compared to 1996, the proportion of parcels with no tenurial instruments dropped by about seven percentage points while slight increases were observed for parcels with CLOAs and Leasehold Contracts. Close to 21 percent of parcels occupied by respondents under the LBP Regular Coops have land titles as proof of ownership. Relatively large proportions are covered by CLTs (12%), CLOAs (10%) and Leasehold Contracts (10%). It is worth noting that the proportion of parcels with CLTs and EPs hardly changed within a span of seven years. It would be recalled that some of the LBP Coops covered in this evaluation study are located in non-ARC areas where Land Tenure Improvement activities of the DAR are less intensive compared to the ARCs.

There are also no apparent changes in the tenurial instruments held by non-ARBs compared to 1996. The non-ARBs are still disadvantaged compared to the ARBs since many of them still do not hold any tenurial instruments or any written proof of right to cultivate the land they are tilling. This is attributed to the findings that a significant portion of the parcels held by non-ARBs are share-tenanted and share tenants entered mostly into verbal agreements with the landowners. Nevertheless, compared to the ARBs, a larger proportion of the parcels occupied by non-ARBs have land titles. This implies that a number of the non-ARBs are small owner cultivators who were not covered by the CARP at all. This corroborates the findings in the FGD that some of the non-ARBs are well-off than ARBs.

Status of payment of amortizing owners. The status of land amortization payment differed across strata. For those With Both DAR TA and FA, nearly half (49%) are paying regularly (Table 4-17). More than two-fifths (41%) are reportedly paying on an irregular basis. A mere three percent have not paid a single centavo. Among those With DAR TA Only, a little over a half (51%) are paying irregularly while 43 percent are paying on a regular basis. Some five percent have not paid at all. As to the LBP Regular Coops, close to three-fourths (71%) claimed they are paying irregularly while around a fourth (26%) are paying regularly. A few (3%) have not started paying at all.

Table 4-17. Status of payment of amortizing owner respondents, selected RASCP sites, Philippines, 2004.

| Status of payment | With Both DAR TA & FA | | With DAR TA Only | | LBP Regular Coops | |
|----------------------|-----------------------|------------|------------------|------------|-------------------|------------|
| | n | % | N | % | n | % |
| Paying regularly | 20 | 49 | 16 | 43 | 16 | 43 |
| Paying irregularly | 17 | 41 | 19 | 51 | 19 | 51 |
| Have not paid at all | 4 | 10 | 2 | 5 | 2 | 5 |
| TOTAL | 41 | 100 | 37 | 100 | 37 | 100 |

Reasons for paying irregularly. The main reason why some could not pay their land amortization is low production (Table 4-18). This is the major cause cited across the three cooperative groups.

Table 4-18. Reasons for paying irregularly, selected RASCP sites, Philippines, 2004.

| Reason for paying irregularly | With Both DAR TA & FA | | With DAR TA Only | | LBP Regular Coops | |
|---|-----------------------|------------|------------------|------------|-------------------|------------|
| | n | % | N | % | n | % |
| Low farm production/ income not enough to pay amortization/used for other | 18 | 95 | 16 | 75 | 22 | 100 |
| Others | 1 | 5 | 5 | 25 | 0 | 0 |
| TOTAL | 19 | 100 | 21 | 100 | 22 | 100 |

On access to support services

Awareness on availability of support services and basic social services. Majority of the respondents are aware that physical infrastructure such as farm to market roads and irrigation/canal systems are available in their villages (Appendix Table 3). This is true across the three strata. Among those With Both DAR TA and FA, more than half said that there are bridges in their communities but only a minority are aware that bridges are available in their barangays for those belonging to the categories of With DAR TA Only and LBP Regular Coops.

In all the three cooperative types, more than half of the respondents acknowledged the availability of solar dryers in their communities. For those With Both DAR TA and FA, 50 percent are aware that warehouses exist in their barangays. The proportion of respondents from the two other cooperative types who stated that there are warehouses in their villages are a minority. For other farm machinery and post harvest facilities such as threshers, corn shellers, four-wheel tractors, hand tractors, mills and mechanical dryers, smaller shares of respondents claimed that these facilities exist in their villages. Awareness on the availability of other support services such as technology transfer, livelihood projects, animal dispersal, seed dispersal, fertilizer dispersal, crop insurance and marketing assistance are also low in all the three groups. The low awareness on the availability of post harvest facilities and technology transfer in the DAR-assisted cooperatives is unexpected considering that such support services have been provided by the DAR through the ARISP program.

As to the availability of basic social services and facilities, awareness is high for elementary school buildings, day care centers, health centers, electricity, barangay halls, waiting sheds, basketball courts and cooperative offices. Considering that water is a necessity, less than half of respondents except for those belonging to the DAR TA Only claimed that potable water systems exist in their villages.

Availment of support services and basic social services. More than 90 percent of those who are aware of the availability of farm to market roads and bridges made use of these infrastructures across all cooperative types (Appendix Table 4). Availment of irrigation facilities is more than 70 percent for those With Both DAR TA and FA while only 62 percent did for those belonging to the DAR TA Only. In all groups, a greater proportion of ARBs used the irrigation facilities compared to non-ARBs. Usage of solar dryers and threshers reached more than 50 percent for those under the categories of With Both DAR TA and FA and LBP Regular Coops.

The most common other support services availed of by respondents in the three strata are technology transfer and livelihood projects. These livelihood projects are often livestock and poultry production. Animal dispersal was largely availed of by those With Both DAR TA and FA but less than half did among those under the With DAR TA Only and LBP Regular Coops categories. Less than half of respondents became beneficiaries of support services such as seed dispersal, fertilizer dispersal, crop insurance and marketing assistance.

More than half of respondents under the With Both DAR TA and FA availed of basic social services and facilities such as elementary and secondary education, health centers, potable water system, electricity, barangay hall, basketball court, waiting sheds, cooperative office and postal services. Except for secondary education, majority of those under the With DAR TA Only also availed of the aforementioned basic social services and facilities. A large percentage also made use of rural banks or micro finance

institutions (MFIs). For those respondents who belong to the LBP Regular Coops, more than 50 percent used health centers, potable water system, electricity, barangay hall, basketball court, waiting sheds, cooperative office and postal services.

Across the three cooperative types, more than half of the respondents used hand tractors and mills.

On income distribution and poverty incidence

The goal of the ARC concept was to increase household income to PhP60,000. Appendix Table 5 shows that majority of those With DAR TA and FA (54%) and With DAR TA only (54%) have not met this target. In contrast, 56 percent of household respondents under the LBP Regular Coops earned more than PhP60,000. The results further indicate that compared to non-ARBs, there is a greater portion of ARBs compared to the non-ARBs whose income are below PhP60,000.

Consequently, more than half of household respondents under With Both DAR TA and FA (53%) and With DAR TA Only (54%) receive incomes below the poverty threshold (Appendix Table 6). Meanwhile, only 40% of the respondents under the LBP Regular Coops fall below the poverty threshold. The ARB households are also more impoverished than the non-ARBs since greater shares of ARBs have earnings below the poverty threshold.

4.5 Sustainability of RASCP. A crucial concern of the project is its sustainability. RASCP involves ₱ 10.717 million of foreign loan and addresses critical programs of the government agrarian reform, agricultural development, and poverty alleviation. The huge part of RASCP fund (97.5%) is earmarked for financial assistance to cooperatives and farmers, an important factor in accelerating agriculture and rural development.

The sustainability concern is viewed in terms of organizational arrangement of DAR and LBP, loan collection by LBP, cooperatives' performance, and loan repayment by farmer loans from cooperatives.

The sustainability of the cooperatives is measured in terms of their performance after the implementation of RASCP. Thus, a during and after comparison is done in this section.

a. ***Organizational arrangement of DAR.*** DAR which implemented the TA component of RASCP is conscious of the sustainability of RASCP-TA to ARC cooperatives. Towards the closing of RASCP, DAR initiated in 2002 a sustainability planning workshop for ARISP-I –assisted cooperatives including those covered by RASCP to formulate a phase-out program for DAR-POs. It was the perception that CPMO and PPMOs would be phased out after RASCP and the extension of TA to RASCP-assisted cooperatives would be integrated with the normal activities of DAR-POs, particularly the Beneficiaries Development Coordination Divisions (BDCD). The intensity of extension of TA to RASCP-assisted cooperatives therefore would largely depend on the budget and manpower complement of DAR POs (BDCD). It is known that the general

government appropriation for DAR projects had been limited. In 2004, 46% of the 1,551 ARCs subjected to ALDA were covered by foreign assistance, or 54% were covered by locally sourced out funds.

b. **Organizational arrangement of LBP.** LBP has the acclaimed profitability of operation, network of branches and offices, and manpower to sustain lending to agri-agra sector, in particular, the RASCP-assisted cooperatives using the revolving fund. The revolving fund, however, shall be integrated with the LBP's loanable funds to agri-agra sector in which the RASCP-assisted cooperatives are parts. LBP recently claimed that it has tilted its lending program in favor of the agri-agra sector in the tune of 33:67 ratio of its loan portfolio⁶. In addition, LBP has a DAD which main concern is strengthening of cooperatives and has PMD which is in charge of financing cooperatives.

c. **Considering loan collection of LBP.** Loan collection from RASCP-assisted cooperatives fell between 82% to 99% during the RASCP period (1998-2002) and 94% to 95% during the post-RASCP period (2003-2004). The collection rate is not bad at all considering that the clients are agrarian and agricultural cooperatives whose members are generally small farmers. However, the non-full collection of loan still provides some concern for long-term sustainability since a constant 6% default rate, for example, would imply a depletion of the principal of loanable funds in 17 years.

d. **Loan repayment by farmers.** A more serious threat to sustainability of lending using RASCP revolving fund is the poor loan repayment by farmers. Repayment rate of borrowers from ARC cooperatives (With RASCP-FA & TA) (75%) and ARC cooperatives (With RASCP-TA Only) (76%) are nearly the same (Table 4-19). However, those who got loans from the agricultural cooperatives (Loan Only) recorded a much lower repayment rate of 54%. The findings indicate that about a fourth of loans extended by the ARC cooperatives (With RASCP-FA & TA and TA Only) become losses while nearly half of funds for loans of the agricultural cooperatives (With RASCP-FA Only) do not go back to this cooperative type. If these trends continue, this will redound in the sustainability of the cooperatives, most especially the agricultural cooperatives (With RASCP-FA Only). The case of Mt. Banahaw MPC in Quezon can shed some light on the relatively high loan collection rate from cooperatives and at the same time, low repayment rate by farmer-borrowers of loan from cooperatives. In 2004, Mt. Banahaw MPC claimed that it fully paid its loan from LBP out of its own funds, but had difficulty collecting loans from member-borrowers. Consequently, the cooperative did not renew its credit line with LBP and ceased to make loans to members. The cooperative became inactive and recently concentrated on collecting loans from member-borrowers.

⁶ The LBP Portfolio was moving towards agri-agra sector in 2001-2004 (LBP PCR, 2002)

| Year | 2001 | 2002 | 2003 | 2004 |
|-------|-------|-------|-------|-------|
| Ratio | 61:39 | 55:45 | 45:55 | 35:65 |

| Cooperative Type | Repayment Rate (%) |
|--|---------------------------|
| ARC Cooperatives (With RASCP-FA &TA) | 75 |
| ARC Cooperatives (With RASCP-TA Only) | 76 |
| Agricultural Cooperatives (With RASCP-FA Only) | 54 |

e. **Membership.** It is worth noting that average membership of cooperatives which were provided financial assistance (i.e., ARC cooperatives with RASCP-FA and TA and agricultural cooperatives with RASCP-FA) grew even after the implementation of RASCP. In contrast, the mean number of members of the ARC cooperative with RASCP-TA Only dropped from 144 to 124 (Table 4-20). The decline in the number of members has bearing on the capacity of the cooperative to generate its own financial resources.

Table 4-20. Average number of members by cooperative type and by period.

| Period | ARC Cooperative with RASCP FA&TA (n=6) | ARC Cooperative with RASCP TA Only (n=24) | Agricultural Cooperative with RASCP FA (n=8) |
|---------------|--|--|--|
| During | 120 | 144 | 237 |
| After | 236 | 124 | 276 |

f. **Business Undertaking.** All the 6 ARC cooperatives with RASCP TA and FA were engaged in business during RASCP while 88% of the two other cooperatives types likewise had business undertakings during RASCP (Table 4-21). However, after RASCP, the proportion of cooperatives engaged in business dropped considerably. For the ARC cooperatives with RASCP TA&FA, it dropped to 50% from 100%. Meanwhile, less than one-fourth of ARC cooperatives with RASCP-TA Only (21%) and agricultural cooperatives with RASCP-FA Only (22%) continued to have businesses after RASCP.

Table 4-21. Number of Coops engaged in business by type and time period

| Period | ARC Cooperative with RASCP FA&TA (n=6) | | ARC Cooperative with RASCP TA Only (n=24) | | Agricultural Cooperative with RASCP FA Only (n=8) | |
|---------------|--|----------|---|----------|---|----------|
| | N | % | n | % | n | % |
| During RASCP | 6 | 100.0 | 21 | 87.5 | 7 | 87.5 |
| After RASCP | 3 | 50.0 | 5 | 20.8 | 1 | 22.5 |

In terms of new business undertakings, performance of the three cooperative types worsened after the implementation of RASCP. During RASCP, the six ARC cooperatives with RASCP FA&TA put up a total of 25 new businesses or about 4 new ones on the average; agricultural cooperatives with RASCP-FA had 8 new businesses (for an average of 1.5). Meanwhile, ARC cooperatives with TA Only had on the average less than one business per cooperative.

After project implementation, the ARC cooperatives with RASCP FA&TA had a total of 3 new businesses while the two other cooperative types reported that they put up two new businesses each (Table 4-22).

Table 4-22. Number of business undertaken by cooperative type and by time period.

| Period | ARC Cooperative with RASCP FA&TA (n=6) | ARC Cooperative with RASCP TA Only (n=24) | Agricultural Cooperative with RASCP FA (n=8) |
|--------|--|---|--|
| During | 25 | 11 | 12 |
| After | 3 | 2 | 2 |

During RASCP, the common businesses undertaken by the three cooperatives were lending, marketing of farm inputs/supplies, rice and corn drying/milling/storage and rice and corn trading/marketing. After RASCP, the ARC Cooperative with RASCP FA&TA went into the following businesses: (a) hauling/transport of agricultural commodities; (b) farm machinery rental; and (c) provision of irrigation. The ARC Cooperatives with TA Only engaged in farm machinery rental, lending, farm inputs/supplies distribution and rice trading/marketing. The Agricultural Cooperatives with RASCP FA put up new businesses that are not agri-based. These are catering and vulcanizing.

g. Average Number of Training. Table 4-23 indicates the average number of trainings undergone by the different cooperative types have declined after RASCP implementation. It is notable that during the project, the two ARC cooperatives reported higher means of trainings compared to the agricultural cooperatives with RASCP-FA. This could be attributed to the more intensive technical assistance provided by DAR to ARC cooperatives. However, after RASCP implementation, the average number of trainings for agricultural cooperatives with RASCP-FA was higher compared to the ARC cooperatives.

Table 4-23. Average number of trainings undergone by cooperative type and by time period

| Period | ARC Cooperative with RASCP FA&TA (n=6) | ARC Cooperative with RASCP-TA Only (n=24) | Agricultural Cooperative with RASCP-FA (n=8) |
|--------|--|---|--|
| During | 11 | 9 | 6 |
| After | 4 | 2 | 5 |

h. Number of cooperatives extending loans. The number ARC cooperatives with RASCP FA&TA (from 5 to 2) and agricultural cooperatives with RASCP-FA (from 4 to 2) who are extending loans dropped after RASCP (Table 4-24). In contrast, the number of ARC cooperatives With TA Only which extended loans to members after RASCP rose from 8 to 10.

Table 4-24. Number of cooperatives extending loans

| Period | ARC Cooperative with RASCP-FA&TA (n=6) | ARC Cooperative with RASCP-TA Only (n=24) | Agricultural Cooperative with RASCP-FA (n=8) |
|--------|--|---|--|
| During | 5 | 8 | 4 |
| After | 2 | 10 | 2 |

i. Average number of production loans extended. The average number of loans extended by the ARC cooperative With RASCP FA&TA after RASCP dropped by more than half. Meanwhile, those of the ARC cooperatives with RASCP-TA Only and agricultural cooperatives with RASCP-FA increased considerably (Table 4-25).

Table 4-25. Average number of production loans extended

| Period | ARC Cooperative with RASCP-FA&TA (n=6) | ARC Cooperative with RASCP-TA Only (n=24) | Agricultural Cooperative with RASCP-FA (n=8) |
|--------|--|---|--|
| During | 149 | 386 | 350 |
| After | 62 | 449 | 556 |

j. Loan repayment rate of cooperatives. Loan repayment rate of the three cooperative types to their creditor are shown in Table 4-26. Repayment rate of the ARC cooperatives with RASCP-FA&TA dropped to about half, from 85% to 42%. Rate of repayment likewise decreased for the ARC cooperatives with TA Only (from 61% to 52%). The repayment rate of the agricultural cooperatives with RASCP-FA grew slightly from 75% during RASCP to 77% after RASCP. Among the three cooperative types, the lowest repayment rate after RASCP was exhibited by the ARC cooperatives with RASCP-FA&TA. In contrast, this cooperative type had the highest repayment rate during RASCP (85%).

Table 4-26 .Loan repayment rate, in percent by cooperative type and by time period.

| Period | ARC Cooperative with RASCP FA&TA (n=6) | ARC Cooperative with RASCP TA Only (n=24) | Agricultural Cooperative with RASCP FA (n=8) |
|--------|--|---|--|
| During | 85.0 | 61.0 | 75.0 |
| After | 42.0 | 52.0 | 77.0 |

k. **Networth of cooperatives.** In 2001, the agricultural cooperatives with RASCP-FA posted the highest average networth at PhP2.4 million (Table 4-27). This more than doubled to PhP5.6 million in 2004. There were also increases in the average networth of the ARC cooperatives with RASCP-FA&TA (from PhP713,938 to PhP1.6M) and the ARC cooperatives with TA Only (from PhP559,390 to PhP1.0M)during and after RASCP periods. It is notable that during RASCP, the average networth reported by the ARC cooperatives with RASCP-FA&TA and RASCP-TA Only is not even half of that of the agricultural cooperatives with RASCP-FA. After RASCP, their differences even grew wider.

Table 4-27. Average networth, in PhP, by type of cooperative and by year

| Year | ARC Cooperative with RASCP FA&TA (n= 6) | ARC Cooperative with RASCP TA Only (n= 24) | Agricultural Cooperative with RASCP FA (n=8) |
|------|---|--|--|
| 2001 | 713,938 | 559,340 | 2,402,299 |
| 2004 | 1,662,055 | 1,027,140 | 5,617,603 |

l. **Average net income.** In 2001, the agricultural cooperatives with RASCP-FA reported the highest average net income at PhP667,241 (Table 4-28). The ARC cooperative with TA Only recorded a minimal mean at PhP12,871 while the ARC cooperative with RASCP-FA&TA incurred net loss of PhP5,765. After RASCP, the average net income of all these cooperatives declined. Both ARC cooperative types reported net losses while the agricultural cooperatives with RASCP-FA declared a net income of almost PhP400,000.

Table 4-28. Average net income in PhP, by cooperative type and by year

| Year | ARC Cooperative with RASCP FA&TA (n=6) | ARC Cooperative with RASCP TA Only (n=24) | Agricultural Cooperative with RASCP FA (n=8) |
|------|--|---|--|
| 2001 | -5,765.33 | 12,870.54 | 667,241.33 |
| 2004 | -42,796.56 | -59,223.78 | 333,881.00 |

m. **Current ratio.** The current ratio of the ARC cooperatives with RASCP-FA&TA in 2001 was 2.59, indicating that if their creditors demanded them to pay their short-term loans at that time, they would have been able to pay them off. This ratio increased to 4.79 in 2004 (Table 4-29). For the ARC cooperatives with TA Only, this ratio dropped from 1.25 (in 2001) to 0.45 in 2004. This implies that at present, these cooperatives will find it difficult to pay their immediate liabilities. The agricultural cooperatives with RASCP-FA exhibited the opposite trend. From less than one in 2001, their current ratio rose to 1.45 in 2004.

Table 4-29 Average Current Ratio by type of cooperative and by year

| Year | ARC Cooperative with RASCP FA&TA (n=6) | ARC Cooperative with RASCP TA Only (n= 24) | Agricultural Cooperative with RASCP FA (n=8) |
|------|---|---|--|
| 2001 | 2.59 | 1.25 | 0.91 |
| 2004 | 4.79 | 0.45 | 1.45 |

n. **Profitability ratio.** In 2001 and 2004, the ARC cooperatives with RASCP-FA&TA had negative profitability ratios (Table 4-30) contrast, the agricultural cooperatives with RASCP-FA recorded positive profitability ratios. Meanwhile, the ARC cooperative with RASCP-TA Only had a positive profitability ratio in 2001 but in 2004, it became negative.

Table 4-30. Average profitability ratio in PhP, by type of cooperative and by year

| Year | ARC Cooperative with RASCP FA&TA (n= 6) | ARC Cooperative with RASCP TA Only (n=24) | Agricultural Cooperative with RASCP FA (n= 8) |
|------|---|---|---|
| 2001 | -1.13 | 5.92 | 8.16 |
| 2004 | -7.88 | -92.36 | 7.92 |

o. **Asset yield ratio.** The same trend as in profitability ratio was observed in the asset yield ratio (Table 4-31). From -0.11 (2001), the asset yield ratio of the ARC cooperatives with RASCP-FA&TA went down further to -1.51 (2004). In 2001, the ARC Cooperatives with TA Only posted a ratio of 1.03 but this became negative in 2004. Although the asset yield ratio of the Agricultural Cooperatives with RASCP Loans dropped in 2004, the ratio remained to be positive.

Table 4-31. Average Asset Yield by cooperative type and by year.

| Period | ARC Cooperative with RASCP FA&TA (n= 6) | ARC Cooperative with RASCP TA Only (n=24) | Agricultural Cooperative with RASCP FA (n= 8) |
|---------------|---|--|---|
| 2001 (in PhP) | -0.11 | 1.03 | 9.20 |
| 2004 (in PhP) | -1.51 | -3.11 | 4.21 |

5.0 DETAILED EVALUATION OF CONSULTING SERVICES⁷

5.1. *The Provision of Consultancy Services.* The consulting services contracted under LBP-RASCP was geared toward providing support to LBP for effective implementation of the program and to provide assistance toward improving the absorptive capacity of cooperatives to ensure proper utilization of the sub-loans obtained. The consultants were hired for the purpose of assisting LBP in four (4) major aspects, namely:

- a. assistance for improvement of credit delivery system and monitoring system.

The consultants shall:

- i. review and recommend improvement on the cooperative data-base and management information system including identification of data requirements for the BACS, preparation of cooperative data forms, data and information collection from the selected cooperatives through the baseline survey, identification of information required from field to head office, preparation of data input forms for cooperative data base, analysis of information / data gathered and establishment of management information system covering the selected field office;

- ii. review and recommend improvement on existing revolving fund management system including accounting system on original fund and revolving fund; and

- iii. review and recommend improvement on existing cooperative auditing program covering credit training and auditing service plan.

- b. assistance for the improvement of cooperative strengthening program. The consultants shall:

- i. review and recommend improvement on the existing rehabilitation program for inactive cooperatives;

- ii. assess the fixed asset investment of cooperative and provided appropriate recommendation for its optimum utilization;

- iii. develop marketing information system at regional/field office level on cooperative cluster/federation level covering information on domestic buyers, processors, integrators and exporter;

- iv. assist in the development of trainees training program for existing pool of trainees from successful/progressive cooperatives;

⁷ Major sources of secondary information were LBP RASCP Support Credit Program, and Completion Report on Consulting Services by NK, OPMAC, and PKII, July, 2002.

- v. review and recommended improvement on the LBP's cooperative linking/cluster program; and
 - vi. assess the existing capital build-up programs and recommended appropriate capital build-up schemes for class C and D cooperatives including monitoring and evaluation.
- c. assistance for monitoring and evaluating the Program. The assistance shall seek to:
- i. install Project Benefit Monitoring and Evaluation (PBME) to improve the existing evaluation scheme and to provide assistance for the implementation of periodic monitoring and socio-economic survey after the completion of the Program;
 - ii. make recommendation to improve credit delivery and monitoring system based on the evaluation;
 - iii. monitor the progress of DAR TA on institution building of ARC cooperatives and coordinate the DAR's TA and LBPs credit delivery; and
 - iv. assist in the preparation of the project completion report.
- d. assistance for the formulation of integrated rural support credit schemes (Integrated Agricultural Cooperative Credit, Non-Agricultural Cooperative Credit and Livelihood Credit). The assistance covered the following activities such as:
- i. study of the background, necessity and expected impact to rural area of these type of credit scheme;
 - ii. evaluate the past financing experience of LBP and other agencies; and
 - iii. formulate credit schemes, conditions and financing systems.

The consultants, Nippon Koei Co. Ltd. in cooperation with Overseas Project Management Ltd. (OPMAC) and Phil Koei International, Inc. (PK II) provided the consultancy services during the period 14 September 1997 to 30 June 2002. A total of 118 man-months was specified for the consultancy with 53 man-months of foreign consultancy and 65 man-months of local consultancy.

5.2 Accomplishment, Assessment, and Problems Encountered

The summary of accomplishment and problems encountered are shown in Table 5-1.

5.2.1 On Improvement of the Credit Delivery and Monitoring Systems. The OECF-SAPI and consultants reviewed the existing LBP credit delivery system

and found inefficiencies in file management, inadequacies of records on individual cooperative members, redundancy of reporting forms, inadequacy of equipment, and slowness of processing the loan.

An assessment conducted by the Project's MIS (PMIS) consultants of a sample branch and regional offices also indicated the need to address issues to improve the system, some of which include the collection of data by CLD, FLAG and CDAG (LBP function groups) by themselves when they need to submit information to management or to make decisions; increasing inquiries on loan status and impact by the fund sources; the establishment of a new system for revolving fund management; the need for capacity building in terms of hardwares and software upgrading, increase human resources and training of TSD (now FUSD).

To improve the credit delivery and monitoring system of LBP the consultants recommended and implemented three strategies in the pilot regions and branches such as hardware supplementation, software upgrading and computer application development.

Hardware and software upgrading involved the purchase and distribution to the pilot field offices, personal computers with Microsoft Windows '97 and inkjet printers, modems to enhance electronic data communications capability, and Zip drives and discs to help in the data storage with pilot regions and PMO.

Three (3) computer applications were developed by the consultants to enhance credit delivery system such as Loan Folder Content (LFC) template, Cooperative Loan Database (COLODAT) template and the Agricultural Database Template (ADT). LFC and ADT were Excel-based while COLODAT made use of Visual Fox Pro database software. The softwares were developed to help the Account Officers in the preparation of the loan folder (LFC), to assist branches officers in responding to data requests from different head office units (COLODAT), and to facilitate the electronic storage of agricultural data at the regional office (agricultural database). These templates were also designed to facilitate reporting and acquisition of data, thus shortening the period between loan application and decision thereby helping ensure timely loan releases.

RASCP-RF template was also developed by the consultants as a reporting form for the JBIC Revolving Fund. It was an Excel-based program but converted to Lotus 1-2-3 Version 2.1 for field offices that do not have the Windows software.

Table 5-1. Summary of accomplishment and problems encountered in the delivery of consultancy services, RASCP, 1996-2002.

| ASPECT OF ASSISTANCE | ACCOMPLISHMENT | PROBLEMS |
|---|--|---|
| 1. Implement of LBPs credit and monitoring system | <ul style="list-style-type: none"> • Purchased and distributed PC with Microsoft Windows 97, inkjet printers, modems zip drivers and disc • Developed three (3) computer applications such as Loan Folder Contract (LFC) template Revolving Fund Monitoring template, cooperative loan database (COLODAT) • Developed Training Module (Office Productivity); users manual and conduct orientation training • Involved in the conduct of 3 batches of overseas training for LBP's officers • Developed HVC credit limits | <p>On RF Monitoring</p> <ul style="list-style-type: none"> • Limited usage due to unsatisfactory submission and non-reporting of LBP branches, and • Untimely and inadequate submissions by LBP field units in view of LBP re-organization <p>COLODAT</p> <ul style="list-style-type: none"> • Not utilized because of unavailable immediate data needed <p>LFC</p> <ul style="list-style-type: none"> • Use has been limited because they have to revert back to old format for consolidation • Have many adjustment <p>In general, aside from technical considerations, the reorganization of LBP affected the utilization of the packages. Some personnel trained were reassigned</p> |
| 2. Improvement of Cooperative Strengthening Program | <ul style="list-style-type: none"> • Established pilot schemes for a focused IB support for 40 pilot RASCP cooperatives • Initiated use of Project Cycle Management (PCM) method of planning | <ul style="list-style-type: none"> • In-depth and underlying problems failed to surface • Concept not fully appreciated • Conduct of PCM very demanding on time and financial resources |

Table 5-1. Continued.

| ASPECT OF ASSISTANCE | ACCOMPLISHMENT | PROBLEMS |
|----------------------|---|---|
| | <ul style="list-style-type: none"> • Assisted in formation of business tie-up between cooperatives and private entrepreneurship through establishment of CBA • Promoted the cooperative-based marketing/value added chain system • Formulated the Farmland Trust Management Scheme (FTM) • Developed training modules on office productivity, project cycle management, accounting, auditing and internal control processes, financial management, small business development/small enterprise development • Arrangement of TA Tie-up training ○ Cascading training to cooperatives | <ul style="list-style-type: none"> • No regular monitoring and evaluation done by LBP • 2 CBAs organized & registered, others failed to see the benefits of CBA • Was not able to implement • Slow due to conflict in schedules, lack or absence of funds and inefficiency of agency and trainers skill • Delayed due to conflict in schedule of LBP trainers; improper selection of cooperative participants and venue. |

Table 5-1. Continued

| ASPECT OF ASSISTANCE | ACCOMPLISHMENT | PROBLEMS |
|---|---|---|
| <p>3. Improvement on Monitoring and Evaluation</p> | <ul style="list-style-type: none"> • Prepared a logical framework for LBPs agrarian lending activities serving the basis for PBME plan • Prepared baseline survey instrument • Assisted in selection of contractor for the conduct of baseline survey • Reviewed results of baseline survey • Prepared a proposed LBP-PBME System • Design of training program on PBME • Supervised the conduct of PPIS • Prepared survey instrument and analysis/ interpretation of the PPIS | <p>Not implemented due to lack of appreciation of LBP management of PBME as tool for assessing and evaluating project/program performance</p> |
| <p>4. Formulation of Integrated Rural Support Credit Scheme</p> | <ul style="list-style-type: none"> • Proposed amendments to the RASCP Operating Policy Guidelines (OPG) • Studied possible financing schemes for other income generating activities (piña cloth in Aklan and coco-coir processing in Albay) | <ul style="list-style-type: none"> • Some were accepted; some were not |

Table 5-1. Continued

| ASPECT OF ASSISTANCE | ACCOMPLISHMENT | PROBLEMS |
|----------------------|--|---|
| | <ul style="list-style-type: none"> • Prepared study report on: <ul style="list-style-type: none"> ➤ LBP in Delivery of Rural Credit ➤ LBP in the Rural Financial Market ➤ Integrated Credit Scheme for CBA ➤ Special Lending Window for cooperatives in ARISP-assisted ARC • Prepared a detailed guide on the use of HVC template and proposed the conduct of orientation seminar | <ul style="list-style-type: none"> • DLR did not agree to finance the staff needed, so the scheme was not used |

To help LBP staff utilize the computer application, training on MS Windows, Excel, Power Point presentation and computer application were conducted for selected end-users (126 participants) in the four (4) pilot regions under the "Office Productivity" (OP) module.

