



Department of Agriculture  
Agricultural Credit Policy Council

# Rapid Assessment of Upland Southern Mindanao – Credit and Institutional Building Program (USM-CIBP)

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## TABLE OF CONTENTS

I.	Background and Rationale of the Rapid Assessment .....	5
A.	USM-ICB Program Background .....	5
B.	Objectives of the Assessment.....	7
II.	Analytical Framework and Methodology.....	8
A.	Analytical Framework.....	8
B.	Methodology .....	9
1.	Overall Assessment .....	10
2.	Responsiveness (Relevance) .....	13
3.	Effectiveness .....	14
4.	Sustainability .....	16
5.	Timeliness .....	17
III.	Scope and Limitations.....	21
IV.	Summary of Assessment Results.....	22
A.	Responsiveness .....	22
B.	Effectiveness .....	23
C.	Sustainability.....	24
D.	Timeliness .....	24
E.	Overall Assessment .....	25
F.	Success Factors.....	26
1.	Responsiveness .....	26
2.	Effectiveness .....	27
3.	Sustainability.....	28
4.	Timeliness .....	28
G.	Constraining Factors.....	29
1.	Encountered by cooperatives that were able to become bank-assisted .....	29
2.	Encountered by cooperatives that have not yet become bank-assisted.....	30
V.	Recommendation.....	32
A.	United Maligang Farmers Multi-Purpose Cooperative (UMFMPC) .....	32
B.	Kaliac Multi-Purpose Cooperative (KALIAC MPC) .....	32
C.	Upper Lumabat Small Farmers Producers Cooperative (ULSFPC) .....	32
D.	Mati Davao Oriental Upland Cooperative (MADOUCO).....	33

E. Baganga Rubber Planters Multi-Purpose Cooperative (BARPLAMCO).....	33
F. San Isidro Cacao Producers Cooperative (SICAPCO).....	33
G. Mikit Upland Farmers Marketing Cooperative (MUFARMCO) .....	34
H. Overall Recommendations .....	34

## LIST OF TABLES

Table 1. Maturity Levels of USM-CIBP Beneficiaries Cooperatives upon Enrollment in the Program .....	6
Table 2. Analytical Framework for the USM-CIBP Rapid Assessment .....	8
Table 3. Corresponding Weights of the Responsiveness, Effectiveness, Sustainability, Timeliness .....	10
Table 4. Overall Assessment Matrix .....	12
Table 5. Responsiveness Scoring Guide .....	13
Table 6. Effectiveness Scoring Guide .....	15
Table 7. Sustainability Scoring Guide .....	16
Table 8. Timeliness Scoring Guide .....	18
Table 9. Overall Assessment Results .....	22

## RAPID ASSESSMENT OF USM-CIBP

### I. Background and Rationale of the Rapid Assessment

#### A. USM-ICB Program Background

The Upland Southern Mindanao-Credit and Institutional Building Program (USM-CIBP) is the successor program of the Rural Finance Services (RFS) Component of the Upland Development Program for Southern Mindanao (UDP), a special project of the Department of Agriculture (DA) co-funded by the European Union (EU) and the Government of the Philippine (GOP) which officially ceased operations on July 11, 2007. The USM-CIB Program was established in July 2008 to continue the credit and ICB support to the UDP assisted upland farmers associations.

The DA officially appointed the Agricultural Credit Policy Council (ACPC) to be the implementing agency of the USM-CIBP, through DA-Administrative Order No. 27, Series of 2007 (DA-AO 27, s. 2007), dated July 11, 2007. The ACPC also became the manager and trustor of the fund for the program.

The USM-CIBP consists of two components, namely: a) the Cooperative Component; and b) the Micro-finance Component. While the Micro-finance Component is implemented by ACPC with micro-finance institutions, the Cooperative Component, on the other hand, is implemented through the Land Bank of the Philippines (Landbank).

In line with DA-AO, s. 2007, the ACPC and Landbank entered into an agreement on July 31, 2008 to implement institutional capacity-building (ICB) assistance activities for the existing 28 beneficiary cooperatives of USM-CIBP. The ICB assistance is aimed at strengthening the beneficiary farmers and fisherfolk cooperative organizations (FFCO)<sup>1</sup> through a package of interventions that include training, coaching and mentoring, systems installation and other relevant ICB activities (e.g. Lakbay-aral, market linkaging, initiating business alliances with other cooperatives) designed to enhance the organizations' capability/capacity to conform with Landbank's cooperative accreditation criteria.<sup>2</sup>

Also included in the MOA as a support component is the provision of credit to the USM-CIBP beneficiary cooperatives by the Landbank through the program's Hold-Out Deposit Coverage Scheme (HODCS). Beneficiary cooperatives with viable projects as well as marketing and collection agreements with traders that remain unassisted by Landbank can already be eligible

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<sup>1</sup> RA 7607 (Magna Carta for Small Farmers) refer to small farmers' cooperatives, associations, or corporations duly registered with appropriate government agencies and which are composed primarily of small agricultural producers, farmworkers, and other agrarian reform beneficiaries dependent on small-scale subsistence farming as their primary source of income and whose sale, barter or exchange of agricultural products do not exceed a gross value of One hundred eighty thousand pesos (P180,000.00) per annum based on 1992 constant prices. The target beneficiaries of the USM-ICB program are small farmer and fisherfolk cooperative organizations (FFCO) that are beneficiaries of the UDP that require development assistance to strengthen and upgrade their maturity level and status to being credit-worthy and able to access credit.

<sup>2</sup> Using the LBP Cooperative Accreditation Criteria (CAC) as reference, the ICB Program focuses on FFCOs, SLAs and RFAs that may fall under Class D, C and F categories which are not yet viable organizations. LANDBANK adopts the Cooperative Accreditation Criteria (CAC), a system for accrediting and classifying cooperatives, to properly calibrate the delivery of financial and technical assistance to cooperatives. The CAC classifies cooperatives according to maturity level based on three major indicators: organization and management, business operation and financial and loan portfolio, and determines the weak areas in their operations. Cooperatives classified as A and B are considered the stronger co-ops. Class C and D levels require further development assistance to strengthen and eventually upgrade them. A level F means the cooperative has failed to attain the minimum score under CAC, thus, needs further technical assistance.

for credit assistance through a guarantee from the HODCS. The HODCS is a guarantee mechanism under the program that assumes 100% of loan default risks.

The end-objective of the program’s Cooperative Component is to improve the viability and creditworthiness of its beneficiary cooperatives so that they can have sustainable access to financial services by being mainstreamed into the formal financial system as clients and partners of institutions such as the Landbank.

The USM-CIBP is implemented in the six (6) provinces covered by the UDP, namely: Compostela Valley; Davao del Sur; Davao del Norte; Davao Oriental; Sarangani; and South Cotabato. In particular, the program serves the municipalities that were also identified to be assisted under the UDP. The two (2) components of the program are implemented by ACPC in partnership with: a) Landbank under the Cooperative Component and b) with microfinance institutions under the Micro-finance Component.

Noting the differing outcomes of the program-assisted cooperatives during the USM-CIBP National Executive Committee (NEC) Meeting held on June 26, 2020, the NEC recommended the conduct of a rapid assessment to determine the factors that contributed to why some of the assisted cooperatives were able to achieve eligibility for Landbank accreditation. The output of the rapid assessment will be an important input in planning the appropriate strategic capacity-building interventions for the seven organizations that remain unaccredited by Landbank that will be included in the USM-ICB Strategic and Operational Plan and Budget for the period 2020-2022.

Seven (7) sample program-assisted cooperatives were selected to be evaluated in connection with the rapid assessment of the program. Four (4) cooperatives were selected based on being classified as “performing”, while the other three (3) were selected on the basis of being representative of the cooperatives classified as “potentially new accessing” as of June 2020.

Table 1 shows the maturity levels (based on Land Bank’s accreditation standards) of the 7 selected sample cooperatives.<sup>3</sup>

Table 1. Maturity Levels of USM-CIBP Beneficiaries Cooperatives upon Enrollment in the Program

<b>Name of Cooperative</b>	<b>Maturity Level</b>
1. Mati Davao Oriental Upland Credit Cooperative	D
2. KALIAC Multi-Purpose Cooperative	D
3. United Maligang Farmers Multi-Purpose Cooperative	C
4. Upper Lumabat Small Producers Cooperative	D
5. Baganga Rubber Planters Multi-Purpose Cooperative	F
6. Mikit Upland Farmers Cooperative	D
7. San Isidro Cacao Producers Cooperative	D

<sup>3</sup> Maturity level is measured based on the coops’ financial, management, and business performance using the Enhanced Cooperative Accreditation Criteria (ECAC) of Landbank.

