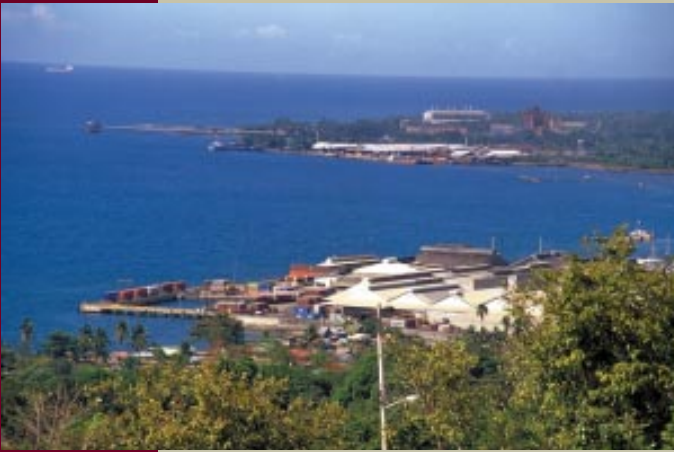


Volume 4



The PACAP¹² Non Agri-Based Enterprises

Philippines-Australia Community Assistance Program (PACAP)

Australian Agency for International Development (AusAID)



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Non Agri-Based Enterprises

- The Integrated Beekeeping Project of the Misamis Oriental-Cagayan de Oro Federation of Cooperatives (MCFEDCO) in Cugman,
- Fruit Processing Plant and Fruit Plantation of the Sigmahanon Development Foundation, Inc. (SDFI) in Sigma, Capiz;
- The Day-as Garments Community Production Centre of NORFIL, Foundation, Inc. (NFI) in Day-as, Cordova, Cebu.

A. Best Practices

The planning and implementation of the projects in this sector utilised strategies that were instrumental in the success of the projects. Presenters, reactors, and conference participants who attended the presentations of these projects discussed the following best practices:

1. Strong People's Participation

Of all the six practices in the PACAP criteria, strong people's participation was the one that was most evident in all three projects in this sector. These projects or enterprises, being very labor-intensive by nature, had to entail the participation of as many number of people as possible. In the Beekeeping project, all members and officers of the CMPC were involved in the planning and designing of the project and all training courses were made available to all participants. The project also highly valued the contributions of women beneficiaries, as well as those of the youth.

The Cordova/Day-as Garments project, on the other hand, was basically run by women and relied heavily on the strong participation of the beneficiaries. This was very apparent in how the project operated on the foundation of "strong informal collaboration" among the mothers. The beneficiaries were merely bonded by common concerns and their participation done without much "formal organisation." In the actual operation of the Day-as Garments CPC, all members agree upon all decisions from purchasing to production and marketing. The members themselves patronise their own products.

One of the greatest success stories of the fruit plantation project was the community's participation which came from the farmers and the other residents of the *barangays* (*barrio*). They provided semi-processed *kaong* (fruit of the *Hibyok* tree which is one of the many ingredients of fruit salad) to the processing plant. Others worked as production workers both in the processing plant and the fruit plantation. They were also instrumental during the formulation and consultation stages of the project. There was good communication between the NGO and the PO. These were able to work well together. There was also a strong link between the NGO, the NGA, the LGU, and other government and private institutions. Each played an important role in the success of the project. Counterpart assistance from technical to financial from the key players of the project was a great contribution to the project.

2. Sustainability and Women-Focused

Sustainability as a best practice surfaced from the experience the projects had to go through and the strategies taken in order to arrive at being viable cooperatives while operating stable home-based enterprises. Tied to the factors that accounted for the projects' sustainability is the women's focus that the projects have.

The Cugman Beekeeping project grew from a small scale operation into what is now a decidedly large-scale enterprise with the increase in bee colonies—something which was accomplished through effective marketing strategies and distribution. Their marketing outlets expanded. The intensive training of members has also resulted to enhanced capability of the women to manage the project. As a home-based enterprise, the following success factors were made possible:

- a) stable queen bee rearing activities,
- b) strong enterprise management,
- c) BFAD approval, and
- d) environment-friendly practices.

Another major factor that contributed to the Day-as Garments project's sustainability is the use of Community Production Centre's (CPC), use of in-house technology. Its operations also conformed to the women's needs and limitations. For instance, the flexible hours at the CPC allowed the women to continue handling domestic chores.

The projects' direct participants are women. They manage and run the enterprises and receive income share. The women's availability are also taken into primary consideration in the scheduling of project-related activities. Throughout the operation of the project, training and other educational activities were made available to the women. With these acquired and enhanced skills, the women were able to set up their own home-based projects.

3. Innovativeness

The projects promoted income-generating activities that were fairly novel to the people in the area. Their focus on women was, of course another uncommon strategy. A common feature among the projects was in the way that each utilised, enhanced, and enriched resources that have always been available to, but never properly managed by the community.

These were basically the distinctive features of the Beekeeping project for which it was cited the Most Innovative Environmental/Livelihood Project by the Sikap Grant Award of

the Rizal Commercial Banking Corporation in February 1999.

Another innovative feature exemplified by the fruit processing project, was the retention of the semi-processing of *kaong* at the household levels. The facilities of these household enterprises were upgraded rather than removed. With this significant support, all the farmers had to do was sell their semi-processed product to the processing plant. The entry of the project into the community did not cause major disruptions in the everyday lives of the residents. As pointed out by the presenter, Ms. Geron, the collaboration of the NGO, NGA, and the LGU in making sure that everything went well, as designed, was another innovative feature of the project. Furthermore, the project advanced the activities from *kaong* production to processing and had the foresight to expand the business to the processing of other fruits. The design transformed a small backyard operation into a commercial venture. The existing facilities of small farmers were improved to meet certain technical considerations. Most of all, the concept of “plants” as an “enterprise” made the target participants aware of the importance of trees in their continued operations. With these elements in place, it was just a matter of time before the project developed from “partnership building” to “stake holding building”, promoting a sense of ownership in the project by encouraging members to commit to capability building activities.

4. Strong Interrelationship between Components; Sound Project Design

With microcredit as core and production as support component, a “backward linkage system” became possible for individual livelihood projects of women.

In the Day-as Garments Community Production Centre Project, the training courses paved the way for other sewing-based income-generating projects: as home-based sewing projects, as regular sewers at the production center, getting subcontracting jobs from the CPC, and retail marketing of CPC products. The tie-up between the credit operations of the microcredit project and the Community Production Centres (CPC) proved to be strategic interventions, considering how difficult the living conditions in Cordova were. The project design was “credit assistance to mothers”, and this made the project appealing to its targeted participants. The microcredit project addressed their core needs. On the other hand, the production center became a “catalyst for collective action and organisation building.” The setting up of a CPC, as illustrated by the Day-as cluster, brought the mothers together to collectively identify entrepreneurial opportunities, work together for the required CPC structure, and eventually operate and manage the CPC as a team.

B. Insights and Learnings

Exploring Linkages

Important institutional and financial linkages were necessary in implementing a successful project. Institutional linkages initiated by the NGO helped strengthen the design’s technical framework. This also illustrates how financial assistance is just as vital as the other support components. It has been suggested by the reactor that credit support in the form of developing savings mobilisation strategies or profit-sharing schemes should be initiated. This scheme will allow the beneficiaries of the project to come up with their

own money to pay back the cost of the project from the funding agencies. In this way, the sense of ownership in the project will also be reinforced.

Exploring Other Possibilities

In development endeavors, one should never let a chance pass. This is what the founder of the beekeeping project, Mr. Benedict Lego, learned when he found out about the feasibility of a beekeeping project from the development officer of the Foundation for Sustainable Society (FSS) by chance.

Project implementers, beneficiaries, as well as funding agencies should continue to explore other possibilities or new systems of cooperation between organisations where there could be a sharing of resources similar to what CMPC did when it decided to channel its proposal to PACAP through MCFEDCO.

Transforming Credit to Enterprise

When the project developed from microcredit to micro-enterprise social credit became a relevant tool in enterprise development, while other components of the project, like the garments production enterprise, provided financial sustainability to the social credit program. The project also transformed the women from traders to entrepreneurs, and expanded a home-based enterprise into a community-based enterprise.

Benefits Beyond Income

Beneficiaries of the project saw a significant improvement in their incomes. However, more than the figures, the women and the few men who attended the training, seminars and other educational activities gained new knowledge as well as practical, hands-on experiences either in beekeeping, fruit processing or garments production. These are learnings the members can use beyond project operations.

The gender and development program and other technical hands-on beekeeping training, participated in by the coop members and a number of their husbands, became avenues for their equal participation in planning, implementation, monitoring, and evaluation of various activities. The realisation of the value of each one's contributions to the project was among the learnings of both the men and women beneficiaries.

Addressing Other Vital Concerns

In the course of its operations, the beekeeping project also addressed environmental concerns as bees have always played an important role in the pollination process. This also heightened the members' awareness and sense of responsibility with regard to natural resources.

Strategising and Systematising

Difficulty in delivering products to several co-ops, superstores, canteen and bakeries is significantly minimised when the organisations are affiliated with other major associations. Joining local and national trade fairs also facilitates marketing activities.

While waiting for the BFAD approval necessary for the release of PACAP funds, reflow funds came in handy for the first year of operation. Cost-cutting measures were also employed

on the meantime. As gained from the experience of the beekeeping project, the beneficiaries themselves encouraged the director to push for the hands-on training schedule without any training allowance, so that systematizing the whole beekeeping business became easier for CMPC members since they were already trained in business management and marketing.

Importance of Culture and Value Systems

The projects illustrated how the spirit of volunteerism and *bayanihan* became crucial in setting up the enterprise component of the projects.

Lower Interests as Viability Factor

As a reaction to the strategy of the Cordova Women's Credit Cooperative of attracting participants through low interest, the reactor offered to explain that "interest does not make nonviable viable". If the project is really nonviable to begin with, then nothing will happen.

Women's Work Load and Productivity

The giving additional responsibility to the women as seen by some to be potentially disadvantageous to women. However, as expounded on by the presenter of the Day-as Garments Community Production Centre Project, the workers' load at the CPC are not really a disadvantage to productivity since work hours are very flexible and purchasing is done only once a week or twice a month. In addition, the women have, also become knowledgeable in customers' preferences and have established a good relationship with sellers of cloth something that could be of personal benefit to them.

Enterprise as Developmental

In the development world, when one talks of enterprise there are always two objectives—income and social development. The failure of one should not discourage the organisation from pursuing the other. For instance, there is no reason to discontinue educational endeavors, training seminars, and other non-income generating activities, when the economic aspect of the project shows signs of a slump. Economics does not define the totality of a project.

Impact of Personal Traits on the Project

Newly-developed personal/collective traits of the project players are good indicators of success that the Day-as project has taken into account. Mr. Glomar of NORFIL carefully noted how the women from Day-as manifested the following indicators that their cluster would go a long way: discipline, leadership, sense of pride and belonging, and the development of a second line of leaders.

Resources Assessment

Prior to the drawing up of project proposal is very important. The members themselves have to identify the project type suited to their conditions. This is gleaned from the success of the Day-as Garments Community Production Centre, wherein a number of members already had basic skills in sewing and had their own individual garments

production business in their homes. Some members, meanwhile, were also adept at garments marketing, either as *manunuroy* (street peddlers) or consignees of garments from individual sewers.

Founder

A major factor that contributes to the success of any organisation or project the organisation undertakes is its founder. More often than not, it is the founder that has to initiate mobility and action in a community. As in the Beekeeping Project experience, it was the project's founder who continued to provide vision and inspiration to the members and participants, as pointed out by the reactor, Mr. Gil Cua.

Valuing Information

It was pointed out that as the project moved from “sharing information” to “caring information,” beneficiaries must be equipped with the right decision-making skills. An “empowerment” apprenticeship program should smoothen the transition from being just “beneficiaries” to “co-owners” and “co-managers”.

Inculcating Innovative and Forward-Looking Business Attitudes

The projects succeeded mainly because the people had the capacity to operate and plan beyond the immediate needs and concerns of the present. The project had to be built on trust, employed good marketing strategies, and explored ways of “marketing a culture of business pride.”

Instilling business pride in the project added a dimension of optimism in the lives of the residents of Sigma. Moreover, the cooperative efforts of the local municipal government and other government agencies with the project, greatly facilitated its progress. Investments in the form of institutional and logistic support during the pre-implementation stage were considered to be essential contributions. ■

Case Summaries

- *The Integrated Beekeeping Project of the Misamis Oriental–Cagayan de Oro Federation of Cooperatives (McFEDCO) in Cugman*
- *Fruit Processing Plant and Fruit Plantation of the Sigmahanon Development Foundation, Inc. (SDFI) in Sigma, Capiz*
- *The Day-as Garments Community Production Centre of NORFIL Foundation, Inc. (NFI) in Day-as, Cordova, Cebu*



Integrated Beekeeping Project

of the Misamis Oriental-Cagayan de Oro Federation
of Cooperatives (MCFEDCO)

I. Background

1. Project Site

The beneficiaries and local implementers of the Integrated Beekeeping Project are residents of a fairly large *barangay* located about four kilometers from Cagayan De Oro City in Northern Mindanao. *Barangay* Cugman is situated along the boundary of Cugman River to the east, Bigaan River to the west, Macajalar Bay to the north, and Bukidnon province to the south. Its population of approximately 15,000 is composed mostly of squatters. Before this project, there was hardly any employment opportunity in the place. Most of the residents had unstable jobs at best and earned meager wages.

2. Organising for Change

Mr. Benedict Lego, Chairman of Zone 6, met the residents of *Barangay* Cugman to discuss the possibility of forming a self-sustaining organisation in 1991. Before this, he had attempted to come up with income-generating projects in his own neighborhood. People were beginning to catch on to some of his ideas. The meeting led to the establishment of the Cugman Multi-Purpose Cooperative (CMPC) in October 28, 1991, duly registered with the Cooperative Development Authority (CDA).

The co-op originally had nineteen members, fifteen of whom were women. It started with a capital of Php9,500. Its first project was dressmaking. But this eventually folded up because of problems with collection and non-payment by customers. Then the coop opened a consumer store which also suffered the same fate. Despite the failed attempts, the co-op members persisted. In 1993, it saw a glimmer of hope when it established a link with a foundation.

In 1993, the CMPC was able to access funding assistance from the Ayala Foundation, Inc. through *Hagdanan sa Pag-uswag* Foundation, Inc. From this, they were able to set up a microcredit project that provided lending services to CMPC members. The project did very well. Over a 10-year period, the co-op membership grew from the initial nineteen to 693 and its capital base increased to PhP1.9 million. This was a good indication that the project addressed the community's needs and the people were responding positively.

It was only in 1997 when the idea of a beekeeping project was first broached to CMPC. Mr. Benedict Lego learned from a chance discussion with the development officer of the Foundation for Sustainable Society (FSS) that Mindanao's climate and vegetation were suited to beekeeping. Mindanao is not in the typhoon zone and is the most conducive to honey and bee pollen production, compared to any other beekeeping site in the country.

He also learned about beekeeping's great potential for income-generation. Bees could produce several products: honey, bee pollen, and beeswax. Furthermore, only ten percent (10%) of the country's total demand for bee by-products is produced locally.

Based on market research, the country is importing 300 tons of honey annually for pharmaceutical and food processing purposes. Though some parts of Cordillera, Albay, and Davao are already engaged in the beekeeping business, the market is still wide open. Mr. Lego was convinced that beekeeping was worth venturing into.

3. Project Design

The project's overall project goal is "to promote the expansion and commercialisation of honey beekeeping, and to address the practical and strategic needs of 50 women members of CMPC." Its core component is

the upscaling of bee culture by setting up and maintaining additional bee colonies and by processing bee products. This core component was supported by skills training program for beekeepers, and capability building and institution strengthening for CMPC.

This project was actually an expansion of an existing beekeeping project of CMPC even before PACAP came into the picture. The project originated from a suggestion of an FSS staff member, which was later approved by the co-op members after a thorough presentation. The countryside development fund (CDF) of a congressman and Department of Labour and Employment (DOLE) were among the sources of funds for initial beekeeping activities.

4. Project Implementation

The beekeeping enterprise, according to the proposal submitted to AusAID-PACAP, would be a joint undertaking of CMPC and Misamis Oriental-Cagayan de Oro Federation of Cooperatives or MCFEDCO.

MCFEDCO was established in 1993, through the initiative of the Community Improve-

The Project's overall project goal is "to promote the expansion and commercialisation of honey beekeeping, and to address the practical and strategic needs of 50 women members of CMPC." Its core component is the upscaling of bee culture by setting up and maintaining additional bee colonies and by processing bee products.

ment Office under the Office of the City Mayor of Cagayan De Oro City. A key strategy of the federation was to “assist its member cooperative in identifying and establishing an appropriate enterprise which the cooperative may engage in.” CMPC was one of the first five cooperatives that became part of MCFEDCO on the year it was established.

MCFEDCO became the lead implementer for the beekeeping project and the CMPC became its local partner. In accordance with the agreement between the two organisations, CMPC was trained to handle all aspects of production while MCFEDCO took charge of overall project management, networking, and marketing responsibilities.

PACAP approved the CMPC-MCFEDCO proposal and released a total of PhP759,000.00 for the first year of the three-year project. The funding was aimed at further developing the pilot project of CMPC and MCFEDCO and was specifically, to generate employment and income for the predominantly female members of CMPC.

Prior to PACAP’s entry, the beekeeping project in Cugman was a mere demonstration setup to show the technical suitability of apiculture in the area. With PACAP in the picture, the project took on agribusiness dimensions, with definite livelihood implications. Assistance from PACAP upgraded the limited engagement of the co-op and turned it into a lively economic venture.

II. Presentation Highlights

Mr. Ben Lego, presenter of the Integrated Beekeeping project during the PACAP Partners Conference, highlighted these features of the project: 1) sustainability, 2) strong people’s participation, 3) women-focused, and 4) innovativeness.

