

What Difference Do Cooperatives Make?

Philippines Country Study

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Key Acronyms

- CDP** Cooperative Development Program (USAID)
- CDO** Cooperative Development Organization
- OCDC** U.S. Overseas Cooperative Development Council
- ICRG** International Cooperative Research Group
- SACCO** Savings and Credit Cooperative Organization
- USAID** United States Agency for International Development
- RAC** Research Advisory Committee
- KII** Key Informant Interview
- FGD** Focus Group Discussion
- CDA** Cooperative Development Authority (Republic of the Philippines)
- MGD** Major Geographic Divisions
- DTI** Department of Trade and Industry (Republic of the Philippines)
- PHP** Philippine Peso

Acknowledgments

The International Cooperative Research Group is indebted to many partner organizations and cooperative development professionals, without whom this research would not have been possible. We extend our special thanks to key organizations including, but not limited to: the USAID Cooperative Development Program (CDP), the OCDC Research Advisory Committee, Stratbase ADR Institute, the Philippine Cooperative Development Authority, the Philippine Department of Trade and Industry, the USAID Mission in the Philippines, and Global Communities. The report was greatly strengthened by individuals' dedicated reviews and rich intellectual contributions. We thank especially our colleagues from the cooperative sector, member CDOs and OCDC, who provided valuable input during the research process and at the **"What Difference Do Cooperatives Make?"** Policy Dialogue in Manila in July 2019.

Foreword

The data collection for this study was completed before the COVID-19 pandemic; therefore, its results do not reflect the pandemic's impacts. The findings of the **"What Difference Do Cooperatives Make?"** research study in the Philippines demonstrate the circumstances of cooperative members in the pre-pandemic Philippines. This study can serve as an important reference point for COVID-19 recovery plans in the Philippines.

Introduction



The mixed methods multi-country study of the economic and social impacts of cooperatives, titled: **“What Difference Do Cooperatives Make?”** (WDDCM) was conceived, designed, and executed by the International Cooperative Research Group (ICRG) of the U.S. Overseas Cooperative Development Council (OCDC).¹ The policy-oriented WDDCM research took place from 2017-2020 in geographically diverse countries with reasonably mature cooperative movements that have benefitted from U.S. Agency for International Development (USAID) foreign assistance. The study was piloted in Poland in late 2017 and implemented sequentially in Kenya, the Philippines, and Peru. Each of the four countries selected for study (Poland, Kenya, the Philippines, and Peru) used the same methodology and data collection instruments to facilitate comparisons and synthesis. This report presents our findings from the Philippines Country Study and serves as a stand-alone document with evidence and insights from this Southeast Asian island country, while also contributing to the overall findings of the four-country-study.

Through **“What Difference Do Cooperatives Make?”**, OCDC investigates the impacts of local level (primary society) organizations, which are member-owned, member-controlled, and operate in line with international cooperative principles. “Cooperatives are people-centered, private sector enterprises, owned, controlled, and run by and for their members to realize their common economic, social, and cultural needs and aspirations.”² Cooperatives are founded on seven fundamental principles: (1) voluntary and open membership; (2) democratic member control; (3) members’ economic participation; (4) autonomy and independence; (5) education, training, and information; (6) cooperation among cooperatives, and (7) concern for community.³

Support for international cooperative development varies across countries and throughout time and is greatly impacted by domestic policies and has often been impacted by donor assistance. While existing literature contains case studies from select cooperatives and impact

evaluations from donor-funded projects, there is a need for more systematically designed research, spanning countries and regions, into the effectiveness of the cooperative development model. The persistence of the cooperative model throughout time and the world’s present imperative to design inclusive, sustainable, and resilient economies inspires this research.

These studies aim to determine if a measurable social and economic “cooperative difference” exists for members and communities where cooperatives operate. While there are certainly technical and sectoral differences among cooperatives, this study was designed to seek a high-level understanding of whether and how a “cooperative difference” is manifested across sectors. What better people to ask about the effectiveness of the cooperative model than members themselves? As with the other three Country Studies, the comparative analysis in the Philippines is based on self-reported data by cooperative members and a random, representative sample of non-members. The collected data is then benchmarked against national income figures. With data gathered from a random, representative sample of 2,200 individuals – 1,100 cooperative members across sectors and 1,100 non-members – this research study compares the data perceptions of economic and social well-being between cooperative members and the general population. Because cooperative membership is voluntary and cooperatives’ performance directly impacts members, member perceptions are expected to correlate with cooperative performance. In other words, the perception data is deemed as a valid proxy for performance, while carefully avoiding any claims of causality. The WDDCM study triangulates official data with the survey data to benchmark income levels and other similar variables.

Poland was selected as the first study in a series of country studies, and as such, served as a pilot for the research project. The Poland Pilot Study supported the study’s working hypothesis, setting the stage for the subsequent country studies.⁴ Cooperatives have existed in the Philippines for over 100 years with 10 million members across the archipelago nation. The Philippines was selected for the **“What Difference Do Cooperatives Make?”** global research study due to the significance of cooperative development in the Philippine development model and the

history of USAID-supported CDO engagement across the country.

The key questions underpinning this research are as follows:

1. Do cooperative members benefit economically from their cooperative membership and participation?
2. Do communities within which cooperatives operate experience economic benefits?
3. Do cooperative members benefit socially from their cooperative membership and participation?
4. Does the larger community benefit socially from the presence of cooperatives?

The ICRG’s working hypothesis is that cooperatives create a positive measurable difference for their members, offering social and economic benefits which lead to greater self-reliance of households and communities.

This report accomplishes several goals:

- It provides new knowledge about international cooperative development;
- Explains when and how cooperatives contribute to economic and social development; and
- Illuminates cooperative performance and sustainability in the Philippines.

¹ The ICRG seeks to bridge the gap between theory and practice, by rigorously analyzing “what works” in cooperative development and disseminating findings to their member organizations, implementing cooperative development projects around the globe, and to the broader international and cooperative development communities. The Research Group conducts both policy-oriented and practice-focused research and analyzes cooperative development across two thematic areas: 1. The potential for cooperatives to alleviate poverty and promote inclusive economic growth; 2. Enabling and inhibiting factors for the success of cooperatives and their impact on the financial and social well-being of cooperative members.

² Definition from www.ica.coop

³ Ibid.

⁴ The Poland Pilot Study is available here: <https://www.ocdc.coop/wp-content/uploads/2018/08/What-Difference-Do-Cooperatives-Make.-Poland..pdf>

Key Findings

The WDDCM research results from the Philippines demonstrate that cooperative members are, in most cases, in better economic positions than non-members and the general population. Several key findings indicate that there is indeed a “cooperative difference” in the Philippines. Excitingly, women are equitably represented in cooperatives and are reaping economic advantages from their cooperative membership like their male counterparts. Social capital is generally high in the Philippines and this study found that it is slightly higher for cooperative members compared to non-members. This report presents the key findings immediately below, and at its closing, explores policy implications of the research findings.

1. Cooperative members report higher incomes than non-members and equate their greater economic well-being to their cooperative membership.

Figure 1 compares self-reported income figures of cooperative members to those of non-members in the study and demonstrates that cooperative members are better represented in higher-income groups and less represented in lower-income groups.

2. A large majority of cooperative members cite economic benefits as a key incentive for cooperative membership.

Ninety-four percent (94.4%) of cooperative members attest that their membership has positively impacted their household’s economic status. Access to loans is the most highly valued economic benefit cited by cooperative members.

3. Both men and women cooperative members report higher incomes than their non-member counterparts. Membership has an even more positive impact on women’s economic status, compared to men’s.

Figure 2 displays member and non-member representation per income category in the Philippines, with A, B and C+ classes representing the Rich and the Upper Class (A), Upper Middle Class (B), and Middle Class (C) categories. In the top four income brackets (Rich through Lower Middle Income C-), cooperative members outnumber non-members. The figure also shows that higher percentages of non-members are represented in the lower two income categories, Low Income (D) and Poor (E). Furthermore, of all four categories, women cooperative members are most likely to be in income categories Rich (A) through Middle Income (C+/-), followed closely by cooperative member men. At the same time, fewer women cooperative members fall into the Low Income (D) and Poor (E) income categories than women non-members.