During program implementation, four (4) of these cooperatives were eventually able to successfully access credit assistance for the first time from Landbank.<sup>4</sup> The ULSFPC, UMFMP, MADOU and KALIAC were able to pass the Landbank's cooperative accreditation criteria. The loans of these 4 cooperatives also had guarantee cover from the Hold-Out Deposit Coverage/Guarantee Scheme of the program. Aside from Landbank credit, the 4 cooperatives were also eventually able to access grants and other forms of assistance from other sources.<sup>5</sup>

On the other hand, the remaining three (3) cooperatives are still in the process of satisfying the accreditation criteria of Landbank.

This report documents the results of the rapid assessment that was conducted as directed by the USM-CIBP NEC.

## **B. Objectives of the Assessment**

The objectives of the assessment are the following:

1. To determine to what extent the USM-CIBP was successful in achieving its program objectives of:
  - a. Strengthening the management & systems capability of beneficiary cooperatives to qualify for accreditation with the Land Bank of the Philippines and to source funds from other financial institutions;
  - b. Graduating the beneficiary cooperatives accredited by Landbank from the USM-CIBP; and
  - c. Putting in place a security mechanism that would encourage financial institutions to lend to the program-assisted cooperatives.
2. To identify success and constraining factors.
3. To give recommendations on the program moving forward.

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<sup>4</sup> "Successful coops" are coops that passed the LBP's cooperative accreditation criteria. These coops are classified according to the maturity level based on three indicators: organization and management, business operation and financial and loan portfolio. The classification of these coops facilitates the determination and calibration of the financial and technical assistance to cooperatives.

<sup>5</sup> Sources: Philippine Rural Development Project (PRDP), Department of Trade and Industry (DTI), Philippine Fiber Industry Development Authority (PhilFIDA) and Non-Government Organizations

## II. Analytical Framework and Methodology

### A. Analytical Framework

The objectives of this assessment were undertaken using the following analytical framework:

Table 2. Analytical Framework for the USM-CIBP Rapid Assessment

Program Goals & Objectives <sup>6</sup>	Expected Program Outcomes	Indicators, Data, and Information to be Analyzed
<p>1. Strengthen the management &amp; systems capability to qualify for accreditation with the Land Bank of the Philippines, to source funds also from other financial institutions, and deliver financial services to members or targeted beneficiaries.</p>	<ul style="list-style-type: none"> <li>• The maturity levels of assisted cooperatives are upgraded to the minimum level required for credit access with the Land Bank of the Philippines.</li> <li>• Assisted cooperatives can access credit with the Land Bank of the Philippines and other financial institutions.</li> </ul>	<ul style="list-style-type: none"> <li>• Documented areas of weakness of the cooperatives (based on Landbank’s annual operations review of the Cooperative Categorization Scoring Worksheet (CCSW) scores).</li> <li>• The types and content of capacity-building interventions introduced by the program for the cooperatives.</li> <li>• Improvements, if any, in the cooperatives’ organization and management, business operations, and financial indicators based on:               <ol style="list-style-type: none"> <li>1. Landbank’s annual operations review of the CCSW scores;</li> <li>2. Other available data and information to validate organizational, technical, and financial management capacities;</li> <li>3. Landbank’s annual maturity level classifications for the cooperatives.</li> </ol> </li> <li>• A credit line, if any, with Landbank and other financial institutions for the assisted cooperatives.</li> <li>• Whether the cooperatives’ loans are covered by guarantee through the program.</li> <li>• Other factors that helped facilitate program success, if any.</li> <li>• Factors that constrained program success, if any.</li> </ul>

<sup>6</sup> Memorandum of Agreement on Upland Southern Mindanao-Capacity and Institutional Building Program between Department of Agriculture-Agricultural Credit Policy Council (DA-ACPC) and Land Bank of the Philippines (LBP)



<p>2. The beneficiary cooperatives accredited by Landbank would “graduate” from the USM-CIBP and be phased in with the bank’s regular credit and ICB assistance.</p>	<ul style="list-style-type: none"> <li>• Program-assisted cooperatives are mainstreamed with Landbank and other lending Institutions.</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainability in the assisted cooperatives’ organization and management, business operations, and financial indicators based on: <ol style="list-style-type: none"> <li>1. Landbank’s annual operations review of the CCSW scores;</li> <li>2. Other available data and information to validate organizational, technical, and financial management capacities;</li> <li>3. Landbank’s annual maturity level classifications for the cooperatives.</li> </ol> </li> <li>• A recommendation from Landbank, if any, for the assisted cooperatives to graduate from USM CIBP capacity-building support and the consequent graduation of the cooperatives from USM CIBP capacity-building support.</li> <li>• The amount of time it has taken the program to achieve outcomes, if any.</li> <li>• Other factors that helped facilitate program success, if any.</li> <li>• Factors that constrained program success, if any.</li> </ul>
<p>3. Put in place a security mechanism that would encourage financial institutions to lend to the program-assisted cooperatives.</p>	<ul style="list-style-type: none"> <li>• A credit guarantee mechanism is set up exclusively to cover loans of assisted cooperatives.</li> <li>• Loans of assisted cooperatives are provided with guarantee cover.</li> </ul>	<ul style="list-style-type: none"> <li>• Guarantee cover from the USM-CIBP Holdout Deposit Cover (HODC) for loans accessed by assisted cooperatives.</li> </ul>

## B. Methodology

The methodology used for the assessment is taken largely from the method discussed in the Guidelines for Preparing Performance Evaluation Reports for Public Sector Operations released in January 2006 by the Asian Development Bank Operations Evaluation Department.<sup>7</sup>

The overall assessment uses separate assessments of four core evaluation criteria, which are then aggregated to produce the overall rating, namely, (i) Responsiveness, (ii) Effectiveness, (iii) Sustainability, and (iv) Timeliness.

<sup>7</sup> Asian Development Bank Operations Evaluation Department, “Guidelines for Preparing Performance Evaluation Reports for Public Sector Operations”, 2006: 7-16.

## 1. Overall Assessment

### a. Approach

The overall rating is determined by separately evaluating and ranking the four core criteria. The four are given equal weights in assessing the program's success, i.e. each criterion contributes equally to the overall assessment (Table 3).

Table 3. Corresponding Weights of the Responsiveness, Effectiveness, Sustainability, Timeliness (R.E.S.T.) Assessment Criteria

<b>CRITERIA</b>	<b>WEIGHTS (%)</b>
Responsiveness	25
Effectiveness	25
Sustainability	25
Timeliness	25
<b>TOTAL</b>	<b>100</b>

Based on points garnered from 0 and 25, each core criterion is then assigned a corresponding whole-number rating or scale point between 0 and 3. A clearly defined descriptor corresponding to each scale point is then assigned. An average of the values for the core criteria ratings is the overall program assessment rating and ranges between 0 and 3. Fixed cut-off points are used to assign appropriate descriptors (highly successful, successful, partly successful, or unsuccessful) to the aggregate numeric rating. Table 4 summarizes the overall assessment approach and shows the relationship between rating values and descriptors. The evaluation matrix spreadsheets used for each criterion are discussed later in this section.

### b. Rating Each Core Criterion

To assist with the process of rating each core criterion, sub-criteria are assigned to each criterion. Each sub-criterion is given a scale value from which the rating value for the criterion is estimated. For purposes of this assessment, the sub-criteria are assigned maximum points corresponding to their viewed contribution in the core criterion's overall rating.

### c. Assessment

Overall rating is either highly successful, successful, partly successful, or unsuccessful.

- i. **Highly Successful.** The overall weighted average is greater than 2.7. This rating is given if the program, through the capacity building interventions that it had introduced, was able to achieve the desired outcomes of strengthening the assisted cooperatives enough such that it was able to facilitate sustainable access to credit with the Landbank of the Philippines and other financial institutions. This should be evidenced by the cooperatives' consequent graduation from program support. Moreover, these outcomes should have been achieved either within a 3-year period (e.g., the term of the program's original Memorandum of Agreement) or up to another 3-year extension (e.g., the term covered by the first MOA extension).

