COVID-19 Impact on Agricultural Cooperatives: Round One Brief

TANGO International

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In Collaboration with:

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This brief highlights the main findings from the first out of three rounds of data collection of the COVID-19 impact study designed to determine the impacts of COVID-19 on agricultural cooperatives. In round one, 93 interviews were completed: 8 from Equal Exchange, 17 from Global Communities, 18 from Venture37, and 50 from NCBA-CLUSA. Twenty value chains and eight countries are represented in the data set. For the purposes of this brief, value chains with only one cooperative represented in the data are not explicitly addressed. [1] A full analysis will be available in the final report, available 21 August 2020 after all three rounds of data collection are completed.

Table 1. Completed interviews in Round One

Country	Value Chain						Total
	Cacao	*Coffee*	*Dairy*	*Maize*	*Horticulture*	*Other*	
Kenya	-	1	17	-	-	5	**24**
Madagascar	-	-	2	1	-	6	**9**
Malawi	-	-	2	-	4	-	**6**
Mexico	-	3	-	-	-	-	**3**
Paraguay	-	-	-	-	-	1	**1**
Peru	10	10	-	-	-	1	**21**
Rwanda	-	-	6	4	2	-	**12**
Tanzania	-	4	1	10	-	2	**17**
Total	*10*	*18*	*28*	*15*	*6*	*15*	***93***

I. OVERVIEW

Ninety five percent of surveyed cooperatives reported that COVID-19 is already impacting their operations. Only five cooperatives of the of 93 sampled report experiencing no negative effects. Those who have not yet experienced any negative impacts of COVID-19 are in the following countries and value chains: dairy in Kenya; apiculture in Madagascar; and coffee, dairy, and rice in Tanzania.

II. IMPACT ON MARKETING, SALES AND PRODUCTION OF AGRICULTURAL COMMODITIES

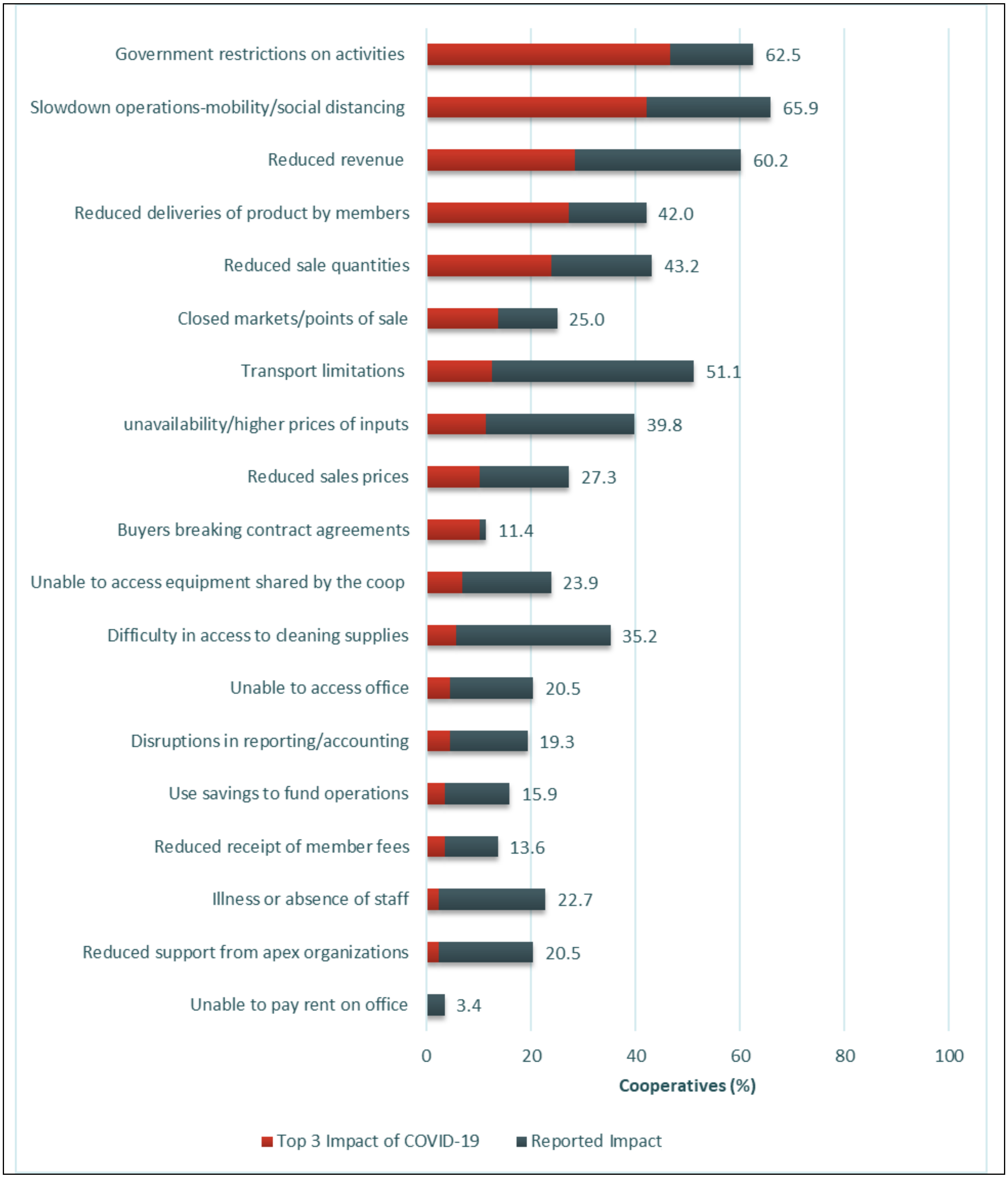
The primary impacts of COVID-19 on cooperatives vary by country and value chain; however, ***government restrictions on activities (46.6%), slowdown in operations due to mobility/social distancing restrictions (42.0%), and reduced cooperative revenue (28.4%) emerge as the top three most severe impacts of COVID-19 on cooperative operations*** across the dataset. Government restrictions are widely cited across all value chains except horticulture. This is especially true in Peru where government restrictions are reported by 76.2% of cooperatives. Slowdown in operations due to social distancing is mentioned by at least 20% of cooperatives in all countries, but is particularly prevalent in Peru and Tanzania and all value chains except dairy. Reduced revenue is widely reported by cooperatives in Madagascar, Malawi, Rwanda and Kenya, but infrequently in Peru and Tanzania.

