

EFFECT OF COVID-19 AMONG COOPERATIVES





As the lead agency in the development and regulation of cooperatives, the Cooperative Development Authority (CDA) conducted an online survey to all types and categories of reporting cooperatives in the country to measure/determine the effect of COVID-19 pandemic to their business operation and their provision of services to members and community, as well. It also delved on the challenges the cooperative will encounter in the “new normal”.

Profile of the Respondents

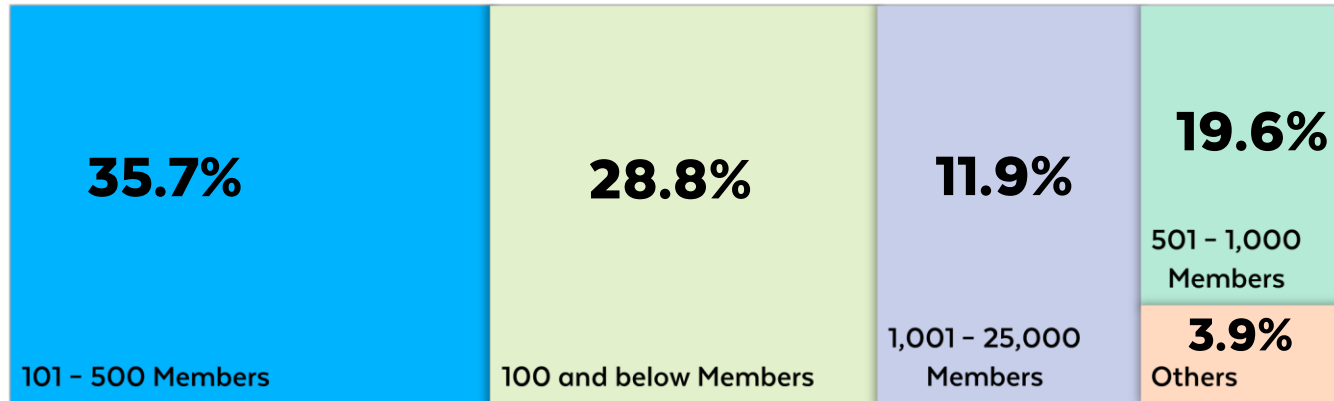


Respondents

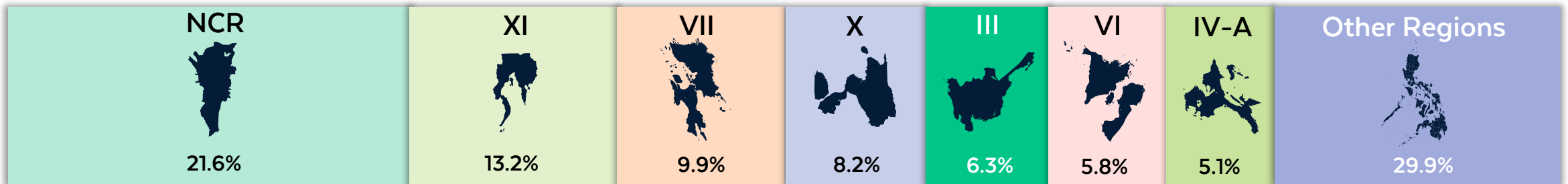
1245 Cooperatives



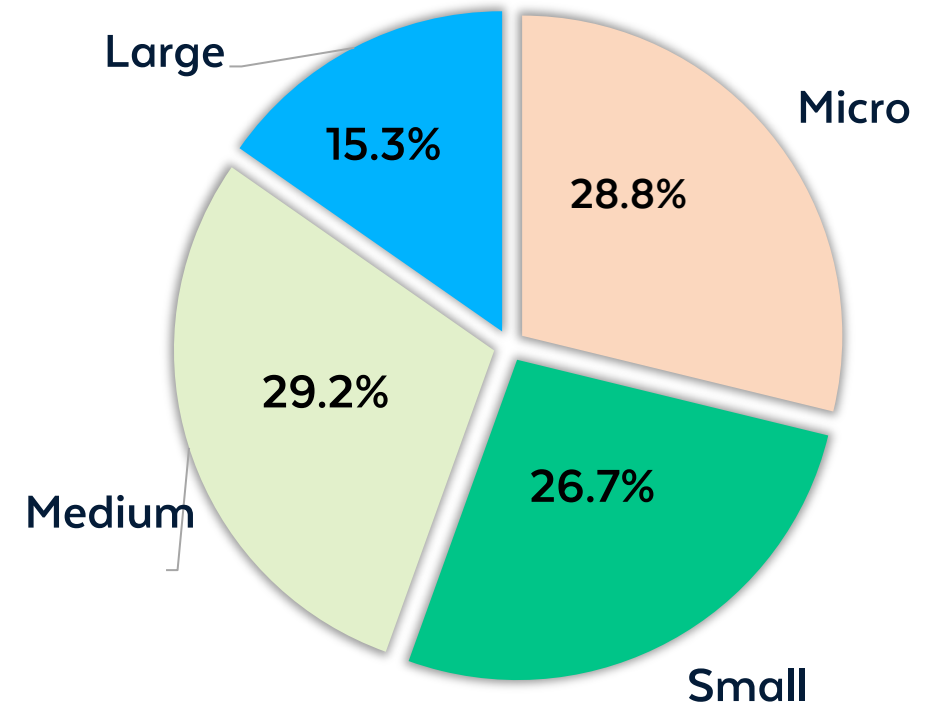
Membership



Regional Distribution



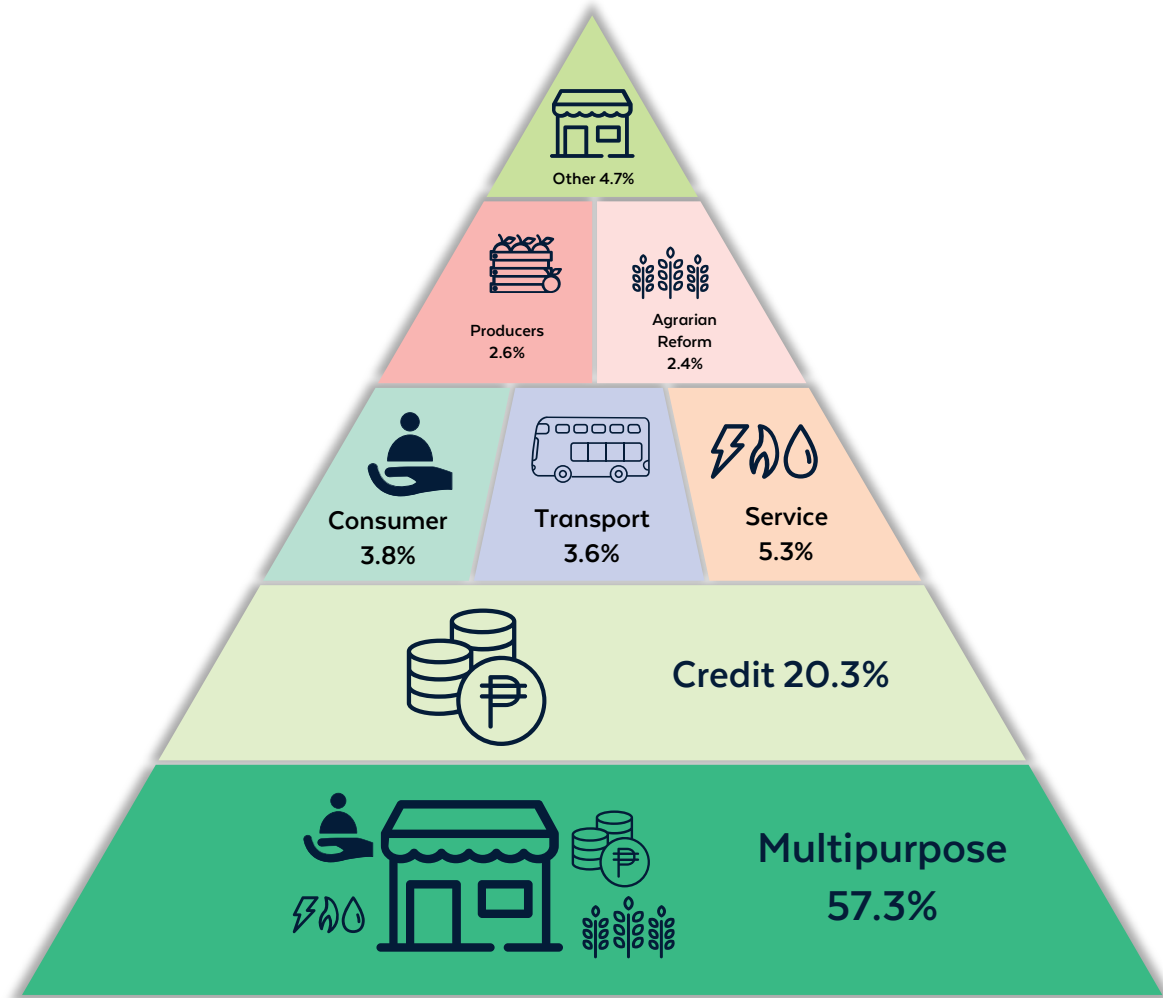
Cooperative Asset Size



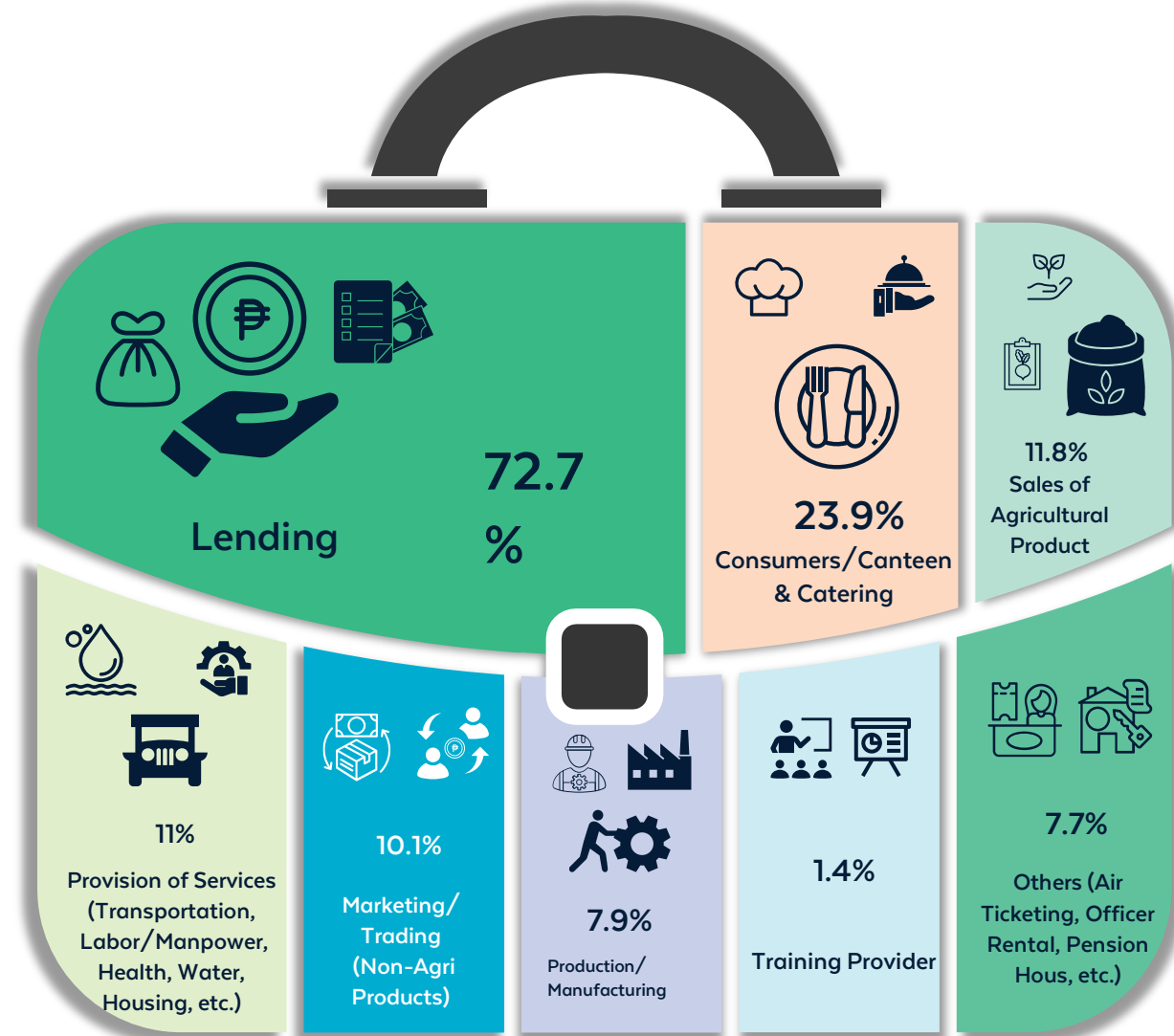
Mostly, Manager/CEO (41.3%) of the cooperative are the respondents of the survey.



Cooperative Types



Business Activity

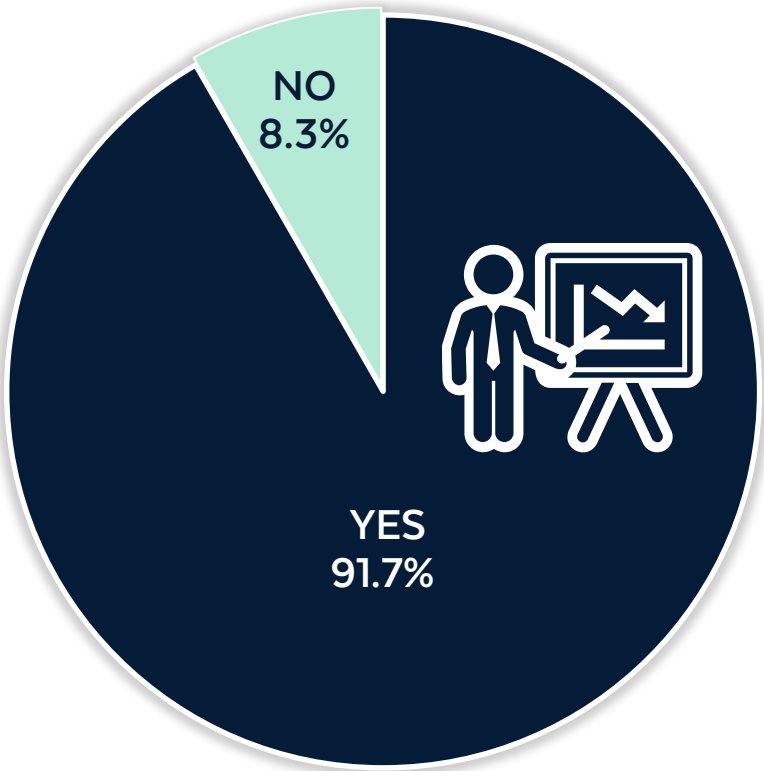


HIGHLIGHTS AND OBSERVATION:

