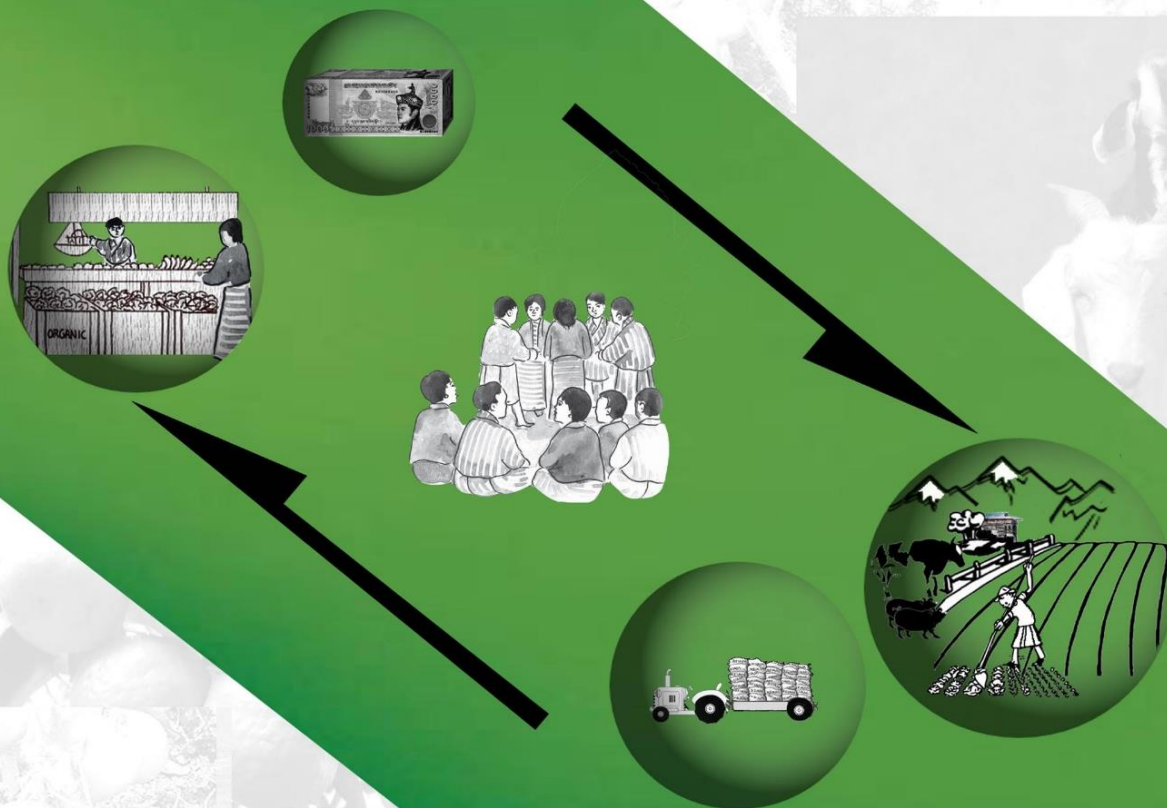




Report on the Evaluation of Farmers Groups and Cooperatives



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1 Introduction

The Department of Agricultural Marketing and Co-operatives (DAMC) initiated the registration of Farmers' Groups (FGs) and Co-operatives (Co-ops) since August 2010. As of June 2019, there were 509 registered FGs and 71 registered Co-ops.

Since registration started, few basic monitoring and evaluation (M&E) exercises were carried out like the M&E exercise in 2014 and another by the Regional Agricultural Marketing & Co-operative Office (RAMCO), Monggar, for the eastern dzongkhags. The need to evaluate the performance of the FGs and Co-ops on a regular basis is imperative to the quality of support and intervention that the DAMC makes for their benefit.

With the aim to institute an Annual M&E (AME) hereafter, a pilot M&E was carried out in the year 2018 – to understand the difficulties and challenges in undertaking this exercise annually. The prime objective of the AME will be to:

- assess the performance of FGs and co-operatives in terms of their operation, management, record and book keeping;
- assess their progress and socio-economic benefits to its members;
- identify key challenges impeding their growth and development; and
- identify critical areas of support and intervention

2 Methodology

The primary methodology used was interviews through structured questionnaires (Annexure I) consisting of both qualitative and quantitative questions to be collected through focused group discussions with select members. The questionnaire consisted of 11 questions which were divided into two broad sections.