4. Women are well represented in the cooperative sector in the Philippines and public perception supports that women receive equal opportunities in cooperatives.

Ninety-nine percent (99%) of cooperative members report that women and men have equal roles in decision-making and join under the same conditions. Cooperative development in the Philippines can thereby serve as a vehicle for advancing development benefits for men and women.

5. Cooperative members demonstrate higher levels of social capital (as measured by trust) than non-members.

Ninety-three percent (93%) of cooperative members trust others in their community and 88% of cooperative members state that they depend on their cooperative for support during emergencies. Furthermore, as members regularly meet, they develop a robust social circle with diverse benefits. Overall trust levels in the Philippines are high and cooperative members exhibit even higher levels.

6. Members and non-members alike agree that cooperatives have a positive influence on quality of life in the community through economic and social measurements.

Over 80% of non-members acknowledge that cooperatives contribute to economic development of their community. Attracting investors to the community is one key economic benefit, cited by 70% of respondents. Health training and services is a social benefit cited in some communities. Among those aware of such health-related programs, 61% of cooperative members and 52% of non-members report having participated.

7. Members of lower socioeconomic classes and individuals with weak social capital are less likely to be cooperative members.

Of non-members surveyed, 21% state that they do not meet the minimum financial requirements to join a cooperative and a similar 20% explain that they were either not invited to join a cooperative or they have no knowledge of cooperatives. This finding is important if policymakers seek to expand the reach and impact of cooperative development activities in the Philippines.

FIGURE 1 ANNUAL EARNINGS OF COOPERATIVE MEMBERS AND NON-MEMBERS IN PHILIPPINE PESOS (% BY INCOME BRACKET)

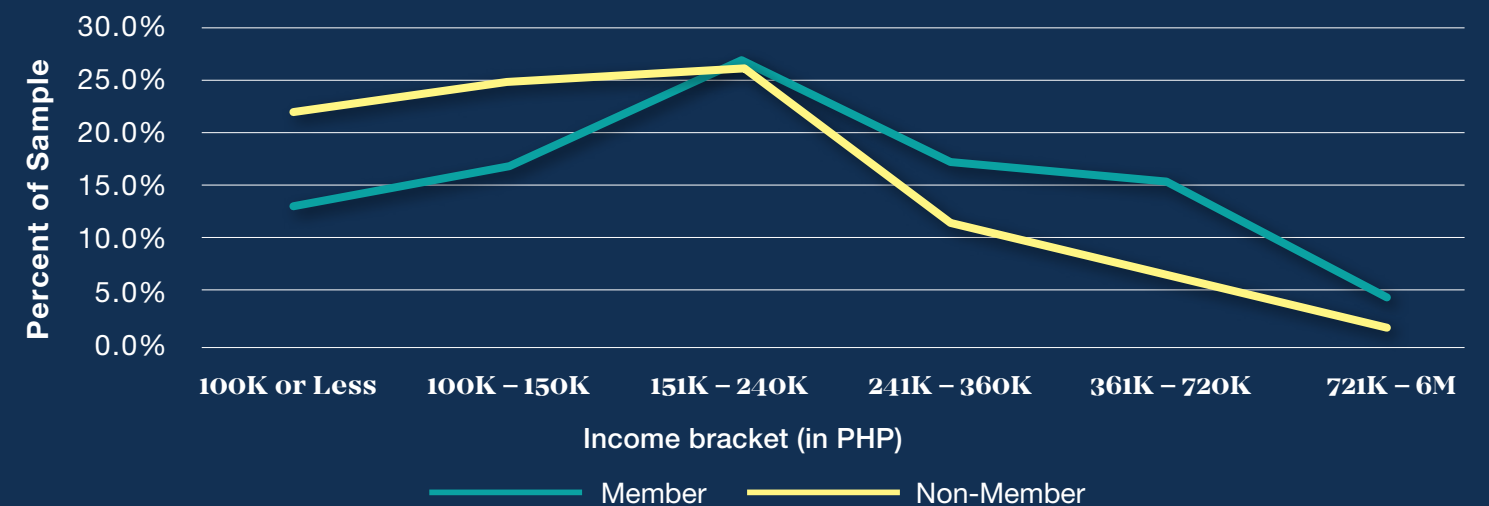
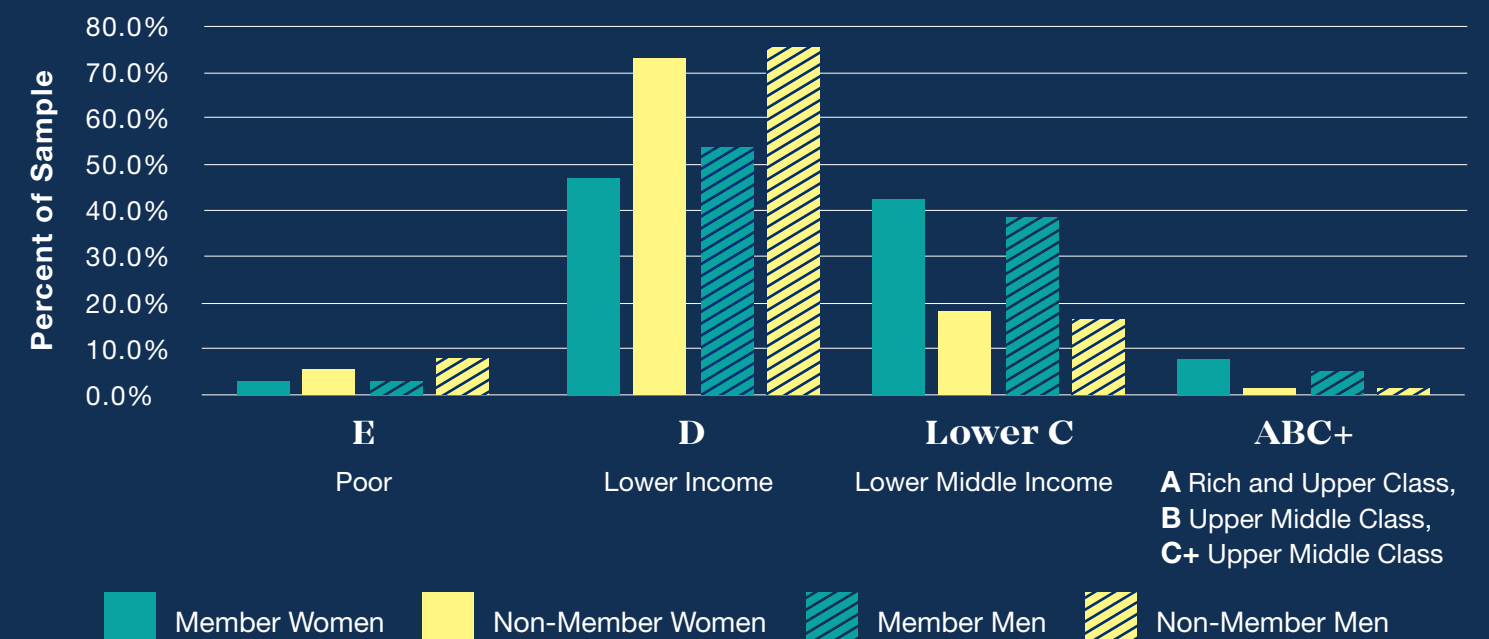


FIGURE 2 ECONOMIC STATUS BY GENDER AND COOPERATIVE MEMBERSHIP



Methodology



"IHH Qurbani campaign, Philippines-Moro, 2007" by IHH İnsani Yardim is licensed under CC BY-NC-ND 2.0

The research study leverages a mixed methods approach using a survey of 2,200 households, including the households of 1,100 cooperative members and 1,100 non-members, to collect quantitative data. Six focus groups and 12 key informant interviews add additional qualitative insight to the quantitative results. While this study seeks to measure the effects of cooperative membership, it is not an impact evaluation in the strictest sense. The research does not address causation directly but identifies differences between cooperative members and non-members by creating a valid comparison group. The study's sample is triangulated with national household income data.