I. RESILIENCY

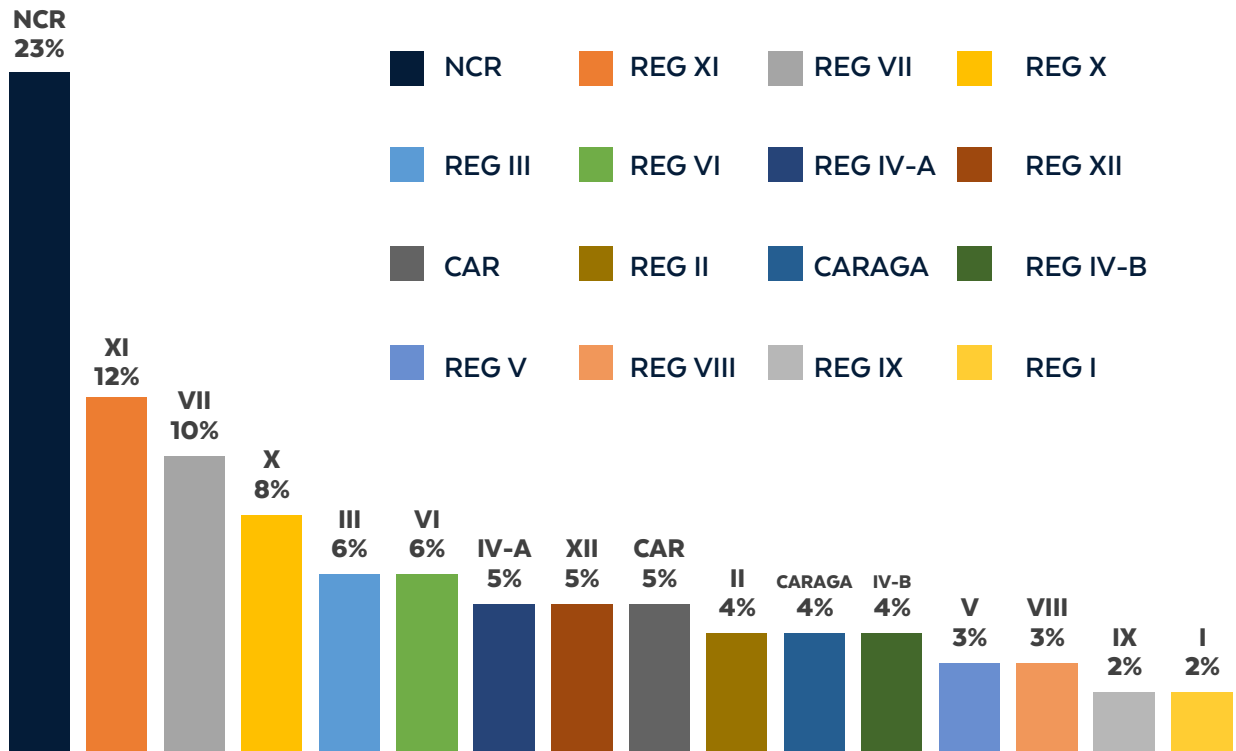
a) Is the business operation of your coop affected by the COVID 19 outbreak?

■ Yes ■ No



The graph indicates that 91.7% of the respondents' business operation were affected by the outbreak/pandemic while 8.3% responded that their operation were not affected.

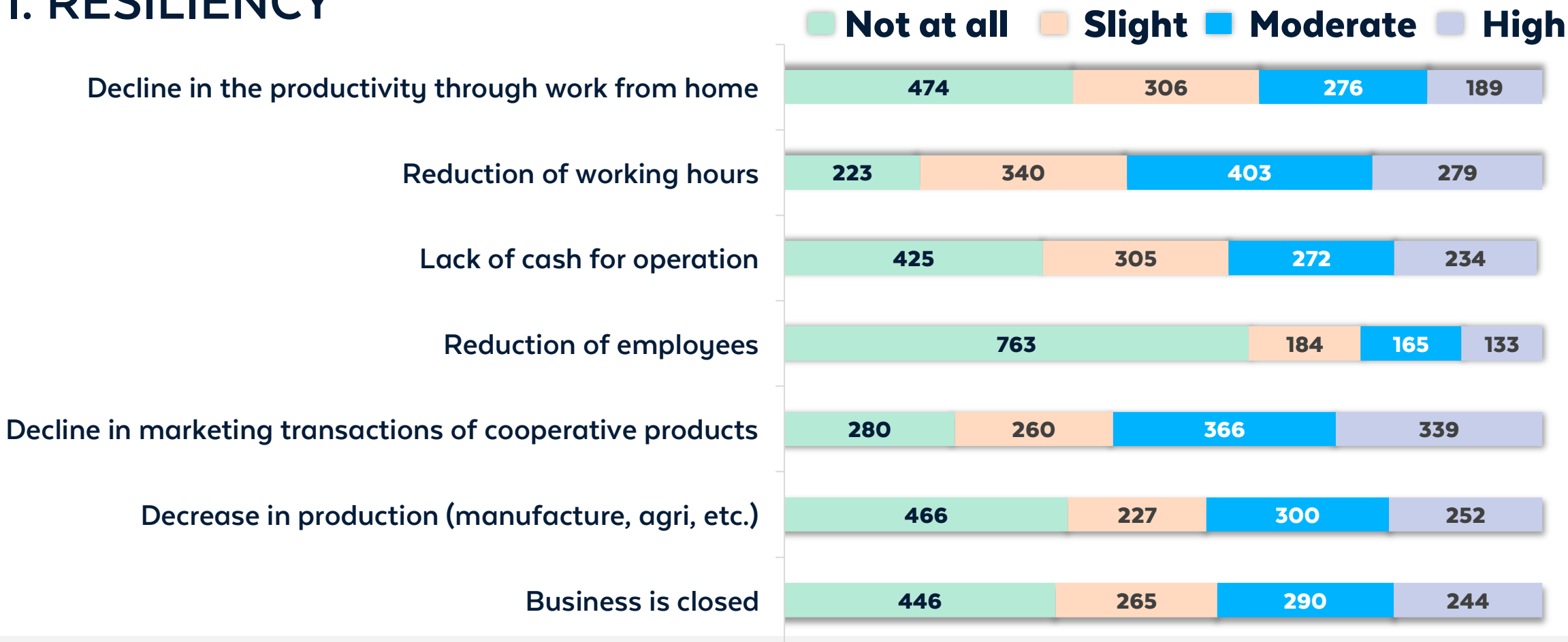
Based on the graph, the top region(s) greatly affected by the pandemic are as follows: NCR, XI, VII, X, III, VI, IV-A, XII and CAR.



HIGHLIGHTS AND OBSERVATION:

I. RESILIENCY

b) What problem/s did your cooperative encounter during COVID 19 outbreak? How does each problem impact the cooperative business operation?

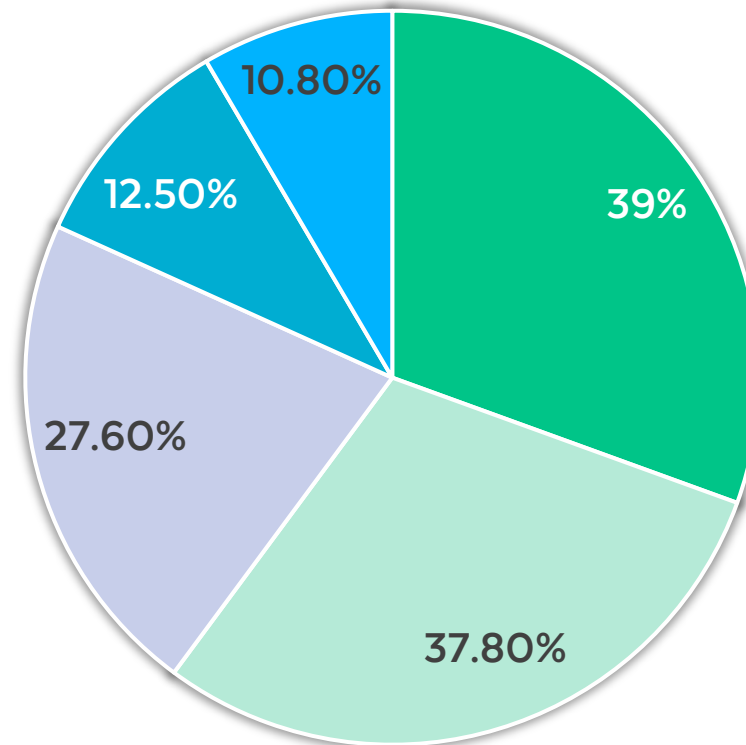
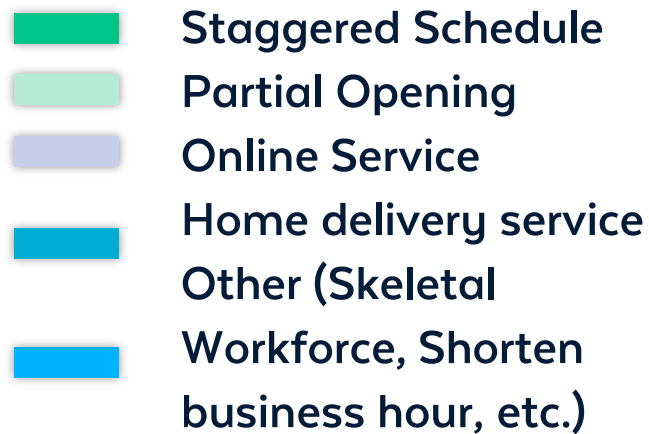


Majority of the cooperatives did not encounter reduction of employees, decline in the productivity through work from home, decrease in production (manufacture, agri, etc) and business closure. Rather, reduction of working hours and decline in marketing transactions of cooperative products moderately affected the business operation of co-ops.