1. Sustainability Factors

Apiculture is a viable home-based cooperative enterprise. The Cugman project has illustrated how a co-op can grow from a small-scale operation to what is now, decidedly, a large-scale enterprise. Effective marketing strategies and distribution has expanded outlets and increased revenues from the venture.

The intensive training of members has also capacitated the women to manage the project. As a home-based enterprise, the following were pointed out as success factors: stable queen bee rearing activities, strong enterprise management, BFAD approval, and environment-friendly practices.

2. Strong People’s Participation

Being a very labor-intensive enterprise by nature, the beekeeping project entailed the participation of many people. All members and officers of the CMPC were involved in the planning and designing of the project. The training courses were made available to all participants. The contributions of women beneficiaries were highly valued. Even the youth were encouraged to participate.

3. Women-Focused Project

The direct participants of the project are women. Women beekeepers receive a 10 percent share in the sale of honey and pollen. They get 25 percent more from the net

income of the enterprise. Attendance of women is taken into consideration in the scheduling of activities. The women are primary movers in the setting up of more home-based beekeeping projects.

4. Innovation

Beekeeping as an income generating activity, particularly for women, is a fairly novel idea in the area. It utilises and enriches resources that have always been available, but never properly managed. This venture was cited as the Most Innovative Environmental/Livelihood Project by the Sikap Grant Award of the Rizal Commercial Banking Corporation in February 1999.



III. Reactor's Comments

These are the salient points in Mr. Gil Cua's reactions, addressed to the presenter and the conference participants interested in the Integrated Beekeeping Project:

1. Best Practice

The project exhibits features that qualify it as being "global" in scope. It is innovative and environment-friendly. It has the capacity to survive despite gaps or the possible withdrawal of support by PACAP. It also brings together a pioneering generation (of parents) and successors.

2. Learnings and Application

A major factor that contributed to its success is its founder, Mr. Ben Lego, who provided vision and inspiration to the members and participants. It features a different kind of project development cycle, as illustrated in its implementation process and the constant upscaling of its systems.

3. Challenges

Implementers should consider that there is an open market competition for beekeeping products. The products are very competitive. For the project to continue moving on, it has to exhibit uniqueness.

They should also look into the issue of rewarding participants in relation to the effort they give to the project. Problems may arise from a not very well-defined concept of joint venture. It is important to take into account the interrelationship among co-op members with the co-op itself. It is also vital to link this co-op with the federation of cooperatives operating in the area to expand its support base.

4. Replicability versus Multiplicability

The project's replicability depends on certain factors. The cost of setting up this kind of enterprise is quite high (PhP2.2 million pesos). Will it cost the same if replicated elsewhere? The project has specific target participants—a particular indigenous community. Will the same components work in other communities? How will the project be

integrated with other farm modules? Is this really economically feasible? How much savings, exactly, is mobilised at the household level? What is the future business plan?

IV. Conference Interaction

Discussion points during the interaction portion of the project presentation dealt on more specific technical aspects of the project.

1. Long Term Effects of the Use of Native Bees as Opposed to Australian Ancestor Bees

The project is presently focused on native bees. However, the economic factor has to be considered. The implementers are currently working with UP Los Baños to study the possibility of reproducing native bees.

Queen bee production is done only in Mindanao. The region has good vegetation and is not in the typhoon belt. One problem is mites infection. It has been observed to plague imported varieties. The mites come from the native bee population.

2. Replicability

The project is open to contract growing. Those interested in linking with Mr. Ben Lego would experience no difficulty provided that the roads to the proposed beekeeping sites are good.

3. Markets and Supply

There is a big demand for bee byproducts in Luzon. CMPC supplies the whole country with bee pollen. Production, not oversupply, is the problem. The Philippines imports huge volumes of honey to supply local demand.

4. Coping During Lean Months

Harvest time is only from November to March. Hives are developed during lean months when fruit trees are in bloom. During this period the project has no earnings and people have to find other sources of income.

5. Indicators of Ecological Balance

In a watershed rehabilitation project in Negros where beekeeping was introduced, it was found that queen bees stay for 16 days, while worker bees stay for 45 days. These activities of the bees are used as indicators of good ecological balance and profitability.

V. Insights and Learnings

Further insights and learnings are reiterated here for emphasis.

1. Grab Chances and Explore Possibilities

In development endeavors, one should never let a chance pass. This is what the

founder of the project, Mr. Benedict Lego, learned when he discovered by chance the feasibility of a beekeeping project from the development officer of the Foundation for Sustainable Society (FSS).

Explore other possibilities or new systems of cooperation between organisations for opportunities to share resources such as—what happened when CMPC channeled its proposal to PACAP through MCFEDCO.

2. Benefits Beyond Income

With PACAP's entry, beekeepers were given PhP60.00 daily honorarium whereas before, their services were purely voluntary in nature. This augmented their income by PhP480.00 per month.

The forty-five women and five men who attended the Basic Beekeeping Training gained new knowledge on bee biology and behavior, colony composition and management, disease and pest identification and control, as well as practical, hands-on experience in beekeeping. This is learning that members could use even beyond project operations.

3. The Gender Issue

Technical hands-on beekeeping training, participated in by the co-op members and a number of their husbands, became avenues for equal participation in planning, implementation, monitoring and evaluation of various activities of the project. This became a learning experience for both the men and women beneficiaries, compelling them to realise the value of each other's contributions to the enterprise.

4. Environmental Awareness

Beekeeping also addresses environmental concerns since bees play an important role in pollination. Beekeepers develop a keen awareness of this ecological balance and sense of responsibility towards nature.

5. Systems and Strategies

Through its affiliation with MCFEDCO, CMPC did not have difficulty in delivering products to several co-ops, superstores, canteens, and bakeries. Joining local and national trade fairs also facilitated their market penetration.

While waiting for the BFAD approval necessary for the release of PACAP funds, the people lost no time in utilising reflow funds from the first year of operation. They also employed cost-cutting measures. The beneficiaries themselves encouraged the Director to push for the hands-on training schedule and did not mind not receiving training allowance.■



Fruit Processing Plant and Fruit Plantation

of the Sigmahanon Development Foundation, Inc. (SDFI)

I. Background

1. Project Site

In Sigma, Capiz, wild *hibyok* palms grow abundantly. *Hibyok* fruit is made into *kaong*, a well-known fruit salad ingredient and staple of grocery shelves. Production of semi-processed *kaong* is a popular home-based industry in several barangays, but particularly in Amaga and Bangon-bangon. Most of the families engaged in this home industry live below the poverty line.

The industry has been in existence for more than 20 years in the locality, yet farmers have not received assistance of any kind from any government or non-government organisation. Private moneylenders provide capital at usurious rates, running from six to fifteen percent (6-15%). Landowners on whose properties the *hibyok* palms grow controlled the cost of raw materials. Farmers sell their products individually, relying only on their own limited circle of buyers. Consequently, their enterprise has remained static over the years.

Moreover, the *hibyok* trees themselves are dwindling. No effort has been made to replenish old plants as they die. A 1994 survey conducted by the municipal agriculturist shows only 11,125 *hibyok* trees left in the wild. The industrial potential is present but remains undiscovered.

2. Organising for Change

In 1993, the Sigmahanon Development Foundation Incorporated (SDFI) approached 22 farmers and offered them financial and organisational assistance to transform their backyard operation into a commercial venture. This is the beginning of a remarkable success story in countryside development.

SDFI was organised in 1986 as a non-stock and non-profit foundation. Thirteen socio-civic leaders and social development workers of Sigma recognised the need to intervene against poverty and complement the efforts of various sectors seeking to rise above it

SDFI designed a project for the 22 *kaong* farmers of Amaga with the help of other institutions. It started by organising the farmers into the Lumbilan-Amaga *Kaong* Producers Association of Amaga, Sigma, Capiz or LA Kaong Producers Association. The organisation registered with the Bureau of Rural Workers (BRW), Department of Labour and Employment (DOLE) on March 17, 1997.

From 1993 to 1997, SDFI provided capital to households processing *kaong*. The farmers were given training in production technology. Meanwhile the idea of a Fruit Processing Plant was already being considered in the Non Government Organisation (NGO) level. The Municipal Science and Technology Program (MSTP) of the Department of Science and Technology (DOST) has already developed the model for a fruit processing plant. The Panay State Polytechnic College (PSPC) has also agreed to work on the project and assigned two of its professors to work directly on it.

Convergence. On February 5, 1997, the SDFI, DOST, DTI, PSPC, the Municipality of Sigma, the Municipal Cooperative Development Council, and the Office of the Congressman of the 2nd District forged a Memorandum of Agreement (MOA) to implement a Processing and Bottling Plant Project in Sigma. The MOA defined each agency's specific commitments and responsibilities to the project. These included donation of lands, use of equipment, and training and technical assistance. The Fruit Plantation Plant was the result of the combined efforts of the Sigma Local Government Unit (LGU), the PSPC, the Department of Trade and Industry (DTI), and the Department of Environment and Natural Resources (DENR). SDFI acted as midwife to bring the project to the light. The MOA among the participating agencies itself was signed on October 27, 1998.

3. Project Design

a. Fruit Processing Plant

The project goals were simple and forthright:

- 1) to establish a technology-based enterprise aimed at the transformation of the municipality of Sigma into a vibrant agro-industry economy, and
- 2) to upgrade the home-based semi-processing activities of small farmers to increase their income.

Top priority in the project design was the construction of the fruit processing plant. Extensive consultations and reviews were made among the prospective beneficiaries and participating agencies to fine-tune the concept proposal.

b. Development by Stages

Phase I: Amaga Processing and Bottling Plant

Project development was characterised by two large phases of activity. The first phase of the project was the establishment of the Amaga Processing and Bottling Plant on a 250-sq. m lot in *Barangay* Amaga in 1998. The plant was close to the highway which made it accessible to markets in the town proper and the rest of Capiz and Panay.

Prospective workers for the plant undertook intensive training on the various stages of the production of *kaong* from boiling, to bottling and label design, and packaging. Prospective staff were also given training on organisational capability-building, basic leadership and management, values formation, as well as financial and book-keeping practices. These were done with the help of the different participating agencies such as the Philippine Trade Training Center (PTTC), the Department of Trade and Industry (DTI), and the Design Centre of the Philippines (DCP). The plant became operational in 1998 with an initial staff of fifteen.



Phase II: The *Hibyok* Plantation

The fruit plantation was initiated in 1999 in the hope that it would provide the processing plant with a steady supply of *kaong*. A three-hectare techno-farm was planted in *barangay* Bangon-bangon. Soon the three-hectare farm was planted to other fruit trees with commercial potential. The *hibyok* trees were intercropped with other fruit-bearing trees such as *rambutan* and bananas.

Technical training and capability-building activities focusing on nursery management, propagation skills, and fruit processing were undertaken to support personnel development at this phase. Research and development activities dealt with pre and post-harvest technologies of *kaong* and other fruits, which the project hopes to harvest in the future. The DENR came in to help with the reforestation dimension of the project.

4. PACAP-AusAID Assistance

When everything had been said and all the concerns were duly aired and attended to, the SDFI submitted a proposal to PACAP for funding assistance. PACAP approved the project in 1994 with a grant of PhP1million and the promise of another PhP3.5 million for the fruit plantation and future expansion. SDFI had worked with PACAP before on a microcredit venture which catered to market vendors. The fruit-processing venture brought SDFI and PACAP together for the second time. The grant required the beneficiaries to put up counterpart funding for sustainability.

II. Presentation Highlights

Ms. Maricel Jarencio, SDFI Executive Officer, presented the project at the PACAP Partners Conference. She notes the two best features of the project: 1) people participation and 2) innovation.

1. People's Participation

The people's will to participate in the project is among its best features. The farmers threw themselves enthusiastically into every phase of the activity, from planning to the nitty-gritty of implementation. They were part of the consultation process and contrib-

uted insight and experiences that helped forged a strong organisation.

Production workers from the household to the plant level are all homegrown. Designing expansion plans necessitated the involvement of the participating communities. Despite their low-income status, they were able to come up with counterpart funding for the project. This gave the people a strong sense of ownership of the enterprise. People's participation continued to expand at the *hibyok*-and-fruit plantations. The people of *Barangay* Amaga developed confidence in their capabilities and took great pride in the processing plant which they had a hand in putting up.

Good communication binds the various entities and ensures smooth working relationship.

2. Innovation

a. Retention of Home-Based Process

An innovative feature of the project was the retention of the home-based semi-processing of the *kaong* from where the processing plant derives raw materials for production. Instead of centralising the process, Tropics Food Products allowed the traditional household processing to continue. Household facilities for semi-processing *kaong* were upgraded and families continued to earn income from it but at more stable prices than they had heretofore enjoyed.

This is different from the way a big enterprise usually makes its entry into a community. Big enterprises usually “retool” the communities to fit their needs, i. e., “teach them the technology, pay them cheap.” In the SDFI project, the processing center was set up to upgrade already existing home-based enterprise. This was intended to elevate the production level of individual families and to generate more income for them from two sources: increased sales and a share in the processing center's profits.

b. Synergy among Participating Agencies

Even more remarkable was the dynamic linkages at work among the NGO, the NGA, the LGU and other government and private institutions. All these entities gave generously to the project, putting in their expertise, contacts, and resources to make the project succeed. The following agencies played major roles in midwifing the birth of the fruit processing plant: Sigma LGU which provided the land, heavy equipment for construction, and water supply; Panay State Polytechnic for technical assistance; DTI for the marketing arm; DOST for research and development; Office of the Congressman for more heavy equipment for construction, and SDFI, the lead implementer of the project.

c. Impact on the Community

Last but certainly not the least of the project's innovative achievements is its impact on the community. Increased production resulted in increased income for the households. Job opportunities were generated by the processing plant and at the household level. The plantation also opened income opportunities for the community. An emerging system of contract growing lies ahead for Bangon-bangon and other *barangays* adjacent to Amaga.

III. Reactor's Comments

The project was given to Mr. Guillermo P. Cua for his reactions. He noted the following positive points: 1) Innovation; 2) Participation

1. Innovation

a. From Backyard Activity to Industrial Venture

The project caught the interest of a lot of people because of its innovation. The design transformed a small backyard operation into a commercial venture without disrupting the household aspect of the production process. On the other hand, people take pride in the elevation of their humble household activity into a full-blown industrial venture. The intensive training they undertook to become good stewards and workers of the project broadened their understanding, added to their skills and capabilities, and gave them added reason to be proud of what they have collectively accomplished.

b. Trees as Enterprise

The commercial value of *hibyok* made people realise the commercial value of trees and forest resources. It should then transform their view of the environment and make them move from simple gatherers to protectors of their natural resources. The project anticipates the future by looking beyond the *kaong* production towards an expansion of production to include other fruits as well.

c. Claiming Stakes

Another innovative aspect of the project was the transformation of the awareness among the beneficiaries—from that of simply being partners to that of stakeholders in the business. Beneficiaries gradually learned to claim ownership of the project from which they do not only receive benefits but also share a large measure of responsibility. Mr. Cua pointed out that as the project moves from sharing information to caring information, beneficiaries must be equipped with adequate decision-making skills. An empowering apprentice program would smoothen the transition from being beneficiaries to the higher status of being co-owners and co-managers.

2. Participation

People participation in the project was high. Membership increased from 22 to 39 farmers four years after its implementation. Participation also came in the form of support from other residents of the community, the local barangay and municipal leaders, and other government and private organisations which contributed money, expertise, and effort into the project. Taken together, these helped build the Sigma project into a successful business venture.

3. PACAP Assistance

The institutional linkages forged by the NGO with individuals, institutions, and other government and non-government agencies tremendously shored up the technical design

of the project. But its realisation largely hinged upon the financial assistance given by PACAP. Upon payment of the total cost of the project, the processing plant will be turned over to the beneficiaries. Mr. Cua suggests that credit support in the form of savings mobilisation strategies or profit-sharing schemes be initiated to allow the beneficiaries to come up with their own money to repay the funding agencies for the cost of the project. This would make even more real the beneficiaries' ownership of the project.

■ IV. Conference Interaction

Interaction after the presentation was focused on the elements characterising the success of the project. These are:

1. Life Transforming

The success of the project transformed the lives of people in the community.

- It broadened their understanding of the bigger environment in which their endeavor thrives.
- They have learned to be business-like, obey policies, and appreciate the value of transparency in managing the affairs of the project.
- They learned to build on trust among themselves and their partners.
- They were able to develop good marketing strategies.

On the whole, the project instilled in the beneficiaries the culture of business pride which has also infected the rest of the Sigma community.

2. Forward-Looking

The project had the capacity to operate and plan beyond the immediate needs and concerns. An indication of this is the initiative of cultivating *hibyok* to replenish the dwindling trees in the wild. Another forward-looking view is the effort to plant more commercial fruit trees which will eventually become sources of raw materials for the fruit processing plant.

■ V. Insights and Learnings

Among the insights and learnings that surfaced in the presentation and the discussion that followed it are:

1. Dynamism and Will

Success of the project may be attributed to the people of Sigma themselves. When the opportunity to augment income and improve livelihood was given them, they readily accepted it. Though they might have lacked capital, they had the will to strive for the project's success.

2. Communication

Mutual trust between the Sigmahanon and the NGO partner made the project run smoothly without major obstacles. Good communication among the partners and leading

implementers helped to smoothen interaction.

3. Transparency and Respect for Local Culture

By showing respect for local culture and structures of interrelationship and by being transparent in their actions, the NGO earned the trust of the residents. This was crucial to winning the cooperation and confidence that were eventually granted them by their partners.

4. Realistic Planning

The project design was based on existing resource base—in this case, available production materials and the technology to transform them into marketable products. Consultations were made with the beneficiaries and participating agencies to lay a solid factual and material base on which to anchor the project.

