

# Credit Union AgriFinance Methodology (CUAF)

Credit Union Business Solution No. 20

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**ASSOCIATION  
OF ASIAN CONFEDERATION OF CREDIT UNIONS**



## INTRODUCTION:

ACCU has been actively involved on Credit Union Microfinance Innovation CUMI since 1997. ACCU strategic plan for 2009 to 2014 has targeted providing integrated financial services to the 50% of farming members of credit unions.

With the support of Cordaid, ACCU shall develop the Credit Union AgriFinance after three consultation workshops in the Philippines, Bangladesh and Nepal. Further, ACCU also carried out several country studies on AgriFinance in Credit Unions.

As observed, farmers rely on agriculture for their livelihoods, which are growing more uncertain due to the threats of climate change, the recent food and financial crises, and falling investments in agriculture. All are being affected by human-made climate change. Farmers are the worst sufferers. The seasons, the time to plant, the time to harvest are changing. Much of the indigenous knowledge of farmers is no longer always applicable. It seems that every year, they lose their yield to floods or storms. The marginal farmers' become most vulnerable. They become the poorest of the poor.

The above scenario makes the farmers' journey to financial independence bleak. Although access to financial services may prove crucial, credit unions need to fill the needs of the farmer-members to improve their lives. Financial access alone may not be sufficient to alleviate farmers from poverty.

ACCU recognizes that credit unions provide loans to farmers. However, there is a need for credit unions to be more active in making use of the available technical expertise of specialized agencies to address watershed development, livelihood promotions, organic farming, agriculture extension services, environmental impact assessments, training and capacity building, education, skills development and financial literacy among farmers. Almost one third of the world's populations are members of farming households in Asia.

On September 5, 2012 CEOs Advisory Committee Meeting, three countries volunteered to participate in the consultation for the development of AgriFinance program for credit unions. These countries are Bangladesh, Nepal and the Philippines. Thus, this workshop was carried sought inputs from credit unions and its respective federation to address the need of poor farmers who are members and potential members of credit unions. The workshop is anchored on the credit union mission of 'providing quality services that improve lives of people.'



# Credit Union AgriFinance Methodology





## METHODOLOGY CREDIT UNION AGRIFINANCE

### 1. Understanding Agriculture in Area of Operation

The credit union collects information on the types of agricultural activities its members and potential members are engaged in.

#### AGRICULTURE

*By definition, agriculture is the cultivation of soil, dairy, forestry, and the raising or harvesting of any agricultural or horticultural commodity including the care and management of livestock such as horses, bees, poultry, leather and fur-bearing animals and wildlife.*

*Agriculture also includes the raising or harvesting of oysters, clams, mussels, and other mollusk shellfish or fish; the production and harvesting of rubber sap; the hatching of poultry; and the harvesting of mushrooms.*

*The term also includes the handling, processing, drying, packaging, packing, freezing, grading, storing, or delivering to storage or to market any agricultural commodity as in incident to ordinary farming operations. In the case of fruits and vegetables, the preparation of such fruits and vegetables for market or direct sale is still part of agriculture.*

The credit union summarizes the data of its farmer members, possibly collected from the membership or loan application form. The information is critical to understand the needs of members.

Type: Cultivation of Soil: Rice, Wheat, Dhal, Maize etc.										
Name	Land		Irrigated (Y/N)	No. of Cropping /yr.	Cropping Months	Quantity of Harvest	Qty. for Sale	Market (where sold)	Capital Required	Income per cropping
	Own	Lease								
Type: Livestock – Cattle, Poultry, Swine, Goats, Duck etc.										
Name	Land		Irrigated (Y/N)	No. of cropping /yr.	Cropping Months	Quantity of Harvest	Qty. for Sale	Market (where sold)	Capital Required	Income per cropping
	Own	Lease								
Type: Fisheries: Shrimps, Tilapia, Catfish, Shrimp, Milkfish, etc.										
Name	Land		Irrigated (Y/N)	No. of Producti on/yr.	Cropping Months	Quantity of Harvest	Qty. for Sale	Market (where sold)	Capital Required	Income per cropping
	Own	Lease								
Type: Agri-Business										
Name	Land		Irrigated (Y/N)	No. of Producti on/yr.	Cropping Months	Quantity of Harvest	Qty. for Sale	Market (where sold)	Capital Required	Income per cropping
	Own	Lease								

**Tools:** Loan application or membership application forms

### 2. Mapping Agricultural Resources



The credit union is an ethical and responsible lender. At the same time, it helps members to take decisions on their important economic activities by providing them information. The following general information has to be considered in the AgriFinance program:

- Inventory on the local farms and farmland parcels that exists locally and how it is being used.
- Unique characteristics of the farmland such as the soil. This will provide information on the type of high yielding crops suited for such types of soil<sup>1</sup>.
- Inventory of natural and cultural resources available. For example, farmland may also be in a public water supply watershed, provide wildlife habitat or wildlife corridor or contain flood plain that helps reduce flooding. The information can help credit unions to understand the interconnectedness of these natural and cultural resources in integrating the protection of biodiversity in AgriFinance. The program should be sensitive on the impact of agricultural finance to the environment.

*(Bangladesh: The agricultural land is characterized by low, marshy and highland. Rain occurs from April to August which is suitable for cultivation. There is no need for irrigation for farmers to grow rice twice a year. In highlands, farmers could cultivate onions, garlic, potato, ginger and etc. Shrimps and fish can be raised in ponds and marshy land. Rivers and canals are available.)*

### 3. Identifying Issues and Concerns

Credit union obtains knowledge on the needs and concerns of the farmers. Some examples on the means to solicit inputs from farmers:

- Consultation session only designed for farmers
- Ownership meetings
- Making rounds to villages
- Credit investigations
- Collections
- Loan interviews
- Participatory Rural Appraisal (PRA)<sup>2</sup>

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<sup>1</sup> The information can be obtained with the local office of the Ministry of Agriculture.

<sup>2</sup> Participatory rural appraisal (PRA) is an approach used by non-governmental organizations (NGOs) and other agencies involved in international development. The approach aims to incorporate the knowledge and opinions of rural people in the planning and management of development projects and programmes.



Every encounter with the members is considered as opportunity to improve the services of the credit union based on the needs and financial difficulties of members both short and long term. Thus, the staff with direct contact to members report back to the management or during planning sessions.

Answers to the following questions may be relevant to know:

- Do they or another member of the family plan to continue agriculture in the next 10 years?<sup>3</sup>
- Are they considering expanding or changing their farming business?
- What are the biggest challenges they face, and how the credit union could help them?
- How do they see farming can improve their financial standing?

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<sup>3</sup> In Asia, the farmland is decreasing due to industrialization and development. Farmlands are converted as residential lots, golf courses or factory sites. Farm owners are opted to sell their property.



In general context, the following could be the challenges of farmers in most Asian countries:

Challenges	Bangladesh	Bhutan	Cambodia	Indonesia	Laos	Myanmar	Nepal	Philippines	Sri Lanka	Sri Lanka	Taiwan	Thailand		
Rampant conversion of agricultural land into golf courses, residential subdivisions, and industrial parks or resorts. <sup>4</sup>														
Farmers' continued reliance on chemical-based fertilizers or pesticides that have destroyed soil productivity over time. In recent years however, farmers have been slowly turning to organic fertilizer, or at least to a combination of chemical and organic inputs.														
Environmental damage is another major concern. Coral-reef destruction, pollution of coastal and marine resources, mangrove forest destruction, and siltation (the clogging of bodies of water with silt deposits) are significant problems.														
The agriculture sector has not received adequate resources for the funding of critical programs or projects, such as the construction of efficient irrigation systems. <sup>5</sup>														
Farms are usually very small due to heavily increasing population, unwieldy land ownership, and inheritance regulations.														
The heavy reliance on monsoons is a major handicap. No irrigation system for farming.														
Inefficiencies in harvesting, transport, and storage of government-subsidized crops.														
Poor production due to a lack of technical knowledge and equipment.														

