



**Department of Agriculture**  
**UPLAND DEVELOPMENT PROGRAMME**  
**IN SOUTHERN MINDANAO (UDP)**  
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## BDS STUDY: BAGSAKAN CENTER

# Final Report

**Caburan Small**  
**Jose Abad Santos, Davao del Sur**

Dual Vocational Training Institute

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*Upland Development Programme in Southern Mindanao  
Provincial Project Office 3  
Davao Del Sur*

**FINAL REPORT**  
**Business Development Services**  
**Caburan Small, Jose Abad Santos, Davao Del Sur**

**EXECUTIVE SUMMARY**

***I. INTRODUCTION/BACKGROUND***

The Upland Development Programme in Southern Mindanao under the Marketing and Enterprise Development Component aims to assist the upland farmers in improving quality of life through introducing on-farm and off-farm enterprise activities among identified project sites.

The Dual Vocational Training Institute, a non-government organization with the wide range of experiences in Agri-business enterprise development was commissioned by the UDP as the Business Development Service Provider for the Caburan Small, Jose Abad Santos, Davao del Sur Study.

The objectives of the study are; a) to identify courses of action to develop, improve and expand the marketing enterprise activities of the upland barangay association/producer group and; b) to recommend strategies and courses of action for the Programme to implement in relation to its overall objective.

## **II. LIMITATIONS AND SCOPE OF THE STUDY**

The study was a 40-day engagement for the study to be conducted. DVTI-BCDFI experienced secondary data unavailability on organizational and management aspect of the study. Consequently, almost all the findings are gathered from primary sources. Validation of information gathered was facilitated diligently with the organization's leaders with the presence of UDP PMO and Provincial Key Personnel to clarify confusing issues gathered so as to present a clear picture and honest to goodness assessment on the proposed BDS under study.

As per agreed Terms of Reference (TOR), Scope of Work of DVTI-BCDFI for the study is as follows:

General:

" The work contract consist of an a) assessment/diagnosis of the various factors of enterprise to be undertaken by the Caburan Small Upland Barangay Association (UBA) on the operationalization of the bagsakan center; and b) market research on the existing and/or potential markets of the products produced/or to be produced in order to identify opportunities for increased sales and income."

As to the Specific Scope of work , " for each assessment/diagnosis, the following importance concerns must be addressed among others regarding the operationalization of the bagsakan center:

- a) ORGANIZATIONAL MANAGEMENT (assess and provide in-depth information and understanding of the strength and weaknesses of organization in the areas of business management and organization);
- b) PRODUCTTON AND TECHNICAL ASPECTS OF ENTERPRISE ( assess production capacities, technology application, skills and knowledge of stakeholders, status of resource);

- c) **MARKETING ASPECTS** (assess markets, marketing channels, marketing issues and constraints, marketing strategies, 4Ps);
- d) **FINANCIAL MANAGEMENT AND INTERNAL SYSTEM** (assess capital generation, financial condition, assets and liabilities, control systems, recording and auditing);
- e) **SUPPORT FACILITIES ON AGRICULTURE** (assess market infrastructures present, identify other requirements)"

### **III. METHODS AND TOOLS USED**

Based on the Terms of Reference, the DVTI developed a study framework composed highlighting the four functional areas of business as subject for the Study. The methodology employed were based on the specific work and expected outputs to be delivered on all the functional areas of the business i.e. marketing, technical/production, organization & management and financial. Combination of Competency-Based Economies through Formation of Entrepreneurs and Participatory Rural Appraisal with corresponding tools and instruments were used to generate the information needed for the study.

Using group discussions, informal interviews, and documentation review does most of the assessment activities by the DVTI team. Tools like resources mapping, timeline, personal entrepreneurial characteristics self-rating questionnaires, SWOT analysis and semi-structured interview questionnaires were utilized to extract the information needed. Most of the information acquired from the key leaders is primary since there were no secondary data provided during the conduct of Data collection and Focus Group Discussions.

Available secondary data were gathered from the LGUs and UDP PPO3 to supplement data gaps as well as to validate the "confusing information" elevated during the primary data probing.

As part of the methodology, prior to the final drafting of this report, all the data gathered during the fieldwork were validated with UDP PPO3 and the community (UBA) leaders through presentation of results. Validation was done in the presence of both PMO (Marketing and Enterprise Dev't. Coordinator, Ms. Araceli) and the PPO3 (Provincial Program Manager, Mr. Felix Tabasa)

A total of 30 days are devoted in field activities and the remaining 10 days are allotted for report writing and documents validation.

#### **IV. PROFILE OF THE BARANGAY**

The Municipality of Jose Abad Santos, known as Caburan by the local residents is located in the Second District of Davao del Sur. It is bounded by Don Marcelino on the north, by Municipality of Sarangani on the south, by the Pacific Ocean on the east and by Sarangani Province on the west. It is 210 kilometers by Davao City. The Municipality is composed of 26 barangays mostly are coastal areas. Most of the people living in the locality are *Sarangani Manobo* and *B'laan*. Literacy rates are 69.35% based on the Municipal Development Plan 1995 documents. Most of the livelihood activities are fishing and farming.

The Upland Development Programme treats the Barangay Caburan Small of Jose Abad Santos in Davao Del Sur as the 2nd Barangay. It is located in the northern part of the municipality, adjacent to Caburan Big is also classified as urban barangay. It has four (4) sitios namely Agdao, Salugsog, Lingkasa and Pigbalayan.

The barangay has a total households of 257 with a population of 1,654 of which women (800) are dominant than male (854).