- ii. **Successful**. The overall weighted average falls between 1.6 and less than 2.7. This rating is given if the program, through the capacity building interventions it had introduced, played a slightly less but still-significant part in the achievement of the desired outcomes of strengthening the assisted cooperatives enough such that it was able to facilitate sustainable access to credit with the Landbank of the Philippines and other financial institutions. There should be at least a recommendation from the Land Bank of the Philippines allowing the cooperatives to already graduate from program support. Moreover, these outcomes should have been achieved either within a 3-year period (e.g., the term of the program's original MOA) or up to another 3-year extension (e.g., the term covered by the first MOA extension). A "successful" rating means that the desired outcomes may not have been completely achieved or some factors may have constrained the program from a rating of highly successful. Nevertheless, no major shortfall has taken place and the desired program outcomes are, overall, still expected to be achieved sustainably.
  
- iii. **Partly Successful**. The overall weighted average falls between 0.8 and less than 1.6. This rating is given if the program was able to provide at least some capacity building interventions that helped result in achieving at least the desired program outcome of facilitating access to credit with the Land Bank of the Philippines for the assisted cooperatives. Moreover, this outcome should have been achieved either within a 3-year period (e.g., the term of the program's original MOA) or up to another 3-year extension (e.g., the term covered by the first MOA extension). A "partly successful" rating means there is a significant shortfall in the achievement of the program's desired outcomes and that full sustainability is considered unlikely. Nevertheless, at least some of the desired program outcome/s was/were achieved that still resulted to a major benefit/s.
  
- iv. **Unsuccessful**. The overall weighted average is less than 0.8. Under this rating, the program is considered to have failed in 2 levels: a) Technically, i.e., there is minimal achievement of outcomes; and b) Economically, i.e., the cooperatives are still expected to operate at a low level of installed capacity or at high cost, necessitating continued interventions or subsidy.

Table 4. Overall Assessment Matrix

Criteria	Weight (%)	Definition	Rating Description	Corresponding Points	Rating Value
1. Responsiveness	25	Responsiveness refers to the consistency between the program's ICB interventions and the documented weaknesses of the assisted cooperatives, i.e. whether the course (or activity) content and outputs of identified capacity building interventions were appropriate for addressing corresponding identified weaknesses of the cooperatives.	Highly responsive Responsive Partly responsive Not responsive	20-25 13-19 3-12 0-2	3 2 1 0
2. Effectiveness	25	Effectiveness refers to the extent to which the program's ICB interventions resulted in improvements in the assisted cooperatives' organization and management, business operations, financial indicators, maturity level classifications, and, consequently, in access to credit with Landbank and other financial institutions.	Highly effective Effective Less effective Ineffective	22-25 20-21 9-19 0-8	3 2 1 0
3. Sustainability	25	Sustainability refers to whether the program was successful in graduating the cooperative from program support and, therefore, in having capacitated/empowered the cooperatives enough for them to be able to maintain and sustain the program outcomes even beyond their participation in the program.	Highly sustainable Sustainable Less sustainable Unsustainable	19-25 15-18 8-14 0-7	3 2 1 0
4. Timeliness	25	Timeliness refers to whether the program was able to achieve the desired outcomes either within a 3-year period (e.g., the term of the program's original MOA), or up to another 3-year extension (e.g., the term covered by the first MOA extension), or beyond.	Highly timely Timely Less timely Not timely	22-25 14-21 6-13 0-5	3 2 1 0

Criteria	Weight (%)	Definition	Rating Description	Corresponding Points	Rating Value
<b>Overall Assessment (weighted average of above criteria)</b>		Highly Successful: Overall weighted average is greater than 2.7. Successful: Overall weighted average is between 1.6 and less than 2.7. Partly Successful: Overall weighted average is between 0.8 and less than 1.6. Unsuccessful: Overall weighted average is less than 0.8.			

## 2. Responsiveness (Relevance)

The responsiveness criterion addresses the extent to which the program's identified and chosen capacity building interventions, based on the course (or activity) content and outputs, were appropriate responses or were relevant to the identified institutional development problems (weaknesses) of the assisted cooperatives. The timing of specific capacity-building interventions is also crucial in assessing responsiveness.

The guide used in scoring responsiveness is shown in the table below:

Table 5. Responsiveness Scoring Guide

<b>PARAMETERS</b> ( <i>*Rate for each year and get average for all years</i> )	<b>POINTS</b>
A. 100% correspondence between documented weaknesses (weak pillars) and USM ICB interventions	25
B. 95 to 99% correspondence between documented weaknesses (weak pillars) and USM ICB interventions	24
C. 90 to 94% correspondence between documented weaknesses (weak pillars) and USM ICB interventions	23
D. 85 to 89% correspondence between documented weaknesses (weak pillars) and USM ICB interventions	22
E. 80 to 84% correspondence between documented weaknesses (weak pillars) and USM ICB interventions	21
F. 75 to 79% correspondence between documented weaknesses (weak pillars) and USM ICB interventions	20
G. 70 to 74% correspondence between documented weaknesses (weak pillars) and USM ICB interventions	19
H. 65 to 69% correspondence between documented weaknesses (weak pillars) and USM ICB interventions	18
I. 60 to 64% correspondence between documented weaknesses (weak pillars) and USM ICB interventions	17
J. 55 to 59% correspondence between documented weaknesses (weak pillars) and USM ICB interventions	16
K. 50 to 54% correspondence between documented weaknesses (weak pillars) and USM ICB interventions	15
L. 45 to 49% correspondence between documented weaknesses (weak pillars) and USM ICB interventions	13
M. 40 to 44% correspondence between documented weaknesses (weak pillars) and USM ICB interventions	12
N. 35 to 39% correspondence between documented weaknesses (weak pillars) and USM ICB interventions	11

<b>PARAMETERS</b> ( <i>*Rate for each year and get average for all years</i> )	<b>POINTS</b>
O. 30 to 34% correspondence between documented weaknesses (weak pillars) and USM ICB interventions	10
P. 25 to 29% correspondence between documented weaknesses (weak pillars) and USM ICB interventions	9
Q. 20 to 24% correspondence between documented weaknesses (weak pillars) and USM ICB interventions	8
R. 15 to 19% correspondence between documented weaknesses (weak pillars) and USM ICB interventions	7
S. 10 to 14% correspondence between documented weaknesses (weak pillars) and USM ICB interventions	6
T. <10% correspondence between documented weaknesses (weak pillars) and USM ICB interventions	3
U. No correspondence between documented weaknesses (weak pillars) and USM ICB interventions	0
<b>MAXIMUM POINTS</b>	<b>25</b>

### **3. Effectiveness**

The effectiveness criterion looks at whether the program's ICB interventions resulted in improvements in the organization and management, business operations, financial indicators, and maturity level classifications of the assisted cooperatives to the extent that the desired outcome of access to credit with the Land Bank of the Philippines and other financial institutions was achieved. Attribution issues are also considered where necessary. For instance, even if the desired outcome was achieved but the contribution of program interventions is less than envisaged based on the documented institutional improvements and maturity levels of the cooperatives, then the rating for effectiveness is adjusted downward. A rating of highly effective, on the other hand, is given if the program exceeded expectations in terms particularly of facilitating access to credit for the assisted cooperatives.

The sub-criteria used in assessing effectiveness are the following:

- i. Improvements in organization and management, business operations, financial indicators until the assisted cooperative gains access to credit with Landbank (as analyzed mainly through the Cooperative Categorization Scoring Worksheet (CCSW) scores but also validated through other available data and information of the cooperatives);
- ii. Improvements in maturity level rating until the assisted cooperative gains access to credit with Landbank; and
- iii. Eligibility for hold-out deposit cover offered by the program AND access to Landbank credit.