The questionnaires were circulated to all the Dzongkhag Administrations in January 2019 with the request to meet and collect answers from all registered groups and cooperatives within their jurisdiction and submit the filled questionnaires to the DAMC within a stipulated time.

3 Findings

3.1 Overall Scenario

However, despite repeated time extensions, support from the Dzongkhag Administration was poor. Out of the 580 registered FGs and Co-operatives in the country, only 114 responded (Table I), with eleven Dzongkhags not responding at all. Even among respondents, not all questions were answered.

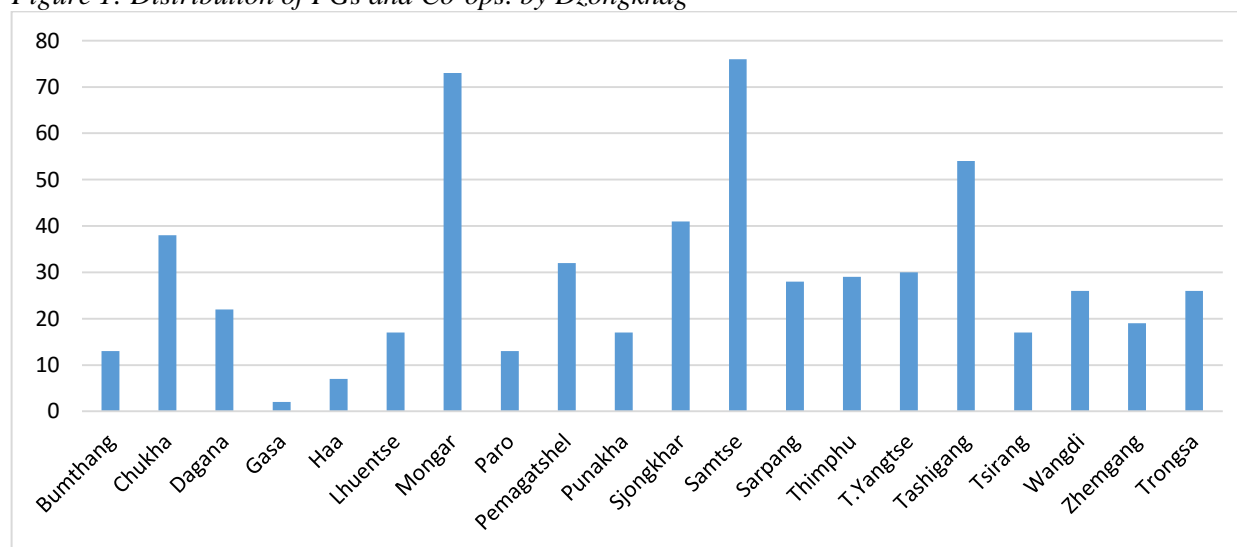
Table 1: Response rates for the ME

Dzongkhag	Total FGs/Co-op	Response rates
Paro	13	54%
Haa	7	43%

Samtse	76	17%
Lhuentse	17	88%
Monggar	73	50%
Dagana	22	81%
Tsirang	16	6%
Sarpang	28	25%
Zhemgang	20	65%
Total	272	42%

Samtse and Monggar Dzongkhags have the highest number of registered FGs and Co-ops at 13 and 12.5 % respectively, with the lowest under Gasa Dzongkhag.