Components of Research Study

- **Country Context Study** – which reviews primary and secondary data and provides the policy, regulatory and other contexts in which cooperatives in the Philippines must be understood.

- **Desktop Review of Context Analysis** – which includes a key literature review and analysis of macroeconomic data.
- **Survey research and primary data collection** – which includes sampling, in-person questionnaire administration, key informant interviews and focus group discussions.
- **Data analysis** – uses qualitative and quantitative methods and software.
- **Data interpretation, synthesis, and conclusions** – summarized in this report.

A literature review documenting other research completed in the Philippines and related data concerning cooperatives in other country case studies preceded the fieldwork and informed the analysis. Throughout the process, local consultants and research collaborators played an essential role in data collection and analysis. A Philippine company, Stratbase ADR Institute, won the competitive bid to lead

the Philippines country-wide data collection, and Global Communities, an OCDC member organization, leveraged its in-country experience with cooperative development to produce the Philippines Cooperative Context Report.

The data collection plan was developed and implemented according to the ICC/ESOMAR International Code on Market, Opinion, and Social Research and Data Analytics.⁵ Stratbase ADR Institute is a professional data collection company with local and international certifications. The firm safeguarded all participant information and disassociated identifying data from survey responses. The researchers received permission to record responses during interviews and focus groups.

Instrument Validation

The field research team utilized the instruments tested and validated during the Poland Pilot Study and adapted them to the local context. This included a reliability and validity testing phase which resulted in slightly modified terms and questions to be better understood in the Philippines. In addition, the questionnaires were adapted to the local context through the addition of questions reflecting the fact that many cooperatives in the Philippines are registered as Multi-Purpose Cooperatives. These new questions provided clarity on the cooperatives' main business or service.

The instruments and interview guide were prepared in both English and local languages. The survey was administered face-to-face in households by trained enumerators. Participants from both sample groups were asked the same demographic information to allow for comparison between cooperative members and non-members along demographic and socioeconomic lines. The field team conducted a pretest led by a team of senior supervisors to test for validity, reliability, and applicability of the interview questions. The test ensured that respondents interpreted and answered the questions in the way in which the survey intended. The selection process for cooperative members and non-members sampled and additional details regarding the focus group discussions and interviews follow.

Sampling Plan

Cooperative Members

A list of cooperatives from the 2017 List of Active Members of the Cooperative Development Authority of the Philippines (CDA) was used in the determination of the sample cooperatives. Efforts were made to also include housing and electric cooperatives beyond those registered with CDA.⁶ A cross-section of cooperative members was randomly selected from a list of members of the sample cooperatives. The multi-stage area probability, proportional systematic sampling method was utilized in this study.

The country was divided into six major geographic divisions (MGDs): North Luzon, South Luzon, Visayas, Northern Mindanao, Southern Mindanao, and Metro Manila. The number of sample cooperatives per MGD was devised in proportion to the MGD's percentage share of the total number of cooperatives nationwide. From each sample region, two provinces were selected. The province with the greater number of cooperatives was chosen as the primary sample province, while the secondary sample province was randomly chosen from the other provinces of the region. The selected cooperatives were approached for a list of cooperative members from which five respondents per sample cooperative were chosen at random. A total of 220 sample cooperatives were identified to complete the quota of 1,100 cooperative members.

Non-Members

A comparison group of non-members was identified consisting of a cross-section of community members who did not belong to any cooperative, nor did any member of their households. These individuals are referred to as non-members. From each of the localities of the randomly selected sample of cooperatives, five community members were identified and interviewed to represent the non-member of the study. The non-members were selected randomly from the community, with controls to ensure that they demographically matched the cooperative members.

⁵ More about the ICC/ESOMAR standards can be found here: https://www.esomar.org/uploads/pdf/professional-standards/ICCESOMAR_Code_English_.pdf

⁶ Electric cooperatives were identified using data from the National Electrification Administration.

Focus Groups and Interviews

Qualitative methods contributed to the research and provided context to the results of the quantitative survey. Each focus group discussion (FGD) ran for at least two hours. Focus groups were held in six regions: Metro Manila, Dagupan, Cebu, Tacloban, Cagayan de Oro, and Davao, and included eight to nine randomly selected members. An additional 12 key informant interviews were conducted in the same regions with the addition of Lucena. Focus groups and interviews followed a question guide. The interviews were recorded, transcribed, and translated to English.

Income Categories

The Stratbase team suggested using the Philippine Institute for Development Studies (PIDS) socio-economic

status categories⁷, as also used in the Philippine Family Income and Expenditure Surveys (FIES). Additional financial status questions were added to better understand and contextualize the households' financial situation. The PIDS figures were originally designed to represent a five-member family's monthly income; therefore, these figures were annualized by multiplying each month's figures by 12 to determine a baseline for annual income comparisons. Due to the low percentage of the sample in the highest income categories, these groups were combined as detailed in Table 1.

⁷ For more information on the PIDS income clusters and ranges, please see: <https://pidswebs.pids.gov.ph/CDN/PUBLICATIONS/pidspn1818.pdf>

TABLE 1 SOCIOECONOMIC GROUP CLASSIFICATION

Income Category	Relationship to Poverty Line	Annual Indicative Range (2015 FIES/ PIDS)	PIDS Ranking	WDDCM Classification
Poor	Less than official poverty threshold	Less than PHP 109,200	1	E
Lower (Not Poor)	Between the poverty line and twice the poverty line	Between PHP 109,200 and PHP 218,400	2	D
Lower Middle	Between two and four times the poverty line	Between PHP 218,400 and PHP 436,800	3	C-
Middle Middle	Between four and seven times the poverty line	Between PHP 436,800 and PHP 764,400	4	C+
Upper Middle	Between 7 and 12 times the poverty line	Between PHP 764,400 and PHP 1,310,400	5	B
Upper (Not Rich)	Between 12 and 20 times the poverty line	Between PHP 1,310,400 and PHP 2,184,000	6	A
Rich	At least equal to 20 times the poverty line	At least PHP 2,184,000	7	A

Desktop Review of Context Analysis

The “What Difference Do Cooperatives Make?” global study began with a comprehensive literature review on the impact of cooperatives in the developing world, which helped to set up the theoretical framework for this study. To better understand the context of cooperatives in the Philippines, the OCDC ICRG researched the following areas related to cooperatives' history and economic performance in the Philippines:

- History of the cooperative sector;
- Basic legal framework to judge ease of doing business and enabling environmental factors;
- Role of cooperatives in the national economy, including cooperative demographic details such as sector, membership, employment, and assets using the Cooperative Development Authority's (CDA) data as well as cooperative networks;
- Key cooperative case studies from the Philippines;
- Legacy review looking specifically at cooperative development implemented in the Philippines under USAID funding between 1997-2010. This review included person-to-person interviews with local partner organizations and individuals who participated in US-based Cooperative Development Organizations' (CDOs) programs.



Cooperatives in the Philippines

The Desktop Review revealed that the Philippines celebrated the centennial of cooperatives in 2015. In the latter half of this 100+ year history, cooperatives grew rapidly in size and number.⁸ As of December 2018, the Philippine's CDA reported 18,065 cooperatives operating under the Cooperative Development Authority, with 10.7 million active members representing approximately 10 percent of the national population.⁹ Cooperatives directly employed 580,800 people and collectively had an asset base of 429.7 billion Philippine Pesos.¹⁰ According to the Philippine Statistics Authority, 40.7 million people were engaged in the Philippine labor force in 2018, 57.5% of whom work in the services sector, 23.1% in agriculture, and 19.4% in industry.¹¹ In the political domain, cooperatives gained representation through the Party-List System introduced in 1995, which afforded under-represented sectors the opportunity to participate in law-making by running as organized parties. Three organizations representing cooperative movements each gained one seat in the House of Representatives in the 18th Philippine Congress: the Association of Philippines Electric Cooperatives (APEC), Cooperative NATCCO Network (COOP-NATCCO) and the Philippines Rural Electric Cooperatives Association Inc. (PHILRECA).¹²

⁸ For a detailed analysis of the distinct periods in the Philippines' cooperative development history, see Jorge Sibal's 2001 work, “A Century of the Philippine Cooperative Movement,” Cooperative News from UWCC, University of Wisconsin Center for Cooperatives, August 2001.

