TWO YEARS LATER: WHAT WE LEARNED HELPING PHILIPPINES-BASED AGRICULTURAL COOPERATIVES ACCESS FINANCE

Case Study

Supported by Rabo Foundation

GRAMEEN FOUNDATION

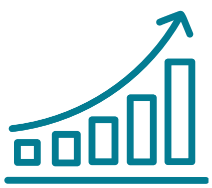
THE CYCLE THAT PREVENTS COOPERATIVES FROM GROWTH

Across agricultural markets, cooperatives are often expected to play a central role in improving farmer livelihoods. They aggregate production, connect smallholder farmers with formal markets, and create opportunities to increase incomes. **Cooperatives also face cycles that limit their ability to grow**.

They need financing to strengthen operations and expand services to members. But **formal lenders often view agricultural cooperatives as high-risk borrowers** because of commodity price volatility, inconsistent financial reporting, limited collateral, and the uncertainty of agricultural markets.

Cooperative leaders are also **often operating in environments where they have limited control**. Weather patterns are unpredictable, markets fluctuate, and opportunities can be difficult to assess. Leaders can become focused on responding to immediate challenges rather than making longer-term investments in growth.

This raises an important question: What does it take for a cooperative to become ready to use finance to grow?



Over the past two years, Grameen Foundation has been exploring this question through the **Copra Capacity Development Project (CCDP) in Davao, Philippines, supported by Rabo Foundation**.

Our experience is surfacing important insights:

- **Credit readiness is not simply a matter of improving governance or financial literacy**. It is fundamentally about helping cooperative leaders identify, plan for, and invest in business growth.
- **The right technical assistance (TA) works best when it is paired with the right leader**. This is someone who is willing to pursue growth and sees finance as a tool for achieving it.

LEADERS MATTER AND ARE CRITICAL

One of the strongest lessons emerging from CCDP is that **pre-investment TA does not work equally well for every cooperative**.

For a TA facility with a relatively short implementation period, selecting the right enterprises is critical. **Cooperatives are more likely to benefit when their leaders have a growth mindset** and believe that access to finance can accelerate the growth of their enterprise and the impact they can have.

Our experience also suggests that **prior borrowing experience matters**. Cooperative leaders who had previously taken out loans were more willing to consider additional borrowing after participating in Grameen's two-year pre-investment TA.

In contrast, cooperatives that had never taken out formal loans tended to prefer grant funding or cash advances from offtakers. This does not mean that previous borrowing experience is a prerequisite for investment readiness but it does show that **a leader's existing orientation toward growth, risk, and finance can influence how effectively TA** translates into action. This is **an important consideration for the design of future TA facilities**.

If the objective is ultimately to help enterprises engage with formal financial service providers, then **recipient selection needs to look beyond organizational capacity**. It needs to **consider whether leaders are ready and willing to pursue growth in an uncertain environment**.

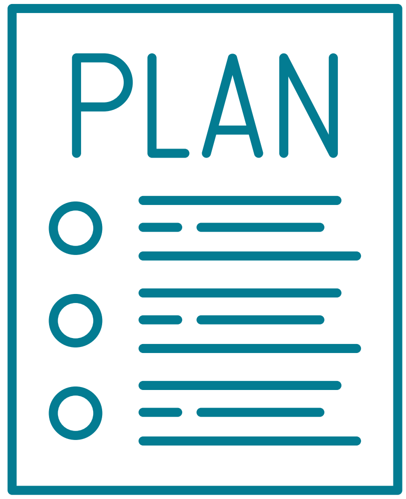
START WITH THE BUSINESS, NOT THE TRAINING CURRICULUM

Many cooperatives receive assistance in areas such as governance, leadership, and financial literacy. These capabilities are important but **for the coconut cooperatives Grameen has supported in Davao, copra remains the most lucrative business**. We found that generic capacity building did not always align closely enough with the cooperatives' primary revenue-generating activities to strengthen their credit readiness. CCDP therefore started with a more practical assumption: **Cooperatives are more likely to become credit-ready when TA is directly connected to the businesses that generate their income**.

Rather than delivering training as a series of standalone topics, **Grameen used diagnostics to understand the specific constraints affecting each cooperative's growth**. The process examined governance and leadership, financial management, operational performance, member services, product quality, pricing, and business growth opportunities. Just as importantly, **it helped cooperative leaders distinguish between external constraints they could not control and operational and business challenges they could address** through better management and investment.

TURN COOPERATIVE PLANS INTO INVESTABLE BUSINESS CASES

The next challenge was translating growth ambitions into specific investment opportunities.



Through CCDP, **cooperatives developed enhanced copra business plans grounded in their realities**: sourcing and aggregation from members, quality improvement, processing and trading operations, and market relationships.

Grameen's decision-support tools helped leaders identify areas where they could exercise greater influence over their copra business performance and consider how targeted investments could contribute to specific growth outcomes.

This shifted the conversation from: **"Can we access a loan?" to: "What investment do we need, will it generate returns, and how will we repay it?"**. That shift is at the heart of investment readiness considering the objective is not to make a cooperative more attractive to a lender but it is to help the cooperative itself understand why it needs capital, what that capital will enable, and how the investment fits into its broader growth strategy.

SMALL INVESTMENTS CAN CREATE THE CONFIDENCE TO PURSUE LARGER ONES

Even when cooperatives improve their systems and planning, relatively small operational gaps can still prevent growth. CCDP therefore included catalytic grants for strategic investments directly linked to copra operations. These were **designed not simply as subsidies, but as bridging mechanisms** that enabled cooperatives to act on opportunities identified through their growth plans.

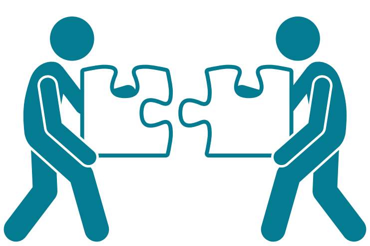
With grant funding, cooperatives procured investments including warehousing facilities, drying facilities, and a truck to support farm-gate pickup and aggregation. These investments helped demonstrate what growth could look like in practice. They also helped cooperative leaders build confidence in their ability to manage new assets and think more proactively about expansion.

BRINGING FINANCE INTO THE PROCESS

Investment readiness cannot be developed entirely in the classroom. CCDP partnered with SBCorp, a government-subsidized financial service provider, to bring financial service providers directly into the process. Through a caravan-style engagement, **cooperative leaders received one-on-one assessments of their cash flows and had an opportunity to better understand borrowing and repayment** and this helped make formal finance more tangible.

There were **five cooperatives engaged with this project**. One secured a formal loan exceeding $12,400, while another, most recently in June 2026, applied for an $81,000 working-capital loan to procure greater volumes and requested support from Grameen team members with the application. These are still early results but they **suggest that connecting TA to actual financing opportunities can help leaders move from understanding finance in theory to considering how it can support their own business growth**.

So, **what makes pre-investment TA work**? After two years of implementation, the emerging lesson is that **pre-investment TA is not simply about building capacity**. It is about **creating a connection between leadership ambition, business opportunity, investment decisions, and finance**.



Three elements are critical:
1. TA is more likely to translate into investment when leaders have a growth orientation and are willing to consider finance as a tool for expansion.
2. Capacity building needs to be connected to the specific businesses generating revenue, rather than delivered as generic training.
3. Leaders need support not only to identify investments, but also to understand their potential returns, assess repayment capacity, and engage with financial service providers.