Figure 1: Distribution of FGs and Co-ops. by Dzongkhag



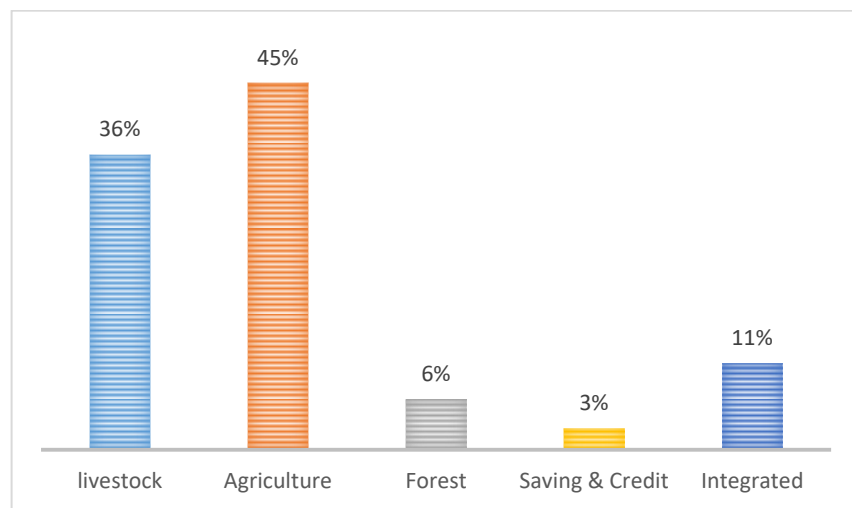
3.2 Membership size and gender distribution

Within the 114 responsive FG/Co-op., the largest membership size is 170 and the average number of members is 22. Women members make up 49% of the total of 2,535 members.

3.3 Types of FGs/ Co-ops.

The FGs and Co-ops can be categorized into 4 broad categories: agriculture-, livestock-, forestry-based and non-RNR. From the 114 groups, the highest percentage of groups are in the agriculture sector with 45 %, and the lowest is in the Savings and Credit FGs and Co-ops at 3% (Figure 2).

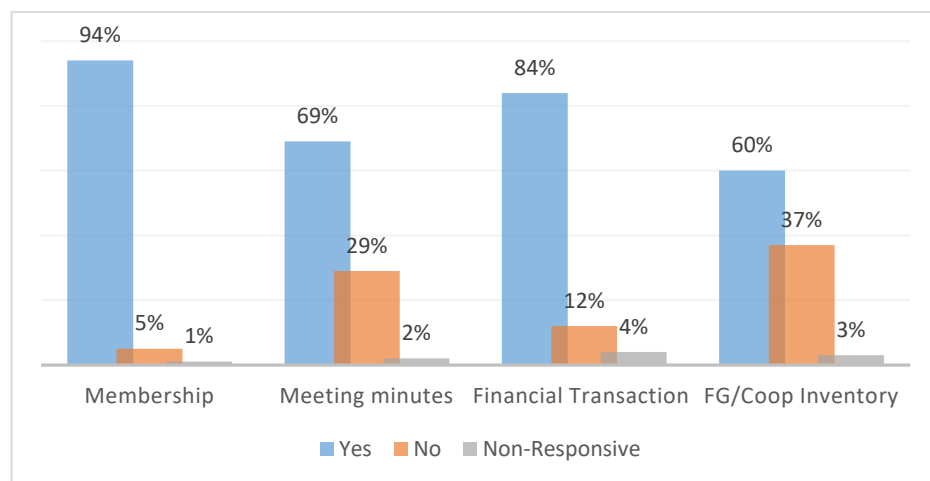
Figure 2: Types of FGs and Co-operatives



3.4 Record maintenance

Maintaining financial and other records is crucial for the success and growth of any FGs and Co-ops. Unfortunately, despite advocacy and trainings provided by the government, not all maintain proper records. 84 % do maintain basic financial transaction records while only 60 per cent maintain a proper inventory. Though, membership record is commonly maintained; only around 69 percent keep any record of the minutes of the meetings.