The three computer applications developed were installed in all the pilot offices and training on their use were provided to the identified end-users. However, their use has been limited. The identified-users of the LFC template were neither proficient nor were able to use them regularly because they reverted to the old format in consolidating reports in the regional offices. Initial feedback indicated a need to adjust the LFC. Revisions of the template were subsequently made and installed in all pilot offices for Bank-wide replication. However, before replications were made, another review concluded that further adjustment had to be done with the template such as addition of a consolidation menu for use by the regional and head offices, improvement in report generation capabilities, and the linking of LFC to COLODAT.

The COLODAT, on the other hand, was not utilized because the data needed in the computer application were not immediately available in the branch office and there was limited manpower for data collection and encoding.

The RASCP-RF monitoring template was circularized on 17 December 1998 but had limited use in the field offices as evidenced by the low number of units that submitted the report. The problem regarding the monitoring of status of disbursement of the Revolving Fund was mainly due to untimely and inadequate submissions of report by LBP units. This is due to low compliance rate and inconsistencies between LBP field data and those compiled by PMO and TSD and the on-going reorganization of LBP. In this regard, the consultants recommended remedial measures to address the problem.

Aside from the technical considerations, the Bank-wide reorganization in 2000-2001 affected the utilization of the RASCP-developed computer applications. The lending function of the bank branches was transferred to lending centers and the personnel trained in the application packages were also reassigned.

5.2.2 On Improvement of the Cooperative Strengthening Program. Under this activity, the consultants accomplished the following:

- a. reviewed the on-going LBP programs designed to strengthen Bank-assisted cooperatives (BACs) such as the cooperative accreditation schemes, the cooperative management development program, business alliance building, success case replication, cooperative financial inter-mediation development program, cooperative rehabilitation, tie-ups with various organizations and the key cooperative scheme (KCs) which was launched in 1998.
- b. established pilot schemes for a focused institution building support for 40 pilot RASCP projects.

Forty (40) RASCP pilot projects were established in selected sites based on five main criteria, namely: a) exclusion of non-DAR-ARISP project regions; b) desirability of a region as pilot site based on its share of the total amount of LBP loans extended to cooperatives; c) collection rate on loans released; d) total numbers of cooperatives and farmer-beneficiaries served; and e) amount of capital build-up (CBU) and savings mobilization (SM) of cooperatives. Other considerations on the selection of pilot sites were staff office capabilities, involvement in LBP programs/activities and preferences of the Department of Agriculture.

- c. initiated the use of the Project Cycle Management (PCM) method of participatory planning approach by training 112 LBP staff in the pilot regions and demonstrating its use in a pilot cooperative in each pilot branch. The LBP staff after the training facilitated the action planning by the other pilot cooperatives.
- d. assisted in the formation of business tie-up between cooperatives and private entrepreneurs to:
 - i. promote joint business undertaking;
 - ii. improve technical and managerial capabilities of cooperatives;
 - iii. encourage private entrepreneur support to cooperatives; and
 - iv. improve income of cooperatives and their members.

Two tie-ups were made by the consultants: the Cooperative Business Association (CBA) of Region V and JUBOKEN entrepreneur on production for export of coconut coir productions and peat blocks; the Federation of Central Pangasinan Cooperative in Region I and Kida Kogyo of Japan on corn processing.

- e. promoted the cooperative-based Marketing/Value Added Chain System and developed its technical framework. The system was designed to:
 - i. encourage increase in production and diversification of output by members of producers' cooperatives;
 - ii. make available needed goods to consumer at competitive prices;
 - iii. promote marketing tie-up between rural-based producers' cooperatives and urban-based consumer's cooperatives;
 - iv. promote processing for increased value-added of agricultural commodities produced;
 - v. improve the flow of technical and financial support from government agencies to cooperatives; and

vi. promote equity sharing in identified business activities among different types of cooperatives.

Under this activity, the consultants were able to:

i. level off activities through consultative meetings between consumer cooperatives (Novaliches Development Cooperative – NOVADECI) and producer cooperatives of Pangasinan, Benguet and Region V-B;

ii. complete the marketing tie-up for soft broom produced by Virac producers cooperative with NOVADECI was completed; and

iii. establish marketing tie-up between the Federation of Pangasinan Farmers Cooperative, and Benguet Vegetable Farmers Cooperative and NOVADECI.

f. Formulated the Farmland Trust Management Scheme (FTM) to:

i. improve the collection rate of producers' cooperatives;

ii. improve farm production and productivity through the use of improved technology and farm management practices; and

iii. increase the volume of the commodity traded by cooperatives.

The FTM was formulated to empower the cooperatives to take over the operation and management of the farms of delinquent members and absentee farmers. The scheme was not implemented though. The experience of the Manolo Fortich MPC which happened to implement similar scheme was incorporated by the consultant in the guide to FTM implementation.

g. Organized Cooperative Business Association (CBA). The organization of CBA was proposed as an approach to strengthen or rehabilitate cooperatives to address the constraints on limited access to capital at the primary cooperative level. Promotional activities to organize CBA were made by the consultants in the four (4) pilot regions. However, only Region V and X were able to organize and register their CBA as federations with the Cooperative Development Authority. The others failed to see the benefits of CBA or were not convinced of the concept, as it would require large financial outlay to succeed. In response to these feedbacks, the consultants prepared a paper entitled "Evaluation of CBA an Approach to Cooperative Strengthening."

h. Conducted Training. As part of the cooperative strengthening activities, the consultants conducted trainers training, assessed knowledge gained from training pilot cooperatives, and made an arrangement for TA-Tie-up training for the technical training needs of the pilot cooperatives.

- i. Trainers Training. Aside from OP and PCCM, three other courses were developed and conducted: accounting, internal control and audit processes (117 LBP participants), financial management (112 LBP participants), and small business development (SBD). All the training courses were conducted in the four pilot regions, except SBD which was conducted in Region X only for DAD/DAC staff. The training course was renamed Small Enterprise Development as part of the Bank's retooling for their CDWs.
- ii. Coop Level (cascading) Training. LBP field personnel trained under the program cascaded training to staff of pilot and non-pilot cooperatives in their area of operation on PCM, Accounting, Internal Control, and Audit Process and Financial Management.
- iii. TA Tie-Up Training. RASCP TA Tie-Up training was arranged by pilot regional and branch offices to provide technical assistance to pilot cooperatives. Training costs were shared by LBP-RASCP and the participating coops.
- j. Overseas Training. The consultants specified areas of overseas training for three batches of LBP officers which were conducted in Japan. The first batch observed at the macro level, the cooperative system in Japan while the second batch examined and held discussions on the operations of cooperatives in Japan. The third training that was conducted in July 2002 gave the participants opportunity to take a closer look at the approaches adopted by individual farmers toward integrated farming. A total of 15 LBP officers were sent to Japan for these purposes.⁸

On the whole, the assessment of activities under cooperative strengthening program indicated that five (5) cooperative strengthening training modules were developed and conducted. Participants to the training evaluated the courses to be very satisfactory and excellent, however, they observed some draw backs in the implementation of the PCM paradigm. Conduct of PCM was very demanding on time and financial resources, and no regular monitoring and evaluation was done by LBP. Nevertheless, replication of this approach was directed by the Steering Committee to four (4) cooperatives in Region VI-B that are subject of rehabilitation.

There were delays in the implementation of cascading trainings to cooperatives. Reasons cited included conflict in the schedule of LBP trainers with other LBP activities, improper selection of cooperative participants, and improper selection of venues.

⁸ The study contributed to the changes in policy and program directions. A LBP senior official claimed that "...in the period immediately after the study tour of the LBP senior officials to Japan, the LBP made a conscious effort to shift the policy thrust to focus more on agri-agra. In 2001, the loan portfolio of the bank was in favor of commercial sector (73%). However, as result of the shift in policy direction in 2002. which could have been influenced by the study tour, the bank aggressively pursued its agri-agra lending thrust thus bringing the loan portfolio ratio to 67:33 in favor of agri-agra."

There was also a slow implementation in TA tie-up training due to conflict in schedules; lack or absence of funds; and inefficiency of agency and trainers skill.

5.2.3 On Monitoring and Evaluation. A system for monitoring and evaluation appropriate for RASCP that would allow the preparation of periodic reports to support management and make program impact assessment were developed by the consultants. The activities undertaken were as follows:

- a. preparation of a logical framework for LBPs agrarian lending activities. This served as the basis for the project benefit monitoring and evaluation (PBME) plan.
- b. preparation of baseline survey instrument. The PBME study designed by the consultants was a three-way test and involved comparison between pilot RASCP and non-pilot respondents, and between BAC and non-BAC. It also involved the comparison of pre-and-post project conditions using key indicators.
- c. assistance in the selection of a contractor for the conduct of a baseline survey. The consultants assisted in the selection of institutions for the conduct of the baseline survey, the U.P. Statistical Center Research Foundation, Inc. (UPSCRFI).
- d. review of the results of the baseline survey results. The result of the survey on household, cooperatives and LBP branches reviewed and found out that selected results from the survey reflects dimensions of the LBP rural credit program which have ramifications on the PBME program design.
- e. preparation of a proposed LBP-PBME system.
- f. design of training programs on PBME. The PPME training was designed to serve as a vehicle for developing the capabilities of LBP personnel in the intricacies of designing and successfully implementing a PBME scheme as well as a forum for leveling of expectations about the institutionalization of PBME in the Bank. The training, however, was not held due to non-availability of target participants most of whom were involved in the Bank's strategic planning activities.
- g. supervision of the conduct of a Post Project Implementation Survey (PPIS). The consultants proposed that scheme for collecting data for PBME would be such that the Regional DAC office would have primary responsibility for data collection, and in the process would be afforded hands-on training on PBME particularly in the supervision of enumerators and encoders.
- h. preparation of survey instrument and analysis/interpretation of the PPIS. Consultants prepared the PPIS survey instruments. They also prepared reports using the data in the form of an analytical model to predict loan repayment performance of cooperatives. The approach used in the preparation of the model was to test initially the guidelines used in the CAC, using the PBME framework for LBP. Performance areas of cooperatives examined by the consultants, market/competitive position; business value, and institutional/organizational effectiveness.

The PBME trainers training was not implemented due to unavailability of target participants in view of the lack of appreciation of LBP management as a tool for assessing and evaluating project/program performance.

5.2.4 On Formulation of Integrated Rural Support Credit Scheme. Under this activity, the consultants were able to:

- a. Introduce amendments to the RASCP Operating Policy Guidelines (OPG). The proposed amendment to the OPG was meant to make it easier for the target clientele of the Project to access credit and help them attain improvements in income. Some of the proposals, however, were not accepted by the LBP.
- b. study possible financing schemes for other income-generating activities of cooperatives. The livelihood credit scheme studied by the consultants was in line with the piña cloth production in one pilot cooperatives in Aklan and coconut coir processing of two pilot cooperatives in Albay.
- c. prepare a paper on rural credit. The consultants prepared a paper entitled “LBP in the Delivery of Rural Credit” which included a review of small farmers credit, a discussion of the default rate problem and the reasons for its existence as collated from different country reports. It also reviewed LBP’s experience in delivery of rural credit.
- d. prepare a paper entitled “LBP in the Rural Financial Market.” The paper included discussion of the participants in the rural financial market including LBP’s role in it. It also presented an updated review of LBPs performance in the delivery of rural credit and discussion of the default rate problem of agricultural cooperatives and possible counter measures. It also proposed possible adjustments that LBP could consider in improving credit delivery to the rural sector and set of measures for planning and estimating the agrarian lending targets of LBP’s regional offices.
- e. integrate Credit Scheme for CBA. The consultants prepared a report on “Integrated Credit Scheme for CBA” where two modules were presented. One module made use of the previously prepared pre-FS level study on peanut butter processing and the other made use of the joint undertaking by producers’ and consumers’ CBA (establishment and operation of a market facility within Metro Manila).
- f. prepare a report entitled “Special Lending Window for Cooperatives in ARISP-Assisted ARCs.” This was designed to provide credit to ARBs in ARC assisted under ARISP of the Department of Agrarian Reform.
- g. prepare a detailed guide on the use of HVC template and proposed the conduct of orientation seminars for selected DAD and LC personnel.

The consultants formulated several credit schemes but many of these schemes, were accepted/approved by the Steering Committee. DAR, however, did not agree to

finance the staff needed in the “Special Lending Window for Cooperatives in ARISP Assisted ARC,” and therefore the schemes were not used.

5.3 Performance of Consultants. The consultants had satisfactory performance of their TOR. They reviewed the credit delivery system and monitoring system of LBP and made recommendations to improve them; recommended improvement on the cooperative database and management information and developed computer applications to facilitate loan processing/evaluation; and trained identified end-users on computer programs applications. These packages were pilot-tested and refined to suit the change in LBP report format.

The consultants also involved themselves in the conduct of three-batches of overseas training for LBP officers which were held in Japan to observe the Japanese cooperative system and the operation of the cooperatives, and to take a closer look at the approaches adopted by individual farmers towards integrated farming. As additional work, they developed proposed credit limits for 12 high value crops (HVCs) as per request of cooperative assistance group of LBP.

To assist in the improvement of cooperative strengthening program, the consultants reviewed all the on-going LBP programs designed to strengthen Bank Assisted Cooperatives (BACs). They established the pilot implementation scheme where all institution building support will be focused on the selected 40 pilot cooperatives. The Cooperative Business Association (CBA) was introduced to see to it that capital of an individual primary cooperatives will be utilized at its optimum. Other strengthening/rehabilitation scheme/approaches were also introduced by the consultants such as the use of PCM method of planning, business tie-up with private entrepreneurs, Farmland Trust Management Scheme and Commodity Marketing/Value added chain building system. The LBP staff trained on four LBP-RASCP training modules were also able to train cooperative officers/members of pilot and non-pilot cooperative in their area of operation. There was also a TA Tie-up training arranged to provide technical assistance to pilot cooperatives.

The consultant also assisted LBP to develop a monitoring and evaluation system. As identified in the TOR, the consultants prepared a proposal for LBP Project Benefit Monitoring and Evaluation System (PBME). The consultants in coordination with concerned Bank units prepared a logical framework for LBP’s agrarian lending activities, prepared a baseline survey instrument, assisted in selecting a contractor for the conduct of the baseline survey and reviewed the results of the survey report. They also proposed the Post Project Implementation Survey (PPIS) scheme for collecting data for PBME. Three modules for PBME were also designed but were not conducted.

The consultants also recommended to study the Integrated Rural Support Credit Schemes. In addition, they were expected to evaluate the fast financing experience of LBP and other agencies and to formulate credit schemes, conditions and financing systems. To this end, the consultants proposed amendment to the RASCP Operating Policy Guidelines, study possible financing scheme and income-generating

activities of cooperatives, prepared papers entitled “LBP in the Delivery of Rural Credit” and “LBP in the Rural Financial Market.” A report on “Integrated Credit Scheme for CBA” and “Special Lending Windows for Cooperatives in ARISP-Assisted ARCs” were also prepared but this was not accepted by the steering committee. The consultants also prepared a detailed guide on the use of HVC template. The consultants also established 40 pilot cooperatives.

On the whole, the consultants were able to deliver the job expected of them under the TOR. However, there were limited applications by LBP of the system introduced on credit delivery and monitoring, in particular the use of LFC, COLODAT, and RASCP-RF monitoring templates.

The cooperative strengthening module such as the PCM was not also effectively implemented due to the problem of time and financial resources demanded of the training. The cascading training of LBP to cooperatives was also very slow as well as the implementation of TA tie-up on the conduct of training.

The marketing tie-up between producer and consumer cooperatives did not work well. In addition, the CBA of cooperatives was not sustained.

5.4 Effectiveness of Consulting Services

5.4.1 Development of Skills of LBP Personnel. The skills of LBP personnel were also upgraded with Consulting Services. This is indicated by the ability of the LBP to conduct trainings for cooperative personnel. Based on the interviews of 19 LBP personnel, 10 were able to conduct training for others on financial management; project cycle management; accounting, auditing, and internal control; and office productivity tools and RASCP developed system. The average number of training conducted ranged from 1 to 4 with participants ranging from 7 to 25 per training course.

5.4.2 Usefulness of the Training Attended. As mentioned earlier, four (4) major local training courses were attended by 302 LBP staff (Tables 2-1, and 2-2) under LBP-RASCP Consulting Services: a) Office Productivity Tools and RASCP Developed System (2 days) conducted in April to June 1999 with 126 participants, b) adapted Project Cycle Management (5 days) conducted in April to June 1999 with 112 participants, c) Accounting, Auditing and Internal Control (5 days) conducted in April to July 1999 with 117 participants, and d) Financial Management (2 days) with 112 participants (Tables 3-4 and Tables 5-2). Another training entitled “Small Business Enterprise” was also held in Region X.

Table 5-2. Duration, venue and who conducted the training by region and type of training, Philippines, 1999-2000.

| TRAINING TITLE | I | V | VI | X |
|---|-------------|---------------------|-------------|---------------------|
| Financial Management | | | | |
| Duration | 3 days | | 2 days | 2 days |
| Venue | Baguio City | | Iloilo City | Malaybalay City |
| Who conducted | LBP-RASCP | | RASCP | RASCP |
| No. Reporting | 2 | | | 3 |
| Project Cycle Management | | | | |
| Duration | 5 days | | 5 days | 5 days |
| Venue | Benguet | | Iloilo City | Malaybalay City |
| Who conducted | LBP-RASCP | | RASCP | RASCP/Consultants |
| No. Reporting | 1 | | 3 | 4 |
| Acct., Auditing, & Internal Control | | | | |
| Duration | 5 days | 2 days | | 5 days |
| Venue | Baguio City | Sto. Domingo, Albay | | Malaybalay City |
| Who conducted | LBP-RASCP | RASCP Cons. | | RASCP/Consultants |
| No. Reporting | 4 | 1 | | 4 |
| Office Productivity Tools & RASCP Dev't. System | | | | |
| Duration | 3 days | 2 days | 3 days | 3 days |
| Venue | Lingayen | Legaspi City | Iloilo City | Cagayan de Oro City |
| Who conducted | LBP-RASCP | RASCP | RASCP | RASCP |
| No. Reporting | 4 | 1 | 1 | 3 |
| Small business Dev't. Trng. (for Reg. X only) for 5 days in CDO conducted by RASCP. | | | | |

A survey of nineteen (19) LBP personnel was conducted to get feedbacks on the usefulness of the courses they have attended. Most of the respondents were from Regions I and X (Table 5-3). They have either attended one, two or three RASCP training courses (Tables 5-4 and 5-5). The participants indicated that the training had been very useful to their previous and present job (Table 5-6). Although most of them were assigned to screen loan application (58%) and deliver (53%) and monitor loans (79%), however, very few used the RASCP templates developed by the consultants (Tables 5-7 and 5-8). One who attended the training said that the templates were not used due to defects. However, he did not elaborate on the defects. A possible reason is the absence of link up menu of the RASCP templates to the system being used by the LBP.

Table 5-3. Distribution of LBP personnel respondents by region, RASCP, Philippines, 1999- 2000.

| REGION | NUMBER | PERCENT |
|--------------|-----------|------------|
| I | 7 | 36.8 |
| V | 1 | 5.3 |
| VI | 3 | 15.8 |
| X | 8 | 42.1 |
| TOTAL | 19 | 100 |

Table 5-4. Number of RASCP training attended by LBP personnel respondents, Philippines, 1999-2000.

| No. of Trainings Attended | I | | V | | VI | | X | | TOTAL | |
|---------------------------|----------|------------|----------|------------|----------|------------|----------|------------|-----------|------------|
| | No. | % | No. | % | No. | % | No. | % | No. | % |
| One Training | 4 | 57 | - | - | 2 | 67 | 1 | 12 | 7 | 37 |
| Two Trainings | 2 | 29 | 1 | 100 | - | - | 7 | 88 | 10 | 53 |
| Three Trainings | 1 | 14 | - | - | 1 | 33 | - | - | 2 | 10 |
| ALL | 7 | 100 | 1 | 100 | 3 | 100 | 8 | 100 | 19 | 100 |

Table 5-5. Type of training attended by respondents by region, RASCP, Philippines, 1999-2000.

| No. of Trainings Attended | I | | V | | VI | | X | | TOTAL | |
|--|----------|------------|----------|------------|----------|------------|----------|------------|-----------|------------|
| | No. | % | No. | % | No. | % | No. | % | No. | % |
| Financial Management | 2 | 29 | - | - | 1 | 33 | 3 | 38 | 6 | 32 |
| Project Cycle Management | 1 | 14 | - | - | 3 | 100 | 4 | 50 | 8 | 42 |
| Acctg., Auditing & Internal Control | 4 | 57 | 1 | 100 | - | - | 4 | 50 | 9 | 47 |
| Office Productivity Tools & RASCP Developed System | 4 | 57 | 1 | 100 | 1 | 33 | 3 | 38 | 8 | 42 |
| Small Business Dev't. Trainors Training | - | - | - | - | - | - | 1 | 12 | 1 | 5 |
| No. Reporting | 7 | 100 | 1 | 100 | 3 | 100 | 8 | 100 | 19 | 100 |

Table 5-6. Usefulness of training attended by LBP personnel respondents, RASCP,

Philippines, 2005.

| ITEM | USEFULNESS TO | | | |
|--|--------------------|------------|-------------|------------|
| | Job After Training | | Present Job | |
| | No. | % | No. | % |
| 1. Financial Management | | | | |
| Very useful | 6 | 100 | 6 | 100 |
| No. Reporting | 6 | 100 | 6 | 100 |
| 2. Project Cycle Management | | | | |
| Moderately useful | - | - | 1 | 12 |
| Very useful | 8 | 100 | 7 | 88 |
| No. Reporting | 8 | 100 | 8 | 100 |
| 3. Acct., Auditing, & Internal Control | | | | |
| Moderately useful | 1 | 11 | 3 | 33 |
| Very useful | 8 | 89 | 6 | 67 |
| No. Reporting | 9 | 100 | 9 | 100 |
| 4. Office Productivity Tools & RASCP Dev't. System | | | | |
| Not useful | 1 | 12 | 1 | 12 |
| Slightly useful | 2 | 25 | 2 | 25 |
| Fairly useful | 1 | 12 | 1 | 12 |
| Moderately useful | 2 | 25 | 1 | 12 |
| Very useful | 2 | 25 | 3 | 38 |
| No. Reporting | 8 | 99* | 8 | 99* |

* Not equal 100% due to rounding of figures.

Table 5-7. Distribution of respondents who were assigned to specific task after the training by region, RASCP, Philippines, 2005.

| TASK | I | | V | | VI | X | | TOTAL | | |
|---------------------------|----------|------------|----------|------------|----------|------------|----------|------------|-----------|------------|
| | No. | % | No. | % | No. | % | No. | % | No. | % |
| Screen Loan Application | 5 | 71 | 1 | 100 | 2 | 62 | 3 | 38 | 11 | 58 |
| Deliver loans to borrower | 5 | 71 | 1 | 100 | 2 | 68 | 2 | 25 | 10 | 53 |
| Monitor loans to borrower | 5 | 71 | 1 | 100 | 2 | 68 | 7 | 88 | 15 | 79 |
| No. Reporting | 6 | 86 | 1 | 100 | 2 | 68 | 7 | 88 | 16 | 84 |
| TOTAL RESPONDENT | 7 | 100 | 1 | 100 | 3 | 100 | 8 | 100 | 19 | 100 |

Table 5-8. Distribution of respondents who stated that RASCP templates were used after the training attended, Philippines, 2005.

| TEMPLATE | I | | V | | VI | | X | | TOTAL | |
|--------------------------|----------|----|----------|---|----------|----|----------|----|-----------|----|
| | No. | % | No. | % | No. | % | No. | % | No. | % |
| Loan Folder Content | 1 | 14 | - | - | 1 | 33 | 2 | 25 | 4 | 21 |
| Coop Database (COLODAT) | 1 | 14 | - | - | - | - | 2 | 25 | 3 | 16 |
| RASCP Monitoring | 1 | 14 | - | - | - | - | 1 | 12 | 2 | 10 |
| No. Reporting | 1 | 14 | - | - | 1 | 33 | 4 | 50 | 5 | 26 |
| Total Respondents | 7 | | 1 | | 3 | | 8 | | 19 | |

5.4.3 Cascading of Training. Out of the nineteen (19) respondents who attended the trainings, more than one-half reported to have trained cooperative officers/members in return (Table 5-9). The others who were not able to train cooperative officers/members stated reasons like no RASCP cooperative in the area, they were assigned in other branches or given new tasks, they were not in-charge/responsible for the training, and the program had ended. An average of four (4) trainings were conducted for each of the three (3) courses for cooperative officers/members (Table 5-10). A respondent remarked that they are still conducting the three training courses using LBP-DAD funds and from tie-up agencies (DAR-ARCDP and CSAP).

Table 5-9. Respondents who trained others by course, RASCP, Philippines, 2005.

| TRAINING COURSE | (A) | Respondents who trained others | |
|--------------------------------------|------------|---------------------------------------|-------------|
| Financial Management | 6 | 4 | 66.7 |
| Project Cycle Management | 8 | 5 | 62.5 |
| Acctg. Auditing and Internal Control | 9 | 6 | 66.7 |
| Office Productivity Tools and RASCP | 8 | 2 | 25 |
| Developed system | | | |
| No. Reporting | 19 | 10 | 52.6 |

Table 5-10. Average number of training conducted and average number of participants per training, RASCP, Philippines, 2005.

| TRAINING COURSE | No. Reporting | Ave. No. of Training conducted | Ave. No. of Participants per Training |
|--|----------------------|---------------------------------------|--|
| Financial Management | 4 | 4 | 22 |
| Project Cycle Management | 5 | 4 | 25 |
| Acctg. Auditing and Internal Control | 6 | 3 | 24 |
| Office Productivity Tools and RASCP Developed System | 2 | 1 | 7 |
| Total No. Reporting | 10 | | |

5.4.4 Speed of Screening Loan Application and Loan Release. The lending centers of Negros Oriental, Palawan, Quezon, and Ilocos-LaUnion. Cited that the speed of screening loan applications to the time the loans are released normally takes about 45 days. This could even be reduced to 30 days if all the required documents (e.g., financial statements) are all in order. However, Iloilo Lending Center replied that it takes 45-65 days to screen loan applications and release the loans. All these lending centers mentioned that speed of screening is the same for RASCP, 5-25-70, CAP-PBD and regular loans.

Interviews at the cooperative level validated claims of the lending centers. The two cooperatives in Palawan (Bono-bono MPC and PUSCOFA) mentioned that it took 1 week and 3 weeks, respectively, for their loans to be approved from the date of filing. Meanwhile, their first release took one month. It is worth noting that loan approval and release for Bono-bono MPC was less than 45 days it was a little longer for PUSCOFA. Nagsurot which is covered by the Ilocos Lending Center said that loan approval took 2 weeks and loan release took another two weeks thus in a span of one month, their loans were approved and released.

Loan approval for Jagna (in Negros Oriental) took 30 days. Among the 6 ARC coops with RASCP TA and FA, Jagna waited the longest (at 130 days or more than four months) to receive their loans. It could be gleaned that Jagna waited for more than five months to have their loans approved and receive their loan.

This is because it took time for the cooperative to submit required documents such as the feasibility study and BOD Resolution. Moreover, the required documents took some time before they become acceptable to LBP.

The longest loan approval was reported by NARCICO (in Compostela Valley) at 60 days. It received their first release 3 months after its loan was approved. Hence, it took five months for the loan of NARCICO to be approved and released.

The results imply that even though the consultants developed computer applications to facilitate loan processing/evaluation, if the cooperatives do not satisfy the requirements of LBP loan evaluation and release will take time.

5.4.5 Cost of Extending Loan. The eight lending centers interviewed could not estimate cost of extending loans to the coops. This is because they do not keep a separate record of expenses for RASCP.

5.4.6 Feedbacks from Lending Centers. Eight (8) lending centers/satellite offices were visited to gain insights into RASCP lending operations. Ilocos-La Union (Laoag), Palawan (Puerto Princesa), Negros Oriental/ Siquijor (Bayawan), Iloilo (Iloilo City), Bukidnon (Malaybalay City), Davao (Davao City and Tandag, Surigao Sur) and Quezon (Lucena City).

All the lending centers were aware of the RASCP program. Majority of them were aware of the RASCP program components except the LBP consulting services where only two claimed to have awareness of it.

All LCs implemented a monitoring system but it was only Palawan and Iloilo which were aware of the RASCP monitoring system and stated that they have received the RASCP monitoring template. The two LCs used the LFC template for a year, and found it useful and important. However, the template had to be improved to suit the updated policies and guidelines of the bank. The COLODAT, on the other hand, was not used because there were no personnel to gather all the necessary data. These corroborate the report on consulting services.

The RASCP-RF has been used and still being used in Iloilo. The claim is that it is fairly useful but not so important because it is program based and the personnel have too much work to do. They stated that it has no bearing on their targets. A personnel in Iloilo LC stated that she has attended three of the five training courses conducted by RASCP consultants.

Palawan, Negros and Bukidnon LC were aware of the HVC credit limits developed by RASCP consultants. They, however, did not implement the credit limits.

On TA tie-up, three LCs claimed awareness of the TA tie-up, but no one could explain the scheme.

Negros/Siquijor and Iloilo LC disseminated the basic cooperative accounting and auditing manual to their assisted cooperatives and conducted orientation training. They were used by the cooperatives such that they have established their records, sustained their development and improved their performance in preparing feasibility studies, and encouraged their cooperative audit and inventory committees (AIC) to do their functions.

No one was aware of the CBA organized except Negros which stated that a CBA was organized but not registered. All were not aware of the Farm Land Trust Management Scheme and the PBME designed by the consultants.

5.4.7 The Pilot Cooperatives. The pilot cooperatives were chosen as the sites to test the ideas of consultants on the areas of credit delivery and monitoring system, cooperative strengthening and formulation of integrated rural support credit schemes.

Five pilot cooperatives were visited to get feedbacks on the result of the pilot test such as Pototan Farmers Multipurpose Cooperative and Dingle MPC in Iloilo, Sison-Posorrubio MPC in Pangasinan, Banquerohan ARB MPC in Albay and Apo Macote MPC in Bukidnon.

Three (3) out of five (5) pilot cooperatives were organized through the initiative of the Department of Agriculture and got assistance from DAR, and DA. Incorporating members were given pre-membership education seminar by CDA/BACOD, LBP, DA or FACOMA committee. On the average the pilot cooperatives has been registered with CDA for 13 years. Dingle and Pototan Farmers MPC were originally registered with SEC and BCOD.

Annex 3 describes in detail the characteristics and operations of the five sample pilot cooperatives.

The findings indicate that financial conditions of the pilot cooperatives was better during RASCP period. Their total assets increased by 66% annually during RASCP as compared to 12% per annum after RASCP. Networth grew by 63% per annum during RASCP while after RASCP, the growth rate was only 14%. Gross income rose by 64% per year during RASCP but it declined by 1.4% per annum after RASCP. Net income grew by 57% per year during RASCP. However, it declined to 1.4% per annum after RASCP. It is worth noting that the financial performance of the pilot cooperatives as well as the ARC cooperatives declined in after RASCP.

6.0 DETAILED EVALUATION OF TECHNICAL ASSISTANCE⁹

6.1 *General Objectives.* Under the RASCP-TA, the technical assistance of the DAR to the cooperatives was meant to provide assistance for the development of agricultural cooperatives in 96 ARCs originally targeted under ARISP I to improve their organizational maturity in order to have access to capital for production and trading activities.

6.2 *Components and Accomplishments.* The package of technical assistance to agrarian reform beneficiaries (ARBs) by the DAR was composed of training, deployment of Cooperative Development Advisers, and provision of equipment to the cooperatives.

6.2.1 *Training.* This component aimed to strengthen the operation and management of cooperatives as well as their capability in enterprise development. The PPMOs implemented the various training programs using alternative modes such as customized, on-the-job, formal, and farmer exchange in collaboration with institutional partners like BPRE, DAP, PhilRice, to cite a few. As cited in the DAR PCR (2002), the training conducted were:

a. *Organizational Management.* This focused on leadership and management enhancement, CBU generation, savings mobilization, formulation of PSP, among others.