A total Land area of 1,057 hectares as per perimeter survey covered the whole barangay with elevation ranges from 200-1,000 meters above sea level and slope of 50 percent and above. Soil type is Malalag clay loam and type four (4) climate.

Main economic activity of the barangay is fishing and agriculture. It is accessible through bus, four-wheeled vehicles and motorcycles. Estimated travel time from Malalag proper is about 3 hours.

Electricity is being powered by generator which service lasts from 8 in the morning up to 12 midnight only. Smart and Globe servers for cellular phones are the most efficient communication service in the area.

## **V. PROFILE OF THE ORGANIZATION/UBA**

### **a. History of the Organization**

By virtue of Memorandum of Agreement in 2000 entered into tripartite partnerships between the Local Government of Jose Abad Santos, Department of Agriculture and the European Union, the organization known as Caburan Small Upland Farmers Association was organized. It was not registered with any registering bodies as an Association but as Cooperative in July 23,2004. It was renamed as Caburan Small Upland Farmers Multi-Purpose Cooperative (CASUFAMPC).

## **b. Composition and Membership**

The cooperative is composed of 11 elected leaders headed by Chairman, Vice- Chairman, Secretary, and Treasurer. Other officers are Public Information Officers (3), Board of Directors (3), and six (6) component chairpersons. The leaders are composed of 55% females and 45% males. Based on the data, 100% of the leaders belong to 45-60 age group mostly are married. Majorities of the leaders are farmers and housewives. Educational attainment of the leaders varies such as college graduate (33.5%), college levels (44.5%), and high school graduate by 22%.

Data revealed that only 11% of Caburan Small Upland Barangay Association elected leaders experienced handling different posts in the organization in the past while the remaining 89% are very new in the functions and responsibilities given to them. Although, most of the elected leaders have basic ideas on the nature of involvement and the definition of roles and functions of their assigned post in the organization.

## **c. Members Profile - Distribution & Demographic Data**

Accordingly, there are 240 plus classified as members of the cooperative covering the four sitios of the barangay. Members are dominated by female (60%) than male. Members are categorized mostly as farmers and fisherfolks with income below the poverty line.

Accordingly, respective household number of each member is six (6). In terms of ethnicity, dominant membership belongs to the Sarangani Manobo and B'laan. While lest dominant are the Cebuanos and Visayans.

**d. Trainings and Seminars Attended**

According to the available records (mostly are certificate of workshops, seminar and trainings), majority of the leaders are equipped in basic organizational management and leadership trainings provided by the UDP as part of the program component. There are also specialized training and seminar like crops diversification, sustainable agriculture development, entrefarm training, organizing, planning workshop and others. Most of the leaders were trained to re-echo these different training within their respective committee members, however, accordingly, this was not done religiously since only one representative were being sent for each trainings conducted.

Capability building training and management skills are the strengths and expertise of the UBA leaders but majorities of the elected leaders have 0% knowledge on cooperative management.

**e. Projects Implemented**

The Caburan Small Barangay Association is very rich in this area of assessment. Given the support from the UDP, the Caburan Small Association implemented different programs as program component of the UDP such as Agri-development focused on productivity and crop diversification, upland reforestation and environmental protection, infrastructure projects as support to Agri-development component and the Rural Financial Service which focused on savings mobilization and credit facilities. Based on the inventory of the organizational services, these programs are all on-going with the assistance of the UDP staff until the end of the 2004 while the local counterpart staff would be until 2005.

**f. Existing Enterprise/s**

There is no existing enterprise yet established by the cooperative as of to date. The Bagsakan Center is the identified enterprise activity of the association as part of the thrust of the UDP focused on economic upliftment of the municipality.

**g. Organizational Structure and Composition**

The most interesting part of the assessment is the discussion on organizational structure of the UBA with the leaders. According to the leaders, there are 240+ members spread all-over the Caburan Small site. During the discussion, the group shared that most of the officers have dual functions in the organization. Based on the inventory list done during the assessment, the total number of officers is only 11 (including the dual functions) contrary to the minimum number of cooperators of 15 members as per the guidelines set by the CDA for registration. There was no general assembly and election happened to complete the officers prior to the registration.

Another aspect of confusion among the leaders is the chain of commands and responsibilities within the structure. There are overlapping of roles and task among officers especially the Secretary and Vice- Chairperson. Most of the important documents of the organization are kept by the Vice-Chairperson. While, the Secretary chaired the Community Institutional Development Extension.

This committee is the counterpart of the Educational Committee prescribed by the CDA in which the automatic Committee-Chair is the Vice- Chairperson of the cooperative based on the CDA ruling.

Looking deeper on the structure drawn by the leaders, the Chairperson and Vice- chairperson are not part of the Board of Director and located higher than the BOD. The Secretary, Treasurer, Auditor, and the Public Information Officers are in the same line, which are all under the command of the Vice-chairperson. The BOD is located in the lower line of these officers followed by the Committee Chairperson.

With this set-up, the BOD as second higher and the policy making body of the organization does not have the power and control in the whole organizational direction and management.

Further, the Rural Finance Service headed by the Secretary as the Committee-Chair created a separate Board of Director and set of officers with separate general membership. This structure resulted to more confusion among members, which led to validation of the evaluators with the PPO3. Rural Finance Committee is operating independently without any coordination in the whole structure of the organization.

Further validation shows that Rural Finance is totally separated from the cooperative and is considered as operating independently. The organizational structure drawn by the leaders is different from the organizational structure laid down by the UDP PPO3 during validation as submitted for registration. Although it may appear that there are misunderstanding on the level of the leaders that maybe contributed by lack of constant orientation from the UDP field personnel, the organizational structure registered with CDA remained to be binding and valid. **Figure 1 & 2** shows the organizational structures based on understanding of the leaders vis a vis the registered one.

