

# ***BDS Terminal Report***



## **Coaching Services for the Nurturing and Strengthening of the Mapaang Multi-Purpose Cooperative**

By

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For the



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**MAPAANG MULTI-PURPOSE COOPERATIVE (MMPC)**  
Barangay Mapaang, Maco  
Compostela Valley Province

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**BDS TERMINAL REPORT**  
**As of March 15, 2007**

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**Part I**  
**Project Identification**

Project Name : Coaching Services for the Nurturing and Strengthening of the UVE in Mapaang, Maco, Compostela Valley Province

Project Number :

Project Cost : Php 54,000.00

Project Duration: Six (06) weeks

Implementing Agency: Interdev Consulting, Inc.

**Part II**  
**Business Development Service Terms of Reference**

The prospect of implementing the *latundan* banana trading by the Mapaang Multi-Purpose Cooperative (Mapaang MPC) has been identified through an enterprise diagnosis conducted in March 2006.

As a result, it was recommended that appropriate interventions be given for the enterprise to be operational. This project was implemented on July-September 2006.

The next phase of the business development strategy is to nurture and strengthen the capacities and capabilities of Mapaang Multi-Purpose Cooperative (Mapaang-MPC) to plan and manage the operation of the banana trading as an economic activity of the cooperative. The over-all objectives of the project are:

- a) to fully operationalize selected UBA-based producer groups to conduct economic activities;
- b) to develop sustainable market linkages between village enterprises and buyers; and
- c) to enhance the capability of LGUs in facilitating the provision of BDS to village enterprises.

### Part III Highlights of Accomplishments

The **M**apaang **M**ulti-**P**urpose **C**ooperative (**MMPC**) has shown satisfactory performance in implementing its banana trading business since the start of UDPs intervention in developing its banana market.

The cooperative was able to provide its members with tangible benefit in terms of increase in income from sale of banana produce which has been extended to non-members, as well.

To date, the market price of the Latundan banana in the Mapaang area has stabilized at Php 8.00 per kilo. The organization's effort to seek better terms with other banana buyers forced the price to move along its real course. The price therefore, of the commodity in the area is dictated by existing market rather than by the will of the buyer alone.

With respect to marketing the coop's banana produce, it is currently safe to assume that the organization has already acquired sufficient knowledge and experience in trading its product. In the actual process it has realized the strength of volume trading, enhanced their bargaining power and ultimately protected the gains the coop has achieved from the industry and the farmers in Mapaang.

The cooperative's key result areas show the trend of the organizational capacity to implement its plans to develop the cooperative as a player in the banana industry.

#### A. MARKET

##### 1. Marketing Agreement / Support

The cooperative has been able to maintain good relationship with the present buyer, Mr. Pasilan. This relationship paved the way to better price as a result of healthy bargaining process.

**Table 1 . Price Trend – 08 August 2006 to 03 March 2007**

Class	Aug. 08	Aug. 22	Sep. 09	Sep.23	Nov.11- Jan.06	Jan. 13- Mar. 03
Class A/B	Php 6.50	Php 6.50	Php 7.00	Php 7.25	Php 7.50	Php 8.00
Class C	3.00	3.00	3.00	3.00	3.00	3.00

The initial verbal agreement was already strengthened with a written agreement which technically binds the cooperative and the buyer to the commitment of producing quality banana to supply the needs of the buyer.

At this point, the market for banana produce in Mapaang has become an open challenge for farmers to meet and beat instead of its helpless experience before UDP's intervention. The cooperative has turned the

situation in complete circle by doing its job well so that benefits are felt in real terms.

Very recently, Mr. Pasilan committed to provide for the initial funding of the cooperative's project proposal for production inputs. The amount of shall be used to purchase commercial and organic fertilizers which will be available to the farmers on credit. Payments are charged to sales proceeds of banana deliveries.

The initial banana trading has very recently produced another vertical economic service which the cooperative realized additional income, the selling of used sacks to the member-farmers. The cooperative purchased sacks in bulk at PhP7/kilo and made it available to the consumer store at PhP12 per kilo.