<sup>4</sup> In 1993 the nation was losing irrigated rice lands at a rate of 2,300 hectares per year. Small land-holders find it more profitable to sell their land to developers in exchange for cash, especially since they lack capital for seeds, fertilizers, pesticides, and wages for hiring workers to plant and harvest the crops.

<sup>5</sup> According to the World Bank, the share of irrigated crop land in the Philippines averaged only about 19.5 percent in the mid-1990s, compared with 37.5 percent for China, 24.8 percent for Thailand, and 30.8 percent for Vietnam. Source: <http://www.nationsencyclopedia.com/economies/Asia-and-the-Pacific/Philippines-AGRICULTURE>



#### 4. Converting Information to Action Plan

The credit union shall prepare an action plan for its AgriFinance Program that will include the following:

- a) The number of farmer-members that will be targeted per year
- b) Policy development – savings and loans
- c) Institutional Capacity Building: Deployment of credit union business solutions
- d) Technical and skills training
- e) Loan disbursement and collections
- f) Savings Mobilization
- g) Community Activities such as Community garden, demonstration farm, and farmers market
- h) Monitoring

Tool: Action Plan Format

#### 5. Institutional Capacity Building of Credit Union

Safe and sound credit unions are in the best position to serve its diverse membership. Thus, institutional strengthening will be an integrated approach for the program. ACCU and national federation's technical assistance will be made available to credit unions to build their institutional capacity to take on agricultural lending.

The business solutions developed by ACCU will be deployed to credit unions to professionalize its operation and standardize its governance practices.

The following business solutions will be deployed:

- a) Credit Union Management Tools (Model Policies)
- b) ACCESS Diagnostic Tool (for purposes of planning and monitoring, and accreditation as an option)
- c) Trainer's Manual on Credit Union Directors Competency Course
- d) Trainer's Manual on Credit Union CEOs Competency Course
- e) Credit Union Product Catalogue
- f) Governance Framework for Credit Unions
- g) Credit Union Promotion Visual Aids
- h) Trainers Training Manual on 360 Degrees Financial Literacy for Credit Union Members
- i) Credit Union Loan Officer Competency Course
- j) Credit Union Audit/Supervisory Committee Competency Course
- k) Social Performance Management (SPM): to create indicators in monitoring the impact of the AgriFinance program on the improvement of the well-being of the farmers, impact to the community and the pilot credit unions.
- l) Business Solution No. 20 – AgriFinance Methodology





## 6. Promotion of Small Farmers Group Association

An informal association of small farmers will be organized by the pilot credit unions for the purpose of economic cooperation for the benefit of all its affiliated individual members.

The credit union can organize the small farmers according to the type of agricultural activities. The group associations help lower the delivery costs of the credit union, government and private-sector agencies supplying development services to small farmer groups, as well as help affiliated groups in reducing their individual cost of accessing those services and sharing input purchasing, production, processing and marketing costs. The second advantage of the association is that, they can serve as useful mechanisms for broadening the outreach of the credit union.

A third benefit of association is that they help build rural social capital, as they strengthen collective self-help linkages at local level that encourage broad-based community participation, cooperation and collective action on many fronts: economic, social and political.

A final advantage is that once the farmers associations are in place, actively functioning, they tend to attract additional outside development resources and services, since outside agencies are also interested in working in areas where rural people are well-organized, accustomed to working together and developmentally motivated.

The project shall develop the guidelines in establishing the farmers associations.

## 7. Value Chain Promotion

Credit union identifies the value chain participant to ensure the sustainability of the program and maximum benefits to farmers.

The following are the guidelines credit unions can follow:

1. **Farmer Groups:** Organize the farmer groups according to type of agri-production or agri-business engaged in. The groups consist of 20-40 subsistence level farmers who meet regularly. The meeting is the platform for the credit unions to educate the farmers: new crops and farming techniques, management skills, financial literacy, values etc. The credit union partners with the government institutions or NGOs to introduce farmers to new crops or products and new farming technology to help them break into small-scale to commercial production.

### What is Value Chain?

*Value chains encompass the full range of activities and services required to bring a product or service from its conception to sale in its final markets – whether local, national, regional or global. Value chains include input suppliers, producers, processors and buyers. They are supported by a range of technical, business and financial service providers. (USAID)<sup>1</sup>*



2. **Suppliers:** credit union sign contracts with the suppliers of farm inputs in which they agree to charge the farmer-members with fair prices and receive payment in the form of credit union vouchers. The agreement guarantees the suppliers payment through the credit union and improves their competitive position in the local markets by introducing large number of clients. The farmers are assured of fair price of farm inputs.
  
3. **Buyers and processors:** credit union finds potential buyers and processors of farm produce. The farmer, buyers/processors and credit union should all be involved in deciding which crop is best suited. Some factors to consider in the selection are crop value, market demand, availability of inputs, ease of transport, climate and growing conditions, farmers' experience and ability to perform labor. Building value chain with the buyers and products can have the following benefits:
  - provide seeds and direct technical assistance during the growing cycle
  - arrange transport for the crop
  - better and stable prices
  - minimize risk of farmers' investment
  - reduce lending risk by channeling payment through the credit union

## 8. Agricultural Financial Services

The program will repackage the agricultural finance of the credit unions plus introduction of value added services to ensure farmers' problems are addressed. Failure to consider farmers problems would result to inability of the farmers to repay their loans.

Type of Loan	Items Financed	Features	Requirements
<b>Seasonal Crop Credit Loan</b> These are loans that are provided for the production of maize, wheat, potatoes, rice and other foods crops that have maturity of not more than 12 months.	<ul style="list-style-type: none"> <li>• Production cost</li> <li>• Harvest cost</li> <li>• Post harvest</li> </ul>	<ul style="list-style-type: none"> <li>• Repayment period of up to 12 months</li> <li>• Designed for individual &amp; groups</li> </ul>	<ul style="list-style-type: none"> <li>• Suitability of the crop</li> <li>• Tangible security for the loan</li> </ul>
<b>Cash Crop or High Valued Crop Loan</b> These are loans designed for cash production of tea, coffee, sugarcane, cashew nuts, citrus, bananas, vegetables, etc	<ul style="list-style-type: none"> <li>• Crop establishment</li> <li>• Crop maintenance</li> <li>• Processing equipment</li> <li>• Operating costs</li> <li>• Post harvest</li> </ul>	<ul style="list-style-type: none"> <li>• Repayment based on crop's cash income</li> <li>• Designed for individual &amp; groups</li> </ul>	<ul style="list-style-type: none"> <li>• Tangible security for the loan</li> <li>• Appropriate and approved crop varieties</li> <li>• Availability of processing facilities within reasonable distances</li> </ul>