HIGHLIGHTS AND OBSERVATION:

I. RESILIENCY

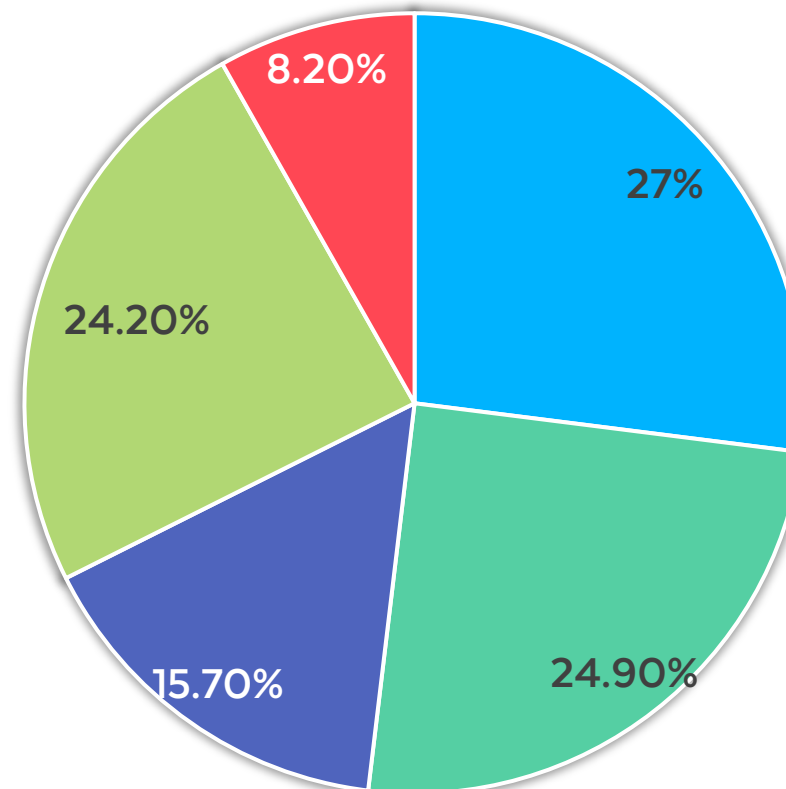
c) What measure have been undertaken by your cooperative to ensure continuous delivery of services to members during enhanced community quarantine (ECQ)?



Having encountered several problems in the co-ops operations, some measures have been undertaken by the co-ops to ensure continuous delivery of services to their members. Among these actions, in its order of the application of measures, are adopting staggered schedule, partial opening , online service and home delivery service for easier and accessible transaction for their members and patrons.

HIGHLIGHTS AND OBSERVATION: I. RESILIENCY

d) How long is the grace period or moratorium your cooperative provide in the loan payment of the members?



To help the members adjust to the economic impact of the pandemic, cooperatives provided moratorium in the loan payment of their members. **27%** of the co-ops gave 3 months grace period, **24.9%** of the respondents gave 2 months grace period and **15.7%** of the respondents gave 1 month grace period. On the other hand, there are **24.2%** co-ops which offered more than 3 months moratorium and the remaining **8.2%** of the respondents did not provide at all.

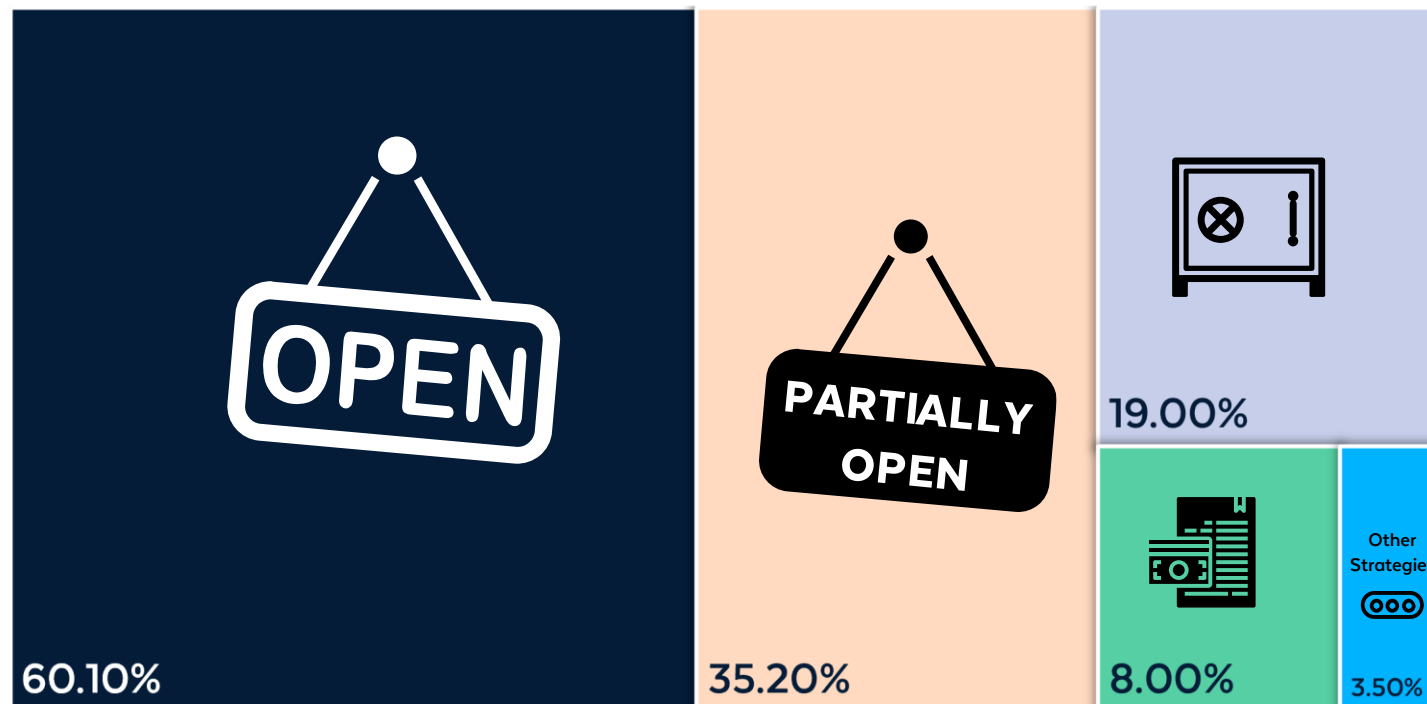
HIGHLIGHTS AND OBSERVATION:

I. RESILIENCY

e) What strategy/ies have been undertaken by your cooperative to protect its business/es?