## 2. Price

The cooperative now sets the trend in pricing for the banana in Mapaang which in effect stabilizes it, preventing undue price reduction. The cooperative as trader/dicer gains a commission of Php 0.50 per kilo above the prevailing price. At present other buyers buy at Php 8.00 per kilo while Mr. Pasilan buys the cooperative produce from members and non-members at Php 8.50 securing the Php 0.50 commission of the cooperative which in turn is charged to individual capital share of members.

**Table 2. Sales Report for four (04) weeks – 03 Feb. to 03 Mar. 2007**

Class	Feb. 03		Feb. 17		Feb. 24		Mar. 03	
	Vol (kg)	Sales (Php)	Vol (kg)	Sales (Php)	Vol (kg)	Sales (Php)	Vol (kg)	Sales (Php)
Class A/B	1,095	8,760	844	6,752	1,486	11,880	983	7,864
Class C	290	870	221	663	377	1,131	285	855
<b>TOTAL</b>	<b>1,385</b>	<b>9,630</b>	<b>1,065</b>	<b>7,415</b>	<b>1,863</b>	<b>Php 13,011</b>	<b>1,268</b>	<b>Php 8,719</b>

The cooperative has acquired the skill of leveraging to get the best price. From Php 6.50 per kilo at the outset of our marketing effort last August 2006 to Php 8.50 at present is unprecedented. The other buyers in the area could not do otherwise but follow the price set by the cooperative or else they would force their own suppliers to Mr. Pasilan. Mr. Pasilan on the other hand, would be willing to yield for as long as the cooperative delivers.

## 3. Demand

The buyer is presently offering the highest price in the market. He is also providing an offer to buy all available volume referred by the cooperative.

In the case of Mapaang MPC, the demand imposed by the buyer becomes open and unlimited. The rationale behind is that, if the coop can

supply as much as it can, then, the buyer would be more than willing to release problematic areas they are covering and just concentrate buying from Barangay Mapaang.

An increase in premium price would be compensated by reduced cost in transportation, time and effort if the same volume is acquired in one area than sourcing the same from several destinations.

The situation therefore, is a market demand offered by the buyer accepted by the cooperative. Both parties agreed to help each other move forward.

#### 4. Supply

Unlike the demand, it is the responsibility of the cooperative to deliver the commodity at the most desirable price. Again, at present, all the conditions favorable to farmers/producers are served to accommodate reasonable exchange and realize actual benefits. This has been achieved to some degree but the volume of supply leaves a gap as the buyer willingly performs its part to absorb available stocks at agreed terms.

**Table 3. Volume Variance**

	2006	2007
<b>Projected volume</b>	30,000	13,200*
<b>Actual volume</b>	17,568	6,109
<b>Variance</b>	12,432	7,091

\* 2007 annual projection/12

If the farmers or the cooperative fails to meet the demand, then the objective of increasing income to improve living condition is further delayed.

## B. PRODUCTION

### 1. Volume

From November 11 to December 30 the cooperative had a total sales volume of 8.9 tons towards the end of 2006 while the month of January 2007 produced 5.9 tons. The pattern suggests increasing production volume at a steady phase.

The buying of banana in the area which started at twice a month loading schedule is now expanded to a weekly buying schedule or four times a month to accommodate increasing supply.

**Table 4 . Production Volume for four (04) weeks – 03 Feb. to 03 Mar. 2007**

<b>Production volume</b>	<b>Feb. 03</b>	<b>Feb.17</b>	<b>Feb.24</b>	<b>Mar.03</b>	<b>Totals</b>
Class A/B (kilo)	1,095	844	1,486	983	<b>4,408</b>
Class C (kilo)	290	221	377	285	<b>1,173</b>
<b>TOTAL</b>	<b>1,385</b>	<b>1,065</b>	<b>1,863</b>	<b>1,268</b>	<b>5,581</b>

The gradual upscale of volume can be attributed to increasing participation of the farmers both cooperative members and non-members. From the regular 15 farmers who committed their harvest to the cooperative the present number increased to about 40. That is still exclusive of some farmers who were already tied up with another buyer who preferred to deliver portions of their harvest to the coop to make sure they put shares in the banana trading of the cooperative.

The increasing production volume can also be attributed to the better prevailing price per kilogram of the commodity which inspires the farmers to tend to their farm and produce better than usual.

