COVID-19 Impact on Agricultural Cooperatives: Round Three Brief

TANGO International

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In Collaboration with:

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This brief highlights the main findings from the third out of three rounds of data collection of an study designed to determine the impacts of COVID-19 on agricultural cooperatives. In Round Three, 89 interviews were completed: 8 from Equal Exchange, 13 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. A full analysis will be available in the final report, available in August 2020.

Table 1. Completed interviews in Round Three

Country	Value Chain						Total
	Cacao	*Coffee*	*Dairy*	*Maize*	*Horticulture*	*Other*	
Kenya	--	1	14	--	--	8	**23**
Madagascar	--	--	2	1	--	6	**9**
Malawi	--	--	2	--	4	--	**6**
Mexico	--	3	--	--	--	--	**3**
Paraguay	--	--	--	--	--	1	**1**
Peru	8	9	--	--	--	1	**18**
Rwanda	--	--	6	4	2	--	**12**
Tanzania	--	4	1	10	--	2	**17**
Total	***8***	***17***	***25***	***15***	***6***	***18***	89

I. OVERVIEW

94% percent of surveyed cooperatives reported that COVID-19 continues to impact their operations. This remained the same across all three survey rounds. In Round Two and Round Three, only 5 cooperatives of the of 89 sampled report experiencing no negative effects of COVID on their cooperative operations. Those who have not yet experienced any negative impacts of COVID-19 remained the same across rounds and are in the following countries and value chains: dairy, coffee and maize 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, the same three impacts have been cited by the majority of cooperatives across all three survey rounds. ***Government restrictions on activities (Round One 46.6%, Round Two 66.7%, Round Three 58.3%), slowdown in operations due to mobility/social distancing restrictions (Round One 42.0%, Round Two 69.0%, Round Three 71.4%), and reduced cooperative revenue (Round One 28.4%, Round Two 56.0%, Round Three 64.3%) emerge as the top three most commonly reported impacts of COVID-19 on cooperative operations across the dataset and across survey rounds.***

Government restrictions on activities has decreased since round two, as countries are "opening up". A slowdown in operations due to mobility/social distancing restrictions has increased across all survey rounds, to be the most reported impact of COVID-19 on cooperative operations in Round Three. The percentage of cooperatives reporting reduced revenue due to COVID-19 has increased by 35.9% from Round 1 to Round 3 of this survey. This indicates the impact of COVID-19 has increased in the last four weeks since Round 2, and does not decrease as government restrictions decrease.

Figure 1: Overall impact of COVID-19 on cooperative operations across all three rounds