The program conducted a total of 61 batches of organizational management trainings for 2,624 participants with a total cost of PhP 839,357 (Table 6-1). Ninety six percent of the training cost was funded by RASCP and 4 percent was funded by other sources. Twelve batches (20%) of organizational management training were conducted in Region IV with 556 participants and a cost of P199,400. Five batches (8%) were conducted at CAR with 424 participants cost of P 206,207. Region II conducted 8 trainings with 172 participants with a cost of P 116,095. Region 9 conducted 3 batches (5%) with 80 participants and a cost of only P12,667. No training was conducted in Regions III, V, VII, and CARAGA.

The topics under the organization and management module included cooperative management and value formation, cooperative annual planning workshop, project monitoring and evaluation system (PMES), leadership and human resource management, coop fund management and internal control system, etc.

b. *Resource Management.* This type of training was conducted in order to mobilize savings and increase capital build-up. The RASCP-TA conducted only 2 batches of resource management training with 101 participants and a cost of PhP84,900. The cost of the training was entirely financed by RASCP. The trainings were conducted in Regions I and XI (Table 6-2).

⁹ The major source of secondary data/information for this discussion was the DAR Project Completion Report, RASCP-TA CPO, November 2002. The source of data/information is gratefully acknowledged.

Table 6-1. Number of batches, participants and cost of conducting organizational training under RASCP-TA.

| REGION | BATCH | | PARTICIPANTS | | COST (In PhP) | | |
|--------------|-----------|------------|--------------|------------|----------------|--------------|----------------|
| | Number | Percent | Number | Percent | RASCP | Others | Total |
| CAR | 5 | 8. | 424 | 16 | 206,207 | - | 206,207 |
| I | 7 | 11 | 423 | 16 | 76,168 | 3,000 | 79,168 |
| II | 8 | 13 | 172 | 7 | 116,095 | - | 116,095 |
| III | - | - | - | - | - | - | - |
| IV | 12 | 20 | 556 | 21 | 183,400 | 16,000 | 199,400 |
| V | - | - | - | - | - | - | - |
| VI | 5 | 8 | 154 | 6 | 74,400 | 11,000 | 85,400 |
| VII | - | - | - | - | - | - | - |
| VIII | 6 | 10 | 344 | 13 | 42,880 | - | 42,880 |
| IX | 3 | 5 | 80 | 3 | 12,667 | - | 12,667 |
| X | 5 | 8 | 35 | 1 | 20,960 | - | 20,960 |
| XI | 5 | 8 | 268 | 10 | 56,080 | - | 56,080 |
| XII | 5 | 8 | 168 | 6 | 20,500 | - | 20,500 |
| CARAGA | - | - | - | - | - | - | - |
| TOTAL | 61 | 100 | 2624 | 100 | 809,357 | 30000 | 839,357 |

Source: DAR, PCR, November 2002.

c. *Social Enterprise Operations.* This training module was conducted to improve the capability of the cooperatives to operate and manage the various income-generating projects of the cooperatives. The topics that were included under this module were: enterprise management, credit and collection management, palay trading and alliance building. (Table 6-3).

A total of 114 batches with 3,537 participants were conducted under this training module in various regions of the country. Region XII conducted the highest number of trainings with 19 batches (17%) but with lesser participants (448) as compared to Region I with 9 batches (8%) but with 794 participants. Region IV conducted the second highest number of trainings with 17 batches and 195 participants. Region II conducted only one batch, however, it had 169 participants. No social enterprise operation training was conducted in Region VII.

Table 6-2. Number of batches, participants and cost of conducting resource management training under RASCP-TA.

| REGION | BATCH | | PARTICIPANTS | | COST (In PhP) | | |
|--------------|----------|------------|--------------|-------------|---------------|----------|---------------|
| | Number | Percent | Number | Percent | RASCP | Others | Total |
| CAR | 0 | 0 | 0 | 0 | - | - | - |
| I | 1 | 50 | 50 | 50 | 15,500 | - | 15,500 |
| II | 0 | 0 | 0 | 0 | - | - | - |
| III | 0 | 0 | 0 | 0 | - | - | - |
| IV | 0 | 0 | 30 | 30 | 55,400 | - | 55,400 |
| V | 0 | 0 | 0 | 0 | - | - | - |
| VI | 0 | 0 | 0 | 0 | - | - | - |
| VII | 0 | 0 | 0 | 0 | - | - | - |
| VIII | 0 | 0 | 0 | 0 | - | - | - |
| IX | 0 | 0 | 0 | 0 | - | - | - |
| X | 0 | 0 | 0 | 0 | - | - | - |
| XI | 1 | 50 | 21 | 21 | 14,000 | - | 14,000 |
| XII | 0 | 0 | 0 | 0 | - | - | - |
| CARAGA | 0 | 0 | 0 | 0 | - | - | - |
| TOTAL | 2 | 100 | 101 | 101* | 84,900 | 0 | 84,900 |

* Does not equal to 100% due to rounding off.

Source: DAR, PCR, November 2002.

Table 6-3. Number of batches, participants and cost of conducting social enterprise operation under RASCP-TA

| REGION | BATCH | | PARTICIPANTS | | COST (In PhP) | | |
|--------------|------------|------------|--------------|------------|------------------|---------------|------------------|
| | Number | Percent | Number | Percent | RASCP | Others | Total |
| CAR | 7 | 6 | 179 | 5 | 141,768 | - | 141,768 |
| I | 9 | 8 | 794 | 22 | 208,613 | - | 208,613 |
| II | 1 | 1 | 169 | 5 | 163,292 | - | 163,292 |
| III | 6 | 5 | 161 | 5 | 98,120 | - | 98,120 |
| IV | 17 | 15 | 195 | 6 | 1,737,697 | 43,800 | 1,781,497 |
| V | 10 | 9 | 555 | 16 | 245,692 | - | 245,692 |
| VI | 2 | 2 | 30 | 1 | - | - | - |
| VII | 0 | 0 | 0 | 0 | - | - | - |
| VIII | 9 | 8 | 288 | 8 | 195,740 | - | 195,740 |
| IX | 14 | 12 | 269 | 7 | 187,545 | - | 187,545 |
| X | 5 | 4 | 115 | 3 | 160,420 | - | 160,420 |
| XI | 14 | 12 | 298 | 8 | 192,274 | 14,650 | 206,924 |
| XII | 19 | 17 | 448 | 13 | 95,502 | - | 95,502 |
| CARAGA | 1 | 1 | 36 | 1 | - | 10,000 | 10,000 |
| TOTAL | 114 | 100 | 3537 | 100 | 3,426,663 | 68,450 | 3,495,113 |

Source: DAR, PCR, November 2002.

In terms of cost, Region IV incurred the highest cost with PhP1,781,497 of which P1,737,697 (98%) were financed by RASCP and the remaining amount by other sources. Region XII spent only PhP95,502 in conducting 19 batches of training or with an average cost of PhP5,026 per training. The program spent a total of PhP3,495,113 of which 98 percent were from RASCP, in conducting this module.

d. *Establishment of Livelihood Demonstration Project.* The RASCP-TA also conducted demonstration project to hasten the adoption of new technologies by the cooperatives. The program established a total of 95 demonstration projects with 685 cooperators throughout the country. Seventy-eight percent (78%) of the costs of demonstration projects were financed by RASCP while the remaining 22 percent were financed by other sources. The total cost of livelihood projects was PhP5,581,419 (Table 6-4).

Table 6-4. Number of Demonstration Projects Established Under RASCP-TA

| Region | Number | Project Cost (P) | | | No. of Cooperators | No. of Additional Adaptors |
|--------------|-----------|------------------|------------------|------------------|--------------------|----------------------------|
| | | RASCP-TA | Others | Total | | |
| CAR | 2 | 132,310 | 52,090 | 184,400 | 50 | 21 |
| I | 14 | 234,544 | 276,283 | 510,827 | 118 | 76 |
| II | 4 | 147,033 | 64,400 | 211,433 | 25 | |
| III | 2 | 140,000 | | 140,000 | | |
| IV | 21 | 1,180,210 | 121,055 | 1,301,265 | 34 | 20 |
| V | 3 | 143,300 | 21,200 | 164,500 | 3 | 3 |
| VI | 5 | 347,000 | 82,000 | 359,000 | 20 | |
| VII | 3 | 209,840 | | 209,840 | 53 | |
| VIII | 6 | 372,070 | 83,160 | 455,230 | 34 | 7 |
| IX | 6 | 410,360 | 800 | 411,160 | 4 | 100 |
| X | 10 | 504,960 | 11,500 | 516,460 | 247 | 90 |
| XI | 13 | 196,804 | 575,500 | 772,304 | 97 | |
| XII | 6 | 345,000 | | 345,000 | | |
| TOTAL | 95 | 4,363,431 | 1,287,988 | 5,581,419 | 685 | 317 |

Source: PCR, DAR-TA, November 2002.

Region IV established 21 demonstration projects with a cost of PhP1,301,265. The projects include goat raising, rice seed production, yellow corn, organic chicken production and other agricultural commodities. However, the number of cooperators in Region IV was only 34. Region X ranked first in terms of number of cooperators with 247. In addition, region X spent only PhP516,460 in the establishment of 10 demonstration projects. The demonstration projects include swine dispersal, kabir production and backyard gardening.

e. Post-harvest facilities operation and management. This training module was conducted jointly with DA-BPRE to provide farmers with technical skills on post-harvest operation and management needed in their grains business enterprise.

The program conducted a total of 57 post harvest facilities operation and management trainings in various regions of the country with 339 participants (Table 6-5).

Table 6-5. Number of Post-Harvest Facilities Training Conducted, by region, under RASCP-TA.

| REGION | BATCHES | | FARMER BENEFICIARIES | |
|--------------|-----------|------------|----------------------|-------------|
| | Number | Percent | Number | Percent |
| CAR | 2 | 4 | 15 | 4 |
| I | 2 | 4 | 14 | 4 |
| II | 4 | 7 | 19 | 6 |
| III | 1 | 2 | 14 | 4 |
| IV | 8 | 14 | 40 | 12 |
| V | 2 | 4 | 18 | 5 |
| VI | 3 | 5 | 23 | 7 |
| VII | 4 | 7 | 17 | 5 |
| VIII | 3 | 5 | 19 | 6 |
| IX | 6 | 11 | 43 | 13 |
| X | 6 | 11 | 27 | 8 |
| XI | 6 | 11 | 37 | 11 |
| XII | 4 | 7 | 28 | 8 |
| XIII | 3 | 5 | 12 | 4 |
| CARAGA | 3 | 5 | 13 | 4 |
| TOTAL | 57 | 99* | 339 | 101* |

* Does not equal to 100% due to rounding off.

Source: PCR, DAR-TA, November 2002.

Like in other trainings, Region IV conducted the highest number of trainings with 8 batches followed by Regions IX and X with 6 batches a piece. Region III conducted only one training in post harvest facilities despite of being the major rice producing region in the country. It could be possible that the cooperatives in the said region did not need trainings in post harvest facilities operations and management because they might had been given similar trainings before by other agencies (e.g. BPRE, NFA). In terms of number of participants, Region IX had the highest with 43 participants followed by Region IV with 40 participants.

f. *Governance and Alliance Building.* The training had a total of three batches done in Region XI (2) and CARAGA (1) with a total participants of 146 and cost of P102,085, all of which were funded by RASCP (Table 6-6).

g. *Enterprise Development and Management for DAR-Assisted Cooperatives (TPEDM-DAC).* The training was jointly conducted with DAP for a period of one year covering 30 ARC cooperatives. It was provided to BOD and officers of the cooperatives to equip them with entrepreneurial skills necessary to identify, prioritize, develop and manage cooperative enterprise.

Nine (9) batches of trainings on Enterprise Development and eight (8) batches on Enterprise Management were conducted for 29 cooperatives. A total of 253 cooperative officers/members and selected DAR staff were trained on Enterprise Development and 265 cooperative officers and members and selected DAR staff were trained on Enterprise Management.

Table 6-6. Number of batches, participants and cost of conducting local governance and alliance building training under RASCP-TA

| REGION | BATCH | | PARTICIPANTS | | COST | | |
|--------------|----------|------------|--------------|-------------|----------------|----------|----------------|
| | Number | Percent | Number | Percent | RASCP | Others | Total |
| CAR | - | - | - | - | - | - | - |
| I | - | - | - | - | - | - | - |
| II | - | - | - | - | - | - | - |
| III | - | - | - | - | - | - | - |
| IV | - | - | 35 | 24 | 21,140 | - | 21,140 |
| V | - | - | - | - | - | - | - |
| VI | - | - | - | - | - | - | - |
| VII | - | - | - | - | - | - | - |
| VIII | - | - | - | - | - | - | - |
| IX | - | - | - | - | - | - | - |
| X | - | - | - | - | - | - | - |
| XI | 2 | 67 | 30 | 21 | 24,600 | - | 24,600 |
| XII | - | - | 80 | 55 | - | - | - |
| CARAGA | 1 | 33 | 1 | 1 | 56,345 | - | 56,345 |
| TOTAL | 3 | 100 | 146 | 101* | 102,085 | 0 | 102,085 |

* Does not equal to 100% due to rounding off.
Source: PCR, DAR-TA, November 2002.

h. *Bayan-Anihan Para sa Magsasaka Siyentista (BaMaS)*. The program was jointly undertaken with DA-PhilRice to help farmers make their lands productive by equipping them with appropriate rice-based farming technologies and skills in optimizing the infrastructure facilities available in the ARCs. The program had three components: institutional development, productivity enhancement, and technology generation on on-farm rice varietal evaluation.

6.2.2 *Cooperative Development Advisory Services (CADS)*. This component included the deployment of Cooperative Development Advisers (CDAS) and provision of technical assistance to cooperatives. The component had two phases, namely: deployment of CDAs; and provision of TA to the cooperatives. The technical assistance provided by the DAR to the cooperatives covered the preparation of project proposals and business plans to help them access financial assistance under the RASCP or other sources, and to improve the capability of the cooperatives in project preparation and management. The RASCP-TA was envisioned to complement the ARISP in developing the farmer's cooperative into viable organization through the conduct of various trainings in the field of organizational management, enterprise development and alliance building.

a. *Deployment of CDAS*. The CDAS employed by the program were called L-CDAs and C-CDAs.

The L-CDAs assisted the day-to-day operations and management of the target cooperatives and served as coordinator with other agencies (e.g. NIA, LBP, DAR) involved in the program. In addition, they identified and packaged viable project proposals for funding under the RASCP or other sources (e.g. 5-25-70 loan package of LBP). The program planned to hire 33 L-CDAs, one for each priority province. However, a total 48 L-CDAs were hired during the duration of the program, 1994-2000, but only 35 L-CDAs finished the Project. The numbers of cooperatives covered by the L-CDAs were 71 in 33 provinces. Some provinces hired 2 L-CDAs to cope up with problems of the cooperatives and PPMOs. Each L-CDA supervised 1 – 3 cooperatives and were directly under the PPMOs.

The C-CDAs, on the other hand provided technical and advisory support to the different project management offices (CPMOs, RPMOs and PPMOs). In addition, they also assisted the different PMOs in monitoring various projects implemented under the program. The program hired a total of 7 C-CDAs from 1999 to 2001 to coordinate the 72 agricultural cooperatives targeted by the program.

The hiring of CDAs followed certain steps and procedures developed by CPMO in coordination with the PPMOs.

6.2.3 *Institutional Strengthening of DAR and LBP*. This component involved the conduct of series of joint orientation, assessment and planning workshops between DAR and LBP personnel involved in the implementation of the program. This component also served as a venue to clarify and resolve problems regarding the implementation of the RASCP. Under this component, the following activities

were done by DAR and LBP: operation review at regional and provincial levels, forging partnership activities, road shows and informal meetings.

6.2.4 Acquisition of Equipment. The RASCP-TA provided 58 moisture meters and 52 weighing scales to different cooperatives under the program. Two moisture meter and 1 weighing scale were still at CPMO at the time DAR prepared the PCR. Regions IV and X received the highest number of moisture meters with 7 units each followed by region IX and CARAGA with 6 units each. Region V received only 1 moisture meter. The cost of moisture meter was P9,000 per unit.

Again, Region IV received the highest number of weighing scale with 7 units followed by Regions IX and X with 6 units each. Region V did not receive any weighing scale. The unit cost of weighing scale was P P9,775.

In addition, the RASCP-TA distributed 74 motorcycles and 40 computers to various offices of DAR. The motorcycles were given to various development facilitators (DF) to enhance their mobility in helping the cooperatives. The computers, on the other hand, were provided to help develop the databases of different ARC and in monitoring the progress of the program (Table 6-7).

6.3 Effectiveness of RASCP-TA on ARC Cooperatives

6.3.1 Maturity Classification of Cooperative. The main objective of RASCP-TA was to make farmers cooperative more viable with the provision of credit facility through LBP using the qualification criteria and maturity classification as defined by LBP-CAC (see Annex 1 for details).

At the start of the program, 37 cooperatives were classified as Class F, 25 were Class D, 6 were Class C, 3 were Class B and none were classified as Class A. Of the 37 cooperative classified as Class F before the program, 22 (59%) Class F farmers cooperatives were reclassified to Class D, and 6 (16%) were reclassified to Class C (Table 6-8).

For the Class D cooperatives, 20 (80%) remained as Class D, 3 (12%) were reclassified as Class C, 1 (3%) was reclassified as Class B and 1 (3%) cooperative was downgraded to Class F due to poor financial performance and low repayment of its loan. The cause of the financial problem of the cooperative was the misappropriation of its agricultural production loan (APL). In addition, one Class B cooperative was downgraded by two levels (to Class D) from its previous classification. No farmer cooperative was able to get a Class A rating.

Table 6-7. Maturity Classification of 71 ARC Cooperatives, RASCP, as of November, 2002

| From (Baseline) | | To (During RASCP) | | | | |
|-----------------|------------|-------------------|-----------------|-----------------|---------------|----------|
| Maturity Level | Number | F | D | C | B | A |
| Class F | 37 | 9 (24%) | 22 (59%) | 6 (16%) | - | - |
| D | 25 | 1 (4%) | 20 (80%) | 3 (12%) | 1 (4%) | - |
| C | 6 | - | - | 6 | - | - |
| B | 3 | - | 1 (33%) | - | 2 (66%) | - |
| A | - | - | - | - | - | - |
| TOTAL | 71 | 10 (14%) | 43 (60%) | 15 (21%) | 3 (4%) | - |
| PERCENT | 100 | 14 | 61 | 21 | 4 | - |

6.3.2 *Increase in Cooperative Membership.* As reported in the PCR, RASCP-TA, the total membership of the RASCP-assisted cooperatives rose by 1,783 members (26%) for the span of two years (Table 6-8). Membership of NAC category cooperatives grew by 75% (652 members) while the NBAC category had a modest increase of 2% (12 members).

Table 6-8. Membership of Cooperative by Credit Category, Before and During the Program, RASCP, Philippines.

| CATEGORY | NUMBER OF COOPERATIVE | MEMBERSHIP (Number) | | CHANGE | |
|--------------|-----------------------|---------------------|--------------|--------------|-----------|
| | | Before | During | Number | Percent |
| PNAC | 31 | 3,183 | 3,891 | 708 | 22 |
| NAC | 9 | 868 | 1,520 | 652 | 75 |
| BAC | 21 | 2,295 | 2,706 | 411 | 18 |
| NBAC | 5 | 500 | 512 | 12 | 2 |
| TOTAL | 66 | 6,846 | 8,629 | 1,783 | 26 |

Source: PCR, DAR-TA, November 2002.

6.3.3 *Cooperative Business/Livelihood Operations.* RASCP provided assistance on effective planning and decision-making to the majority of their subject cooperatives.

Based on the PCR, there was an increase by 9, in number of cooperatives engaged in business from 61 in 1999 to 70 in 2001. Also, there was also a significant increase in cooperative entering to new business lines such as services, production of agricultural commodities, lending, trading, crop processing, and specialized business. Services, production, and trading were the most frequent new lines of business undertaken by RASCP-assisted cooperatives. Specialized business included metal crafts, cottage industry, and high value crops. On the whole, the 9 cooperatives engaged in 75 different business lines

or an average of about 8.3 business lines per cooperative. This is quite a diverse business lines for a start of a cooperative.

6.3.4 *Credit Accessing.* A major task of RASCP was to assist the cooperatives get accredited by LBP in order to access new or additional capital to start, operate, improve or expand their business and to provide their members with production capital. There were a total of 48 cooperatives or 68% of the target 71 ARC cooperatives were able to access loans under different windows from the LBP with a total loan of about P67.5 million (Table 6-9). Eleven (11) cooperatives or 31% availed through RASCP. The low accession from RASCP was attributed to the lack of information dissemination that made LBP personnel unaware of the program, failure of farmers to put-up collateral for loan, inability of farmers to meet the criteria of LBP for credit assistance, lacked of the required one-year track record to qualify for LBP loans and the rejection of project proposals.

| Credit Window | ARC Cooperatives | | Total Loan (PhP) |
|---------------|------------------|------------|-------------------|
| | Number | %*** | |
| RASCP | 11* | 31 | 19,241,098 |
| CAP-PBD | 5 | 10 | 1,835,800 |
| 5-25-70 | 4 | 9 | 8,444,705 |
| Regular | 24 | 50 | 37,964,439 |
| TOTAL | 48** | 100 | 67,486,042 |

* Four ARC cooperatives are awaiting loan releases.

** Total is 48 including the four awaiting loan releases.

*** Percent of 48 total approved and released loans.

Source: DAR, PCR, November 2002.

f. *Policies, Systems and Procedures (PSPs.)* There were apparent improvements in the cooperatives' policies, systems and procedures during the implementation of the RASCP particularly at the time the LCDAs were still around as compared to the period prior to the project. However, with the withdrawal of the LCDA, there was a noticeable slide in the compliance or observance of the formulated PSPs of the cooperatives.

Below are three cases which show the changes through time in the PSPs pursued by sample cooperatives.

**Table 6-10. Coop: Bato Agrarian Reform Community Multi-Purpose Coop
Bato, Mabinay, Negros Oriental**

| Policies Systems and Procedures | Before RASCP | During RASCP (with LCDA) | After RASCP (withdrawal of LCDA) |
|---|--|---|---|
| A. Credit Management Policy a. Fertilizer Loan b. Providential Services | <ul style="list-style-type: none"> Formulated but not implemented effectively by the BOD and CRECOM | <ul style="list-style-type: none"> Improved and implemented effectively Implemented but with deficiency in loan delinquency policy implementation | <ul style="list-style-type: none"> Monitoring and timely action for improvement. Should be strictly implemented and followed |
| B. CBU and Savings Mobilization | <ul style="list-style-type: none"> With written policy but not implemented | <ul style="list-style-type: none"> Review and improve implementation Reviewed and generated collection | <ul style="list-style-type: none"> Monitoring is needed. Strict compliance of policies |
| C. Financial Systems and Procedures (Internal Control) | <ul style="list-style-type: none"> With written policy statements on cash receipts and cash disbursements | <ul style="list-style-type: none"> Conduct financial system and operation Review for improvement of the financial recording and fund management Conducted series of workshops to review the financial system and operation for the coop to adopt | <ul style="list-style-type: none"> Monitoring and documentation is needed Policies not strictly followed More training to enhance their skills re: financial management. |

Table 6-10. Continued...

| | | | |
|---|---|--|--|
| D. Palay/Rice Trading | <ul style="list-style-type: none"> • No documents available | <ul style="list-style-type: none"> • Formulated and implemented • Areas of improvement | <ul style="list-style-type: none"> • Monitoring and improvement of the operation • Planning is also important |
| E. Consumer Store | <ul style="list-style-type: none"> • No documents available | <ul style="list-style-type: none"> • Written policy and implemented by the COMAT. • Monitoring of collection of account receivables and improvement of recording system. | <ul style="list-style-type: none"> • Monitoring of recording system of the coop |
| F. Labor contracting of the farm-to-market road | <ul style="list-style-type: none"> • With written policy | <ul style="list-style-type: none"> • Improvement of policy on payroll collection deployment of workers and refinancing scheme • Formulated policy and implemented by the COMAT | |
| G. Warehousing services and drying | <ul style="list-style-type: none"> • With written policy but not implemented | <ul style="list-style-type: none"> • Monitoring and conduct assessment • Monitor implementation of recording and documentation | <ul style="list-style-type: none"> • Monitoring and strict implementation of policies |
| H. Cooperative Production of Sugarcane (collective farming) | <ul style="list-style-type: none"> • No documents available | <ul style="list-style-type: none"> • Formulated and discuss with LBP for financing | <ul style="list-style-type: none"> • Coop management will again review and sit down again with LBP for possible financing |
| I. Demonstration Farm | <ul style="list-style-type: none"> • No documents available | <ul style="list-style-type: none"> • Formulated and implemented | <ul style="list-style-type: none"> • Delayed submission of proposals due to turn-over of LCDA |

**Table 6-11. Coop: Jagna-Nagbalaye Multi-purpose Coop
Jagna, Sta. Catalina, Negros Oriental**

| Policies Systems and Procedures | Before RASCP | During RASCP (with LCDA) | After RASCP (withdrawal of LCDA) |
|---|--|---|---|
| A. CBU and Membership policy for agricultural production loan and providential fund B. Credit-lending policy C. Copra Trading D. Palay/Rice trading E. Rice milling F. Warehousing and drying services G. Rotoring and threshing services H. Financial Management and Internal Control System I. Personnel Policy J. Office Management K. Demonstration Farm Project Policy L. Conduct of Education Financing Project Policy M. Labor Contracting and Financing Project Policy N. Members Savings Program Policy | <ul style="list-style-type: none"> • Not all are written and updated policies | <ul style="list-style-type: none"> • Review of written policies and formulation of new policies necessary for the operation of the business of the cooperative • These policies were operationalized and manualized by the coop | <ul style="list-style-type: none"> • After the withdrawal of LCDA these policies are installed but not strictly followed |

**Table 6-12. Coop: Solonggon Small Farmers Multi-Purpose Cooperative
Solonggon, La Libertad, Negros Oriental**

| Policies Systems and Procedures | Before RASCP | During RASCP (with LCDA) | After RASCP (withdrawal of LCDA) |
|---|---|---|---|
| A. Crop and Livestock Production Loan <ul style="list-style-type: none"> • Piglet • Carabao • Fertilizer | <ul style="list-style-type: none"> • Written but not updated | <ul style="list-style-type: none"> • Updating and improvement for better implementation • Updated and re-written by the CRECOM | <ul style="list-style-type: none"> • Policies are still implemented but not strict as when the LCDA is present and assisting the coop. |
| B. Providential loan | | | |
| C. Rice/Palay Trading | <ul style="list-style-type: none"> • No written policies | | |
| D. General Merchandize Store | <ul style="list-style-type: none"> • No written policies | <ul style="list-style-type: none"> • Able to launch the coop consumer store using their own capital • Assisted by the LCDA, trained officers with business management | <ul style="list-style-type: none"> • Recommended forms were not used by the COMAT |
| E. Demo Farm Project | <ul style="list-style-type: none"> • No written policies | <ul style="list-style-type: none"> • Conducted planning and formulated policies | <ul style="list-style-type: none"> • Turn-over of LCDA affects the implementation |

6.3.5 Training Conducted by PPMOs. A total of 237 batches of in-house and customized trainings were conducted by PPMOs. A total of 6,747 participants attended the trainings which cost P4,521,455.00, 98 percent of which was shouldered by RASCP-TA, while the rest (2% or P98,450.00) came from different sources.

The training conducted in the ARCs was mainly the “social enterprise operations” considering the number of training batches, total participants and total direct training cost. On the other hand, the least implemented were the “local governance and alliance building” and the “resource management”.

Results of the cooperative survey showed that before RASCP, only two of the six ARC Cooperatives With FA and TA had trainings (Table 6-13). Meanwhile, only four of the 24 ARC Cooperatives With TA Only underwent training. However, during RASCP, all the ARC Cooperatives with FA and TA and With TA Only conducted trainings.

In terms of average, number of trainings before RASCP, ARC Cooperatives With TA Only had a slightly higher mean (5) compared to the ARC Cooperatives With FA and TA (2). However, during RASCP, the scenario was reversed. The average number of training of ARC Cooperatives With TA Only was 8.

The average duration of training undergone by the ARC Cooperatives With FA and TA was 10, before RASCP. The ARC Cooperatives With TA Only had a lower mean at five days. During RASCP, the average duration for both cooperatives grew at 32 and 24 days, respectively.

The ARC Cooperatives With No TA at All was not yet formed before RASCP. During RASCP, it underwent 13 trainings for 43 days despite the fact that it was not provided any training under RASCP.

Table 6-13. Training Activities of ARC Cooperatives With RASCP FA and TA and With RASCP TA Only During and After RASCP

| ARC Cooperatives | Before RASCP | | | During RASCP | | |
|--------------------|-----------------|-----------------------------|-------------------------|-----------------|-----------------------------|-------------------------|
| | Number of Coops | Average Number of Trainings | Average Duration (Days) | Number of Coops | Average Number of Trainings | Average Duration (Days) |
| With RASCP-FA & TA | 2 | 2 | 10 | 6 | 11 | 32 |
| With RASCP-TA Only | 4 | 5 | 5 | 24 | 8 | 24 |

6.3.6 *Establishment of Livelihood Demonstration Projects.* A training strategy established to provide cooperatives with technical know-how to the members and establish a sustainable individual managed farm level livelihood demonstration projects.

Pre-and post-production support system were provided to each farm household-managed livelihood projects. Partner institutions were the municipal and provincial LGUs, provincial veterinary offices, state colleges and universities, national government agencies, agri-business firms, and the cooperatives concerned. A total of 96 livelihood projects that were started with a total cost of P5,642,919.00.

Based on the survey of cooperatives, four of the six ARC Cooperatives With FA and TA were able to establish a total of six demonstration farms (Table 6-14). Five of these are crop-based. Meanwhile, nine of the 24 sample ARC Cooperatives With TA Only are managing 16 demonstration farms in all, majority of which are crop-based. The sole ARC Cooperative With No TA at All put up a crop-based demonstration farm.

Table 6-14. Demonstration farms managed, by type of cooperative

| Type of Demo Farm | Type of Cooperative | | |
|--------------------|-------------------------------------|-----------------------------------|----------------------------------|
| | ARC Coop With RASCP FA and TA (n=4) | ARC Coop With RASCP TA Only (n=9) | ARC Coop With No TA at All (n=1) |
| Crop-based | 5 | 12 | 1 |
| Livestock-based | 1 | 3 | - |
| Fish/Fishery-based | - | 1 | - |
| Total | 6 | 16 | 1 |

6.3.7 *General Training Course on Grains Post-Harvest Technology and Enterprise Development (GPHTED).* The program provided farmer-members with technical skills on post-harvest operation (e.g., harvesting, threshing, shelling, and sun drying) and management on grains business enterprise. Fifty-four farmer-groups received training under GPHTED.

6.3.8 *Training Program on Enterprise Development and Management for DAR-Assisted Cooperatives (TPEDM-DAC).* The program aimed to provide ARC cooperatives with the needed entrepreneurial skill and to generate more benefits to their members. Officers and BOD of the selected ARC cooperatives were the beneficiaries under this program. Twenty-nine (29) cooperatives were able to participate in the program.

6.3.9 *Bayan-Anihan Para Sa Magsasakang Siyentista (BaMaS).* It is a rural development program where the ARCs are the growth centers in the countryside. It aims to enhance the farmers' capability and make their farms productive through the adoption of improved rice-based farming technologies. Eventually, it intends to help them become an empowered sector of society. The program was

jointly undertaken between ARISP/RASCP OF DAR and PhilRice. It covered 25 ARCs in 9 regions of the country which were purposely chosen based on the areas cultivated to rice.

A total of 856 farmers from 25 selected ARCs benefited from the program through enhancement of their knowledge on rice cultivation. There were also participatory varietal selection and multiplication. It established a strong institutional partnership and network with different private and government agencies. It also initiated a FSTP-KIDS program which were participated in by 565 kids.