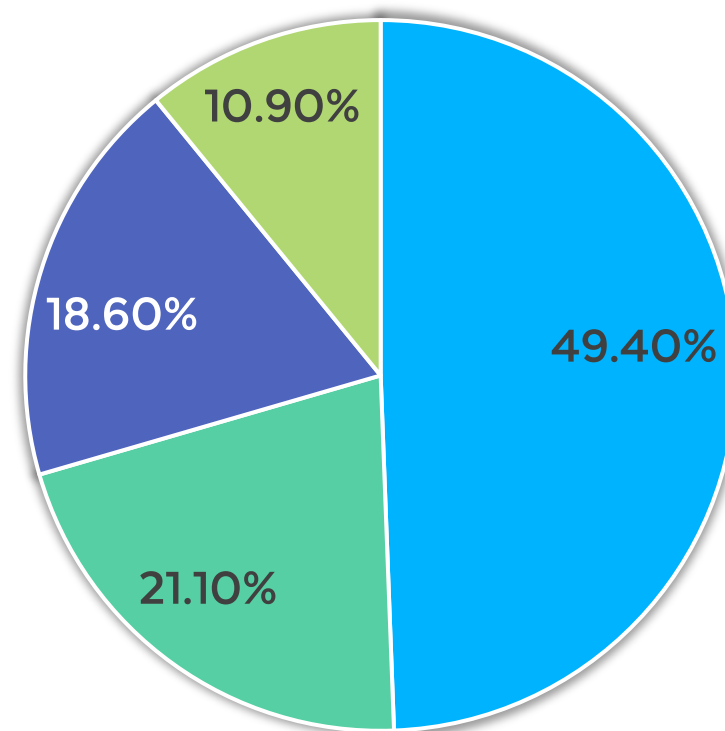
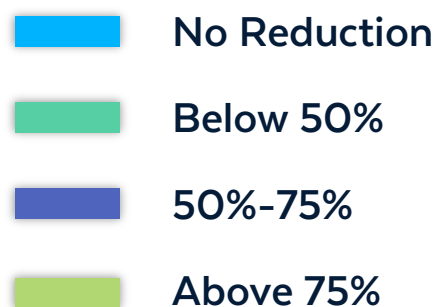
- Continues business operation
- Business partially open
- Utilization of reserves
- Loan from other institutions
- Other



Cooperatives have adopted various strategies to protect their businesses. Majority of the cooperatives continued their business operation (60.1%), some have partially opened (35.2%), others utilized their reserves (19%), the (8%) have availed loan from other institutions to maintain its operation and the remaining (3.5%) have resorted to online transactions, member based transaction, payment extension etc.

HIGHLIGHTS AND OBSERVATION: I. RESILIENCY

f) Is there a reduction in your work force brought by the COVID 19 outbreak? If yes, what percentage of reduction was made?

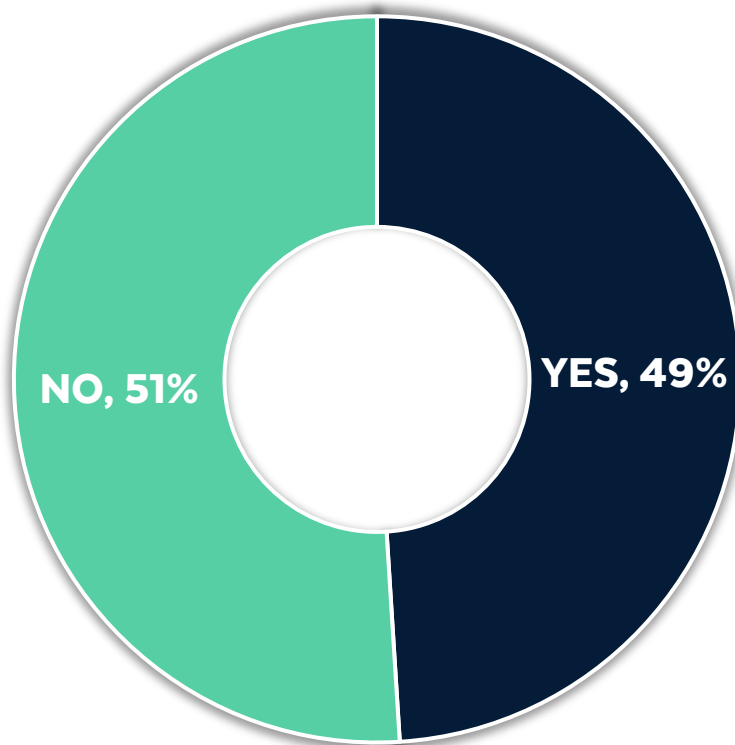
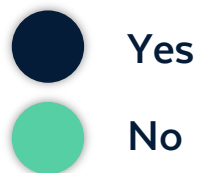


Almost half of the respondents (49.4%) stated that they have not reduced work force in their cooperatives, however, the 50.6% of the respondents have reduced their work force ranging from below 50% to above 75%.

HIGHLIGHTS AND OBSERVATION: I. RESILIENCY



g) Does your cooperative assist its employees to avail assistance from the government like DOLE, SSS, and others?



With the economic impact of COVID-19, employees/workers were laid-off and most establishments had reduced work hours. That being said, 49% of the respondents stated they helped their employees in availing assistance from the government, while the 51% of the respondents said they did not extend assistance to their employees in acquiring such assistance.

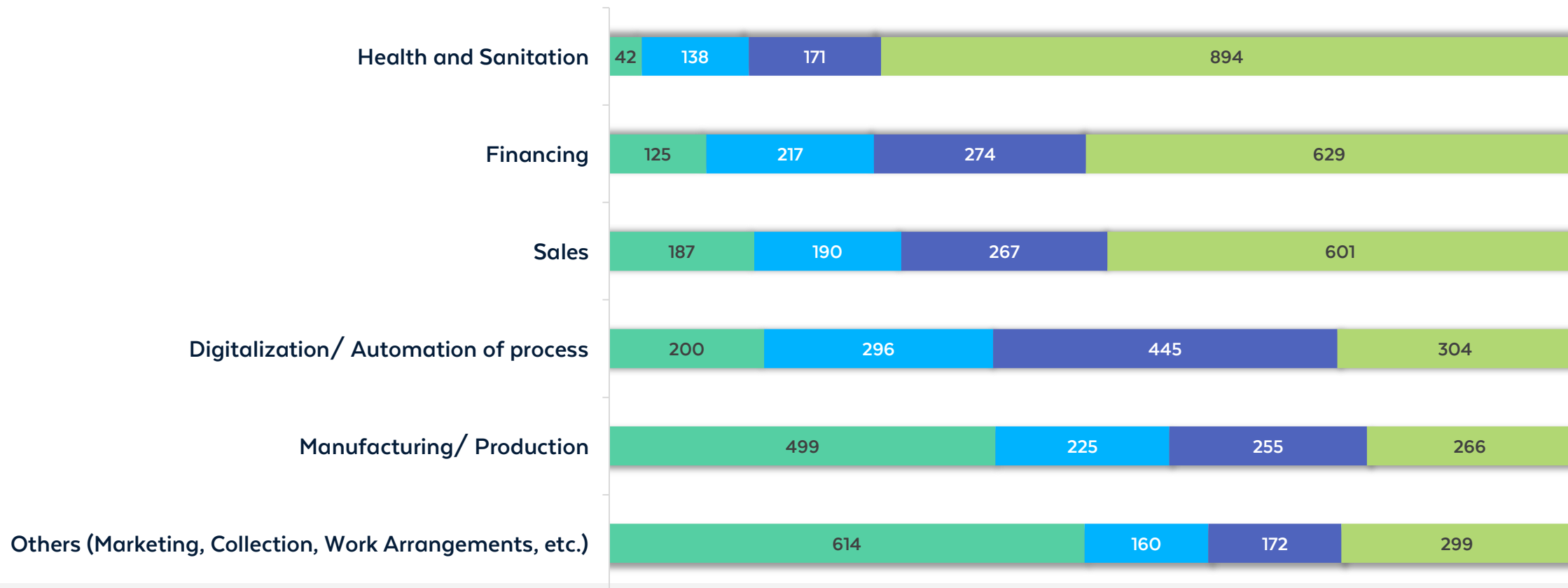
HIGHLIGHTS AND OBSERVATION:

II. RECOVERY



1. How does your cooperative intend to cope with the situation in terms of priority? (non a priority; low priority; medium priority; top priority)