⁹ The Philippines' 2018 population figures are sourced from World Bank datasets: <https://data.worldbank.org/indicator/SP.POP.TOTL?end=2018&locations=PH&start=2018>. The cooperative figures are sourced from <https://cda.gov.ph/images/statistics/Selected-Stats-2018.pdf>

¹⁰ Ibid.

¹¹ The Philippine Statistics Authority has downloadable Excel files with the results of the July 2018 Labor Force Survey: <https://psa.gov.ph/statistics/survey/labor-and-employment/labor-force-survey/title/Employment%20Rate%20in%20July%202018%20is%20Estimated%20at%2094.6%20Percent>

¹² All members of the 18th Philippine Congress are listed by party here: <https://www.congress.gov.ph/members/?v=pl>.

Demographic Data on Study Sample

The Philippines Country Study gathered data from a representative group of cooperative members drawn from different regions of the country and across diverse sectors in which cooperatives operate, and from a comparison group of non-members. The sample was representative of the distribution of cooperatives in the Philippines as well as of the sectors in which cooperatives are active. This section describes the demographic breakdown of the study sample.

"Housing in Tondo, Manila, Philippines" by Danilo Pinzon/ World Bank is licensed under CC BY-NC-ND 2.0

FIGURE 3 COOPERATIVE MEMBER DISTRIBUTION BY SECTOR

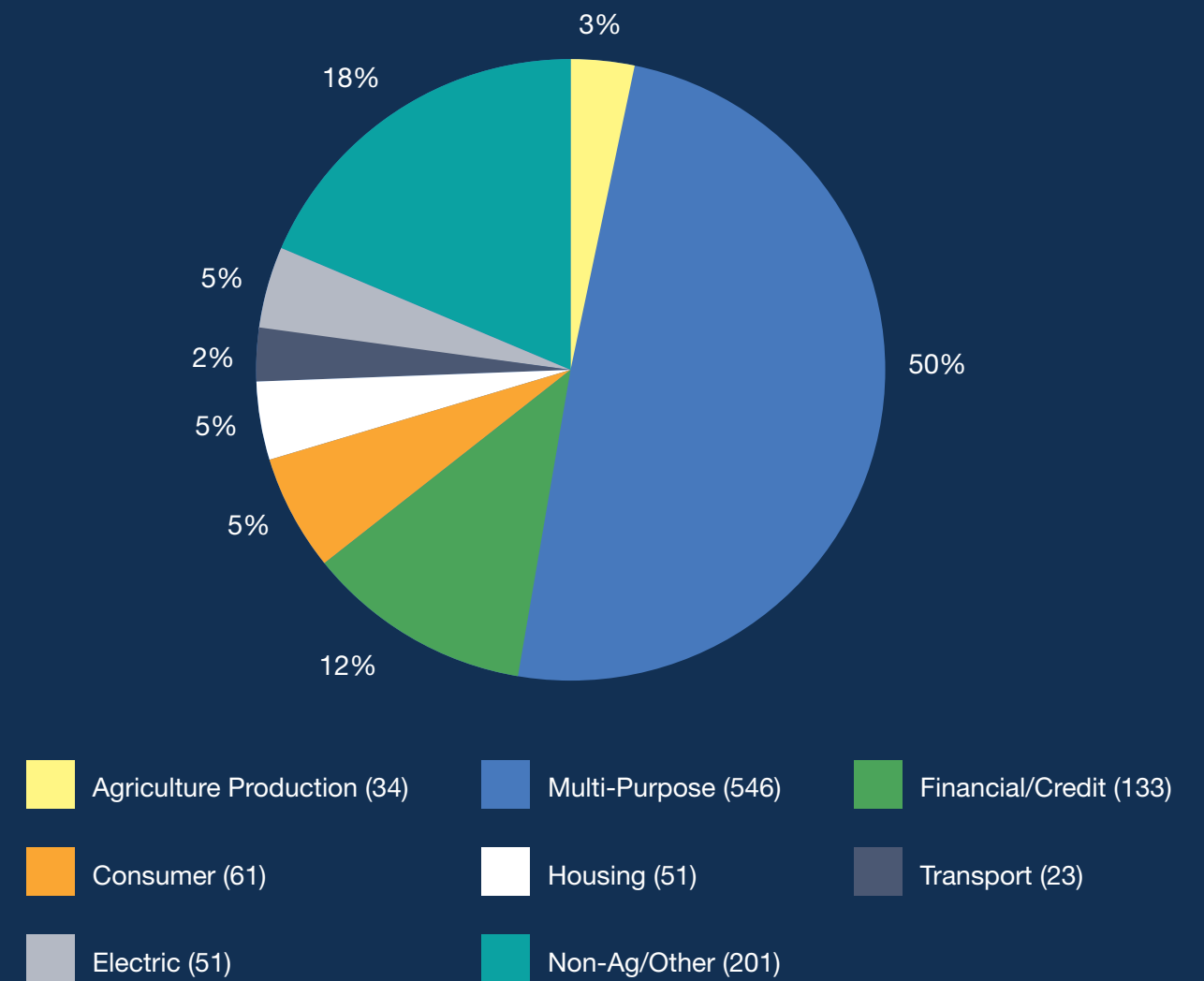


TABLE 2 GENDER DISTRIBUTION

Population	Men	Women	Sample size
Cooperative Members	491	609	1,100
Non-Members	548	552	1,100
Total	1,039	1,161	2,200

TABLE 3 RURAL AND URBAN DISTRIBUTION

Population	Cooperative Member	Non-Member	Total
Urban	676	677	1,353
Rural	424	423	847
Total	1,100	1,100	2,200

Results & Analysis

Economic Benefits to Cooperative Members

This section evaluates economic benefits from cooperative membership at the household level. Cooperative members were asked to report on their perception of their household financial situation and to estimate their annual income. An overwhelming majority (94%) of cooperative members value their cooperative for its contributions to their economic well-being.

“I no longer worry about our daily necessities. I learned to be conscious of my budget. I became more financially responsible and more goal-oriented, that is why I was able to buy land for a business. I no longer ask my family and relatives for financial assistance. I learned how to control and save money.”

— FGD Member, Tacloban

Motivation to Join Cooperative

The most-valued benefits offered by cooperatives are economic. When asked what motivated them to join a cooperative, top-cited reasons included: access to loans and credit (selected by 40% of respondents); earnings, dividend, and patronage benefits (20%); and employment opportunities (11%), as displayed in Figure 6. Cooperative members also reported that membership helps them to enrich their business opportunities and improve their economic well-being.

¹³ See Table 1 on page 11 for a more detailed explanation of the income categories. The 2015 FIES Survey is available in PDF form here: <http://202.90.134.34/sites/default/files/FIES%202015%20Final%20Report.pdf>

“I started dairy production through the cooperative’s technical training, and I am thinking of putting up a grocery store for my next bigger loan. A mini-store for moms.”

— Cooperative Leader, Cagayan de Oro



Increased Incomes

Cooperative members enjoy a higher income than non-members. The household incomes of cooperative members were compared to those of non-members and are displayed in Figure 4. These findings are triangulated with the Philippines’ national statistics, as reported in the 2015 Family Income and Expenditure Survey (FIES).¹³

An additional measure of economic benefits, shown in Figure 5, highlights cooperative members’ responses to the question regarding cooperatives’ impact on household economic decision-making. Fifty-nine percent (59%) of cooperative members strongly agree and an additional 32% of cooperative members agree with the statement, for a total of 91% positive responses.

FIGURE 4 SOCIOECONOMIC STATUS OF COOPERATIVE MEMBERS, NON-MEMBERS, AND GENERAL PUBLIC (% BY INCOME BRACKET)



FIGURE 5 COOPERATIVE MEMBERSHIP AND ECONOMIC SECURITY

“Does cooperative membership help in making decisions that are essential for economic security/well-being of a household?”