In the survey tool, cooperatives were asked to list all impacts of COVID-19 on their activities, and are then directed to select the three most severe of those impacts (here thereafter referred to as "Top 3"). These findings are illustrated in Figure 1 below. For example, 65.9% of cooperatives report that they experienced a slowdown in operations due to mobility/social distancing regulations, and of those, 42.0% identify this as one of the three most significant impacts COVID-19 on their operations. Some impacts,

[1] Value chains represented in the dataset include: banana, cacao, coffee, dairy, grains, maize, horticulture, palm oil, sugarcane, vermiculture, wine, workers cooperative, service cooperative, cotton, fishing, fruits, livestock, apiculture, and rice.

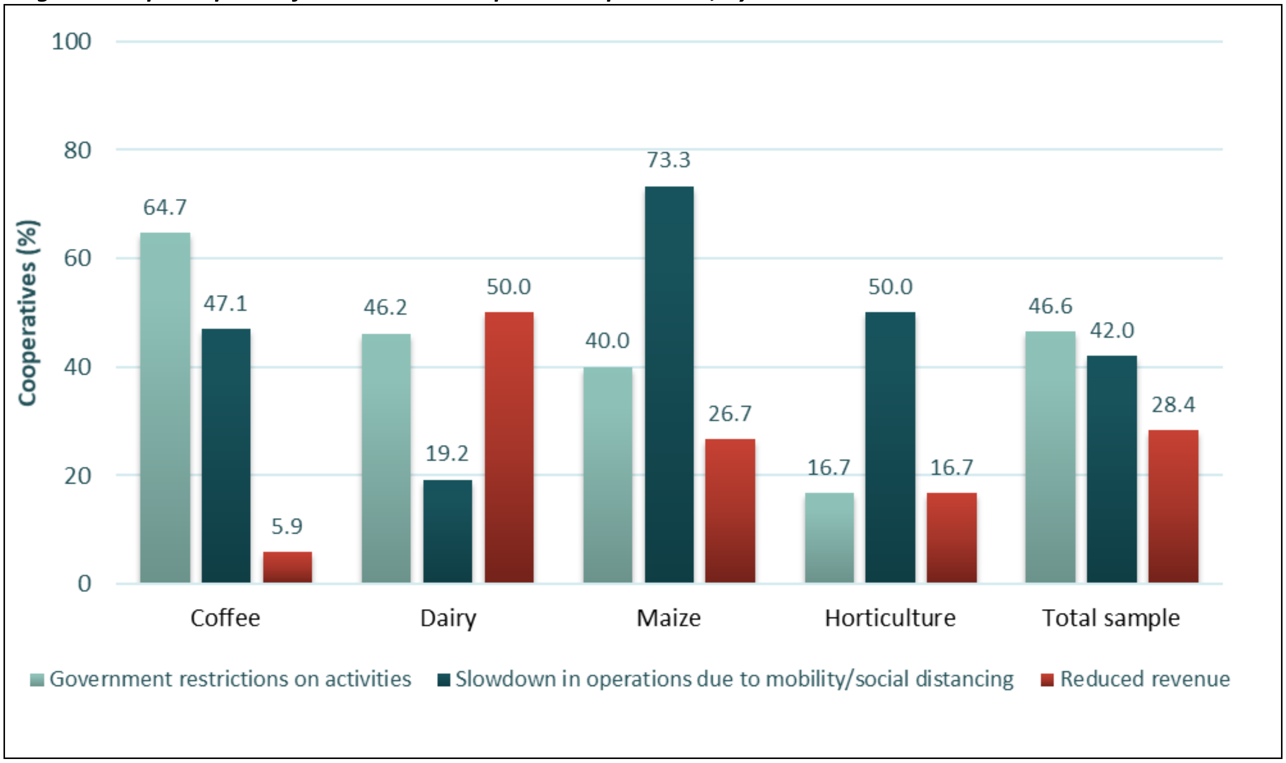
like transport limitations, are widely reported but are not commonly identified as one of the top impacts of COVID-19. Conversely, others which are not broadly reported across all the cooperatives such as buyers breaking contract agreements are selected as one of the most severe by those who identify the impact.

Figure 1. Total report impacts of COVID-19 on cooperative operations and impacts selected as the Top 3 most severe



The primary impacts of COVID-19 on cooperatives in Malawi are reduced revenue and problems in access to inputs (each are reported in the Top 3 by 50% of cooperatives). In Rwanda, reduced sale quantities (50.0%), reduced revenue, and slowdown in operations due to social distance (each 41.7%) are the most widely cited impacts.