The guide used in scoring effectiveness is shown in the table below:

Table 6. Effectiveness Scoring Guide

PARAMETERS						POINTS
<b>A. CCSW POINTS FOR ORGANIZATION &amp; MANAGEMENT, BUSINESS OPERATIONS, AND FINANCIAL INDICATORS UP TO THE YEAR OF CREDIT ACCESS</b> (*Rate for each year and get average for all years)						<b>8 PTS.</b>
POINTS INCREASED (↑), DECREASED (↓), OR MAINTAINED (=)			PASS / SURPASS (✓) OR BELOW (X) THE MINIMUM POINTS REQUIRED			
PILLAR 1	PILLAR 2	PILLAR 3	PILLAR 1	PILLAR 2	PILLAR 3	
↑	↑	↑	✓	✓	✓	8
↑	↑	=	✓	✓	✓	7
↑	=	=	✓	✓	✓	6
=	=	=	✓	✓	✓	
↑	↑	↓	✓	✓	✓	5
↑	↓	↓	✓	✓	✓	
=	↓	↓	✓	✓	✓	
↓	↓	↓	✓	✓	✓	4
↑	↑	↑	✓	✓	X	
↑	↑	=	✓	✓	X	
↑	=	=	✓	✓	X	
=	=	=	✓	✓	X	3
↑	↑	↓	✓	✓	X	
↑	↓	↓	✓	✓	X	2
↑	↑	↑	✓	X	X	
↑	↑	=	✓	X	X	
↑	=	=	✓	X	X	1
=	=	=	✓	X	X	
↑	↑	↓	✓	X	X	
↑	↓	↓	✓	X	X	
↑	↑	↑	X	X	X	0
=	=	=	X	X	X	
↓	↓	↓	X	X	X	
<b>B. MATURITY LEVEL UP TO THE YEAR OF CREDIT ACCESS</b> (*Rate for each year and get average for all years)						<b>8 PTS.</b>
- Raised to the level required by Landbank						8
- Maintained at the level required by Landbank						6
- Raised but still lower than the level required by Landbank						4
- No improvement or declined and lower than the level required by Landbank						0
<b>C. ABLE TO AVAIL OF USM-CIBP HOLD-OUT DEPOSIT COVER AND TO ACCESS LANDBANK CREDIT</b> (*One-time rating only)						<b>9 PTS.</b>
<b>MAXIMUM POINTS</b>						<b>25 PTS.</b>

#### 4. Sustainability

The sustainability criterion looks at whether the assisted cooperatives demonstrate that they have been adequately capacitated/empowered through the program and are ready and capable to maintain the program's achieved outcomes, especially access to credit with Landbank and other financial institutions, by themselves such that they have either been given clearance to graduate from the program or have already graduated from the program. Sustainability is an integral part of the program's design with one of the main objectives being the graduation of the beneficiary cooperatives from program support. Should the interventions be inadequate as evidenced through the cooperatives' documented CCSW scores and their maturity level classifications, then outcomes are expected to be constrained and sustainability is expected to be compromised.

The sub-criteria used in assessing sustainability are the following:

- i. Able to maintain or with further improvements in organization and management, business operations, financial indicators in the years following initial credit access with Landbank (as analyzed mainly through the Cooperative Categorization Scoring Worksheet (CCSW) scores but also validated through other available data and information of the cooperatives);
- ii. Able to maintain or with further improvements in maturity level rating in the years following initial credit access with Landbank;
- iii. Access to financing/credit with other financial institutions with or without hold-out deposit cover;
- iv. Landbank recommendation to graduate from the USM-CIBP; and
- v. Actual graduation from the USM-CIBP

The guide used in scoring sustainability is shown in the table below:

Table 7. Sustainability Scoring Guide

PARAMETERS						POINTS
<b>A. CCSW POINTS FOR ORGANIZATION &amp; MANAGEMENT, BUSINESS OPERATIONS, AND FINANCIAL INDICATORS IN YEARS FOLLOWING CREDIT ACCESS</b> ( <i>*Rate for each year and get average for all years</i> )						<b><u>5 PTS.</u></b>
<b>POINTS INCREASED (↑), DECREASED (↓), OR MAINTAINED (=)</b>			<b>PASS / SURPASS (✓) OR BELOW (X) THE MINIMUM POINTS REQUIRED</b>			
<b>PILLAR 1</b>	<b>PILLAR 2</b>	<b>PILLAR 3</b>	<b>PILLAR 1</b>	<b>PILLAR 2</b>	<b>PILLAR 3</b>	<b>5</b>
↑	↑	↑	✓	✓	✓	
↑	↑	=	✓	✓	✓	
↑	=	=	✓	✓	✓	
=	=	=	✓	✓	✓	



PARAMETERS						POINTS
↑	↑	↓	✓	✓	✓	4
↑	↓	↓	✓	✓	✓	
=	↓	↓	✓	✓	✓	
↓	↓	↓	✓	✓	✓	3
↑	↑	↑	✓	✓	X	
↑	↑	=	✓	✓	X	
↑	=	=	✓	✓	X	
=	=	=	✓	✓	X	
↑	↑	↓	✓	✓	X	2
↑	↓	↓	✓	✓	X	
↓	↓	↓	✓	✓	X	1
↑	↑	↑	✓	X	X	
↑	↑	=	✓	X	X	
↑	=	=	✓	X	X	
=	=	=	✓	X	X	
↑	↑	↓	✓	X	X	0
↑	↓	↓	✓	X	X	
↑	↑	↑	X	X	X	
=	=	=	X	X	X	
↓	↓	↓	X	X	X	
<b>B. MATURITY LEVEL IN YEARS FOLLOWING CREDIT ACCESS</b> ( <i>*Rate for each year and get average for all years</i> )						<b><u>5 PTS.</u></b>
- Raised beyond the level required by Landbank						5
- Maintained at the level required by Landbank						4
- Raised but only up to the level required by Landbank						3
- Raised but still lower than the level required						2
- No improvement or declined (even if within the min. level required)						0
<b>C. ABLE TO ACCESS FINANCING/CREDIT FROM OTHER FINANCING INSTITUTIONS WITH OR WITHOUT USM-CIBP HOLD-OUT DEPOSIT COVER</b> ( <i>*One-time rating only</i> )						<b><u>5 PTS.</u></b>
<b>D. RECOMMENDED BY LANDBANK FOR GRADUATION</b> ( <i>*One-time rating only</i> )						<b><u>5 PTS.</u></b>
<b>E. GRADUATED FROM THE PROGRAM</b> ( <i>*One-time rating only</i> )						<b><u>5 PTS.</u></b>
<b>MAXIMUM POINTS</b>						<b>25 PTS.</b>

## 5. Timeliness

Timeliness refers to whether the program was able to achieve desired outcomes either within a 3-year period (e.g., the term of the program's original MOA), or up to another 3-year extension (e.g., the term covered by the first MOA extension), or beyond. Timeliness in achieving outcomes is also a determinant of whether the program was efficient in the use of resources. An over-extended implementation period causes unwanted drain on program resources. Cooperatives left operating at low-capacity levels necessitate continued interventions or subsidy from the program. The sooner program outcomes are achieved, therefore, the lesser the cost of the program's economic benefits.

The guide used in scoring timeliness is shown in the table below:

Table 8. Timeliness Scoring Guide

<b>PARAMETERS</b> (*One-time rating only)	<b>POINTS</b>
A. Accessed Landbank credit and graduated from USM within 3 years of program implementation (i.e., period covered by the original program MOA)	25
B. Accessed Landbank credit and graduated from USM within 4 years of program implementation (i.e., covered by the MOA extension/s)	24
C. Accessed Landbank credit and graduated from USM within 5 years of program implementation (i.e., covered by the MOA extension/s)	23
D. Accessed Landbank credit and graduated from USM within 6 years of program implementation (i.e., period covered by the MOA extension/s)	22
E. Accessed Landbank credit and graduated from USM within 7 years of program implementation (i.e., period covered by the MOA extension/s)	21
F. Accessed Landbank credit and graduated from USM within 8 years of program implementation (i.e., period covered by the MOA extension/s)	20
G. Accessed Landbank credit and graduated from USM within 9 years of program implementation (i.e., period covered by the MOA extension/s)	19
H. Accessed Landbank credit and graduated from USM within 10 years of program implementation (i.e., period covered by the MOA extension/s)	18
I. Accessed Landbank credit within 3 years of program implementation (i.e., period covered by the original program MOA) with pending recommendation for graduation from USM	17
J. Accessed Landbank credit within 4 years of program implementation (i.e., period covered by the original program MOA) with pending recommendation for graduation from USM	16
K. Accessed Landbank credit within 5 years of program implementation (i.e., period covered by the original program MOA) with pending recommendation for graduation from USM	15
L. Accessed Landbank credit within 6 years of program implementation (i.e., period covered by the original program MOA) with pending recommendation for graduation from USM	14
M. Accessed Landbank credit within 7 years of program implementation (i.e., period covered by the original program MOA) with pending recommendation for graduation from USM	13
N. Accessed Landbank credit within 8 years of program implementation (i.e., period covered by the original program MOA) with pending recommendation for graduation from USM	12
O. Accessed Landbank credit within 9 years of program implementation (i.e., period covered by the original program MOA) with pending recommendation for graduation from USM	11
P. Accessed Landbank credit within 10 years of program implementation (i.e., period covered by the original program MOA) with pending recommendation for graduation from USM	10
Q. Accessed Landbank credit within 3 years of program implementation (i.e., period covered by the original program MOA) with NO pending recommendation for graduation from USM	9
R. Accessed Landbank credit within 4 years of program implementation (i.e., covered by the MOA extension/s) with NO pending recommendation for graduation from USM	8