5. Appropriate Linkages

The project relied heavily on a broad range of expertise. Generous financial resources allowed for the establishment of a processing plant that met the best industrial standards. The wholehearted cooperation of every participating agency provided the biggest boost to the full realisation of the project.

6. Management Culture and Team Building

The success of the project may also be attributed to the practices of accountability and transparency of operation. A healthy two-way communication between the members, the staff, and workers of the processing plant and fruit plantation was in place. The working environment was open and informal but strict project policies were regularly enforced. The workers learned to value honest work. Unnecessary requests for loans were discouraged

7. Stakeholders' Claim

Counterpart contributions made it possible for the beneficiaries to feel a sense of ownership of the project. Beneficiaries were prepared to take responsibility for all aspects of its management once it is turned over to them. *Sigmahanons* (people in Sigma) are very proud of the Tropical Food Products, the one industrial venture they have helped put together and which is now exporting their local pride to the rest of the country as well. ■



Day-as Garments Community Production Centre

of NORFIL Foundation, Inc. (NFI)

I. Background

1. Project Site

The town of Cordova used to be known as Day-as until the 1800s. In 1883, its then parish priest, Padre Aguirre, requested that Day-as be turned into a separate municipality. The request was granted and the little town adopted the name Cordova, after a city in Spain. The name Day-as was retained by one of its smallest and most depressed *barrios*.

Cordova is now classified as a 6th class municipality, a coastal town in the south side of Mactan Island in Cebu Province. Cordova is bounded by *Barangay Babag* and Lapu-lapu City in the north; Camotes Sea in the east; Bohol Strait in the south; and still another part of the Lapu-lapu City boundary and *Barangay Panas* in the west. It is the only municipality in Mactan Island. It has thirteen (13) *barangays*. The local DSWD office considers six (6) of these *barangays* as among the most depressed.

Barangay Day-as is a typical *small pocket* of urban poor community left behind by Cebu's urbanisation. Living conditions in the *barangay* are very poor. The men in the area have skills that allow them to get menial jobs as factory workers in Mactan Export Processing Zone Authority (MEPZA), as construction workers, or drivers for large enterprises in other urban areas of nearby Lapu-lapu, Mandaue, and Cebu City. Women are left at home to manage the household. Mothers may engage in retail trading activities in their homes or just around the neighborhood. Their economic activities are limited for lack of entrepreneurial skills or working capital. The women are not organised and have not discovered the uses of collective power.

2. Organising for Change

Mr. Jimmy Glomar, Director of NORFIL in Lapu-lapu City, encountered a woman peddling wares in the streets of Lapu-lapu City. The woman revealed that she was from Cordova and she expressed a desire for a NORFIL-assisted project in her town. Mr. Glomar formed an informal team that did a casual assessment of the place. From the information gathered in this casual assessment, NORFIL identified Cogon, Dapitan, Alegria, and Day-as-four among the six most depressed areas in Cordova—as the *barangays* that qualified for assistance.

Social credit was one of the specialties of NORFIL. One of Mr. Glomar's first ideas was to set up a credit cooperative for the women of Cordova, following a project design that had already been tried and tested in several other areas in Lapu-lapu City. He drew up a proposal for PACAP, with which NORFIL had already worked to bring to fruition many successful projects.

Around the same time that a proposal was being drawn up for PACAP, the staff of NORFIL also called an orientation meeting for the women residents of Cordova. The information drive of NORFIL for the first seminar was rather casual but it was gratified at the number of participants who showed up.

A PACAP representative went to CORDOVA to conduct an on-site assessment. PACAP and NORFIL agreed on a set of criteria in choosing areas of implementation. Mr. Glomar affirmed that although they had always gravitated towards depressed areas for their work, they also set other conditions that beneficiaries should meet before assistance is extended to them. First, there must be a certain level of people's participation; second, they must have the capacity to sustain the project and manage it independently.

With these as references, the final proposal was approved and the contract with PACAP sealed. Both agencies had seen enough of the place and saw the need for empowerment of the mothers in certain villages of Cordova. The women showed tremendous enthusiasm even during the organisational stage.

Thus was born the Cordova Women's Microcredit Project.

The general objective of the CWMCP was “to develop a participatory credit system that will serve as mechanism to increase the income and productivity of poor families in Cordova.”

3. Project Design

a. Social Credit

The first proposal drawn up by NORFIL was for a one year project entitled Cordova Women Micro Credit Project. It was described as social credit with capability building and skills training and was pegged for July 1, 1995 to June 30, 1996.

Among its specific objectives were: capital buildup on both the personal and institutional level, capability building for cluster leaders, and *barangay* cluster strengthening. These components covered the wider scenario of business operation to make the women more aware of the link between the character of the entrepreneur and the success and failure of a business.

b. Community Production Center

Towards the end of the first year, another support component of the project was introduced. This was the Skills Training component which had the end goal of building a Community Production Center (CPC) for each cluster. The CPC was envisioned to capacitate the members to improve their financial status, gain more income, and consequently improve credit collection efforts of the credit co-op. As of December 2000 the average repayment rate of the Day-as cluster members was 92 percent, comparably higher than those of the other Cordova clusters.

A possible production project type was identified for each cluster. Day-as was initially set for rice production. Eventually, the members themselves and NORFIL realised that garments production would be more relevant and feasible for the Day-as cluster. There were already a number of members who had basic skills in sewing and had their own individual garments production business in their homes. Some members were already adept at garments marketing, either as *manunuroy* (street peddlers) or consignees of garments from individual sewers.

The CPC project was an add-on to the original design of the Microcredit project. It was not part of the project proposed for the first year. However, this component eventually became an effective mechanism and catalyst for intensive collective action and organisation building among the mothers of *Barangay* Day-as.

NORFIL Foundation, Inc. became the direct implementer of the project, while the clusters of women in the four *barangays* of Cordova were the local partners.

4. Project Implementation

a. Clustering

The women who responded to the call for the first orientation meeting were divided into clusters. Women from the same *Barangay* were grouped under one cluster and were made to choose their own officers. Each cluster was duly constituted with a Cluster Head, a Cluster Secretary, one Collector, and at least two members who would serve as monitoring committee.

b. Duties of Cluster Officers

The cluster officers had a hand in determining the criteria for membership and for loan application. They were responsible for the following operations:

- reviewing loan applications; assessing loan applicants' capability to pay;
- assessing the feasibility of business for which loan is being sought;
- determining the loanable amount;
- recommending or endorsing the loan application;
- collecting weekly or bi-monthly repayment of loans;
- planning, implementing and evaluating the annual General Assembly of participant-members;
- acting as resource persons for some seminars like the Pre-Membership Seminar (PMES) and that on Simple Business Management;
- conducting house-to-house visitation of participant-beneficiaries under their charge;

Case Summaries

- acting as liaison between the participant-beneficiaries and staff;
 - conducting monthly officers meeting and quarterly ownership meetings.
- Cluster officers were, furthermore, required to present an Annual Action Plan.

c. Micro Credit

Not long after the first encounter of the women with NORFIL-PACAP, the participants became legitimate members of the Cordova Women Microcredit Project (CWMCP) and were able to make their first loans.

d. Capability-Building

The second step in the process was the series of training courses and seminars on capability building. All members of the Cordova Women Microcredit Project (CWMCP) were required to attend these seminars, as these were intended to enhance the quality of their participation as coop members and potential business managers.

After a series of fund-raising activities, the Day-as women were able to construct their own Garments Production Centre. The structure became their counterpart to the funds released to them in the second phase of the project. With the Centre in place and capital investment available, the Day-as cluster went through the necessary skills training courses. Soon afterwards, the Day-as Garments Community Production Centre became fully operational.

II. Presentation Highlights

Mr. Jimmy Glomar, Chief Operations Manager of NORFIL, handled the presentation of the Cordova Women's Microcredit Project and Day-as Garments CPC. His report focused on the best practices exhibited by the projects. The following are the best features he mentions: 1) strong interrelationship between microcredit and CPC, 2) sustainability, 3) strong people's participation, and 4) replicability.

1. Strong Interrelationship between Microcredit and CPC

The credit operations of the microcredit project, coupled with the Community Production Centres (CPC), became very strategic interventions in the living conditions of families in Cordova. Packaged as credit assistance to mothers, the project appealed to its targeted participants since it directly answered their core need. The CPC became a "catalyst for collective action and organisation building". The CPC brought the mothers together to identify entrepreneurial opportunities collectively and to work together to achieve a viable structure to operate and manage the CPC as a team.

With microcredit as core and CPC as support component, a backward linkage system became possible for individual livelihood projects of women. The CPC skills training courses paved the way for other sewing-based income-generating activities. It also made possible home-based sewing projects, with the women acting as regular sewers in the production center, subcontracting jobs from the CPC, and/ or retail marketing CPC products.

2. Sustainability

The sustainability of the CPC might be due to the fact that this income-generating project (IGP) only required in-house technology and its operations conformed to the women's needs and limitations. The flexible hours at the CPC allowed the women to continue handling domestic chores.

3. Strong People's Participation

The project operated with strong informal collaboration among the mothers as its foundation. The beneficiaries were bonded by common concerns, their participation done without much formality. In the actual operation of the Day-as Garments CPC, all decisions, from purchasing to production and marketing, are agreed upon by all members. A plus factor might be that the members themselves patronise their own products.

III. Reactor's Comments

Mr. Gil Cua, the reactor, was in agreement with the success factors pointed out by the presenter. These are the salient points discussed by the reactor about the CWMCP:

1. Why the Project is Interesting

The project developed from microcredit to micro-enterprise. Social credit became a relevant tool in enterprise development, while garments production provided financial sustainability to the social credit program. The project transformed the women from traders to entrepreneurs and expanded their home-based enterprises to community-based enterprise.

2. Lessons Learned

a. Focus

The project has a clear focus in terms of target beneficiaries, target socioeconomic sector, and methodology of intervention. The focus is a depressed *barangay* of a 6th class municipality close to a highly urbanised city. The enterprise is anchored on home-based skills and cater to the common interests of the women. The products also have a clear target market.

b. The Value of Initial Success

The success of the CWMCP may be attributed to NORFIL's impressive track record in running social credit programs. The project benefited from effective organisational and operational strategies, i.e., the cluster system as a participatory mechanism, the employment of qualified beneficiaries, and continuing education of member-beneficiaries.

Criticism was leveled at the slogan, "Loan, low interest, low capital" may have to be reconsidered for its implication on sustainability.

3. Importance of Culture and Indigenous Value Systems

The project illustrated how the spirit of volunteerism or *bayanihan*, which is a

homegrown value, continues to serve local communities in their struggle to attain their collective goals.

4. Challenges and Concerns for the Future

a. Competition

The project has to be more competitive in its approach to business operations. New strategies must constantly be devised to meet the changing demands of the business environment. The women should be encouraged to promote product uniqueness and develop institutional markets aside from the existing ones they are already familiar with.

b. Empowerment or Exploitation?

The flexibility of working hours might be seen as a plus factor that agrees very well with the women's lifestyle. On the other hand, it might be necessary to reexamine the effects of this system on the women themselves. The flexibility of the working hours encourages women to spend long hours in both the CPC and their domestic chores. Instead of contributing to women empowerment, the project might lead to the women's exploitation.

c. Government Assistance to Microcredit Development

The project also may influence the government to go into microenterprise development. The present project is much too dependent on its partnership with an NGO. This may lead to complacency on the part of the government. People should realise that policy issues are essential in enhancing any project's viability and this can only be tackled from the government's side.

Likewise, they should realise that while it is important to build innovative partnership and NGO's women cooperatives, it is more significant to shift from a project assistance to a project cooperation relationship wherein the members of the cooperative take greater responsibility in managing their business.

d. Business Capacity of the Poor

It would be well for implementers not to underestimate the business capacity of the poor. They have their own formula for survival possess and an intuitive business sense. The poor have a good understanding of the market and consumers' behavior. They are also well-experienced in practical experimentation.

e. Enterprise and Community Development

The project has two dimensions: enterprise (microcredit and garments production) and community development (cooperative and women self-help groups). In the future, as the project faces more challenges, it is important that implementers keep these two dimensions of the project in mind. Perhaps the CPC need not be the sole solution to the concerns of the poor.

f. PACAP and Partners' Challenge

The project should be able to respond to the challenge posed by PACAP: "Building a

network-wide enterprise, revolving fund mechanisms.” In turn, PACAP should be clear about its priority. It may be good for PACAP to invest more in social preparation in its future projects.

IV. Conference Interaction

The points raised during the interaction portion of the project presentation reflect the participants’ deep interest in and growing awareness of issues and concerns related to the Cordova Microcredit and Day-as Garments CPC projects. These are the pertinent points raised and the responses of the presenter.

1. On Plans to Form a Cooperative.

Preparations are underway for the organisation of the women into a cooperative. In Lapu-lapu alone, there are already more than one thousand members.

2. On Lower Interests as Viability Factor

The reactor explained that low interest does not make the nonviable viable. If the project is really nonviable to begin with, then nothing will happen no matter how low the loan interest might be. Cordova is a strategic location and presents a lot of potential for business linkages.

3. Women’s Participation

Giving additional responsibility to women workers at the CPC is not really disadvantageous to them. The CPC work hours are very flexible, purchasing is done only once a week or twice a month. The women know their customers’ preferences and they have even established good relationship with the sellers of cloth, the raw material of their work.

4. On Alternative Income Sources

All beneficiaries were observed to have experienced an increase in income. Most families have already availed of six loan cycles and started their own income generating activities.

5. On Collection

The collection repayment rate for the Day-as cluster is 92-93 percent. For delinquent borrowers CWMCP sends demand notices upon the recommendation of cluster officers.

6. On Enterprise as Developmental

Mr. Gil Cua notes that in the development world, when one talks of enterprise there are always two objectives. The failure of one should not discourage anyone from the pursuit of the other. Economics is not always the end of development.

V. Insights and Learning

1. Urban Blight

Day-as is a depressed site located close to a highly urbanised area, an indicator of what we might call urban blight. It might be fruitful to examine this situation for what insight it may yield in discovering opportunities for intervention in urban populations like this. Some communities are unable to catch up with urban development and are left behind and require extraordinary assistance to enable them to catch up with progress.

2. Women's Marketing Strategy

It must be acknowledged that “woman power” was a vital ingredient in the success of the project. Some attention must be paid to the dynamics of womanpower in this case, the underprivileged, unempowered, poorly educated women who managed to pull themselves up by the proverbial shoestring and gain relief from extreme poverty.

3. Networking

Aside from exploring other marketing possibilities, the women and NORFIL should also develop a mechanism for networking that does not only involve NGOs but also the local government unit and other major cooperatives.

4. What Made it Work

Mr. Glomar notes the characteristics of the women of Day-as which might have been the anchor to the success of the CWMCP. According to him, they clearly had discipline, exercised leadership when it was necessary, and had a sense of pride in belonging to the project. Moreover, they continue to evolve second-line leaders assuring an extended life to the project. These personal and collective qualities are good indicators of success that similar projects should strive to develop.

a. Resources Assessment

Prior to the drawing up of a project proposal, the members themselves identified the project type suited to their conditions. A number of members already had basic skills in sewing, a number own garments production businesses in their homes, while some members were also adept at garments marketing either as *manunuroy* (street peddlers) or consignees of garments from individual sewers.

b. Organisational Structure & Thrusts

Organisational structure was a major factor in the initial success of the social credit program. Organising the women did not pose a problem to NORFIL since the women already knew one another and were naturally bonded by common concerns.

The organisation should rethink its present slogan. Instead of stressing “**low interest, low capital**”, it should also explain to future beneficiaries that “**higher interest rate yields higher income**”. As Mr. Cua notes, low interest does not necessarily turn a non-viable business into a viable one. ■

Case Studies

- *The Integrated Beekeeping Project of the Misamis Oriental–Cagayan de Oro Federation of Cooperatives (McFEDCO) in Cugman*
- *Fruit Processing Plant and Fruit Plantation of the Sigmahanon Development Foundation, Inc. (SDFI) in Sigma, Capiz*
- *The Day-as Garments Community Production Centre of NORFIL Foundation, Inc. (NFI) in Day-as, Cordova, Cebu*



The Integrated Beekeeping Project

of Misamis Oriental-Cagayan de Oro City Federation of
Cooperatives (McFEDCO)¹

Barangay Cugman was located about four kilometers from Cagayan De Oro City in Northern Mindanao. It was situated along the boundary of Cugman River to the east, Bigaan River to the west, Macajalar Bay to the north, and Bukidnon province to the south. Its population of approximately 15,000 was composed mostly of squatters (families who occupied and built housing structures on vacant land owned by government or the private sector). Most of the residents of the *barangay* had unstable jobs at best and earned meager wages.

I. The Implementers: CMPC and MCFEDCO

Benedict Lego was the Chairman of Zone 6 in *Barangay* Cugman in 1991. After a failed attempt to develop and implement projects that would provide some form of assistance to the households in his neighborhood, he called a meeting to propose the creation of an organization that could sustain itself through the years. In October 28, 1991, the Cugman Multi-Purpose Cooperative (CMPC) was formally registered with the Cooperative Development Authority (CDA).

The cooperative originally had 19 members and an initial capital of PhP9,500. Of the members, 15 were women. For its first project, the cooperative went into dressmaking. Because of problems with collections and non-payment by customers, the venture eventually folded up. The cooperative also opened a consumer store, which, also did not succeed.

¹ A case study presented during the PACAP partners conference held at Grand Regal Hotel, Davao City on 19-20 April 2001.

However, the members of the cooperative did not give up and continued to consider other potential projects. This persistence was rewarded and in 1993, the cooperative was able to access funding assistance from the Ayala Foundation, Inc., through *Hagdanan sa Pag-uswag* Foundation, Inc. CMPC used the funds to implement a micro-credit project that provided lending services to its members. Finally, the cooperative had found an endeavor that responded to the community's needs, and the community responded back. The project was a success. Over a 10-year period, the cooperative's membership grew from the initial 19 to 693, and its capital base increased to PhP1.9 million.