Figure 3: Percentage of FGs and Co-ops maintaining proper records



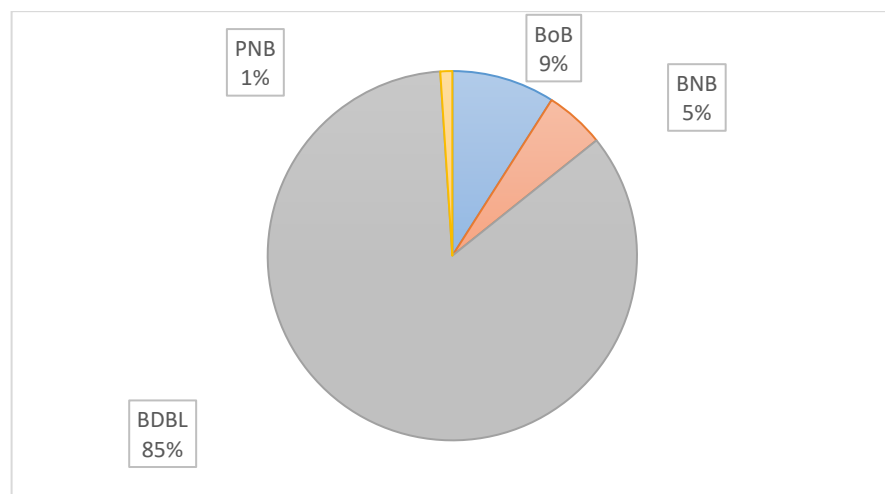
3.5 Net income

The average net income of FGs and Co-ops in 2018 was Nu. 25,122.72; with the highest being recorded at Nu. 3,940,000.

3.6 Savings and Loans

The average savings in 2018 is Nu. 135,519; with the highest being savings recorded at Nu. 1,450,000. Different FGs/ Co-ops use different banks; but a vast majority bank with the Bhutan Development Bank and the least with Druk PNB Bank. Only 1.04 % of the FGs/ Co-ops have an account with Druk PNB.

Figure 4: Banks FGs and Co-ops bank with

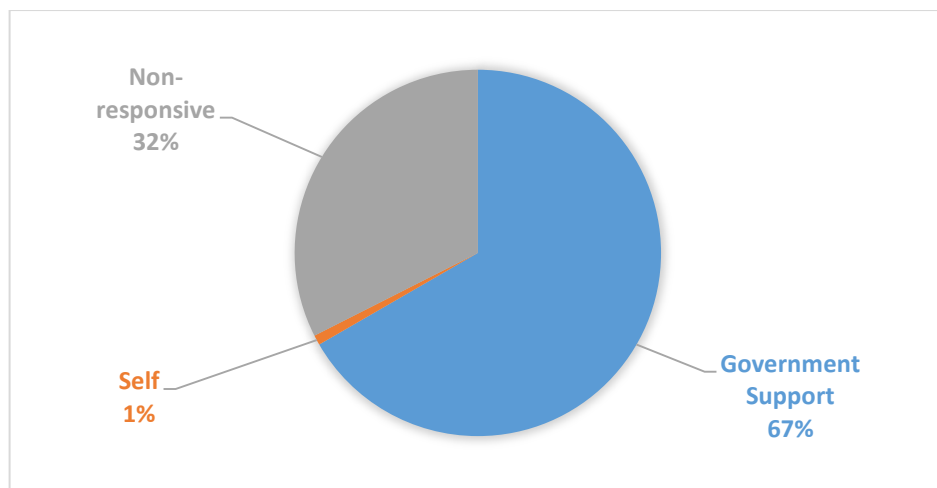


Some FGs and Co-ops also have their own credit and savings scheme. Out of 114 FGs and Co-ops, 31 had a credit facility of their own. On an average, these 31 groups had lent out Nu. 111,145 to their members. Interest rates differ with some charging as high as 12 per cent annually; while some did not levy any interest.

3.7 Support system

It appears a vast majority (67 %) of FGs and Co-ops. in Bhutan depend on support from the state and the various Civil Society Organization (CSO) and Non-Government Organization (NGO) to start. Supports are normally provided in the form of seed money, equipment, infrastructure, trainings, market exploration, etc.