Type of Loan	Items Financed	Features	Requirements
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<p><b>Horticulture and Floriculture</b> These are loan to finance for production of horticultural and floricultural crops</p>	<ul style="list-style-type: none"> <li>• Production cost</li> <li>• Green houses and equipments</li> <li>• Water and electricity supply system</li> <li>• Harvesting and packaging equipments</li> <li>• Labor and other operation cost</li> <li>• Cold storage</li> </ul>	<ul style="list-style-type: none"> <li>• Repayment period based on the cash income of the project</li> <li>• Designed for individual &amp; groups</li> </ul>	<ul style="list-style-type: none"> <li>• Tangible security for the loan</li> <li>• Relevant experience in floricultural &amp; horticultural productions</li> <li>• Compliant with market requirement</li> <li>• Adequate availability of water</li> </ul>
<p><b>Livestock, Fisheries &amp; Aquaculture Development Loan</b> These are loans for livestock and fisheries production</p>	<ul style="list-style-type: none"> <li>• Dairy and beef production</li> <li>• Sheep and goat production</li> <li>• Bee keeping</li> <li>• Piggery and poultry product</li> <li>• Working capital</li> <li>• Fish production</li> </ul>	<ul style="list-style-type: none"> <li>• Repayment period based on the cash income of the project</li> <li>• Designed for individual &amp; groups</li> </ul>	<ul style="list-style-type: none"> <li>• Tangible security for the loan</li> <li>• Suitability of the project</li> <li>• Experience in the enterprise Livestock &amp; Fish production</li> </ul>
<p><b>Agri-Business Loan</b> This are loans designed to benefit agri-business traders</p>	<ul style="list-style-type: none"> <li>• Traders in agricultural produce</li> <li>• farm equipment and implements</li> <li>• Transporters of farm produce</li> <li>• Marketers of farm produce</li> <li>• Processor of farm produce</li> </ul>	<ul style="list-style-type: none"> <li>• Designed for individual &amp; groups</li> <li>• Repayment period based on the cash income of the project</li> </ul>	<ul style="list-style-type: none"> <li>• Viability of the business</li> <li>• Tangible security</li> <li>• 20 % equity contribution towards the project which can be in kind</li> </ul>
<p><b>Land and Water Development Loan</b> This is loan intended for irrigation and livestock use.</p>	<p>Water tanks and drain, Shallow wells, Boreholes, Pumps, Pipes and connections, Irrigation equipment, Farm dams, Labor, Transportation related to installations, dripping irrigation, sprinkler</p>	<ul style="list-style-type: none"> <li>• Repayment period of between 3 to 5 years</li> <li>• Designed for individual &amp; groups</li> </ul>	<ul style="list-style-type: none"> <li>• Availability of suitable and adequate water catchments</li> <li>• Provision of water permits by the necessary water authorities</li> <li>• Water test certificate for quality and quantity in case of bore hole</li> <li>• Equity</li> </ul>

**Building Wealth through Savings**



Credit union offers different types of savings products to the farmers and their families. Financial Literacy Education will help farmers and their families make the most of opportunities, meet their goals and secure their financial wellbeing, as well as contribute to the economic health of society. The savings products are aimed to build the wealth of the farmers to their road to financial freedom.

## **9. Building Institutional Linkages with Private and Government Institutions Supporting Agriculture**

The credit union through its national federation builds linkage with government or private institutions to take advantage of their specialization on agriculture. In many countries, these government institutions provide technical training and some even has grant fund. Many of these institutions are currently working with the credit unions and cooperatives to promote their programs, but not properly institutionalized and monitored.<sup>6</sup>

Government departments/ministries that can be tapped:

- Agriculture and cooperatives
- Fisheries and aquatic resources
- Environment and natural resources
- Interior and local governments
- Science and technology
- Trade and industry

The program shall also facilitate the establishment of linkages to add value to farm produce. This may include:

- Community Product Development Promotion
- Agricultural Inputs Procurement Project
- Organic Farming Technology
- Demonstration Farm Management
- Agro Tourism Promotion

## **10. Establishing Agricultural Programs for Farmers and Community**

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<sup>6</sup> In the consultation workshop in Bangladesh on November 9-12, 2012, it was revealed that credit unions have not taken advantage of the services of the Agricultural Extension Office. It was realized that building linkage with the agricultural extension is a practical solution to improve the technical capacity of farmers.



**BUILDING CAPACITY FOR LOCAL FOOD SYSTEMS:** The objective of the program is to ensure the effective use of agricultural produce to sustain the needs of the community. The growing community of entrepreneurs, producers and consumers can create strong local economies by creating new locally owned businesses and jobs. The credit unions operate in the a community where they have the people, land and climate needed to produce fresh, affordable, and healthy food, renewable energy, shelter and the things used daily. Vibrant local and regional agriculture generates wealth in communities, establishes healthy environments for families, and enhances quality of life for all. For this, technical expertise is needed to promote organic farming, backyard gardening and livestock raising, agro-food processing and others.

The food system is an important component of community economic development and an indicator of social well-being within a community. Yet, the food system is often overlooked and undervalued as a means and strategy for building health, wealth, connection, and capacity where the food is produce.

Because everyone needs to eat each day to thrive, the food system affects and touches everyone on a daily basis. Therefore, the local food system is an important resource and consideration for long-term community economic development and well-being. When the food system is considered more comprehensively and holistically, its relationship to community health, wealth, connections, capacity, and other elements of overall community well-being becomes more apparent. Because a food system is so closely interconnected to the production, processing, distribution, sales, purchasing, preparation, consumption, and waste disposal pathways of food, its significance cannot be overstated.

A community-based food system is also directly connected to community and social viability, environmental stewardship, the viability of small- and medium-scale farms, farmland protection, the health of individuals, and overall food security.

The credit union should also spearhead the promotion of a business agroecosystem, a collaborative network of producers, suppliers, distributors, processors, business supporters (financial institutions, NGO's, educators that prepare the workforce, R&D, etc.) and customers that share a common set of value or supply chains<sup>7</sup>. Collaboration can reduce risk and cost, and increase efficiency.

**STARTING AND MANAGING SUCCESSFUL FARMER'S MARKETS:** Farmers' markets play a vital role in providing small to medium-sized farmers access to consumers

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<sup>7</sup> The movement of materials as they flow from their source to the end customer. Supply Chain includes purchasing, manufacturing, warehousing, transportation, customer service, demand planning, supply planning and Supply Chain management. It is made up of the people, activities, information and resources involved in moving a product from its supplier to customer. Source: [supplychaindefinitions.com](http://supplychaindefinitions.com)



wishing to buy their farm products. These markets provide a unique marketing experience for both farmers and consumers, enabling them to stay in business and increase profit margins. Consumers can purchase farm fresh products and get the chance to meet and interact with the people who actually grow the food. This form of farmer-to-consumer direct marketing has experienced phenomenal growth in recent years, as producers respond to consumers' demands with new and alternative marketing strategies for their farm enterprises.

The credit union helps the farmer organization within its membership in establishing the farmers' market:

- a) **Identifying the site:** Preliminary identification and assessment of a market site are essential in determining the feasibility of the project. Give initial consideration to:
  - Location- Identify a site with optimum visibility from streets and walkways. Usually the site can be supported by the local government part of its community development program.
  - Space- Assess the number of vendors the site will accommodate.
  - Availability- Determine days and hours the site is available.
  - Restrictions- Determine if there are any restrictions such as number and type of vendors; ordinances such as any town Zoning issues and/or state and local/district Health Department requirements; parking issues such as need to cover meters; or need to have market site cordoned off.
  
- b) **Market cooperative/sponsors:** Groups to contact to identify farmers, determine product availability, and help coordinate market activities include the following:
  - Department of Agriculture
  - Cooperative Extension Offices
  - Local Community Organizations
  - Town Government
  - Agricultural Organizations
  
- c) **Identifying farmers/vendors:** Local farmers and vendors should be identified in collaboration with market cooperators/sponsors. Considerations include:
  - Establishing direct communication with farmers/vendors
  - Developing a good product variety/mix
  - Ensuring top-quality products
  - Ensuring farmer/vendor diversity.
  