Figure 2. Top 3 impacts of COVID-19 on cooperative operations, by value chain



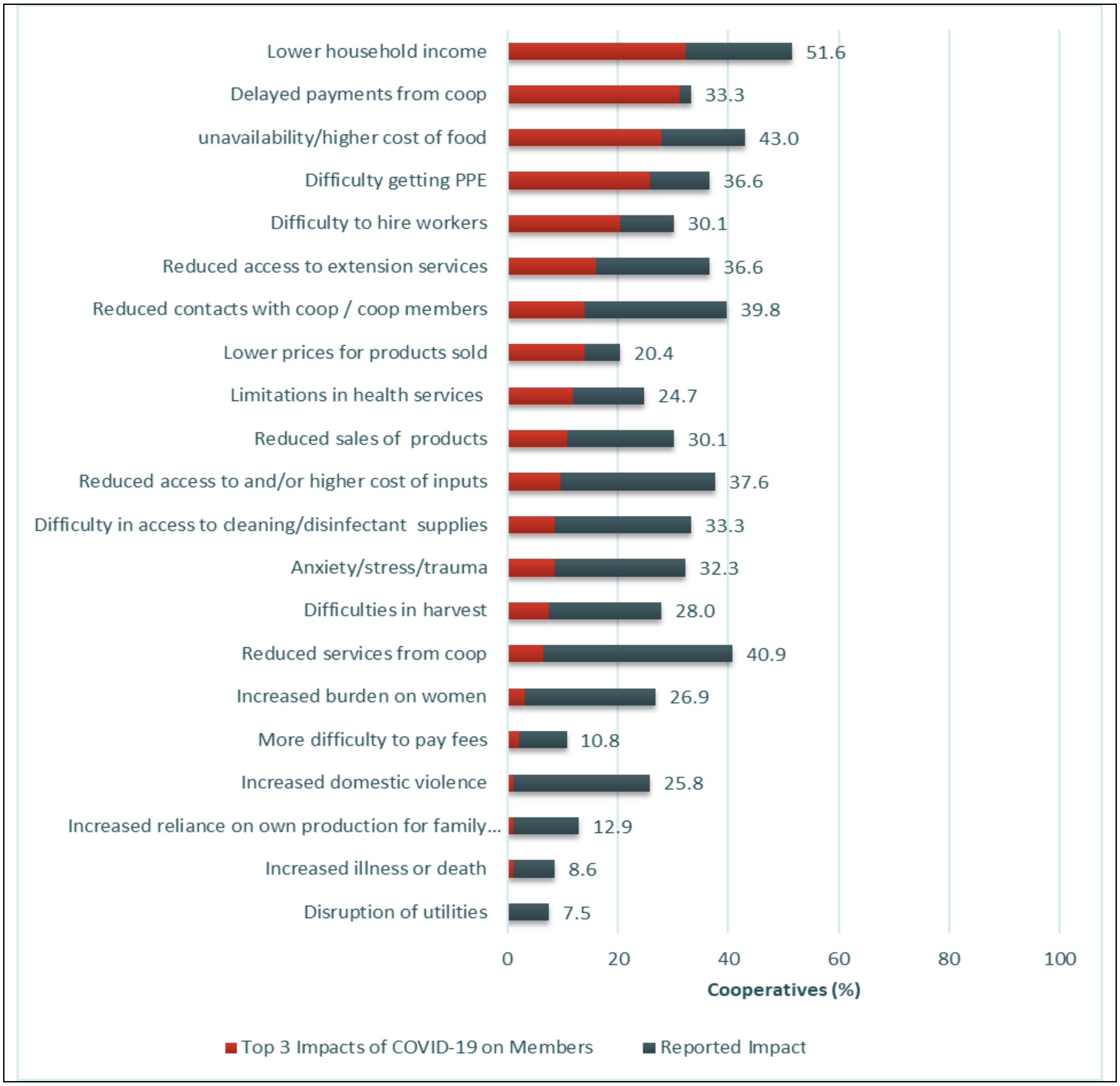
For the dairy value chain, the primary reported impacts are reduced revenue (50.0%) and government restrictions on activities (46.2%). For the maize value chain, the most reported impacts are slowdown in operations due to mobility/social distancing restrictions (73.3%) and government restrictions on activities (40.0%). Horticulture has particular problems with closed markets, transportation, and access to inputs.

III. IMPACT ON HOUSEHOLD ECONOMICS

Cooperative representatives report that the top three impacts of COVID-19 on cooperative members are lower household income, unavailability/higher cost of food, and reduced cooperative services. The top impact of COVID-19 on cooperative members for both Malawi and Rwanda is a lower household income (Malawi 83.3%, Rwanda 58.3%) – above the average for the total sample of 32.2% overall. Problems of food availability particularly widespread in Malawi, Peru and Rwanda (over 30% reported as one of the Top 3 impacts).

Additional cited impacts of COVID-19 include delays in payments from cooperative, which was particularly widely reported in Peru and Rwanda (over 50% of cooperatives reported as top 3 problem). Difficulty to hire workers by cooperative members was a particular problem cited frequently the cooperatives in Peru.

