

ASEC VIDAL VILLANUEVA III VISITS SELECTED COOPERATIVES IN REGION V

On June 22-23, 2020, Asst. Secretary Vidal Villanueva III of CDA visited six (6) cooperatives providing financial intermediation services in Region V. During his meetings with these cooperatives, health protocols were observed to ensure the safety of the CDA personnel and the cooperative officers.

The cooperatives he visited are the following:

- June 22, 2020
 - Gubat St. Anthony Cooperative – Gubat, Sorsogon
 - Salvacion Farmers Development Cooperative – Sorsogon City
 - Entrepreneurs Alumni Development Cooperative – Daraga, Albay
 - Albay Capitol Employees MPC – Legazpi City, Albay
- June 23, 2020
 - Cam Sur MPC – Pili, Cam. Sur
 - CASURECO II Employees MPC – Naga City, Cam. Sur



The following are the issues and concerns discussed with the cooperatives:

1. Effect of the COVID pandemic to the operations of the cooperatives

Four (4) of the cooperatives, all of which are community-based, expressed that their operations were adversely affected by the COVID pandemic, specifically on the following areas:

- Decrease in membership recruitment
- Decrease in loans releases
- Decrease in loan collections
- Liquidity problems
- Increase in delinquency (PAR 1)
- Loss in operations (March and April)

One cooperative experienced withdrawals of membership and share capital contribution to offset loan obligations; and the closure of one (1) cooperative branch which has just recently been opened.

However, officers of two (2) cooperatives, which are institution-based, claimed that since their members have continuously received their salaries even during the lock down, payment of loan amortizations have not been stopped.

Despite the negative effects of the pandemic, it is also noteworthy to mention that the pandemic was instrumental in giving cooperatives their shining moments.

1. Cam. Sur MPC was able to make a name for itself as a reliable partner of several Local Government Units, the Department of Agriculture Regional Office, other cooperatives and private entities in the provision of rice, vegetables, other food items and basic necessities in the region during the community quarantine. Aggregate amount of transactions was recorded at more than P 65 million pesos.
2. Salvacion Farmers Development Cooperative, which was supposed to close its Coopmart due to poor performance owing to its non-strategic location, realized that the Coopmart operations was its saving grace during the pandemic. It provided a much-needed service to the members and community. Online orders were taken from members and non-members, and the commodities were delivered to everywhere in the province of Sorsogon. There were even instances where orders were taken from other provinces outside Region 5 and even overseas, and delivered to their relatives in Sorsogon. As envisioned, the Coopmart shall continue to operate and additional coopmarts in the other branches will be established.
3. Cooperatives extended their assistance to members, non-members, healthworkers, frontliners and their communities in general during the community quarantine which were greatly appreciated by various beneficiaries.

2. Coping/recovery strategies adopted by coops

Despite the community quarantine, cooperative operations continued, albeit on a limited scale. Cooperative officers relayed that during their entire operations, safety and health protocols and other directives by the respective LGUs and local IATFs were complied with.

These measures were done to prevent the spread of COVID-19:

- Triaging
- Social Distancing structures and arrangements
- No face mask, no entry policy
- Hand washing area provided near the GSAC entrance
- Temperature checking

To cushion the impact of the pandemic to the members and the cooperatives, strategies were implemented, which include, among others, the following:

- Granting of the mandatory grace period on amortizations and the automatic extension during the extension of the ECQ
- Granting of calamity loan to members in good standing
- Non-imposition of additional interest on the unpaid amortizations
- Granting of 25% discount on interest due for members making loan payments during the community quarantine
- Revision/Amendments of loan packages to suit the members' needs during the pandemic
- Formulation of new loan packages to respond to the needs of the members affected by the pandemic
- Restructuring of loans/renewal of loans to ensure that the amount which had already been paid can be re-loaned by the member to start and continue an income generating venture
- Cam Sur MPC offered to market and distribute the members' products as a recovery measure for the members
- Assistance in creating income opportunities so that the members can continue paying loans

To facilitate transactions during the ECQ/GCQ and in order to bring the services closer to the members and community:

- cooperatives devised on-line transaction schemes on the following:
 - Membership Application, PMES
 - Mart (*Ordering goods*)
 - Loan Applications, loan releases, loan payments
- For those areas with low connectivity or where members have no access to internet facilities, the cooperative brings the services to the community while ensuring compliance to health and safety protocols

3. Special programs to help employees, members and communities during the community quarantine

In the spirit of solidarity and the collective efforts to prevent the spread of COVID-19 and assist the communities in their immediate basic needs, the visited cooperatives had special programs for their members, employees and communities during the quarantine period. The following programs/activities were done utilizing their Community Development Fund (CDF), Optional fund and other funds:

For employees

- Provision of vitamins and PPEs to employees
- Payment of salaries (ranging from 50% to 100%, despite the lockdown)
- Payment of hazard pay to employees actually reporting for work in the coop offices
- Implementation of flexi working arrangements for employees (output-based)
- Payment of accrued leave credits
- Early payment of 13th month pay

For members and communities

- Donation in cash and in kind to various cities and municipalities
- Distribution of food items and hygiene kits to members
- Donation to parishes to help provide foods to indigents & front liners
- Stimulus program for some micro coops

4. Other Issues and Concerns

a) Of the six (6) cooperatives, one (1) cooperative was fortunately able to conduct its GA meeting prior to the declaration of ECQ. The other five (5) cooperatives postponed their GA meetings, in compliance with the CDA issuances and IATF directives. With the postponement of their meetings, they are now confronted with the following issues:

- Proposed amendments which include, among others, increase in capital, additional business, qualifications and disqualification of officers are not acted upon, which will unduly restrict their operations for the current year;
- No election of officers, thus, the incumbent officers are on hold-over until the conduct of next GA meeting where election of officers can be had. If expiration of term will coincide with the other half of the members of the BOD, the term of all members of the Board shall expire at the same time which will run inconsistent with the provision of most coop bylaws. The hold-over directive may also conflict with some disqualifications which may have set in during the hold-over period (age, maximum consecutive term limit, etc.);

- Reenacted budget – new programs/expenses are not necessarily funded; thus, the BOD may be empowered to approve and disburse funds for urgent new programs;
- Indefinite postponement – CDA MC No. 2020-14 provides that xxx ***The conduct of General Assembly meetings xxx shall be indefinitely postponed until such time that the IATF allows mass gatherings xxx (emphasis supplied)***. The entire Bicol Region was placed under MGCQ effective June 1, 2020, and under the guidelines, mass gatherings are allowed provided that only 50% of the capacity of the venue is occupied. With this, can cooperatives conduct their GA meetings (face-to-face) in venues which can accommodate their members provided that health and safety protocols are complied with? Or can they be allowed to conduct GA meetings by batches (sequential) following the health and safety protocols?

- b) Cooperative leaders made a request for consideration on the provisioning for probable losses because of compliance with the mandatory grace period for payment of loan amortizations and also the projected delinquencies until the members' income has stabilized. The request was to have a staggered provisioning of probable losses on loans to a maximum of 5 years.
- c) For subsequent similar situations (calamities, disasters, pandemic, etc.), some coops requested that they be allowed to utilize the cash component of the General Reserve Fund in order to meet urgent needs for liquidity to sustain coop operations, subject to replenishment and to such other conditions as may be prescribed by the CDA.
- d) EADCoop requested for assistance in asking for considerations with LBP and SBC on the treatment of loans and other financial obligations of the cooperative in view of the adverse effects of the pandemic.

- MA. LOURDES P. PACAO