Figure 1: Perceived Organizational Structure by the Key Leaders

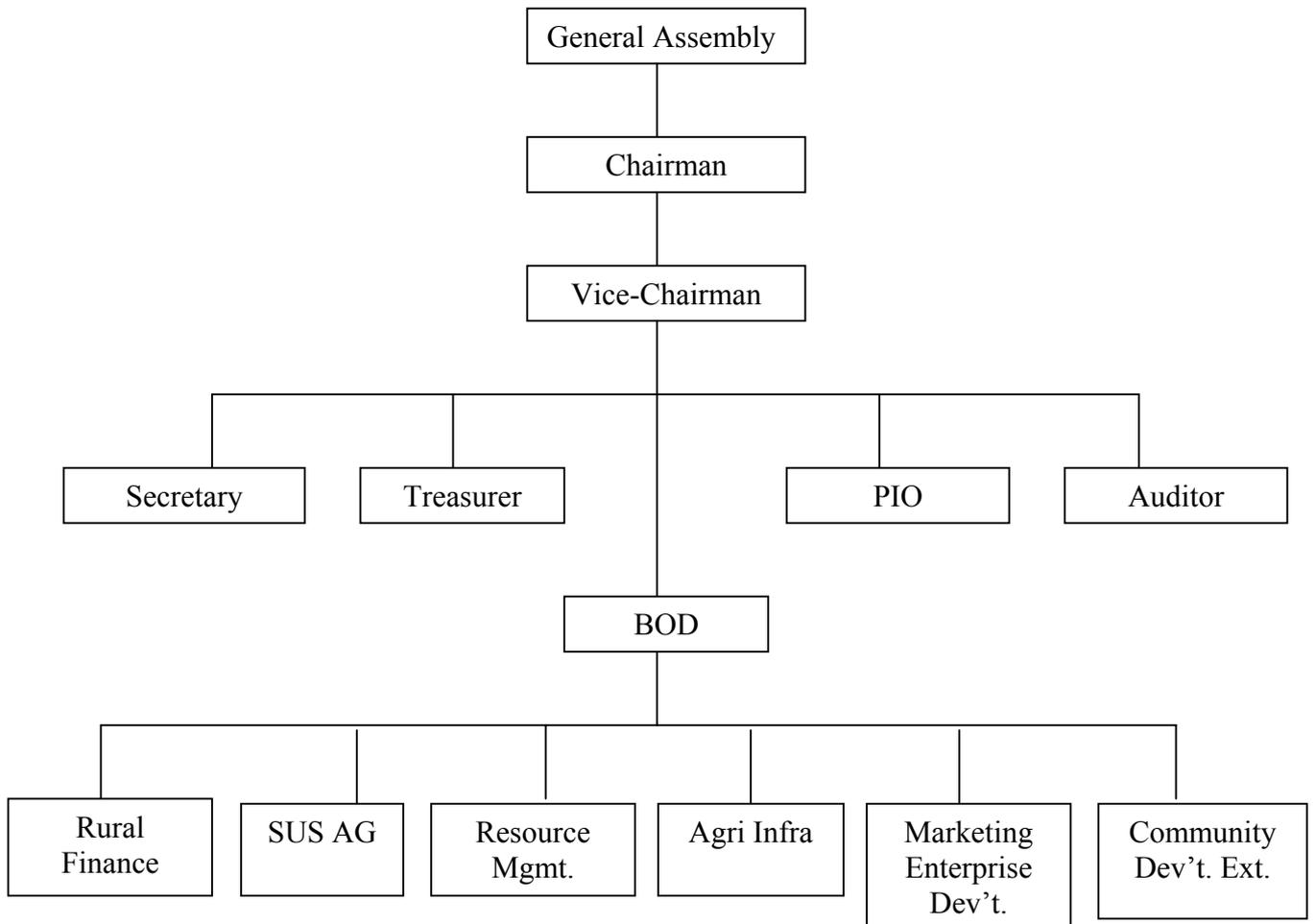
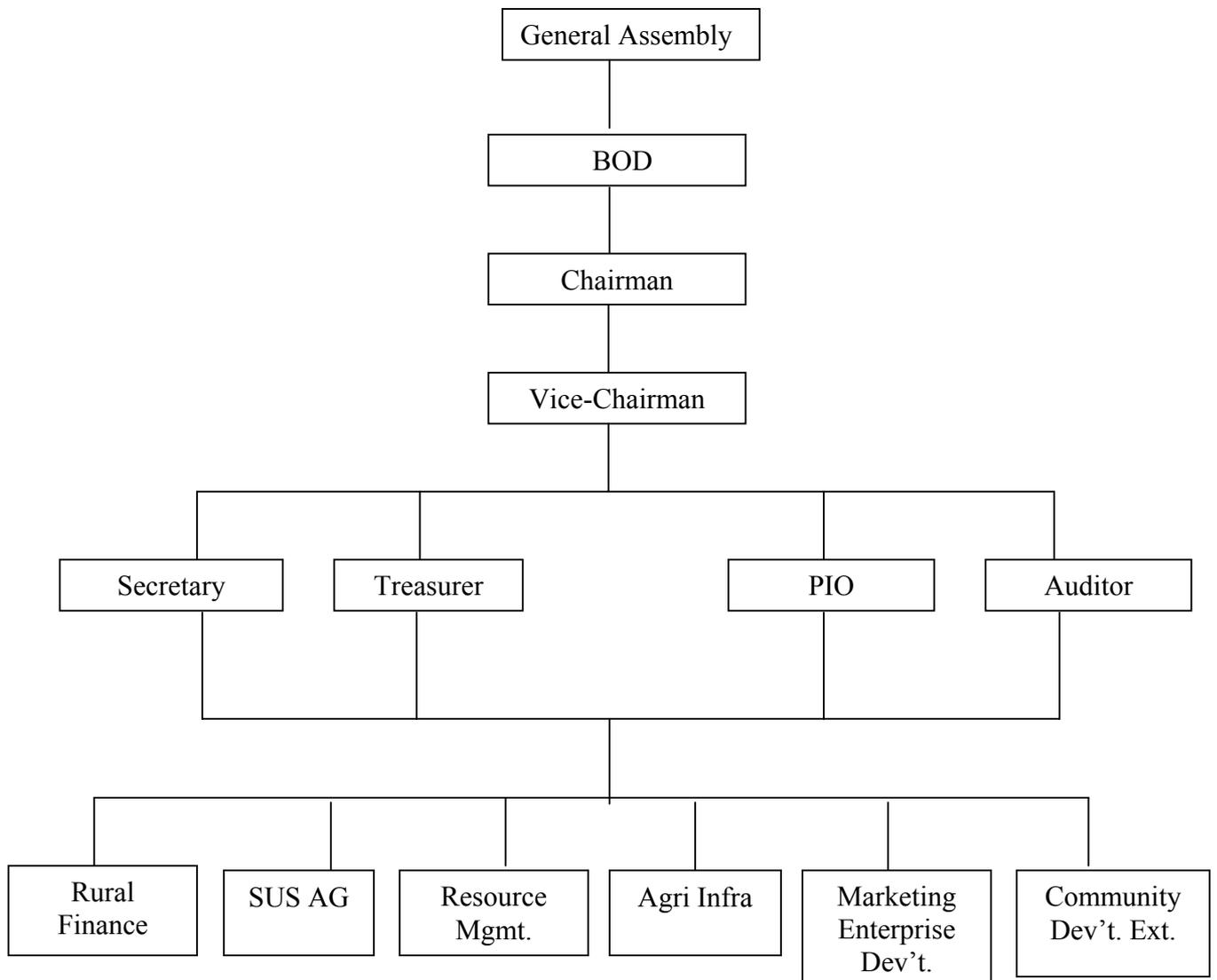