- d) **Schedule:** Develop an appropriate operating schedule to maximize the potential of the local harvesting season as well as consumer participation. Issues to consider:
  - Fees- Determine the costs of site fees, advertising and/or marketing



- Season- Determine the number of months to operate the market.
  - Calendar- Determine the day(s) of week the market will operate, including market dates and times.
- e) **Rules and regulations for farmers/vendors:** To ensure an efficient and orderly market, it is important to adopt and enforce concise rules and regulations:
- Requirements for participation (farmer, determine if other vendors are needed such as
  - bakery, crafts, specialty foods, etc.)
  - Commitment to schedule/season
  - Timelines (arrival, setup, disassembly, etc.)
  - Cancellation (Specify a period of notification)
  - Display area (size of vendors area)
  - Signage (name, type of farm/product, price, farm location)
  - Vehicle size (Limit truck size for easy site access)
- f) **Market management:** Determine management and operating procedures. An important element of this is to plan for enforcing relevant rules and regulations.
- g) **Market activity:** Entertaining and informative activities that complement the market environment should be planned for consumers. Consider:
- Special events (on-site chef/nutritionist, flower day, seasonal product promotion, etc.)
  - Promotional plans (press releases, newsletters, posters, flyers, public service announcements)
- h) **Gleaning<sup>8</sup>:** Farmers' market groups may want to donate food and/or food products to local food banks and other charitable food groups. They should be sure to check with the local health authority to ensure compliance with requirements for donating to charitable food service establishments such as soup kitchens.

**COMMUNITY GARDENS:** This initiative is aimed to promote the culture of cooperation, sense of community especially to young generation, promote agriculture, and self-sufficiency economy<sup>9</sup>.

<sup>8</sup> Gather after harvest or market day usable items that remain.

<sup>9</sup> The chief proponent of localism in Thailand or moso (Moderation society) is King Bhumibol Adulyadej's "the philosophy of Sufficiency Economy". The foundations of King Bhumibol's theory included sustainability, moderation and broad-based development. The Learning Centre of King Bhumibol's Philosophy of Economic Sufficiency claimed the concept focused on living a moderate, self-dependent life without greed or overexploitation of, for example, natural resources.



## Guidelines in forming Community Gardens:

### Form a Planning Committee

- a) Determine if there really is a need and desire for a garden.
- b) What kind of garden--vegetable, flower, trees, a combination?
- c) Who will the garden serve--youth, women, and seniors?
- d) If the project is meant to benefit a particular group or neighborhood, it is essential that the group be involved in all phases.
- e) Organize a meeting of interested people. This can be done through the association of farmers organized by the credit union.
- f) Choose a well-organized garden coordinator.
- g) Form committees to accomplish tasks: Funding & Resource Development; Youth Activities; Construction; Communication.
- h) Approach a potential sponsor, if available. A sponsor is an individual or organization that supports a community garden. Site sponsorship can be a tremendous asset. Contributions of land, tools, seeds, fencing, soil improvements or money are all vital to a successful community garden. Some community gardens can provide most of their provisions through fees charged to the membership; but for many, a garden sponsor is essential. Religious organizations, schools, citizens groups, private businesses, local parks, local governments and recreation departments are all potential supporters. This may vary from country to country.
- i) Make a list of what needs to be done.
- j) Find a garden site that is not being utilized. This can be coordinated with the head of the community. The community garden would have more value if unutilized land is used.
- k) Obtain lease or agreement from owner.
- l) Decide on a mailing address and central telephone number(s). Try to have at least 3 people who are very familiar with all pertinent information. Form a telephone tree.
- m) If your community garden has a budget, keep administration in the hands of several people.
- n) Choose a name for the garden.

### Choose a Site

- Identify the owner of the land.
- Make sure the site gets at least 6 full hours of sunlight daily (for vegetables).
- Do a soil test in the fall for nutrients & heavy metals.
- Consider availability of water.
- Try and get a lease or agreement which allows the space to be used at least for 3 years.
- Consider past uses of the land. Is there any contamination?





## Setting up a Gardening Association

If the farmer organization opted, a new gardening association can be organized. The membership could be the spouses and children of the farmers.

### Mission...

A dynamic creative and diverse farm based on mutuality, innovation and environmental sustainability.

### Vision...

Aim to create a working model of a co-operative, community based, urban/rural permaculture<sup>10</sup> farm which demonstrates, promotes, educates, celebrates and advocates for environmental and economic sustainability in a healthy, diverse and supportive community.

Many garden groups are organized very informally and operate successfully. Leaders "rise to the occasion" to propose ideas and carry out tasks. However, as the workload expands, it would be advisable to have a more formal structure for their association.

A structured program is a means to an end. It is a conscious, planned effort to create a system so that each person can participate fully and the group can perform effectively. It's vital that the leadership be responsive to the members. Structure will help an association to last; it will promote trust; it will help your group grow and create new opportunities for leaders to develop.

If the group is new, have several planning meetings to discuss the program and association. Try out suggestions raised at these meetings and after a few months of operation, the group will be in a better position to develop bylaws or association's guidelines. A community garden project should be kept simple as possible, whether large or small.

### Organizational Considerations:

- What is your purpose? What are your short and long-term objectives?
- How are decisions to be made? Who chooses leaders and how?
- How will work be shared? Who does what?

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<sup>10</sup> Permaculture draws from several disciplines including organic farming, agroforestry, integrated farming, sustainable development, and applied ecology. "The primary agenda of the movement has been to assist people to become more self reliant through the design and development of productive and sustainable gardens and farms. The design principles which are the conceptual foundation of permaculture were derived from the science of systems ecology and study of pre-industrial examples of sustainable land use. <http://en.wikipedia.org/wiki/Permaculture>



- How will you raise money? Membership dues, fund raising, grants, sponsors?
- Are you open to change? Flexibility is important when goals and members change. Do you want to be incorporated or act as a club?

## **Contents of the Bylaws:**

- Full official name of organization and address.
- Organizing members, names and addresses.
- The (brief description of the) purpose, goals and philosophy of the organization.
- Membership categories and eligibility requirements.
- Membership dues, how much and when paid.
- Specify when and how often regular or special meetings of the membership are to be held, as well as regular and annual meetings of the board of directors.
- State what officers are necessary, how they are chosen, length of term, their duties and how vacancies are filled.
- Organizational dissolution processes
- State special committees, their purpose and how they operate.
- Establish a system so that bylaws can be rescinded or amended, maybe by a simple majority. State any official policies or practices: e.g.. garden group will avoid the use of hazardous substances; group will agree to keep all adjacent sidewalks in good repair and free of ice and snow in season; group will make all repairs necessary to keep equipment, fences and furniture in good order and repair.

## **How to Manage a Community Garden**

In order to offer a high quality community garden program, good management techniques are essential.

Having written rules is very important with older groups as well as new gardens, since they spell out exactly what is expected of a gardener. They also make it much easier to deal with challenges as they arise.

## **Children's Plots**

- Children included in the garden process become champions of the cause rather than vandals of the garden. Therefore the garden may want to allocate some plots specifically for children. The "children's garden" can help market your idea to the young savers, local scout troops, day cares, foster grandparent programs, religious groups etc.
- Consider offering free small plots in the children's garden to children whose parents already have a plot in the garden.



**COMMUNITY AGRICULTURAL TRADE FAIR:** This initiative is aimed to promote the culture of cooperation, sense of community especially to young generation, promote agriculture, and self-sufficiency economy.



# Tools on Credit Union AgriFinance

## Tool AF 1 – Understanding Agriculture in Area of Operation

### Farmers Survey

Please answer all of the following questions based on the \_\_\_\_\_ market year. Also please be sure to complete both the front and back of each page.