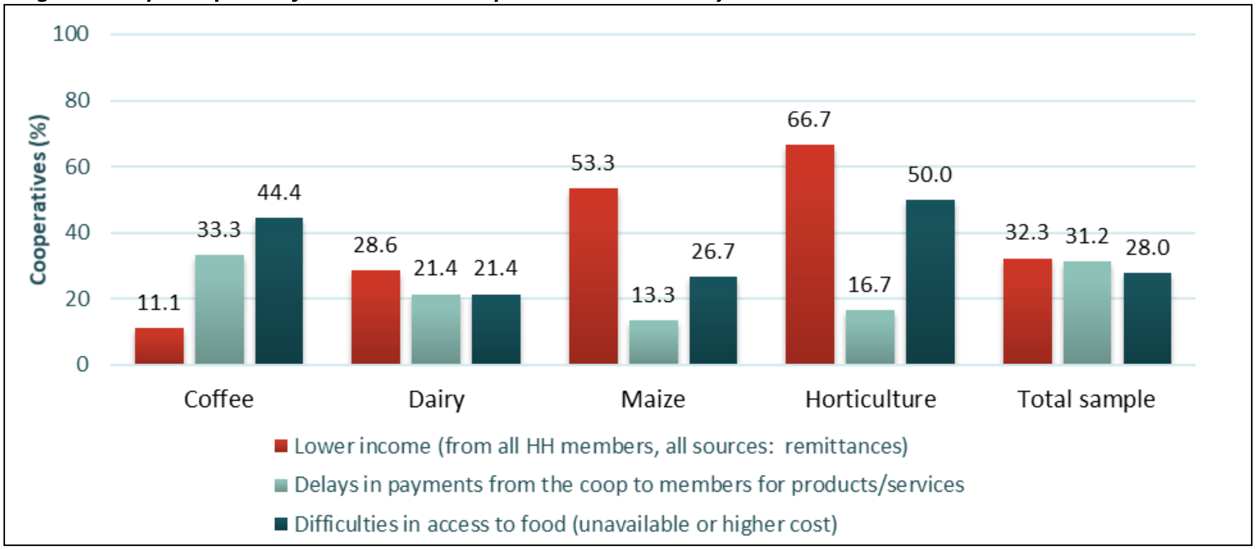
Figure 3. Total reported impacts of COVID-19 on cooperative members and impacts selected as the Top 3 most severe



The survey also collected information on how households are coping with the cited impacts of COVID-19, which found that 82.8% of cooperatives report members are staying at home, and 45.2% report that some members are dropping out of the cooperatives. In Malawi, all six cooperatives that were interviewed report there are instances of members dropping out of some cooperative activities.