Figure 2: Organizational Structure as per Registration



#### **h. Development Partners**

Presently, UDP is the active partner of the Cooperative in the area. UDP provides the technical and financial assistance in the development of the cooperative following the thrusts of the Programme.

The Local Government Unit of JAS is also recognizing the Caburan Small as primary people's organization partner especially in the infrastructure projects i.e. farms to market road, tourism and upland rehabilitation. Given that the JAS is a *Manobo* and *B'Laan* municipality, relationship among the LGU and UBA is treated as "*kamag-anak*" agreement.

The Rural Bank also is in partnership with the Cooperative through the Rural Finance Center availed by the members of the cooperative through a separate entity management. Land Bank of the Philippines is also doing preliminary consultation with the members through the Rural Bank in the field of credit financing as preparatory of the UDP phase –out in 2005.

## **VI. SITUATIONAL ANALYSIS**

The activities done are focused on reviewing the internal management of the organization by as revisiting the Vision, Mission & Objectives, Review of General Policies, Procedures, and Systems, Styles and Practices on General/Administration and Financial Management. The findings are outlined below.

### **A. ORGANIZATION/UBA**

The Vision, Mission and Objectives were clearly specified under the Policy of the Organization stated as follows.

**Vision:** "Have formed a stable organization to solve the problems on watershed degradation and potable drinking water; invest for the establishment/development of vegetable, livestock , fishing production and other ways to meet the needs.

**Mission/Objective:** Ensure continuous learning and education for the management of land resources and laws governing the implementation and management of ancestral domain land/claim under IPRA/RA 8371.

Although the Vision, Mission/Objectives are clearly stated, the leaders as well as members are lack in the internalization of such. This is manifested during the assessment where they stated another vision and mission not being listed under their policy. Accordingly, their vision as an organization is to make Jose Abad Santos as City for commercialization and tourism. Their current Vision and mission is not geared towards the development of their Organization and its contribution to the overall progress to the municipality,

## **Organizational/Administrative**

Based on the document available, the Caburan Upland Small Farmers Association is not registered with Social Exchange Commission (SEC). Instead, the group is registered under the name of Caburan Small Upland Farmers Multi-purpose Cooperative of Cooperative Development Authority in July 2004. The same name is accredited in the Jose Abad Santos Municipality as Peoples Cooperative group.

There is no document available supporting when and how the **process** from association to cooperative took place. It was apparent when the leaders during the assessment still address their organization as UBA and not Cooperative.

This matter is validated during the focused group discussion among UDP staff (both local counterpart & provincial assigned staff). Based on the discussion, the UDP decided to convert the association in cooperative as result of the previous assessment by the BDS as preparatory for the enterprise development component of the program. There are meetings, discussions and consultations happened among the farmer leaders and members, but no documentation done regarding the said process. Also it was noticeably reflected that the level of participation of the organization in the process was a passive type since they were only requested to fill-up some names and addresses needed to complete the pre-forma form. In short, they did not go to the process of formulating their own by-laws and electing their officers in general assembly setting.

The UDP staff called the conversion from the association to the cooperative as “fast-track process” due to lack of time including the financial preparation for registration.

