

Seminar-Workshop on

Credit Union AgriFinance Methodology (CUAF)

Credit Union Business Solution No. 20



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NATCCO, 227 J.P. Rizal St. Project 4, Quezon City

Developed and conducted by:



ASSOCIATION OF ASIAN CONFEDERATION OF CREDIT UNIONS

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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.

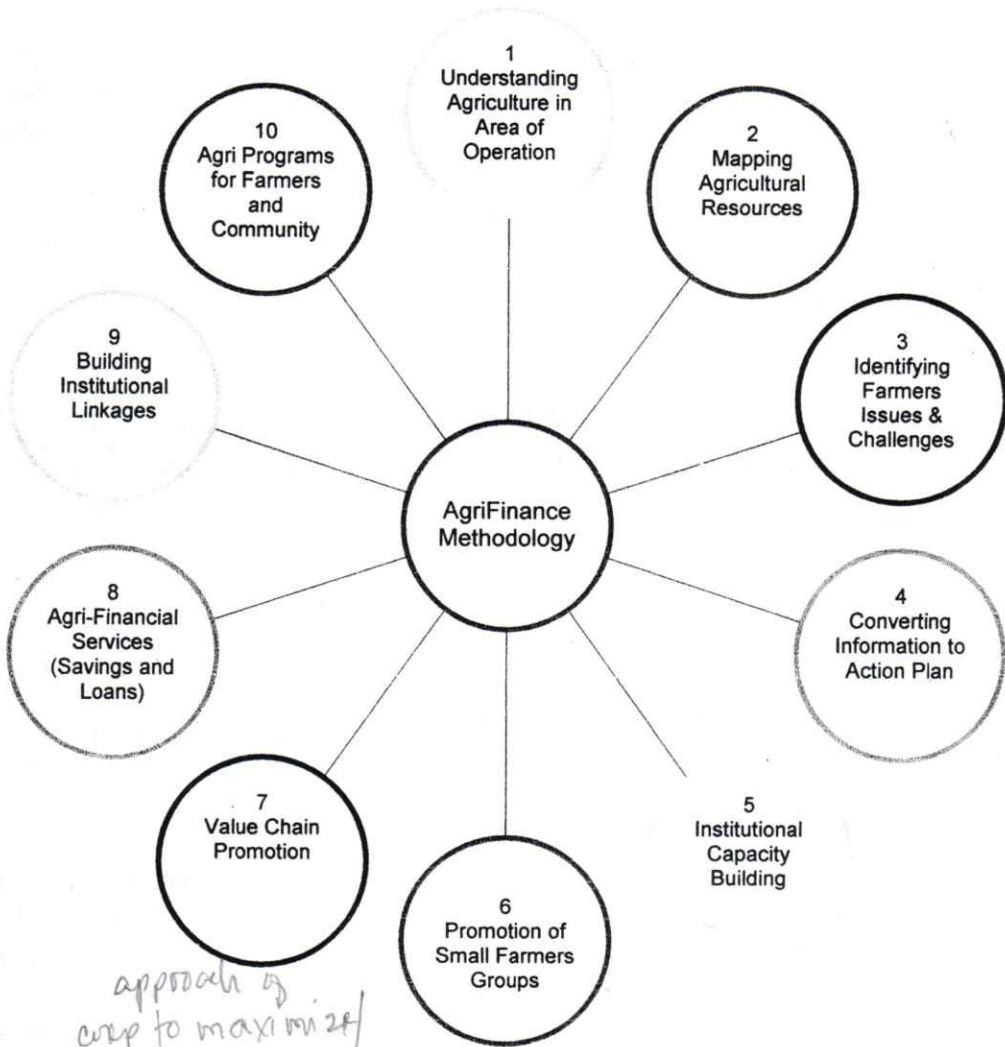
The above scenario makes the farmers' journey to financial independence bleak. Although access to financial services may prove crucial, credit unions need to fill the needs of the farmer-members to improve their lives. Financial access alone may not be sufficient to alleviate farmers from poverty.

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



tie-up agri-extension services

approach of coop to maximize increase income to farmers



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: Shrimos, 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 soil¹.
- 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)²

¹ The information can be obtained with the local office of the Ministry of Agriculture.

² 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.