1. What is your primary occupation?

• Vegetable Farming	
• Fruit production	
• Greenhouse/nursery/plant production	
• Raising livestock	
• Crop farming	



<ul style="list-style-type: none"> <li>• Fisheries</li> </ul>	
<ul style="list-style-type: none"> <li>• Other Agricultural Business (harvesting rubber sap, harvesting of mushrooms, bee keeping etc.</li> </ul>	
<ul style="list-style-type: none"> <li>• Agricultural business (involves handling, processing and storage of agricultural produce)</li> </ul>	
2. How many years have you worked at your primary occupation?	
3. If your primary occupation is in agricultural production, how large is your total operation (in acres/sq.ft./head)?	
4. What is your volume of production (in Kilos/other measurements, specify):	
5. How much do you invest to produce no. 3?	
6. How much is your net income?	
7. Do you sell your produce through a trader or direct to market?	
8. What are the problems you normally encounter in your production? Please list at least five major problems. (use other paper if the space is not enough)	

**YOUR ANSWERS TO THE FOLLOWING QUESTIONS WILL HELP US INTERPRET THE RESULTS OF THIS SURVEY AND WILL BE KEPT STRICTLY CONFIDENTIAL**

9. Please check the proper category to indicate your age	
Below 56	
56 – 65 yrs.	
66 – 75 yrs.	
Above 75	
10. Please indicate your gender	
Male	
Female	
11. Which of the following best represents your level of education?	
grade school	



high school	
University Degree	
Post Graduate degree	
12. No. of Children under 18 years of age	
13. Regarding your household: No. of dependents	
14. In what range does your monthly household income fall?	
Below USD 200 per month	
USD 201 to 500 per month	
USD 501 to 700 per month	
USD 701 to 1,000 per month	
USD 1,001 to 1,500 per month	
Above 1,500 per month	
15. In what range does your monthly household income fall?	

### Tool AF 3 – Identifying Farmers Issues and Problems

#### Interview Guides and Checklist

##### 1. Tips for the Interview:

- Formulate open – ended question and themes for free discussion
- Explore what farmers think about the theme
- Allow two way communication
- Learn as you go along rather than to answer specific questions of limited range
- Use the six helpers What? Why? How? Who? When? Where?
- Use simple questions with single idea
- Probe to explore more in depth, to stimulation



- Avoid ambiguous, leading, dead and direct questions (answerable by yes or no)
- Select open person to lead or control the interview
- Be sensitive to farming work or other work schedule
- Try not to disrupt working activities
- Agree on a team contract: what time to begin and end? Who will take notes? (Write this in your notebook)

## 2. Beginning the Interview

- Will the team stand or sit on chairs with the members sitting on the ground?
- Sit down in a suitable place and shade
- Begin with the traditional greeting in the local manner
- Explain who you are. Describe the purpose of your visit do not imply any promise
- If the member is busy ask when it would be appropriate to return
- The team should say we are here to learn and mean it
- Spend some time in casual conversation
- Begin your questioning by referring to something or someone visible.
- Deal with more sensitive issues when confidence is built.

## 3. Directing the flow of Interview

- Do not interrupt each other
- Write down new questions to ask latter on
- Ask one question at a time
- Take your time; allow your response to answer completely before moving on.
- Probe explore

## 4. Recording the interview

- Record during an interview
- Ask permission from your members before you start writing things down or tape recording the discussion
- What to record

## 5. The interview setting

- Where was the interview held?
- Who was interviewed?
- Was it a group or individual?



## 6. Record what you see

- The condition of the farmers field
- Type of a house, possessions, access to water; indicators of wealth, health

## 7. Record what is said

- The details of an interview
- Do not attempt to analyze responses in your head and record an interpretation
- Record the conduct of the interview
- Assign an interview observer

### Was it:

**A Fact:** Something definitely known to have occurred or be true

**An opinion:** judgment or belief base on grounds short of proof

**A rumor:** general talk, report of doubtful accuracy.

- Was the interview relaxed and open?
- Was it dominated by any individuals?
- Did the interviewer bias the response
- Judge the responses quickly
- Cross – check by comparing responses against other sources of information

## 8. Closing the interview

- Summarize the discussion briefly
- Look around the homestead or farm
- Ask respondents, if they have other issues to be looked in to
- Thank respondents graciously
- Take a few minutes with your colleagues to reflect on the interview and compare thoughts and impressions
- Make any additional notes you feel are necessary
- Fill in the blanks in your notebook while the interview is fresh in your mind
- Once done move on to the next household or groups





## Guide to Participatory Problem Analysis

### Purpose

This is a method of participatory community need assessment and problem analysis. It used the illustration of a rough road, which is like the progress of the community. The progress in the village is like traveling on a rough road.

The road is not so good and there are many holes, rocks and fallen trees which mean we cannot move along fast. In the same way the village has many problems with its activities that hinder their progress.

The meeting is designed to find out more about all the things we enjoy, and particularly see what are the things hindering our progress in the village



## Materials:

None; although symbols of the issues and voting material (Stones, Leaves, Maize Grains) will be gathered by the participants during the meeting the process should also be documented in a notebook or a case-file

## Procedure

### Step 1

Briefly give an introduction to the purpose of the meeting: that is we want to discuss with them about the issues which prevent a development process in the village and what can be done to improve the situation. Explain that you want just to share these problems with them and what the result will be used for.

### Step 2

Then to further get the meeting started, we tell people that we would like to consider two questions:

- What are the activities in our village that we enjoy?
- What are the activities in our village that we are suffering from?

Make sure that the two questions are understood by all members of the community, including women. Have the questions repeated by community members, both men and women.

### Step 3

Ask the group to divide in sub-groups according to gender or age (e.g. young/old, men/women, elders)

For each activity they enjoy, a symbol should be found (e.g. if they enjoy 3 activities, they should have three symbols) an object which represents the activity or issue they have discussed. They should also have symbol for each of the activities or issues they have discussed. They should also have a symbol for each of the activities or issues they suffer from. During subgroup discussions, the facilitator moves around to each group making sure that the task is understood and the discussion goes on lively. The facilitator should not lead their discussion.

### Step 4



After a good time of discussion, the subgroups get back together. Each group gives it's report (Start with one of the more shy groups, usually the women. Then continue according to the community hierarchy with the headman and his elders being the last to report).

Firstly, all groups report about the activities they enjoy and put down their symbols for each (arranged in a block or cluster). Reflect briefly on why we enjoy these activities.

### **Step 5**

Next briefly tell the story about progress in the village being like progress along a rough road where it is difficult to move. So there are activities, which we suffer, form which hinder the progress of our community. Have all groups report about the activities which they are suffering from and place the symbols in a line (like obstacles on a rough road).

### **Step 6**

Each person gets some stones (Leaves, Maize & Grains) to place on those symbols of activities they are suffering from and which they think are the most serious for the entire community. (Only one stone on one problem) Have women voting first and chiefs and elders last.

### **Step 7**

Identification of the three major problems by counting the stones. This should be done by or with the assistance of the community.

### **Step 8**

Try to understand the different aspects of the 3 priority problems. For each to the 3 problems prioritize, reflect briefly on:

- How does it happen that they are facing this situation now?
- How was the situation before?

Be aware to build linkages between identified problems where appropriate.

### **Step 9**

Probe more to get some insight on possible options/solutions that may come up from farmers when specific actions are going to be agreed upon. Ask:

- What have we tried in the past and what was the outcome?



- What have we seen done elsewhere (other communities, regions . . .)
- Whether there has been any positive experience made by individuals in coping with the problem.