6.3.10 Institutional Development Strengthening of DAR and LBP Implementors. Under this component, the following were undertaken:

a. Orientation-Workshop on LBP Cooperative Classification and RASCP Technical Assistance Guidelines such as:

- LBP's Cooperative Accreditation Criteria and RASCP Criteria;
- Mechanics in the Categorization of Cooperatives;
- Basic Concepts on Financial Intermediation;
- Components of Interest rates on Loans;
- Nominal, Effective and Real Interest Rate and Methods in computing Interest Rate;
- Lending Procedure of LBP for Cooperatives;
- Guidelines on Availment on Training and Loan Assistance thru RASCP, and;
- Recommend Interventions for Cooperatives under RASCP

b. Orientation and Operation Planning Workshops. Undertaken in order to:

- Familiarize the newly-hired L-CDAs on the fundamentals and requirements of the project;
- Develop their and the PPMOs' plans that would operationalize the RASCP-TA component in their respective areas.

These activities were composed of three core sessions:

- Orientation on RASCP and status updates;
- Procedures and guidelines;
- Operational Plan formulation

c. Review and Planning Workshops. The workshops aimed to assess the activities and accomplishments of the L-CDAs on a regular and continuing basis, with the end-in-view of allowing the PMOs to identify the current level of implementation.

d. Joint DAR-LBP RASCP Workshops. These were conducted by regional groups wherein a number of activities designed to provide a venue for DAR and LBP to be updated on project-related developments, to clarify and resolve

problems, issues and concerns that hampered project performance, and jointly and separately formulate and arrive at area-based arrangements to facilitate implementation.

e. *Computer Literacy Training Program for Implementors.* This was in line with the Institutional Strengthening of Project Staff component of RASCP-TA. This was likewise conducted in preparation for the use of computers and their peripherals that distributed to the PMOs for use in the establishment of ARC databases.

Module I. Introductory Course to Office Systems
Module II. Data Base Management Using MS Access '97
Module III. Project Management Using MS Project '98

6.3.11 *Program Monitoring and Evaluation.* The program M and E specified three major concerns:

a. *Structural Relationships.* Emphasized the existing DAR regular structure that served as the basis for the project's organizational set-up through the establishment of CPMO, in the Central Office's Project Development and Management Staff/Foreign-Assisted Projects Office (PDMS/FAPsO), RPMOs in the DAR Regional Offices, and PPMOs in the DAR Provincial Offices.

b. *Monitoring and Reporting Forms and Timetables.* Principal monitoring and reporting were utilized in order to regularly keep tab of effectiveness of the project's interventions and in addressing the issues and concerns affecting them.

c. *Modes of Data Gathering, Evaluation and Dissemination.* Approaches were used such as:

- Field Progress Reports
- Quarterly L-CDAs Review and Planning Sessions. These included assessing the L-CDAs' individual performance; drawing up lessons and insights and defining courses of action to improve project implementation; orienting or updating all key players and partners in project implementation on relevant policy matters and other developments; formulating the L-CDAs' individual operational plans for the succeeding periods consistent with the project framework and status of implementation.
- DAR-LBP RASCP Joint Assessment and Planning Workshops
- Monthly Joint RPMO-PPMO Project Management Meetings. These were venues for localized ARISP/RASCP project assessment at the field level covering the different provinces per region.
- Technical Meetings of C-CDAs/Area Coordinators and PPMO's. These were meetings conducted periodically by the C-CDAs with the PPMOs mostly during field monitoring visits. These were intended to review accomplishments during the immediately preceding period, to gather and share information and other data relative to updates/developments in project implementation, and to act/agree on courses of action relative to specific problems, issues and concerns.

- Spot Field Validation/ Inspection/ Monitoring. Undertaken by the C-CDA and the L-CDA in close tandem with the PPMOs and sometimes with the RPMOs these were intended to determine the accuracy and reliability of information submitted to Management, as well as to diagnose and resolve specific issues and concerns affecting the cooperatives.

6.4 Effectiveness of RASCP-TA. The effectiveness of technical assistance to cooperatives was measured in terms of specific parameters comparing a set of cooperatives, which obtained various forms and degrees of technical assistance, to another cooperative that received no technical assistance at all.

a. Membership

Membership in the cooperatives with RASCP-TA reached its peak in 2001 coinciding with the height of the RASCP implementation with an average of 150 members per cooperative. This was almost thrice the average membership during the cooperatives' initial registration. Cooperative membership leveled off at an average of 125 members in 2004 almost the same as in the period prior to RASCP (Table 6-15). Meanwhile, the size of the cooperative without TA at all grew from 48 initially to nearly thrice the number (122) in 2001 but eventually became inactive at the time of the survey.

Table 6-15. Effectiveness of RASCP – TA, Philippines, 2005.

| ITEM | Cooperatives with RASCP-TA only | Cooperatives without TA at all |
|-------------------|---------------------------------|--------------------------------|
| Upon Registration | 54 | 48 |
| 1996 | 127 | 0 |
| 2001 | 150 | 122 |
| 2004 | 125 | Inactive |

b. Business Undertaking

The cooperative that did not receive any TA at all attempted to engage in three ventures that entailed investments totaling nearly a hundred thousand pesos during the period that RASCP was implemented. This figure paled in comparison with the cooperatives that had technical assistance primarily from the DAR. Throughout the period under consideration, these cooperatives managed to put up 37 new business undertakings (Table 6-16). The technical assistance provided these cooperatives clearly had a positive effect on the cooperatives to assume risks in certain entrepreneurial activities.

Table 6-16 Business undertaken by type of cooperative and by time period

| ITEM | Cooperatives with RASCP-TA only | Cooperatives without TA at all |
|------------------------|---------------------------------|--------------------------------|
| Before RASCP | | |
| Number of Business | 10 | 0 |
| Average Investment (P) | 555,650 | 0 |
| During RASCP | | |
| Number of Business | 25 | 3 |
| Average Investment (P) | 118,680 | 29,333 |
| After RASCP | | |
| Number of Business | 2 | Inactive |
| Average Investment (P) | 125,000 | Inactive |

c. Training

Technical assistance to cooperatives consists mostly of training activities facilitated by the LCDAs and DAR personnel. Comparison between cooperatives with RASCP- TA and those without TA is expected to be disproportionate. However, despite the absence of intervention from DAR, the cooperative without TA still managed to get several training (11) lasting for 34 days from other sources (Table 6-17). However, the cooperative without RASCP-TA became inactive after RASCP.

Table 6-17. Trainings conducted by type of cooperative and by time period

| ITEM | Cooperatives with RASCP-TA only | Cooperatives without TA at all |
|----------------------------|---------------------------------|--------------------------------|
| Before RASCP | | |
| Number of Training Courses | 13 | 0 |
| Duration (Days) | 16 | 0 |
| During RASCP | | |
| Number of Training Courses | 105 | 11 |
| Duration (Days) | 149 | 34 |
| After RASCP | | |
| Number of Training Courses | 10 | Inactive |
| Duration (Days) | 16 | Inactive |

On the other hand, the intensity of training activities expanded for cooperatives under DAR technical assistance program during the RASCP years. However, the number and duration of training events dropped to pre-RASCP levels in 2003-2004 with the phase-out of the LCDAs from their respective assignments.

d. Lending Operation to Members

It was presupposed that technical assistance to cooperatives would enhance access to financial assistance to the benefit of the members through sub-lending.

Regarding the cooperatives with RASCP-TA, the number of loans extended to the members increased since the time RASCP started. Later on, the number more than doubled in 2003 from 1996 (Table 6-18). Some fixed asset loans were also provided to members. On the other hand, re-lending was undertaken in the

cooperative without any TA but on a limited scale amounting to 50 loan applications.

Table 6-18. Lending operations to members by type of cooperative and by time period

| ITEM | Cooperatives with RASCP-TA only | Cooperatives without TA at all |
|---------------|---------------------------------|--------------------------------|
| Before RASCP* | | |
| Production | 174 | 0 |
| Fixed | 0 | 0 |
| During RASCP* | | |
| Production | 298 | 50 |
| Fixed | 11 | 0 |
| After RASCP* | | |
| Production | 401 | Inactive |
| Fixed | 11 | Inactive |

* Total number of loan applications approved and released.

e. Loan Collection

Loan collection rates indicate the relative influence of technical assistance in effecting success of cooperatives. In the case of the cooperatives with RASCP-TA, the loan collection rate improved over time with the continued consequent decline in the number of loans which were not re-paid. At the same time, there was an increase of the number of loans fully paid as the years progressed. In this case, it seems that the TA has some encouraging results in terms of the improved repayment profile.

Table 6-19. Loan Collection by type of cooperative and by time period

| ITEM | Cooperatives with RASCP-TA only | Cooperatives without TA at all |
|--------------|---------------------------------|--------------------------------|
| Before RASCP | | |
| Full | 32 | 0 |
| Partial | 2 | 0 |
| None at all | 140 | 0 |
| During RASCP | | |
| Full | 82 | 25 |
| Partial | 129 | 25 |
| None at all | 87 | |
| After RASCP | | |
| Full | 120 | Inactive |
| Partial | 275 | Inactive |
| None at all | 6 | Inactive |

On the other hand, the cooperative, which got no TA at all, undertook re-lending operations only during the period of RASCP. Half of the loans were paid fully while the other half was paid partially.

f. *Average Number of Meetings*

The mean number of regular meetings held by the ARC Cooperatives with TA Only during program implementation increased slightly from 8 to 9 before and during RASCP, respectively (Table 6-20). Moreover, the average number of special meetings held by the ARC cooperatives with TA Only rose from three before RASCP to five during RASCP.

Table 6-20. Average Number of Meetings before and during RASCP, ARC Cooperatives with TA Only

| Period | Average Number of Meetings |
|----------------------------|----------------------------|
| <i>Before RASCP</i> | |
| Regular Meeting (No.) | 8 |
| Special Meeting (No.) | 3 |
| <i>During RASCP</i> | |
| Regular Meeting (No.) | 9 |
| Special Meeting (No.) | 4 |

A comparison of the mean number of regular meetings held by the ARC Cooperatives with TA Only and the ARC Cooperative with No TA at All during the program implementation shows that cooperatives with TA had more regular meetings than cooperatives with no TA at all (Table 6-21). However, the latter held more special meetings.

Table 6-21. Average Number of Meetings during RASCP, ARC Cooperatives with TA Only and ARC Cooperative with No TA At All

| Type of Meeting | ARC Cooperatives with TA Only | ARC Cooperative with No TA At All |
|-----------------------|-------------------------------|-----------------------------------|
| Regular Meeting (No.) | 8 | 3 |
| Special Meeting (No.) | 5 | 12 |

g. *Attendance of members to regular meetings*

Before RASCP, 71% of the total members of ARC Cooperatives with TA Only attended regular meetings (Table 6-22) This percentage dipped to 68% during RASCP.

Table 6-22. Average attendance of members to regular meetings in percent by time period, ARC Cooperatives with TA Only

| Period | Proportion of members (%) |
|--------------|---------------------------|
| Before RASCP | 71 |
| During RASCP | 68 |

During RASCP, a greater share of the members of the ARC Cooperative with No TA At All (92%) attended regular meetings compared to the ARC Cooperatives with TA Only (68%) (Table 6-23).

Table 6-23. Average attendance of members to regular meetings in percent by cooperative type, during RASCP

| Cooperative Type | Proportion of members (%) |
|-----------------------------------|----------------------------------|
| ARC Cooperatives with TA Only | 68 |
| ARC Cooperative with No TA At All | 92 |

h. Books of Account Maintained

At least 20 of the ARC cooperatives with TA Only keep books of accounts such as cash disbursement journal, cash receipt journal, general ledger, general journal, general assembly minutes book, BOD minutes book and book/list of total members. More than half also maintain sales journal and subsidiary ledger while only 10 of the 24 sample cooperatives has a book/list of members of not good standing. Except for a sales journal, the lone sample for the ARC Cooperative with No TA At All maintains all the books of accounts cited in Table 6-24.

Table 6-24. Number of coops maintaining books of account by type of coop, during RASCP.

| Books of Account | ARC Cooperatives with TA Only (n=24) | ARC Cooperative with No TA At All (n=1) |
|---|---|--|
| Cash Disbursement Journal (CDJ) | 21 | 1 |
| Cash Receipt Journal (CRJ) | 21 | 1 |
| General Ledger (GL) | 20 | 1 |
| Sales Journal (SJ) | 18 | - |
| General Journal (GJ) | 20 | 1 |
| Subsidiary Ledger (SL) | 14 | 1 |
| GA Minutes Book | 22 | 1 |
| BOD Minutes Book | 22 | 1 |
| Book/List of Total Members | 22 | 1 |
| Book/List of Members of not Good Standing | 10 | 1 |
| Others | 1 | - |

Table 6-25 indicates that the ARC cooperatives with TA Only kept books of accounts for a longer time compared to the ARC cooperative with No TA At All. This, however, could be attributed to the fact that the ARC cooperative with No TA At All was organized only during RASCP while many of the ARC cooperatives with TA Only had been formed prior to RASCP.

Table 6-25. Average number of years the book of accounts are maintained by type of cooperative during RASCP.

| Books of Account | ARC Cooperatives with TA Only | ARC Cooperative with No TA At All |
|---|--------------------------------------|--|
| Cash Disbursement Journal (CDJ) | 7 | 6 |
| Cash Receipt Journal (CRJ) | 7 | 6 |
| General Ledger (GL) | 7 | 6 |
| Sales Journal (SJ) | 7 | - |
| General Journal (GJ) | 7 | 6 |
| Subsidiary Ledger (SL) | 7 | 6 |
| GA Minutes Book | 7 | 6 |
| BOD Minutes Book | 7 | 6 |
| Book/List of Total Members | 8 | 6 |
| Book/List of Members of not Good Standing | 8 | 6 |
| Others | 4 | - |

After RASCP, majority of the ARC cooperatives with TA Only maintained the following books of account: cash disbursement journal, cash receipt journal, general ledger, sales journal, general journal, GA minutes book, and BOD minutes book (Table 6-26). In contrast, the ARC cooperative with No TA At All does not keep any books of account anymore because it is now inactive.

Table 6-26. Cooperatives still maintaining book of accounts at present by type of cooperative, 2004

| Books of Account | ARC Cooperatives with TA Only (n=24) | ARC Cooperative with No TA At All (n=1) |
|---|---|--|
| Cash Disbursement Journal (CDJ) | 18 | - |
| Cash Receipt Journal (CRJ) | 19 | - |
| General Ledger (GL) | 18 | - |
| Sales Journal (SJ) | 15 | - |
| General Journal (GJ) | 16 | - |
| Subsidiary Ledger (SL) | 12 | - |
| GA Minutes Book | 18 | - |
| BOD Minutes Book | 18 | - |
| Book/List of Total Members | 18 | - |
| Book/List of Members of not Good Standing | 10 | - |
| Others | 1 | - |

A greater number of those who are still keeping books of accounts have updated record of accounts (Table 6-27). Some are partially updating their books of accounts.

Table 6-27. Updatedness of book of accounts, ARC Cooperatives with TA Only, 2004.

| Books of Account | ARC Cooperatives with TA Only |
|---|--------------------------------------|
| <i>Cash Disbursement Journal (CDJ)</i> | |
| Updated | 12 |
| Partially updated | 3 |
| <i>Cash Receipt Journal (CRJ)</i> | |
| Updated | 14 |
| Partially updated | 2 |
| <i>General Ledger (GL)</i> | |
| Updated | 14 |
| Partially updated | 2 |
| <i>Sales Journal (SJ)</i> | |
| Updated | 10 |
| Partially updated | 3 |
| <i>General Journal (GJ)</i> | |
| Updated | 13 |
| Partially updated | 3 |
| <i>Subsidiary Ledger (SL)</i> | |
| Updated | 8 |
| Partially updated | 4 |
| <i>GA Minutes Book</i> | |
| Updated | 12 |
| Partially updated | 3 |
| <i>BOD Minutes Book</i> | |
| Updated | 12 |
| Partially updated | 3 |
| <i>Book/List of Total Members</i> | |
| Updated | 11 |
| Partially updated | 3 |
| <i>Book/List of Members of not Good Standing</i> | |
| Updated | 6 |
| Partially updated | 3 |
| <i>Others</i> | |
| Updated | 1 |

i. Other records maintained

Table 6-28 indicates that majority of the ARC cooperatives with TA Only kept a voucher system, official receipt, passbook for members and bank account during RASCP. Meanwhile, the lone ARC cooperative with no TA at All also maintained the same kind of records.

Table 6-28. Number of coops that has other recording and accounting system by type of cooperative

| Item | ARC Cooperatives with TA Only | ARC Cooperative with no TA at All |
|-----------------------|-------------------------------|-----------------------------------|
| Vouchering system | 21 | 1 |
| Official Receipt (OR) | 21 | 1 |
| Passbook for Members | 15 | 1 |
| Bank Account | 20 | 1 |
| Others | 4 | 1 |

j. Frequency of audit and preparation and submission of financial reports

From Table 6-29, it can be gleaned that 42% of the ARC cooperatives with TA Only conduct financial audit once a year; a fourth had quarterly audit while one conducted financial audit semi-annually. Meanwhile, the ARC Cooperative with No TA All conducted financial audit annually.

More than two-fifths of the ARC cooperatives with TA Only prepare financial reports every month. Some do it quarterly, yearly or semi-annually. The ARC cooperatives with No TA at All prepares its financial report only an annual basis.

Table 6-29. Frequency of audit and financial report preparation and submission by type of cooperative

| Item | Cooperatives with RASCP- TA Only (n=24) | | ARC Cooperatives with No TA at All (n=1) | |
|--|---|----|--|-----|
| | n | % | N | % |
| <i>Frequency of Audit</i> | | | | |
| Quarterly | 6 | 25 | - | |
| Semi-annually | 1 | 4 | - | |
| Annually | 10 | 42 | 1 | 100 |
| Others | 1 | 4 | - | |
| <i>Frequency of financial report preparation and submission</i> | | | | |
| Monthly | 10 | 42 | - | |
| Quarterly | 3 | 12 | - | |
| Semi-annually | 2 | 8 | - | |
| Annually | 3 | 12 | 1 | 100 |
| Others | 2 | 8 | - | |

From 1996-1997, ARC Cooperatives with TA Only had an average of one financial statement audited by an external auditor (Table 6-30). This increased to two in 1998-200 and drop to one again in 2000-2001. Meanwhile, the ARC

Cooperatives with No TA at All did not have their financial statement audited by an external auditor.

Table 6-30. Average number of auditing financial statements by external auditor average number of financial statement and annual report submitted to CDA by type of cooperative and by period

| Item | ARC Cooperatives with RASCP-TA | ARC Cooperatives with No TA At All |
|--|--------------------------------|------------------------------------|
| <i>Average number of auditing financial statements by external auditor</i> | | |
| 1996 – 1997 | 1 | - |
| 1998 – 2000 | 2 | - |
| 2000 – 2001 | 1 | - |
| | | |
| <i>Average number of financial statement and annual report submitted to CDA</i> | | |
| 1996 – 1997 | 1 | - |
| 1998 – 2000 | 2 | - |
| 2001 – 2004 | 2 | - |

From one, the mean number of financial statements and annual reports submitted by the ARC Cooperatives with TA Only rose to two in the periods 1998-2000 and 2001-2004. Again, the ARC Cooperatives with TA Only did not submit financial statements or annual reports to CDA.

k. Gender Participation in Farming

From Appendix Table 1, it can be surmised that the major decision maker in the different farm activities in the three strata is the husband. Sometimes, the decision is made jointly by the husband and wife. In some instances, the decision is made by the wife solely. In very few cases, the male children make decisions. However, comparing the percentages that decisions are made by male children and the female children across farm activities, it is notable that the share of former is always larger.

l. Gender Participation in Household Decision-Making

Contrary to the results in the farm activities, the wives in the types of cooperatives are the major decision makers across all the household activities enumerated (Appendix Table 2). Joint decisions of the husband and wife is always ranked number two in all household activities listed while occurrence of husbands deciding solely is always ranked third. This is typical of a Filipino household where the males are supposed to attend to the farm with the wife

merely providing assistance. However, when it comes to household matters, the wife is expected to attend to these although in some instances the wives consult their husbands thus a conjugal decision is made. Moreover, the proportion of female children is always higher compared to that of that of the male children. This further illustrates that role-playing, i.e., females should attend to household matters, persist regardless of location.

m. Cooperative Members by Gender

Table 6-31 shows that the mean number of female members rose from 1996 to 2001 for the two cooperative types which extended loan from RASCP. In contrast, the ARC Cooperatives With TA Only exhibited a slight decline (5%) in the average female members.

Table 6-31. Average number of cooperative members, by year and by gender

| ITEM | ARC Cooperatives with RASCP-FA&TA | ARC Cooperatives with RASCP-TA Only | Agricultural Cooperatives with RASCP-FA |
|---------------------------|-----------------------------------|-------------------------------------|---|
| 1996 | | | |
| Male | 59 | 60 | 74 |
| Female | 32 | 51 | 20 |
| 2001 | | | |
| Male | 77 | 72 | 146 |
| Female | 43 | 48 | 91 |
| 2004 | | | |
| Male | 168 | 76 | 171 |
| Female | 101 | 49 | 104 |
| % Change 1996-2001 | | | |
| Male | 32 | 20 | 96 |
| Female | 34 | -4 | 360 |
| Total | 32 | 6 | 152 |
| % Change 2001-2004 | | | |
| Male | 118 | 6 | 17 |
| Female | 136 | 1 | 15 |
| Total | 125 | 7 | 16 |
| % Change 1996-2004 | | | |
| Male | 186 | 26 | 130 |
| Female | 216 | -3 | 427 |
| Total | 197 | 14 | 193 |

7.0 DETAILED EVALUATION OF FINANCIAL ASSISTANCE

As mentioned in Chapter 2, RASCP-FA was composed of sub-loan, consulting services, and technical assistance to LBP with a total amount of ¥10,484 million. The sub-loan which comprised 97% of RASCP-FA or ¥10,184 million (P3,181 million) was meant for relending to cooperatives and members.

6.1 *Loan Releases.* Using the data shared by LBP, an analysis of loan releases was done by type of loan, enterprise, and cooperative. During the period 1997-2002, total loan released to borrowers by LBP was P3,581.4 million (Table 7-1).

Table 7-1. Summary of loan releases under the JBIC-Rural Farmers and Agrarian Reform Support Credit Program by year, Philippines: 1997-2002.

| Year | Number | | Amount Released | Amount of Principal Collected |
|-------|---------------------|----------------------|-----------------|-------------------------------|
| | Bank-Assisted Coops | Farmer Beneficiaries | | |
| 1997 | 175 | 127,062 | 472,071,484 | 406,650,398 |
| 1998 | 124 | 27,582 | 463,596,403 | 369,555,661 |
| 1999 | 71 | 27,633 | 517,119,334 | 403,954,128 |
| 2000 | 78 | 46,505 | 556,413,060 | 399,184,753 |
| 2001 | 193 | 73,740 | 1,061,153,188 | 654,098,517 |
| 2002 | 31 | 23,501 | 511,084,151 | 175,352,876 |
| Total | 672 | 326,023 | 3,581,437,621 | 2,408,796,333 |

Source of data: Land Bank of the Philippines

Loan releases were highest in 2001, P1,061.2 million or 30% of the total yearly releases. This was due to the aggressive program campaign launched by LBP, as mentioned earlier, during this period.

In terms of type of loan, loan to BACs largely went to production both in amount and number of BACs served. Loans for working capital and fixed assets were in the minority. During the loan period, on the whole, the amount of loan for production purposes was P3,113.5 million to 565 BACs or between 75% and 97% both in terms of amount of loan and number of BACs. About the same number of BACs, 54 and 53, were given fixed asset and working capital loans, respectively. During the said period, loan for working capital was P314.8 million while that for fixed asset was only P153.1 million (Tables 7-2a and 7-2b).

In terms of loan releases by type of enterprises, crop production loan took the largest part with P2,984.4 million to 556 BACs. Loan to livestock production was

P227.3 million to 45 BACs while loan to fish production was only P325.2 million to 7 BACs for 1997-2002. Loan for trading purposes was P44.5 million to 64 BACs.

Table 7-2a. Summary of loan releases under the JBIC-Rural Farmers and Agrarian Reform Support Credit Program by type of loan by year, Philippines: 1997-2002.

| Year | Production | | | | Fixed Asset | | | | Working Capital | | | | Total | | | |
|-------|------------------------|-----------------|----------------------------|-------------------------------|------------------------|-----------------|----------------------------|-------------------------------|------------------------|-----------------|----------------------------|-------------------------------|------------------------|-----------------|----------------------------|-------------------------------|
| | Number of cooperatives | Amount Released | % to Total Amount Released | Amount of Principal Collected | Number of cooperatives | Amount Released | % to Total Amount Released | Amount of Principal Collected | Number of cooperatives | Amount Released | % to Total Amount Released | Amount of Principal Collected | Number of cooperatives | Amount Released | % to Total Amount Released | Amount of Principal Collected |
| 1997 | 132 | 352,972,636 | 11 | 309830529.6 | 7 | 11,766,243 | 8 | 5,806,023 | 36 | 107,332,604 | 34 | 91,013,845 | 175 | 472,071,484 | 13 | 406,650,398 |
| 1998 | 114 | 439,962,204 | 14 | 358997490.3 | 10 | 16,805,752 | 11 | 5,958,171 | ^a | 6,828,447 | 2 | 4,600,000 | 124 | 463,596,403 | 13 | 369,555,661 |
| 1999 | 69 | 501,636,424 | 16 | 397812350.4 | 2 | 11,341,010 | 7 | 2,141,778 | ^a | 4,141,900 | 1 | 4,000,000 | 71 | 517,119,334 | 14 | 403,954,128 |
| 2000 | 70 | 504,453,780 | 16 | 372299751 | 4 | 5,023,205 | 3 | 680,627 | 4 | 46,936,075 | 15 | 26,204,375 | 78 | 556,413,060 | 16 | 399,184,753 |
| 2001 | 156 | 893,096,484 | 29 | 545555588.6 | 27 | 72,158,936 | 47 | 43,065,490 | 10 | 95,897,769 | 30 | 65,477,438 | 193 | 1,061,153,188 | 30 | 654,098,517 |
| 2002 | 24 | 421,397,827 | 14 | 126177512.7 | 4 | 36,024,539 | 24 | 4,143,578 | 3 | 53,661,786 | 17 | 45,031,786 | 31 | 511,084,151 | 14 | 175,352,876 |
| Total | 565 | 3,113,519,356 | 100 | 2,110,673,223 | 54 | 153,119,683 | 100 | 61,795,666 | 53 | 314,798,581 | 100 | 236,327,444 | 672 | 3,581,437,621 | 100 | 2,408,796,333 |

Source: Land Bank of the Philippines

Table 7-2b. Summary of loan releases under the JBIC-Rural Farmers and Agrarian Reform Support Credit Program by type of loan by year, Philippines: 1997-2002. (in percent)

| Year | Production | | Fixed Asset | | Working Capital | | Total | |
|------|------------------------|-----------------|------------------------|-----------------|------------------------|-----------------|------------------------|-----------------|
| | Number of cooperatives | Amount Released | Number of cooperatives | Amount Released | Number of cooperatives | Amount Released | Number of cooperatives | Amount Released |
| 1997 | 75.43 | 74.77 | 4.00 | 2.49 | 20.57 | 22.74 | 100.00 | 100.00 |
| 1998 | 91.94 | 94.90 | 8.06 | 3.63 | 0.00 | 1.47 | 100.00 | 100.00 |
| 1999 | 97.18 | 97.01 | 2.82 | 2.19 | 0.00 | 0.80 | 100.00 | 100.00 |
| 2000 | 89.74 | 90.66 | 5.13 | 0.90 | 5.13 | 8.44 | 100.00 | 100.00 |
| 2001 | 80.83 | 84.16 | 13.99 | 6.80 | 5.18 | 9.04 | 100.00 | 100.00 |
| 2002 | 77.42 | 82.45 | 12.90 | 7.05 | 9.68 | 10.50 | 100.00 | 100.00 |

Source of data: Land Bank of the Philippines

Notes:

^a The cooperative/s is/are already counted under other type of enterprise

The total does not tally with the Land Bank total because some of the entries for Mindanao were missed in the summation.

Table 7-3a. Summary of loan releases under the JBIC-Rural Farmers and Agrarian Reform Support Credit Program by type of enterprise by year, Philippines: 1997-2002.

| Year | Crop Production | | | | Livestock Production | | | | Fish Production | | | |
|-------|------------------------|-----------------|----------------------------|-------------------------------|------------------------|-----------------|----------------------------|-------------------------------|------------------------|-----------------|----------------------------|-------------------------------|
| | Number of cooperatives | Amount Released | % to Total Amount Released | Amount of Principal Collected | Number of cooperatives | Amount Released | % to Total Amount Released | Amount of Principal Collected | Number of cooperatives | Amount Released | % to Total Amount Released | Amount of Principal Collected |
| 1997 | 140 | 405,350,456 | 14 | 350,794,436 | 9 | 7,971,913 | 4 | 4,532,311 | 1 | 58,059,123 | 18 | 50,704,567 |
| 1998 | 105 | 400,726,538 | 13 | 321,910,282 | 12 | 39,674,077 | 17 | 32,762,760 | 4 | 14,621,267 | 4 | 7,860,719 |
| 1999 | 67 | 458,903,235 | 15 | 353,431,125 | 4 | 35,432,163 | 16 | 34,494,022 | a | 13,629,541 | 4 | 7,114,099 |
| 2000 | 65 | 444,557,139 | 15 | 313,334,527 | 7 | 49,481,532 | 22 | 47,316,105 | a | 54,103,810 | 17 | 31,295,541 |
| 2001 | 155 | 864,302,310 | 29 | 511,646,764 | 12 | 62,577,403 | 28 | 54,255,322 | 2 | 124,254,190 | 38 | 80,987,099 |
| 2002 | 24 | 410,534,835 | 14 | 116,436,978 | 1 | 32,155,411 | 14 | 10,041,325 | a | 60,549,906 | 19 | 46,514,573 |
| Total | 556 | 2,984,374,513 | 100 | 1,967,554,112 | 45 | 227,292,500 | 100 | 183,401,845 | 7 | 325,217,837 | 100 | 224,476,597 |

Source of data: Land Bank of the Philippines

Notes:

^a The cooperative/s is/are already counted under other type of enterprise

The total does not tally with the Land Bank total because some of the entries for Mindanao were missed in their summation.

Table 7-3a. Continued

| Year | Trading | | | | | Total | | | | |
|-------|-------------------------|-----------------|----------------------------|-------------------------------|---------------------|-------------------------|-----------------|----------------------------|-------------------------------|---------------------|
| | Number of co-operatives | Amount Released | % to Total Amount Released | Amount of Principal Collected | Collection Rate (%) | Number of co-operatives | Amount Released | % to Total Amount Released | Amount of Principal Collected | Collection Rate (%) |
| 1997 | 25 | 689,991 | 2 | 619,084 | 90 | 175 | 472,071,484 | 13 | 406,650,398 | 86 |
| 1998 | 3 | 8,574,520 | 19 | 7,021,900 | 82 | 124 | 463,596,403 | 13 | 369,555,661 | 80 |
| 1999 | a | 9,154,395 | 21 | 8,914,882 | 97 | 71 | 517,119,334 | 14 | 403,954,128 | 78 |
| 2000 | 6 | 8,270,580 | 19 | 7,238,580 | 88 | 78 | 556,413,060 | 16 | 399,184,753 | 72 |
| 2001 | 24 | 10,019,285 | 22 | 7,209,332 | 72 | 193 | 1,061,153,188 | 30 | 654,098,517 | 62 |
| 2002 | 6 | 7,844,000 | 18 | 2,360,000 | 30 | 25 | 511,084,151 | 14 | 175,352,876 | 34 |
| Total | 64 | 44,552,771 | 100 | 33,363,778 | 75 | 672 | 3,581,437,621 | 100 | 2,408,796,333 | 67 |

Table 7-3b. Summary of loan releases under the JBIC-Rural Farmers and Agrarian Reform Support Credit Program by type of Enterprise by year, Philippines: 1997-2002. (in percent)

| Year | Crop Production | | Livestock Production | | Fish Production | | Trading | | Total | |
|------|------------------------|-----------------|------------------------|-----------------|------------------------|-----------------|------------------------|-----------------|------------------------|-----------------|
| | Number of cooperatives | Amount Released | Number of cooperatives | Amount Released | Number of cooperatives | Amount Released | Number of cooperatives | Amount Released | Number of cooperatives | Amount Released |
| 1997 | 80.00 | 85.87 | 5.14 | 1.69 | 0.57 | 0.15 | 14.29 | 12.30 | 100.00 | 100.00 |
| 1998 | 84.68 | 86.44 | 9.68 | 8.56 | 3.23 | 1.85 | 2.42 | 3.15 | 100.00 | 100.00 |
| 1999 | 94.37 | 88.74 | 5.63 | 6.85 | a | 1.77 | a | 2.64 | 100.00 | 100.00 |
| 2000 | 83.33 | 79.90 | 8.97 | 8.89 | a | 1.49 | 7.69 | 9.72 | 100.00 | 100.00 |
| 2001 | 80.31 | 81.45 | 6.22 | 5.90 | 1.04 | 0.94 | 12.44 | 11.71 | 100.00 | 100.00 |
| 2002 | 96.00 | 80.33 | 4.00 | 6.29 | a | 1.53 | 24.00 | 11.85 | 100.00 | 100.00 |

Source of data: Land Bank of the Philippines

Notes:

^a The cooperative/s is/are already counted under other type of enterprise

The total does not tally with the Land Bank total because some of the entries for Mindanao were missed in the summation.