<b>PARAMETERS</b> (*One-time rating only)	<b>POINTS</b>
S. Accessed Landbank credit within 5 years of program implementation (i.e., covered by the MOA extension/s) with NO pending recommendation for graduation from USM	7
T. Accessed Landbank credit within 6 years of program implementation (i.e., covered by the MOA extension/s) with NO pending recommendation for graduation from USM	6
U. Accessed Landbank credit within 7 years of program implementation (i.e., covered by the MOA extension/s) with NO pending recommendation for graduation from USM	5
V. Accessed Landbank credit within 8 years of program implementation (i.e., covered by the MOA extension/s) with NO pending recommendation for graduation from USM	4
W. Accessed Landbank credit within 9 years of program implementation (i.e., covered by the MOA extension/s) with NO pending recommendation for graduation from USM	3
X. Accessed Landbank credit within 10 years of program implementation (i.e., covered by the MOA extension/s) with NO pending recommendation for graduation from USM	2
Y. No access to Landbank credit yet	0
<b>MAXIMUM POINTS</b>	<b>25</b>

There were two levels of assessment done:

- a. Individual cooperative level – Assessment of all four core criteria and program success in each assisted cooperative applying the methodology described above.
- b. Overall – Assessment of all four core criteria and overall program success applying the methodology described above on the consolidated assessment results of all the assisted cooperatives.

For the assessment at the individual cooperative level, case studies were done for each of the assisted cooperatives. The case studies document the characteristics of each cooperative and its participation in the USM-CIBP's ICB interventions and then analyze the results of program interventions with respect to the cooperative's organizational, technical, and financial management capacities. Results with respect to the four major criteria and program success are then determined for each assisted cooperative.

Primary and secondary data were collected through a combination of methods and approaches:

- a. Primary data were gathered through the conduct of key informant interviews with key officers of the assisted cooperatives and other key program informants (e.g. USM-ICB Program Management Office [PMO]/staff in Davao and key staff of the Landbank lending centers) to complement and validate secondary data on program accomplishments.

- b. Secondary data were gathered from program reports, e.g., types of ICB activities provided by the program to assisted cooperatives, document reports/ development stories of sample assisted cooperatives and the Cooperative Accreditation Criteria/Cooperative Categorization Scoring Worksheets, and other available relevant secondary data.

### III. Scope and Limitations

The rapid assessment covers 7 program-assisted cooperatives located in the provinces of Compostela Valley, Davao Oriental, Davao del Sur, Davao del Norte, Sarangani and South Cotabato. The 7 cooperatives included in the assessment are the following: 1) United Maligang Farmers Multi-Purpose Cooperative (UMFMPC); 2) Upper Lumabat Small Farmers Producers Cooperative (ULSFPC); 3) Kablon-Linan-Acmonan (KALIAC) MPC; 4) Mati-Davao Oriental Upland Multi-Purpose Cooperative (MADUOMPCO); 5) Baganga Rubber Planters Multi-Purpose Cooperative (BARPLAMPCO); 6) San Isidro Cacao Producers Cooperative (SICAPCO); 7) Mikit Upland Farmers Marketing Cooperative (MUFARMCO).

The scheduled primary data gathering activities (interviews) with four (4) other program-assisted cooperatives unfortunately had to be cancelled because of a) mobility problems caused by the Covid-19 community lockdown (i.e. the cooperative officers could not travel to a place with stronger internet connectivity) and b) poor internet connectivity. Hence, for lack of data on these cooperatives and due to time limitation, the 4 cooperatives were dropped from inclusion in the program assessment.

Some of the interview responses may suffer from accuracy issues due to difficulties in memory recall encountered by some respondents owing to the period that has elapsed.

Other data limitations encountered were the following:

- a. In the case of assisted cooperatives that joined the program only in 2017, there is no data to assess sustainability and timeliness yet. Hence, the only criteria for which these particular cooperatives could be assessed were on responsiveness and effectiveness.
- b. Regarding the program objective to strengthen the cooperatives' delivery of financial services to members or targeted beneficiaries, not all Landbank loans facilitated through the program were found to have been used by the assisted cooperatives for the purpose of relending. Some of the cooperatives were able to access Landbank credit for working capital. Because of this, those cooperatives that did not use the loan/s they had accessed for relending would be unfairly disadvantaged if delivery of financial services to members/targeted beneficiaries were made part of the assessment. In view of this, assessment had to be limited instead only up to success in accessing credit from Landbank.
- c. ACPC data on USM CIBP performance remains very limited. There is no established program monitoring framework with an appropriate set of indicators.

The limited time for this rapid assessment, compounded by concurrent regular duties and tasks being performed by the evaluating team, has allowed for only a limited scope of analysis.

#### IV. Summary of Assessment Results

Table 9 summarizes the overall results of program success for the 7 assisted cooperatives based on the assessment using the 4 core criteria:

Table 9. Overall Assessment Results

Name of the Cooperative	Core Criteria								Overall Success Rating	
	Responsiveness		Effectiveness		Sustainability		Timeliness			
	Rating		Rating		Rating		Rating			
	Value	Description	Value	Description	Value	Description	Value	Description	Value	Description
1. UFMFPC	3	Highly Responsive	3	Highly Effective	2	Sustainable	1	Less Timely	2.25	Successful
2. KALIACMPC	2	Responsive	2	Effective	1	Less Sustainable	1	Less Timely	1.5	Partly Successful
3. ULSFPC	2	Responsive	2	Effective	1	Less Sustainable	0	Not Timely	1.25	Partly Successful
4. MADUOCO	2	Responsive	2	Effective	1	Less Sustainable	0	Not Timely	1.25	Partly Successful
5. BARPLAMCO	1	Partly Responsive	1	Less Effective	0	Unsustainable	0	Not Timely	0.5	Unsuccessful
6. SICAPCO	1	Partly Responsive	1	Less Effective	a/	a/	a/	a/	1	Partly Successful b/
7. MUFARMCO	1	Partly Responsive	0	Ineffective	a/	a/	a/	a/	0.5	Unsuccessful b/
<b>Average Rating</b>	1.71	Responsive	1.6	Effective	1.0	Less Sustainable	0.4	Not Timely	1.17	Partly Successful

a/ No available data yet for Potential Newly Accessing Cooperatives (PNACs).

b/ Initial assessment based only on 2 criteria.

##### A. Responsiveness

- The results of the assessment on responsiveness of program interventions indicate that the program's identified and chosen capacity-building interventions were predominantly appropriate responses to the institutional weaknesses of the assisted cooperatives. In particular, interventions in 4 of the cooperatives (i.e., UFMFPC, KALIAC MPC, ULSFPC, and MADUOCO) were assessed to have been either 'responsive' or 'highly responsive' based on the contents and outputs of the capacity building courses or activities that were implemented for these cooperatives. These ratings were given based on the assessment that the correspondence between the cooperatives' identified weaknesses and the chosen interventions of the program was upwards of 45%.
- In one of the 4 cooperatives (i.e., UFMFPC), a very high 100% correspondence was noted between the cooperative's weaknesses and the program interventions. The rating given for the interventions received by UFMFPC is 'highly responsive'.
- The interventions in 3 other cooperatives (i.e., BARPLAMCO, SICAPCO, and MUFARMCO) were rated as only 'partly responsive'. For these cooperatives, less than 45% of the interventions that were introduced by the program were considered as appropriate responses to their identified weaknesses. A low percentage of correspondence between

chosen interventions and identified weaknesses suggests the possibility of gaps in matching and planning appropriate interventions that the program should undertake for the assisted cooperatives.