The Top 3 impacts of COVID-19 on cooperative members varies by value chain. ***Overall, the top three impacts of COVID-19 on cooperative members are lower incomes, delays in payments from the cooperative, and difficulties in access to food.*** More than half of cooperatives in Maize (53.3%) and horticulture (66.7%) value chains reported their members have experienced lower incomes as a result of COVID, only 11.1% report the same in the coffee value chain.

Figure 4. Top 3 impacts of COVID-19 on cooperative members by value chain



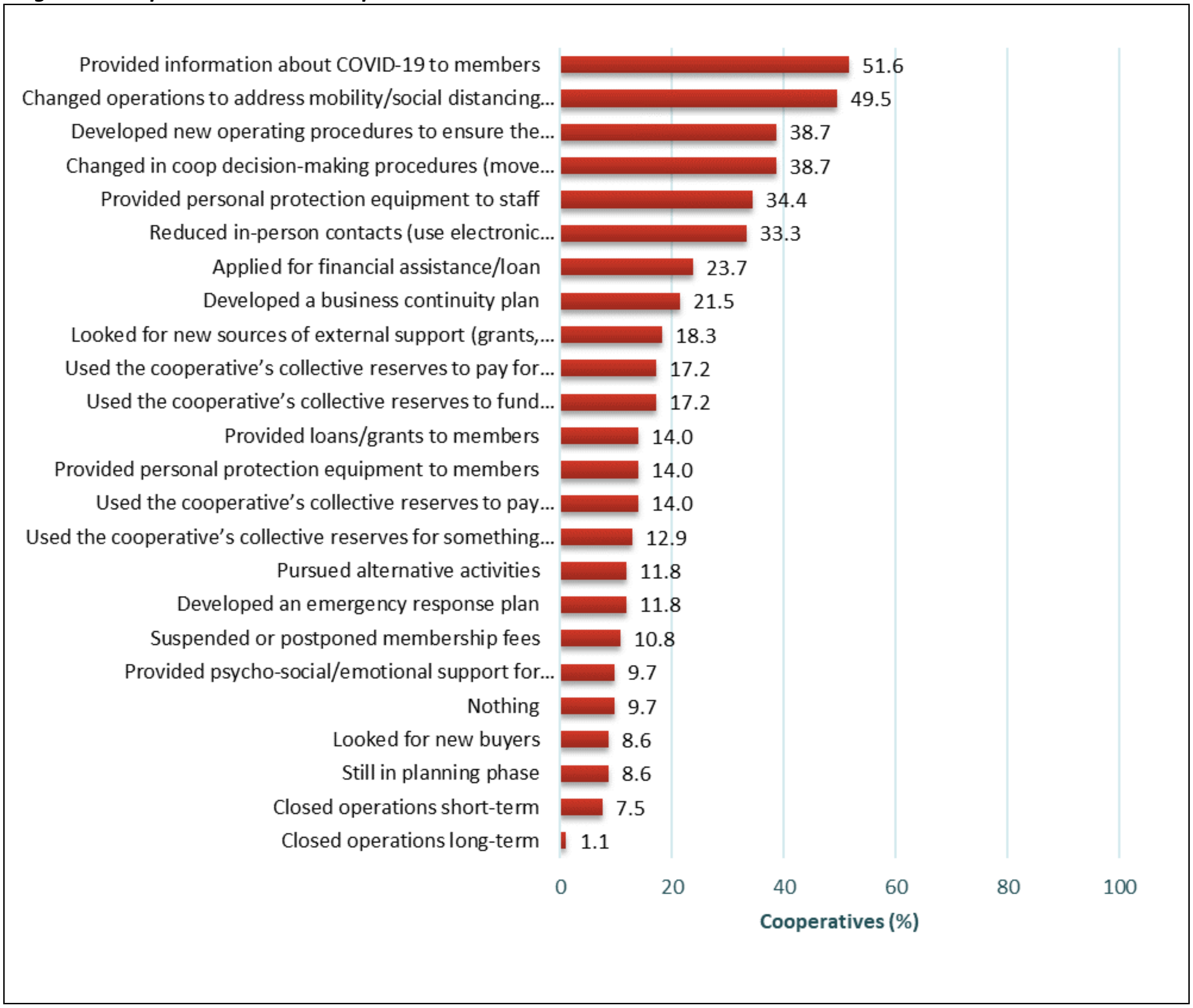
IV. RESILIENCE OF COOPERATIVE BUSINESS/LEADERSHIP