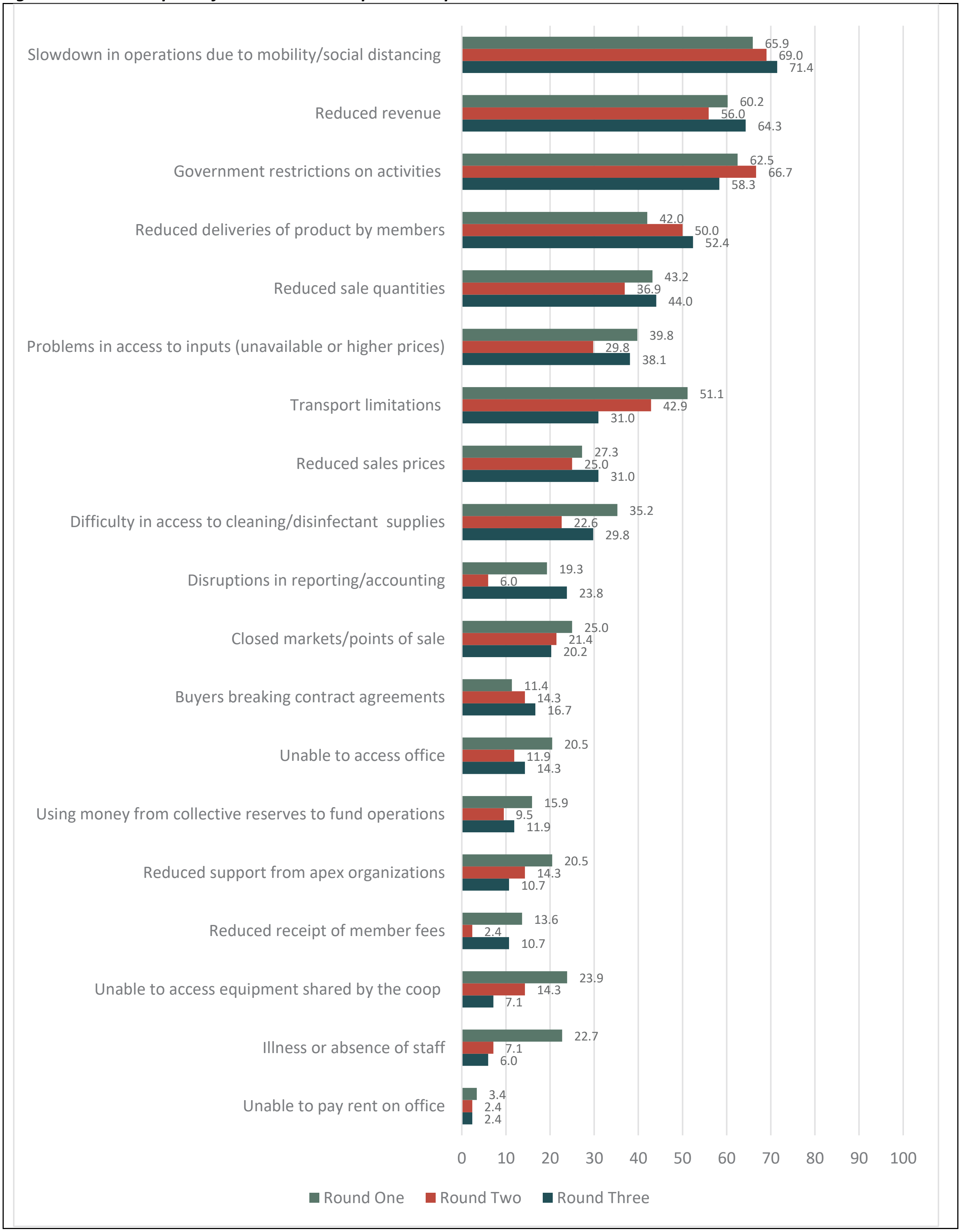