Moreover, although the leaders are saying that there are 240+ active members of the Cooperative, unfortunately, there are no list of the members per sitio or even per committee membership to substantiate the claim was being presented. The manner of identification of membership of the organization is based on memory recall of the leaders and UDP local assigned staff in the area. This system of membership profiling is very weak which lead shows that the organization does not have in-placed system or parameter used for identification of active and non-active members of the association.

Although, there is a general policy for accepting membership from the four (4) sitios as gathered by the evaluators, however, this policy is stated do not state the responsibilities and requirements for the members to comply i.e. the membership fees or capital build-up, shares etc. There is no documentation on membership is being kept or updated which shall provide the cooperative to assess and direct-set the membership status of the organization

The Constitution & By-laws is fundamental part of an organization, whether Association or Cooperative group. This serves as the guiding principle in developing the services and thrust of the organization. In the case of this cooperative/organization, this basic document is not available even from the PPO3 office both for Association and Cooperative.

Organization was formed in 2000, but since then, there is no clear Constitution & By-laws formulated by them, which resulted to disorganized management in the organization.

The kind of policies that the organization has are more program-related, which directly concern the implementation of the UDP program components. The only written general policy of the group is their vision, mission/objectives, general policy for membership, laws and ordinances on IPRA implementation and the general known role and functions of the officers selected. Accordingly, these policies were done mainly to comply purposes accessing assistance from UDP.

During the discussion with the UDP staff, the Constitution & By- laws used by the organization for the cooperative registration purposes is the pre-formatted form from the CDA. Due to lack of time given from the UDP Management, the technical support deliberately expedited the process of registration by using the pro-forma of CDA leading to just filling in the blanks. Likewise, there were no deliberation and discussion of this pro-forma Constitution and By-laws to the officers and members made hence, understanding and management on Cooperativism is not understood by the leaders and members.

### **Financial Management**

There are no financial statements regularly prepared by the Cooperative. This is because there is no inflow and outflow of finances in the organization. As mentioned, though the organization or cooperative has general policy for accepting membership, there is no formulated policy for memberships fees, dues or capital build-up or shares being discussed, approved and implemented. Likewise, there is no projects or activities that entails in and out of finances of the organization, to be more precise, no income generating activities or enterprises being handled yet by the Cooperative/Organization.

The leaders presented a 2003 financial statement but this does not present the cooperative financial standing but of another separate entity that is the Financial Rural Finance Service implemented with the Rural Bank of which the members of the cooperative availed such services.

This is a misconception of the leaders because they thought that Rural Finance Service is one of the cooperative's component because their members invest their capital build-up/shares into it and access credit from it.

## **Operations**

Given the support from the UDP, the organization had implemented different programs as program component of the UDP such as Agri-development focused on productivity and crop diversification of individual members, upland reforestation and environmental protection and infrastructure projects as support to Agri-development component. Based on the inventory of the organizational services, these programs are all on-going with the assistance of the UDP staff until the end of the 2004 while the local counterpart staff would be until 2005.

However, management of these projects is heavily driven by UDP assistance. Though known counterparts like labor and land are being provided as requirement of the projects, schemes for managing of such projects by the organization for sustainability or replicability are not clearly laid down and understood by the leaders.

No regular meetings as well as general assembly is being practice by the organization/cooperative. Hence, no replacement of old officers, no regular assessment of activities and planning conducted leading to no clear direction-setting and steering of the cooperative to function as self-sustaining cooperative.

Meetings are actually done only on a call-basis mostly from UDP for Programme components planning and implementation as well as from LGUs or other partners for potential projects or information dissemination. Meetings are not regularly done by the cooperative for the organizations own direction-setting purposes. This is understandable since the cooperative is not yet a self-sustaining organization and activities are heavily dependent on UDP's direction.

## **B. ENTERPRISE DEVELOPMENT**

As mentioned earlier, there is no enterprise being managed by the cooperative as of this moment. The envisioned "Bagsakan Center" is the proposed enterprise the cooperative wanted to venture.

Consequently, the discussion in this part will be the presentation of findings of the evaluator on the assessed viability of the proposed Bagsakan Center of the cooperative for future management steering purposes.

### **1. For Enterprises Directly Managed by the UBA or UCOs**

The Bagsakan Center shall be owned and managed by the Caburan Small Upland Farmers Multi-Purpose Cooperative (CASUFAMPC) formerly known as Caburan Small Upland Farmers Association.

The proposed enterprise is a new business that shall be established in Jose Abad Santos with center of operations in barangay Caburan Small. New in the sense that it shall be managed by a cooperative which shall be either directly competing with the local individual traders in the locality or become the centralized negotiator and consolidator of products for all types of markets.

A proposed enterprise where the current leaders of the cooperative have only basic skills and knowledge in running and managing a "Bagsakan Center" based on observation but not so much in practice. Since accordingly, these leaders have their own mini business that could relate to the transaction processes of the proposed enterprise.

The proposed enterprise envisioned to help the members (farmers and fisherfolks) sell their produce on a competitive prices and to either get away or make a competitive stand with the loan sharks/traders operating in the area. The consolidation of the agri-aqua/fisheries products by the cooperative is envisioned to position the community for better marketing negotiation control with local and outside markets.

## 2. Production Review

### Status of the Resource

The leaders clustered the 26 barangays into south, north and west cluster to clearly identify the dominant crops in the whole municipality and how much volume these products are producing. The north and south cluster barangays are mostly combination of coastal and upland while the west cluster is upland barangays.