In 1993, the Community Improvement Office under the Office of the City Mayor of Cagayan De Oro initiated the establishment of the Cagayan de Oro Federation of Cooperatives (CAFEDCO). In response to the request of cooperatives then being assisted by Land Bank of the Philippines (LBP), CAFEDCO amended its articles of incorporation and by-laws on July 1995 to expand its coverage area. From servicing only Cagayan de Oro City, it expanded its assistance to the whole province of Misamis Oriental. CAFEDCO adopted the name of Misamis Oriental-Cagayan de Oro City Federation of Cooperatives (MCFEDCO).

MCFEDCO had a total of 19 member-incorporators, 12 of which were self-help groups. At the time of its registration with the Cooperative Development Authority, it had a total of 49 members—all primary cooperatives—in Misamis Oriental. CMPC was one of the five cooperatives that became part of MCFEDCO in 1993.

A key strategy of the federation was “to assist its member cooperative, such as the CMPC, to identify and establish an appropriate enterprise, which the cooperative may engage in.”

II. Going Alternative: The Beekeeping Project

In 1997, Ben Lego learned from a chance discussion with the development officer of the Foundation for Sustainable Society that Mindanao's climate and vegetation were suited to beekeeping. Mindanao, first of all, was not in the typhoon zone. In fact, the experts in beekeeping at the Food and Agriculture Organisation (FAO)² reported that Mindanao's climate was more conducive to honey and bee pollen³ production than that of the Luzon and Visayas areas.

Ben Lego was also told that bee production had great potential as an income-generating project. The beekeeping business could produce several products: honey, bee pollen, and beeswax. Honey was being used primarily as a natural sweetener⁴ and as an ingredient of safe home remedies for many common ailments. Bee pollen was fast becoming known as an effective energy booster. Preventive health practitioners also encouraged the intake of bee pollen supplements to help the body build resistance against infection. Beeswax, on the other hand, could be used in the production of candles and other wax

2 An organisation under the United Nations Development Program.

3 Bee pollen is the male sex cell of all flowering plants. It is collected by the honeybees as they visit the flowers and harvested from the bees as they enter the hive through a special pollen trap.

4 In fact, honey contains more nutrients than refined sugar.

products. Best of all, only ten per cent of the country's total demand for bee by-products was produced locally.

Market research showed that the Philippines was importing 300 tons of honey annually for pharmaceutical and food processing purposes. Though some parts of Cordillera, Albay, and Davao in Mindanao were already engaged in the beekeeping business, the market was still wide open. All in all, the information Ben Lego had gathered convinced him that bee production was certainly worth a try.

In order to convince the rest of the board of directors and the founding members of the feasibility of the beekeeping project, Ben Lego brought the group to visit the beekeeping project of the Department of Agriculture (DA) in Region 10. The group saw how beekeeping could be doable. The experience also changed people's perceptions about bees being harmful. The Board accepted the proposal, and the idea was presented to the members of the cooperative during a general assembly.

Initial Moves

The CMPC requested for and was able to access a Php60,000 funding assistance from the Countryside Development Fund of Hon. Erasmo Damasing, the congressional representative of the lone district of Cagayan de Oro City. The cooperative used this as initial capital for the project. From that amount, the cooperative bought five colonies from the Department of Agriculture. The DA package included a 3-day training for the cooperative's nineteen founding members on beekeeping management. Several members of a woman's group in Malasag also attended the seminar conducted by trainers from DA-Cebu.

Identifying the best location for the beekeeping project was the next step. When the project first started, a member of the cooperative offered to keep the bee colonies on her property. This proved to be unfeasible because the bee colonies needed trees, plants and open water sources—all vital for their food supply—and these were lacking in the property. The cooperative decided to transfer the colonies to Malasag, a rural *barangay* of Cagayan De Oro City where the women's group was based. But the site did not solve the lack of food resources. To make matters worst, the members of the women's group in Malasag had withdrawn from the project. The bee farm finally found its home in Alae, Manolo Fortich, Bukidnon, where conditions for the beekeeping project were found to be ideal.

In 1997, the Department of Labor and Employment (DOLE), through the efforts of then Senator Marcelo Fernan, assisted the cooperative in acquiring ten more bee colonies. The intent was to add a youth development component in the beekeeping project. In keeping with the conditions of the Php500,000 DOLE grant, the cooperative organised a training course on beekeeping with the youth as participants.

The Department of Science and Technology also provided assistance to the project in the form of a Php100,000-loan for the acquisition of additional equipment.

5 Stands for Mindanao Alliance of Self-Help Societies, Inc.- Southern Philippines Educational Cooperative Center, Inc.

III. The PACAP Connection

When the CMPC chairman learned about the possibility of getting assistance from PACAP through MASS-SPECC,⁵ the cooperative decided to channel its proposal through MCFEDCO. MCFEDCO became the proponent, with CMPC as the beneficiary cooperative. This move was an experiment at trying out a new system of cooperation between organisations, where available resources of one would be used to complement those of others, and vice-versa.

In the proposal, the beekeeping enterprise would be a joint undertaking of CMPC and MCFEDCO. CMPC would be trained to handle all aspects of production while MCFEDCO would take charge of overall project management, networking and marketing.

In June of 1997, PACAP approved the proposal and a total of PhP759,000.00 was released for the first year of the three-year project. The funding was aimed at further developing the pilot project of CMPC and MCFEDCO in order to generate employment and income for the predominantly female members of CMPC. Prior to PACAP's entry, the beekeeping project was more of a demonstration of the technical suitability of apiculture in the area. With PACAP in the picture, the project took on new direction and sought to directly address the problem of low income among the members of the cooperative. Low income of members in the community was linked to lack of opportunities for employment or other forms of productive activity.

PACAP's interventions up scaled the otherwise limited engagement of the cooperative and the beneficiaries in the beekeeping enterprise.

IV. The Project Components

Livelihood/Skills Development

After the project was re-designed to provide the members of CMPC with alternative livelihood skills, technical assistance as well as resources was provided to make apiculture a viable enterprise.

The first year concentrated on expanding the project in terms of the number of bee colonies and on propagating of these colonies. The coop purchased 150 additional colonies at PhP2,000 apiece. It also bought needed equipment to maximise production from the venture.

Responsibilities of Beekeepers:

- Identify a suitable site (apiary) for beekeeping, taking into account factors such as distance, climate, neighborhood, and more importantly, availability of sufficient food and water supply. Sites should be accessible yet a certain distance away from populated areas.
- Regularly (once a week) visit the sites to inspect the beehives. This involves checking the presence of the queen bee, inspecting for mites, applying pest/disease control, feeding the bees, harvesting honey, pollen, and bees wax, extracting honey in the processing area and, finally, packing honey and labeling bottles for marketing.
- Place pollen traps in the hives and, after two hours, collect the pollen for drying and packaging.

This equipment included a drier, smoker, honey tank, brood frames, a hive stand, honey extractor, solar dehydrator, incubator, strainer, and others.

A bee technician was hired at a monthly wage of PhP5,000. The beekeepers were also given PhP60 daily honorarium compared to the entirely voluntary nature of beekeeping work of the members before PACAP's entry. This gave members engaged in the beekeeping enterprise a regular additional income of PhP480 per month.

Forty-five woman-members and five male-members of the CMPC were trained on Basic Beekeeping. This training gave members knowledge on bee biology and behavior, composition and management of colonies, disease and pest identification and control, among others. Their involvement in the cooperative's beekeeping project allowed them to gain practical, hands-on experience on beekeeping.

The year-end income-sharing scheme was as follows:
50% to MCFEDCO
25% to CMPC
25% to the beneficiaries

From the training, the members became adept at the various labor-intensive processes involved in a beekeeping enterprise. (See box for the processes.)

That first year of the PACAP-assisted project gained for the cooperative a net income of PhP144,500.00 from the sale of honey and bee pollen extracted from the colonies. This demonstrated that the venture was indeed viable.⁶ By the end of the first year, marketing outlets had already been identified. The products were delivered to different outlets which included the 49 coop affiliates of MCFEDCO, superstores, canteens, and bakeries. The cooperative also joined local and national trade fairs to market and sell its products.

Aside from their year-end share, beekeepers also received a 10 percent commission on the per kilo sale of pollen and honey. A 250-gram bottle was sold at PhP50 while a kilo of honey was sold at PhP200. Pollen, on the other hand, cost PhP80 per 100 grams. It was the regular monthly honoraria of PhP480 and the skills training that the beneficiaries received that made the bigger difference.

The year 1998 to 1999 proved to be very challenging for the cooperative. A condition for release of PACAP funds for Year 2 was the approval of MCFEDCO-CMPC's license to operate the beekeeping enterprise by the Bureau of Foods and Drug (BFAD). The approval of the BFAD permit was unfortunately delayed. While the PACAP funds were on hold, the project utilised reflow funds from the first year of operations.

To cope with this situation, the cooperatives had to employ cost-cutting measures. The cooperatives decided to trim down the staff, retaining only the bee technician and book-keeper. It also cut back on the training activities as the cooperative had no funds to cover the daily honorarium given to beekeeper-trainees. From the twice-a-week training, members were now asked to train once-a-week. But it was the beneficiaries themselves who prodded the project director to go on with the usual hands-on training schedule, even without the training allowance.

Nature also had a hand in the difficulties experienced by the cooperative that year. In 1999, the *El Niño* phenomenon wrought its devastating effects on the beekeeping project, causing the drop in the volume of honey production. The cooperative failed to meet its target of 2000 kilos of honey, producing only 813 kilos instead. The beekeeping project

⁶ See Annex for the Table of the monthly production of honey and pollen from July 1997 to April 1998.

incurred a net loss of PhP357,729.87 that year.

In 2000, PACAP finally approved the 2nd year of the project when the BFAD permit was released. This time, the cooperatives received PhP963,500.00. The bigger funding and the BFAD permit were seen as stimuli for the cooperatives to maximise its marketing efforts and sell its products in larger commercial quantities. The project could also now expand its production base from 250 colonies to 500 colonies. With the expansion, it was projected that the project would earn a net income of PhP485,000.00. This would allow the cooperative to fully recover from the difficulties it encountered the past year. The daily honorarium was also increased to PhP100 per day from the original PhP60.

It was also in that year that the joint venture agreement between MCFEDCO and CMPC was formalised. Representatives of both parties signed a memorandum of agreement that stipulated the nature of the cooperatives' business and legal relationship and responsibilities.⁷

Queen bee rearing was also identified as an expansion strategy of the cooperative. The country's supply of queen bees was mainly imported from Australia. The prospect of the cooperative becoming a nationwide supplier of queen bees was quite good. CMPC also had a competitive edge since it could sell its queen bees at a cheaper price since this did not have to cover the cost of shipment—an amount that jacked up the prices of imported stock. Queen bee rearing could be a big source of income for the cooperative.

Each colony has one queen bee—the only one that could mate and lay eggs; the increase of the number of bees in each colony is then dependent on the queen. When the colony becomes too large, it naturally splits into two. The new colony would need its own queen bee, thus, another queen is introduced. And so on, and so forth. Increasing bee colonies cannot be done without the queen bees. Queen bees, then, play a vital role in the increase of bee colonies which would, in turn, determine the production volume of bee by-products.

Thus, the technical capability building aspect of the project for that year focused on queen bee rearing. Hands-on training ensured the effective technology transfer among beneficiaries. At the end of the 36-day hands-on training, fifteen members were able to produce 500 queen bees.⁸ The queen bees reared were either sold to outsiders who wanted to go into beekeeping, or kept as part of the co-op's inventory of queen bees to replace non-productive ones.

At the beneficiary level, the second year saw a decrease in project beneficiaries from the original fifty to thirty, a deliberate response to lessons learned in the first year of the project's implementation. The scheme during the first year was voluntary, so activities were largely dependent on a member's availability. Not all members volunteered an equal number of hours to the project. Thus, technology transfer and acquisition of skills were uneven among the fifty members. Those who volunteered more often gained the needed skills.⁹ CMPC then screened the trainees. Twenty of the members were not interested enough in the project to get more involved in it, while the remaining 30 expressed their willingness and interest to continue with the project.

The members were then grouped into three and, depending on the competencies they demonstrated, were assigned to production, processing or marketing groups.¹⁰ They worked

⁷ See Annex B for the Memorandum of Agreement on Cooperative Joint Venture.

⁸ Ibid.

⁹ From the Project Assessment Report of PACAP.

¹⁰ Ibid.

as a team in each group. The teams were rotated so that members of one group would be able to gain experience in the work of the other groups. According to Ben Lego, this weekly rotation scheme developed workers' capability to undertake all aspects of beekeeping.

To date, MCFEDCO-CMPC was able to process and sell 5,000 kilos of honey, 320 kilos of pollen, 50 bee colonies and 150 queen bees. Marketing and networking efforts were continued and enhanced.¹¹ In fact, the market of the CMPC beekeeping enterprise had extended to as far as Kidapawan City in Northern Cotabato. Also, there are now 18 beekeeping sites (apiaries) distributed in Alae, Cagayan De Oro, and in municipalities of Kisolon, Impausug-ong, Manolo Fortich in Bukidnon, and Claveria, Misamis Oriental.

Organisational Development

Various training in business management and marketing had been conducted to develop the capacity of the leaders not just to manage the beekeeping enterprise but to improve the cooperative's ability to deliver its other products and services as well.

Likewise, moves to systematise the beekeeping business had been undertaken. The formalisation and regular review of guidelines on policies and procedures had been established. Primary in the formalisation was the delineation of responsibilities and work division. Rules on the job and corresponding sanctions for violations had also been imposed. An example was the "no drinking" rule. There was also the "eat-all-you-can-but-no-bring-home" policy. Members were prohibited from bringing home products, though they were allowed to taste the produce while on the field. The bee technician was to enforce these rules.

Gender Responsiveness

In many ways, the project deliberately sought to address gender concerns. It specifically targeted the women members of the cooperative and provided them with skills in apiculture as an opportunity to earn from an alternative source of income. Because many women participated in the project, project work schedules were sensitive to their roles in the home and worked around their household activities.

A two-day gender sensitivity seminar was conducted, participated in by both the women cooperative members as well as by a number of their husbands. The gender and development seminar, as well as subsequent technical hands-on beekeeping training of women members became avenues for their equal participation in planning, implementation, monitoring and evaluation of various activities.

V. Looking Forward

The road to success had been a roller coaster ride for MCFEDCO and CMPC as it ventured into this relatively novel undertaking. Since its conception, the project had to contend with a number of problems ranging from beneficiaries who left the project because they saw no immediate financial compensation for their participation, to the devastating effects of *El Niño* in 1999.

The project, however, had several positive gains, not the least of which was the fact

¹¹ Ibid.

that members had been provided alternative livelihood skills that they could eventually be parlayed into a major source of income. The project also sought to make an impact on the local youth. The cooperative's resident queen bee rearers had trained fourteen young males from the community. In February 2000, the cooperative's supplier of queen bees hired one of the youth trainees, Oliver Villano, as its own beekeeper in Australia.

The beekeeping project managed to indirectly address environmental concerns. Beekeeping had positive ecological effects. Bees played an important role in the pollination of many flowering plants, increasing the yield of crops like beans, sunflowers, and a variety of fruit trees. The importance of trees¹² to the beekeeping enterprise consequently promoted and inculcated sound environmental practices among beneficiaries.

Ben Lego related that the bee keeping project's direction in its third year would be geared towards a more commercial approach. This meant increasing the number of colonies to increase production. The cooperative was also looking into the possibility of exporting live bees to Korea, with the assistance of their Australian supplier.

The cooperative was also working towards expanding its market in the Philippines. Its market expansion plans included major cities in Mindanao, Cebu and Dumaguete in the Visayas, and Baguio and the National Capital Region in Luzon. The market demand for bee products was high because of the health benefits that could be derived from them.

A bigger market would mean a higher income-earning potential for the cooperative. This would also translate to better incomes for beneficiaries, as the enterprise would be able to pay them a rate higher than the PhP100 per day allowance they were already receiving.

Ben Lego believed that the sustainability of the project was ensured by the demonstrated viability of beekeeping as a business venture and the high market demand for bee products. The trend towards alternative medicine, which bee by-products were considered to be, also meant an increased demand for bee products, which were considered to be nutritive food supplements and cure for some ailments.

Over time, the project gained recognition as a model apiculture project in Northern Mindanao. It was frequently selected as a cross-visit site for cooperatives intending to venture into apiculture themselves. In 1998, CMPC hosted the UP Los Baños National Beekeepers' Congress attended by 120 beekeepers from all over the country. The project's key people were often invited as resource persons for conventions/seminars on beekeeping. Benedict Lego, the Chairman of the CMPC, became the Vice-President and a member of the board of BEENET Philippines Foundation, Inc.

In 1999, the project was given the Grand Prize of the Rizal Commercial Banking Corporation's (RCBC) National *Gawad Sikap* Awards for being the Most Innovative Environmental/Livelihood Project. That same year, the Department of Science and Technology gave the cooperatives a plaque of recognition as Region 10's Most Outstanding Technology Adaptor.

The project demonstrated that beekeeping could be developed as a business through the application of sound, organisational and technical competence. A green flag that signaled the project's success was the interest expressed by other cooperatives and groups in beekeeping as a viable business prospect. Individuals from the neighboring municipali-

¹² Fruit trees are nectar (food) source of bees.

Case Studies

ties of Magsaysay and Claveria who had purchased bee colonies from MCFEDCO had already started their own beekeeping projects, demonstrating the project's replicability.

Ben Lego saw the communal project eventually going down to the household level. Through a dispersal scheme, members could put up their own beekeeping business. With the on going hands-on training and technical capability-building seminars, more and more potential beneficiaries were expected to acquire the necessary technological know-how and confidence to launch their own backyard beekeeping businesses.