**Table 5. Technical Production and Monitoring Report**

<b>Buying Period</b>	<b>Number of Farmers and Members Who Sold to the Coop *</b>	<b>Class A/B</b>	<b>Price Per Kilo</b>	<b>Class C</b>	<b>Price Per Kilo</b>	<b>Total Kilo Sold to the Coop</b>	<b>Actual Sales</b>
		Vol (kg)	Php	Vol (kg)	Php	Vol (kg)	Php
Aug. 8	8	738	6.50	415	3.00	1,153	6,042
Aug. 22	9	938	6.50	696	3.00	1,634	8,185
Sept. 9	11	1,442	7.00	165	3.00	1,607	9,868
Sept. 23	13	2,205	7.25	455	3.00	2,660	15,697.50
Nov. 11-Jan. 06	12	9,647	7.50	867	3.00	10,514	74,953.50
Jan. 13	26	1,479	8.00	268	3.00	1,747	12,636
Jan. 20	13	659	8.00	97	3.00	756	5,563
Jan. 27	27	1,894	8.00	327	3.00	2,221	16,133
Feb. 03	21	1,095	8.00	290	3.00	1,385	9,600
Feb. 17	16	844	8.00	221	3.00	1,065	7,415
Feb. 24	27	1,486	8.00	377	3.00	1,863	13,019
Mar. 3	17	983	8.00	285	3.00	1,268	8,719
<b>TOTAL</b>		<b>23,410</b>		<b>4,463</b>		<b>27,873</b>	<b>187,831</b>

\* Based on average

## 2. Quality Standard

While the increase in farm yield is tangible it seems that the quality is not maintained quite as well. The focus on producing more or increasing production quantity seems to oversee the probability of increasing Class C generation. The latter is directed to grow parallel along with every increase in production yield which pose obvious negative impact on the whole.

**Table 6. Volume Projections for five (05) years – 2006 to 2010**

	2006	% to total	2007	% to total	2008	% to total	2009	% to total	2010	% to total
<b>Class A/B</b>	21,000	70%	134,640	85%	342,720	85%	476,280	90%	898,560	90%
<b>Class C</b>	9,000	30%	23,760	15%	60,480	15%	52,920	10%	99,840	10%
<b>Total volume</b>	30,000	100%	158,400	100%	403,200	100%	529,200	100%	998,400	100%

The good prevailing price seemed to cushion effects of seemingly restrained quality concerns in the farm level which eat up a bit of the total sales volume. The production volume from the period November to December yielded only 8% Class C while the month of January to February shows 18% class C generation.

**Table 7 . Production Volume from 11 Nov. 2006 to 03 Mar. 2007**

<b>Production volume</b>	<b>Nov. 11-Jan. 06</b>	<b>% to total</b>	<b>Jan. 13 – Feb.03</b>	<b>% to total</b>
Class A/B (kilo)	9,647	92%	8,440	82%
Class C (kilo)	867	8%	1,865	18%
<b>TOTAL</b>	<b>10,514</b>	<b>100%</b>	<b>10,305</b>	<b>100%</b>

This level remains acceptable considering that commercial input on control of pest and diseases is nil and cost of fertilization is very minimal. But 10% and below would be ideal since it is attainable based on their performance. The farmers opt to feel the increase benefits in cash returns rather than look at collective opportunity losses due to mediocrity in maintenance.

### 3. Technical Know How

Basically, through their experiences and trainings provided for by UDP the farmers have exerted much effort to improve their own skills in maintaining and improving their farm production. The increased frequency of buying schedules presents itself as a challenge to the farmers' capabilities to produce more. In cognizance of this real opportunity, individual farmers seek all available ways and means at their disposal to maximize production.

The entire experience indicated advantages gained by the farmers. The level of supply is matched with agreeable market agreements.

### 4. Resources

Responding to favorable market condition is critical for the farmers to realize the opportunities it holds.

Given the highest price under the prevailing market condition, farmers struggle to maximize production, as demand increases and the gap grows even wider. Farmers realize that their usual practice fall below the acceptable norms and trends and is actually unacceptable in a market



driven environment. The pressure of exhausting the market potentials of the commodity is now a burden the farmers had to bear while watching these opportunities go by at a commanding frequency.

To adapt to this new environment and engage these opportunities squarely the farmers realized the need of understanding their own limitations and hopefully be able to address them appropriately.