From the results of resources mapping conducted, primary agriculture products noticeably abundant in JAS are Abaca, Tangan-tangan, corn, coffee and coconut. Other products that are also saleable and considered secondary are banana, peanut, ube, ginger, sweet potato, cassava, garlic, monggo, black pepper and mango.

On the aquatic-fisheries resources, the *squid*, *bangus-fry*, *lapu-lapu*, crabs, lobster and other known fishes are considered abundant.

Table 1 shows the resources available and abundant in JAS that can be considered as the commodities for the proposed bagsakan center enterprise. These products are spread all-over the municipality.

According to the Caburan Small Association leaders, one of the approaches that the organization is exploring is the federation of all UBAs of JAS to support the Bagsakan center project.

In the area of crop production, the UBA leaders as well as members have already skills and knowledge on agri-development as extended by UDP. In terms of technology application or preparedness of the UBA subject for study, they have basic idea on "bagsakan center production process/methodology flow". Technology on how to store the products is also known through observing the way the traders ensure the storage of the products.

Assessing the nature of the future business of the organization, most of the members even the leaders are familiar and knowledgeable on the “buy & sell” business scheme although most of them experiences small scale buying businesses only.

Based on the assessment, the leaders already identified the possible location of the Bagsakan Center that would be used as the warehouse of the project. Leaders also did preliminary activities such as negotiation with the landowner of the center site, estimation of the building and possible care taker or “*bodegero*” for the Bagsakan Center. The most possible center for the bagsakan center would be the existing support structure built by the local government unit in Caburan Small since it is being offered for this purpose.

The leaders also identified that there are existing warehouses (mostly are semi-concrete and old building structure) facilities in the municipality, these are dominantly located in north and south clusters barangays. These shall serve as buying stations facilities for those barangays belonging to such clusters

Transportation facilities like cargo trucks and vans for hauling purposes also exist in the area. Farm to market road is also being address by the Local Government Unit of the JAS in partnership with other national agencies and politicians.

The upcoming opening of road networks connecting the municipality to all the major provinces in Southern Mindanao shall also facilitate the transportation of these products to the market with competitive prices.

The DAR solar-spots project providing off-grid electricity to the municipality shall also facilitate enterprise transaction during night and early morning where most of the fresh products like fishes and upland crops are being sold by the fisherfolks and farmers.

Table 1: Resources Available for the Proposed Bagsakan Center in JAS

Product	Unit	Volume	Production Frequency
<b>Primary Agri-Product:</b>			
Coconut	tons	1445	Quarterly
Corn	tons	828	Quarterly
Coffee	tons	262.46	Semi-Annual
Abaca	tons	230	Semi-Annual
Tangan-tangan	tons	195.5	Quarterly
<b>Secondary Agri-Product:</b>			
Banana	tons	115	Monthly
Mango	tons	20	Quarterly
Cassava	tons	10	Annual
Potatoes	tons	9	Quarterly
Peanut	tons	6	Quarterly
Garlic	tons	3	Quarterly
Ginger	kls	300	Annual
Mongo	kls	300	Quarterly
Black pepper	kls	150	Semi-Annual
Ube	kls	150	Annual
<b>Agri-By-Product:</b>			
Coco-Charcoal	tons	212	Quarterly
<b>Forestry By-Product:</b>			
Almaciga Resin	tons	500	Continuous
<b>Aqua-Marine Products:</b>			
Bangus fry	kls	3800	Seasonal
Squid	kls	3600	Seasonal
Lapu-lapu	kls	3200	Seasonal
Other fishes	tons	200	Continuous
Crabs	kls	1640	Seasonal
Lobsters	kls	1260	Seasonal

### 3. Marketing Review

So far, there are 13 local traders identified in the area but no existing cooperative or organization operating in this kind of business. There are also existing small-scale buying stations in the locality, which focused only in specific products.

Based on the discussion with the local traders, these identified products have very good market potential in the neighboring municipalities and cities like Davao City, Digos City, General Santos City, and Sarangani. The traders also added that all year round, these products have high market demand.

On the aqua-marine products, local people and traders said that most of the fish catch by the fisherfolks are being sold in Sarangani Province, Malita, Digos or even Davao due to high market demand and high value of the aquatic product. However, they are being intercept immediately by the local traders due to indebtedness of the fisherfolks to them.

During the activity, local traders are receptive to share any information about the current buying price existing in the area. Thus, the farmers identified some problems in product pricing as follows; the price of the crop is very low, percentage deducted from the total number in kilograms reaching up to 150% (*resikado*), and farmers as well as fisherfolks with loans are given lower buying price by the traders.

It is in this respect that the Bagsakan Center is proposed to established. The cooperative envisioned to have the control over the prices of the identified products with the traders (as potential marketing arm) or direct markets. Proposed mark-up for each product is from up to 85% from its selling price only as to compared with the local traders.

#### **4. Financial Review**

In terms of financial capacity, the members have the “savings” orientation attitude, this is manifested in the high rate of participation in the Rural Finance Service Center activities thus, the “money” is individually accounted and deposited among members. However, as an organization, there is no general fund available for business venture like in the case of *Bagsakan Center*.

While it is understood that UDP shall provide funds for the operation of the proposed enterprise through GFIs, it must be required that the cooperative shall also established their equity by starting to collect capital build-up from the members. This is to establish sense of ownership to ensure sustainability.

The Finance Service Center can also be tapped as source of fund for the capital needed for the enterprises to start.

The finance schedules are made to provide birds eye view on the viability of the enterprise. It was done on rough estimation since the detailed business planning must be done during the Phase II of the BDS. The Business Planning shall provide all the assumptions and more accurate calculations. However, for purposes of providing direction setting for further assistance from the UDP Management the finance schedules presented can help.