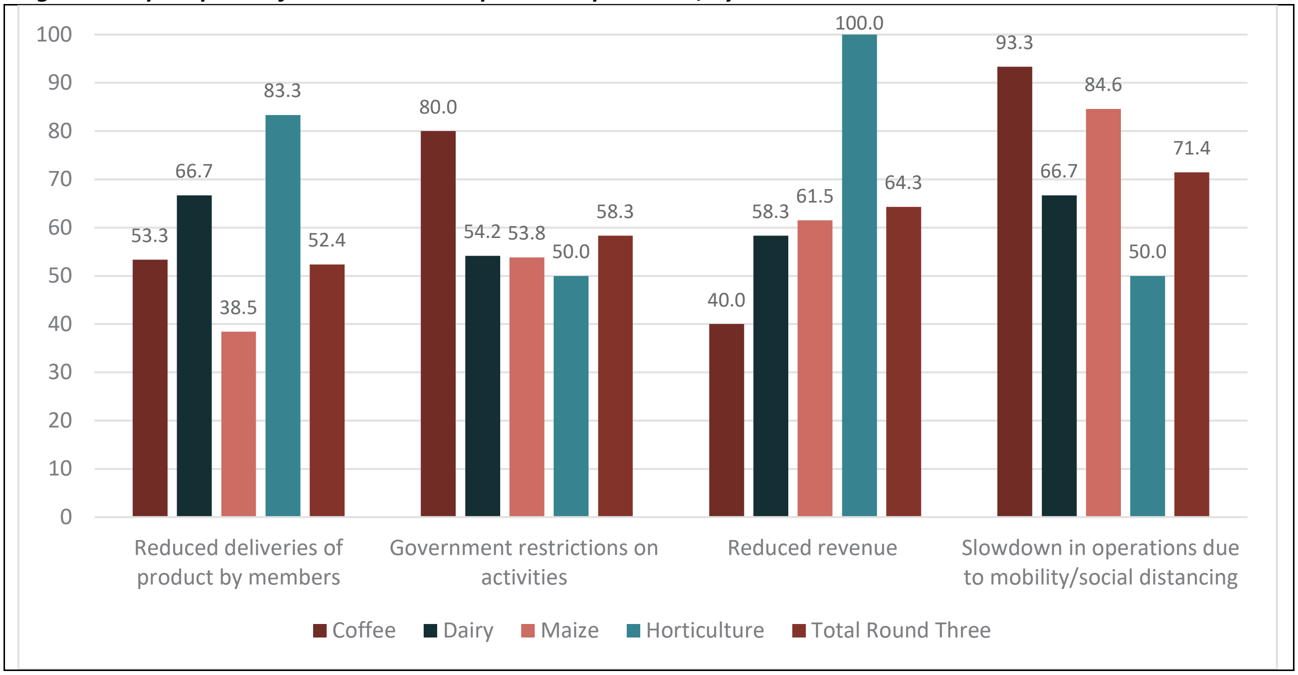