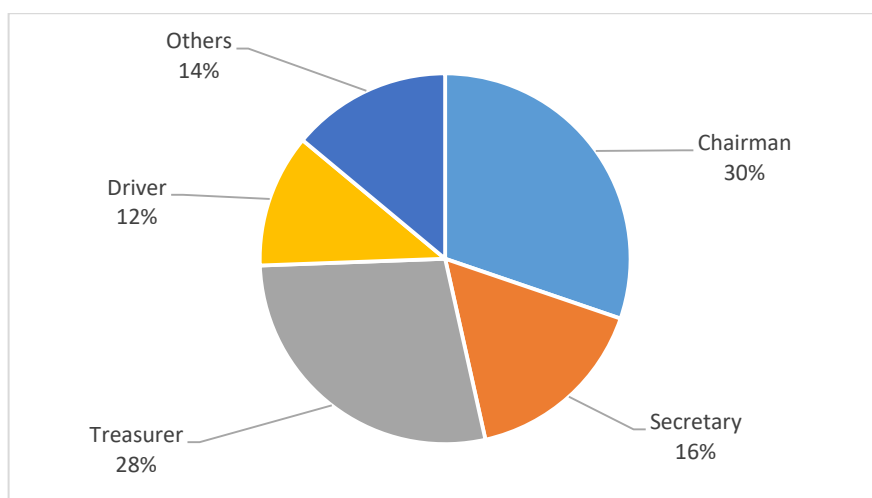
Figure 5: Support from external sources



3.8 Employment and salary/remuneration

However limited, FGs and Co-ops. are valuable source of employment particularly in the rural areas. Around 18% of FGs/ Co-ops employ people on a regular basis, though a majority are their own members who act as office bearers. Apart from that, they also employ drivers and other low skilled workers.

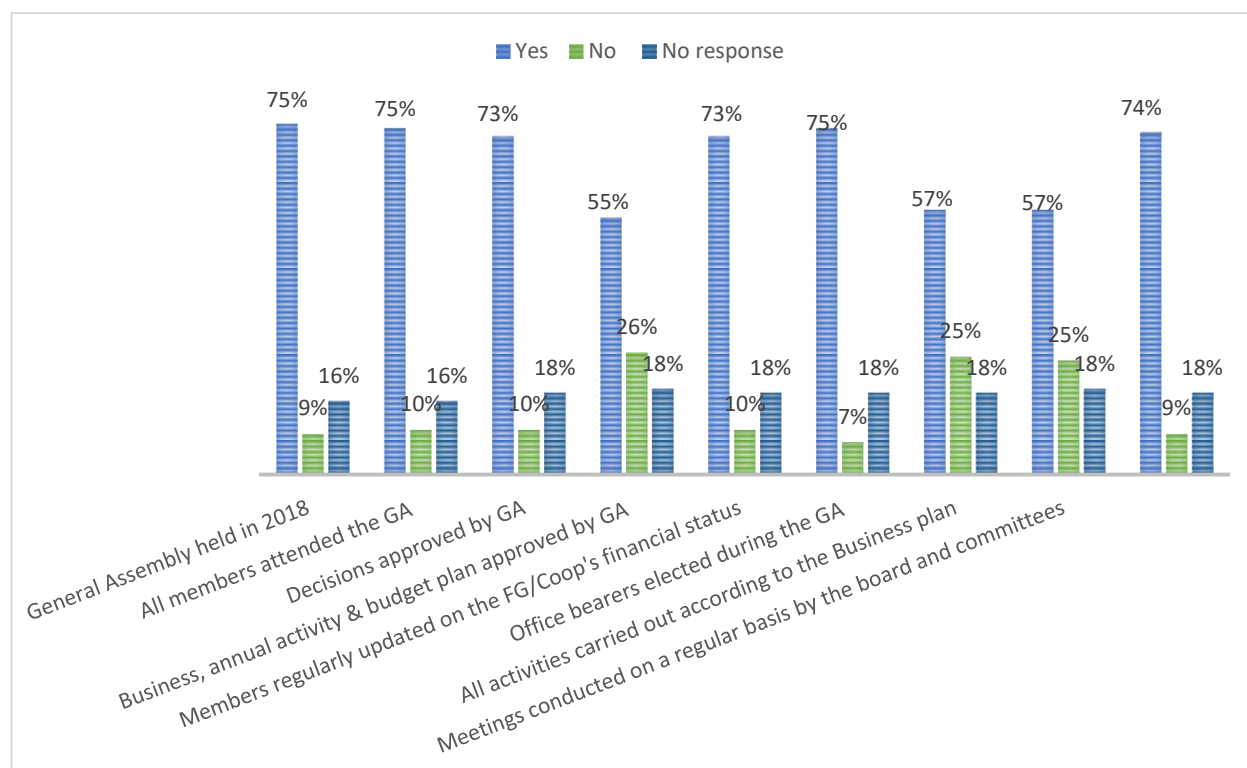
Figure 6: Paid Employment by type



3.9 FG/Coop management

For successful growth of FGs and Co-ops, they have to adhere to several management parameters. On an average, 68 % of groups have complied with all parameters, whereas 14 % groups did not comply with any of the parameters. Adherence varied by the parameters.