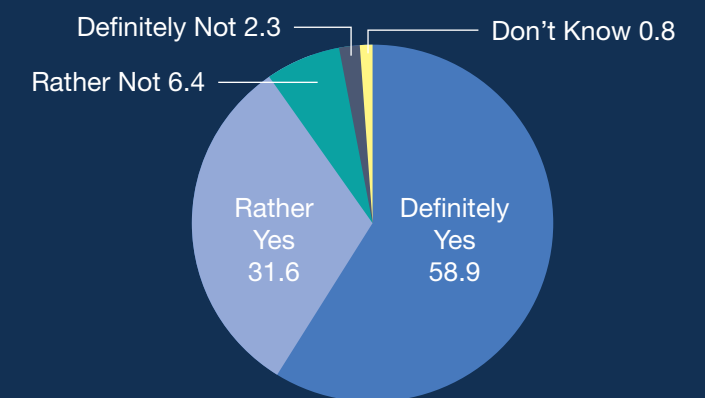
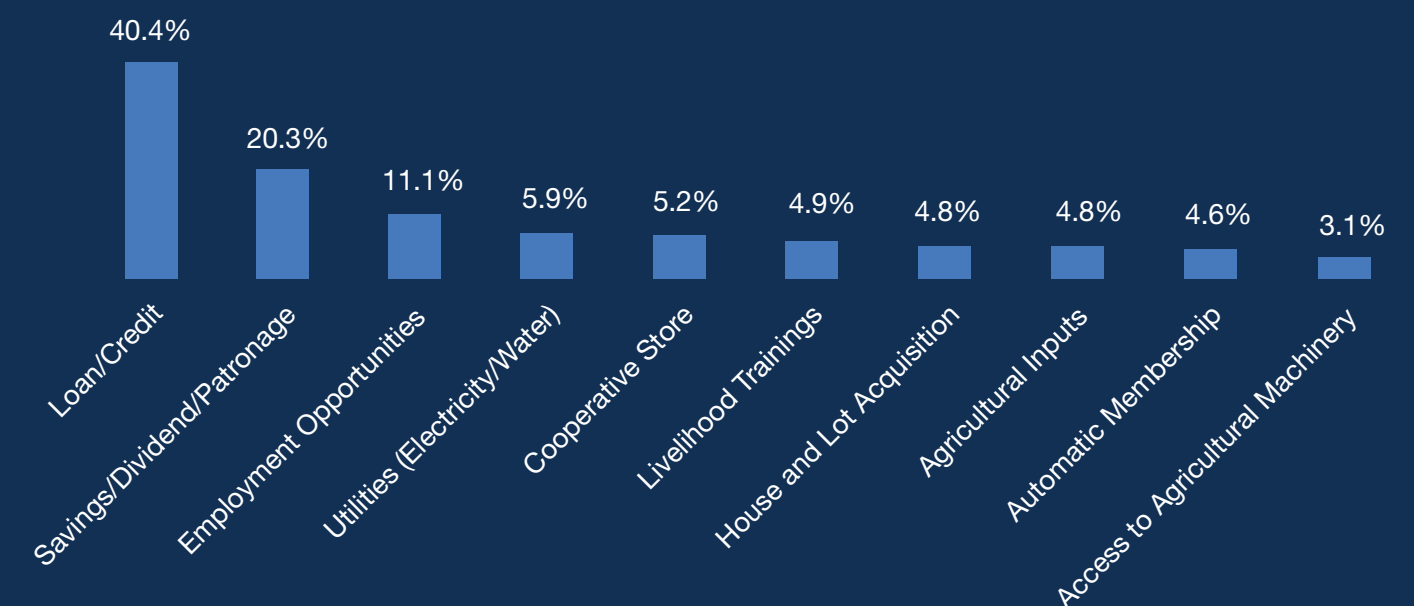


FIGURE 6 TOP MOTIVATIONS FOR MEMBERS TO JOIN A COOPERATIVE



Social Benefits to Cooperative Membership

This section of the report evaluates the social dimension of cooperative membership, given that cooperative members gain economic benefits together with other community members.

This study evaluates social capital by measuring several key variables, including trust in others and membership in other organizations. These findings are presented in the social capital and trust subsection. In the “social benefits” category, we also assess individuals’ access to financial assistance during times of crisis. Access to financial resources during crises helps to measure the tangible benefits resulting from robust social networks. These findings are presented under the social capital and resilience subsection.

“I now have savings and am able to apply for loans. The cooperative boosted my confidence and I have become more conscious of my budget. I started a new business and now I can send my children to school.”

— FGD Member, Davao

“Cooperatives make one inclined to undertake economic activity and help in making decisions.”

— Cooperative Leader, Dagupan

Social Capital and Trust

Among cooperative members, trust in other members of their community is at a high level (93%) compared to 85% of non-members, as displayed in Figure 7. A higher number of cooperative members responded with greater certainty regarding their trust in others (66% vs. 45%), answering “Definitely yes” compared to non-members. Ninety-three percent (93%) of cooperative members trust other members of their community.

“We tend to get closer knowing that we share a common interest.”

— Cooperative Leader, Cagayan de Oro

Social capital was also conceptualized as having individuals to turn to for support and council during moments of crisis. Ninety-eight percent (98%) of cooperative members affirmed that they had someone to talk with during emergencies. Social networks often provide more than just moral support, by extending tangible economic assistance during moments of crisis. A series of questions ascertained that cooperative members are well-connected with robust social support networks. While levels of social capital are high overall in the Philippines, social capital levels are higher among cooperative members than non-members.

Social Capital and Resilience

Members and non-members reported that they can depend on the following sources of support during crises:

- **Neighbors** – A combined 88% of cooperative members affirm that they can count on their neighbors to help them with problems, compared to 85% of non-members.
- **Family & Friends** – Over three fourths of cooperative members (77%) state that they can count on family, relatives, or friends. Comparatively, 80% of non-members rely on family, friends, and relatives during crises. This slightly higher dependence on relatives and friends for non-members could be influenced in

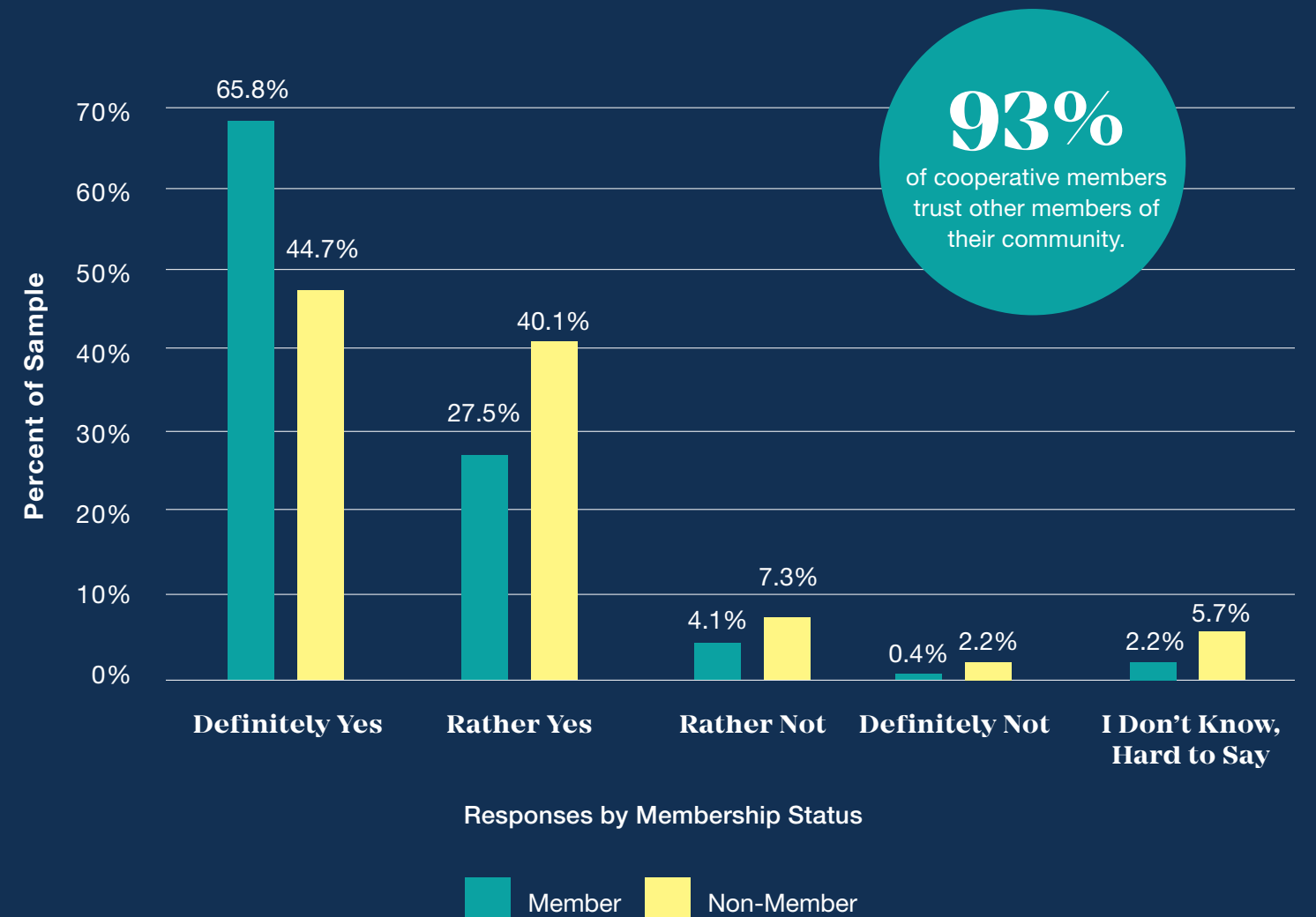
part by the fact that they do not have the option of cooperative loans.