The most common responses to COVID-19 cooperatives are already implementing are to provide information about COVID to their members, changing operations to address mobility/social distancing guidance, developing new operating procedures to ensure safety of cooperative members, and changing cooperative decision-making procedures to move away from in-person meetings.

Cooperatives in Peru, and to a lesser extent Rwanda, report cooperatives are already implementing a wide range of responses. Kenya, Madagascar, Malawi report adopting fewer of these strategies. Approximately 10% of sampled cooperatives are currently doing "nothing" in response to COVID-19, 51.6% are providing information about COVID-19 to their members, and 49.5% have changed operations to address mobility/social distancing requirements. In comparison with the other countries, the cooperatives in Peru are implementing a wider range of responses to COVID-19. Cooperatives in the remaining countries report many fewer planned activities. Only 11.8% of cooperatives report engaging in new business activities in response to COVID-19. These include producing new products and pursuing new value chains. No cooperatives reported adding more storage facilities. ***Only 10% of cooperatives report having an emergency plan in place before the start of COVID-19. Of these, all report that having the plan was helpful in their response to COVID-19.***

Cooperatives in both Malawi and Rwanda's primary response at this time is providing information about COVID to members (Malawi 83.3%, Rwanda 41.7%). In Malawi, cooperatives did not undertake many additional actions; however, some have indicated that they are changing operations to address social distancing requirements (33.3%). A total of 16.7% of cooperatives in Malawi report doing nothing in response to COVID. In Rwanda, the second most prevalent action taken by cooperatives is to provide loans/grants to members (41.7%). Approximately 8% of cooperatives in Rwanda report doing nothing in response to COVID.