Figure 2 shows the top impacts of COVID-19 on cooperative operations, by the major value chains included in the data set. 100% of horticulture cooperatives in Round Three reported that reduced revenue was a top impact of COVID-19 on cooperative operations. Coffee cooperatives are still the most impacted by government restrictions and slowdown in operations due to mobility/social distancing restrictions.

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

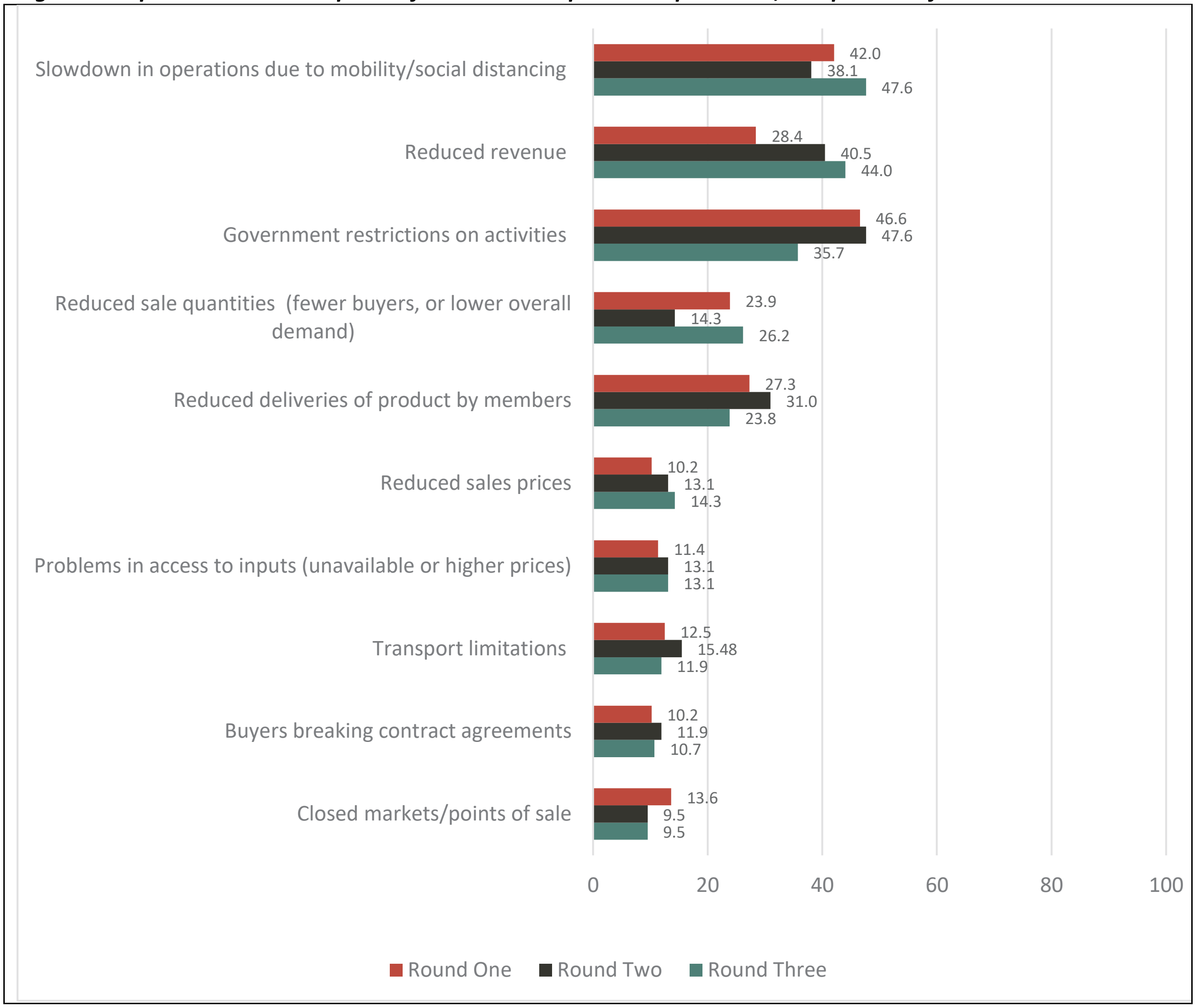


In the survey tool cooperatives were asked to list all impacts of COVID-19 on their activities and are then directed to select the three most severe of those impacts (here and thereafter referred to as "Top 3"). These findings are illustrated in Figure 3 below. This is useful to see not only what overall impacts cooperatives are experiencing but also understand what is impacting cooperative operations the most.

The overall Top 3 most severe impacts of COVID-19 on cooperative operations were identified as slowdown in operations due to mobility/social distancing, reduced revenue, and government restrictions on activities.

Reduced revenue has steadily increased as a most severe impact of COVID-19 across the rounds (28.4% Round One, 40.5% Round Two, 44.0% Round Three). Government restrictions on cooperative operations has decreased in the reported severity across the rounds, which aligns with an increased number of cooperatives reporting they are resuming operations. In Round Three a slowdown in operations due to mobility and social distancing restrictions is the most cited most severe impact of COVID-19 (42.0% Round One, 38.1% Round Two, 47.6% Round Three). This indicates that cooperatives are currently navigating how to safely resume operations while following health and safety guidance regarding social distancing and limiting the movement of their members.

Figure 3. Top 3 most severe impacts of COVID on cooperative operations, comparison of all three rounds



III. IMPACT ON HOUSEHOLD ECONOMICS

Cooperative representatives report that the top three most severe impacts of COVID-19 on cooperative members are lower household income, delays in payments from the co-op to members for products/services, and difficulty in acquiring necessary personal protection equipment (masks/gloves). These top three most severe impacts of COVID-19 on cooperative members has remained the same across all three survey rounds. In Round Three the extent to which households are noting lower incomes increased to 34.8% (32.3% Round One, 32.6% Round Two). Delays in payments from the cooperative to members has decreased in impact in Round Three to 24.7% (31.2% Round One, 32.6% Round Two). Reduced contact with the cooperative and other cooperative members has increased across all three survey rounds, to 20.2% of cooperatives reporting this as one of the most severe impacts of COVID-19 on cooperative members in Round Three, compared to 19.1% in Round Two and 14.0% in Round One. This is illustrated in **Figure 4**.