- **Cooperative** – 88% of members stated that their cooperative supports members in times of emergency.

Having multiple sources of support when times are tough is important to a household’s financial resilience. Importantly, each of these three social support systems (neighbors, family/friends, and cooperatives) provide support either without interest or with favorable interest rates. Having a variety of options on hand can help cooperative members avoid paying exorbitant rates from other “quick money” lenders. While non-members can also depend on their neighbors, family, and friends for assistance during crises, cooperative members have an extra layer of support.

FIGURE 7 LEVEL OF TRUST IN OTHER COMMUNITY MEMBERS

“Can you trust the majority of other people of your community?”



Economic Benefits to Community

This section explores whether the economic benefits identified at the household level expand to community-wide economic improvements. The section aggregates responses from the community at large, including perspectives from both cooperative members and non-members. The section measures participants' perceptions of cooperatives' influence on community economic development and quality of life. Figure 8 highlights non-member responses to whether cooperatives positively impact economic life in their community. Eighty-one percent (81%) of non-members agree that cooperatives have stimulated economic development of their community, thus confirming the "positive influence" of cooperatives on individual members and on the community as a whole.

This perceived positive influence was further measured in a subsequent question, "How do cooperatives contribute positively to communities' quality of life?" The most-cited response was the perception that the business environment was energized by a capital injection (in this case, a cooperative loan). Another popular response is that overall quality of life improved.

Members were also interviewed regarding specific services offered by cooperatives, and the results are displayed in Figure 9. Financial loans lead the way, ranked highest by 52% of members. The ease of loan acquisition is a strength for communities' economic growth and development in the Philippines.¹⁴ The second highest ranked service is the benefit of a cooperative store, which was selected by 26% of cooperative members.

While loans offer a tangible economic benefit to members' households, and thus were reported in the "Economic Benefits to Cooperative Members" section, there are both direct and indirect economic benefits of cooperatives' presence in the community, as highlighted in Figure 10.

¹⁴ While beyond the scope of this study, further studies could measure the impact of cooperative loans on households and the types of loans that are most common in the Philippines, whether for business, education, or household expenses. The impact of loans could be analyzed along the lines of "resolving household needs" and/or "catalyzing economic change" among other categories. Participants of focus groups raised concerns about members falling into a potential "loan trap" or over-dependence on cooperative loans. This concern should be further studied and managed.