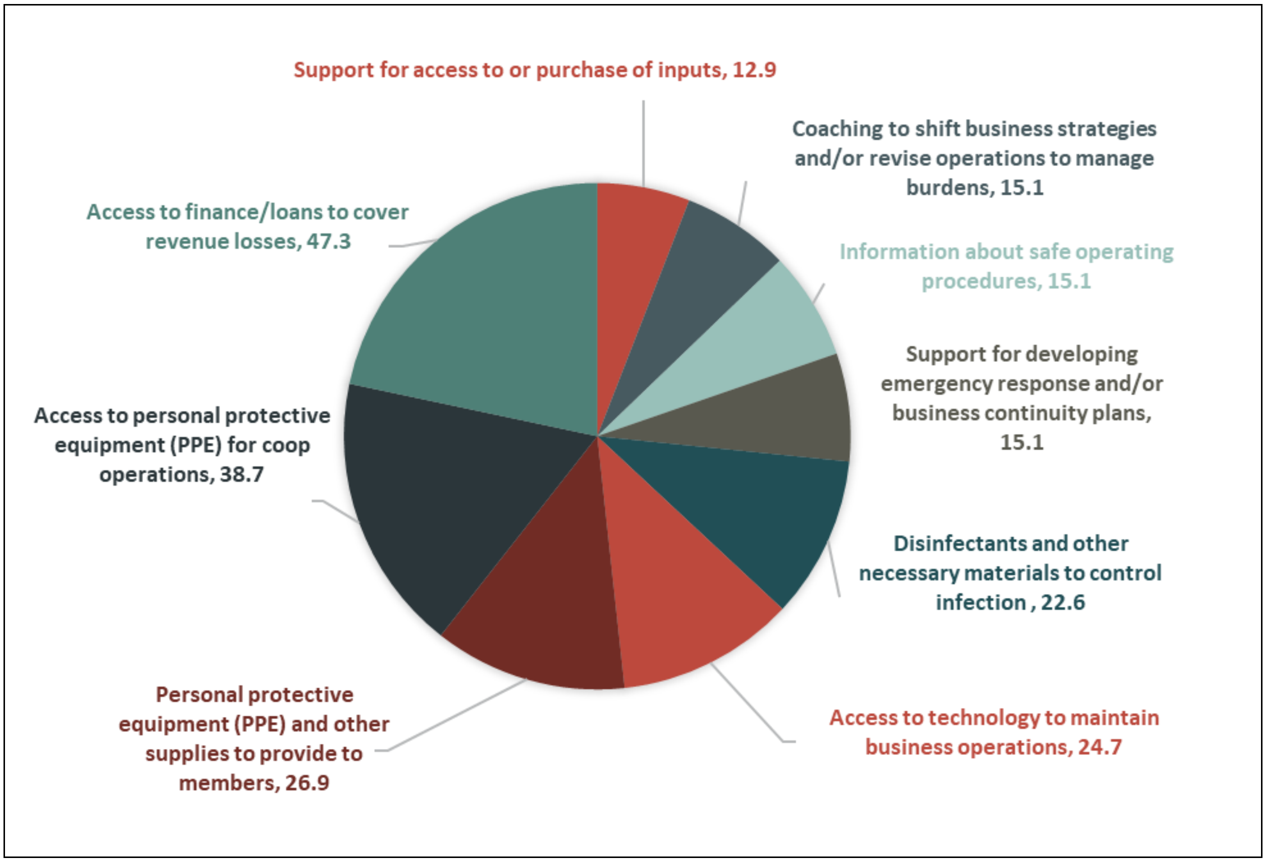
Figure 5. Cooperatives current response to COVID-19



Cooperatives and their members have already received some basic types of support in response to COVID-19. Half of the cooperatives report they have received information about safe operating procedures. However, all other types of support are reported by less than a quarter of cooperatives. Cooperative representatives report they have received requests from members, particularly that members have requested provision of protective equipment (PPE) materials (63.4%), and information on appropriate health and safety products (51.6%). Over 40% of cooperatives reported that members requested the cooperatives provide loans to members.

Round one of the survey found that ***the most urgently needed support for cooperatives in response to COVID-19 are access to finance/loans to cover revenue losses and access to personal protective equipment for cooperative operations.*** The most urgent kind of support needed is access to finance/loans to cover revenue losses (47.3%, overall). This is also reported as the most urgent need in Malawi (66.7%) and Rwanda (83.3%).

Figure 6. Most urgent support needs



V. COMMUNICATION AND ACCESS TO QUALITY INFORMATION

In the context of COVID-19, information sharing is critical. Round one data show that ***over 90% of cooperatives report that they have received information from their government regarding social distancing guidelines***, and over 70% have received information about PPE usage. Five percent of cooperatives reported not receiving any guidance or information.