Figure 4. Top 3 most severe reported impacts of COVID-19 on cooperative members between all three rounds

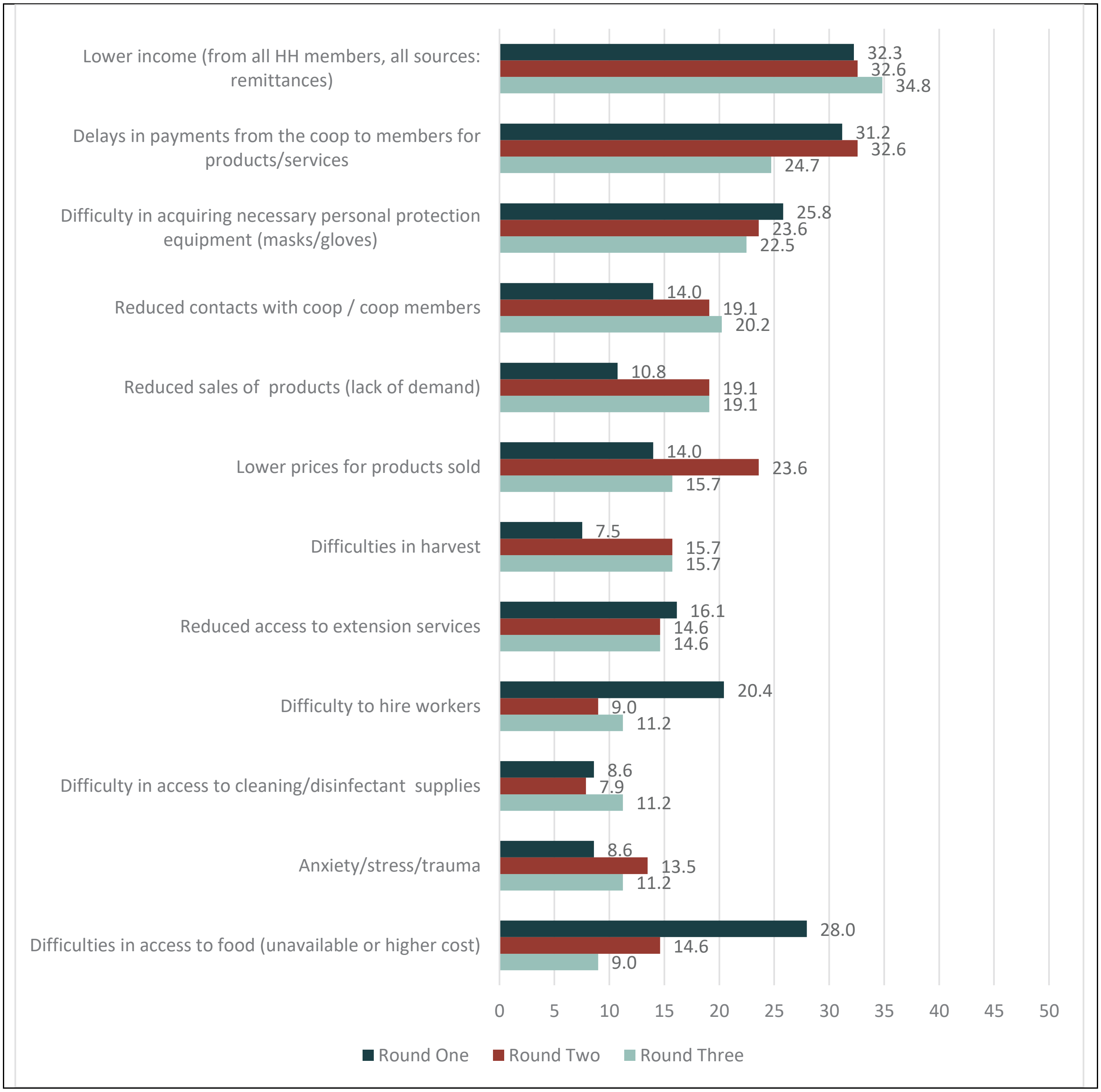
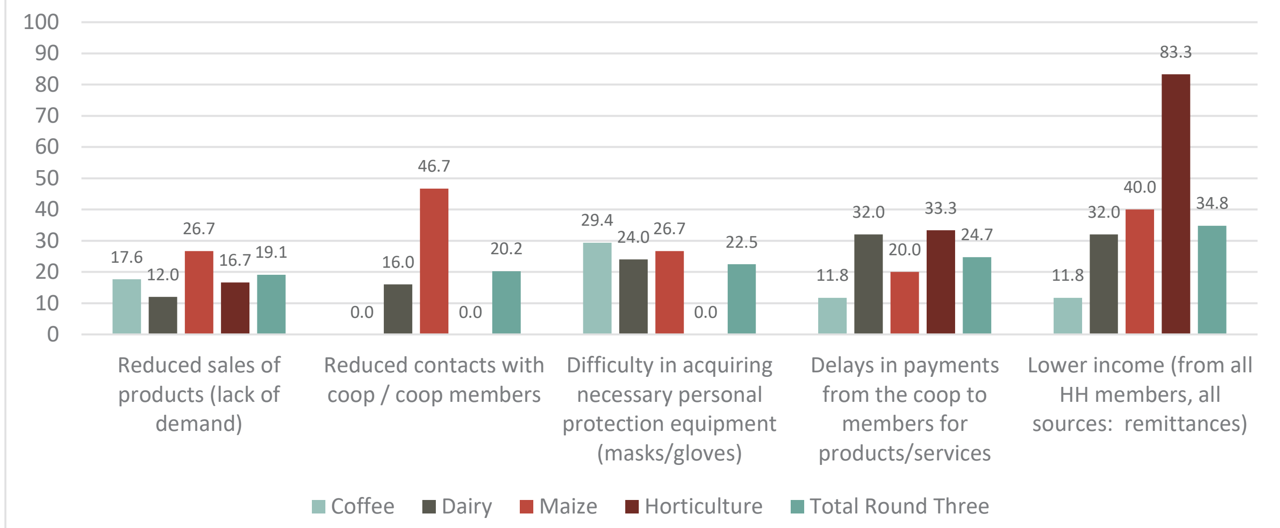