FIGURE 8 POSITIVE INFLUENCE OF COOPERATIVES ON ECONOMIC DEVELOPMENT BY NON-MEMBERS

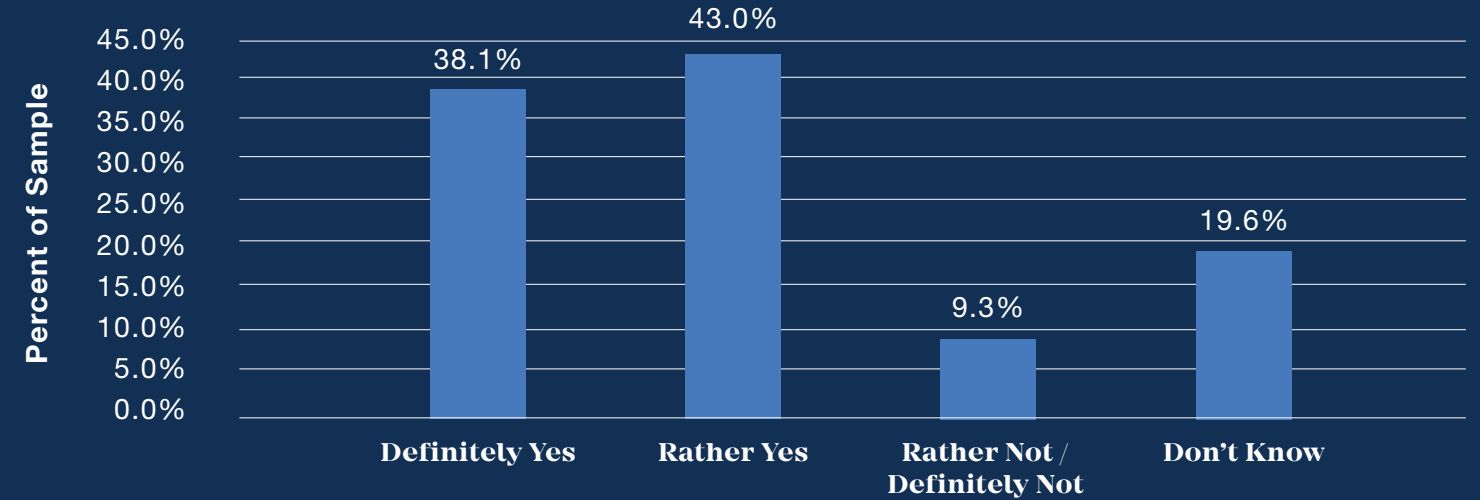


FIGURE 9 SERVICES OFFERED BY COOPERATIVES, ACCORDING TO MEMBERS

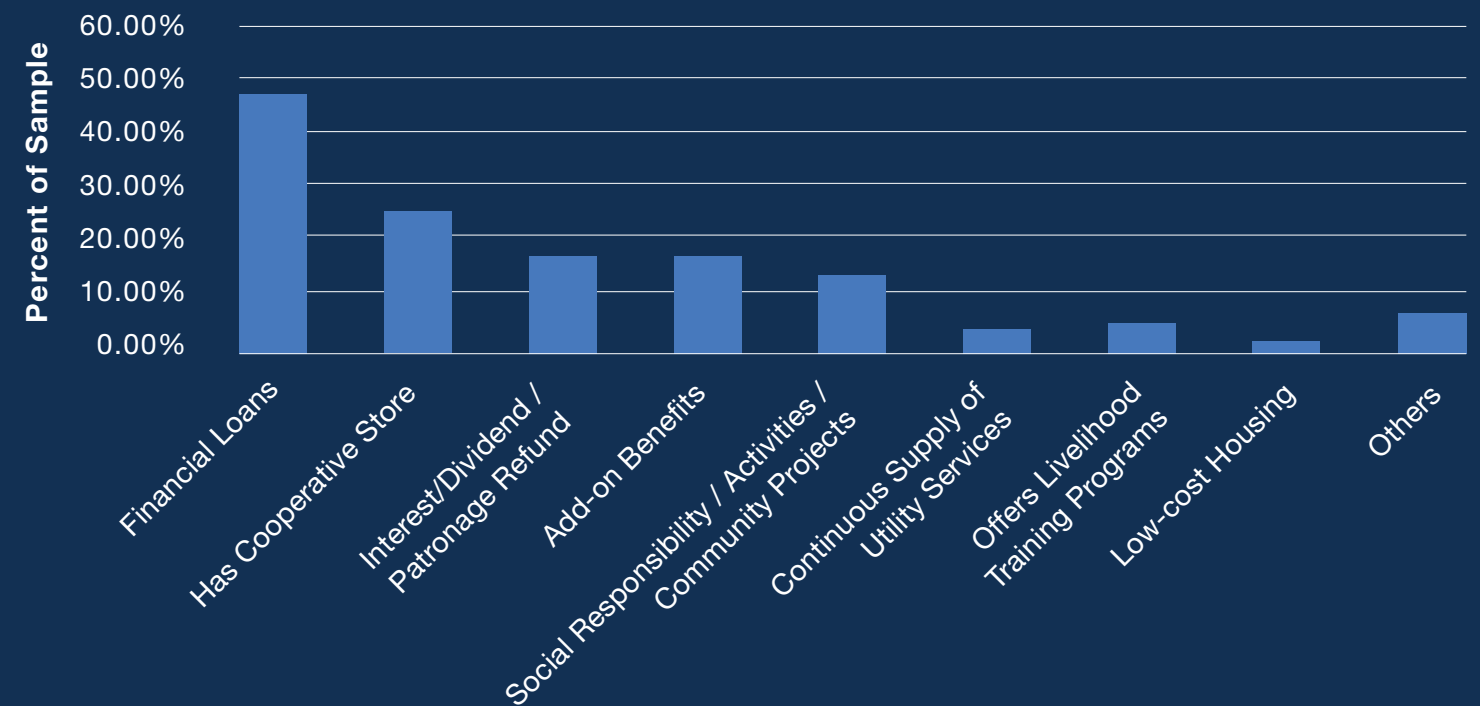


FIGURE 10 DIRECT & INDIRECT COMMUNITY BENEFITS OF COOPERATIVES

Direct Economic Benefits

- Creation of job opportunities for non-members
- Sale of cooperative products in community
- Residents' improved financial management

Indirect Economic Benefits

- Spur new community businesses
- Decreased use of informal money-lenders
- Increased savings in the community



Social Benefits to Community

This section combines perspectives of both cooperative members and non-members on the social benefits cooperatives offer to the community. As cooperatives are democratically run by their members, members' perspectives on their cooperatives' mission and responsibilities are of utmost importance. The WDDCM questionnaire queried cooperative members to what extent they value the cooperative principles, including Cooperative Principle 7: "Concern for Community." Sixty four percent (64%) of cooperative members ranked "Concern for Community" to be very important. Cooperative members were further asked if services offered by their cooperative extended to non-member community residents. Perceptions are largely split on this question, with 54% stating that services are limited only to cooperative members and 46% stating that non-members are eligible for services as well as members. For rural cooperative members, the scales tip in favor of non-member benefits, with over 50% responding that their cooperative extends benefits to non-members and only 47% reporting the perception that benefits are provided only to members.

Cooperatives provide many social benefits to the community both directly and indirectly, as families gain greater freedom through their membership to invest in quality-of-life improvements, such as education, healthcare, and quality housing. Some cooperatives additionally provide support for their members and the wider community in accessing health services. Forty-five percent (45%) of members stated that their cooperative offers health services for families of members. Even non-members acknowledge receiving cooperative-sponsored health benefits, with nearly one-fourth (24%) responding positively to the question, "Do cooperatives in your community offer health-related educational programs like HIV prevention, family planning, or nutrition courses?" Both members and non-members are taking advantage of these health programs: Sixty-one percent (61%) of cooperative members report using the health services offered by the cooperative, followed by 52% of non-members responding the same.

The social capital benefits presented through the lens of trust and resilience in the "Social Benefits to Cooperative Members" section naturally extend beyond the individual or household level to the wider community. In the section on trust, cooperative members demonstrated higher levels of trust in their neighbors than non-members. These findings point to the potential for cooperatives to build community trust and cohesion. Focus group members commented on this dynamic:

"We became family, because the cooperative is like one small community. I became closer to my co-members and neighbors. We made more friends through cooperatives and we end up being co-creators."

— FGD Member, Tacloban

Members reported increased ease in accessing financial support from their networks during crises. The added layer of institutionalized support through the cooperative system can lead to a stronger and more robust community response during community-wide crises.

Women in Cooperatives

In the Philippines, evidence indicates that women achieve both agency and economic empowerment through cooperative membership. Women are well-represented in cooperatives in the Philippines and therefore were well-represented in this study. Members are in near unanimous agreement that women and men can join under the same circumstances, are equally involved in decision-making, and have access to the same cooperative services and shares, as demonstrated in Figure 11.

Forty-nine percent (49%) of all women respondents attest that cooperatives have a positive impact on the economic situation of women.¹⁵ Specific benefits valued include the ability to save funds and earn interest, access to employment opportunities, and access to loans and credit. When looking at cooperative membership through the prism of men and women's membership, 45% of cooperative respondents identified cooperatives as predominately comprised of women, and 29% of

respondents identified cooperatives as predominately comprised of men.

Focus groups and key informant interviews confirmed the overall positive impact on women members. Women focus group members in Manila shared how cooperative membership changed their lives.

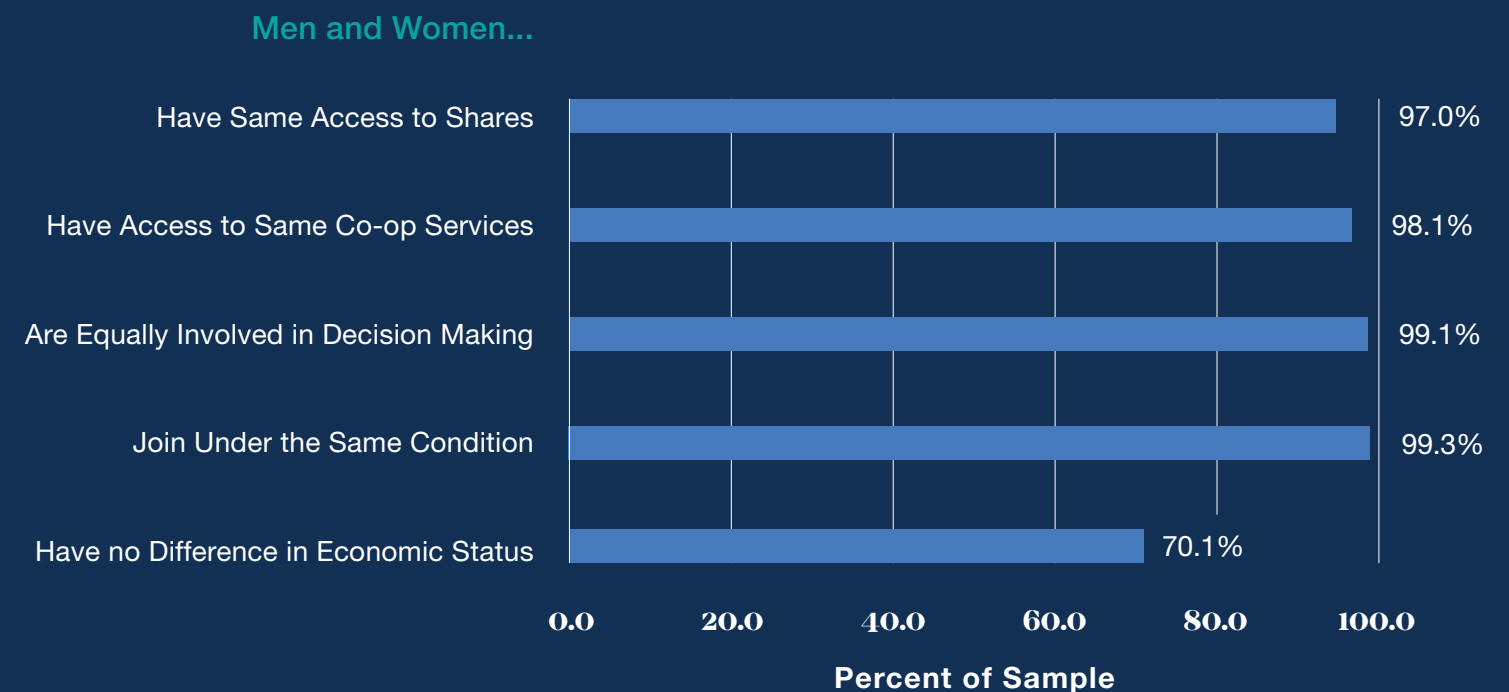
"In terms of saving up, both as a woman and a mother, you learn how to be economical, to manage the budget wisely for the family. I do not have to rely on my husband if I want something for myself that is not within his salary's budget. During times of school enrollment, at least there is the cooperative which I can depend on if money is tight. I gained financial freedom. I learned how to invest or use my borrowed money wisely."