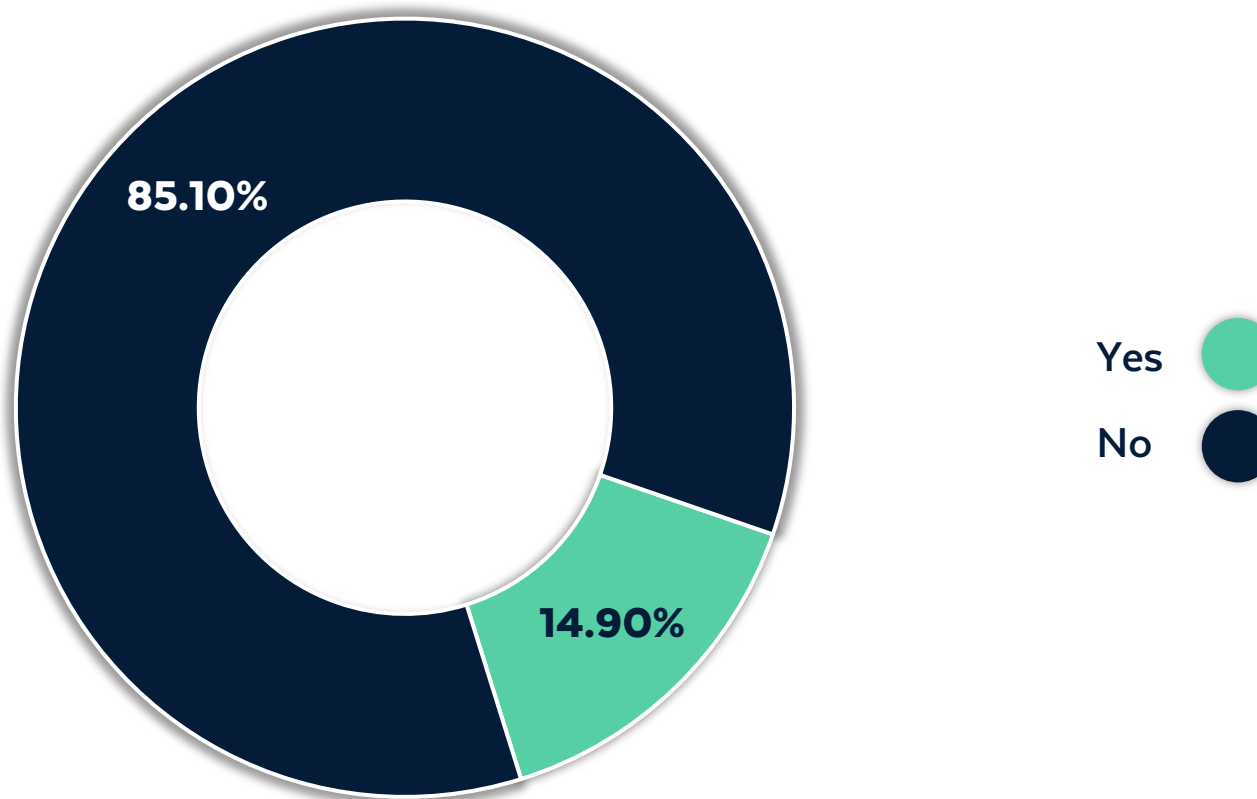
Not Priority Low Medium High/Top



Health and Sanitation are now the top priority of co-ops to cope with the changes brought by the pandemic. Most of the cooperatives have taken financing and sales as their top priority in recovering from the impact of pandemic. While manufacturing/production and others such as marketing, collections and work arrangements are not their priority.

HIGHLIGHTS AND OBSERVATION: II. RECOVERY

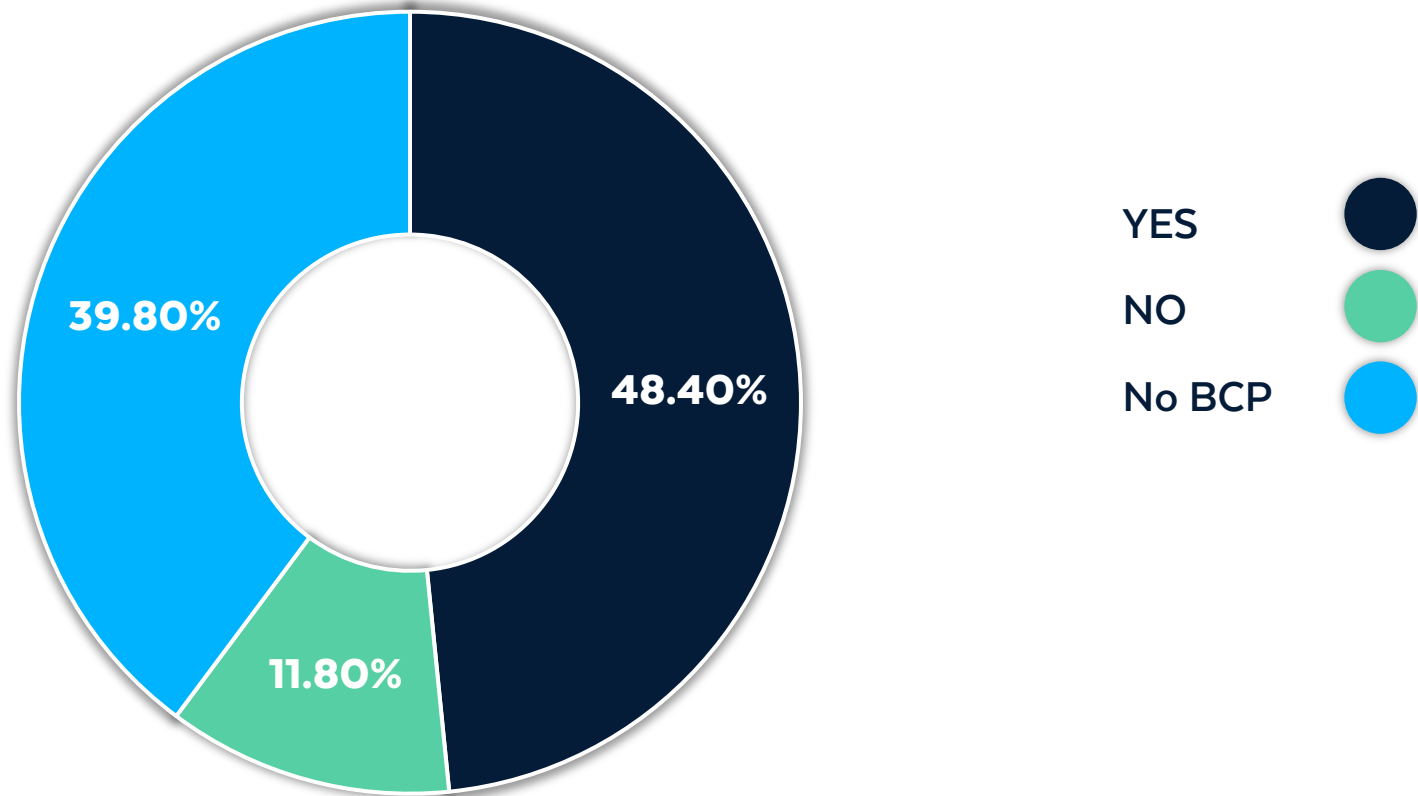
2. Does your cooperative avail government financing program as part of recovery plan?



Like employees, cooperatives could also avail government financing programs to help them recover economically. Though 85.1% of the respondents said they did not avail such government program and only 14.9% said they availed government financing programs.