Table 7-4. Summary of loan releases under the JBIC-Rural Farmers and Agrarian Reform Support Credit Program by type of cooperative by year, Philippines: 1997-2002

| Year | ARC Cooperative | | | Non-ARC Cooperative | | | All | | |
|-------|-------------------------------|-----------------|-------------------------------|------------------------------|-----------------|-------------------------------|-------------------------------|-----------------|-------------------------------|
| | Number of Bank-Assisted Coops | Amount Released | Amount of Principal Collected | Number of Bank-Assisted Cops | Amount Released | Amount of Principal Collected | Number of Bank-Assisted Coops | Amount Released | Amount of Principal Collected |
| 1997 | 32 | 81,026,209 | 71,402,249 | 143 | 391,045,275 | 335,248,148 | 175 | 472,071,484 | 406,650,398 |
| 1998 | 22 | 67,634,325 | 59,400,225 | 102 | 395,962,078 | 310,155,436 | 124 | 463,596,403 | 369,555,661 |
| 1999 | 23 | 86,468,233 | 77,093,239 | 48 | 430,651,101 | 326,860,889 | 71 | 517,119,334 | 403,954,128 |
| 2000 | 21 | 109,995,772 | 64,911,047 | 57 | 446,417,289 | 334,273,706 | 78 | 556,413,060 | 399,184,753 |
| 2001 | 50 | 276,230,830 | 128,459,466 | 143 | 784,922,359 | 525,639,051 | 193 | 1,061,153,188 | 654,098,517 |
| 2002 | 5 | 50,040,650 | 11,980,500 | 26 | 461,043,501 | 163,372,377 | 31 | 511,084,151 | 175,352,876 |
| Total | 153 | 671,396,018 | 413,246,727 | 519 | 2,910,041,602 | 1,995,549,606 | 672 | 3,581,437,621 | 2,408,796,333 |

Source of data: Land Bank of the Philippines

Notes:

^a The cooperative/s is/are already counted under other type of enterprise

The total does not tally with the Land Bank total because some of the entries for Mindanao were missed in the summation.

Loans for production purposes fell between 77% to 89% in terms of amount releases, and between 77% and 94% in terms of number of BACs served for 1997-2002 (Tables 7-3a and 7-3b).

By type of cooperatives, the sub-loan went largely to non-ARC cooperatives, 81% on the whole in terms of amount of loan and 77% in terms of number of BACs served. In 1997-2002, the total loan to non-ARC cooperatives was P2,910.0 million to 519 BACs, as against loan to ARC cooperatives with P671.4 million to 153 BACs (Table 7-4).

7.2 Effectiveness of RASCP-FA on Cooperatives. In order to assess the effectiveness of RASCP-FA on cooperatives, comparison was made between two sets of proximate cooperatives that have more or less similar cropping and physical environments. One set, consisting of six ARC cooperatives which received both financial and technical assistance from RASCP while the other set of six cooperatives obtained technical assistance only mainly from the DAR. In addition, eight agricultural cooperatives were likewise surveyed to assess the effectiveness of loans provided by the LBP vis-à-vis those provided with technical assistance by DAR.

7.2.1 On ARC Cooperatives With RASCP- FA and TA

a. Membership. In terms of membership, cooperatives with RASCP-FA and TA had their membership grew from 91 before RASCP (1996) to 120 during RASCP (2001) or an increase of about 30% from the before to during RASCP period (Table 7-5).

| Table 7-5. Membership of ARC Cooperatives with RASCP-FA & TA Before (1996) and During (2001) RASCP | |
|---|-----|
| Before RASCP (1996) | 91 |
| After RASCP (2001) | 120 |

b. Business Undertaken. Before RASCP, 3 (50%) of the ARC Cooperatives With TA and FA put up four new businesses (Table 7-6). These businesses include dry goods and grocery store, lending, selling of farm inputs/supplies and rice and corn drying, milling and storage. During RASCP, all the six sample ARC Cooperatives With FA and TA entered into new businesses which include the aforementioned ones. In addition, others also went into rice and corn trading/marketing/processing, hauling/transport of agricultural commodities, palay and corn production, farm machinery rental, catering and welding. In terms of effectiveness of RASCP as measured by the number of new businesses engaged in by cooperatives, the figures showed that there was a six-fold increase in the number of businesses during the implementation of RASCP amounting to nearly PhP10 million, nearly three times as much investments prior to RASCP. While the investments per business declined, RASCP was effective in promoting

business activity among the cooperatives that were given financial and technical assistances. However, average investments prior to RASCP was higher (PhP849,900) primarily because PUSCOFA entered into a drying/milling/storage of grains which entailed investment cost of 3.4 million pesos. Investment cost during RASCP ranged from PhP6,000 to 2.3 million pesos but 13 of the 25 new businesses had investments accounting to less than PhP300,000.00.

In the case of the PUSCOFA, the only business that the cooperative had before RASCP was on drying/milling/storage of grains. During the RASCP period, the cooperative branched out to include lending operations, palay/corn trading, rice and corn production, hauling and transport plus the expansion of its investments in drying and milling as among the primary business opportunities that the cooperative engaged in.

| Before RASCP (96/97) | |
|--|---------------------|
| Number of new business* | 4 |
| Total investment/investment per business (PhP) | 3,399,600 (849,900) |
| During RASCP (01) | |
| Number of new business* | 25 |
| Total investment/investment per business (PhP) | 9,776,375 (391,055) |

* Total number of new businesses

c. *Lending Operation to Members.* The number of the ARC Cooperatives with RASCP FA and TA that were relending to its members rose from two (33%) to five (83%) during RASCP (Table 7-7).

Table 7-7. Number of ARC Cooperatives with RASCP FA and TA with relending by time period.

| Time Period | ARC Cooperatives with RASCP FA and TA (n=6) | |
|--------------------|--|----------|
| | n | % |
| Before RASCP | 2 | 33.3 |
| During RASCP | 5 | 83.3 |

However, in terms of production loans to members the number was practically the same before (150) and after (149) RASCP periods, although the pattern was in the declining trend.

Table 7-8. Lending Operations to Members, ARC Cooperatives With RASCP-FA and TA Before and During RASCP, In Terms of Number of Loans

| | |
|----------------------------|-----|
| Before RASCP (1996) | |
| Production Loan | 150 |
| During RASCP (2001) | |
| Production | 149 |

7.2.2 On Agricultural Cooperatives with RASCP-FA Only

a. Membership. The membership of agricultural cooperatives with RASCP-FA only did not grow during RASCP. Before RASCP period (1996) the membership of the agricultural cooperatives with RASCP-FA only was 114, but this declined to 107 during RASCP (2001) or a decrease of about six percent (Table 7-9). This means that RASCP-FA alone was not effective in expanding the size of membership of the agricultural cooperatives.

| | |
|---|-----|
| Table 7-9. Membership of Agricultural Cooperatives with RASCP-FA Before (1996) And During RASCP (2001) | |
| Before (1996) | 114 |
| During (2001) | 107 |

b. Business Undertaking. One half (4) of the eight agricultural cooperatives with RASCP-FA Only had new businesses before RASCP (Table 7-10). During RASCP, almost all (7) of these cooperatives had new businesses. This shows that RASCP contributed to the increase in the number of agricultural cooperatives who engage in new business.

Table 7-10. Number of Agricultural Cooperatives With RASCP FA Only engaged in business by time period.

| Period | Number | Percent |
|--------------|--------|---------|
| Before RASCP | 4 | 50 |
| During RASCP | 7 | 88 |

The implementation of RASCP has caused the increase in the business activities of the agricultural cooperatives that were provided LBP loans through their regular window by twice as much in terms of the number of new businesses (Table 7-11). However, there was a considerable decline in the total and average level of investments per business basically because before RASCP, one of the agricultural cooperatives with RASCP-FA Only (i.e., PAICOP), invested PhP10 million in a rice and corn marketing business. However, if this extreme amount will be deleted from the observations, the average investment per business is only PhP262,000 which is about a third of the mean investment costs of this cooperative type during RASCP.

In the case of the PUSCOFA, the only business that the cooperative had was on drying/milling/storage of grains. During the RASCP period, the cooperative branched out to include lending operations, palay/corn trading, rice and corn production, hauling and transport plus the expansion of its investments in drying and milling as among the primary business opportunities that the cooperative engaged in.

| Table 7-11. Business Activities of Agricultural Cooperatives (With RASCP-FA Only), Before (1996) and During (2001) RASCP | |
|---|---------------------------|
| Before RASCP (1996/97) | |
| Number of new business* | 6 |
| Total investment (average investment per business) (PhP) | 11,305,002 (1,884,167) |
| During RASCP (2001) | |
| Number of new business* | 12 |
| Total investment (average investment per business) (PhP) | 8,181,996 (681,833) |

* Total number of new businesses

7.2.3 Comparison of ARC Cooperatives with RASCP-FA & TA Against with RASCP-TA only

a. *Membership.* The membership of ARC cooperatives with RASCP-FA and TA was larger than ARC cooperatives with RASCP-TA only before and during RASCP periods. Before RASCP (1996), those with FA and TA had membership of 91 as against 16 of those with TA only or an advantage of the former over the latter by about five folds (Table 7-12). During the RASCP period, the disparity became closer, 120 for those with FA and TA and 144 for those with TA only. This shows that at the start, the ARC cooperatives granted with RASCP FA and TA was larger than those cooperatives given TA only at least for membership criterion alone. However, the TA component of RASCP caused the membership of ARC cooperatives granted TA to grow and almost catch up with the membership size of those granted FA and TA.

| Table 7-12. Membership of ARC Cooperatives with RASCP-FA and TA and With RASCP-TA Only Before (1996) and After (2001), RASCP in Terms of Number | | |
|--|----------------------------|----------------------------|
| ARC Cooperatives | Before RASCP (1996) | During RASCP (2001) |
| With RASCP-FA & TA | 91 | 120 |
| With RASCP-TA Only | 16 | 144 |

b. *Business Undertaken.* The effectiveness of RASCP-FA was viewed at the number of ARC cooperatives that engaged in new businesses. Before RASCP, only half of the ARC cooperatives with RASCP-FA and TA were engaged in business. During RASCP, all of them were able to put up new businesses.

Meanwhile, from 33% before RASCP, the proportion of ARC Cooperatives With TA Only who had new business went up to 88% during RASCP.

Table 7-13. Number of ARC Cooperatives engaged in new business, before and during RASCP

| ARC Coops | Before RASCP | | During RASCP | |
|----------------------------|--------------|------|--------------|-------|
| | Number | % | Number | % |
| With RASCP-FA and TA (n=6) | 3 | 50.0 | 6 | 100.0 |
| With RASCP-TA Only (n=24) | 8 | 33.3 | 21 | 87.5 |

The effectiveness of the RASCP financial assistance was further measured by comparing the business activities of the cooperatives that received both financial and technical assistances as against those that had only technical assistance. The figures in Table 7.14 suggest that technical assistance can bring about new business activities but with financial assistance the capability of the cooperatives to engage in a wider range of activities is enhanced as indicated by the larger share of cooperatives engaged in new business, higher number of business ventures and average level of investments.

Table 7-14. Comparison of business activities of ARC cooperatives with RASCP-FA & TA against TA only

| | ARC Coops (With RASCP-FA &TA) | ARC Coops (With RASCP-TA Only) |
|--|-------------------------------|--------------------------------|
| Before RASCP (1996/97) | | |
| Number of new business | 4 | 1 |
| Total investment/investment per business (PhP) | 3,399,600 (849,900) | 20,000 (20,000) |
| During RASCP (2001) | | |
| Number of new business | 25 | 11 |
| Total investment/investment per business (PhP) | 9,776,375 (391,055) | 2,893,275 (263,025) |

c. *Lending Operation to Members.* Prior to RASCP, only 2 (33% of ARC Cooperatives with RASCP FA and TA) were relending to its members (Table 7.15). During RASCP, almost all (5) were engaged in the relending business. For ARC Cooperatives With RASCP TA Only, although the number that were engaged in relending doubled during RASCP (from 4 to 8), the proportion (33%) of ARC Cooperatives engaged in relending during RASCP is lower compared to the ARC Cooperatives with RASCP FA and TA. Lending operation to members was more among ARC cooperatives with RASCP-FA & TA than those with RASCP-TA only.

Table 7.15. Number of ARC Cooperatives engaged in relending, before and after RASCP.

| ARC Coops | Before RASCP (1996) | | During RASCP (2001) | |
|----------------|---------------------|------|---------------------|------|
| | Number | % | Number | % |
| With FA and TA | 2 | 33.3 | 5 | 87.5 |
| With TA Only | 4 | 16.7 | 8 | 33.3 |

The lending to members by ARC cooperatives with FA and TA was practically constant at 150 before (1996) RASCP and 149 during (2001) RASCP. Meanwhile, the number of members who benefited from the ARC Cooperatives With TA Only increased slightly from 44 to 48 (Table 7.16). The figures show that the TA helped in upgrading the lending operations to members of ARC cooperatives granted RASCP-TA only.

| ARC Cooperatives | Before (1996) | During (2001) |
|--------------------|---------------|---------------|
| With RASCP-FA & TA | 150 | 149 |
| With RASCP-TA only | 44 | 48 |

e. *Capital Build-up.* The level of capital build-up indicates the confidence of members on the viability of the cooperative business and also the cooperative's capacity to expand and sustain its business undertakings at some point (Table 7.17).

The increase in capital build-up among the cooperatives during the implementation of the RASCP suggests that the program had a positive effect on the trust that members have on their cooperatives and in enabling the cooperatives to develop or diversify their businesses through internally generated funds.

Cooperatives with both financial and technical assistance showed an increase in their capital build-up twice in proportion to those cooperatives, which received only technical assistance from DAR.

On the other hand, cooperatives that were assisted by the LBP through their regular window and other LBP credit schemes likewise displayed higher increments in their capital-build up.

The cooperative under ARISP that had no technical assistance also exhibited a considerable increase in their capital build-up but this was due to the exceptionally low capital base as compared to the other cooperatives.

Table 7.17. Capital build-up by type of cooperative, before and during RASCP.

| Cooperatives | Before | During | Change | % Change |
|---|---------------------|---------------------|-----------|----------|
| With RASCP-FA & TA | 314,666 (1,867,996) | 430,866 (2,585,196) | 717,200 | 38 |
| With RASCP-TA Only | 45,935 (1,102,438) | 55,050 (1,321,200) | 21,763 | 20 |
| With FA under LBP Schemes | 20,000 (60,000) | 51,946 (155,838) | 95,838 | 159 |
| Agricultural Coops with LBP RASCP Loans | 161,091 (1,288,728) | 622,491 (4,979,928) | 3,691,200 | 286 |
| Without TA | 7,500 | 61,000 | 53,500 | 713 |

7.3 Effectiveness of RASCP-FA on Farmers. The effectiveness of RASCP-FA on farmers was determined by comparing the households that obtained loans from ARC cooperatives with RASCP-FA & TA, ARC cooperatives with RASCP-TA only, and agricultural cooperatives with RASCP-FA using selected parameters.

7.3.1 On Farmers Under ARC Cooperatives With RASCP-FA & TA.

a. Loan Availment. Prior to RASCP, 31% of those under the ARC Cooperatives (With RASCP-FA & TA) were able to avail of credit (Table 7-18). After the implementation of the program, the proportion decreased to 28%. The pattern is consistent with the findings in the cooperative survey that before RASCP, 150 members of the ARC Cooperatives with RASCP FA and TA were provided loans. However, after RASCP, this number dropped to 62. In fact, the number of ARC Cooperatives with RASCP FA and TA extending loans declined to two after RASCP (from five during RASCP). This could also be attributed to the findings that performance of ARC Coops With RASCP FA and TA declined after RASCP (*refer to the discussion on Sustainability*). For instance, a very active ARC cooperative with RASCP-FA&TA during RASCP became inactive after RASCP as in the case of PUSCOFA.

Table 7-18. Credit availment, ARC Cooperatives (With RASCP-FA & TA), before and after RASCP, 2004

| Availment/Period | Before RASCP | | After RASCP | |
|---------------------|--------------|-----|-------------|-----|
| | n | % | n | % |
| Before RASCP | | | | |
| Availed | 74 | 31 | 68 | 28 |
| Did not avail | 166 | 69 | 172 | 72 |
| Total | 240 | 100 | 240 | 100 |

b. Sources of credit. Before the implementation of RASCP, 65% of 74 household-respondents who availed of credit among the ARC Cooperatives (with RASCP-FA & TA) borrowed from the formal sources while 38% got their loans from the informal sources (Table 7-19). Among the formal sources, cooperatives (34%) and banks (14%) were the common choices while from the informal sector, many borrowed from relatives, friends and neighbors (18%) and traders (16%). After RASCP, the formal sector remained to be the major sources of credit. The

proportion of those who borrowed from the formal sector even grew to 90%. Nevertheless, the findings also indicate that the ratio of those borrowing from the informal likewise rose to 46%. The percentage of loan availers from cooperatives decreased to 29% but the proportion of those who availed of credit from banks more than doubled at 32%. This could be attributed to the fact that a number of the cooperatives covered by the study are now either inactive or not functioning anymore. From the results, it could also be surmised that some of the respondents have become bankable thus there was a rise in the number of bank borrowers. The slight growth in the proportion of borrowers from the informal sector could be traced to the failure of some cooperatives to provide credit, thus, the unbankable ones sought loans from the informal sources more particularly friends, relatives and neighbors, and traders.

Table 7-19. Sources of credit of ARC Cooperatives With RASCP-FA & TA, before and after RASCP.

| Sources of Credit | ARC Cooperatives (With RASCP-FA & TA) | | | |
|------------------------------|---------------------------------------|------|--------------------|------|
| | Before RASCP (1996) | | After RASCP (2004) | |
| | n | % | n | % |
| Formal | 48 | 65 | 61 | 90 |
| Cooperative | 25 | 34 | 20 | 29 |
| Bank | 10 | 14 | 22 | 32 |
| Others | 13 | 17 | 19 | 28 |
| | | | | |
| Informal | 28 | 38 | 31 | 45 |
| Traders | 12 | 16 | 9 | 13 |
| Relatives/friends/ neighbors | 13 | 18 | 16 | 24 |
| Others | 3 | 4 | 6 | 8 |
| | | | | |
| TOTAL | 76 | 103* | 92 | 135* |

* Exceeded 100% due to multiple responses.

c. Average loan amount. The average loan amount of the 25 borrowers from the ARC Cooperatives (With RASCP-FA & TA) increased from PhP12,071 (in real terms) to PhP23,0582 (Table 7-20). In 1996, the 49 borrowers from other sources recorded a higher mean loan amount compared to cooperative borrowers. However, in 2004, the average loan amount reported by borrowers from cooperatives and non-cooperatives are almost equal. The number of borrowers from cooperatives and other sources aside from cooperatives is 20 and 48, respectively.

| Table 7-20. Average amount borrowed from cooperatives categorized as ARC Cooperatives (With RASCP-FA & TA), before and after RASCP | | |
|---|--|---------------------------------|
| Period | ARC Cooperatives (With RASCP-FA & TA) | |
| | Cooperative Borrowers (PhP) | Non-Coop Borrowers (PhP) |
| Before RASCP | | |
| Nominal Terms | 8,331 | 13,012 |
| Real Terms* | 12,071 | 18,853 |
| After RASCP | 23,082 | 23,090 |

*Adjusted using GDP Deflator (1997=100)

Prior to RASCP, those borrowing from cooperatives were imposed an average interest rate of 25% per annum. After RASCP, this dropped to 16% (Table 7-21).

| Table 7-21. Average interest rate imposed on cooperative borrowers, ARC Cooperatives (With RASCP-FA & TA), 2004 | |
|--|--|
| Period | Average Interest Rate (%/annum) |
| Before RASCP | 25 |
| After RASCP | 16 |

d. *Repayment period.* Twelve (12) of 28 loans borrowed from ARC cooperatives (With RASCP-FA & TA) are payable in 12 or more months (Table 7-22). On the average, the cooperatives require borrowers to pay their loans after 8 months.

| Table 7-22. Repayment period of cooperative borrowers, ARC Cooperatives (With RASCP-FA & TA), 2004 | |
|---|--------------------------|
| Period | Number of Members |
| Before RASCP | Not available |
| After RASCP | |
| Less than 6 months | 9 |
| 6 to 11 months | 7 |
| 12 months and above | 12 |
| Average | 8 |

e. *Collateral requirement.* Thirty-five percent (35%) of loans obtained from ARC cooperatives (With RASCP-FA & TA) after RASCP were not required to a collateral (Table 7-23). Collateral requirements included farm produce, work animals, salary/honorarium, land, and capital share.

| <i>Collateral</i> | <i>N</i> | <i>%</i> |
|---------------------|---------------|----------|
| Before RASCP | Not available | |
| After RASCP | | |
| None | 7 | 35 |
| Farm produce | 4 | 20 |
| Land | 2 | 10 |
| Work animals | 3 | 15 |
| Share Capital | 1 | 5 |
| Salary/Honorarium | 3 | 15 |

f. Productivity of major crops. Of the total 28 loans accessed by borrowers from FA & TA ARC cooperatives, 26 were used for farm production purposes (Table 7-24). Given this and the findings that average loan amount rose while interest rate dropped, it is expected that productivity level increased particularly for rice, being the major crop of most borrowers. However, a before and after analysis of the productivity of major crops grown by borrowers from ARC Cooperative (With RASCP-FA & TA) could not be performed due to the absence of benchmark data (Table 7-24). Data from ARISP – CPMO though showed that before ARISP implementation, rice farmers (regardless of category) covered by program had a mean yield of 3.2 metric tons per hectare. If this figure is used as the “before” productivity level, it can be surmised that productivity for rice hardly grew from 1997 to 2004. Nevertheless, cooperative borrowers recorded a higher average yield than those who did not borrow from cooperatives (3.03 mt/ha).

| Period/ Major Crop | ARC Cooperative (With RASCP-FA & TA) | |
|-------------------------------|---|---------------------------------------|
| | Cooperative Borrowers | Non-borrowers from Cooperative |
| Before RASCP* | | |
| Rice | 3.2* | |
| After RASCP | | |
| Rice | 3.28 | 3.03 |

*Average for all rice farmers covered by ARISP I; source of data is ARISP-CPMO

g. Actual use of loan. Loans obtained by members of ARC cooperatives with RASCP-FA&TA were largely use for farm production expenses such as seeds, fertilizer, pesticides, and hired farm labor (Table 7-25). Twenty-six out of 28 responses of the member-borrowers claimed for the use of loan for these purposes. To a very limited extent, loans were used for education expenses of children and for paying placement fee of household member applying for job overseas.

| Use of Loan | ARC Cooperative (With RASCP-FA & TA) |
|------------------------------|---|
| Farm production expenses | 26 |
| Education | 1 |
| Placement fee | 1 |
| Household Expenses | |
| Medical/health expenses | |
| Investment in other business | |
| House renovation | |
| Payment of other loans | |
| Total | 28 |

Table 7-26 indicates that the average farm expenses for rice of ARC Cooperatives with RASCP-FA&TA amounts to about PhP30,379. Compared with the reported mean loan of around PhP23,000.00 for cooperative members, this is not enough to finance the farm operations. It is worth noting that more than half of the average farm expenses for rice went to labor while only 46% was used for farm inputs. Given current prices of inputs, this is relatively low, considering that rice farming in the country is input intensive. This hints to the possibility that less inputs are being applied now. In the FGDs conducted, many participants lamented the high cost of inputs thus there are times that they are forced to limit the amount of inputs they are applying.

Table 7-26. Average rice farm expenses by item, ARC Cooperatives with RASCP-FA&TA, 2004

| Item | Amount (PhP) | % |
|-------------|---------------------|----------|
| Inputs | 13,957.56 | 45.95 |
| Labor | 15,852.06 | 1.87 |
| Marketing | 569.05 | 52.18 |
| Total | 30,378.67 | 100.00 |

7.3.2 On Farmers Under Agricultural Cooperatives With RASCP-FA Only

a. *Number of Farmers Extended Loans.* The RASCP was effective in terms of providing loans to farmers as there was increase in the number of members who was extended loans by the cooperatives (Table 7-27). Before RASCP (1996-97), 185 members were provided with loans. During the implementation of RASCP in 2001, the number rose to 350.

| Period | Number of Member-Borrowers |
|------------------------|-----------------------------------|
| Before RASCP (1996-97) | 185 |
| During RASCP (2001) | 350 |

b. *Amount of Loan Extended.* The survey results indicate that 53 respondents borrowed from agricultural cooperatives with RASCP-FA only. The average loan amount from the cooperative dropped in real terms in 2004. In 1996, borrowers from cooperatives received a mean loan amount of PhP21,506 or PhP31,160 in current terms (Table 7-28). In 2004, the average loan amount was PhP14,800.

| Period | Average Loan Amount (PhP) |
|----------------|----------------------------------|
| Before RASCP | |
| Nominal Terms | 21,506 |
| Current Terms* | 31,160 |
| After RASCP | 14,800 |

*Adjusted using GDP Deflator (1997=100)

7.3.3 Comparison of Farmers in ARC Cooperatives with RASCP-FA & TA against Cooperatives With RASCP-TA Only

a. *Member-Borrowers.* There were hardly any changes in the number of member-borrowers in the ARC Cooperatives (With RASCP-FA & TA) prior to and during the implementation of RASCP (Table 7-29). In contrast, the number of members who were provided loans in the ARC Cooperatives (With RASCP-TA Only) grew during the implementation of RASCP. In 1996-97, the sample ARC Cooperatives (With RASCP-TA Only) extended loans to 44 of its members. In 2001, 48 of its members were able to avail of credit from this cooperative.

| Period | Number of Member-Borrowers | |
|------------------------|--|--|
| | ARC Cooperatives (With RASCP-FA & TA) (n=6) | ARC Cooperatives (With RASCP-TA Only) (n=6) |
| Before RASCP (1996-97) | 150 | 44 |
| During RASCP (2001) | 149 | 48 |

b. *Sources of Loan.* It is shown below that during RASCP implementation, the six comparative ARC Cooperatives With RASCP-TA Only were able to get financial support from LBP, Quezon Federation and Union of Coop (QF-UC), Department of Trade and Industry (DTI) and Belgian Integrated Agrarian Reform Support Project (BIARSP) (Table 7-30). Production loans amounting to PhP297,000 and PhP300,000 were extended by BIARSP and LBP, respectively. The BIARSP imposed an annual interest rate of 24% on the cooperative, with a maturity period of 12 months. Meanwhile, the LBP set a lower interest rate at

16% per annum although this was payable after 12 months, too. A soft loan amounting to PhP100,000 were likewise provided. Maturity period was 12 months while the interest rate was only 5.4% per annum.

| Cooperative | Year Acquired | Amount of loan | Source | Purpose | Interest Rate (%) | Maturity Period (in months) |
|-----------------|---------------|----------------|-----------|--------------------------|-------------------|-----------------------------|
| Elmogon MPC | 2002 | 70,000.00 | LBP-CAPBD | facilitate post harvest | 14 | 24 |
| Tumbaga MPC | 2003 | 100,000.00 | QF UC | livestock (hogs/chicken) | 5.4 | 12 |
| Patabog MPC | 2000 | 250,000.00 | DTI | vehicle | 0 | 60 |
| Bato MPC | 2001 | 297,000.00 | BIARSP | production loan | 24 | 12 |
| | 2004 | 350,000.00 | LBP | production loan | 16 | 12 |
| Pusunangtatay | | no loan | | | | |
| Tabon-Tabon MPC | | no loan | | | | |

7.4 Efficiency of RASCP-FA. In order to evaluate the efficiency of RASCP-FA, comparison is made between six cooperatives that received RASCP-FA and TA vis-à-vis three ARC cooperatives that obtained FA from other LBP credit schemes, such as the CAP-PBD and the 5-25-70 format.

a. Membership. On the average, the cooperatives with RASCP credit had more members than the cooperatives with credit from other LBP schemes, both of which, however, exhibited an increasing trend over time (Table 7-31). The credit facilities of the cooperatives, regardless of source, seem to have a positive effect on attracting new members.

Table 7-31. Average number of members, ARC Cooperatives with RASCP-FA&TA and ARC Cooperatives With FA under Other LBP Schemes

| ITEM | ARC Cooperatives with RASCP-FA & TA | ARC Cooperatives with FA under Other LBP Schemes |
|-------------------|-------------------------------------|--|
| Upon Registration | 86 | 60 |
| 1996 | 91 | 4 |
| 2001 | 120 | 127 |
| 2004 | 23 | 134 |

b. Business Undertaking. The cooperatives with RASCP credit had initially four business undertakings prior to RASCP compared to none with the cooperatives that would be financed under the other LBP schemes (Table 7-32). During the period of RASCP, more businesses were formed by those cooperatives with RASCP credit relative to those cooperatives under the other LBP scheme.

Average investments were patently higher under the RASCP scheme, almost double than the investments made by cooperatives under the other LBP schemes. After the RASCP, new businesses were similar in average investments.

Table 7-32. Average number of business undertaken and average investment of ARC Cooperatives with RASCP-FA&TA and ARC Cooperatives With FA under Other LBP Schemes by time period

| ITEM | ARC Cooperatives with RASCP-FA & TA | ARC Cooperatives with FA under Other LBP Schemes |
|------------------------|-------------------------------------|--|
| Before RASCP | | |
| Number of Business | 4 | 0 |
| Average Investment (P) | 849,900 | 0 |
| During RASCP | | |
| Number of Business | 25 | 5 |
| Average Investment (P) | 391,055 | 221,600 |
| After RASCP | | |
| Number of Business | 3 | 4 |
| Average Investment (P) | 210,000 | 236,000 |

c. Lending Operation to Members. Comparing the two sets of cooperatives in terms of the efficiency of their credit schemes, the cooperatives under RASCP engaged in re-lending activities to their members although a declining pattern was observed through time (Table 7-33). Meanwhile, the cooperatives under the other LBP credit schemes went into re-lending only during the RASCP period with about 85 loan applications for production purposes. This extent of re-lending was not sustained when the quantity of capacity-building measures waned.

Table 7-33. Average number of lending operations to members of ARC Cooperatives with RASCP-FA&TA and ARC Cooperatives With FA under Other LBP Schemes by time period

| ITEM | ARC Cooperatives with RASCP-FA & TA | ARC Cooperatives with FA under Other LBP Schemes |
|--------------|-------------------------------------|--|
| Before RASCP | | |
| Production | 150 | 0 |
| Fixed | 0 | 0 |
| During RASCP | | |
| Production | 149 | 85 |
| Fixed | 0 | 0 |
| After RASCP | | |
| Production | 62 | 0 |
| Fixed | 0 | 0 |

d. Training Activities. Cooperatives under RASCP had a distinct advantage in relation to the number and duration of training activities as compared with the cooperatives supported financially through other LBP credit schemes (Table 7-34). The level of training activities for both sets of cooperatives was similar during the pre-RASCP and post-RASCP periods, which indicates that without active intervention in capacity building activities, the cooperatives would normally

receive this number of training. On the other hand, during the height of the implementation of RASCP, both types of cooperatives experienced a surge in institutional building activities.