— FGD Members, Manila

¹⁵ It is worth noting that there is a good deal of variance by geography: In some regions, up to 70% of women attest that their cooperative has a positive impact on their economic situation, whereas in other regions, only 24% of women agreed.



FIGURE 11 MEMBERS' VIEWS ON GENDER EQUALITY IN COOPERATIVES



Conclusion

Key Recommendations

The multi-country and multi-year research project, **“What Difference Do Cooperatives Make?”** focuses on the economic and social benefits of cooperatives to their members and the communities in which they operate. In the Philippines, cooperatives are popular among both women and men, with women being well represented among cooperative members. A resounding 99 percent of cooperative members attest that men and women have equal opportunities for decision-making roles and join under equal conditions. Both members and non-members highly regard cooperatives for their prowess and experience serving as important community lending institutions. With over 100 years of cooperative history and around 20 different types of cooperative organizations identified by law (and 27 types differentiated and tracked by CDA), people across the Philippines highly regard cooperatives for their diverse offerings as well as production and lending capacity.¹⁶ Based on focus group conversations, members are well versed in the details and conditions of loans that their cooperatives offer.

However, the study’s findings illustrate that the diverse interlinking economic and social benefits provided by cooperatives extend far beyond loan disbursements. Cooperative membership offers a holistic package of economic support to its members, including business

advice and mentoring, employment, skills training, and capacity development among its diverse services. Cooperatives also encourage members to establish healthy financial habits, such as savings and budgeting practices. These lessons are not only learned at the household level; rather, they are learned in a collaborative community. As members improve their economic practices, they also strengthen their social capital and bolster their networks, which they can call on in moments of financial or social distress. Additional areas of social impact include the cooperatives’ charity and livelihood programs that work to strengthen the resilience of communities as well as support them during crises.

Cooperatives thereby have both direct and indirect impacts on quality-of-life factors. With increased incomes, members can invest in higher quality education for their children and meet the essential needs of their households. The cooperative loans assist them in meeting regular expenses, and with a high loan dispersal rate, offer a clear and safe alternative to informal money lenders. Increased economic freedom and mobility for households helps to build more resilient and healthy communities.

¹⁶ More information is available here: <https://cda.gov.ph/resources/updates/statistics>

The findings from this Philippines country study in the **“What Difference Do Cooperatives Make?”** research initiative, underscore the potential for cooperatives to serve as a key to economic inclusion and resilience of households and communities across the Philippines. While development indicators have improved in recent years in the Philippines, with poverty declining from 23.3% in 2015 to 16.6% in 2018, and the Gini coefficient declining from 44.9 to 42.7 over the same period, the COVID-19-influenced global economic recession has led to a contraction in the Philippines’ economy.¹⁷ Effective public policies are needed to minimize the negative human impacts of the present crisis without losing the ground that has been gained for inclusive development.¹⁸

For USAID:

USAID is committed to supporting countries’ journey toward self-reliance.¹⁹ USAID Philippines has worked over the years as a close partner of the Philippine government to promote inclusive economic growth, support democracy, and protect human rights.²⁰ The results of this study demonstrate the potential for cooperatives to serve as an equalizing and inclusive path to economic development for communities across the Philippines. With the aggregating power of cooperatives, the high level of

trust among members, their inherent “scalability,” and the positive base of economic performance suggested by this research, cooperatives can be viewed as an important vehicle for continuing economic growth and self-reliance in the Philippines.

For the Philippine Government:

This study’s findings show that members of cooperatives enjoy greater economic and social well-being than both non-members and the general population, including higher incomes, higher social capital, and a lower likelihood of being very poor. A cooperative-enabled inclusive growth strategy and plan is in alignment with key government charters, including: the Philippine Constitution, AmBisyon Natin 2040 vision, the Government Development Plan 2017-2022, and the CDA Cooperative Development Plan 2018-2022.

¹⁷ Drawn from the World Bank’s overview of the Philippines. Further data is available here: <https://www.worldbank.org/en/country/philippines/overview>

¹⁸ The WDDCM data was collected pre-COVID-19, and therefore does not reflect the pandemic’s impacts.

¹⁹ More information on the journey to self-reliance can be found on USAID’s website here: <https://www.usaid.gov/selfreliance>

²⁰ More information on USAID Philippines’ work can be found here: <https://www.usaid.gov/philippines>

These findings in turn validate the prioritization of an inclusive growth strategy in which cooperatives play a key role in achieving growth and poverty reduction targets. The recommendation for this prioritization and explicit incorporation into a national inclusive growth strategy comes with the caveat that cooperatives need to be governed by their members and run on a sound economic footing to achieve these benefits. It is important that such a strategy reflect the necessary technical and other “incubation” support that might be necessary for cooperatives to achieve continued economic success for more citizens of the Philippines.

Within these national and international frameworks, the rich results from this country-wide study inform several important policy recommendations for the donor community, the Government of the Philippines, and cooperative leaders across the country:

1. Explore cooperatives’ role in strategic approaches to poverty alleviation.

The comparison between poverty levels of members and the general population in the Philippines suggests that members of cooperatives are less likely to be poor. This is important to note as according to USAID’s Country Roadmap, the Philippines falls below average for the percent of citizens that fall below the poverty rate of \$5/day when compared to other low- and middle-income countries (score = .40) even though they boast an above average GDP per Capita (PPP) (score = .50).²¹ Cooperatives may be able to guide a systematic poverty alleviation strategy in the Philippines. In line with the core cooperative principles, cooperatives offer a viable avenue to support inclusive economic opportunities through the provision of basic services, such as increasing access to inputs or credit for rural farmers and fishing communities.

2. Expand cooperatives’ inclusivity to improve the economic well-being of families living in poverty.

While it is important that cooperatives set membership standards in order to safeguard the cooperative’s economic viability, this study has shown that cooperative membership significantly improves the economic well-being of households. Therefore, cooperative leaders

should develop strategies to allow marginalized community members to reap the economic and social benefits of cooperative membership.

3. Strengthen the social contributions of cooperatives.

The high degree of community-level cooperation in the Philippines suggests that cooperatives have fertile ground to plant additional “care for community” initiatives and projects. According to USAID’s 2020 Roadmap to Self-Reliance, Social Group Equity in the Philippines is ranked at 0.50.²² Cooperatives could play an important role in increasing social equity through the extension of community-wide health and education benefits, thus, reinforcing social solidarity among cooperative members and the wider community.

4. Explore the potential of technology to strengthen the overall cooperative sector and its performance.

Technological advancements can help to improve management and performance of cooperative businesses. The Philippines ranks above average compared to other low- and middle-income countries on information and communications technology adaption, and the cooperative community may be able to capitalize on this valuable resource.

5. Fortify linkages between cooperatives and local governments.

Successful partnerships between cooperatives and local government units (LGUs) observed in the Philippines demonstrate cooperatives’ potential to contribute positively to local economic growth. Bolstering these relationships can help to strengthen local governance and contribute to the local economy.

²¹ The Philippines’ data can be further explored on USAID’s website: <https://selfreliance.usaid.gov/country/philippines>

²² Ibid.

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