**Step 10**

Thank to the people for sharing their thoughts. Stress that you have learnt a lot form them and that you would like to deepen the discussion started. Fix a successive meeting to find out what actions the community would like to undertake to overcome the problems, which have been presented.

**Template: Analysis of Farmers Problems**

**Crop:**

Activities	Month							Problems faced by farmers
	1	2	3	4	5	6	7	




**Tool AF 6 – Promotion of Small Farmers’ Organizations**

**Steps in Establishing Farmer Organizations<sup>11</sup>**

**Step 1. Understanding the Village Community**

The credit union field staff should enter the community with an open mind and understand the community structure. They must understand the community power structure, problems, and opportunities for development. Walking around and talking to key people can help ease their entry into the community. The credit union field staff should also develop an understanding of the entire community, including the poor and marginal farmers and women.

<sup>11</sup> Adopted from FAO: <http://www.fao.org/docrep>



Some of the techniques that can help to understand the community are using key members' techniques, participating in the community meeting and tea stalls, and walking around. Understanding the ownership of community resources and people's attitude, knowledge, and skills in the development of agricultural production will help learn about the community. The staff can also understand the situation in more depth by collecting both qualitative and quantitative information on the levels of income and productivity, costs of cultivation, post-harvest losses, output utilization, and the likelihood of making striking improvements to each of these factors.

Step 1 is crucial and cannot be done in a hurry. The credit union staff must spend some time (up to a month or so) to get the feel of the village community structure, politics, groups, and past experience in FOs.

## Step 2. Identifying Potential Leaders in the Community

The usual tendency is for the credit union field staff to talk to formal leaders and commercial sections of the community. By using the sociometry method (see Box 1 for details on the methodology), they can identify potential leaders. However, it is also important to be sensitive to the leadership structures operating in that culture and to the knowledge and skills needed to be a successful leader of a farmer organization. In some cultures, it is wise to search for and contact middle-aged leaders of the area who are not too young or too old. Preferably, they should come from better-off families, have social status and respect, and be from farming households. Case studies of leaders who have established farmer organizations show that these leaders initially made considerable sacrifices, experienced financial losses, and had to be supported by their families. These leaders also had to struggle and negotiate with bankers, bureaucrats, politicians, critics, and others including their own farmer members. This family background and grooming helps these leaders to deal with situations which they will have to face with confidence and without being cowed. Leadership of an FO is not a job for a sincere but ordinary farmer.

### Box 1. Sociometry.

Ask a few people informally the following questions:

1. I am new to the village. Could you tell me three names of leaders of the village? (These are positional leaders who are currently holding leadership positions.) Write down their names or remember them and write them down later.

*Positional Leaders*

.....

.....

.....

2. Name three leaders whose opinions or ideas on agriculture have influence on their friends and community leaders. (Make sure to get these names from each section of the society: the larger, medium, and small farmers because opinion leaders exist in each socioeconomic strata of the community.)

*Opinion Leaders*



Higher .....
Medium .....
Lower or poorer .....

### **Step 3. Talking to the Identified Leaders and Seeking Cooperation from Other Agencies**

The credit union staff might talk to these leaders on general agricultural development and get ideas and information on FOs in the village. They might also seek cooperation from government agencies and especially from NGOs (if there are any in the area) to help establish FOs and support them in achieving success.

Does the community have a farmer organization? If not, is there a need for such? How could the FO play a role in village or community development? The credit union staff can canvass for ideas from the community and add their own ideas on the need for and the role of FOs in the entire process of broad-based agricultural development. They can explain how FOs in other communities helped them in development. It is important to provide facts and figures to convince potential leaders of the possibilities and approaches for increasing the income of a sizeable number of farmers and for contributing to the economic development of the region. Good FO leaders might also receive political advantages through satisfied farmers and people living in the region. The leaders' support should be secured and key people encouraged consulting among themselves about the pros and cons of forming FOs in the community.

### **Step 4. Helping Local Leaders to Call Community Meetings.**

Credit Union staff can help enthusiastic local leaders to call for community meetings. Sometimes more than one meeting may be needed to discuss the need for and the role of FOs in agricultural development. FO leaders from neighboring villages can be invited to speak at these meetings. Farmer-to-farmer information exchange helps them. Sometimes smaller meetings can be held for low-resource (small and marginal) farmers and minority groups. They may prefer having a separate FO to serve their specific needs. There is no harm in having more than one FO in a village.

It is important that producers from all sectors in the village participate in these meetings because the success of an enterprise-based FO depends on the volume of raw material procured from member producers. Every small or big producer contributes to this volume. The volume itself is more important than the socioeconomic status of the



supplier. Prospective members need to be convinced that everyone benefits in proportion to his or her contributions, not just the big farmers, as is widely perceived.

### **Step 5. Nominating Core Group Leaders to Develop or Establish the FO**

From the community meetings, core group leaders are elected or nominated to design the FO with further community consultation. In some cultures, however, this approach may lead to the appointment of leaders who are unable to cope with the complexities of a farmer organization, as mentioned in step 2. If leaders are elected or nominated, Credit Union staff should consider the issues raised in step 2 when assessing each candidate for election or nomination.

In situations where it is more appropriate to appoint a leader, the search for a suitable person is critical and requires time and patience. It is also critical that the selected leader be involved in the search for a potential agro-based enterprise to act as a BASE (basic activity sustaining the enterprise) for economic development. This process requires time, patience, and interactive and intellectual inputs. The credit union staff can help the appointed FO leader in this process.

### **Step 6. Developing an Organizational Structure for the FO**

The credit union staff can help the core group of leaders in developing an organizational structure for their farmer organization. In the past, the "blueprint" approach was taken without understanding the function that the FOs structure plays in its performance. Group discussions help to highlight the need for careful planning. The structure in the sample Bylaws can be a guide.

### **Step 7. Developing the FO's Management through Education and Action Learning**

An essential part of community empowerment is to help educate the leaders and members in management principles covering planning, implementing, and monitoring their projects and programs. The following empowerment methods may be useful:

- *Educating.* Organize formal and informal learning activities.
- *Leading.* Help the leaders to lead and to learn from their actions by reflection as a team.
- *Mentoring and supporting.* Help the members initially by mentoring or supporting them in their planning and implementation stages.
- *Providing.* Obtain the services of other stake holders, FOs, and Credit Union staff in providing various services to nurture the FO in the early stages of development.
- *Structuring.* Help the FO to structure its meetings and various participative planning activities and to learn from their experience through reflection.





- *Actualizing.* Help them to reflect on the process of managing their FO. Learning by doing can help them in self-actualization

### **Step 8. Gearing up for Action**

In this step, FOs examine their action plans, and task groups are set up to mobilize human and financial resources if they are planning to venture into agricultural project together.

### **Step 9. Implementing Selected Projects**

In this step, the credit union staff can help the FO leaders implement the projects they have chosen.

The following process may be useful:

- Start implementing the selected project(s).
- Secure resources and allocate tasks.
- Develop a calendar of activities to achieve the goal.
- Develop monitoring processes for reflecting on events and activities regularly, either formally or informally.
- Ask committee members to meet to discuss actions periodically and report to general members regularly to keep them informed and involved.

### **Step 10. Monitoring and Evaluating the FO's Progress**

Usually evaluation is done annually to meet formal requirements. But Credit Union staff can encourage FOs to reflect on their activities more frequently so that they learn and improve their management skills. They need to watch for people who want to take over the FOs for their self-interest. It is important to take action against any negative influences. These monitoring or reflection processes help strengthen FOs and avoid self-defeating problems.