Finance Schedule 1 shows the Projected Sales Forecast for one production only. The sales forecast is determined on all products that are available and saleable in the JAS in general. The prices used are the prevailing price in the direct market taken during the assessment. The production of these products is based on the frequency outlined in table 1.

Finance Schedule 2 shows the Total Cost for the enterprise to start in one production also. There are four (4) options presented for UDP and the Cooperative to choose for the bagsakan center. Determination of the revolving capital for the enterprise is based on the percentage on the sales forecast per product. It varies based on manageability of the cooperative as starters. Consequently, percentage varies from 10-25% of the sales forecast as revolving capital. Said revolving capital is estimated to reach the projected sales forecast of the cooperative if proper management is practice.

Hence, the need for capability building (simulated) and on-the job coaching and mentoring as part of the Organization and Management Budget must be taken. It is propose that equity can be in all forms based on the capacity of the cooperative. Loan component is also encouraged for the cooperative to establish a credit record as well as to increase their enthusiasm and accountability in managing the enterprises. The grant portion can be taken from LGU and/or UDP.

Lastly, Finance Schedule 3 shows the Projected Income on one production also which is based on selected option(s). Mark up is peg at 75-85% on the prevailing price just to present a conservative estimates. This can still increase depending on the final business plan that shall be formulated during the phase II. Likewise, can vary during the actual implementation. In the income projections, the ruling applies that the more products to be sold in the bagsakan center the higher the possible income.

Finance Schedule 1: Projected Sales Forecast (one production only)

Product	Production Volume in JAS			10% Production Volume for Proposed Enterprise			
	Unit	Volume	Production Frequency	Volume	Unit	Price/unit	Total
<b>Primary Agri-Product:</b>							
Coconut	tons	1445	Quarterly	144.5	tons	18,500.00	2,673,250
Corn	tons	828	Quarterly	82.8	tons	9,000.00	745,200
Coffee	tons	262.46	Semi-Annual	26.246	tons	60,000.00	1,574,760
Abaca	tons	230	Semi-Annual	23	tons	20,000.00	460,000
Tangan-tangan	tons	195.5	Quarterly	19.55	tons	30,000.00	586,500
<b>Sub-total</b>							<b>6,039,710</b>
<b>Secondary Agri-Product:</b>							
Banana	tons	115	Monthly	11.5	tons	14,000.00	161,000
Mango	tons	20	Quarterly	2	tons	35,000.00	70,000
Cassava	tons	10	Annual	1	tons	3,000.00	3,000
Potatoes	tons	9	Quarterly	0.9	tons	10,000.00	9,000
Peanut	tons	6	Quarterly	0.6	tons	60,000.00	36,000
Garlic	tons	3	Quarterly	0.3	tons	40,000.00	12,000
Ginger	kls	300	Annual	30	kls	30.00	900
Mongo	kls	300	Quarterly	30	kls	18.00	540
Black pepper	kls	150	Semi-Annual	15	kls	60.00	900
Ube	kls	150	Annual	15	kls	12.00	180
<b>Sub-total</b>							<b>293,520</b>
<b>Agri-By-Product:</b>							
<b>Coco-Charcoal</b>	<b>tons</b>	<b>212</b>	<b>Quarterly</b>	<b>21.2</b>	<b>tons</b>	<b>6,000.00</b>	<b>127,200</b>
<b>Forestry By-Product:</b>							
<b>Almaciga Resin</b>	<b>tons</b>	<b>500</b>	<b>Continuous</b>	<b>50</b>	<b>tons</b>	<b>12,000.00</b>	<b>600,000</b>
<b>Aqua-Marine Products:</b>							
Bangus fry	kls	3800	Seasonal	380	kls	70.00	26,600
Squid	kls	3600	Seasonal	360	kls	80.00	28,800
Lapu-lapu	kls	3200	Seasonal	320	kls	180.00	57,600
Other fishes	tons	200	Continuous	20	tons	60,000.00	1,200,000
Crabs	kls	1640	Seasonal	164	kls	180.00	29,520
Lobsters	kls	1260	Seasonal	126	kls	250.00	31,500
<b>Sub-Total</b>							<b>1,374,020</b>
<b>GRAND TOTAL</b>							<b>8,434,450</b>

Assumptions: At least 10% from the Production Volume for the enterprise as conservative estimate in one production stage only

1. At least 10% from the Production Volume in JAS in one production stage is the market share of the cooperative
2. Initial Revolving Capital for the Production Aspect is ranges from 10-25% of the Projected Sales depending on the options to be taken

Finance Schedule 2: Total Enterprise Cost (One Production)