HIGHLIGHTS AND OBSERVATION: II. RECOVERY

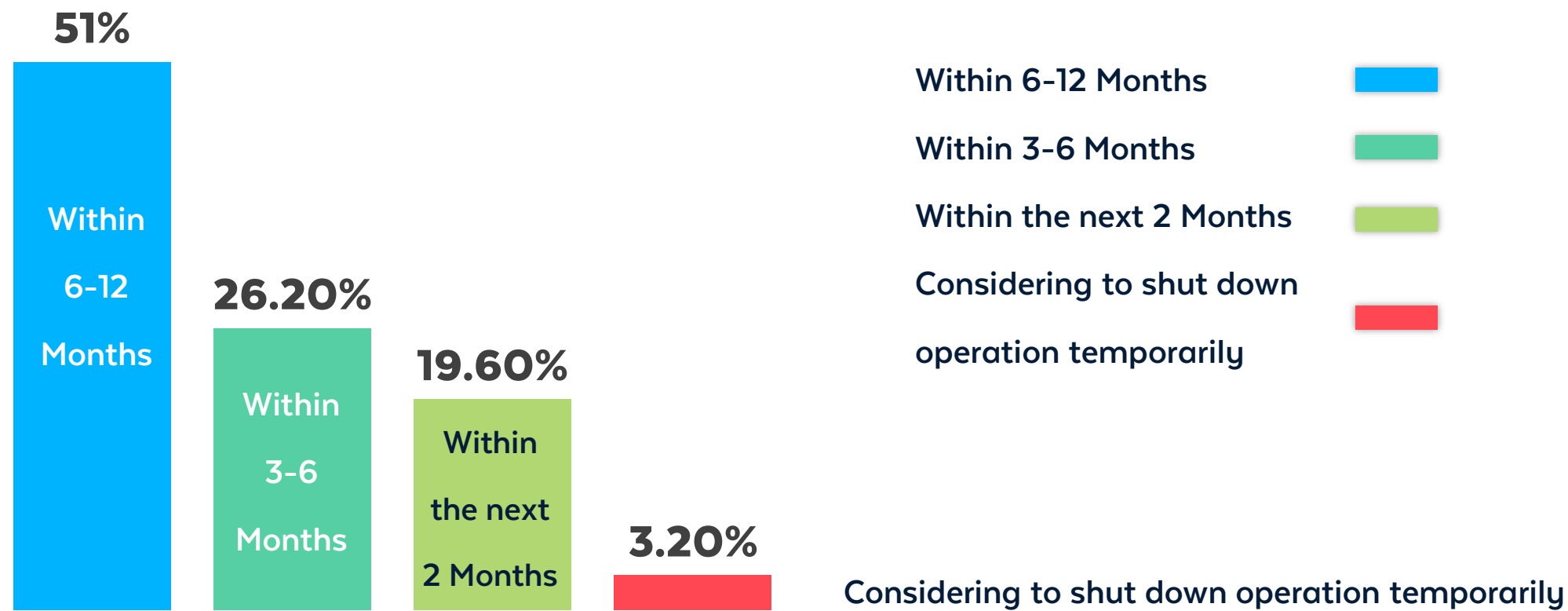
3. Does your cooperative adopt its business continuity plan (BCP) during this situation?



Having a business continuity plan (BCP) is vital to any business organization, it helps the cooperatives' operation adjust towards unplanned and unexpected disruptions. Almost half of the respondents(48.4%)said they were able to utilize their BCP, while an alarming number of respondents (39.8%) said they did not have a BCP and the remaining 11.8% respondents showed they did not implement their BCP.

HIGHLIGHTS AND OBSERVATION: II. RECOVERY

4. How long does your cooperative anticipate to recover and fully restore its operations?

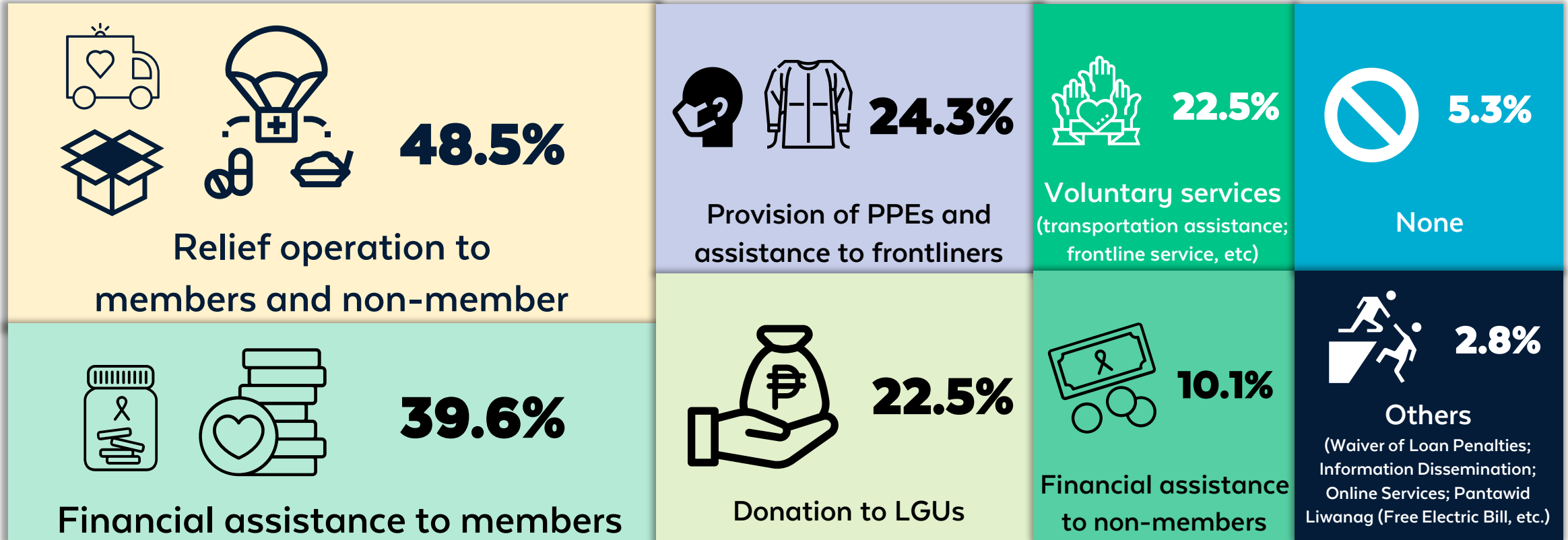


Nearly all respondents are optimistic that they can recover and fully restore their operation in less than a year.

HIGHLIGHTS AND OBSERVATION:

III. ASSISTANCE TO COMMUNITY

1. What initiatives have been undertaken by your cooperative to respond to the needs of the community during COVID 19 outbreak?

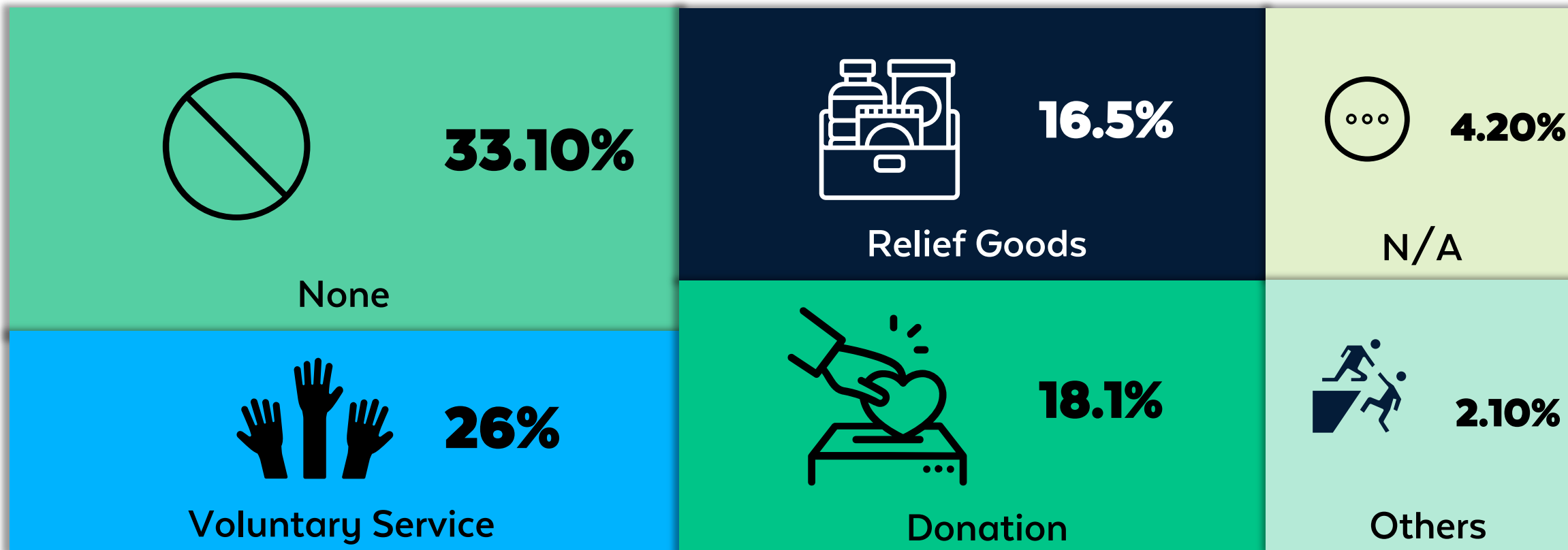


During this pandemic, cooperatives extended help to their respective communities. They have undertaken different actions such as relief operations to members and non-members, financial assistance to members and non-members, donations to LGUs, provision of PPEs and assistance to front liners and voluntary services (transportation assistance)