Figure 7. Information received from government related to operations during COVID-19

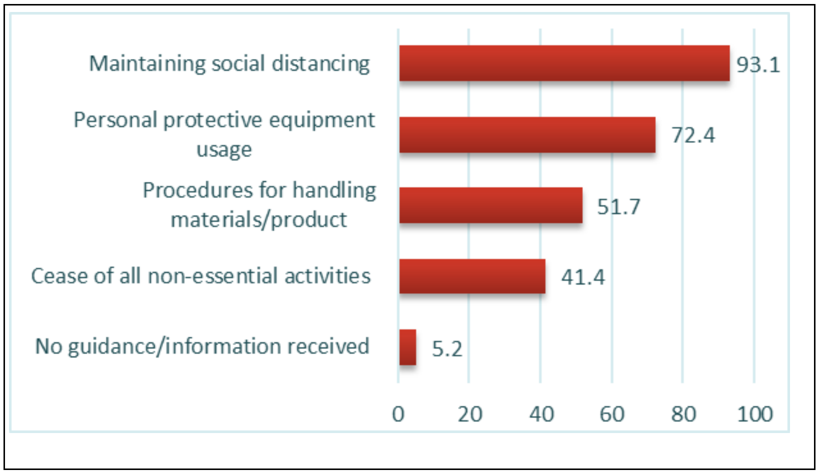
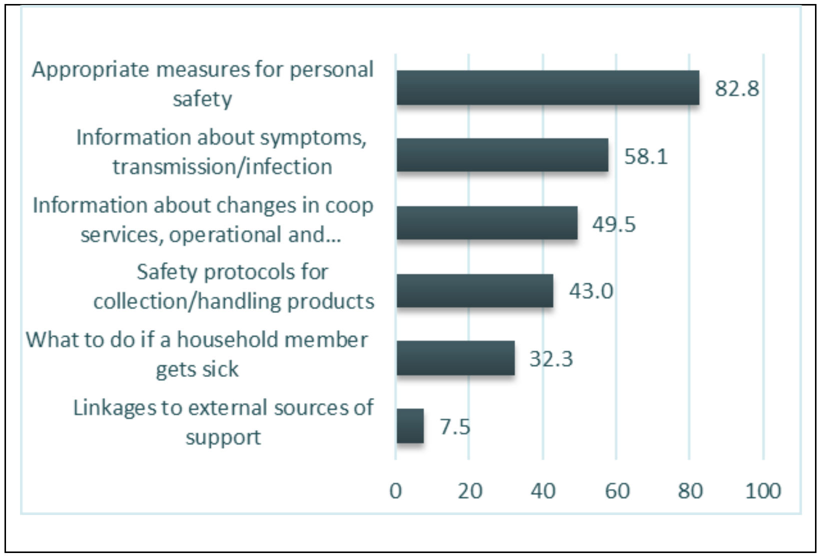


Figure 8. Types of information cooperatives are sharing with members

Cooperatives are actively sharing information with their members. All of cooperatives in Rwanda and 66.7% in Malawi reported sharing information on appropriate measures for personal safety with their cooperative members. Cooperatives communicate information about COVID-19 to their members most frequently by phone/SMS (73.1 %), WhatsApp (37.6 %) and bulletin board/poster at the cooperative (37.6%). Communication via in-person visits (30.1%) and in-person meetings (14.0%) are still relatively high in African countries, but much lower in Peru.



VI. SUMMARY: OVERALL TRENDS AND OBSERVATIONS

- Cooperatives are already experiencing many impacts of COVID-19 on their operations, and these impacts are widely reported across value chains and countries.
- Cooperatives in Peru and Rwanda appear to be experiencing stricter government regulations in response to COVID-19 as compared to the other countries. Cooperatives in these two countries report more impacts of government restrictions on their operations and on their ability to interact in-person with their members.
- Some impacts of COVID-19 are specific to the characteristics of different value chains. For example, dairy coops reported reduced sales quantities, sales prices and revenue, as well as buyers breaking contract agreements. These problems may reflect that the dairy sector depends on daily marketing of their product. Conversely, cacao, coffee, maize, and horticulture have more limited marketing seasons, and their marketing activities may not yet have been strongly affected by COVID-19.
- A widely reported coping strategy in response to COVID-19 is members dropping out of cooperative activities. Overall, 45% of coops reported this response on the part of some of their members.
- The most critical needs for additional support for coops at this stage is access to financing and personal protective equipment for coop staff and members.