No.	Expense Item	Total Cost	Equity (25%)	Loan (25%)	Grant (50%)
1.	Revolving Capital for Production				
	Options 1:				
	1) Primary Agri-product (15%)	905,957	226,489	226,489	452,978
	2) Aqua-marine Product (15%)	206,103	51,526	12,881	3,220
	<b>Sub-Total</b>	<b>1,112,060</b>	<b>278,015</b>	<b>69,504</b>	<b>17,376</b>
	Options 2:				
	1) Primary Agri-product (10%)	603,971	150,993	37,748	9,437
	2) Aqua-marine Product (10%)	137,402	34,351	8,588	2,147
	3) Agri-by Product (25%)	31,800	7,950	1,988	497
	<b>Sub-Total</b>	<b>773,173</b>	<b>193,293</b>	<b>48,323</b>	<b>12,081</b>
	Options 3:				
	1) Primary Agri-product (10%)	603,971	150,993	37,748	9,437
	2) Aqua-marine Product (10%)	137,402	34,351	8,588	2,147
	3) Agri-by Product (25%)	31,800	7,950	1,988	497
	4) Forestry-by-product (10%)	60,000	15,000	3,750	938
	<b>Sub-Total</b>	<b>833,173</b>	<b>208,293</b>	<b>52,073</b>	<b>13,018</b>
	Options 4:				
	1) Primary Agri-product (10%)	603,971	150,993	37,748	9,437
	2) Aqua-marine Product (10%)	137,402	34,351	8,588	2,147
	3) Agri-by Product (25%)	31,800	7,950	1,988	497
	4) Forestry-by-product (10%)	60,000	15,000	3,750	938
	5) Secondary Agri-Product (15%)	44,028	11,007	2,752	688
	<b>Sub-Total</b>	<b>877,201</b>	<b>219,300</b>	<b>54,825</b>	<b>13,706</b>
2.	Organizational Management Budget				
	Capability Buildings/Trainings:				
	> Business Creation Training (3-day @ 30 pax)	67,500	16,875	4,219	1,055
	> Simple Bookkeeping (3-day @ 15 pax)	33,750	8,438	2,109	527
	> Management Training (3-day @ 15pax)	33,750	8,438	2,109	527
	> Marketing Training (3-day @ 15pax)	33,750	8,438	2,109	527
	> Credit Facilitation Training (3-day @ 15pax)	33,750	8,438	2,109	527
	Coaching & Mentoring (90 persondays)	225,000	56,250	14,063	3,516
	Equipment/Tools (calculator, weighing scale,sacks)	100,000	25,000	6,250	1,563
	Office Supplies	20,000	5,000	1,250	313
	<b>Sub-Total</b>	<b>547,500</b>	<b>136,875</b>	<b>34,219</b>	<b>8,555</b>
3.	Marketing Budget				
	Billboard/Streamer (1 billboard + 10 streamers)	50,000	12,500	3,125	781
	Simple flyers	5,000	1,250	313	78
	<b>Sub-Total</b>	<b>55,000</b>	<b>13,750</b>	<b>3,438</b>	<b>859</b>

Finance Schedule 3: Projected Income (Rough Estimates)  
 (one production only)

	Option 1	Option 2	Option 3
Income			
Sales	7,413,730	7,540,930	8,140,930
Less: Cost of Sales	6,739,755	6,841,515	7,386,969
<b>Gross Profit</b>	<b>673,975</b>	<b>699,415</b>	<b>753,961</b>
Less: Expenses			
O&M	457,500	457,500	457,500
Marketing	55,000	55,000	55,000
Admin Cost (10% of GP)	67,398	69,942	75,396
<b>Total Expenses</b>	<b>579,898</b>	<b>582,442</b>	<b>587,896</b>
<b>Net Savings</b>	<b>94,078</b>	<b>116,974</b>	<b>166,065</b>

Option 4

8,434,450  
7,642,204  

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792,246  

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457,500  
55,000  
79,225  

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591,725  

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**200,522**  

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## **VII. RECOMMENDATIONS**

### **a. Overall Recommendations**

The proposed bagsakan enterprise in general is viable business that can be taken into consideration. The production capacity of the municipality and the presence of interested cooperative are the facilitating factors to ensure viability of this enterprise.

Support structures are in place. The LGU structure for the center is offered for the enterprise to be established. Opportunity from the UDP through the Land Bank of the Philippines as the GFI is supporting Cooperative for enterprises development. Further development of the municipality i.e. the on-going DAR-SPOTS off-grid electrification to far-flung barangays, the opening of road networks connecting the municipality to major provinces where the direct markets are situated; the electrification of the town by DASURECO in two (2) years time; available communication facilities in place for efficient marketing; and the thrust of the Government on JAGS development plan where Jose Abad Santos is one of the municipality covered under the said plan.

However, the institutional/organizational and entrepreneurial capability of the cooperative must be taken into serious consideration for the successful conclusion of this enterprise. Although the interest of the key leaders as well as members are present, skills, knowledge and proper attitude in cooperative as well as business management must be provided in concepts and in practice.

The essence of Cooperativism among the producers in the area must be promoted to ensure the success of the enterprise. The said enterprise must ensure a sense of ownership on the part of the cooperative for sustainability even after UDP assistance is over.

Active involvement of the LGU as support institution must be continuously integrated in the whole process to provide constant coaching, mentoring and supervision for the cooperative especially after UDP.

#### **b. Specific Recommendations**

The concept of learning by doing by the cooperative for the proposed enterprise is highly recommended to strengthen the organizational and entrepreneurial capabilities of the organization.

The intervention can be done in two (2) ways; (1) training on concepts and (2) on-the job coaching/mentoring on actual applications. This intervention shall be done simultaneously based on the need of the enterprise to be established. The following capability building/strengthening with actual coaching and mentoring can be done in the remaining months of UDP Programme:

1. Formulation of comprehensive business plan for the proposed bagsakan center detailing the four (4) functional areas (marketing, production, organization and management ; and financial) of enterprises;
2. Management Training and Planning
3. Marketing Management Training and Planning
4. Simple Bookkeeping
5. Credit Facilitation/Bridge Financing
6. Other capability building related to Cooperativism (Organizational Management) and enterprises development as need arises

During this intervention, the capital build-up of the cooperative must be collected as equity for the proposed enterprises. Memorandum of Agreements with GFIs, UDP, SMEs and the other UBAs in the municipalities can be facilitated prior to enterprise take off.