Table 7-34. Average number and duration of trainings conducted in ARC Cooperatives with RASCP-FA&TA and ARC Cooperatives With FA under Other LBP Schemes by time period

| ITEM | ARC Cooperatives with RASCP-FA & TA | ARC Cooperatives with FA under Other LBP Schemes |
|---------------------|-------------------------------------|--|
| Before RASCP | | |
| Number of Trainings | 4 | 2 |
| Duration (Days) | 16 | 4 |
| During RASCP | | |
| Number of Trainings | 66 | 26 |
| Duration (Days) | 189 | 48 |
| After RASCP | | |
| Number of Trainings | 9 | 2 |
| Duration (Days) | 17 | 2 |

7.5 Impact of RASCP-FA. The impact of RASCP-FA was viewed on the part of ARC cooperatives and farmer-beneficiaries. The variables considered on the part of ARC cooperatives was the increase in networth. On the part of household, the variables considered was the increase in household income.

7.5.1 On Cooperatives

a. ARC Cooperatives With RASCP-FA & TA. The implementation of RASCP resulted in an increase in the networth or net assets of the ARC cooperatives provided with loan and technical assistance by almost five times (Table 7-35). This means that the cooperatives have managed to greatly expand their ability to cover what they owe with what they own, a healthy sign for any business organization.

| Table 7-35. Networth of ARC Cooperatives with RASCP-FA & TA Before and During RASCP, 2004 | |
|--|----------------|
| Period | Networth (PhP) |
| Before RASCP (1996) | 319,134 |
| During RASCP (2001) | 1,488,527 |

b. ARC Cooperatives With FA under OLS. The cooperatives that were able to secure loans from the other lending windows of LBP such as the 5-20-75 scheme and the CAP-PBD saw their networth increasing tremendously during the implementation of the RASCP (Table 7-36). The financial assistance provided these cooperatives had enhanced their asset holdings more than enough to cover their liabilities. The period following the RASCP further enlarged the cooperatives' ability to pay for what they owe.

| Period | Networth (PhP) |
|---------------------|-----------------------|
| Before RASCP (1996) | 99,561 |
| During RASCP (2001) | 906,996 |
| After RASCP (2004) | 1,197,364 |

7.5.2 On Farmers

a. *Under ARC Cooperatives With RASCP-FA & TA.* Average household income of borrowers from the ARC Cooperatives (With RASCP-FA & TA) before and after RASCP could not be compared due to the unavailability of data for the 1996 scenario (Table 7-37). Nevertheless, in 2004, cooperative borrowers generated a mean household income of PhP95,506, 51% of which come from agricultural sources. Meanwhile, non-borrowers of cooperatives under the ARC Cooperative (With RASCP-FA & TA) category recorded an average annual household income of PhP74,6013. Nearly three-fourths (73%) of this were derived from non-agricultural sources.

| Income Source | ARC Cooperative (With RASCP-FA & TA) | | | |
|----------------------|---|----------|--|----------|
| | Cooperative Borrowers | % | Non-borrowers from Cooperatives | % |
| Before RASCP | Not Available | | | |
| After RASCP | | | | |
| Agricultural | 47,146 | 49 | 19,852 | 27 |
| Non-Agricultural | 48,360 | 51 | 54,760 | 73 |
| Total | 95,506 | 100 | 74,613 | 100 |

At this point, agricultural and non-agricultural sources are contributing an almost equal proportion to household income of borrowers from ARC cooperatives with RASCP-FA & TA. It would be recalled that most of the loans they availed were used for farm production purposes. Nonetheless, one household respondent used the loan for placement fees while another one spent the loan for the education of the children. If loans for these purposes continue to increase, this will eventually have consequences on non-farm income, i. e., children employed abroad or children working in non-agricultural jobs once they have finished their education.

As to the contribution of dividends from cooperative to the non-farm income, results showed that the amount is negligible at PhP30. This could be attributed to the findings that very few cooperatives distribute dividends primarily due to their financial status. In fact, in the household survey, among the 6 ARC Cooperative (With RASCP-FA & TA), it surfaced that NARCICO was the only cooperative that distributed dividends.

In 2004, household respondents falling under the category of ARC Cooperative (With RASCP-FA & TA) derived an annual income of PhP85,515, nearly two-thirds of which came from non-agricultural sources (Table 7-38). These non-agricultural sources include salaries and wages, wholesale and retail activities, manufacturing activities, personal services, transportation and communication, mining and quarrying, forestry and hunting and remittance from abroad among others. It is worth noting though that the recorded agricultural incomes of ARBs (PhP30,948) and non-ARBs (PhP32,469) are almost equal but the non-ARBs were able to get a higher average household income because they had larger non-farm incomes.

The farmer non-ARBs are composed largely of small owner operators and some share tenants. During the conduct of the Focused Group Discussions (FGDs), several participants pointed out that non-ARBs are better-off than ARBs because they have the financial resources to invest in either agricultural or non-agricultural businesses. In De la Paz, Iloilo, for instance, it was revealed that some of the informal sources of credit in the area are non-ARBs.

| Source | ARC Cooperative (With RASCP-FA & TA) | | | | | |
|------------------|--------------------------------------|------------|---------------|------------|--------------|------------|
| | ARB | | Non-ARB | | Sub-Total | |
| | PhP | % | PhP | % | PhP | % |
| Agricultural | 30948 | 45 | 32469 | 33 | 31742 | 37 |
| Non-agricultural | 38680 | 56 | 67659 | 68 | 53773 | 63 |
| Total* | 69629 | 100 | 100128 | 100 | 85515 | 100 |

* Totals may not tally due to rounding off.

Based on a report of the ARISP-CPMO, prior to the implementation of ARISP I in 1997, the average farm income in the ARCs covered by the program was PhP49,734 in real terms (Table 7-39).

Meanwhile, the mean non-farm income was PhP17,721, thus, the total income was PhP67,562. The survey results indicate that net on-farm income of those under the category of ARC Cooperative (With RASCP-FA & TA) in 2004 was PhP28,958. The ARISP-CPMO data, however, include both ARBs and non-ARBs thus a comparison of the before and after situations of the ARBs and non-ARBs could not be done. Using these figures as benchmark data for both ARBs and non-ARBs, they imply that net on-farm income of both respondent types dropped in real terms and this could be attributed to the escalating costs of production inputs which have affected agricultural income. However, a tremendous increase in non-agricultural income had been noted, especially for the non-ARBs.

Table 7-39. Average income in ARCs covered by ARISP I (1997)

| Source | Average Income in Nominal Terms (in PhP) | Average Income in Real Terms* (in PhP) | % |
|------------------|--|--|------------|
| Agricultural | 34,399 | 49,841 | 74 |
| Non-agricultural | 12,231 | 17,721 | 26 |
| Total | 48,630 | 67,562 | 100 |

*Derived Using GDP Deflator (1997=100)

Source of basic data: ARISP-CPMO

b. Under Agricultural Cooperatives With RASCP-FA Only. In 2004, borrowers from cooperatives earned an average household income of PhP182,615. More than half (52%) of this came from agricultural sources while non-agricultural sources contributed 48% (Table 7-40). Due to the absence of baseline data, a before and after analysis cannot be done. However, comparing the mean household income of cooperative borrowers to those who did not get loans from cooperatives, their reported incomes are much higher, primarily due to the changes in their earnings from agricultural activities. It could be noted that some respondents belonging to the agricultural cooperatives (With RASCP-FA Only) are formerly rice farmers who shifted to banana production which are being exported thus the members earn a substantial amount for agricultural occupation. From the RASCP, the Kinsan Banana Growers MPC availed of a PhP4 million long-term loan and a PhP1 million short-term loan, which were used for the rehabilitation of the banana plantation. The cooperative has a buyer-seller contract with STANFILCO. The 10-year contract which started 1999 stipulates that the buying price is fixed at \$2.60/box but the cooperative may request for an increase if there will be an increment in the market price of banana. Production expenses are borne by the cooperative. Through the cooperative, community members have assured jobs as banana plantation worker.

Table 7-40. Average income of households under the agricultural cooperatives (With RASCP-FA Only) category, 2004.

| Period/Source | Agricultural Cooperatives (RASCP-FA Only) | | | |
|---------------------|---|-----|---------------------------|-----|
| | Cooperative Borrowers | % | Non-Cooperative Borrowers | % |
| Before RASCP | Not available | | | |
| After RASCP | | | | |
| Agricultural | 95,270 | 52 | 29,642 | 25 |
| Non-Agricultural | 87,345 | 48 | 89,273 | 75 |
| Total | 182,615 | 100 | 118,915 | 100 |

c. Comparison of ARC Cooperatives. The average loan amount that borrowers secured from ARC cooperatives With RASCP-TA Only in 2004 was only PhP26,349 (Table 7-41). This is only about a third of the mean loan amount recorded by loan availers from ARC cooperatives With RASCP-FA&TA (PhP23,082). The ARC cooperatives With RASCP-TA Only charged higher interest rates (20%) compared to the ARC cooperatives With RASCP-FA&TA

(16%). Moreover, the most (93%) of the loans of those who borrowed from ARC cooperatives With RASCP-TA Only used them to finance farm production expenses. Meanwhile, 7 (26%) of the 27 loans received from ARC cooperatives With RASCP-TA Only were used for non-productive purposes such as household/medical expenses and payment of other loans. Thus, it can be inferred that borrowers from the ARC cooperatives With RASCP-FA&TA invested their loans agri production activities.

Consequently, borrowers from the ARC cooperatives With RASCP-FA&TA generated a much higher average agricultural household income (PhP47,146) compared to those who secured their loan from the ARC cooperatives With RASCP-TA Only (PhP32,313) (Table 7-42). The contribution of agricultural sources (49%) to total household income among ARC cooperatives With RASCP-FA&TA borrowers is almost equal to non-agricultural sources (51%). In contrast, majority (57%) of the household income of those who secured credit from the ARC cooperatives With RASCP-TA Only came from non-agricultural sources. Earnings from agriculture contributed 43% only.

While loan end users from the ARC cooperatives With RASCP-FA&TA had higher mean household incomes, in terms of household expenses, the reverse has been observed. Borrowers from ARC cooperatives With RASCP-FA&TA spent an average of PhP64,207 while loan end users from ARC cooperatives With RASCP-TA Only posted a mean amount of PhP72,486. It is worth noting that some of the loans of borrowers from ARC cooperatives With RASCP-TA Only coops were utilized for household/medical expenses. Furthermore, the average amount of loans repaid by borrowers from TA Only ARC coops was higher than those from ARC cooperatives RASCP-FA&TA . These factors could have also caused end loan users from ARC cooperatives With RASCP-TA Only to record higher average household expenditures. Given these, borrowers from ARC cooperatives With RASCP-FA&TA coops received higher net household income compared to loan end users of ARC cooperatives With RASCP-TA Only.

Table 7-41. Average loan amount and interest rate, borrowers from ARC Cooperatives (Loan+TA and TA Only), 2004.

| Item | Loan and TA ARC Cooperatives | | TA Only ARC Cooperatives | |
|----------------------------|------------------------------|-----|--------------------------|-----|
| | | | | |
| Average loan amount (PhP) | 15,965 | | 26,349 | |
| Interest rate | 15.53 | | 19.60 | |
| Loan Use | | | | |
| Farm Production expenses | 26 | 93 | 20 | 74 |
| Education | 1 | 4 | | |
| Placement fee | 1 | 4 | | |
| Household/medical expenses | | | 6 | 22 |
| Payment of other loans | | | 1 | 4 |
| Total | 28 | 100 | 27 | 100 |

Table 7-42. Average household income, expenditure, net income and loan amount repaid of borrowers from ARC Coops.

| Item | RASCP FA and TA | RASCP TA Only |
|-----------------------------|------------------------|----------------------|
| Household Income (PhP) | 95,506 | 75,534 |
| Agricultural (PhP) | 47,146 | 32,313 |
| Non-agricultural (PhP) | 48,360 | 43,220 |
| Household Expenditure (PhP) | 64,207 | 72,486 |
| Net Household Income (PhP) | 31,299 | 3,047 |
| Loan Amount Repaid (PhP) | 11,933 | 20,029 |

8.0 CONCLUSION, RECOMMENDATION AND LESSONS LEARNED

8.1 CONCLUSION

RASCP is relevant to the government policies of promoting agricultural development, agrarian reform and poverty alleviation as provided for in the AFMA, Magna Carta for Small Farmers, CARL and Agri-Agra Law which are all still in effect.

RASCP is effective in improving the maturity of ARC cooperatives considering the LBP CAC; in improving the membership and business of cooperatives; in accessing loans from LBP; in improving the networth of cooperatives; and in strengthening the working relationship between DAR and LBP.

The impact of RASCP on household income and productivity is unclear. The proportion of household income is biased towards non-agricultural than agricultural sources. Farm productivity, using rice yield as an example, remain practically unchanged.

The sustainability of RASCP is threatened by the poor repayment of loans by farmers and non-full collection of loans of cooperatives by LBP. Likewise, organizationally, RASCP TA and FA will be integrated in the regular functions of DAR-PO and LBP, respectively. The sustainability therefore will depend on the budget of DAR-PO and LBP, respectively. The sustainability of RASCP therefore will depend on the budget of DAR in extending TA, and on the financial strength of LBP as financial arm of CARP. It is perceived, however, that LBP with its network of branches and offices, manpower complement, financial viability and renewed focus to agri-agra lending can sustain the lending to agri-agra sector.

8.2 RECOMMENDATIONS

It is recommended that the delivery of TA and FA to agri-agra sector should be sustained since the farm productivity and income of farmers are stagnating. The TA should include provisions for agricultural technology and market development in addition to credit delivery and institutional building support.

The FA, given the CAC of LBP, should be delivered according to the level of maturity of cooperatives to select and manage profitable enterprise, and to financially manage the cooperative. Cooperatives which are not yet "bankable" should be continuously provided with institutional capacity enhancing support until maturity to build their financial, managerial and technical capabilities to well-managed cooperatives and to assist members in enhancing the profitabilities of their farm enterprises.

To focus and integrate the delivery of support services by DAR and LBP to ARBs, a coordinating mechanism should be installed to harmonize the roles DAR and LBP as far as support services delivery to farmers and their cooperatives are concerned. The coordinating mechanism should have the authority to influence DAR and LBP to deliver the services to ARBs in accordance to the determined

national policies on agricultural development, agrarian reform and poverty alleviation.

8.3 LESSONS LEARNED

The lessons learned are grouped into the areas of RASCP and conduct of research evaluation.

a. On RASCP Implementation

The importance of keeping the people trained on the program throughout the implementation of the program is observed in the implementation of RASCP. It was mentioned that the reorganization of LBP affected to a certain extent the re-assignment of staff trained for RASCP to other assignment and this had a consequent effect on the implementation of RASCP.

The value of effective coordination of DAR and LBP, given their separate contracts under RASCP, should had been emphasized at the start of the RASCP since the two agencies are working for common clients, the ARBs. For instance, the CAC of LBP could had been well-applied with a development sense if the CAC was focused in the delivery of TA to ARC cooperatives, and the plight of the numerous ARBs are highlighted in development of agriculture and alleviation of poverty in the rural areas. The delivery of TA and FA should had been treated as continuum rather than disjointed activities.

The importance of market development appeared as an important component of the TA in building the viability of ARC cooperatives and in improving the income of the ARBs. Therefore, the inclusion of market development appear as a component of future institutional as well as agricultural development efforts in the ARCs is worth considering.

An institutional tie-up by DAR with academic or research institutions dealing with cooperatives and rural credit such as the state colleges and universities (SCUs) in the areas where ARCs exist is important to have a sustained and stable source of TA for the institution building of cooperatives. The tie-up will help in enhancing the technical capability of DAR in assisting the cooperatives and at the same time will contribute to maximizing the use of SCUs in developing the agriculture in their areas of domicile.

b. On RASCP Implementation

The design of the evaluation of RASCP should have been prepared at the beginning of the implementation of RASCP. Thus, a benchmark survey should have been done which could have facilitated the conduct of the research evaluation. The recall process in gathering data has its limitations and these could have been addressed if the research data gathering was built-in with the design and implementation of the RASCP.

ANNEX 1

REVISED COOPERATIVE ACCREDITATION CRITERIA Land Bank of the Philippines

1.0 RATIONALE AND OVERVIEW

In 1994, LANDBANK launched the Cooperative Accreditation Criteria (CAC), a prescribed set of performance standards and credit requirements that coops must meet so they can be provided with appropriate financial and technical assistance.

The CAC seeks to rationalize and systematize the delivery of financial and technical assistance to Bank-assisted cooperatives (BACs).

Three years later, the CAC was revised giving emphasis on the business operations and financial performance of the cooperatives. The coop has to earn profits from its business operation and must improve its capitalization to give more services to its members and to the community.

2.0 OBJECTIVES

- Evaluate and calibrate credit assistance to BACs according to its maturity level and absorptive capacity;
- Plan and implement timely, adequate and necessary measures to help graduate BACs to higher level of maturity.

3.0 REQUIREMENTS

- 3.1 Pre-qualification requirements** for prospective coops who are interested to access credit assistance from LANDBANK for the first time:
- a. duly registered with the Cooperative Development Authority;
 - b. minimum of 60 regular members;
 - c. minimum paid-up capital of P30,000 as reflected in its financial statement;
 - d. all members have attended pre-membership education seminar;
 - e. with financial statements duly certified by the coop's audit committee;
 - f. with complete core management team (COMAT) composed of manager; duly bonded treasurer-cashier and bookkeeper.

3.2 Minimum requirements for newly accessing cooperatives and existing Bank-assisted cooperatives:

- a. at least 90 percent of regular members patronize the coop business or operations as evidenced by at least one purchase/availment of coop service or sale/provision of individual products during the year preceding the accreditation;
- b. with on-going capital build-up (CBU) and savings mobilization programs resulting to an average increase of P500 CBU and another P500 savings for newly accessing coops and existing BACs;
- c. at least 90 percent of BOD members patronize the coop business as evidenced by at least one purchase/availment of coop services of sale/provision of individual products/service during the year preceding the accreditation;
- d. BODs must have conducted at least six monthly meetings for the year immediately preceding the date of accreditation;
- e. must have basic, written and installed policy, systems or procedures on records keeping, credit and savings generation/mobilization;
- f. with basic and written plans and programs, including business plan/s for projects upon getting financial assistance from LANDBANK;
- g. BODs must have conducted at least a monthly internal performance review during the year preceding the accreditation;
- h. with duly installed books of accounts, i.e. general ledger and journals;
- i. must be involved in production activity, e.g. crops, livestock;
- j. NACs shall be required to have at least one providential service to members such as emergency loan for hospitalization, medicine, tuition fee, etc.;
- k. at least break-even in its overall operations;
- l. debt-equity ratio or loan to capital ratio of 6:1;
- m. liquidity ration of 1:1 or ability to pay maturing obligations.

3.3 Standard requirements for existing BACs which they shall endeavor to attain:

- a. five hundred or more regular members;
- b. one hundred percent patronage of all regular members of coop business;
- c. with on-going capital build-up and savings mobilization program;

- d. one hundred percent of BOD members patronize the coop business and at least monthly conduct of BOD meetings;
- e. full-time COMAT, with authorized back-up to the manager and bookkeeper;
- f. installed policy, systems or procedures on records keeping, credit, savings mobilization, membership, capital build-up, accounting, budgeting, codified approving and signing authority, individual business operations, auditing, personnel and general/administrative matters and funds management;
- g. written, operational and continuously refined long-term (more than 3 years) plans and programs;
- h. with BOD conducting monthly internal performance review and management of the different committees conducting regular review of coop operations;
- i. computerized books of accounts;
- j. highly diversified/specialized mix of production, processing and marketing activities;
- k. institutionalized providential services and built-in community services such as primary health care, nutrition, family planning, etc.;
- l. repayment rate of 100 percent on LANDBANK obligations;
- m. 10 percent or better return-on-equity;
- n. debt-equity ratio of 2:1 or better;
- o. liquidity ratio of 2:5:1;
- p. active member of a regional or national-based cooperative organization like federation, union, cluster, chamber, or other coop organizations.

4.0 COOP CATEGORIZATION BY MATURITY LEVEL

The categorization of BACs involves quantitative and qualitative appraisal of its level of growth taking into account indicators in the accreditation criteria which are critical to coop's level of maturity. This activity shall identify specific strengths and weaknesses of BACs which may serve as guide to LANDBANK in directing delivery of appropriate credit and technical assistance.

4.1 Scoring Worksheet

This worksheet is used by Field Units in determining the classification of BACs based on indicators and corresponding points earned for attaining the standard requirements.

4.2 BAC Classes by Maturity Level

The over-all BAC classes shall be determined based on its total score. The following rating categories shall be used in classifying the coop's maturity:

| | |
|---------|--------------------------|
| Fail | below 25 pts. |
| Class D | 25 pts. to below 45 pts. |
| Class C | 45 pts. to below 65 pts. |
| Class B | 65 pts. to below 85 pts. |
| Class A | 85 pts. to 100 pts. |

5.0 FREQUENCY OF CATEGORIZING BACs

BACs are categorized annually (i.e. using coop data as of December 31). The workout shall be prepared and accomplished by the Cooperative Services Division of each USP/Branch and noted by the manager.

ANNEX 2

8-Point Agenda of President Gloria M. Arroyo

Agenda 1: Pagkain sa Mesa ng Bawat Pilipino

The Gloria Rice Program which started in the first term of the GMA presidency sought to achieve an increase in areas planted to hybrid rice from zero in year 2000 to 135,000 hectares in year 2003.

In the first hundred days of her administration, the Department of Agriculture was programmed to bring the country close to food security as lands planted to Gloria Rice was planned to reach 200,000 hectares (October 2004). This means that by the end of 100 days, the Philippines would have planted the rice area that will lead to 97% sufficiency level in rice.

The Department of Agriculture, through the NIA, would put in place the infrastructure and irrigation support necessary for hybrid rice production to attain total sufficiency. NIA would put on track by November (2004), revenue-generating schemes that would provide financial cover for the irrigation of half million hectares. The collection of water fees is key to full sufficiency in our basic staple. These fees would sustain the operations and maintenance of irrigated areas and pave the way for a 2006 self-sufficiency in rice.

In the livestock and poultry sector, DA should ensure a steady supply and stable prices for pork and chicken. To achieve this, areas planted to hybrid yellow corn would be doubled in the first 100 days from 85,000 hectares in April 2004 to 170,000 hectares in August 2004. This area expansion would make available cheaper feed ingredients to our livestock and poultry raisers. Consequently, this increase in supply of local corn would not only make animal feeds more affordable but will also lay the groundwork for restoring the sector growth to its 2003 level.

Agenda 2: Sangmilyong Trabaho Para sa Pilipino

By the end of the third quarter of 2004, the GMA administration would complete the creation of 500,000 jobs committed by the agriculture and fisheries sector. These jobs would come from the Gloria Rice and Corn

Programs, the Animal Re-stocking Program, the Establishment of Nurseries for Seaweeds and high value tropical crops.

Agenda 3: Doble Ani, Doble Kita

To fully maximize the benefits of modern technology, the Department had to address the perennial problem of rising cost of production of which fertilizer accounts for around 40 percent. Further, the Department also needed to provide services that would reduce the 30 percent loss in postharvest. These measures would contribute to hastening the recovery of investments in grains and livestock sector. More specifically, in the next hundred days,

generic fertilizer and agro-chemicals would be allowed to enter the country via government trading facility. Costs of these inputs are expected to drop dramatically.

Likewise, the Department thru NFA would sustain the palay procurement and would provide one peso per kilogram (P1.00/kg) incentive to rice farmers using NFA postharvest facilities. Among the corn growers, 44 drying and storage facilities would be available to local governments, coops, and private sector stakeholders for purpose of giving farmers value-added to their corn harvests.

For the livestock sector, the Department would submit to NEDA for approval its abattoir development program that would allow hog farmers in Visayas and Mindanao to take advantage of its FMD-free status and semi-process their live animals in the province of origin.

Finally, in the fisheries and high value crop sectors, the Department would overhaul, in one hundred days, its protocol for plant and fisheries import risk analysis to facilitate the entry of new species and varieties into the country. These farming and fishing alternatives will encourage farmers and fisherfolks to undertake new farming and polyculture practices that may augment incomes.

Agenda 4: Food Safety

To protect consumer welfare, the Department of Agriculture would strengthen its capability to ensure that meat, fish and other food items are safe to eat. The following would be undertaken:

- a. Within a hundred days, the DA would finalize the implementing rules of the Meat Inspection Code of the Philippines. These rules would define the meat standards, accreditation protocol of slaughterhouse and processing plants, the necessary infrastructure, as well as the budgetary requirements that would enable the newly created Meat Inspection Service to effectively implement food safety in fresh meat and meat products and ensure equivalency of local meat production with international standard and practices.
- b. The Administrative Order 39 would be finalized so that our borders would be free from contamination of meat imports in the country. With AO39, we would be assured of keeping our country free from avian flu, mad cow disease, foot-and-mouth disease, and other disease harmful to the consumers and our animal population.
- c. The Department would put in place a re-invigorated certification program for the plant and fisheries food production system. This mechanism would ascertain safety of our seafoods and other food items, specifically from toxic substances like antibiotics and pesticides, among others.

Agenda 5: Empowering Farmers and Fisherfolk

Under the GMA administration, the rice farmers were empowered to participate in the international trade through the Farmers-as-Importers Program. The Department would extend this in the corn, livestock, and fisheries sectors not only to improve their incomes, but also bring the farmers in the mainstream of international trade.

Agenda 6: Modernization of Agriculture

The Department of Agriculture would complete the new implementing rules and regulations for the extension of Agriculture and Fisheries and Modernization Act (AFMA). These rules should be consistent with the government's vision of encouraging private sector investments in new technologies and postharvest facilities and equipment such as establishment of milkfish deboning plants, AAA abattoirs, grains drying and processing facilities, cold chain systems, seed processing plants, and many others. To finance these modernizations, the Department would submit to the President the extension of Agriculture Competitiveness Enhancement Fund (ACEF).

Agenda 7: Developing Mindanao

To fulfill the pledge of the President to give focus on Mindanao in the next six years, the Department of Agriculture would submit in one hundred days, the Agriculture and Fisheries Agenda for Mindanao. This plan, as a preparatory step to the transfer of DA to Mindanao would contain to specific programs, strategies, implementing mechanisms, timeline, and budgetary/ administrative requirements that will realize the vision of making Mindanao not only a food basket but also the agro-fishery export zone of the country.

In the livestock sector, the Plan would take advantage of the FMD-free status of Mindanao by identifying the AAA abattoirs and processing plants for meat production. In the rice sector, Davao Provinces would be the center of hybrid seed production. This would ensure steady supply of hybrid rice seed in the island. In fisheries, the plan would also identify facilities necessary for the export of seaweeds, deboned milkfish, tilapia fillet, bottled sardines, and processed shrimps. For the plant industry, the Mindanao Plan will specify government support in the production of high value crops particularly pineapple, bananas, and other tropical fruits and temperate vegetables.

Agenda 8: Expansion of Credit Facilities

During the initial term of GMA presidency the credit portfolio and delivery of QuedanCor reached two billion pesos. In the second term of the GMA administration, the Department would further expand its credit reach thru QuedanCor from two billion (P2B) pesos to six billion (P6B) pesos under the AFMA.

ANNEX 3

THE PILOT COOPERATIVES

The following point out the characteristics and operations of the five sample pilot cooperatives.

a. Cooperative Membership

The pilot cooperatives had already large membership, with an average of 528 members at the time of registration. They were composed of 57% male and 43% female. Membership almost doubled by 1996 with an average of 951 members. During RASCP period, there was a 21% yearly increase in membership; however, a decline of 8% per year in membership was registered after RASCP.

Members in the cooperatives were dominantly non-ARB with (89%). There was a slight decrease in the proportion of Non-ARB members in 2004 to 86% (Appendix Table 7).

b. Trainings Received

On the average, the cooperatives received thirteen (13) trainings from 1988 to 2004 with the duration period ranging from one day to one week. By type of trainings, all the five cooperatives received nine trainings on cooperative management. Other trainings received were Pre-Membership Education Seminar and Technical Agriculture. The trainings were conducted by LBP, DA, COA, NFA, BIR, VICTO, Philippine Carabao Center, Global Resources and Learning Center, and National Management Training Center (Appendix Table 8).

c. Cooperative Level (Cascading of Training)

Four out of five cooperatives sent personnel to attend the training organized by the LBP RASCP. The personnel of two cooperatives received trainings on financial management and the personnel of three other cooperatives received training on accounting, auditing and internal control. Only Pototan Farmers Multipurpose Cooperative had a training on Project Cycle Management, and Apo Macote Multipurpose Cooperative had training on Small Business Enterprise.

d. Share Capital

The members contributed to the capital of the cooperatives in the form of shares of stock in accordance with the by-laws. At registration time, the average paid-up capital of the pilot cooperatives was ₱7,933. In 1996, the average paid-up capital was ₱116,000.

Paid-up capital rose to ₱137,000 during RASCP and to ₱637,500 after RASCP. The paid-up capital per member was ₱500 before and during RASCP. After RASCP it grew to ₱750. The par value per share remains at ₱100 before, during, and after RASCP (Appendix Table 9).

- i. *Capital Build-up Program.* All of the cooperatives implemented capital build-up programs from 1996 to 2004. The capital of the pilot cooperatives was built-up through retention of dividend and patronage refund, regular savings contribution, percentage retention on loans, and regular contribution to shares, fund

raising/raffle, and other means (forced savings and discounts). Regular contribution to share capital has been the practice of one cooperative for 34 years while retention of certain percentage of loan has been the practice of two (2) cooperatives for 24 years (Appendix Table 10).

- ii. *Savings Mobilization Program.* Of the five pilot cooperatives, two practiced loan retention scheme as the savings programs; one implemented fixed amount of savings per period and retention of dividend or patronage refund as their savings program. The rest did not mention any savings program. Loan retention and saving scheme had been the saving scheme of the said two cooperatives for about ten years and fixed amount of savings per period for six years (Appendix Table 11).
- iii. *Grants/Donations/Gifts.* All the cooperatives received grants/donations/ gifts since 1987-1999 from DA, DAR, LGU provincial, and politician. They used them for operating capital, acquisition of facilities/equipment, and payment of other LBP loans. In 1995, three cooperatives received ₱533,333 from grants and donations (Appendix Table 12). Four cooperatives said that the status of projects funded by grants/donations/gifts were completed and accomplished. A project of one cooperative was still existing and operating at the time of site survey.

e. Loans

Three out of five pilot cooperatives availed loans in 1995 to 2004 from various sources, such as: DA, (2); LBP, (3); and LGU-provincial (1). The average amount of loan was ₱821,936 which were used for working capital, purchase of fixed asset, and agricultural production. Interest paid ranged from 6 to 16% per annum with maturity ranging from 6 months to 10 years. No cooperative paid filing fee. However, one cooperative paid a service fee of 2% (Appendix Table 13).

Two out of five cooperatives did not offer collateral. One cooperative offered the cooperative lot as collateral. Another cooperative executed a promissory note as security to the loan.

The loans of the cooperative were either fully or partially paid. Two cooperatives claimed that their loans were fully paid. One cooperative indicated repayment below 25% while the other reported 26-50% repayment rate.

Cooperatives claimed that very stringent requirements and delayed released of loan as problems in obtaining loan.

f. Cooperative Business

The pilot cooperative were engaged in various businesses enterprises such as dry goods and grocery store, lending/credit distribution, farm inputs/supplies distribution, rice milling/storage, rice trading/marketing, processing and trading, production of other crops, hauling/transport of agricultural commodities, and other business (drug store, water purifier operation). On the average, the pilot cooperatives operated three different businesses. Sison-Posorrubio MPC and Pototan Farmers MPC were engaged in lending to members.