The success of the farmer organization can be evaluated by measuring the increase in the members' productivity, the increase in their net income, and the net reduction in the cost of cultivation due to bulk purchases of inputs by the organization. It is essential to conduct monitoring and periodic evaluations.



## Sample ByLaws of a Farmer Association

### Article I: Name

The name of the association shall be \_\_\_\_\_

### Article II: Description and Purposes

\_\_\_\_\_ shall be a democratic association of farmer-members of \_\_\_\_\_ Credit Union working together to create and promote a healthful, ecological, accountable and sustainable system of agriculture in \_\_\_\_\_ (name of village/town where the association is established).

\_\_\_\_\_ represents people who are interested in food grown using organic methods; preservation of family farms and farmers; greater regional food self-reliance; and the connections between healthy soil, healthy food, healthy farms and healthy communities.



\_\_\_\_\_ encourages everyone involved in agriculture to adopt practices and policies which are ecologically sound and which respect the resource needs of future generations.

Goals shall include:

1. Education

- a. To actively encourage and assist all farmers in making the switch to ecological management and production systems.
  - b. To make consumers aware of the increased value and quality of commodities produced under ecological and sustainable management systems.
  - c. To develop educational opportunities (including tours, workshops and seminars) for \_\_\_\_\_ members and the public.
  - d. To support existing and promote further research on eco-management systems and techniques in both public and private sectors.
  - e. To promote the adoption of alternative technologies when appropriate.
2. To maintain a membership directory in order to assist in networking, marketing and development of marketing customs.
  3. To provide through open meetings and/or a newsletter a general sharing of resources, ideas and information.
  4. To monitor legislation that directly affects ecological agriculture and provides information on that legislation to the membership.

**Article III: Membership**

Eligibility

Any member of \_\_\_\_ Credit Union who believes in the purposes and goals of ecological agriculture regardless of race, color, nationality, creed, political or spiritual belief, gender, or sexual orientation may be a member of \_\_\_\_\_.

1. Composition

\_\_\_\_\_ shall consist of a broad based membership of food and fiber producers and processors, growers, gardeners, consumers and others interested in the promotion and practice of ecological and sustainable agricultural practices. All members in good standing of the \_\_\_\_\_ credit union constitute the membership of \_\_\_\_\_.

2. Annual dues



The Board of Trustees shall establish a membership dues structure based on the needs of the association and the annual budget.

### 3. Expulsion

Membership can be revoked for:

- a. Non-payment of annual dues.
- b. Just cause due to violation of the bylaws.

## **Article IV: Voting Rights**

The association sets forward that membership constitutes voting rights in any meeting where a quorum is present.

1. A quorum exists when more than 50% of the members are in attendance.
2. At any meeting of the members, each member present in person shall be entitled to one vote.

## **Article V: Meetings**

Association membership meeting(s) for the discussion of organizational direction and business shall be held \_\_\_\_\_. Notice of such meetings shall be sent to all members of the association at least one week prior to the meeting.

The agenda of association's meetings shall be set by the board of trustees

## **Article VII: Board of Trustees**

- I. The administration of the association shall be vested in the Board of Trustees, which shall:
  - a. Set policy, goals, membership dues, and annual budget for the association.
  - b. Consider proposals for projects and activities received from members, including ways to fund and carry out such projects and activities.
  - c. Present an annual financial report and reports of projects and activities to the membership at the association's membership meeting.
  - d. Appropriate funds for supporting other organizations as deemed necessary.
- II. The Board of Trustees shall compose of the following:
  - The President presides over and facilitates meetings of the board and the association, calls meetings, acts as the association's spokesperson or



designates another person to do so; and performs any other duties prescribed by the board.

- The Secretary shall keep minutes of all the proceedings of the association, answer correspondences as directed by the board, keep a record of trustees, attendance at board meetings, and make all said documents available for inspection by any member at any reasonable time.
  - The Treasurer shall keep all financial records and books in proper order and current, and shall make said records available for inspection at any reasonable time. The Treasurer shall be the custodian of all funds of the association subject to the direction of its members in a body and shall provide a financial report to the board at each of its meetings, a report to the membership at association meetings, and a written report at the end of the association's fiscal year.
  - A Vice-President, elected by the board of trustees, shall assist the President, conduct or facilitate meetings in absence of the President and replace the President if necessary.
- III. A trustee may be removed for cause, including failure to attend meetings of the board, by a majority of the membership at any meeting of said membership provided said trustee is notified 10 days before the meeting.
- IV. The majority of the Board of Trustees constitutes a quorum.
- V. The Board of Trustees shall make decisions by consensus (general agreement to the action).
- VI. The Board of Trustees shall meet at least four times per year. Emergency board meetings may be called by any trustee with the support of three other trustees and with 10 days written notice to every trustee. All meetings of the Board shall be open to the membership.

### **Article VIII: Financial Structure**

1. The association shall distribute educational services at the actual cost of providing and carrying out these activities.
2. Every member shall pay annual dues
3. The Treasurer or Executive Director shall be defined as the receiver and disbursing officer of funds.
4. The fiscal year of the association shall coincide with the fiscal year of the credit union.

### **Article IX: Indemnity**

The association shall indemnify all trustees and members against any financial loss with respect to said person's position with the association if said person acts in good faith and in a manner believed to be in the best interest of the association or its members.



**Article X: Authority**

The members of the association shall constitute the final authority on all actions of the association.

**Article XI: Bylaw Changes and Amendments**

These regulations of the association may be amended by a three fourths vote of the members present at any membership meeting at which a quorum is in attendance. Notice of changes in the bylaws shall be made in the last newsletter prior to the corporate meeting or in a special mailing to all members at least two weeks before the meeting.

**Article XII: Dissolution**

Upon dissolution of the association, assets shall turn over to the \_\_\_ credit union.

**Tool AF 8 – Agri-Finance Services (Savings and Loans)**

**FARM PLAN AND BUDGET (Rice Production)  
per Hectare Basis**

Particulars	Loan from Credit Union			Member’s Equity		
	Qty.	Unit Cost	Amount	Qty.	Unit Cost	Amount
Land Preparation						
Direct Seeding						
Seed Bedding/ Pulling						
Seedlings						
Planting/Transplanting						
Certified Seeds						



Fertilizers						
a) 14-14-14						
b) 16-20-0						
c) Urea						
Herbicides/Weedicides						
Mollucides/Insecticides						
a) Weed man						
b) Baylucides						
c) Nominee						
d) Karate						
e) Trebon						
Irrigation Fee						
Harvesting						
Threshing						
Insurance						
TOTAL						

The above Farm Plan and Budget was prepared for \_\_\_\_\_ with business address at \_\_\_\_\_ based on field realities and time tested farm practices and techniques to the extent warranty by the expertise/knowledge of the undersigned as Coop Manager.

