

Assessing the Capacities of Cooperatives to Manage a Business: The Case of St. Marcos Multi-Purpose Cooperative

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Abstract

Cooperatives play a significant role in the Comprehensive Agrarian Reform Program. Besides serving as conduits of support services to farmers, they are also expected to implement agri-based projects that will help increase income and productivity of its members and other community members. The St. Marcos Multi-Purpose Cooperative (SMMPC), which operates in Barangay Gapasan in the Municipality of Magsaysay, Occidental Mindoro submitted a proposal to the Department of Agrarian Reform (DAR) for funding. The proposed project intends to increase farm productivity and income and entails renting out of common service facilities (CSFs) such as a 35-HP four-wheel tractor and combined harvester-thresher by SMMPC. The CSFs will be provided for free by the DAR, but the cooperative is required to have an equity. Given the current, weak financial status and management capabilities of cooperatives in the Philippines, the question of whether SMMPC can operate its proposed project and sustain its operation arose. This paper assessed the capacity of the cooperative to manage and sustain the operation of the project. Furthermore, the relevance, acceptability, and estimated returns of the proposed project were also examined. Data was gathered through focus group discussions with the cooperative members and *barangay* residents who are not affiliated with the organization. Key informant interviews with the DAR personnel and gathering of secondary data were also conducted. Results indicated that the SMMPC has a stable financial base and its officers are capable of running the proposed project. Moreover, the high demand for the CSFs assures that SMMPC will be profitable.