HIGHLIGHTS AND OBSERVATION:

III. ASSISTANCE TO COMMUNITY

2. What assistance have been extended by your cooperative to other cooperatives affected with COVID-19 outbreak?

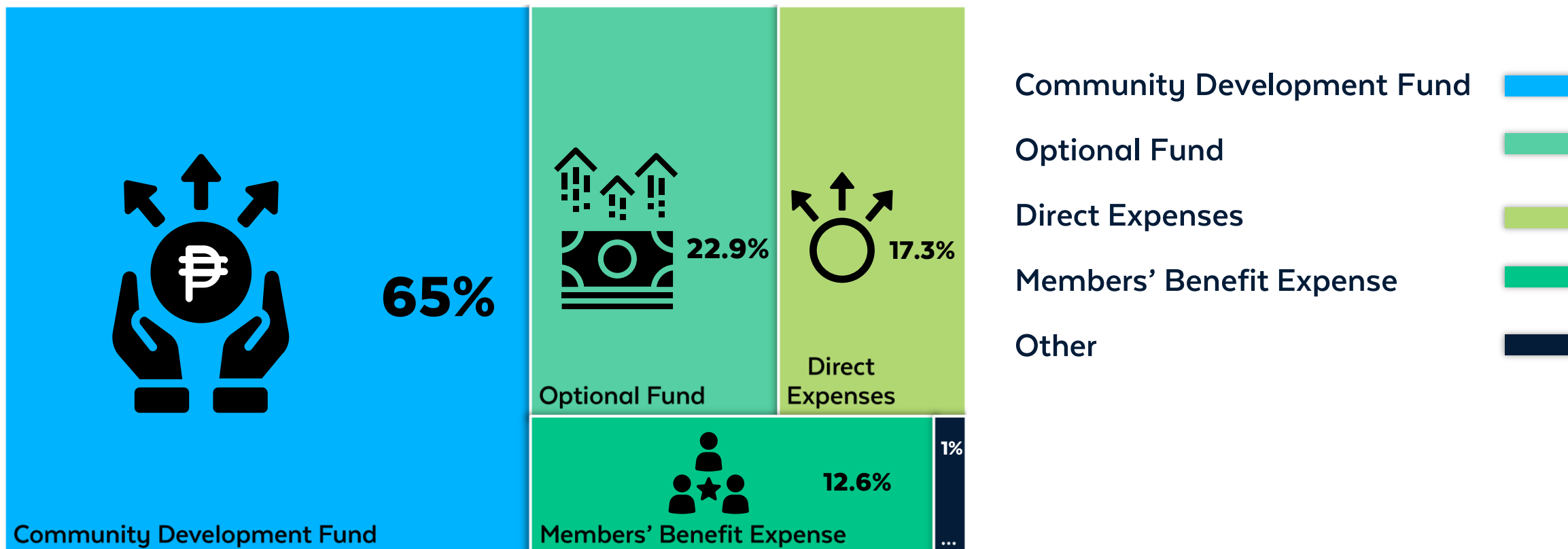


Cooperation among Cooperatives is the 6th Cooperative Principle, thus, helping and extending assistance towards other cooperatives that were affected by the pandemic is certain for cooperatives. Most of the assistance extended were voluntary services. Some provided donations and relief goods.

HIGHLIGHTS AND OBSERVATION:

III. ASSISTANCE TO COMMUNITY

3. Where does the cooperative charge the amount for the assistance provided/extended to the members and communities?



The expenditures for the various co-ops initiatives and assistance were charged mostly to their Community Development Fund (CDF). Of the total respondents, 65% utilized their CDF while 22.9% of them used the Optional Fund, 17.3% charged through direct expenses, and 12.6% from Member's Benefit Expense.



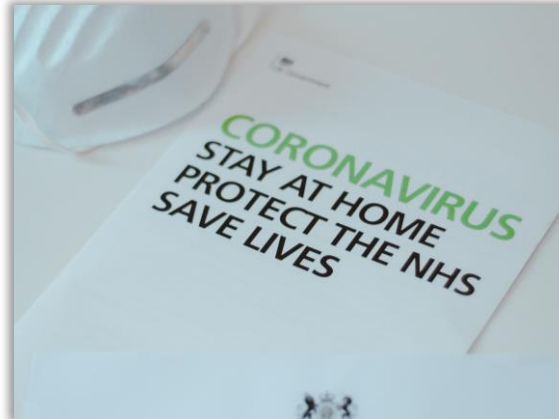
What are the challenges your cooperative may encounter in the “new normal”?

Recovering from the Impact of Pandemic to the Co-ops Operation/Business is one challenge. And another challenge is what’s ahead, the “New Normal”. Cooperatives expressed their concerned on what may be the Challenges they will face.



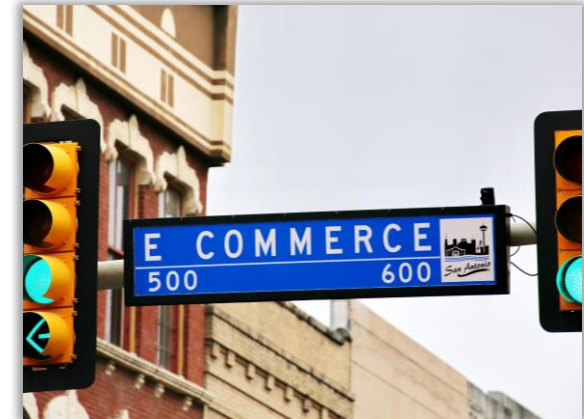
Business Apprehensions

- *Likeliness of loss in operation
- *Expected Decrease of sales/income
- *Reduced efficiency in Delivery of service
- *Decrease in loan Collection
- *Difficulty of Transportation and Communication



Personnel Worries

- * Health security/safety
- * Risk of exposure at work and travel
- * Reduction of manpower due likely to slow down in business operation



Market Change

- * Transitioning to Digitalization

CONCLUSION:

During the COVID 19 outbreak, cooperatives were generally affected, however, they have exhibited strong resiliency in coping with disruptions in business operation. They remained focused in seeking to ensure that they shall continue to maintain provision of service to their members.

The pandemic outbreak have shown the cooperatives' preparedness, readiness and ability to respond to the needs of the members, their communities, including other cooperatives. Their positive support and immediate assistance to the authorities/local government units in providing resources both financially and in kind (provision of PPE's) for the protection of the community is also noteworthy.



CONCLUSION:



The survey result showed that cooperatives can recover their business capabilities through their internally generated capacities and mechanism rather than seek external sourcing, being true to the nature of cooperatives as self-help and socially motivated economic enterprise.

The survey disclosed likewise that safety and health security for the employees and members of the cooperative is a high priority concern of cooperatives indicating that cooperatives put premium to human capital rather than profit motivations.



POLICY RECOMMENDATIONS:

- 1) CDA shall mandate in every cooperative the need for health and sanitation orientation and awareness for their employees and members, as well as compliance with medical and health safety provision for its employees as required by law
- 2) CDA shall re-emphasize and mandate the presence of Business Continuity Plan in every cooperative
- 3) CDA shall prescribe and authorize appropriate utilization of statutory funds of cooperatives to serve the needs of their members and the community in cases of declared disasters or emergencies



POLICY RECOMMENDATIONS:

4) CDA shall put in place a mechanism to mobilize cooperative federations, unions and primary cooperatives assist government respond in a unified manner to the need of the community in cases of declared disasters or emergencies.

5) CDA shall expand and enhance its frontline service so that they could provide immediate information, assistance and guidance to cooperatives for them to operate and cope under the new normal. (financing program, information, digitalization, trainings)

6) CDA should be empowered to provide assistance through grants and/or loans with no interest or minimal interest (soft loans) to cooperatives.