Beekeeping and the lush green environment of Northern Mindanao seemed to have been made just for each other. MCFEDCO and its beneficiary cooperative, CMPC, with PACAP's support, had shown that possibilities abound when one knows the strengths of one's resources—both human and natural. It was really the age-old gospel of innovation and hard work. Now, the task that remained was to spread this good news around. ■

Annex A

Date	Honey (in bottles)	Pollen (in bottles)
1997		
July		17
August		90
September		16
October		93
November	11	136
December		152
1998		114
January	144	
February	514	
March	280	
April 1-18	59	
TOTAL	1,008	618



Fruit Processing Plant and Fruit Plantation

of the Sigmahanon Development Foundation, Inc. (SDFI)¹

Processing *hibyok* fruit into *kaong* had long been in existence in the municipality of Sigma, Capiz province. A type of palm tree that grew wildly in rural areas, the *hibyok* produced raw material for the production of sweetened palm fruit or *kaong*, an ingredient widely used in the Philippines for fruit salad, *halo-halo*, ice cream, and other native desserts.

In Sigma and its barangays, *kaong* production was essentially a small backyard enterprise engaged in by individual farmer-producers and their families. Male family members climbed the trees and gathered the *hibyok* fruits, while the women shelled, washed and cooked what they harvested.

Kaong processing flourished in Sigma mostly because of the abundance of *hibyok* trees. A 1994 survey conducted by the Municipal Agriculturist of Sigma counted about 11,125 trees. Stories told in the *barangays* narrated how two unnamed teachers pioneered this type of business as a household enterprise. Others who witnessed their success began to see the business potential of such an enterprise and started their own backyard operations.

Other uses of the *hibyok* tree:

- *Kaong* shells can be used for mushroom production and as compost materials and fuel.
- *Hibyok* twigs can be used as fuel.
- Non-fruit bearing trees can produce vinegar.
- *Hibyok* leaves can be made into brooms.
- *Hibyok* trees planted along river and creek banks can help control floods and soil erosion.

¹ A case study presented during the PACAP partners conference held at Grand Regal Hotel, Davao City on 19-20 April 2001.

I. Turning Backyard Operations into a Commercial Venture

In 1993, a local NGO called the Sigmahanon Development Foundation, Inc. (SDFI), made contact with 22 *kaong* farmers-producers and offered them financial and organisational assistance to turn their backyard enterprise into a more commercial venture. Before they were approached by SDFI, these farmers had been operating independent *kaong* processing enterprises for over 20 years. They produced semi-processed *kaong* at an average daily volume of 300 kilograms. None of them had any kind of support from government or non-government agencies. They lacked money. For capital, they often had to resort to borrowing amounts of PhP1,000-PhP5,000 from private lenders or their landlords at an average monthly interest of 6 to 15%. They also possessed poor marketing skills. They sold their products individually and each of them relied only on their own limited circle of buyers. As a result, their enterprises remained essentially small and undeveloped.



With the entry of SDFI, these 22 farmers formally organised themselves into the LA *Kaong* Producers Association of Amaga, Sigma, and Capiz. (LA stood for Lumbilan, Amaga, where they all resided). The association was officially registered on March 17, 1997, with the Department of Labor-Bureau of Rural Workers (DOLE-BRW).

From 1993 to 1997, SDFI offered the members of the association credit of up to PhP20,000 per loan at reasonable prices. The NGO also offered assistance and training in production technology, as well as assistance in marketing their products. When SDFI later implemented the Fruit Processing Plant, some of these farmer-members supplied semi-processed *kaong* to the plant, and some actually became workers at the plant.

II. Behind the Scenes—The Implementers

The concept of a fruit processing plant was developed in 1994 by the Municipal Science and Technology Program (MSTAP) and was envisioned to bring about the development of the Municipality of Sigma into a major fruit producing and processing center on the island of Panay. MSTAP was an initiative of the Department of Science and Technology (DOST) that linked academic institutions with local governments in an effort to explore agri-based development potentials. Sigma's academic partner was the Panay State Polytechnic College, which assigned two professors to work with a multi-sectoral group in the municipality.

On February 5, 1997, the local agencies and organisations that formed the backbone of the MSTAP signed a Memorandum of Agreement to implement a Processing and Bottling Plant Project.⁵ These organisations included SDFI (as the only NGO member), the Department of Science and Technology (DOST), Panay State Polytechnic College (PSPC), the Municipality of Sigma, the Municipal Cooperative Development Council (MCDC),

⁵ Memorandum of Agreement among DOST, DTI, PSPC, SDFI/Feb 5, 1997. Signatories to this document were Hon. Gaudencio Reyes, the Municipal Mayor of Sigma; Ms. Maricel Jarencio, Executive Director of SDFI; Dr. Rochiller D. Dadivas, President of Panay State Polytechnic College (PSPC); and Mr. Jose Divinagracia, Provincial Coordinator of DTI-Capiz.

and the Office of the Congressman of the Second District of Capiz.

The memorandum of agreement defined each agency's commitment to the project and spelled out their specific roles and tasks in its implementation (see Box).

For the fruit plantation, another MOA was entered into by the SDFI, the LGU of Sigma, PSPC, DTI and DENR for the implementation of this particular project on October 27, 1998. The inclusion of DENR as a partner agency had to do with the reforestation objective of this component of the project.

The MOA was drafted by PSPC but its contents were minutely reviewed by each MSTAP member. It took a month of revision and fine-tuning before the MOA was formalised. The agreement symbolised the first broad-scale effort in convergence among the LGU, line agencies, the academe and NGOs-POs.

The first feasibility study for the Fruit Processing Project was conceptualised through group consultations and meetings. Preparation of details was done by a team headed by Jarencio and composed of three professors from PSPC: Dr. Raul Ticar, Engr. Pedro Celo, and Dr. Nicolas Braña. This first feasibility study was sent to DOST for funding but was rejected. DOST could only fund the equipment.

The then Municipal Development Planning Coordinator (MPDC) of Sigma, Roberto Sualog, who later became the Municipal Mayor, a strong supporter of SDFI and the project, suggested that the group seek PACAP assistance.

III. PACAP-AusAid Involvement

PACAP-AusAid provided the funds to bring about the realisation of the project. In 1994, PACAP-AusAid offered a grant of PhP1 Million and a commitment for PhP3.5M more for the fruit plantation and future expansion.

PACAP had funded an SDFI credit program in 1993. Because SDFI's proposals after that were for credit programs that largely catered to market vendors, and PACAP was veering away from similar low-impact operations, PACAP had had no opportunity to work with the NGO again. When the Fruit Processing proposal was submitted, the timing was perfect because PACAP was then looking for a viable enterprise project.

Municipality of Sigma

- Provide land (250 sq. m.) for the processing plant
- Assist in organisational strengthening
- Arbitrate cases of conflict
- Construct a water supply system
- Provide additional construction materials and equipment as needed

SDFI

- Provide organisational and project management assistance
- Assist in networking and accessing additional project resources
- Prepare reports
- Assist in financial management, training and project M&E

PSPC

- Provide consultancy services related to the preparation of project feasibility studies.
- Provide technical advice in preparing the engineering design as well as other forms of technical assistance related to the construction of the processing plant.

DTI

- Facilitate market linkages
- Provide business consultancy services
- Conduct productivity trainings

DOST

- Fund travel and related expenses of MSTAP advisers who provided intensive project assistance in project identification, planning and management

Office of the Congressman, 2nd District

- Provide heavy equipment for construction

The PACAP Project Officer in charge of the project envisioned the Fruit Processing Plant Project as another T'boli Agricultural Development, Inc. (TADI)—a highly successful community-based enterprise processing pineapples and other fruits that had grown into a mini-Dole in South Cotabato. He saw the Sigma project's potential, but he knew that there were risks involved. The Sigma project was PACAP's first foray into enterprise development. "It was a multi-agency involvement, but none of us had any business experience. And this project was actually an attempt to set up a successful business," the project officer explained.

PACAP-AusAid became involved in all aspects of the project—from fine-tuning project plans to providing advice to SDFI on networking, organisational management, and even on production. It concentrated particularly, however, on strengthening financial management skills and improving financial systems for project operations. Both Sigma and PACAP agreed that in the end, the project would be evaluated on whether it was viable as a business, and the financial reports would have to show it.

IV. The Fruit Processing Plant

Prior to the construction of the Processing and Bottling Plant, which was completed in 1998, SDFI and its partner agencies implemented a support component to prepare project implementers and beneficiaries to manage the project. Training and capability building activities were implemented intensively before and during the project's operational phase. SDFI conducted a series of around 6 training sessions for project beneficiaries that focused on organisational capability building and basic leadership and management, including financial and bookkeeping practices and values formation.

According to SDFI Executive Director Maricel Jarencio, consultations with partner agencies were constant and intensive during this stage to ensure that technical and construction work would not be delayed and that the project would be completed on schedule. This called for tight coordination and vigilant follow-up on requests for project needs.

In 1997, the processing plant for *kaong* and other fruit-based products was constructed in *Barangay Amaga*, about 2 kilometers from the town center of Sigma. *Barangay Amaga* had a total land area of 55,826 sq.m. and a population of 1,766. Roughly 542 households in *Barangay Amaga* lived below the poverty line with an average annual household income of PhP52,439. The poor quality of living conditions in Amaga could be gauged by the fact that most houses in the area were made of light materials, and only about half of total households had access to electricity.³

The processing plant was located some 50 meters from the provincial highway. This made it accessible to markets in the town proper and the rest of Capiz and Panay. The plant stood on a 200 square meter lot acquired by the municipal government of Sigma purposely for the project. The municipal government acquired the lot under a rent-to-own scheme using its 1998 20% Internal Revenue Allotment (IRA) Fund.

One year after the plant was in full operation, a fruit plantation was established in *Barangay Bangon-Bangon*, also in Sigma, and some 3 kilometers from the town proper.

The plantation was set up to eventually provide a steady supply of raw materials to the

³ 1998 Community profile/MPDO-Capiz

processing plant. It could be reached from the town center by traveling about 10-15 minutes by motorbike or tri-cycle over a rough mountain road. The road was dotted by large potholes and became impassable during rainy days. Even during good weather, commuters had to get off their vehicles to enable it to negotiate steep passes. The farm lot for the fruit plantation was acquired under a 25-year lease agreement with options to renew the contract.

The fruit plantation was a 3-hectare techno-demo farm planted to *hibyok*. When it was first set up in 1999, plans were in place to maximise use of the farm lot by intercropping *hibyok* with other fruit-bearing trees like *rambutan*, *lanzones*, *pomelo* and banana. The idea was to later provide the processing plant with raw materials for products other than *kaong*.

Supporting both the processing and farming components were two sub-components:

- Training and capability building, which focused on nursery management and propagation and skills training on fruit processing; and
- Research and Development (R&D), which was intended to center on pre- and post-harvest technologies of *kaong* and other crops that planted in the techno-demo farm, as well as on product quality before and after processing.

V. The NGO As a Social Entrepreneur

For SDFI, a problem encountered early on in the project was the constant pressure to prove their credibility to their partners. The NGO worked with people who had doctorate degrees or were high government officials. SDFI turned the problem into a challenge. Jarencio said they had to “deliver on their promise of fulfilling their part of the MOA, such as ensuring the organisational strength and readiness of the LA *Kaong* Producers’ Association” so that their partners would not lose confidence in them as an NGO.

Maricel Jarencio recalled that when the project was just being conceptualised, even she was skeptical about whether they

could really pull it off. She recognised that it was more than just another development project—it was a business. This put SDFI in the position of a social entrepreneur. The NGO was expected to set up the plant, help it to the point that it would begin to make a profit, then turn it over to the local cooperative. It was imperative that all aspects of the

SDFI: The Lead Implementer

SDFI was organised on November 6, 1986 as a non-profit, non-stock foundation. Its founding was spearheaded by a group of thirteen socio-civic leaders and social development workers in Sigma who “recognised the need to directly intervene and complement the efforts of various sectors in uplifting the poverty groups.”⁶

SDFI focused its programs on community organising, training and consultancy, enterprise promotion and development, technology transfer and basic social services.

SDFI’s involvement in development work was extensive. The organisation had handled over 18 social development projects and developed expertise on issues and programs related to micro credit, good governance and skills trainings. Its projects benefited social development organisations as well as marginal groups of women, vendors, and small farmers. SDFI also had functional relationships with a wide network of agencies and institutions from the academe, business and banking community, local government units, and non-government organisations.

SDFI had been a development partner of the municipality of Sigma since 1995 and sat as an NGO member of the Municipal Project Monitoring Committee (MPMC) which, under E.O. 175, was tasked to monitor local projects that used government funds.

business—production, marketing, distribution, pricing and financial management, and all operations management—were solidly in place.

Though SDFI was recognised as the project’s main implementer, the plant had its own management staff and workforce. SDFI was simply there to ensure that plans were carried out, and to undertake financial management.

By the time the plant became operational, the LA *Kaong* Producers Association of Barangay Amaga had been registered at the Cooperative Development Authority under the name of Tropics Food Products Cooperative. Membership had increased from the original 22 to 39 after the coop opened its membership to people from other barangays. The plant’s products were registered with the DTI as Tropics Food Products.

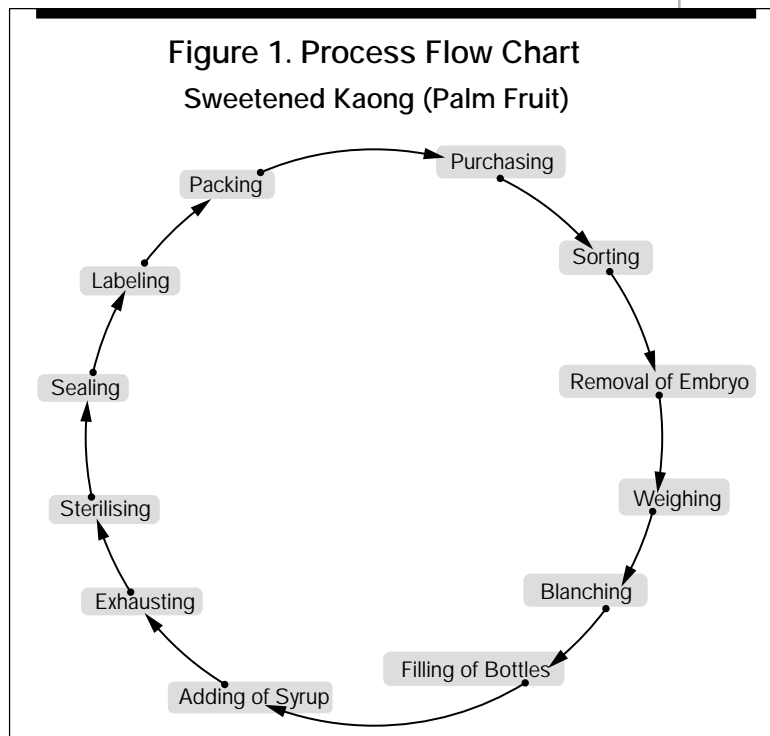
VI. Production

The project received assistance from the Philippine Trade Training Centre (PTTC), the Department of Trade and Industry’s (DTI’s) training arm for the food industry, and from the Design Centre of the Philippines. PTTC brought in a group of Manila-based resource persons who represented giants in the food industry (like Purefoods and San Miguel) to assist in designing the plant building and in training the workforce on food processing procedures and standards. Consultants from the Design Center helped develop the plant’s product labels bottles, and promotional materials. PSPC designed the plant lay-out and customised the fabrication of production equipment to suit the plant’s needs.

Tropics Food Products Cooperative complied with the requirements of PANC and DOST for Sanitation and Cleanliness, and Nutritional Facts.

The plant became fully operational in 1998, with an initial staff of 15, which was eventually reduced to 11 after some workers left to either seek work elsewhere or become semi-processors/suppliers to the plant. The remaining 11-person workforce was involved in the entire process of *kaong* processing—from boiling, to bottling and labeling.

According to Jarencio, 100 kilograms of semi-processed *kaong* produced 300 12-ounce bottles of the finished product. In 1999, the plant was producing an average daily volume of



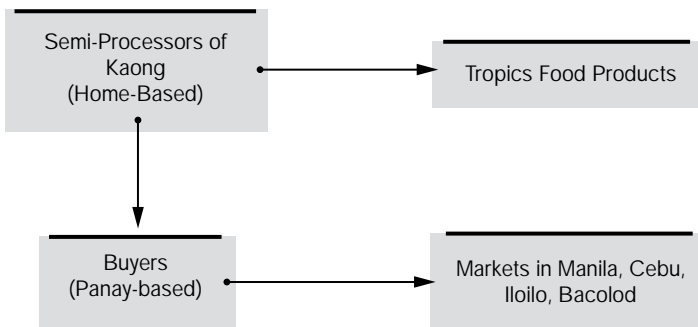
500 12-ounce bottles of processed palm fruit. In 2000, production capacity increased to 1000 12-ounce bottles. Jarencio estimated that total plant production capacity was 1500 bottles/day. Worker productivity (11 workers) was placed at 500 bottles per 8-hour period.

Continuous product development and process quality improvement was done by SDFI's partners at PSPC and PTTC. It took a year to perfect the processing technology being used at the plant. A panel of 5 professors conducted taste tests on Tropics products to ensure quality. A study conducted by students of one of these professors found that reducing the blanching time from 30 to 15 minutes did not affect product quality. Another study conducted by students also helped reduce time for the sterilising process. Such process quality checks impacted on total production time and on production cost.

Tropics bought its supply of semi-processed *kaong* from coop members and other suppliers coming from Sigma and neighboring towns.