Manager

### SAMPLE FEASIBILITY STUDY

#### I. Background Information:

1. Name of Member: \_\_\_\_\_ Age: \_\_\_\_\_
2. Single \_\_\_\_\_ Married: \_\_\_\_\_ Educational Attainment: \_\_\_\_\_
3. Type of Enterprise: \_\_\_\_\_
4. How many months/years you have involved in the proposed agricultural enterprise?  
Less than 1 year \_\_\_ >1 to 2 years \_\_\_ >2 to 3 years \_\_\_ > 3 years \_\_\_\_\_

#### II. Product and Services Aspect

What is the product	
---------------------	--



What is it made of?	
What are the uses of the product?	
Other potential uses of the product?	
What volume or amount you can regularly produce?	(Per year) _____ (Per Crop Cycle) _____

**Decision Point:** *Is the product or service useful enough and shows a promising potential?*

### III. Market Aspect

How much is the prevailing price of the product?	
Is the above higher or lower than the other suppliers of the same product?	
Who are the major buyers of your product?	
What is the expected volume of the product needed by your major buyers?	tons/kilos
Is the need of the product regular or seasonal?	
Are there other potential buyers/users of the product?	Yes ___ No ___
How much is the Expected volume?	tons/kilos
Are your buyers located in your area?	Yes ( ) No ( )
If no, do you have means to transport your products to them?	Yes ( ) No ( )
If yes, please identify the mode of transportation.	
Are there other producers of this product in your area?	Yes ( ) No ( )
What is the estimated total volume produced by the other suppliers?	tons/kilos
Is your product sold at raw stage or processed?	Raw ( ) Processed ( )
How good is the quality of your product compared to other suppliers?	Same ( ) Better ( ) Lower ( )
Are there existing substitute products in the market?	Yes,( ) No, ( )
Please identify them	
What problems can you foresee in selling or marketing the product?	

**Decision Point:**

**Is there a well established market for your product that will translate it into a sustained personal or community undertaking?**

### IV. Technical Aspect

- a. What are the steps in production?

Steps in the Production	Critical Activity or	Proposed Solution
-------------------------	----------------------	-------------------





	Bottlenecks	

- b. How much time is needed to produce? Days \_\_\_\_\_ months \_\_\_\_\_
- c. How often can it be produced in one year? \_\_\_\_\_
- d. How big is the production area? \_\_\_\_\_ Total expected volume of production in one year or crop cycle? \_\_\_\_\_ tons / kilos.
- e. What are the raw materials needed?

Direct Raw Materials	Volume	(Price/kilo/ton Total Cost	Total Cost
<b>Total Direct Material cost</b>			

- f. What tools, equipment and machines are needed? Indicate those you already have and those you need to buy.

Equipment, Tools, Machines	Costs		Total
	Existing	Need to Buy	
<b>Total Equipment, Tools, Machines</b>			

- g. Are there other regulatory requirements in manufacturing of product, your product? (Kindly check those that apply).
  - a. Environmental Clearance Certificate? \_\_\_\_\_



- b. Local Business permits and Licenses? \_\_\_\_\_
- c. Bureau of Foods and Drugs Permit? \_\_\_\_\_
- d. Other, please indicate \_\_\_\_\_

**Decision Point: Is the person/proponent knowledgeable in all stages of production as well as all the other requirements of the product or activity?**

**V. Organizational Aspect**

- a. Please indicate the manpower requirements in pursuing the production (indicate if it is per month or per season).

Manpower Skills Needed	Number (days or hours)	Labor Rate per day/hour	Total Cost
Total labor cost			

19. Please indicate the **overhead costs**<sup>12</sup> of production (indicate if it is per month or per season)

Expense Items	Units	Unit Cost	Total Cost
Indirect labor (not directly working in the production activity)			
Utilities (light and water)			
Water (irrigation)			
Depreciation of tools, equipment, machines used for production			
Others (specify)			
Total overhead cost			

- b. Please indicate the **operating expenses**<sup>13</sup> of production (indicate if it is per month or per season)

<sup>12</sup> These are the indirect expenses attributable to the finished product.

<sup>13</sup> These are the indirect expenses not part of the finished product. Examples are the administrative expenses such as stationeries, depreciation of office equipment, utilities in the office, etc.



Expense Items	Units	Unit Cost	Total Cost
Utilities (light and water)			
Licenses			
Depreciation of tools, equipment, machines in the office			
Others (specify)			
Total Operating expenses			

- c. How much **Working Capital** you need to start? (Cash you need before generating cash on selling your product):

Expense Items			
Direct Materials			
Labor			
Overhead			
Operating Expenses (Indirect overheads)			
Total Working Capital			

- d. **Summary of Project Cost:** (this is the total of Working Capital plus equipment or capital asset required to start the enterprise)

Particulars	Amount to be Financed by the Credit Union	Equity <sup>14</sup>	Total Project Cost
Capital Assets			
Working Capital			

<sup>14</sup> Capital assets: are those assets (tools, machines, equipment) owned by the member that will be used for the project. Equity for the working capital may include own labor of the member and his/her family members.



<b>Total Investment</b>			

b. How much is the interest rate per month? \_\_\_\_ Per year? \_\_\_\_ Per crop cycle?  
\_\_\_\_\_

***Decision Point: Are manpower, machines, tools and other technical needs of the product available?***

**VI. Financial Aspect**

Expected Income:

	<b>Amount</b>
Sales: Expected Volume of Harvest _____ x Unit Price _____	
Less: Cost of Production	
• Direct Materials	
• Direct Labor	
• Overhead Cost	
Total Cost of Production	



Income from Production (contribution margin)	
Less: Operating Expenses	
Net Income before financing cost	
Less: Financing Costs (Interest Expense)	
Net Income (Loss)	

Note: In a real feasibility study, one should include Balance Sheet, Cash Flow and Capital Statements Presentation.

**Decision Point: Is the product/activity profitable and recovery of investment cost at a reasonable time possible?**

## VII. Environmental Aspect

### a. Impact of the project

Elements used in the Project	Yes	No
Is the product requiring chemical fertilizer?		
Is the product using genetically modified seeds?		
Is the product generating waste substances such as smoke, contaminated water, foul smell and others?		
Are there measures in place to safeguard environmental pollution?		

### b. What other positive effects the project can contribute to the environment?

\_\_\_\_\_

***Decision Point: Is the product environmentally safe and promotes safety to all members of the larger community? Are the possible environmental hazards properly disposed?***



### VIII. Socio-Cultural Aspect

- a. Are the people aware of and find the product or activity necessary? Yes ( ) No ( )
  - b. What benefit/s does this product contribute to the community as a whole?
- 

***Decision Points: Does the product/ activity contribute to the social and economic well-being of the people in the area?***

#### OVERALL CRITERIA:

- a. If all the aspects of the product are positive, the project is worth pursuing
- b. If some areas are deficient, there must be mitigating actions to be done to continue the project. Unless, those mitigating actions would be very costly, then forego the project.

## Tool AF 10 – Agri-Finance Programs for Farmers and Community

### Sample Guidelines and Rules of a Community Gardens

Some may be more relevant to vegetable gardens than to community flower gardens or parks. Pick and choose what best fits the situation.

- I will pay a fee of \_\_\_\_\_ (Pesos, Rupees, Rupiah, Taka, etc.) to help cover garden expenses.
- I will have something planted in the garden by \_\_\_\_ (date) and keep it planted all summer long.
- If I must abandon my plot for any reason, I will notify the garden leadership.
- I will keep weeds at a minimum and maintain the areas immediately surrounding my plot if any.
- If my plot becomes unkempt, I understand I will be given 1 week's notice to clean it up. At that time, it will be re-assigned or tilled in.
- I will keep trash and litter out of the plot, as well as from adjacent pathways and fences.
- I will participate in the cleanup of the garden.
- I will plant tall crops where they will not shade neighboring plots.
- I will pick only my own crops unless given permission by another plot user.



- I will not use fertilizers, insecticides or weed repellents that will in any way affect other plots.
- I agree to volunteer hours toward community gardening efforts.(include a list of volunteer tasks which your garden needs).
- I will not bring pets to the garden.
- I understand that neither the garden group nor owners of the land are responsible for my actions.

I THEREFORE AGREE TO HOLD HARMLESS THE GARDEN GROUP AND OWNERS OF THE LAND FOR ANY LIABILITY, DAMAGE, LOSS OR CLAIM THAT OCCURS IN CONNECTION