Figure 7: Adherence to the good management and governance practices



3.10 Financial records

Financial statements enable FGs and Co-ops to assess their business performance, and ensure accountability, transparency and trust amongst members. While almost all registered FGs and Co-ops have received training on record and book keeping, most do not maintain proper books of accounts.

Only 57% of the total FGs/Co-ops surveyed use cash books from which only 31% were maintained “very good” (Figure 8) Similarly, 73.7% of the respondents use bank books out of which 46% were “very good” (Figure 9). Likewise, only 25 % of the stock register were categorized as “very good” (Figure 10).

Figure 8: Quality of Cash Book maintenance by FGs and Co-operatives

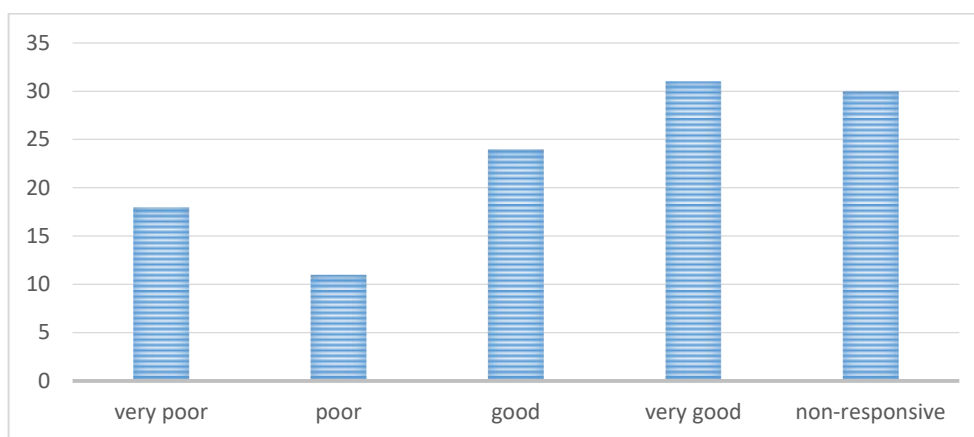


Figure 9: Quality of Bank Book maintenance by FGs and Co-operatives

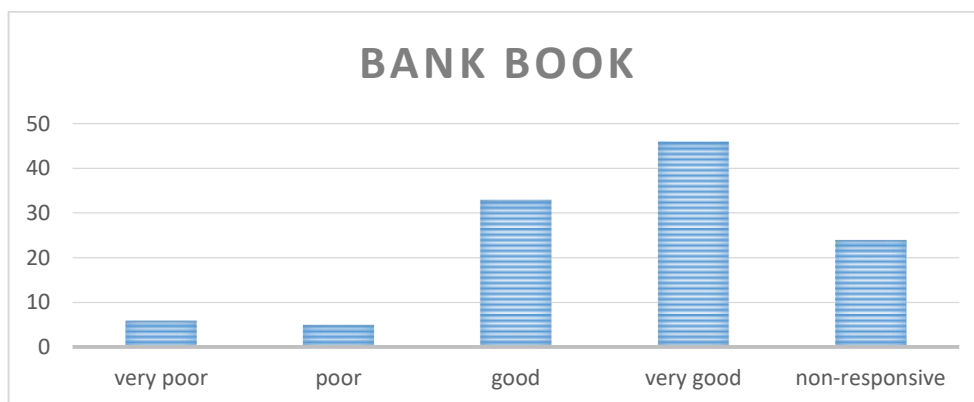


Figure 10: Quality of Stock Register maintenance by FGs and Co-operatives

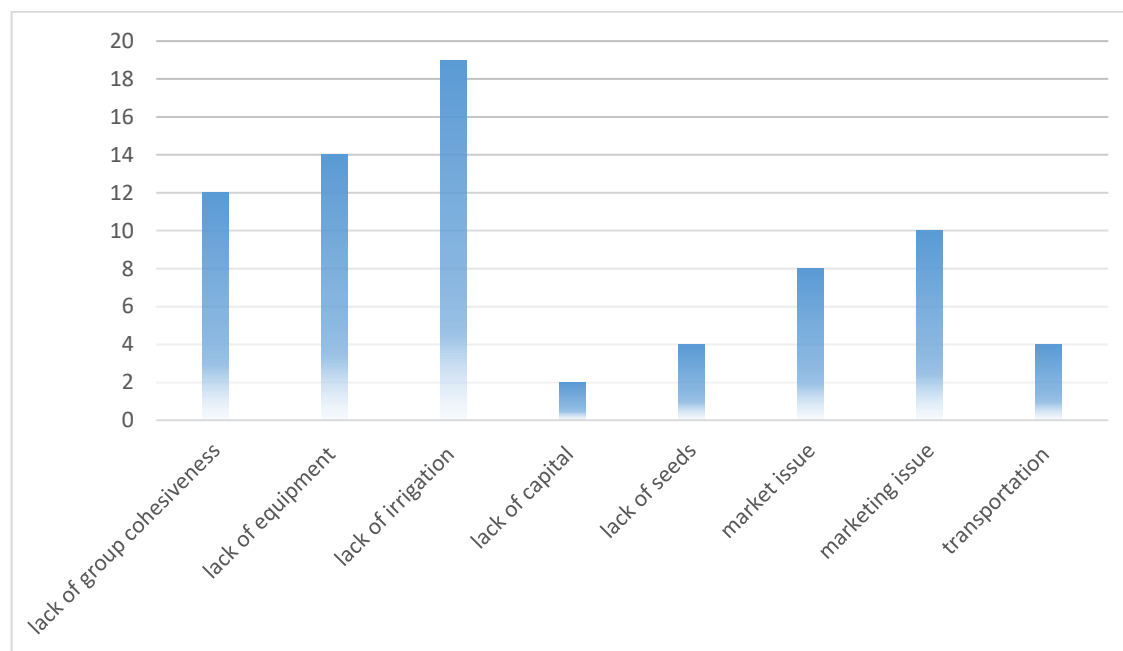


3.11 Challenges faced by the FGs/Co-ops:

The co-operative sector in Bhutan is still at a very nascent stage; and they do face a multitude of both internal and external challenges thereby affecting their financial performance. Some of the most

common issues expressed are lack of irrigation facility, lack of proper equipment, weak group cohesion, and marketing and market issues. The respondents have also expressed issues like lack of seeds, management issues, lack of transparency, etc.

Figure 11: Types and gravity of challenges faced by FGs and Co-ops



4 Recommendation and Conclusion

While the pilot exercise was not very successful since it does not give a very comprehensive picture of the co-operative sector because of the low response rate and the ambiguity in answers, it does provide a glimpse. Further, some valuable lessons were learnt on how to conduct such exercises in the future.

Not all interventions made by the government has gone to waste, and there are some very positive impacts. Targeted interventions are required to ensure most optimal impact, as the needs, challenges and potential vary among them. It is evident that the focus has to be on the enhancement of their financial skills and record keeping.

In general, the businesses of the most FGs and some Co-ops are very small and achieving economy of scale and higher productivity and profitability will be extremely challenging. Therefore, priority has to be given in the expansion and diversification of their business and making them more efficient to achieve higher returns.

Annual M&E has to be institutionalized. Owing to the sheer number of FGs and Co-ops and the limited number of the DAMC staff to carry out the M&E, it would be prudent to try M&E of only Co-ops and not FGs in the year 2019. Due to the smaller number of Co-ops, DAMC would be able to conduct the M&E on its own using its regional offices; without depending on the Dzongkhag Administration. In the future however, FGs have to be included in the M&E and new strategies have to be found.