The buying price of semi-processed *kaong* from producers in Sigma was PhP15/kilo in 1997. *Kaong* traders would then sell the

Figure 2. The Supply Chain for Kaong in Sigma, Capiz



product in large volumes (tons) to markets in Bacolod, Iloilo and Manila via Roxas City, at a price of PhP22/kilo. Traders, however, ran the risk of their products being rejected by their buyers in Manila, Iloilo or Bacolod. Buyers did not pay for rejects and the traders always lowered the price of the *kaong* they bought from the source to make sure that they could make a profit. This resulted in fluctuating prices for Sigma's farmer-processors.

The entry of Tropics offered the farmers a regular market for their products, and a stable price. Though Tropics bought even from non-members—about 100 farmers supplied raw materials to the plant—members were given priority and a better price. Tropics could only buy about 30% of the average total production of semi-processed *kaong* in Sigma.

Quality Control

Tropics' production standards were based on Good Manufacturing Practices (GMP). The cooperative also received training from the DTI-PTTC, provided by a group headed by Engr. Menandro Ortego, on food product safety and process safety. The coop had already been certified for Nutritional Facts. Its Bureau of Food and Drug (BFAD) license was still pending because there was still need to determine the product's shelf life. To do this a study would have to be conducted, and this would cost about PhP20,000.

Production workers were taught the process and product quality standards for each production process. The fact that some of the suppliers were the husbands of plant workers facilitated quality control in the preparation of raw materials supplied to the plant.

VII. Marketing, Promotion and Distribution Channels

Tropics products were marketed all over Panay and Negros Islands. Product distribution reached the island resort of Boracay in Aklan, five big supermarkets and ten retail stores within Roxas City (the capital of Capiz province), and two supermarkets in Iloilo. The processing plant also found a regular customer in VFC Enterprises, which eventually became a major distributor of Tropics Products across the island of Panay. VFC was the exclusive distributor of Nestle products in the area. It averaged a monthly order of 200 bottles of Tropic Products.⁷ DTI played a major role in developing markets and setting up distribution channels for the product.

According to Maricel Jarencio, the *kaong* products produced at the plant were of a higher quality than the usual *kaong* on the market shelves.

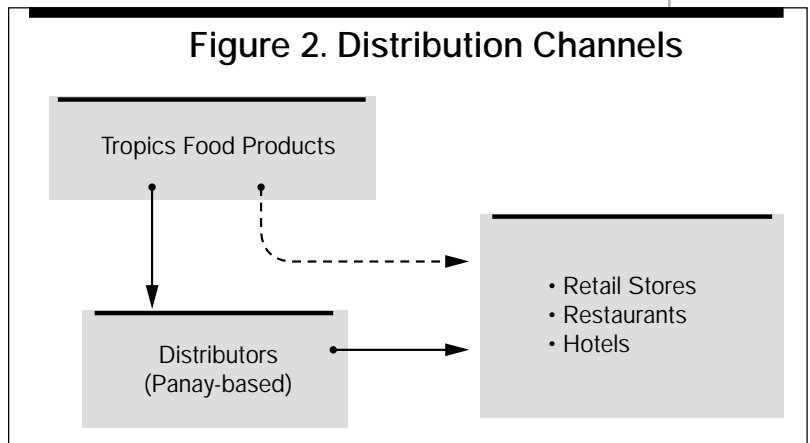
“*Kung kainin mo ang product namin, soft siya all throughout, walang hard parts sa gitna na katulad nang iba,*” she said. “That’s

because we are close to the source of abundant raw materials and can choose only the best. Also, our raw materials are farm-fresh and we do not use preservatives.”

Tropics produced sweetened palm fruit in 8, 12, 24 and 32-ounce bottles, and sold the fruit in three different colors.

Being a new player in the market, though, it was difficult to compete with already established brands, of which there were several. End users of the product were households, restaurants, and hotels. When they were just starting out, it was difficult to sell locally (in Capiz) because the locals believed that imported products (products made elsewhere, like Manila) were better. There was also some initial difficulty in penetrating the domestic market (Iloilo, Cebu, Bacolod, Manila) because Capiz had the undeserved reputation of being home to *aswang* (witches). This put a stigma on food products originating from the province.

Staff from Tropics had to go out to Roxas City and elsewhere to personally introduce the product. In the first months of operations (1988), they were only able to sell about 30% of inventory. From the last quarter of 1998 to 1999, most of their sales were direct to retailers, although they already had about two distributors. The objective was to develop stable relationships with more distributors because selling to retailers was too expensive. By 2000, the plant had five major distributors. The distributors picked up the products from the plant. In special circumstances, Tropics would deliver the products to the distributors.



⁷ Annual Project Status Report/SDFI

In 2001, the plant's bottle supplier had problems delivering its order of bottles. Because of the bottle shortage (which lasted 3 months), the plant could only produce at 75% of total capacity at a time when orders placed by distributors were at 100% of capacity. Distributors were coming to the plant and competing for inventory. Also, local sales were expected to be high at the time because it was fiesta season in Panay and *kaong* was a key ingredient for many food preparations served during fiestas. The plant was looking at a 25% opportunity loss. Plant management considered using used bottles, but the cost of sterilising and cleaning the bottles was high and they still ran the risk of the products going bad on the shelves. The plant also had the option of buying bottles from another supplier.

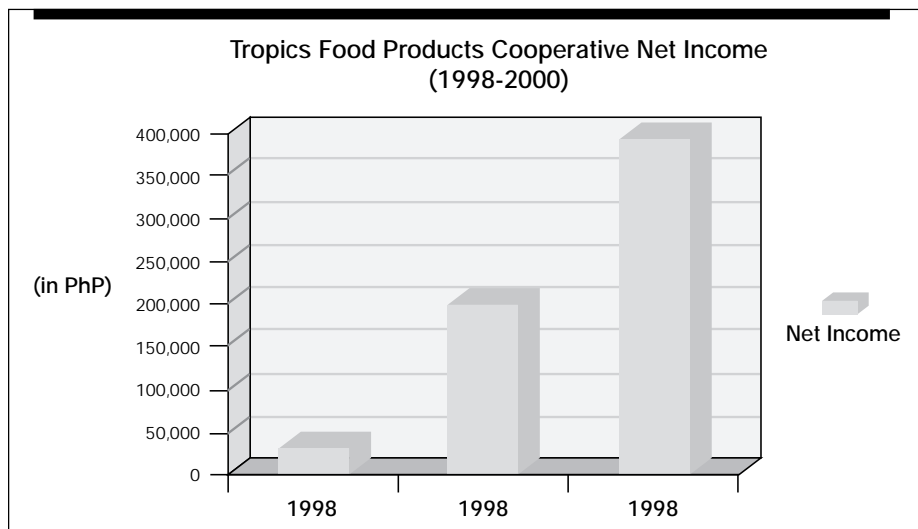
"We didn't do that because we had developed a special relationship with our bottle supplier," Jarencio explained. "They are a big corporation, and I just approached them without a referral or previous introduction. When I told them about the enterprise we were setting up, they agreed to supply us with the bottles. We do not have a signed agreement, everything is based on trust. And I can even buy on a 30-45-day delayed payment arrangement. Can the other supplier do that?"

VIII. Financial Management

Cost of Operations

Sound management and effective marketing efforts helped Tropics show improving financial indicators from 1998 to 2000. By the end of 2000, net income had grown 13-fold to PhP391,415, from just PhP30,443 in 1998.

The plant's income statements from 1998 to 2000 also showed increasing productivity. Net income as a percentage of total sales increased from just 4.5% in 1998, to 20.8% in 1999, to 32% in 2000. Labor cost as a percentage of total operating expenses remained steady at 51% in 1998 to 1999, but was reduced to just 37% in the year 2000 (see Annexed Income Statements for 1998, 1999 and 2000). Tropics paid its production workers at a rate of PhP90/worker per 300 kilos of semi-processed fruit.



Payment and Collection Policies

Early on in the plant's operations, Tropics had the misfortune of receiving a bouncing check from one of its distributors. It was able to recover the payment after three months and only after having gone to court to collect. With limited working capital, the delayed payment caused problems in raw materials sourcing and payment of workers' salaries. After that experience, Tropics established a policy of only doing business based on a notarised trust receipt. The trust receipt provided details of the sale and stipulated that products not returned after 30 days were considered sold.

Tropics paid its materials suppliers a 10% down payment upon delivery, with full payment due after 30 days.

IX. Leadership and Decision Making

SDFI's management responsibility (which encompassed both the processing and farming components of the project) focused on monitoring project operations, troubleshooting problem areas and generally supervising project operations. Over time, SDFI's management involvement at the processing plant was expected to be minimal. There was an understanding from the start between MSTAP and the beneficiaries that plant management would gradually be turned over to the Association 5 years after the start of plant operations.

At the processing plant, the management team included the plant manager, book-keeper, cashier, and sales clerk. Meetings were usually held once a month but could be held more often if the need arose. Emergency meetings, for example, could be called to address production delays or to discuss new policies.

The plant manager presided over the meetings, but the executive director of SDFI was usually present to provide assistance, especially during monthly meetings. The executive officer usually led discussions on general organisational or policy matters, while other officers focused on project-specific agenda related to production, financial and sales and marketing concerns and issues.

An agenda was often prepared for each meeting, but both the manager and the SDFI officer would leave time for plant workers to discuss other matters.

At the fruit plantation, the management team included the project officer, the research and development assistant, and the machine operator. Planning and target accomplishment were done monthly in coordination with the main SDFI staff headed by the executive officer.

X. Management Culture and Team Building

Accountability, transparency and two-way communication were encouraged by management in dealing with workers and staff.

"I don't entertain problems unless they are accompanied by proposed solutions," said Maricel Jarencio, SDFI executive officer. According to her, this was part of a conscious attempt to instill in the staff and beneficiaries a sense of accountability and responsibility. "Everyone must be involved in decision-making so that when the decisions turn out right, everyone can share in the sense of accomplishment. Likewise, if it turns out to be wrong,

there would be no single person to blame,” she explained.

Another case illustrating the practice of transparency involved an incident at the fruit plantation in 1999. According to Daniel Joren, 24, Research and Development Assistant, farm laborers hired to do construction work at the plant building were griping about the PhP100/day wages they were receiving. Comments that reached Daniel were to the effect that the farmers were demanding higher wages because they said the project was receiving big foreign funding anyway. Daniel approached the laborers and showed them the project budget so they could see for themselves that they were receiving the amount actually stated in the budget.

A free and open work environment and two-way communication encouraged plant workers to express their opinions and to offer suggestions. “Everyone has an idea on how to do something,” Jarencio explained. “It is just a matter of encouraging them to share it.”

But encouraging plant workers to open up was not always easy. Jarencio said that most of the time she resorted to *pakiramdaman*. When she sensed reticence about an issue, she would not push an open discussion of it, but first engaged the individuals in a one-on-one meeting to get their views. During these meetings, she would bring up the issues and comments she had gathered, without naming names. According to Maricel, this was a way of “raising the problem” constructively, in the spirit of finding common solutions rather than making criticism.

At the fruit plantation, when heavy rains rotted the ginger plants, everyone from project officer to machine operator to hired farm workers went down on their knees to dig up the remaining ginger plants.

Despite an open and informal work environment, policies were strictly enforced. Plant workers who reported for work more than 5 minutes late were advised to go home for the day. It was impressed upon workers that they earned what they worked for; they were discouraged from making requests for loans or cash advances.

PACAP – Transforming Lives

Case 1: Emma Alejandria

Emma Alejandria, 41, a Tropics production worker, said she was able to send her children to school and with her regular income of PhP90 a day, she was able to do some grocery shopping, something which she could not do before.

“It is really different when you are just at home (living the life of) a simple housewife,” she said, speaking in the local dialect. Her income with Tropics enabled her to buy some appliances. She said she was happy with herself for becoming employed because she learned to be more sociable.

“Before, when there (were) visitors, we would hide because we were afraid of having to entertain them. Now, we are not ashamed anymore. In fact, we do not just entertain them, we also make a sales pitch,” Emma said, laughing. ●

XI. Establishing the Fruit Plantation

Physical preparation activities for the Fruit Plantation in *Barangay* Bangon-Bangon started in 1999 and were completed a year later. Major activities were the construction of a nursery building with a cloning chamber, a 72 square-meter office building, and a perimeter fence built around the entire 3 hectare farm. A water system and a drip irrigation system were also constructed.

From July 1999-July 2000, farmers at the plantation planted 165 *hibyok* seedlings, 165

At the fruit plantation, one major problem was the initial resistance of the tenant of the 3-hectare land where the techno-demo farm was established. Used to being in sole charge of the land, the tenant and his family refused to cooperate with SDFI activities. For example, they would not keep their farm animals from destroying the plants, and constantly raised complaints about SDFI activities. To settle this problem, SDFI hired the tenant as the regular caretaker of the farm, which eventually resolved the issue.

Similar problems continued to persist at the farm. Essentially, however, the problems revolved around the community's initial resistance to the project. To implement the project, SDFI had to set some strict policies. Some policies, especially those related to restricting the movement of the residents' farm animals so as to protect the plants, raised lingering objections from the community.

rambutan seedlings, 50 *pomelo* seedlings, 300 banana suckers, 100 *lanzones* seedlings and 1,200 kilograms of ginger.⁸

DENR conducted research on the *hibyok* tree. Initial findings showed that production of palm fruit was higher in trees that grew wildly compared to those that were propagated by planting seedlings. The offices of the Governor and the Congressman of the Second District provided assistance for the construction and maintenance of the access road to the plantation site.

PSPC personnel provided technical assistance, and the LGU of Sigma worked on topographic mapping and soil analysis. The municipal government helped reduce labor costs for the project by clearing and leveling the land in preparation for planting.

XII. Future Directions

The memorandum with PACAP for this project stated that the plant would be turned over to the Tropics Food Products Cooperative once members paid the total cost of project development. This included the cost of the building, working capital, the service vehicle, and equipment—amounting to about PhP884,000 to be paid at 1% interest/month starting the 5th year after project mobilisation. However, the association requested that they start paying in January 2001. SDFI believed the request was reasonable given the amount of start up time needed before the business could stabilise and begin to turn a profit.

SDFI was more concerned about making sure that the coop developed the institutional capacity to eventually run the plant on its own.

“In terms of production management, they can be left on their own. They know the process by heart and have memorised the standards,” Jarencio said. “In terms of financial management and over-all management of the business, they still have weaknesses. There are some decisions that they still cannot make on their own: investment decisions, business decisions, and personnel management decisions. They're neighbors, they see each other everyday. Sometimes they still can't differentiate between personal issues and business issues. We do have a general manager who comes from the group who really takes care of day to day operations, and I (Jarencio) just come now and then to check.”

Financial management was a basic concern. DTI had a one-on-one business consultancy project and chose Tropics as a client/ beneficiary. Tropics had the services of Juvy Benlirio, a consultant assigned to them by the DTI. DTI also hired an accountant to strengthen and simplify the plant's financial systems so that tasks could be done more

⁸ *ibid*

quickly and efficiently. The plant's management staff was recipients of intensive job-coaching on financial recording, inventory, preparing financial statements, sales reports—everything that involved financial management. Two interns are concentrating on assisting and training the plant's bookkeeper and cashier to manage the systems.

In addition to these initiatives, SDFI was also in the process of finalising an integrated plant operations manual that covered personnel management, finance and administration, production, and marketing. SDFI hoped that manualised systems would help the co-op in future decision-making.

PACAP's Cortes added, "People running Tropics have to develop a better business perspective. They have to think about themselves as a corporation, not an NGO." Because Tropics was a business, it was believed that its management had to be open to taking more risks, be on the look out for opportunities, develop more market linkages, know how to sell aggressively, how to cut costs, and to look at the bottom line.

"In the future, they need to diversify to the processing of other fruits. Not just *kaong* because it has a limited market," Cortes continued. The establishment of the fruit plantation was to ensure that backward linkages were in place to provide raw materials to the plant.

The plant was already producing *nata de coco* and ginger tea, particularly during the rice harvesting and replanting season, when Tropics members and other semi-processors would reduce their *kaong* production to concentrate on their farms.

Product diversification plans were getting support from the local barangay government. The barangay government of Amaga had put aside money from its IRA allotment to be used as loan capital for residents interested in developing home-based production of *nata*. SDFI was helping them to look for a location where *nata* could be cultured. Producing high-quality *nata de coco* needed quiet, dust free conditions.

Total production capacity at the plant was 1500 12-ounce jars a day, no matter what the plant was producing. Jarencio estimated that the market for *kaong* alone was bigger than that, but there was no space to physically expand production at the plant. SDFI was thinking of increasing capacity in the future by increasing the number of production shifts (from just one 8-hour shift to 2-3 shifts/day) and hiring more people if the demand began to warrant a significant increase in production.

XIII. Pride of the Sigmahanon

The project not only brought about concrete socio-economic gains for the beneficiaries of the project, but social and psychic benefits as well. These benefits were seen in the way the project's beneficiaries talked about the way their lives had changed with their participation in the project.

In terms of concrete benefits, a study done on this project by a graduate student in 1999 revealed the following:⁹

- 100% of the respondents admitted that the project increased their income by as much as 20%-50%;
- 15.70% sent their children to college;

⁹ Bechayda, Maricel M. A Study on the Effect of LGU-NGO Partnership in Local Governance in the Municipality of Sigma, with focus on the Kaong Processing and Bottling Plant, 6 March 1999.

Case Studies

- 50% acquired appliances for their homes, and
- 25% were able to have some minor repairs in their houses.

In addition, SDFI's Annual Status Report - 1999-2000 listed the following gains and benefits from the project:

- Promotion of local employment
- Improvement of access road serving residents of three *barangays*.
- Fruit plantation had served as an alternative and viable reforestation scheme.
- The projects became venues for field trips and study tours for students, private and public educational institutions and entrepreneurs from other regions.