Sison-Posorrubio MPC has been engaged in providing production loan to members even before RASCP. The average amount of loan granted per member before and during RASCP was ₱5,000. After RASCP, the average amount of loan per member was ₱10,000. The types of loan extended were production and fixed asset loan. The cooperative experienced full repayment of production loan before and after RASCP and partial payments after RASCP.

On the other hand, Pototan Farmers MPC granted production loan to members before RASCP in the amount of ₱30,000 per member. Out of 123 members who borrowed for production before RASCP, 24 paid the loans in full, and 20 did not repay the loans at all.

The schemes/strategies employed by the cooperative to improve the collection of payments were collection letter, home visit, counseling, demand letter, and legal action. Three and two cooperatives practiced home visit and collection letter, respectively. The results of the collection strategies used by the cooperatives were from no improvement to much improvement.

Rice trading/marketing business is the common business engaged in by four out of five pilot cooperatives. A cooperative was in the farm inputs and supplies distribution for 35 years, while the three other cooperatives were in the dry goods and grocery store for 33.5 years.

The highest average gross income per year was obtained from rice trading/marketing (P1,796,401) followed by rice milling/storage (P913,608) while the minimum income was realized from drug store and water purifier business (P30,000). Dry goods and grocery store had 100% patronage by members (Appendix Table 14).

The cooperatives were assisted by DAR, LBP, NIA, and Philippine Carabao Center in the preparation of feasibility studies of their businesses. Sison-Posorrubio MPC did not prepare feasibility studies in doing its businesses.

The cooperatives encountered problems in the management of the cooperative business enterprises like inadequate capital, non-patronage by the members, uncollected receivables, and stiff competition from other enterprises. They tried to solve the problems by encouraging members to increase CBU and conducting meeting with members.

g. Financial Condition of the Cooperatives

- i. *Assets.* The average size of total assets of the cooperatives was P2.765 million in 1996, P11.925 million in 2001, and P14.922 million in 2003. Although there was a noticeable increase in assets through the years, a much higher growth rate was recorded during the RASCP period (66%) as compared to “after RASCP” period (12%).

The bulk of the total assets came from the current assets with 64%, 86%, and 88% before, during, and after RASCP, respectively. Most of the fixed assets of the cooperatives were acquired in 1996 or before the RASCP period (Appendix Table 14).

- ii. *Liabilities.* The liabilities of the five (5) pilot cooperatives were composed of short-term liabilities, long-term liabilities and other liabilities. The total liabilities of the cooperatives were computed at P1.593 million in 1996, ₱7.062 million in 2001 and ₱9.919 million in 2003. It can be gleaned from the figures that there was also an increase of total liabilities through the three time periods.

The proportion of short-term and long-term liabilities was the same (50:50) before and after RASCP period. During RASCP period, however, the long-term liability of the cooperatives was only 25% of the total liabilities (Appendix Table 14).

- iii. *Networth.* The networth represents the claim of members to the assets of the cooperatives. It is computed by deducting total liabilities from the total assets. On the average, the networth of the cooperatives was P1.172 million in 1996, P4.862 in 2001 and P5.003 in 2003. A very high networth growth rate was computed during the RASCP period at 63% per annum. After the RASCP, the growth rate of the networth was only 1.4% per annum (Appendix Table 14).
- iv. *Statutory Fund.* The law requires cooperatives to deduct three (3) kinds of fund from its net surplus before distributing it to members as dividend and patronage refund such as reserve fund, the cooperative education and training fund (CETF), and the optional fund.

The reserve fund is built to take care of the cooperative in cases of losses. It is built by deducting at least 10% from the cooperative net surplus. The CETF on the other hand was required to finance the education and training needs of its members, officers and staff among others. The optional fund (OF) takes care of the other needs of the cooperatives including acquisition of fixed assets and other structure of the cooperative. Both the CETF and OF were built by deducting not more than 10% from the net surplus of the cooperatives.

In 1996, the total statutory fund of the pilot cooperatives was P492,076 per cooperative, on the average. The fund increased to P1,836,218 in 2001 and decreased to P1,517,529 in 2003. The average rate of increase of statutory fund is recorded at 54% per year from 1996-2001 (Appendix Table 14).

- v. *Gross Income.* In 1996, the gross income of the pilot cooperative was computed at P841,196 per year on the average. The gross income grew by 64% per year to P3,539,234.10 at the end of 2001. By 2003, however, gross income increased by only 1.4% per annum (Appendix Table 15).
- vi. *Net Income.* On the average, the net income of the cooperative in 1996, 2001, and 2003 were computed at P109,080, P423,082, and P411,348, respectively. There was an increase in the net income of 56% per annum during the RASCP period, while after RASCP, a decline of 1.4% per annum was observed (Appendix Table 15).

h. Cooperatives' Post Harvest Facilities

Most of the post-harvest facilities owned by the cooperatives were acquired before the RASCP. Four (4) out of the five (5) cooperatives owned a warehouse with an average capacity of 5,400 cavans. Two had rice mill and solar dryer with rated capacity of 16 bags/hr. and 560 cavans/day, respectively. Only one had mechanical dryer and weighing scale before RASCP with 290 bags and 100 kgs. per load capacity, respectively. One cooperative had a hand tractor and two vehicles for use of the members. All these post-harvest facilities were used by 70% of the members, on the average.

Only one cooperative acquired post-harvest facilities during the RASCP period such as a rice mill serving 50% of the members, a moisture meter and 3-500 kg. weighing scale. Likewise, a cooperative acquired a vehicle with a capacity of 11 tons after the RASCP (Appendix Table 16).

Three out of five cooperatives stated that they had policies/mechanisms in maintaining their post-harvest facilities (Appendix Table 17). Some of the mechanisms employed were scheduling of use and regular machine check-up. These mechanisms were religiously implemented by two cooperatives and partly by a cooperative.

i. Organization Capability Development

- i. *General Assembly (GA)*. As provided for in the by-laws of the cooperative and RA 6938, a general assembly should be held at least once a year. All the pilot cooperatives held their GA once a year. Election of officers were also done during the GA. Attendance in the GA was 68% before and during RASCP period. There was a decrease in attendance after RASCP (62%) (Appendix Table 18).
- ii. *Board of Directors BOD and Committees*. The Board of Directors had an average age of 51 years. Majority of them were male (66%) and married (88%). They have attended on the average 11 years of formal schooling. Membership in the BOD was 3.8 years, on the average. Half of the BOD members got their income from farming, 20% from teaching, 10% from employment, and 20% from other sources (Appendix Table 19).

All the BOD of the five (5) cooperatives were composed of 7 members, while all the committees were composed of 3 members each. As stipulated in the by-laws, the BOD shall regularly meet once a month during the three time periods. Honoraria received by the BOD during meeting was the highest before RASCP, P825 and P350 per meeting for the chairman and members, respectively. Average expense per meeting of the BOD was highest with P813/meeting before the RASCP period (Appendix Table 20).

The election committee meets only once a year as reported by a cooperative, for all the time periods. They received an honorarium of P250/meeting for both chairman and members, and spent P280 during their meeting before RASCP. During and after RASCP however, although they indicated to have met once a year, they did not receive honorarium. They spent P150/meeting during meetings (Appendix Table 21).

The other committees, ETC, AIC, and CCC, did not meet once a month but met from 7 to 8 times a year before RASCP. Both their chairman and members received honoraria of P233 to P250/meeting and spent P280 during meetings for lunch and snacks. Only one cooperative mentioned that their committees met once a month during and after RASCP but received no honorarium. They, however, spent P150 for their snacks during meetings. A cooperative stated that during and after RASCP they only met when the need arose together with the BOD upon invitation (Appendix Table 21).

- iii. *The Hired Staff*. Four (4) out of five cooperatives reported to have hired 4 to 23, or an average of 11 staff to operate the cooperative. Sixty percent (60%) of the managers were female, and 80% were married. They were also mature with an

average age of 54 years and all had finished college. They have been working for an average of nine (9) years and in the present position for eight (8). They received an average salary of P7,100 per month (Appendix Table 19).

The bookkeepers were younger than the manager with an average age of 43 years. Half of them were male and majority (67%) were married. They all have finished college, had been working for 10 years and in the present position for nine (9) years. They receive P4,889/month on the average.

Two cooperatives reported to have only one person occupying the cashier/ teller and treasurer positions at the same time. On the average, they were 46 years old and had finished 12 years of formal schooling. All of them were male and half were married. They had spent 13 years in the present position with a salary per month of P5,369, a little bit higher than that of the bookkeepers.

The secretaries were 40 years old on the average. All of them were married and majority were female (67%). They had formal schooling on the average of 13 years. They had been working for seven (7) years in their present position and received a salary of P2,673/month.

The other hired staff of the coops were still young with an average of 36.07 years old. Majority of them were male (59) and married (53%). They have finished 12 years of formal schooling and working in the present position for an average of 7 years.

iv. *Recording and Accounting System.* Four (4) out of five (5) cooperatives stated that they maintained books of accounts and record books. The books of accounts maintained were Cash Disbursement Journal, Cash Receipt Journal, General Ledger, Sales Journal, General Journal, and Subsidiary Ledger. Four cooperatives have been maintaining the books of accounts for about 24 years.

For about 16 years, the cooperatives have been keeping record books such as GA Minutes Book, BOD Minutes Book, List of Total Members and List of Members of In Not Good Standing. Only Apo Macote MPC among the sample pilot cooperatives however, stated that they it did have a separate list of members of not good standing (Appendix Table 21).

All cooperatives have official receipts, bank account and voucher system in disbursing funds. Four (4) out of five (5) pilot cooperatives had passbook for members (Appendix Table 22).

v. *Financial Reports and Audit.* All cooperatives stated that their financial statements were externally audited once a year before, during, and after RASCP. They also submit financial statements and annual reports to CDA once a year (Table 5-27).

The frequency of internal audit varied by cooperatives. One cooperative stated that AIC audited their cooperative quarterly; two cooperatives mentioned semi-annually, and another two (2) conducted internal audit annually (Appendix Table 23).

Three (3) out of five (5) cooperatives' treasurers prepared and submitted financial report to the BOD monthly (Appendix Table 24).

j. Disciplinary Measures

All the five (5) pilot cooperatives have been enforcing disciplinary measures to erring members and officers. For instance, Apo Macote MPC does not give honorarium to BOD who do not attend BOD meetings, file case to barangay for those who do not pay loan amortization and consider members who do not comply to CBU program as inactive. The privileges of the members of Banquerohan ARB MPC were lost due to non-attendance of GA, BOD and committee meetings and non-payment of dues. They are not allowed to vote if they did not pay loan amortization and comply with the CBU program and savings requirement. Dingle MPC resorted to warning and fines on most of the offenses of the officers and members just like Pototan Farmers MPC and Sison-Posorrubio MPC (Appendix Table 25).

k. Linkages

All the five (5) pilot cooperatives have three to seven institutional linkages, or an average of five (5) linkages. These institutions were either government or non-government agencies. All cooperatives get technical assistance from the Department of Agriculture; three (3) out of four (4) got credit assistance from LBP; and two out of four (4) reportedly received technical assistance from CDA. The cooperatives had linkages to other institutions like DAR, LGU (municipal and provincial), NGO (international), commercial banks, QUEDANCOR, and cooperative unions/ federations (Appendix Table 26).

l. Management of Demo Farm

Of the five pilot cooperatives, only Pototan Farmers Multipurpose Cooperatives managed a vegetable demonstration farm in 2004. A cooperative member who allowed its use for free owned the total land area of 0.8 hectares. Twenty cooperators participated in the demo farm. An officer who received a share in the harvest of the farm managed the demo farm. It was financed from the contribution of the cooperators who shared equally in the produce.

m. Credit Delivery and Monitoring

- i. *Credit Delivery.* All the cooperatives approved the loan applications of their members. There was no rejection since the loan applicants have to satisfy all the requirements for loaning first before filing the application form. Two of the five pilot cooperatives Apo Macote PMPC and Sison-Posorrubio MPC, however, were released LBP loans directly to members. The LBP loans was released in 2 or 3 tranches as reported by three pilot cooperatives. It is the cooperative that collect loans from the members.

LBP-RASCP loans took a week to forty-five days to be approved. On the average, it took nineteen (19) days from filing to approval of the loans, as reported by three pilot cooperatives. It also took the same number of days before the first release of the loan. Pototan Farmers MPC stated that their coop failed to receive RASCP loan because of too many documents required.

Three (3) pilot cooperatives received RASCP loans. One of them reported that the interest rate of the loan was higher than others, while the other coop stated that it is just enough. The loan limits of the RASCP loan were just enough according to two

cooperatives. The repayment schedule however, should be reviewed and its maturity period be lengthened.

As to the documentary requirements, a cooperative stated that discipline is being put into practice by following and completing the requirements like the feasibility studies before releasing the loan. A cooperative also stated that there were strict conditions required before releasing the loan, but they improved the cooperative awareness to the requirements of the loan and capability to comply with the requirements.

Three out five pilot cooperatives were knowledgeable of LBP regular loan scheme while two cooperatives were familiar with the 5-25-70 lending scheme. One cooperative stated that they don't know about other LBP lending schemes while the other did not reply.

- ii. *Monitoring.* Three (3) out of five (5) pilot cooperatives were not aware of the monitoring scheme designed to oversee borrowers. The only cooperative who reported knowing that there was a monitoring scheme designed replied that it did know its particulars.

n. Awareness of Pilot Cooperatives of LBP-RASCP

Three (3) out of five (5) pilot cooperatives were aware that their cooperatives were included in the RASCP. Two coops did not reply. As pilot cooperatives, two out of five cooperatives stated that it is their responsibility to follow the requirements set by LBP in loaning and to pay their loans in time. They also had to attend the trainings conducted by LBP like the "Financial Management" and to become member of the cooperative business association (CBA) which the Land Bank will organize.

All pilot cooperatives reported that it is the LBP-RASCP which provided technical assistance to them. They stated that assistances were helpful to the cooperatives and the members in the conduct of training.

Among the pilot cooperatives, only two became members of the organized CBA. This CBA however, is not yet registered and has not been undertaking any business activity yet.

o. Effects on Pilot Cooperatives

The choice of the cooperatives as the sites for pilot testing the ideas on credit delivery, monitoring and evaluation brought consequent effects to cooperatives.

- i. Financial condition was very much improved during RASCP period. Total assets increased by 66% annually as compared to 12% per annum after RASCP.
- ii. Networth grew by 63% per annum during RASCP while after RASCP, the growth rate was only 14%.
- iii. Gross income rose by 64% per year during RASCP; it declined by 1.4% per annum after RASCP.
- iv. Net income grew by 57% per year during RASCP. However, it declined to 1.4% per annum after RASCP.

- v. Statutory fund increased by 5% annually during RASCP; after RASCP, a decline was observed.
- vi. Most post harvest facilities were acquired before RASCP period.
- vii. GA meetings were always held one a year but attendance decreased by 2% after RASCP.
- viii. Paid-up capital was observed to have a yearly increase of 4% during RASCP and 122% after RASCP.
- ix. An addition of one business to the existing businesses was observed during RASCP.
- x. Most of the loans were availed during RASCP, but grants/donations declined during RASCP.
- xi. A yearly increase of 21% in cooperative membership during RASCP was observed; a decline was observed after RASCP.

Appendix Table 1. Distribution of farm parcels by tenurial status of respondents, before and after RASCP, selected RASCP sites, Philippines.

| Tenure | With Both TA & FA | | | | | | With DAR TA | | | | | | With LBP FA | | | | | | |
|----------------------------|-------------------|------------|------------|------------|------------|------------|-------------|------------|-----------|------------|------------|------------|-------------|------------|------------|------------|------------|------------|--|
| | ARB | | Non-ARB | | Sub-Total | | ARB | | Non-ARB | | Sub-Total | | ARB | | Non-ARB | | Sub-Total | | |
| | n | % | n | % | n | % | n | % | n | % | n | % | n | % | n | % | n | % | |
| <i>Before RASCP</i> | | | | | | | | | | | | | | | | | | | |
| Owner cultivator | 59 | 43 | 39 | 51 | 98 | 46 | 47 | 40 | 22 | 41 | 69 | 40 | 55 | 37 | 62 | 50 | 117 | 43 | |
| Share tenant | 17 | 13 | 14 | 18 | 31 | 15 | 8 | 7 | 11 | 20 | 19 | 11 | 9 | 6 | 34 | 28 | 43 | 16 | |
| Leaseholder | 13 | 10 | 5 | 7 | 18 | 8 | 18 | 15 | 4 | 7 | 22 | 13 | 33 | 22 | 15 | 12 | 48 | 18 | |
| Amortizing owner | 31 | 23 | 0 | 0 | 31 | 15 | 27 | 23 | 2 | 4 | 29 | 17 | 33 | 22 | 0 | 0 | 33 | 12 | |
| Claimant cultivator | 1 | 1 | 0 | 0 | 1 | 0 | 5 | 4 | 1 | 2 | 6 | 3 | 5 | 3 | 1 | 1 | 6 | 2 | |
| Mortgagor | | | | | | | 1 | 1 | 0 | 0 | 1 | 1 | | | | | | | |
| Others | 15 | 11 | 18 | 24 | 33 | 16 | 12 | 10 | 14 | 26 | 26 | 15 | 13 | 9 | 11 | 9 | 24 | 9 | |
| TOTAL | 136 | 100 | 76 | 100 | 212 | 100 | 118 | 100 | 54 | 100 | 172 | 100 | 148 | 100 | 123 | 100 | 271 | 100 | |
| | | | | | | | | | | | | | | | | | | | |
| <i>After RASCP</i> | | | | | | | | | | | | | | | | | | | |
| Owner cultivator | 65 | 42 | 55 | 50 | 120 | 46 | 74 | 47 | 35 | 38 | 109 | 44 | 72 | 43 | 77 | 50 | 149 | 46 | |
| Share tenant | 13 | 8 | 25 | 23 | 38 | 14 | 3 | 2 | 16 | 18 | 19 | 8 | 8 | 5 | 40 | 26 | 48 | 15 | |
| Leaseholder | 19 | 12 | 8 | 7 | 27 | 10 | 26 | 16 | 7 | 8 | 33 | 13 | 34 | 20 | 17 | 11 | 51 | 16 | |
| Amortizing owner | 41 | 27 | 0 | 0 | 41 | 16 | 33 | 21 | 4 | 4 | 37 | 15 | 28 | 17 | 0 | 0 | 28 | 9 | |
| Claimant cultivator | 1 | 1 | 0 | 0 | 1 | 0 | 5 | 3 | 1 | 1 | 6 | 2 | 2 | 1 | 2 | 1 | 4 | 1 | |
| Mortgagor | 3 | 2 | 1 | 1 | 4 | 2 | 2 | 1 | 8 | 9 | 10 | 4 | 0 | 0 | 3 | 2 | 3 | 1 | |
| Others | 12 | 8 | 20 | 18 | 32 | 12 | 16 | 10 | 20 | 22 | 36 | 14 | 25 | 15 | 16 | 10 | 41 | 13 | |
| TOTAL | 154 | 100 | 109 | 100 | 263 | 100 | 159 | 100 | 91 | 100 | 250 | 100 | 169 | 100 | 155 | 100 | 324 | 100 | |

* Before RASCP - 1996; After RASCP - 2004

Appendix Table 2. Tenurial instrument held by respondents, before and after RASCP, selected RASCP sites, Philippines.

| Tenurial instrument | With DAR Both TA & FA | | | | | | With DAR TA Only | | | | | | LBP Regular Coops | | | | | |
|--|-----------------------|------------|-----------|------------|------------|------------|------------------|------------|-----------|------------|------------|------------|-------------------|------------|------------|------------|------------|------------|
| | ARB | | Non-ARB | | Sub-Total | | ARB | | Non-ARB | | Sub-Total | | ARB | | Non-ARB | | Sub-Total | |
| | n | % | n | % | n | % | n | % | n | % | n | % | n | % | n | % | n | % |
| Before RASCP | | | | | | | | | | | | | | | | | | |
| Emancipation patent (EP) | 8 | 6 | 0 | 0 | 8 | 4 | 2 | 2 | 0 | 0 | 2 | 1 | 6 | 4 | 0 | 0 | 6 | 2 |
| Certificate of Land Ownership Award (CLOA) | 50 | 37 | 0 | 0 | 50 | 24 | 41 | 35 | 3 | 6 | 44 | 26 | 29 | 20 | 3 | 2 | 32 | 12 |
| Leasehold Contract (LC) | 12 | 9 | 1 | 1 | 13 | 6 | 18 | 15 | 1 | 2 | 19 | 11 | 26 | 18 | 1 | 1 | 27 | 10 |
| Mother CLOA | 14 | 10 | 0 | 0 | 14 | 7 | 9 | 8 | 0 | 0 | 9 | 5 | 12 | 8 | 0 | 0 | 12 | 4 |
| Certificate of Land Transfer (CLT) | 5 | 4 | 2 | 3 | 7 | 3 | 15 | 13 | 0 | 0 | 15 | 9 | 32 | 22 | 1 | 1 | 33 | 12 |
| None | 37 | 27 | 35 | 46 | 72 | 34 | 19 | 16 | 29 | 54 | 48 | 28 | 29 | 20 | 61 | 50 | 90 | 33 |
| Awaiting Tenure | | | | | | | | | | | | | | | | | | |
| Land Title | 4 | 3 | 29 | 38 | 33 | 16 | 7 | 6 | 11 | 20 | 18 | 10 | 11 | 7 | 42 | 34 | 53 | 20 |
| Written Agreement | 0 | 0 | 4 | 5 | 4 | 2 | 1 | 1 | 0 | 0 | 1 | 1 | 1 | 1 | 4 | 3 | 5 | 2 |
| Tax Declaration | 1 | 1 | 4 | 5 | 5 | 2 | 2 | 2 | 8 | 15 | 10 | 6 | 2 | 1 | 11 | 9 | 13 | 5 |
| Deed of Sale | 4 | 3 | 1 | 1 | 5 | 2 | 0 | 0 | 2 | 4 | 2 | 1 | | 0 | | 0 | 0 | 0 |
| Others | 1 | 1 | 0 | 0 | 1 | 0 | 4 | 3 | 0 | 0 | 4 | 2 | | 0 | | 0 | 0 | 0 |
| TOTAL | 136 | 100 | 76 | 100 | 212 | 100 | 118 | 100 | 54 | 100 | 172 | 100 | 148 | 100 | 123 | 100 | 271 | 100 |

| | | | | | | | | | | | | | | | | | | |
|--|------------|------------|------------|------------|------------|------------|------------|------------|-----------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| After RASCP | | | | | | | | | | | | | | | | | | |
| Emancipation patent (EP) | 7 | 5 | 1 | 1 | 8 | 3 | 2 | 1 | 0 | 0 | 2 | 1 | 6 | 4 | 0 | 0 | 6 | 2 |
| Certificate of Land Ownership Award (CLOA) | 46 | 30 | 0 | 0 | 46 | 17 | 60 | 38 | 4 | 4 | 64 | 26 | 31 | 18 | 3 | 2 | 34 | 10 |
| Leasehold Contract (LC) | 19 | 12 | 1 | 1 | 20 | 8 | 23 | 14 | 1 | 1 | 24 | 10 | 31 | 18 | 2 | 1 | 33 | 10 |
| Mother CLOA | 30 | 19 | 0 | 0 | 30 | 11 | 13 | 8 | 2 | 2 | 15 | 6 | 19 | 11 | 0 | 0 | 19 | 6 |
| Certificate of Land Transfer (CLT) | 4 | 3 | 2 | 2 | 6 | 2 | 16 | 10 | 0 | 0 | 16 | 6 | 36 | 21 | 2 | 1 | 38 | 12 |
| None | | | | | | | | | | | | | | | | | | |
| Awaiting Tenure | 32 | 21 | 54 | 50 | 86 | 33 | 25 | 16 | 44 | 48 | 69 | 28 | 26 | 15 | 78 | 50 | 104 | 32 |
| Land Title | 9 | 6 | 35 | 32 | 44 | 17 | 12 | 8 | 22 | 24 | 34 | 14 | 15 | 9 | 53 | 34 | 68 | 21 |
| Written Agreement | 2 | 1 | 7 | 6 | 9 | 3 | 2 | 1 | 5 | 5 | 7 | 3 | 2 | 1 | 5 | 3 | 7 | 2 |
| Tax Declaration | 1 | 1 | 7 | 6 | 8 | 3 | 2 | 1 | 10 | 11 | 12 | 5 | 3 | 2 | 12 | 8 | 15 | 5 |
| Deed of Sale | 3 | 2 | 2 | 2 | 5 | 2 | 0 | 0 | 3 | 3 | 3 | 1 | | 0 | | 0 | 0 | 0 |
| Others | 1 | 1 | 0 | 0 | 1 | 0 | 4 | 3 | 0 | 0 | 4 | 2 | | 0 | | 0 | 0 | 0 |
| TOTAL | 154 | 100 | 109 | 100 | 263 | 100 | 159 | 100 | 91 | 100 | 250 | 100 | 169 | 100 | 155 | 100 | 324 | 100 |

* Before RASCP - 1996; After RASCP - 2004

Appendix Table 3. Awareness on availability of basic social services and facilities, selected sites, Philippines, 2004.

| SOCIAL SERVICES/FACILITIES | With Both DAR TA & FA | | | | | | With DAR TA Only | | | | | | LBP Regular Coops | | | | | | |
|---|-----------------------|-----|---------|----|-----------|----|------------------|----|---------|----|-----------|----|-------------------|----|---------|----|-----------|----|--|
| | ARB | | Non-ARB | | Sub-Total | | ARB | | Non-ARB | | Sub-Total | | ARB | | Non-ARB | | Sub-Total | | |
| | n | % | n | % | n | % | n | % | n | % | n | % | n | % | n | % | n | % | |
| Physical Infrastructure | | | | | | | | | | | | | | | | | | | |
| Farm to market road | 102 | 89 | 107 | 86 | 209 | 87 | 109 | 90 | 89 | 75 | 198 | 83 | 112 | 86 | 144 | 76 | 256 | 80 | |
| Bridges | 58 | 50 | 79 | 63 | 137 | 57 | 63 | 52 | 46 | 39 | 109 | 45 | 56 | 43 | 88 | 46 | 144 | 45 | |
| Irrigation/canal system | 89 | 77 | 94 | 75 | 183 | 76 | 75 | 62 | 77 | 65 | 152 | 63 | 95 | 73 | 130 | 68 | 225 | 70 | |
| Farm Machinery and Post-harvest facilities | | | | | | | | | | | | | | | | | | | |
| Solar dryer | 58 | 50 | 70 | 56 | 128 | 53 | 63 | 52 | 75 | 63 | 138 | 58 | 84 | 65 | 104 | 55 | 188 | 59 | |
| Warehouse | 58 | 50 | 63 | 50 | 121 | 50 | 34 | 28 | 22 | 18 | 56 | 23 | 50 | 38 | 52 | 27 | 102 | 32 | |
| Thresher | 58 | 50 | 53 | 42 | 111 | 46 | 31 | 26 | 29 | 24 | 60 | 25 | 48 | 37 | 47 | 25 | 95 | 30 | |
| Corn sheller | 4 | 3 | 4 | 3 | 8 | 3 | 2 | 2 | 1 | 1 | 3 | 1 | 0 | 0 | 2 | 1 | 2 | 1 | |
| Four-wheel tractor | 9 | 8 | 6 | 5 | 15 | 6 | 9 | 7 | 8 | 7 | 17 | 7 | 5 | 4 | 6 | 3 | 11 | 3 | |
| Hand tractor | 41 | 36 | 37 | 30 | 78 | 33 | 34 | 28 | 27 | 23 | 61 | 25 | 26 | 20 | 33 | 17 | 59 | 18 | |
| Mills | 48 | 42 | 52 | 42 | 100 | 42 | 34 | 28 | 26 | 22 | 60 | 25 | 46 | 35 | 54 | 28 | 100 | 31 | |
| Mechanical Dryer | | 0 | | 0 | | 0 | 2 | 2 | 1 | 1 | 3 | 1 | | 0 | 1 | 1 | | 0 | |
| Support Services | | | | | | | | | | | | | | | | | | | |
| Technology transfer | 20 | 17 | 24 | 19 | 44 | 18 | 11 | 9 | 16 | 13 | 27 | 11 | 16 | 12 | 33 | 17 | 49 | 15 | |
| Livelihood projects | 20 | 17 | 31 | 25 | 51 | 21 | 25 | 21 | 28 | 24 | 53 | 22 | 16 | 12 | 27 | 14 | 43 | 13 | |
| Animal dispersal | 36 | 31 | 29 | 23 | 65 | 27 | 23 | 19 | 24 | 20 | 47 | 20 | 21 | 16 | 32 | 17 | 53 | 17 | |
| Seed dispersal | 22 | 19 | 21 | 17 | 43 | 18 | 17 | 14 | 13 | 11 | 30 | 13 | 19 | 15 | 25 | 13 | 44 | 14 | |
| Fertilizer dispersal | 11 | 10 | 12 | 10 | 23 | 10 | 14 | 12 | 10 | 8 | 24 | 10 | 15 | 12 | 20 | 11 | 35 | 11 | |
| Crop insurance | 5 | 4 | 9 | 7 | 14 | 6 | 3 | 2 | 4 | 3 | 7 | 3 | 6 | 5 | 8 | 4 | 14 | 4 | |
| Marketing assistance | 2 | 2 | 7 | 6 | 9 | 4 | 6 | 5 | 6 | 5 | 12 | 5 | 5 | 4 | 7 | 4 | 12 | 4 | |
| Basic Social Services | | | | | | | | | | | | | | | | | | | |
| School Building | | | | | | | | | | | | | | | | | | | |
| Elementary | 115 | 100 | 122 | 98 | 237 | 99 | 112 | 93 | 111 | 93 | 223 | 93 | 127 | 98 | 172 | 91 | 299 | 93 | |
| Secondary | 47 | 41 | 42 | 34 | 89 | 37 | 87 | 72 | 69 | 58 | 156 | 65 | 56 | 43 | 73 | 38 | 129 | 40 | |
| Tertiary | 1 | 1 | 1 | 1 | 2 | 1 | 0 | 0 | 4 | 3 | 4 | 2 | 3 | 2 | 1 | 1 | 4 | 1 | |

| | | | | | | | | | | | | | | | | | | |
|----------------------|-----|-----|-----|----|-----|----|-----|----|-----|----|-----|----|-----|----|-----|----|-----|----|
| Day Care Centers | 109 | 95 | 118 | 94 | 227 | 95 | 107 | 88 | 112 | 94 | 219 | 91 | 122 | 94 | 179 | 94 | 301 | 94 |
| Health Centers | 95 | 83 | 97 | 78 | 192 | 80 | 113 | 93 | 111 | 93 | 224 | 93 | 110 | 85 | 144 | 76 | 254 | 79 |
| Hospital | 3 | 3 | 0 | 0 | 3 | 1 | 9 | 7 | 3 | 3 | 12 | 5 | 17 | 13 | 22 | 12 | 39 | 12 |
| Potable Water Supply | 46 | 40 | 52 | 42 | 98 | 41 | 55 | 45 | 73 | 61 | 128 | 53 | 59 | 45 | 93 | 49 | 152 | 48 |
| Electricity | 108 | 94 | 113 | 90 | 221 | 92 | 111 | 92 | 107 | 90 | 218 | 91 | 115 | 88 | 156 | 82 | 271 | 85 |
| Barangay Hall | 115 | 100 | 122 | 98 | 237 | 99 | 119 | 98 | 118 | 99 | 237 | 99 | 127 | 98 | 187 | 98 | 314 | 98 |
| Waiting Shed | 107 | 93 | 120 | 96 | 227 | 95 | 112 | 93 | 103 | 87 | 215 | 90 | 110 | 85 | 158 | 83 | 268 | 84 |
| Basketball court | 113 | 98 | 121 | 97 | 234 | 98 | 117 | 97 | 116 | 97 | 233 | 97 | 121 | 93 | 181 | 95 | 302 | 94 |
| Cooperative office | 105 | 91 | 105 | 84 | 210 | 88 | 100 | 83 | 90 | 76 | 190 | 79 | 89 | 68 | 110 | 58 | 199 | 62 |
| Rural banks/MFIs | 1 | 1 | 2 | 2 | 3 | 1 | 2 | 2 | 1 | 1 | 3 | 1 | 3 | 2 | 6 | 3 | 9 | 3 |
| Telephone lines | 0 | 0 | 1 | 1 | 1 | 0 | 19 | 16 | 19 | 16 | 38 | 16 | 12 | 9 | 30 | 16 | 42 | 13 |
| Postal service | 1 | 1 | 0 | 0 | 1 | 0 | 5 | 4 | 6 | 5 | 11 | 5 | 3 | 2 | 12 | 6 | 15 | 5 |