- The overall assessment for the responsiveness of program interventions is 'Responsive'

## **B. Effectiveness**

- In terms of effectiveness, the program's capacity building interventions were assessed to have mainly been 'effective'. The interventions were rated as either 'effective' or 'highly effective' in 4 of the assessed cooperatives (i.e., UFMFPC, KALIAC MPC, ULSFPC, and MADUOCO). For KALIAC MPC, ULSFPC, and MADUOCO, the interventions were 'effective', which means the interventions were validated to have indeed helped: a) improve the cooperatives' Cooperative Categorization Scoring Worksheet (CCSW) scores for organization and management, business operations, and financial indicators up to the minimum levels required for them to be eligible for credit access with Landbank; b) raise or maintain the maturity level of the cooperatives to the level required for eligibility to access Landbank credit; and c) facilitate eligibility for the hold-out deposit/loan guarantee cover being offered under the program and facilitate actual access to Landbank credit for the cooperatives.
- On the other hand, the program interventions received by UFMFPC were rated 'highly effective'. This rating means that the program interventions had consistently shown contributions in improving the UFMFPC's CCSW scores and maturity levels over several years until they even surpassed the levels needed for access to Landbank credit, and that these consequently culminated in the cooperative's eligibility for the program's hold-out deposit cover and access to credit from Landbank.
- Program interventions in 2 cooperatives (i.e., BARPLAMCO and SICAPCO), meanwhile, were rated as 'less effective'. This rating means that while there is evidence that the interventions had, to some extent, helped improve the organization and management, business operations, financial indicators, and/or maturity levels of these 2 cooperatives, the improvements were unfortunately not enough to allow them to become eligible for the program's holdout deposit (guarantee) cover and to access credit from Landbank.
- MUFARMCO is the outlier among the cooperatives in terms of the effectiveness of interventions. The low level of responsiveness of program interventions also took its toll in terms of effectiveness in improving the cooperative's indicators for organization and management, business operations, financials, and maturity level. In spite of the program interventions, no significant improvements have been noted yet in MUFARMCO.
- Despite the case of MUFARMCO, the overall assessment for the effectiveness of program interventions is 'Effective'.

### **C. Sustainability**

- Only 5 cooperatives were assessed for sustainability since the other 2 cooperatives (i.e., SICAPCO and MUFARMCO) joined the program only in 2017 and are still considered by the program as Potential Newly Accessing Cooperatives (PNACs). Cooperatives classified by the program as PNACs are those with business operation of less than 3 years. Being PNACs, both SICAPCO and MUFARMCO do not have enough data on the indicators that serve as basis for assessing sustainability of the program's interventions.
- Overall, interventions in only 1 cooperative were rated as 'sustainable' (i.e., UMF MPC). After UMF MPC had already successfully accessed Landbank credit, the additional interventions thereafter also managed to help maintain or even further improve the organization and management, business operations, financial indicators, and maturity levels of the cooperative such that Landbank already gave its recommendation in 2017 for the cooperative to graduate from the program. The cooperative has also already successfully accessed other funding sources aside from Landbank.
- Interventions in 3 other cooperatives (KALIAC MPC, ULSFPC, and MADUOCO), on the other hand, were all rated 'less sustainable'. This rating means that, although they had been able to access Landbank credit and were able to access other fund sources as well, their organization and management, business operations, financial indicators, and/or maturity levels were, on average, not maintained or sustained once they had accessed Landbank credit. The more evident indicator of lesser sustainability for these 3 cooperatives, though, is the fact that the USM ICB Program has not given any recommendation for them to graduate from the program.
- The 'unsustainable' rating given to the interventions in BARPLAMCO, meanwhile, is not surprising considering that the interventions had not even been effective enough to improve the organization and management, business operations, financial indicators, and maturity of the cooperative to the levels that would already give it access to Landbank credit.
- The overall assessment for the sustainability of program interventions is 'Less Sustainable'.

### **D. Timeliness**

- As in the case of sustainability, only 5 cooperatives were assessed for timeliness since the 2 cooperatives classified as PNACs (i.e., SICAPCO and MUFARMCO) also do not have enough data to serve as basis for assessing timeliness of the program's interventions.
- The interventions in 2 cooperatives (i.e., UMF MPC and KALIAC MPC) were given a rating of 'less timely'. 'Less timely' because, while program interventions had helped both these cooperatives to access Landbank credit within a short period of



only 3 years of program participation (i.e., 3 years is the period covered by the original program MOA), the recommendation for UFMFPC to graduate from the program did not come until after an additional 5 years. On the other hand, KALIAC MPC up to now remains ineligible to graduate from the program.

- Interventions in the 3 other cooperatives (i.e., ULSFPC, MADUOCO, and BARPLAMCO), meanwhile, were rated 'not timely' because either they were only able to access Landbank credit at a very late stage (i.e., ULSFPC and MADUOCO) or have still not been able to access such credit (i.e., BARPLAMCO), and also continue to be ineligible for graduation from the program. Both the ULSFPC and MADUOCO have been assisted by the program for 10 years. BARPLAMCO, on the other hand, has been under program support for 14 years.
- Continued low levels of capacitation in the assisted cooperatives delay the full achievement of program outcomes. Program administrators may take the view that this obliges continued support and interventions on the part of the program. However, an overextended period of assisting the cooperatives raises concerns not just of program effectiveness, but of program efficiency as well. This also deprives other cooperatives of being given a chance to be similarly assisted considering that the program is budget- constrained.
- The overall assessment for the timeliness of program interventions is 'Not Timely'.

## **E. Overall Assessment**

- Taking into account all the 4 core assessment criteria, only the program interventions in 1 cooperative (i.e., UFMFPC) were given an overall rating of 'successful' because within a 6-year timeframe (i.e., the total timeframe covered within the first MOA extension), all the program objectives are considered to have already been achieved by UFMFPC.
- On the other hand, the program's interventions in 4 cooperatives (i.e., KALIAC MPC, ULSFPC, MADUOCO, and SICAPCO) were rated as only 'partly successful'. For KALIAC MPC, ULSFPC, and MADUOCO, the 'partly successful' ratings are influenced by the low ratings for sustainability and timeliness of the interventions (the ratings for timeliness were poorer particularly for ULSFPC and MADUOCO). The major objective of graduating KALIAC MPC, ULSFPC, MADUOCO from program support has not been achieved even after 10 years of capacity building interventions from the program.
- For SICAPCO, the 'partly successful' rating may be considered premature since it is based on the ratings for only 2 core criteria, i.e., responsiveness and effectiveness. SICAPCO is classified as a PNAC and does not have enough data yet on the indicators that serve as basis for assessing the other criteria of sustainability and timeliness of the program's interventions. Although if only the responsiveness and effectiveness criteria were to be applied in assessing the program interventions in SICAPCO, the

overall rating would only be 'partly successful' because the ratings given for both criteria are low.

- Meanwhile, the performance of the program interventions using the 4 core criteria was rated as 'unsuccessful' in the case of both BARPLAMCO and MUFARMCO. After being assisted by the program for 5 years, BARPLAMCO is still unable to access even Landbank credit.
- In the case of MUFARMCO, the 'unsuccessful' rating on program interventions may also be considered premature since it is based on the ratings for the responsiveness and effectiveness criteria only. Like SICAPCO, MUFARMCO is also classified as a PNAC and therefore also does not have enough data for assessing the sustainability and timeliness of the program's interventions. If responsiveness and effectiveness were the only criteria to be applied in assessing the program interventions in MUFARMCO, the overall rating would be 'unsuccessful' because no significant improvements have been noted in the cooperative in spite of interventions that the program has already introduced.
- Based on the 4 core criteria that were used to assess program success, the overall assessment is 'Partly Successful'. This assessment rating indicates that, while the program may have partly achieved some of its objectives for most of the cooperatives and all the objectives for 1 cooperative, it remains short of achieving all the outcomes it had set out to accomplish for all the assisted cooperatives within a reasonable period. The program's capacity building interventions need to be improved, more especially with respect to enhancing sustainability and timeliness.

## **F. Success Factors**

The following factors were identified to have contributed to the program's success in addressing the core criteria for this assessment:

### **1. Responsiveness**

The following are factors that contributed to the responsiveness of program interventions to the weaknesses identified in the cooperatives:

- a. Regular conduct of Annual Strategic Planning and Performance Review. Through the regular conduct of this activity, all the assisted cooperatives are able to assess which specific areas of their management and operations need improvements. One of the important outputs of the performance reviews is the development of action plans which help guide the cooperatives with respect to organizational as well as economic activities and projects that they should undertake. The plans also outline the steps that the cooperatives should take and what interventions they need from the program. The clearer direction provided by the plans contribute to the enhancement of the cooperatives' operational efficiency.
- b. Strengthening of Institutional Capacities. In the case of some of the assisted organizations that were still farmers' associations prior to their participation in the USM program, the interventions resulted in their improved compliance with requirements of government regulatory agencies (e.g., CDA, BIR, LGU, etc.), allowing

them to become registered as cooperatives (i.e., SICAPCO and MUFARMCO). On the other hand, for all the assisted cooperatives, the outputs of the program interventions include the formulation of new policies, installation of new systems & procedures, installation and updating of books of accounts, enhancements in internal control systems, and improvements in records-keeping.