Obviously, the farmers know they would need to improve their technology which would require them additional man hours. Expecting increased production from the same level of resources as land, number of trees or inputs is basically irrational. Therefore, the situation simply is pushing the farmers and the organization to an entirely new level whereby taking advantage of this market opportunity requires no less than fresh resources of all kinds; additional planting materials, improved plant nutrition thru proper fertilization, and sound production management. In short the farmers would need additional fresh material or financial resources to meet this challenge in the short term.

## C. ORGANIZATION

### 1. Commission

The cooperation is still new to the trading/*dicing* business. It has improved its financial resources because of the commissions earned from the dicing activities.

**Table 8. Commission Report**

Buying Period	Class A/B	Price Per Kilo	Class C	Price Per Kilo	Total Kilo Sold to the Coop	Actual Sales	Commission Earned
	Vol (kg)	Php	Vol (kg)	Php	Vol (kg)	Php	Php
Aug. 8	738	6.50	415	3.00	1,153	6,042	369.00
Aug. 22	938	6.50	696	3.00	1,634	8,185	469.00
Sept. 9	1,442	7.00	165	3.00	1,607	9,868	721.00
Sept. 23	2,205	7.25	455	3.00	2,660	15,697.50	1,102.50
Nov. 11-Jan. 06	9,647	7.50	867	3.00	10,514	74,953.50	4,823.50
Jan. 13	1,479	8.00	268	3.00	1,747	12,636	739.50
Jan. 20	659	8.00	97	3.00	756	5,563	329.50
Jan. 27	1,894	8.00	327	3.00	2,221	16,133	947.00
Feb. 03	1,095	8.00	290	3.00	1,385	9,600	547.50
Feb. 17	844	8.00	221	3.00	1,065	7,415	422.00
Feb. 24	1,486	8.00	377	3.00	1,863	13,019	743.00
Mar. 3	983	8.00	285	3.00	1,268	8,719	491.50
<b>TOTAL</b>	<b>23,410</b>		<b>4,463</b>		<b>27,868</b>	<b>187,831</b>	<b>11,704.50</b>

\* Based on average

## 2. Fund Generation

Very recently, some of officers of the cooperative attended a seminar on banana trading conducted by UDP to provide adequate knowledge of the officers in handling their new enterprise.

The *dicing* business already accumulated a net income of PhP7,000.00 now kept in a local bank as savings.

From January to February 2007, the total direct expenses is PhP614.50 which covered for the food and transportation.

An initial seed fund for the purchase of used sacks in the amount of PhP1,000.00 was withdrawn from the accumulated income. The used sacks will be made for sale at the cooperative at a margin.

## 3. Banana Trading Administration

The initial plan of hiring a casual scaler and a marketing officer is currently not necessary since the buyer provides for its own scaler. The higher price of the banana offered by the cooperative is usually advertised through word of mouth, which drew sellers to the cooperative.

The cooperative's treasurer served as the cashier and verifies the weighing activity by the buyer.

To monitor the banana trading, a record of sales and expenses are logged in a ledger on a regular basis. The record contained the name of the sellers, weight and price of the banana during the trading day.

On top of the actual trading is the Chairman who monitored and coordinated with the buyer for any changes in the schedule or price.

## **Part IV Recommendations**

In addition to the recommendation outlined in the first progress report, the officers of the cooperative expressed the need for a bookkeeping seminar to provide them basic skill in accounting and systematic record keeping for their trading activity. Providing this training will also give additional capability to the officers and some members (*potential officers – second liners*) to sustain their business.

Though the UDP has successfully established the market for banana produce in Barangay Mapaang, the supply side needs to be addressed in the long-run. The established market resolved the price issue and short-term and direct costs of the project. The economic gains, however, does not readily trickled down into expanding the disposable income of the individual farmer's

households. Given this, a complementary economic activity could do well to fill the gap. It is on this note that the cooperative be given immediate assistance in the following areas:

- ✦ Banana Production Support
  - Organic and Commercial Fertilization Assistance
  
- ✦ *Binangay* Expansion Project
  - High value variety increases income enormously
  - Locally grown *binangay* were already delivered to tissue culture laboratory in preparation for the project
  
- ✦ Animal Production Project
  - Goat-raising initiated by UDP for model DFS farm should be replicated in the locality to create measurable impact
  
  - Goat raising is manageable at backyard level and it commands high market price