Appendix Table 4. Availment of basic social services and facilities, selected sites, Philippines, 2004.

| SOCIAL SERVICES/FACILITIES | With Both DAR TA & FA | | | | | | With DAR TA Only | | | | | | LBP Regular Coops | | | | | |
|---|-----------------------|-----|---------|----|-----------|----|------------------|-----|---------|----|-----------|----|-------------------|----|---------|----|-----------|----|
| | ARB | | Non-ARB | | Sub-Total | | ARB | | Non-ARB | | Sub-Total | | ARB | | Non-ARB | | Sub-Total | |
| | n | % | n | % | n | % | n | % | n | % | n | % | n | % | n | % | n | % |
| Physical Infrastructure | | | | | | | | | | | | | | | | | | |
| Farm to market road | 101 | 99 | 105 | 98 | 206 | 99 | 102 | 94 | 80 | 90 | 182 | 92 | 110 | 98 | 139 | 97 | 249 | 97 |
| Bridges | 58 | 100 | 78 | 99 | 136 | 99 | 62 | 98 | 45 | 98 | 107 | 98 | 54 | 96 | 77 | 88 | 131 | 91 |
| Irrigation/canal system | 67 | 75 | 67 | 71 | 134 | 73 | 56 | 75 | 38 | 49 | 94 | 62 | 82 | 86 | 88 | 68 | 170 | 76 |
| Farm Machinery and Post-harvest facilities | | | | | | | | | | | | | | | | | | |
| Solar dryer | 32 | 55 | 34 | 49 | 66 | 52 | 27 | 43 | 33 | 44 | 60 | 43 | 51 | 61 | 48 | 46 | 99 | 53 |
| Warehouse | 18 | 31 | 25 | 40 | 43 | 36 | 8 | 24 | 8 | 36 | 16 | 29 | 21 | 42 | 17 | 33 | 38 | 37 |
| Thresher | 33 | 57 | 33 | 62 | 66 | 59 | 14 | 45 | 14 | 48 | 28 | 47 | 31 | 65 | 25 | 53 | 56 | 59 |
| Corn sheller | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Four-wheel tractor | 0 | 0 | 1 | 17 | 1 | 7 | 3 | 33 | 3 | 38 | 6 | 35 | 1 | 20 | 2 | 33 | 3 | 27 |
| Hand tractor | 22 | 54 | 20 | 54 | 42 | 54 | 18 | 53 | 17 | 63 | 35 | 57 | 17 | 65 | 17 | 52 | 34 | 58 |
| Mills | 34 | 71 | 35 | 67 | 69 | 69 | 24 | 71 | 15 | 58 | 39 | 65 | 35 | 76 | 38 | 70 | 73 | 73 |
| Mechanical Dryer | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 50 | 0 | 0 | 1 | 33 | 0 | 0 | 0 | 0 | 0 | 0 |
| Support Services | | | | | | | | | | | | | | | | | | |
| Technology transfer | 14 | 70 | 11 | 46 | 25 | 57 | 8 | 73 | 9 | 56 | 17 | 63 | 13 | 81 | 21 | 64 | 34 | 69 |
| Livelihood projects | 16 | 80 | 18 | 58 | 34 | 67 | 18 | 72 | 12 | 43 | 30 | 57 | 11 | 69 | 12 | 44 | 23 | 53 |
| Animal dispersal | 27 | 75 | 12 | 41 | 39 | 60 | 16 | 70 | 7 | 29 | 23 | 49 | 10 | 48 | 8 | 25 | 18 | 34 |
| Seed dispersal | 12 | 55 | 9 | 43 | 21 | 49 | 14 | 82 | 3 | 23 | 17 | 57 | 10 | 53 | 7 | 28 | 17 | 39 |
| Fertilizer dispersal | 6 | 55 | 3 | 25 | 9 | 39 | 11 | 79 | 3 | 30 | 14 | 58 | 8 | 53 | 6 | 30 | 14 | 40 |
| Crop insurance | 1 | 20 | 0 | 0 | 1 | 7 | 3 | 100 | 2 | 50 | 5 | 71 | 4 | 67 | 2 | 25 | 6 | 43 |
| Marketing assistance | 0 | 0 | 4 | 57 | 4 | 44 | 5 | 83 | 3 | 50 | 8 | 67 | 4 | 80 | 6 | 86 | 10 | 83 |
| Basic Social Services | | | | | | | | | | | | | | | | | | |
| School Building | | | | | | | | | | | | | | | | | | |
| Elementary | 70 | 61 | 74 | 61 | 144 | 61 | 61 | 54 | 65 | 59 | 126 | 57 | 60 | 47 | 88 | 51 | 148 | 49 |
| Secondary | 32 | 68 | 28 | 67 | 60 | 67 | 41 | 47 | 32 | 46 | 73 | 47 | 26 | 46 | 33 | 45 | 59 | 46 |
| Tertiary | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 25 | 1 | 25 | 0 | 0 | 0 | 0 | 0 | 0 |
| Day Care Centers | 55 | 50 | 54 | 46 | 109 | 48 | 44 | 41 | 38 | 34 | 82 | 37 | 44 | 36 | 52 | 29 | 96 | 32 |

| | | | | | | | | | | | | | | | | | | |
|----------------------|-----|-----|-----|----|-----|-----|-----|-----|-----|-----|-----|----|-----|----|-----|----|-----|----|
| Health Centers | 84 | 88 | 88 | 91 | 172 | 90 | 106 | 94 | 100 | 90 | 206 | 92 | 99 | 90 | 126 | 88 | 225 | 89 |
| Hospital | 2 | 67 | 0 | 0 | 2 | 67 | 9 | 100 | 2 | 67 | 11 | 92 | 13 | 76 | 13 | 59 | 26 | 67 |
| Potable Water Supply | 28 | 61 | 28 | 54 | 56 | 57 | 46 | 84 | 59 | 81 | 105 | 82 | 48 | 81 | 72 | 77 | 120 | 79 |
| Electricity | 75 | 69 | 76 | 67 | 151 | 68 | 94 | 85 | 88 | 82 | 182 | 83 | 92 | 80 | 136 | 87 | 228 | 84 |
| Barangay Hall | 107 | 93 | 116 | 95 | 223 | 94 | 112 | 94 | 108 | 92 | 220 | 93 | 123 | 97 | 183 | 98 | 306 | 97 |
| Waiting Shed | 102 | 95 | 118 | 98 | 220 | 97 | 109 | 97 | 98 | 95 | 207 | 96 | 106 | 96 | 155 | 98 | 261 | 97 |
| Basketball court | 86 | 76 | 97 | 80 | 183 | 78 | 94 | 80 | 93 | 80 | 187 | 80 | 95 | 79 | 138 | 76 | 233 | 77 |
| Cooperative office | 80 | 76 | 73 | 70 | 153 | 73 | 72 | 72 | 56 | 62 | 128 | 67 | 70 | 79 | 72 | 65 | 142 | 71 |
| Rural banks/MFIs | 1 | 100 | 0 | 0 | 1 | 33 | 1 | 50 | 1 | 100 | 2 | 67 | 0 | 0 | 1 | 17 | 1 | 11 |
| Telephone lines | 0 | 0 | 0 | 0 | 0 | 0 | 8 | 42 | 6 | 32 | 14 | 37 | 1 | 8 | 17 | 57 | 18 | 43 |
| Postal service | 1 | 100 | 0 | 0 | 1 | 100 | 3 | 60 | 5 | 83 | 8 | 73 | 1 | 33 | 8 | 67 | 9 | 60 |

Appendix Table 5. Distribution of households by income classification

| Income Class | With Both DAR TA & FA | | | | | | With DAR TA only | | | | | | LBP Regular Coops | | | | | |
|-------------------|-----------------------|-----|---------|-----|-----------|-----|------------------|-----|---------|-----|-----------|-----|-------------------|-----|---------|-----|-----------|-----|
| | ARB | | Non-ARB | | Sub-Total | | ARB | | Non-ARB | | Sub-Total | | ARB | | Non-ARB | | Sub-Total | |
| | n | % | n | % | n | % | n | % | n | % | n | % | n | % | n | % | n | % |
| 20,000 and below | 22 | 19 | 14 | 11 | 36 | 15 | 26 | 21 | 27 | 23 | 53 | 22 | 9 | 7 | 21 | 11 | 30 | 9 |
| 20,001 - 40,000 | 31 | 27 | 34 | 27 | 65 | 27 | 26 | 21 | 19 | 16 | 45 | 19 | 28 | 22 | 32 | 17 | 60 | 19 |
| 40,001 - 60,000 | 17 | 15 | 19 | 15 | 36 | 15 | 23 | 19 | 13 | 11 | 36 | 15 | 26 | 20 | 24 | 13 | 50 | 16 |
| 60,001 - 80,000 | 12 | 10 | 13 | 10 | 25 | 10 | 11 | 9 | 14 | 12 | 25 | 10 | 9 | 7 | 17 | 9 | 26 | 8 |
| 80,001 - 100,000 | 9 | 8 | 14 | 11 | 23 | 10 | 5 | 4 | 9 | 8 | 14 | 6 | 8 | 6 | 16 | 8 | 24 | 8 |
| 100,001 - 120,000 | 4 | 3 | 4 | 3 | 8 | 3 | 3 | 2 | 5 | 4 | 8 | 3 | 13 | 10 | 12 | 6 | 25 | 8 |
| 120,001 - 140,000 | 6 | 5 | 4 | 3 | 10 | 4 | 3 | 2 | 6 | 5 | 9 | 4 | 10 | 8 | 7 | 4 | 17 | 5 |
| 140,001 - 160,000 | 1 | 1 | 4 | 3 | 5 | 2 | 7 | 6 | 6 | 5 | 13 | 5 | 3 | 2 | 7 | 4 | 10 | 3 |
| > 160,001 | 13 | 11 | 19 | 15 | 32 | 13 | 17 | 14 | 20 | 17 | 37 | 15 | 24 | 18 | 54 | 28 | 78 | 24 |
| Total | 115 | 100 | 125 | 100 | 240 | 100 | 121 | 100 | 119 | 100 | 240 | 100 | 130 | 100 | 190 | 100 | 320 | 100 |

Appendix Table 6. Poverty incidence among households of respondents, selected RASCP sites, Philippines, 2004.

| Below/Above Poverty Threshold | With Both DAR TA & FA | | | | | | With DAR TA only | | | | | | LBP Regular Coops | | | | | |
|-------------------------------|-----------------------|-----|---------|-----|-----------|-----|------------------|-----|---------|-----|-----------|-----|-------------------|-----|---------|-----|-----------|-----|
| | ARB | | Non-ARB | | Sub-Total | | ARB | | Non-ARB | | Sub-Total | | ARB | | Non-ARB | | Sub-Total | |
| | n | % | n | % | n | % | n | % | n | % | n | % | n | % | n | % | n | % |
| Below poverty threshold | 64 | 56 | 64 | 51 | 128 | 53 | 68 | 56 | 61 | 51 | 129 | 54 | 54 | 42 | 73 | 38 | 127 | 40 |
| Above poverty threshold | 51 | 44 | 61 | 49 | 112 | 47 | 53 | 44 | 58 | 49 | 111 | 46 | 76 | 58 | 117 | 62 | 193 | 60 |
| Total | 115 | 100 | 125 | 100 | 240 | 100 | 121 | 100 | 119 | 100 | 240 | 100 | 130 | 100 | 190 | 100 | 320 | 100 |

Appendix Table 7. Average membership of pilot cooperatives, RASCP, Philippines, 2005.

| ITEM | Upon Registration | | 1996 | | 2001 | | 2004 | |
|----------------|-------------------|-----|------|-----|------|-----|------|-----|
| | No. | % | No. | % | No. | % | No. | % |
| Sex | | | | | | | | |
| Male | 300 | 57 | 591 | 63 | 1422 | 73 | 967 | 66 |
| Female | 228 | 43 | 340 | 37 | 519 | 27 | 488 | 34 |
| TOTAL | 528 | 100 | 931 | 100 | 1941 | 100 | 1455 | 100 |
| Coop Reporting | 5 | | 4 | | 3 | | 5 | |
| Type | | | | | | | | |
| ARB | 97 | 11 | 135 | 11 | 211 | 11 | 268 | 14 |
| Non-ARB | 756 | 89 | 1073 | 89 | 1730 | 89 | 1636 | 86 |
| TOTAL | 853 | 100 | 1208 | 100 | 1941 | 100 | 1904 | 100 |
| Coop Reporting | 3 | | 3 | | 3 | | 4 | |

Appendix Table 8. Number of trainings received by pilot cooperatives, RASCP, Philippines, 2005.

| Trainings | Average Number of Trainings Received |
|----------------------------------|--------------------------------------|
| Pre-Membership Education Seminar | 3 |
| Ownership Seminar | 1 |
| Cooperative Management | 9 |
| Technical Agriculture | |
| Cash Crops | 2 |
| Plantation Crops | 2 |
| Livestock/Fish Production | 1 |
| Farming Systems | 1 |
| Food Processing | 1 |
| Farm Machinery/equipment | 1 |
| Others | 1 |
| TOTAL | 13 |

Appendix Table 9. Capital structure of pilot cooperatives, RASCP, Philippines, 2005.

| Capital Structure | Average Amount (P) | | | |
|---------------------|--------------------|---------|---------|-----------|
| | Upon Registration | 1996 | 2001 | 2004 |
| Authorize Capital | 53,333 | 525,000 | 525,000 | 5,025,000 |
| Subscribe Capital | 14,000 | 132,000 | 15,000 | 1,257,500 |
| Paid-up Capital | 7,933 | 116,000 | 137,000 | 637,500 |
| Min. Paid-up/Ind | 525 | 500 | 500 | 750 |
| Par Value per Share | 100 | 100 | 100 | 100 |

Appendix Table 10. CBU programs of the pilot cooperatives and the number of years implemented, RASCP, Philippines, 2005.

| CBU Program | No. of Respondents | Average Number of Years of CBU Program |
|--|--------------------|--|
| Regular contribution to share | 1 | 34 |
| Retention of dividend & patronage refund | 2 | 17.5 |
| Retention of percent in loan | 2 | 24 |
| Fund raising/raffle | 1 | 7 |
| Regular savings contribution | 2 | 2.5 |
| Contribution to a fund | 1 | 14 |
| Others (forced savings, discount) | 2 | 3 |

Appendix Table 11. Savings mobilization program implemented by the pilot cooperatives, RASCP, Philippines, 2005.

| Savings Program | Number of Respondents | Average Number of years of Savings Program |
|---|-----------------------|--|
| Percent retention of loan | 2 | 10 |
| Fixed amount of savings per period contribution | 1 | 6 |
| Percent of dividend or Patronage refund | 1 | 1 |
| Others (voluntary) | 2 | 2 |

Appendix Table 12. Number and average amount of grants/donations/gifts and loans received by the pilot cooperatives by year, RASCP, Philippines, 2005.

| Year | Grants/Donations/Gifts | | Loans | |
|-------|------------------------|-----------------|--------|-----------------|
| | Number | Ave. Amount (P) | Number | Ave. Amount (P) |
| 1987 | 1 | 387,000 | | |
| 1994 | 1 | 60,000 | | |
| 1995 | 3 | 553,333 | 1 | 1,400,000 |
| 1996 | 1 | 150,000 | | |
| 1999 | 1 | 131,250 | 3 | 821,936 |
| 2001 | | | 1 | 3,450,000 |
| 2003 | | | 1 | 200,000 |
| 2004 | | | 1 | 782,038 |
| TOTAL | | 477,650 | | 2,765,949 |

Appendix Table 13. Business undertaken by pilot cooperatives, RASCP, Philippines, 2005

| Coop Business | Number Reporting | Average | | % of total members who patronized | Average Gross Income per Year (P) | |
|---|------------------|-------------------|---------------------------|-----------------------------------|-----------------------------------|-----------|
| | | Years in business | Initial Capitalization(P) | | Min | Max |
| Dry Goods and grocery store | 2 | 33.5 | 75,000 | 100 | 100,000 | 533,140 |
| Lending/credit distribution | 2 | 12.3 | 743,333 | 60 | - | - |
| Farm inputs/supplies distribution | 1 | 35 | - | - | - | 543,000 |
| Rice milling/storage | 2 | 8.5 | 730,000 | 95 | 70,000 | 913,608 |
| Rice trading/marketing | 4 | 7.8 | 1,000,000 | 61 | - | 1,796,401 |
| Processing/trading | 1 | 2 | 400,000 | 50 | - | 703,149 |
| Production of other crops | 1 | 3 | 60,000 | - | - | - |
| Hauling/transporting agricultural commodities | 1 | 2 | 200,000 | 50 | - | 360,000 |
| Others (durgstore,water purifier) | 1 | 12 | 1,000,000 | 68 | 30,000.00 | 509,000 |

Appendix Table 14. Financial condition of pilot cooperatives by period, RASCP, Philippines, 1996 to 2003. RASCP

| I T E M | A M O U N T I N P E S O S | | |
|-------------------------------------|---------------------------|-------------------|-------------------|
| | 1996 | 2001 | 2003 |
| ASSETS | | | |
| <i>Current Assets</i> | | | |
| Cash on Hand/Cash in Bank | 161,058 | 693,142 | 422,181 |
| Accounts Receivables | 1,063,819 | 8,575,803 | 11,443,672 |
| Inventories | 437,779 | 912,027 | 804,845 |
| Others | 114,894 | 102,941 | 493,890 |
| <i>Total Current Assets</i> | <i>1,777,550</i> | <i>10,283,913</i> | <i>13,164,587</i> |
| <i>Fixed Assets</i> | | | |
| Office Building/Structure | 233,020 | 227,076 | 185,587 |
| Office Furniture/Equipment | 32,456 | 110,002 | 7,635 |
| Motor Vehicle | 90,064 | 165,088 | 152,650 |
| Land/Lot | 97,145 | 184,013 | 247,660 |
| Others | 468,558 | 546,288 | 737,449 |
| <i>Total Fixed Assets</i> | <i>921,243</i> | <i>1,232,467</i> | <i>1,330,991</i> |
| <i>Other Assets</i> | | | |
| Investment | 20,538 | 25,466 | 2,489 |
| Others | 45,933 | 383,710 | 423,991 |
| <i>Total Other Assets</i> | <i>66,471</i> | <i>409,176</i> | <i>426,480</i> |
| TOTAL ASSETS | 2,765,263 | 11,925,555 | 14,922,058 |
| LIABILITIES | | | |
| <i>Short Term Liabilities</i> | | | |
| Accounts Payable | 193,529 | 3,045,072 | 479,708 |
| Short Term Loan | 388,411 | 831,026 | 165,497 |
| Others | 193,364 | 31,609 | 4,338,438 |
| <i>Total Short Term Liabilities</i> | <i>775,304</i> | <i>3,907,707</i> | <i>4,983,643</i> |
| <i>Long Term Liabilities</i> | | | |
| Long Term Loans | 728,060 | 390,575 | 4,796,563 |
| Others | 86,342 | 1,464,047 | 138,702 |
| <i>Total Long Term Liabilities</i> | <i>814,402</i> | <i>1,854,622</i> | <i>4,935,265</i> |
| <i>Other Liabilities</i> | 3,533 | 1,300,426 | - |
| TOTAL LIABILITIES | 1,593,239 | 7,062,755 | 9,918,908 |
| NETWORTH | 1,172,025 | 4,862,801 | 5,003,150 |
| STATUTORY FUND | | | |
| GRF | 278,508 | 635,617 | 451,060 |
| CETF | 18,837 | 51,844 | 125,124 |
| OF | 81,287 | 664,637 | 941,345 |
| Others | 113,445 | 484,120 | - |
| TOTAL STATUTORY FUND | 492,077 | 1,836,218 | 1,517,529 |

Appendix Table 15. Statement of operation by period, pilot cooperatives, 1996 to 2003, RASCP, Philippines.

| ITEM/Year | AMOUNT IN PESOS (Average) |
|--------------|------------------------------|
| 1996 | |
| Gross Income | 841,196 |
| Expense | 732,115 |
| Net Surplus | 109,081 |
| 2001 | |
| Gross Income | 3,539,234 |
| Expense | 3,116,151 |
| Net Surplus | 423,082 |
| 2003 | |
| Gross Income | 3,525,451 |
| Expense | 3,114,103 |
| Net Surplus | 411,348 |

Appendix Table 16. Postharvest facilities owned and managed by pilot cooperatives by time period of RASCP, Philippines, 2005.

| POST HARVEST FACILITIES | Before RASCP | | | During RASCP | | | After RASCP | | |
|-------------------------|------------------|-----------------------------|------------------------|------------------|-----------------------------|------------------------|------------------|-----------------------------|------------------------|
| | Average Capacity | No. of Units (No. of Coops) | % Member Beneficiaries | Average Capacity | No. of Units (No. of Coops) | % Member Beneficiaries | Average Capacity | No. of Units (No. of Coops) | % Member Beneficiaries |
| Warehouse | 5,400 cav | 4 (4) | 60 | 30 bags/day | 1 | 50 | 11 tons | 1 | 50 |
| Ricemill | 16 bags/hr | 2 (2) | 80 | | | | | | |
| Solar Dryer | 560 cav/day | 2 (2) | 70 | | | | | | |
| Mechanical Dryer | 290 bags/load | 1 | 50 | | | | | | |
| Hand Tractor | | 1 | 80 | | | | | | |
| Vehicle/Truck | | 2 (1) | | | | | | | |
| Moisture Meter | | | | | 1 | | | | |
| Weighing Scale | 100 kgs | 1 | 80 | 500 kgs | 3 (1) | | | | |

Appendix Table 17. Maintenance of postharvest facilities of pilot cooperatives, RASCP, Philippines, 2005

| ANSWER | Presence of Policies | Implementation |
|----------|----------------------|----------------|
| Yes | 3 | 2 |
| Partly | - | 1 |
| No reply | 2 | - |
| TOTAL | 5 | 3 |

Appendix Table 18. General Assembly meetings by time period of pilot cooperatives, RASCP, Philippines, 2005.

| PERIOD | No. of Meeting | | Average Expense per Regular Meeting | Percent Attendance | Election |
|----------------------------|----------------|---------|-------------------------------------|--------------------|---------------|
| | Regular | Special | | | |
| Before RASCP ^{a/} | 2 | 3 | 28,750 | 68 | With election |
| During RASCP ^{b/} | 3 | 3 | 38,750 | 68 | With election |
| After RASCP ^{c/} | 4 | 3 | 50,500 | 62 | With election |

^{a/} 1996

^{b/} 1997 – 2001

^{c/} 2002 – 2004

Appendix Table 19. Profile of Board of Directors and hired staff of pilot cooperatives, RASCP, Philippines, 2004.

| ITEM/Personnel | BOD | | Manager | | Bookkeeper | | Cashier/Teller/ Treasurer | | Secretary | | Others | |
|---|-------|-----|---------|-----|------------|-----|---------------------------|-----|-----------|-----|--------|-----|
| | No. | % | No. | % | No. | % | No. | % | No. | % | No. | % |
| Sex | | | | | | | | | | | | |
| Male | 21 | 66 | 2 | 40 | 2 | 50 | 4 | 100 | 1 | 33 | 17 | 59 |
| Female | 11 | 34 | 3 | 60 | 2 | 50 | - | - | 2 | 67 | 12 | 41 |
| TOTAL | 32 | 100 | 5 | 100 | 4 | 100 | 4 | 100 | 3 | 100 | 29 | 100 |
| Civil Status | | | | | | | | | | | | |
| Single | 3 | 9 | 1 | 20 | 1 | 33 | 2 | 50 | - | - | 7 | 47 |
| Married | 28 | 88 | 4 | 80 | 3 | 67 | 2 | 50 | 3 | 100 | 8 | 53 |
| Widow | 1 | 3 | - | - | - | - | - | - | - | - | - | - |
| TOTAL | 32 | 100 | 5 | 100 | 4 | 100 | 4 | 100 | 3 | 100 | 15 | 100 |
| Source of Income | | | | | | | | | | | | |
| Farming | 15 | 50 | | | | | | | | | | |
| Teaching | 6 | 20 | | | | | | | | | | |
| Employment | 3 | 10 | | | | | | | | | | |
| Housewife/retired | 3 | 10 | | | | | | | | | | |
| Others | 3 | 10 | | | | | | | | | | |
| TOTAL | 30 | 100 | | | | | | | | | | |
| Age (Ave. in years) | 51.32 | | 54.2 | | 43.25 | | 46.5 | | 40.3 | | 36.07 | |
| Educational Attainment (Average years in school) | 11 | | 14 | | 14 | | 12 | | 13 | | 12 | |
| Years Working | - | | 9 | | 10 | | 13 | | 7 | | 7 | |
| Years in Present Position | 3.8 | | 8 | | 9 | | 13 | | 7 | | 7 | |
| Salary (PhP per month) | 0 | | 7,100 | | 4,889 | | 5,369 | | 2,673 | | 5,274 | |

Appendix Table 20. Board of Directors and Committee meeting by time period of RASCP. Philippines, 2005.

| PERIOD | No. Reporting | No. of Meeting | No. of Members | Honoraria/Meeting | | Average Expense per Meeting |
|---------------------|---------------|-----------------------------|----------------|-------------------|---------|-----------------------------|
| | | | | Chair | Members | |
| Before RASCP | | | | | | |
| BOD | 5 | once a month | 7 | 825 | 350 | 813 |
| ETC | 2 | 8x a year | 3 | 233 | 233 | 280 |
| AIC | 2 | 8x a year | 3 | 250 | 250 | 280 |
| CCC | 2 | 7x a year | 3 | 250 | 250 | 280 |
| EC | 2 | once a year | 3 | 250 | 250 | 280 |
| During RASCP | | | | | | |
| BOD | 3 | once a month | 7 | 625 | 260 | 367 |
| ETC | 1 | once a month | 3 | 0 | 0 | 150 |
| AIC | 1 | once a month | 3 | 0 | 0 | 150 |
| CCC | 1 | once a month | 3 | 0 | 0 | 150 |
| EC | 1 | once a year | 3 | 0 | 0 | 150 |
| After RASCP | | | | | | |
| BOD | 2 | once a month | 7 | 750 | 291 | 350 |
| ETC | 2 | as needed | 3 | 0 | 0 | 150 |
| AIC | 2 | once a month as needed | 3 | 0 | 0 | 150 |
| CCC | 2 | once a month as needed | 3 | 0 | 0 | 150 |
| EC | 2 | once a month once a year | 3 | 0 | 0 | 150 |

Appendix Table 21. Books maintained by the pilot cooperatives, RASCP, Philippines, 2005.

| ITEM | Number Reporting | No. of Years Maintaining Book | Continuing at Present | Updatedness |
|---|------------------|-------------------------------|-----------------------|-------------|
| Book of Accounts | | | | |
| Cash Disbursement Journal | 4 | 24 | Yes | Updated |
| Cash Receipt Journal | 4 | 24 | Yes | Updated |
| General Ledger | 4 | 24 | Yes | Updated |
| Sales Journal | 4 | 24 | Yes | Updated |
| General Journal | 4 | 24 | Yes | Updated |
| Subsidiary Ledger | 4 | 24 | Yes | Updated |
| Record Books | | | | |
| GA Minutes Book | 4 | 16 | Yes | Updated |
| BOD Minutes Book | 4 | 16 | Yes | Updated |
| Booklist of Total Members | 4 | 16 | Yes | Updated |
| Booklist of Member of 'Not Good Standing' | 3 | 17 | Yes | Updated |

Appendix Table 22. Presence/maintenance of other recording and accounting system of pilot cooperatives, RASCP, Philippines, 2005.

| ITEM | Yes | | No Reply | | TOTAL | |
|-------------------|-----|-----|----------|----|-------|-----|
| | No. | % | No. | % | No. | % |
| Voucher system | 5 | 100 | 0 | 0 | 5 | 100 |
| Official Receipt | 5 | 100 | 0 | 0 | 5 | 100 |
| Members' passbook | 4 | 80 | 1 | 20 | 5 | 100 |
| Bank account | 5 | 100 | 0 | 0 | 5 | 100 |
| Others | | | | | | |

Appendix Table 23. Frequency of reporting & auditing of pilot cooperatives, RASCP, Philippines, 2005.

| ITEM | No. Reporting | Frequency |
|--|---------------|-----------|
| External Auditing of FS | | |
| 1996 - 1997 | 5 | 2 |
| 1998 - 2000 | 5 | 3 |
| 2000 - 2001 | 4 | 2 |
| Submission of FS and Annual Report to CDA | | |
| 1996 - 1997 | 5 | 2 |
| 1998 - 2000 | 5 | 3 |
| 2000 - 2001 | 5 | 3 |

Appendix Table 24. Frequency of internal audit of pilot cooperatives, RASCP, Philippines, 2005.

| FREQUENCY | Number | Percent |
|-------------|--------|---------|
| Quarterly | 1 | 20 |
| Semi-Annual | 2 | 40 |
| Annual | 2 | 40 |
| TOTAL | 5 | 100 |

Appendix Table 25. Frequency of preparation and submission of financial report to BOD of pilot cooperatives, RASCP, Philippines, 2005.

| FREQUENCY | Number | Percent |
|-----------|--------|---------|
| Monthly | 3 | 60 |
| Annually | 1 | 20 |
| No Reply | 1 | 20 |
| TOTAL | 5 | 100 |

Appendix Table 25. Disciplinary measures enforced by the pilot cooperatives, RASCP, Philippines, 2005.

| OFFENSE | Apo Macote MPC | Banquerohan ARB MPC | Dingle MPC | Pototan Farmers MPC | Sison Possorubio MPC |
|---------------------------------------|---------------------------|---------------------|-----------------|---------------------|----------------------|
| Non-attendance in GA meeting | None | lost priveleges | fines | warning/ fines | Warning |
| Non-attendance in BOD meeting | No honorarium | lost priveleges | lost priveleges | fines | Warning |
| Non-attendance in committee meeting | None | lost priveleges | lost priveleges | fines | Warning |
| Non-payment of Dues | Not Applicable (no dues) | lost priveleges | fines | fines | Warning |
| Non-payment of loan amortization | File case to the Barangay | Not allowed to vote | warning/ fines | - | Fines |
| Non-payment of land amortization | - | Not allowed to vote | - | - | - |
| Non-compliance to CBU | Consider Inactive | Not allowed to vote | warning/ fines | warning | Warning |
| Non-compliance to Savings Requirement | - | Not allowed to vote | warning/ fines | warning | warning |

Appendix Table 26. Institutional linkages and nature of relationship of pilot cooperatives, RASCP, Philippines, 2005.

| INSTITUTION | Number Reporting | NATURE OF RELATIONSHIP | | | | |
|--|------------------|------------------------|----------------------|------------|-------------------|----------------------------|
| | | Affiliation | Technical Assistance | Regulatory | Credit Assistance | Special Project Assistance |
| DAR | 2 | | 1 | | | 1 |
| DA | 5 | | 5 | | | |
| CDA | 4 | | 2 | 1 | | |
| LGU (Mun) | 2 | | 1 | | | 1 |
| LGU (Prov) | 3 | | 1 | | 1 | 1 |
| LBP | 3 | | 1 | | 3 | |
| NGO | 1 | | 1 | | 1 | |
| Coop Union/Fed | 2 | 1 | 1 | | | |
| Commercial Bank | 1 | | | | 1 | |
| Quedancor | 1 | | | | 1 | |
| Average Number of Institutional linkages per cooperative 5 (3 – 7) | | | | | | |