- c. *Commitment of the Core Management Team (CMT)*. In the case of UFMFPC, the sincere commitment of the CMT was crucial to the actual application and implementation of their learnings from the ICB interventions.
- d. *Continuous mentoring of program staff*. In the case of KALIAC, UFMFPC, MADOUCO, and ULFMPC, the follow-through activities and continuous assistance provided by the USM program staff (e.g., in securing legal permits, licenses, and accreditation with various national and local government regulatory agencies) were vital in eventually enabling them to gain access to Landbank credit.

## **2. Effectiveness**

Factors that contributed to the effectiveness of USM ICB interventions in facilitating the cooperatives' access to Landbank credit are the following:

- a. MADOUCO, KALIAC, UFMFPC, and ULSFPC consider the existing skills and continuing education of their officers as key factors to what their cooperatives have reached and are continuing to attain;
- b. To UFMFPC, production and marketing support provided by various government and non-government agencies significantly helped in the improvement of its business operations;
- c. Moreover, the main commodity chosen by UFMFPC (i.e., abaca) is one that fetches a good market price;
- d. In the case of MADOUCO, product innovation and its adoption of innovative technology enabled it to expand and upgrade its business operations;
- e. To UFMFPC, KALIAC, ULSFPC, and MADOUCO, the establishment of market linkages/tie-ups was crucial in improving their operations;
- f. To officers of KALIAC, UFMFPC, ULSFPC, and MADOUCO, the guidance and assistance of the USM program staff were instrumental in enabling them to prepare the documents that were required by Landbank for credit availment;
- g. Both ULSFPC and UFMFPC cite the automation of their bookkeeping system (which makes the tracking of financial transactions and records easier) as one of their strong points;

- h. In the case of UFMFPC, KALIAC, ULSFPC, and MADOUCO, their organization and management, business operations, financial performance, and maturity levels were able to improve and successfully reach the minimum levels required by Landbank;
- i. According to ULSFPC, improvements in its cooperative credit policies helped in the achievement of a 100% repayment rate among its members.

### 3. Sustainability

Factors that helped promote sustainability of the gains/benefits derived from the USM program interventions are the following:

- a. Enhanced cooperative performance and business operation. In the case of UFMFPC and ULFMPC, the economic condition of their organizations was strengthened by the enhancements in their cooperatives' economic activities (e.g., their establishment of other viable businesses or projects).
- b. Well-established market tie-up. For UFMFPC and ULSFPC, the establishment of market tie-ups assured the inflow of revenues and gave more income stability from their business operations.
- c. Linkages with other development organizations. Aside from their access to Landbank credit, UFMFPC, ULSFPC, and MADOUCO were also able to access assistance/support from other government as well as non-government organizations (NGOs), such as the PRDP and ACPC. Their linkages with these organizations increased their access to more development assistance which allowed them to leverage more resources for the purpose of further enhancing their own organizations' growth.
- d. Access to credit with Landbank guaranteed with Hold-out Deposits (UMFMPC, ULSFPC, KALIAC, MADUOCO).

### 4. Timeliness

Factors that helped some of the cooperatives achieve some of the program objectives or targets within either the 3-year term of the original MOA or the 6-year period covered by the first MOA extension are the following:

- a. Enhancements in performance and maturity levels that resulted from interventions that were introduced by the program in UFMFPC, ULSFPC, KALIAC, and MADOUCO helped facilitate particularly these cooperatives' timely availment of credit from Landbank.
- b. The well-identified business activities and established marketing tie-ups for UFMFPC, ULSFPC, KALIAC, and MADOUCO were also instrumental to their success in gaining timely access to Landbank credit.

## **G. Constraining Factors**

### **1. Encountered by cooperatives that were able to become bank-assisted**

#### **a. Sustainability**

- i. UFMFPC's application for an additional P1M credit line with Landbank has been delayed by the occurrence of the Covid 19 pandemic.
- ii. Both Kaliac and MADUOCO were unable to establish stable marketing arrangements for their copra and whole coconut trading activities. Buyers of these commodities in their area are limited. There were instances when the cooperatives even fell prey to unfavorable buying practices (e.g., being subjected to a long queueing time). Predatory buying practices caused deterioration in the quality of their products and made their commodities vulnerable to pilferage.
- iii. The unfavorable market conditions (i.e. low buying price) experienced by both Kaliac and MADUOCO consequently led to unsustainability of their agricultural trading activities.
- iv. In the case of Kaliac, the net losses it incurred resulted in its failure to follow through on monthly loan amortizations with Landbank.
- v. Massive assistance delivered by NGOs in the case of MADUOCO, overwhelmed the cooperative which had difficulty absorbing overly diversified business activities foisted on them.
- vi. Past due loans of some member-borrowers have diminished some of the gains derived from the program by UFMFPC, Kaliac, and Maduoco.

#### **b. Timeliness**

- i. UFMFPC's application for an additional P1M credit line with Landbank has been delayed by the occurrence of the Covid 19 pandemic.
- ii. Another factor that caused ULSFPC's delay in accessing Landbank credit was the disbanding of its precursor organization, the Nagmabaul Cooperative, in 2010, i.e., 1 year after it joined in the USM program. The cooperative was reorganized and registered anew as ULSFPC only 3 years thereafter (2013).
- iii. For MADUOCO, the delay in accessing Landbank credit was due mainly to difficulties it encountered in complying with Landbank's minimum required volume of business and market linkage.
- iv. For Kaliac, delays were due to its difficulty in identifying a viable and profitable business activity/enterprise.

## **2. Encountered by cooperatives that have not yet become bank-assisted**

### **a. Responsiveness**

- i. For BARPLAMCO, SICAPCO, and MUFARMCO there is a gap in conducting follow-up trainings/coaching as well as in conducting other interventions that can address the weaknesses in their respective organizations.
- ii. In the case of MUFARMCO, a mismatch is also observed between interventions (trainings) that have been provided by the program and the weaknesses that have been identified in the cooperative.
- iii. Due to poor accessibility, visits by USM program staff to MUFARMCO are infrequent.

### **b. Effectiveness**

- i. While they were able to formulate new organizational policies (e.g., on CBU, Savings, membership expansion, etc.) with help from the program, BARPLAMCO, SICAPCO, and MUFARMCO are currently still having difficulty in implementing these new policies.
- ii. Geographic location is one of the factors that limit BARPLAMCO, SICAPCO, and MUFARMCO from increasing their membership base. The size of MUFARMCO's membership in particular has not expanded from the time the cooperative had joined the program.
- iii. The limited capacity (low incomes) of their members to contribute capital and to put up savings still constrains CBU formation for BARPLAMCO, SICAPCO, and MUFARMCO in spite of the trainings given to them.
- iv. Members of BARPLAMCO, SICAPCO, and MADUOCO hardly patronize their own cooperative's business due to low incomes.
- v. Inability to identify a viable and profitable business activity/enterprise is preventing both BARPLAMCO and SICAPCO from improving their financial condition.
- vi. Lack of capital prevents SICAPCO and MUFARMCO from implementing the businesses that the program has helped identify for them.
- vii. Inability to identify an institutional buyer and establish a marketing agreement are also factors constraining an economic turnaround for BARPLAMCO, SICAPCO, and MUFARMCO.

### **c. Sustainability**

- i. Still unable to meet the minimum requirements of Landbank (i.e., in terms of membership size, CBU, savings, break-even business operations) to be eligible for loan access (BARPLAMCO, SICAPCO).

- ii. Still has a limited number of members, which also limits the cooperative's ability to generate capital and mobilize savings (BARPLAMCO, SICAPCO, MUFARCO).
- iii. BARPLAMCO still has a low production capacity and sales volume (i.e., for miki noodles).
- iv. Still unable to identify a viable and profitable business activity/enterprise (BARPLAMCO, SICAPCO, MUFARMCO).
- v. Lack of capital to sustain current business (BARPLAMCO, SICAPCO, MUFARMCO).

d. Timeliness

BARPLAMCO is still unable to meet the minimum requirements of Landbank (i.e., in terms of membership size, CBU, savings, break-even business operations) to be eligible for loan access.

## **V. Recommendation**

This section contains recommendations in consideration of the results of this assessment. There are two levels of recommendations:

1. Individual cooperative level – Specific recommendations for each of the assisted cooperatives.
2. Overall – Recommendations for the program.

### **A. United Maligang Farmers Multi-Purpose Cooperative (UMFMPC)**

Following the program's goals, the graduation of UMFMPC should already be given due consideration. Graduating the UMFMPC would also allow the program to re-allocate resources to the remaining assisted cooperatives.