5 Acknowledgement

The Co-operative Development Division would like to thank all the Gewog Administrative Officials, Dzongkhag Planning Officials, RNR Officials in the Gewogs and Dzongkhags for the kind support in the monitoring and evaluation of the groups and co-operatives within their jurisdiction.

Annexure I

Annual Monitoring and Evaluation Format

Section A

(To be filled upon consultation with the Farmers Group/Co-operative)

1. General Information

1. Name of the registered Farmers Group (FG)/Co-operative (Coop):
2. Date of registration/renewal of registration:
3. Registration No:
4. Dzongkhag:
5. No. of members: male.....female.....

2. Products/services provided by the FG/Coop:

- 1.
- 2.
- 3.

3. Does the group maintain the following records? (Please tick)

- | | |
|---|--------------------------|
| a. Membership Record | <input type="checkbox"/> |
| b. Minutes of Meeting | <input type="checkbox"/> |
| c. Record of financial transactions (receipt and payment) | <input type="checkbox"/> |
| d. FG/Coop's Inventory | <input type="checkbox"/> |

4. FG/Coop's Annual Revenue and expenditure for the past calendar year (only revenue and expenditure related to the FG/Coop business to be included):

Product/ service	If product, Qty.	Revenue	Expenditure	Net income (revenue -
------------------	------------------	---------	-------------	-----------------------

	Sold (please specify unit)¹	generated (Nu.)	(Nu.)	expenditure)

5. Capital / Asset

	Fund Source	Amount (Nu)
1	Membership fees (one time)	
2	Annual members contribution	
3	Annual sales contribution *	
4	Share capital, if any	
5	Loan availed, if any	
6	Grants, if any	
7	Others (please specify)	

6. Savings and loans made to members

	FG/Coop Savings	Total (Nu.)	Remarks (specify interest rates where applicable and indicate if monthly or annually)
1	Cash in hand ²		
2	Money lent		
3	Cash at Bank (Name of the Bank) ³		
	Bank 1:.....		
	Bank 2:.....		

¹ If the core business is service related, the 'quantity sold' column is not mandatory

	Bank 3.....		
	Total Savings		

7. FG/Coop Property Details (Equipment, Machineries, Infrastructure)

	Property	Source of purchase/ assistance	Year purchased/availed/ received	Approximate value (Nu.)
1				
2				
3				
4				
5				
6				
7				

8. Payment and Remuneration

	Position	Salary paid in the past one year	Other remunerations paid during past one year (<i>e.g. DSA and mileage</i>)	Remarks
1	Chairperson			
2	Secretary			
3	Treasurer			
4	Other employees:			
a.				
b.				

9. What issues or challenges does the FG/Coop face? (State in order of importance/significance)

	Issues/ Challenges	Member's opinions on how to address the issues/ challenges
1		
2		
3		

Section B

(To be filled upon examination of records and focused group discussion)

Table 1: General

	Management Parameters (internal)	Yes	No	Remarks
1	Was the General Assembly (GA) held in the past year?			
2	Did all the members attend the GA?			
3	Were major decisions approved by the GA?			
4	Was the business plan, annual plan and budget prepared and approved by GA?			
5	Were the members updated regularly on the financial status of the FG/Coop?			
6	Were the office bearers elected during the GA?			
7	Were all activities carried out according to the Business Plan?			
8	Were meetings conducted by the board and committees on a regular basis?			
9	Were the books of accounts presented during the GA?			

Table 2: Financial Records (to be assessed by the enumerator) – Tick the correct answer

	Assessment	Rating Scale				Remarks
		Very Poor	Poor	Good	Very Good	
Cash Book	Up to date Transaction					
	Document Evidence (bills, receipts, payment, etc.)					
Bank Book	Up to date Transaction					
	Document Evidence (Receipts, cheque, Deposit slip, Monthly Bank statement)					
Stock Register	Up to date record					
	Document evidence if any					
Loan Issued	Up to date transaction					
	Document evidence					
Loan Availed	Up to date transaction					
	Documentary evidence					

Name and signature of the enumerator

Date of information collection