Of the above gains, the last was the most significant and was considered a major gain for the whole municipality of Sigma. The fruit processing plant and the fruit plantation put Sigma on the map, so to speak. It brought the municipality public recognition for an endeavor that various sectors of the community—SDFI, its partners in the government and the academe, and many workers, association members, and other beneficiaries—contributed to and could claim credit for. Everybody shone in the reflected glow of the projects' success. Maricel Jarencio and the beneficiaries of the project referred to the Fruit Plantation and Processing Projects as the “pride of the Sigmahanon”. ■

PACAP – Transforming Lives

Caselet 2: Susana Magbanua

Susana Magbanua, 46, began working with Tropics in 1998. Tropics remained very much a part of her future plans. “I want this project to become successful so that I can continue working here,” she said. Susana worked as a cook with Tropics, and the very first home appliance she bought was a gas stove. She was also able to have her family's *nipa* hut repaired. Her next plan was to have electric lines installed in the house. Susana said she liked working with Tropics not only because she earned from it but because she enjoyed herself. “When we work together, we love telling jokes. And it makes our work fun and easy.” She said that the project was a big help to them (*kadaku nga bulig kamon*). She could not imagine returning to her former life as a simple housewife, staying at home with nobody to trade jokes with. ●



The Day-as Garments Community Production Centre of NORFIL Foundation, Inc. (NFI)¹

I. Project Inception

“It all started one afternoon in 1995 when a woman peddling wares (a *manunuroy*), passed by a NORFIL-assisted project site in Lapu-lapu City and, in passing, expressed how lucky the village was to have NORFIL, and wished her village had a similar project,” Jimmy Glomar of NORFIL Inc. in Lapu-lapu City related.

According to the woman’s brief narration, though being a *manunuroy* was a difficult job, she was already considered among the luckier ones in her neighborhood because she had some means of earning a livelihood. Noting how wistful and sincere the woman’s tone was, Jimmy Glomar asked her where she lived, and she answered that she came from a village called Day-as, in the town of Cordova.

That fortuitous incident prodded Mr. Glomar to informally seek more information about Cordova. Along with some members of his staff, he went first to the Department of Social Welfare and Development (DSWD) in Cordova, and then to Day-as and other villages where the NORFIL group met and talked to Barangay officials, key women figures in the community, as well as *sari-sari* store owners. The goal of the organisation at this point was simply to feel the pulse of the communities, hence the casual and personal means of appraisal.

According to Mrs. Cynthia Cabiso, one of the first women they approached in *Barangay* Day-as (and who later became NORFIL’s bookkeeper), most families survived from the very meager incomes of the fathers/husbands who worked either as fishermen or in temporary jobs. The women were basically dependent on their husbands. When their husband’s incomes were insufficient, there was always “5-6” (the local term for a “usuri-

¹ A case study presented during the PACAP partners conference held at Grand Regal Hotel, Davao City on 19-20 April 2001.

ous” loan mechanism offered to the locals by Turkish nationals).

The NORFIL group also went to the Cordova Municipal hall, from which they were able to secure a copy of a comprehensive socio-economic profile of the town. They found that Cordova was a 6th class municipality. Their casual inspection showed them how economically deprived the place indeed was. Cordova was adjacent to Lapu-lapu City. Because of the highly urbanised neighboring city, the underdevelopment of the town was even more defined.

Until the 1800s, the town of Cordova was known as Day-as. It had also been a part of Opon, now Lapu-lapu City. In 1863, its parish priest requested that Day-as be turned into a separate municipality. The request was granted. However, the new municipality had to adopt the name Cordova, after a city in Spain. The name Day-as was retained by one of its smallest *barrios*.

II. PACAP Intervention

Social credit had always been a specialty of NORFIL. Mr. Glomar thought of setting up a credit cooperative for the women of Cordova following a project design that had already been tried and tested in several other areas in Lapu-lapu City. NORFIL had worked with PACAP in the past on several successful projects. He prepared a proposal which, after a few minor revisions based on additional requirements of PACAP, he submitted to the funder. PACAP approved the proposal and the project was born.

This first proposal was for a one-year (July 1, 1995-June 30, 1996) project entitled Cordova Women Micro Credit Project. It was a social credit project with capability building and skills training components.

A PACAP representative went to Cordova to assess the place for herself. PACAP and NORFIL agreed on a set of criteria in choosing the specific project sites, and four *barangays* were chosen. Mr. Glomar explained that although they had always gravitated towards depressed areas, there were other additional requirements that basically fell into two categories. First was the level of participation from the people themselves, and second was their capacity to sustain the project and manage it independently. Day-as was one of the four *Barangays* that easily qualified for the project.

Following these informal means of assessment, the contract with PACAP was sealed. The creation of the Cordova Women’s Micro Credit Project was later followed by a Community Production Centre (CPC) in four *barangays* in Cordova.

The CPC project was an add-on to the original design of the Micro Credit project, according to Elsa Sumido, former PACAP coordinator for this program. In fact, it was not part of the project proposed for the first year. However, this component eventually became the “most effective mechanism and catalyst for intensive collective action and organisation building among the mothers of *Barangay* Day-as.”

This mechanism was what set Day-as apart from the other clusters. According to Mr. Glomar, it did not really come as a surprise that of the four clusters set up in Cordova, the Day-as CPC would take off. “To think that they were the last among the four clusters to set up,” Mr. Glomar added.

The story of how the women of Day-as managed to transform their community from

one where life had become economically stagnant into the most progressive and successful among the four *Barangays* in Cordova assisted by NORFIL-PACAP, was one from which several such communities can learn, he stressed.

From having almost nothing, to being active recipients of financial assistance, the women of *Barangay Day-as* became capable of not only keeping for themselves but also giving back to the community and to their donors more than what the other clusters were able to. Definitely, it was also more than what the woman vendor from Day-as had ever thought possible.

Each cluster elected the following officers:

- Cluster Head
- Cluster Secretary
- Collector
- At least 2 members to serve as the Monitoring Committee

III. Project Profile

The Clusters

As soon as the four *Barangays* (Cogon, Dapitan, Alegria and Day-as) in Cordova were identified, NORFIL set out to gather participants for the first Project Orientation Training and Seminar.²

The information drive of NORFIL-PACAP for the first seminar was not at all intense. They simply approached the *barangay* officials and coordinators for some women's organisations already existing in Cordova. From there, the word just basically spread.

"From our part, we were eager to participate because of the words 'loan', 'low interest' and 'low capital', and some added benefits which we knew we would never get elsewhere," Mrs. Cynthia Cabiso, one of the pioneer members recalled.

The participants of the first meeting/seminar (that focused on an orientation of the members about the project) were divided into clusters. Women from the same *barangay* were grouped under one cluster, and were asked to choose their own officers.

The reason for this, Mr. Glomar explained, was "to prime and train the cluster officers for the eventual phase-out plan of the Project, and to enable them to sustain initiatives and activities long after the Project has been terminated in their respective areas."

The officers had a hand in determining the Criteria for Membership and for Loan Application. They were also paid a small honorarium according to the volume of their work. Cluster Officers usually divided among themselves the amount of One Thousand pesos (PhP1,000.00) per month. Box shows the responsibilities of cluster officers). An Annual Action Plan was usually required from every Cluster Officer.

The Cluster Officers were responsible for the following:

- Reviewing qualifications of loan applicants
- Assessing loan applicant's capability to pay, nature and feasibility of business being applied for
- Determining the loanable amount
- Recommending or endorsing the loan application
- Collecting weekly or bi-monthly repayment of loans
- Planning, implementing and evaluating annual General Assembly of participant-members
- Handling certain topics in some Seminars like PMES and the Simple Business Management
- Conducting house-to-house visitation of participant-beneficiaries under her charge
- Acting as liaison between the participant-beneficiary and staff
- Conducting monthly officers and quarterly Ownership Meetings

² See Annex for complete list of training/seminars

As early as the first training seminar, Mr. Glomar recalled he could already sense a different quality of enthusiasm from the Day-as cluster. Of the 90 participants targeted by NORFIL for the four clusters during the first meeting, 35 came from Day-as and all of them became active members.

“They usually came on time, were more active participants and, during workshops, would come up with decisions faster than any other cluster could,” Mr. Glomar related.

Mr. Glomar noted how the women from Day-as, over time, manifested the following indicators that their cluster would go a long way:

- Discipline
- Leadership
- Sense of Pride and Belonging
- Development of second line of leaders

“Later on, the municipality would even call on the Day-as cluster of mothers to support other women’s projects,” said Mr. Glomar.

IV. Core and Support Components

Not long after the first encounter of the women with NORFIL-PACAP, the participants became legitimate members of the Cordova Women Micro Credit Project and were able to make their first loans.³

The second step in the project process starting in the middle of the first year of implementation, was the series of training courses and seminars on capability building. All members of the Cordova Micro Credit Project were required to attend these trainings. The trainings were geared towards enhancing their potentials to become good co-op members and business managers.

According to the project proposal submitted by NORFIL to PACAP, the general objective of the Cordova Women Micro Credit Project was to develop a participatory credit system that would serve as a mechanism to increase the income and productivity of poor families in Cordova.⁴

Consistent with this objective, NORFIL designed the project in such a way that Social Credit was the core component but was tied to capability building activities in the form of:

- Capital Build-Up Generation (institutional and personal) and
- Capability Building for cluster leaders/*Barangay* Cluster Strengthening

These other components were deemed necessary by project implementers to address the need to develop business skills and to make the women more aware of the link between entrepreneurial characteristics and the success and failure of a business.⁵

Towards the end of the year, implementers introduced the Skills Training Component, with the end goal of building a Community Production Centre in each cluster. The CPC was envisioned to further capacitate the members to improve their incomes, and consequently improve the credit collection efforts of the credit coop. (The average repayment

³ See Annex for Loan and Payment Scheme

⁴ See Annex for General and Specific Objectives of the Cordova Women Micro Credit Project

⁵ taken from an excerpt of the Training Proposal submitted by Norfil to PACAP

rate of the Day-as Cluster members as of December 2000 was 92%, comparably higher than in the other clusters.)

A possible production project type was identified for each cluster. For Day-as, rice production was the initial choice but, upon closer inspection and even before they came up with the feasibility study for a rice production center, the members themselves and NORFIL realised that garments production would be more relevant and feasible for the Day-as cluster. There were already a number of members who had basic skills in sewing and had their own individual garments production businesses in their homes. Some members were also already adept at garments marketing, either as *manunuroy* (street peddlers) or as consignees of garments made by individual sewers. Another important factor was their sincere, verbal expression of commitment to the centre, Mr. Glomar recalled.

V. Focus Area

The area focus of NORFIL-PACAP's interventions was four *barangays* in the Municipality of Cordova, Mactan Island, Cebu Province.

Cordova, a 6th class municipality, was a coastal town marked by rocky paths and shores located in the southern part of Mactan Island. It was bounded by Brgy. Babag and Lapu-lapu City on the north; Camotes Sea on the east; Bohol Strait on the south; and still another part of the Lapu-lapu City boundary and *Barangay* Panas on the west. It was the only municipality in Mactan Island.

Although there were talks of converting 3,500 hectares of Cordova's foreshoreland into a tourist area, commercial activity in the municipality was sluggish. Of its thirteen *barangays*, six were considered most depressed by the local DSWD office. Of the six poor *Barangays*, four qualified for NORFIL-PACAP assistance. These were *Barangays* Cogon, Dapitan, Alegria and Day-as.

Barangay Day-as was a typical example of a small pocket of poverty left behind by Cebu's rapid urbanisation process. Indicative of poor conditions in Day-as included:

- poor family's living conditions (e.g., poor housing, can't send kids to school, poor nutrition among children, etc.)
- male residents' skills were such that they were only qualified for menial jobs (e.g., as factory workers in MEPZA, as construction workers or drivers in large enterprises, etc.) which they found in Lapu-Lapu and Cebu Cities
- mothers were left at home to manage the household and the children
- mothers mostly engaged in retail trading activities in their homes or around the community to augment meager household incomes.
- residents lacked entrepreneurial skills and working capital to start or sustain livelihood activities
- lack of organised activities among women in the community⁶

⁶ based on the report outline prepared by the past project coordinator of PACAP

VI. Counterpart Funds and Sense of Ownership

When the matter of what kind of skill the mothers were to train for was settled, NORFIL started preparing another proposal for PACAP for the project's second year, to be implemented from November 1996 until December 31, 1997. The focus of the proposal was to set up the Social Credit Production Centres and to continue capability building. After the skills training component of the project, the members were expected to establish a Community Production Centre in their respective clusters.

The Community Production Centre (CPC) component was meant to support the Micro-Credit Project's original design and boost the income-generating capacity of mother-beneficiaries. The clusters had to come up with their share of the funds.

The Day-as women approached a particular member who had always been looked to as an expert sewer. Mrs. Arsenia Ando was a native of Day-as. She started sewing at the age of 12, with her classmates and teachers as primary clients. When she was in her teens, she got married and lived in Manila. Throughout her stay in Manila, she had always been a seamstress. She returned to Day-as in 1993 and settled there with her children and their families. Some fashion centres in Cebu City had approached her, offering teaching positions in their centres. But Mrs. Ando shared that she would rather sew on her own and supervise the Day-as mothers.

"Talagang pinuntahan nila ako dito, at hindi naman ako tumanggi, kasi naawa talaga ako," (They approached me themselves, and I did not refuse since I felt sorry for them). They were very enthusiastic about the project, she added.

Mrs. Arsenia Ando did not only help the mothers with their sewing. In November, 1997, she also conducted a one-month training on basic sewing skills for 28 mothers. She also offered them the needed site for a workshop.

The next step now was to come up with enough funds to construct the shop. Though it seemed almost hopeless in the beginning, Mrs. Cabiso recounted how the women poured their efforts into fund-raising. Their fund-raising efforts included raffles, solicitation, and even a sinking fund where members contributed their own money. Their efforts paid off. The group was able to raise the amount of PhP13,026 and in addition received some donations in kind. The money was used for the construction of a workshop area right beside Mrs. Ando's residence.

The workshop was a simple affair, with dimensions of three feet by nine feet (3' x 9'). On the left side was an area for the sewers, where all the machines were lined up. Towards the end of the room was enough space for a table and for a cutter to move around. On the other side was a bench for visitors and clients, and right next to it was a cabinet/storage area. The workshop was built using a combination of concrete materials for the walls and nipa thatches for the roof.

As soon as the workshop was in place, PACAP-NORFIL released one hundred two thousand (PhP102,000.00), from which fifty thousand pesos (PhP50,000) went to initial capital and purchase of raw materials. The remainder (PhP52,000.00) was used to procure sewing machines, a weighing scale for textiles, cabinets, working tables and the like.

By March 25, 1998, this group of women was able to open their very own garment business which they called the Day-as Garments CPC. At this point, the other clusters were already well into the operation of their own CPCs.

The mothers could hardly believe that they had created something “bigger than themselves, all put together,” shared Mr. Glomar. “When they realised their accomplishment they were filled with such joy.”

According to Mrs. Cynthia Cabiso, “The women were so motivated to come up with their contribution, knowing that they would own whatever came out of their efforts. Most of them had not felt that sense of ownership before.”

According to Mrs. Cora Clarin, the present book-keeper of the group, such was the enthusiasm of the women that the initial garment products did not even reach their target market (retailers) because the members bought them up themselves.

Individual women members of the cluster benefited a lot from the project. The 30 women who were trained on sewing later earned additional incomes, either by working as sewers/cutters at the CPC or by setting up their own home-based sewing projects. Other cluster members benefited from marketing the CPC products. Based on records of NORFIL and the Day-as cluster, Day-as had the highest rate of member participation of all the clusters.

Membership Requirements

- resident in the area for at least 2 years
- aged 16-60 years old
- engaged in small business/project for no less than one (1) year
- possessing good moral character and willing to subscribe to policies, rules and regulations of the organisation
- attendance at project orientation
- recommendation from an officer or member in good standing
- attendance at regular and other meetings required by the organisation

VII. Impact of Operations

The mothers were able to set up garments-based livelihood activities (and more) with the help of the project’s core component, which was credit assistance. The creation of these sewing-based livelihood opportunities also encouraged women to veer away from traditional vending/retail trading activities.⁷

Since the establishment of the Day-as Garments CPC, the women saw a lot of improvement in the centre, the cluster and in themselves. These improvements were seen and felt by the rest of the community, as well.

Mr. Glomar related that the women had clearly achieved a certain stature in the community. They were often approached by other members of the community to give donations and get involved in fund drives and other community activities.

Day-as Garments CPC Project Manager and Cluster Head, Mrs. Julieta Berdin, related that sometimes, some of their nonmember neighbors would drop by the centre or personally approach them and beg for jobs. What the women usually did was to encourage their neighbors to become members themselves.

As of March 2001, the cluster had 75 mother-beneficiaries/members. The last two batches of applicants were oriented about the project by senior members. New members

⁷ ibid

⁸ See Annex for Income Status of Day-as Cluster members

did not have a hard time integrating with the rest of the cluster members since they were well acquainted with one another. However, the new members were still required to fulfill the basic membership requirements. (See box for membership requirements)

The women's participation in the project had been determined according to a baseline entry income decided earlier on by NORFIL. From this point of reference, they found that, as of December 2000, of the project's 69 participant-beneficiaries, 53 or 76.81% had displayed significant increases in their respective incomes. From the benchmark of PhP800.00 per month, most of them were already earning PhP6,500.00, per month, or even higher.⁸

1. Business Sense

The Day-as Cluster had five fully operational sewing machines at the centre, and one high-speed machine which they temporarily stored at the NORFIL office. They had decided not to use this machine because none of the members was fully trained to operate it. Besides, it was more useful for zigzagging⁹, which they could not apply on their garment products just yet as it would mean paying one more sewer and consequently increase the price of their products.

PhP160	- average cost of cloth/kilo
PhP30	- sewers (at 10/set)
PhP12	- cutter (at 4/set)
PhP60	- needles, threads, garter, etc
PhP262	- total cost of sales and expenses

Every now and then, the cluster officers would call for meetings to discuss pertinent business decisions; otherwise these cluster affairs became highlights of the cluster's existence. Cluster meetings were venues for social interaction among the mothers.