### **B. Kaliac Multi-Purpose Cooperative (KALIAC MPC)**

The program should consider approving the cooperative's request that its outstanding loan balance (i.e., amounting to P235,000 as of December 2019) be charged to the program's HODC. This will release the cooperative's new BOD and officers from the mismanaged obligation incurred by the previous set of cooperative officers.

Prospective succeeding ICB interventions (e.g. coaching, mentoring and training) should focus mainly on the following 4 strategic areas:

- Identifying and implementing a definite project for KALIAC MPC that is viable and profitable.
- Establishing a stable market linkage to assure sales.
- Identifying and implementing strategies to beef up capital formation (e.g., encouraging members of the community to bring back their trust to the cooperative).
- Implementing effective savings mobilization scheme/s

A definite timeline and plan for Kaliac should also be adopted by the program taking into consideration the cooperative's current maturity level, CCSW scores, and its current constraints. Target outcomes for Kaliac should be anchored on what can be realistically accomplished within the MOA's term.

### **C. Upper Lumabat Small Farmers Producers Cooperative (ULSFPC)**

ULSFPC only has one primary business activity and income source, i.e., cacao processing/trading. To increase its revenue stream and diversify its business risks, ULSFPC should consider diversifying into other business ventures.



The program has no definite timeline as to when ULSFPC is being targeted for graduation. A definite timeline and plan should be adopted by the program taking into consideration the cooperative's current maturity level, CCSW scores, and its current constraints.

#### **D. Mati Davao Oriental Upland Cooperative (MADUOCO)**

Prospective succeeding ICB interventions (e.g., coaching, mentoring, and training), should focus mainly on the following 2 strategic areas:

- Mentoring the cooperative on how it can effectively and efficiently manage massive assistance given to them.
- Establishing stable marketing linkages and buyers.

A definite timeline and plan for MADUOCO should be adopted by the program taking into consideration the cooperative's current maturity level, CCSW scores, and its current constraints. Target outcomes for MADUOCO should be anchored on what can be realistically carried out within the MOA's term.

#### **E. Baganga Rubber Planters Multi-Purpose Cooperative (BARPLAMCO)**

Prospective succeeding ICB interventions should focus on the following 6 strategic areas:

- Establishing marketing linkages and agreements for its business (i.e., miki noodles production).
- Increasing production capacity of its business.
- Identifying and implementing strategies to beef up capital formation (e.g., by conducting a vigorous membership recruitment campaign and implementing savings mobilization scheme/s).
- Improving the cooperative's financial system (internal control, recording/bookkeeping, BOA and PSP).
- Improving the cooperative's CCSW score and maturity level to reach Landbank's requirement for accreditation.
- Identifying and implementing another viable and profitable business to increase revenue streams and diversify business risks.

In the meantime, that the cooperative cannot access credit from Landbank, BARPLAMCO may be considered for endorsement to a DA-ACPC program such as PLEA, SURE Covid 19, or ANYO for possible credit assistance or funding for working capital.

#### **F. San Isidro Cacao Producers Cooperative (SICAPCO)**

Prospective succeeding ICB interventions (e.g., coaching, mentoring, and training), should focus mainly on the following 4 strategic areas:

- Establishing marketing tie up and agreement with institutional buyers to have stable income.
- Finding viable and profitable business to increase the cooperative's income.
- Capacitating more members of the cooperative than just 1 per training activity.
- Increasing membership base so that the cooperative can increase its CBU and savings.

In the meantime, that the cooperative cannot access credit from Landbank, SICAPCO may be considered for endorsement to a DA-ACPC program such as PLEA, SURE Covid 19, or ANYO for credit assistance or funding for working capital.

The cooperative's recruitment process should be improved to focus on the improvement of membership quality (i.e., in terms of educational attainment, experience, and level of commitment, among others).

### **G. Mikit Upland Farmers Marketing Cooperative (MUFARMCO)**

Prospective succeeding ICB interventions (e.g., coaching, mentoring and training), should focus mainly on the following 4 strategic areas:

- Establishing marketing tie up and agreement with institutional buyers to have stable income.
- Identifying viable and profitable business to increase the cooperative's income.
- Capacitating more members of the cooperative than just 1 per training activity.
- Increasing membership base so that the cooperative can increase its CBU and savings.

The cooperative's recruitment process should be improved to focus on the improvement of membership quality (i.e., in terms of educational attainment, experience, and level of commitment, among others).

The program should carefully assess which of MUFARMCO's weak pillars/areas should be prioritized for capacity-building to avoid any mismatch between planned interventions and identified weaknesses.

In the meantime, that the cooperative cannot access credit from Landbank, MUFARMCO may be considered for endorsement to a DA-ACPC program such as PLEA, SURE Covid 19, or ANYO for possible credit assistance or funding for working capital.

### **H. Overall Recommendations**

The following recommendations are for the overall improvement of the USM-ICB Program's implementation.

- One of the observations arising from the conduct of the assessment is that the program has no specific timelines for the assisted cooperative to access credit from Landbank or to graduate from the program. The absence of clear timelines makes it difficult to properly gauge the program's progress and success. Definite timelines should therefore be set by the program for the accomplishment of its objectives. However, since the cooperatives have different levels of maturity and different weak areas based on their initial (baseline) CCSW score and maturity level, outcomes should be expected to vary per cooperative at the end of the MOA's term. Otherwise, for some cooperatives, the objectives of the program and the term of the MOA are mismatched. The program should figure out and set different targeted

outcomes for each cooperative based on their respective baseline CCSW scores and maturity levels and what can be realistically accomplished within the term of the MOA.

- *Review program objectives to link target setting with maturity level of cooperatives*
- Effectiveness and sustainability of the trainings and other ICB activities will be maximized when these interventions address the weak areas of operation, level of understanding, and capacity of the assisted cooperatives through the following:
  - *Training of teams, not individuals* - It has been noted that transfer and application of learnings, knowledge, and skills being carried through the ICB activities will be more effective if offered to a group rather than only to individuals or only to the management. Capacitating a/the group or more widespread transfer promotes *esprit de corps* and ensures better retention of learnings, knowledge, and skills, especially in case of staff movement (e.g., retirement).
  - *Prioritize weaknesses that need to be cured*. Re-evaluate the weak pillars/areas of the cooperatives that need to be prioritized to avoid mismatch with interventions being introduced.
  - *Conduct follow-up or follow-through capacity building interventions (and, therefore, consider increased budgetary allocation for interventions)*. Retention and application of knowledge and skills will be greater when two to three-day trainings are followed up with further related trainings or hands-on trainings, coaching or mentoring interventions.
  - *Know the optimum number of cooperatives that the program can manage to assist at any given time*. In the meantime, due to budget constraints, the program should focus its interventions on the initial set of cooperatives being assisted and should consider implementing a moratorium on the enrollment of more PNACs until graduation among the incumbent set of assisted cooperatives has been achieved. In consideration of the limited budget and resources, the program should determine the optimum number of cooperatives that it can manage to assist at any given time which would still lead to the successful attainment of the program's objectives within a reasonable period. Once such optimum number of assisted cooperatives has been figured out, it should be observed as a rule in the course of program implementation.
  - *Review budget allocation for ICB interventions*. Determine a more responsive ICB budgetary allocation that meets the requirements of ACPC's Magna Carta mandate to provide ICB grants. The budget allocation for ICB grant assistance remains small that the rising cost of training resources limits the reach and affects the quality of ICB activities.
  - *Implement phasing in the implementation of capacity building interventions*. Capacity building interventions that are implemented in phases are more effective in ensuring the sustainability of cooperative operations.
  - *Strengthen institutional linkages*. Linkages with CDA, DAR, ATI, DTI, and LBP should be established and strengthened to augment and share resources and cover more cooperatives.

- *Fast track graduation of coops/set timeline for graduation of assisted cooperatives.* Assisted cooperatives that have achieved significant outcomes and have demonstrated improved cooperative management and performance as translated through their CCSW scores and maturity levels should merit recommendation and/or actual graduation from USM-ICB Program.
- *Adopt a more proactive and results-based monitoring and evaluation system for the program's ICB activities.* The establishment of a better monitoring system will help ensure that the program has effectively strengthened the beneficiary cooperatives, through the following:
  - Identification and establishment of performance indicators.
  - Close collaboration among the ACPC Advocacy Division, Monitoring Division, and the Information System Management Division to produce a results-based M&E system and database for the USM CIBP. The M&E results will also be useful for the documentation of program best practices.