With continued nurturing and monitoring from NORFIL and elder cluster members, the women became adept at sewing, managing the business, and improving what Mrs. Berdin called their "social bearing."

As for the business aspect of the CPC, the ease with which operations were moving was evidenced by the centre's steady increase in monthly income.¹⁰ Asked how they did this, Mrs Berdin had a very simple explanation: "Quality is already a given. It's all about pricing and maintaining a good relationship with the customers." But between the two, Mrs. Berdin said the cluster always prioritised the latter.

The Coop's Product Line

- shorts (for men & women) with matching top
- blouses and skirts
- pants and pajamas
- t-shirts
- children's dresses and underwear
- dresses for women

Their prices were determined based on kilo price of the cloth, the sewer's and cutter's pay/piece and miscellaneous expenses. (See box for an example of her formula)

About 3 sets of garments could be made out of a kilo of cloth, and the price of one set of garments was determined by dividing the total cost of sales and expenses by 3, with an added 5 to 15 pesos mark-up.

The average income the center got from each kilo of cloth was 35 pesos. Sometimes, as Mrs. Berdin related, the price of the cloth would rise by a few pesos, this would significantly affect the center's profit margin. To keep their customers, they retained their prices despite fluctuations in the cost of raw materials. The fact that another NGO had set up a

⁹ a kind of stitching that improves the quality of the garments, but requires more time and more thread to accomplish.

¹⁰ Based on summary of maonthly income statements from the CPC's inception up to February 2001

similar production centre in the area made it imperative to keep prices at a competitive level.

The cluster did not have a regular designer. Mrs. Ando, their trainer, acted as a quality supervisor and often came to check their products. Other sources of design ideas, aside from Mrs. Ando, were regular customers, local television shows, and entertainment magazines

“*Magustuhan man sad nila, ambot ngano,*” (“Somehow, they like it, I don’t know why”), Mrs. Berdin related. They also noticed that their products appealed most to Class C and D consumers.

The centre did not have any clear distribution policy. However, just a year into its operations, the centre already had regular buyers who would take their products all the way to Lapu-lapu, Cebu City, Bohol and even Dumaguete. Mrs Berdin related that they also had buyers who just heard of the centre by word of mouth and who would drop in at least twice a month. They would either place orders or buy products in bulk, paying in cash amounts of up to PhP2,000.00.

Most of their products are distributed by consignment. Most consignees were members of the cluster. There were also a number of walk-in buyers who bought products for personal use. Members of the cluster who had individual sewing businesses in their homes often purchased cloth from the centre.

In lean months, the income of the centre could be as low as about PhP1,000.00. During peak months, income could be as high as almost PhP9,000.00.¹¹

2. Working conditions

The centre usually opened at nine in the morning, although the sewers were free to report for work at their own convenience. They could also come and go as needed. Mrs. Julieta Berdin understood that most of them had to do domestic chores before coming to the centre to work. Some of them even brought their kids along to the center.

Unless the orders poured in really fast, sewers were not pressured by the CPC officers to produce a particular number of garments. It was decided that setting targets was unnecessary. The sewers’ initiative to produce was self-imposed. Because they were paid by piece, they earn more if they produced more. They got paid from 10-15 pesos per set for adult garments and five pesos for children’s clothes.

Mrs. Berdin related that during peak months they usually needed to “job-out” orders. Sewers and cutters worked until the early hours of the morning because they would start sewing late at night, only after spending some time with the family and doing all their chores at home.

The mothers in the group appreciated the fact that they had the time to attend to their domestic and household chores and obligations despite having to attend to their respective businesses. “I can still attend to my kids and to the needs of my husband while earning extra income for my family,” Mrs. Felicidad Amparado, one of the sewers, added happily.

¹¹ See Annex for Summary of Monthly Income Statements from March 1999- December 2000

¹² See Annex for the Cash Flow Statements for the month of February and Summary of Monthly Income Statements from March 1999- December 2000.

Such was the “simplicity and soundness” of their strategies, Cora Latorre of PACAP observed. Somehow, as Mrs. Berdin said, the centre continued to earn, evidenced by steadily improving income statements.¹²

Mr. Glomar approved of the business methods of the Day-as Garments CPC. For the other clusters, he had to create a sort of a business manual to help them run their CPCs. But for Day-as, he did not see the need to do so. Mr. Glomar noted that the means and methods used by the women of Day-as were well-suited to their reality. Their ways were quite effective.

“Why impose on them terminologies that people spend four years trying to learn but which the Day-as women already practiced even without knowing it?” he jested.

Mr. Glomar also observed that many participant-beneficiaries became more open to feedback and constructive criticisms. Mrs. Cabiso further noted that the leadership skills they had acquired and continued to develop through the project also manifested in their active participation in various group discussions and meetings, either within their own organisation or when they interacted with other civic and religious associations.

Mr. Glomar believed that the involvement and visibility of these women in various community affairs somehow advanced their rights and “genderised” the associations and groups of which they were part.

VIII. Challenges

When asked what he thought was the magic formula of Day-as, Mr. Glomar said it was the combination of discipline, hard work, good-standing relationships, leadership, simplicity, a relaxed manner of doing business, and the collective positive attitude of the Day-as women. Mr. Glomar recalled that from the very beginning, even as early as the orientation seminar, the Day-as cluster’s participation was remarkable. The Day-as women would arrive on time, work fast in group dynamics, and manage to keep their smiles on, Mr. Glomar added.

But the Day-as cluster was not without its own share of challenges and difficulties.

The combined reports of the staff and the cluster officers pointed to the following common problems encountered and the solutions attempted by the participant-beneficiaries.

Problems Encountered	Solutions Attempted
1. High inventory during lean months of July & August of each year	1. Sold to fellow members on credit and product diversification
2. Unavailability of raw materials from the usual suppliers	2. Source-out from other suppliers though a little expensive
3. Coping with production targets during peak months	3. Overtime and job out to fellow members
4. Breakdown of Sewing Machine	4. Preventive Maintenance

Leadership, confidence, pressure

Another source of difficulty in the beginning of their operations was the women's handling of the transition of responsibilities from membership to leadership. For instance, Mrs. Juliet Berdin was never used to dealing with people in the capacity of a leader, before the Day-as CPC.

However, she was almost a unanimous choice during the selection of officers, mainly because of her perceived honesty, engaging demeanor, patience and sincerity, which the women placed a lot of value on. The pressure of doing a good job and not letting the women down were, at first, considered too much and almost unbearable by Mrs. Berdin.

Mr. Glomar admitted that they should have foreseen such problems and he also realised that more workshops were necessary to make the mothers feel more adept and comfortable at accepting responsibilities and positions that could be political in nature.

"We basically left them alone to settle such things among themselves but we always encouraged Julieta and prayed with her for strength," Mr Glomar disclosed.

It was clear, by the way Mrs. Berdin had been keeping things together at the CPC, that she had acquired that strength. It manifested itself in the success of the centre. Another way of putting it would be that the strength of her fellow mothers and the support of the members of the Day-as cluster contributed to the improvement in her leadership abilities. ■

Reaction Papers

- *The Integrated Beekeeping Project of the Misamis Oriental–Cagayan de Oro Federation of Cooperatives (McFEDCO) in Cugman*
- *Fruit Processing Plant and Fruit Plantation of the Sigmahanon Development Foundation, Inc. (SDFI) in Sigma, Capiz*
- *The Day-as Garments Production Centre of NORFIL Foundation, Inc. (NFI) in Day-as, Cordova, Cebu*

Reaction Paper on The Integrated Beekeeping Project

of Misamis Oriental-Cagayan de Oro City Federation of Cooperatives (McFEDCO)

I. Introduction

It is my privilege to give an impression on this project that has a lot of the potential to succeed in the global market.

II. Reaction to the Case Study

The project exhibits features that qualify it to be “global” in scope. It is innovative and environment friendly. It has shown sustainability, capable of surviving despite gaps or the possible withdrawal of support by PACAP. Moreover, it is a project that brings both young and older generations together at work—teaming up a pioneering generation (of parents) and their successors.

III. Insights and Learnings

The major factor that contributed to the success of the Beekeeping Project is its founder, Mr. Ben Lego, who provided vision, inspiration and even perspiration to the members and participants. He is a leader and entrepreneur in a pioneering efforts among the beneficiaries.

Likewise, the project’s strength comes from its unique project development cycle. While the usual project cycle begins with a needs analysis, followed by planning, implementation and evaluation, the Beekeeping Project adopted a new way of managing a project. It started with the introduction and application of technology, followed by the

pilot demonstration, evaluation and mainstreaming. This new project cycle can be a lesson for others in the field.

Another significant insight is the importance given to the upscaling of its systems in terms of production and marketing.

IV. Conclusions and Recommendations

There are various challenges facing the beekeeping business. It is imperative that McFEDCO and CMPC look into them with a proactive response.

One such challenge is the open market competition of the beekeeping product. There is a stiff competition out there, so you need to be abreast of new strategies on how to keep yourselves competitive. There is a need to develop product uniqueness and good social marketing. The project must also get a good lead on distribution strategies for this product, going beyond the boundaries of the project location.

Another management challenge is maintaining the members' loyalty and participation in relation to the time and effort they contribute to the project. This depends on the project's ability to provide adequate financial incentives to beneficiaries and participants.

It is likewise important to define the concept of a joint venture between the local cooperatives and the coop federation. I see 3 levels here: the coop members, the coop and the federation. There may be an evolving complementation among these players, especially in profit sharing. This joint venture may also reduce bureaucracy and overhead cost.

The project has very good potentials for replication but there are a number of queries to consider before embarking on new endeavors, namely: will it cost the same amount of investment to replicate (Php2.2 million project accessed fund) i.e., in Davao? How about specific target participants, especially the indigenous communities? These people are experts in living in the forests, they may be interested in these types of projects. Can the project be integrated with other farm modules existing in the areas? What is the viable scale of operation at the household level? How much savings will it mobilise at the household level? There is a need to have an assessment on these issues.

In planning the project's future strategic directions, it is imperative to consider its future business plan, especially the cost of replicating the project. Does it need external support? For how long? What is the potential of the different products that may evolve from the project? If the joint venture is pushed through, what is its future structure?

It is my fervent hope that this project may continue to make a difference in the lives of its individual beneficiaries and in the global community. ■

Reaction Paper on Fruit Processing Plant and Fruit Plantation

of Sigmahanon Development Foundation, Inc. (SDFI)

I. Introduction

This project is inspiring as it is trail-blazing in its innovative ventures, giving lessons in dynamism, willpower, participation, transparency and respect for people's culture. It mirrors for us the challenges that the implementors have faced, the risk they took, and hopefully, the mistakes we can avoid in the future.

II. Reaction to the Case Study

The project is a visionary concept of the NGO of an innovative enterprise. It has turned “backyard operations” into a “commercial venture”. It moved from “production” to “processing”, looking at trees not just as “plants”, but as “enterprises”. As the project looked beyond the *kaong* business to a “fruit” business. Its project development developed from “partnership building” to “stakeholdership building”.

A very significant accomplishment of this productive innovation is the transformation of the people's attitude about the project. As stakeholders, they have claimed ownership of the project, sharing a large measure of responsibility to ensure its continued success. Realising the commercial value of forest resources, the people transformed their views from simple gatherers to protectors of their environment. The intensive training they received in elevating their household activity to a full blown commercial venture, broadened their understanding and enhanced their capabilities in becoming good stewards of the project, giving them added reason to be proud of what they have collectively achieved.

III. Insights and Learnings

There are various elements of success in this project which give us significant insights and learnings, namely:

- a) the Municipal Science and Technology Program (MTSP) as a mechanism of multisectoral convergence and cooperation among local government, politicians, line agencies (DOST, DTI, DENR, Philippine Trade Training Centre, Design Centre of the Philippines), the academe and the other non-government and private organisations.
- b) the members' understanding on the affairs of the business and the transparency in operation.
- c) Forward – looking business attitudes, ie:
- d) Multi-crops in the fruit plantation
- e) Marketing strategy thru distributors
- f) Building business relationship that trust
- g) Marketing culture of business pride of the place: “building a sense of hope!”

IV. Conclusions and Recommendations

There are a number of challenges and concerns that need to be addressed:

- Having 2 project orientations project-Oriented Vs Process Oriented demands 2 roles: as Managers or Project and Managers of Development Processes.
- There are two linkage dimensions in the project institutional linkages & financial linkages.
- There is an expanding membership reach.
- The business realities go beyond political boundaries.
- There is a trend to move from “sharing information” to “caring Information”.
- What the Innovative future NGO-PO~ COOP relationship for project expansion? Is the project “buy back” or build-operate-transfer the best empowerment approach for the beneficiaries? How about the concept of joint venture?

As the project members consider these challenge and concerns, it is best to equip them, with adequate decision-making skills. An empowering apprentice program smoothen the transition from being beneficiaries to the higher status of being co-owners and managers.

When the processing plant will be turned over to the beneficiaries, it is recommended that credit support in the form of savings mobilisation strategies made available to the people so they can have their own money to repay the funding agencies for the cost of the project. This would make even more real the beneficiaries' ownership project.

In conclusion let me say: we have chosen an approach that begins and ends with the people; one which makes them customers and owners of their own development one that derives its strength from the pooling of human and financial resources; and one that allows people to work for people as a price we pay for occupying a space in this unfolding global village. ■

Prepared by: Mr. Guillermo P. Cua

Reaction Paper on Day-as Garments Community Production Centre

of the NORFIL Foundation, Inc. (NFI)

I. Introduction

The case study impressed me as very interesting, very developmental, giving us important lessons to learn. It also illustrates how the spirit of volunteerism or *bayanihan* continues to serve our local communities in their struggle to attain their collective goals.

I would like to focus my reaction on three main points of the case study. One: what are the interesting features of the project? Two: what are the important elements of success and the lessons learned? Three: what are the challenges and concerns that the project has to face?

II. Reaction to the Case Study

This project has a unique and significant feature because it developed from a “micro-credit” to a “Micro-enterprise”. The project showed the relevance of social credit as a tool to enterprise development. On the other hand, the garments production provides financial sustainability to the social credit program.

Another laudable feature of the project is its capacity to transform the women members from “traders” to “entrepreneurs”, expanding their “home-based enterprise” to community-based enterprise”.

III. Insights and Learnings

There are significant insights that may be learned from the Day-as Project:

Firstly, it has a clear choice and focuses its product and targeted type of customers, the community and business. It is located in the most depressed *barangay* of a 6th class

municipality (Cordova), but it is closely adjacent to a high urbanised city (Lapu-lapu City). It has focused the enterprise from the present home-based skills has satisfied a common interest of the women-members.

Secondly, it has shown the importance of initial success in social credit program. NORFIL is an NGO with a track record of implementing social credit programs. The project showed effective organisation and operational strategies. The initial marketing slogan: “loan, low interest and low capital” was effective, but for how long? Other good strategies were the use of clustering among members as participatory mechanism, employing qualified beneficiaries and continued membership education and trainings.

Thirdly, the project gave importance to the culture and value systems of the people, particularly the spirit of volunteerism and the value of *bayanihan*.

IV. Conclusions and Recommendations

There are seven issues I want to reflect on, as I offer my recommendations:

1. Future Competitiveness. The project has to more competitive in its approach to business operations. It must continuously devise new strategies to meet the changing demands of the business environment. I see how good your products are, even better than some garments I see in the malls. However, if we think of the clothes from Bangkok and Indonesia, which are not good but also very cheap, how can we compete with them? We need to develop strategies that would promote product uniqueness—why would the consumer choose us apart from the rest? Similarly, we must strengthen our marketing strategies, develop institutional markets, aside from what we are used to.
2. Empowerment or Exploitation? Does the women’s micro-enterprise project contribute to women’s empowerment or does it allow their further exploitation? There must be a link between income and empowerment. The flexible working hours may be seen as beneficial on the surface as it adapts to the women’s lifestyle, allowing them to work both for the project and for their homes. But what are their husbands doing? If they are also unemployed, they must be encouraged to share the responsibilities of the women- either in the household chores or in the Project itself. You may need to see the possibility of including male members in your workforce.
3. Project’s influence in enabling environment for micro-enterprise development. I observed that there is too much link and reliance on the NGO partner. There is a danger here to leave the local government to be complacent and get away with issues and concerns to resolve poverty in the area. It is important to note that policy issues are essential to project viability. The Project may be a strong influence for the local government to go into micro-credit enterprise development.
4. It is also recommended that the project build innovative partnership between the NGO and the women’s cooperative, shifting from project assistance to a project cooperation relationship, wherein the members of the cooperative take greater responsibility in managing their business. It must not stop a project turn over only. You must build the expertise and the skills simultaneously, developing more innovative approaches and continuing the relationship in different perspective, in different roles.
5. It is important not to underestimate the business capacities of the poor. The

mico-credit poor have their own formula for survival and an intuitive business sense. They have a better understanding of the market and consumers behavior. They are well versed on practical experimentation. Hence, in our efforts to help them, we must consider what skills they already have, what techniques they already know.

6. I see two dimensions of the project. The enterprise (micro-credit and garments production centre) and the community development (cooperative and women self-help groups). We must understand that the Garments Production Centre is not the only solution to help the poor. We must encourage the people and provide learning opportunities for them to apply the methodologies and techniques of the cooperative to help themselves.

7. PACAP and Partners' Challenge. Building a network-wide enterprise, revolving fund mechanisms. There is a need to reflect on the following: what could be some priority focus of PACAP, now that there are existing revolving funds? How can the PACAP and Partner further develop their relationship? Is there a possibility to develop a mechanism where the partners can own, manage and control the enterprise? There is a need to invest in social preparation and activities.

I am hopeful that this project, would continue to allow women (and men, too) to work for the development of their own lives and that of their communities.■



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