Figure 5 illustrates the most severe impacts of COVID-19 on cooperative members by value chain. Only the coffee value chain reported increased illness or deaths (5.9%) to be an impact of COVID-19 on cooperative members. Lower income was particularly cited by Horticultural cooperatives in Round Three (83.3%). Reduced contacts with the cooperative and/or other cooperative members was a particular impact for maize cooperatives in Round Three.

Figure 5. Top 3 most severe impacts of COVID-19 on cooperative members by value chain



The survey also collected information on how households are coping with the cited impacts of COVID-19, which found that the percentage of cooperatives that report members are staying at home/working from home has decreased from 82.8% in Round One to 77.5% in Round Two, to 65.2% in Round Three. Cooperatives reporting some members are dropping out of some cooperative activities has decreased from 51.7% in Round Two to 34.8% in Round Three. 4.5% of cooperatives reported they have members leaving the cooperative entirely in Round Two, and only 1.1% reported the same in Round Three.

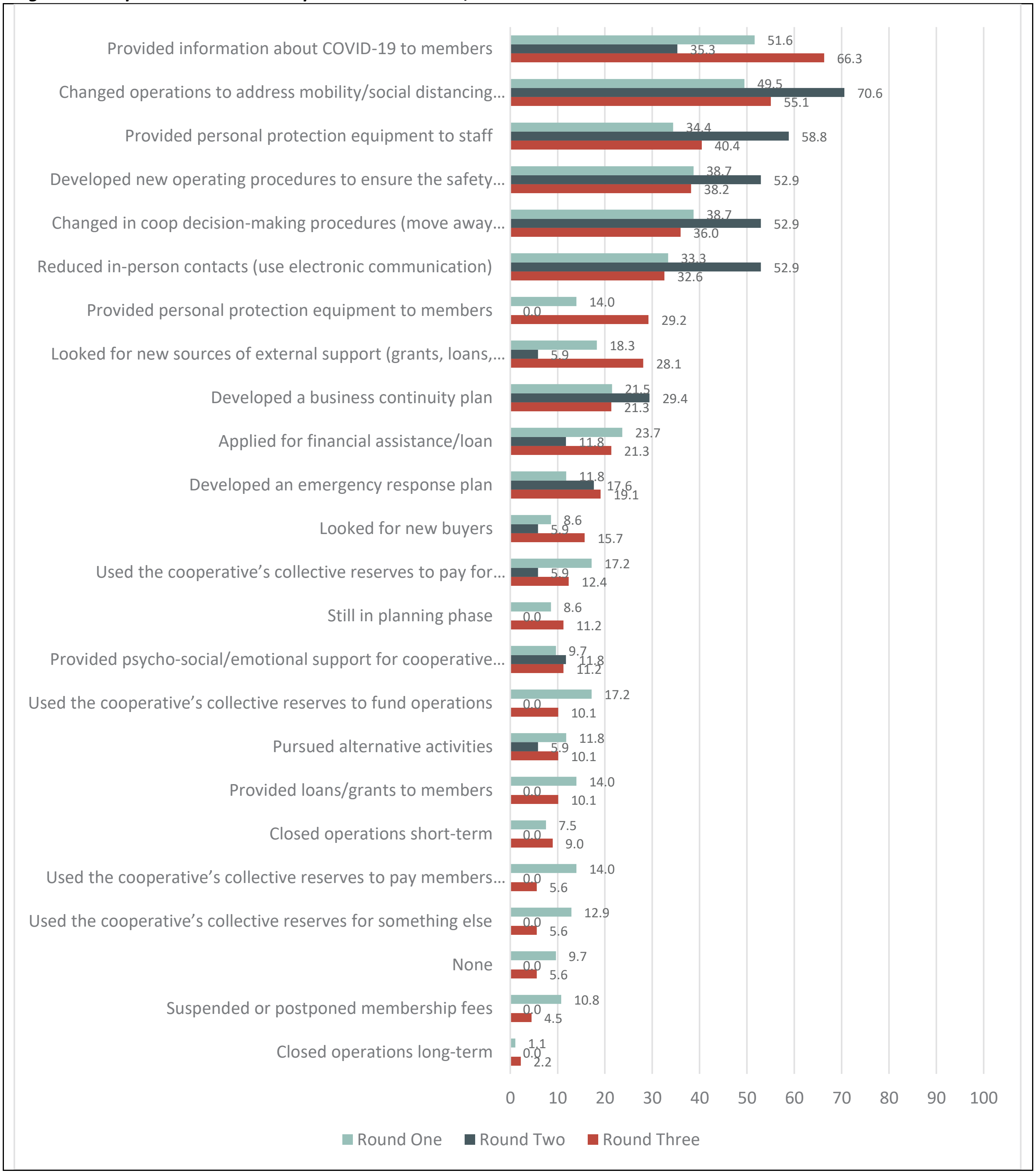
IV. RESILIENCE OF COOPERATIVE BUSINESS/LEADERSHIP

The most common responses to COVID-19 are that cooperatives are providing information about COVID to their members and changing operations to address mobility/social distancing guidance, remained consistent across all three survey rounds. The extent to which cooperatives have provided information about COVID-19 to their members increased in Round Three to 66.3% (51.6% Round One, 35.3% Round Two). In all other areas the extent of the cooperative response appears to be decreasing overall in Round Three. Cooperatives providing personal protection equipment to staff decreased by Round Three (34.4% in Round One, 43.0% in Round Two, 40.4% in Round Three) and reducing in-person contact (33.3% Round One, 39.8% Round Two, 32.6% Round Three).

Cooperative response to COVID-19 has varied in intensity across the three survey rounds; in Round One approximately 10% of sampled cooperatives reported doing "nothing" in response to COVID-19, while in Round Two this dropped to 2.2%, in Round Three this increased to 5.6%.

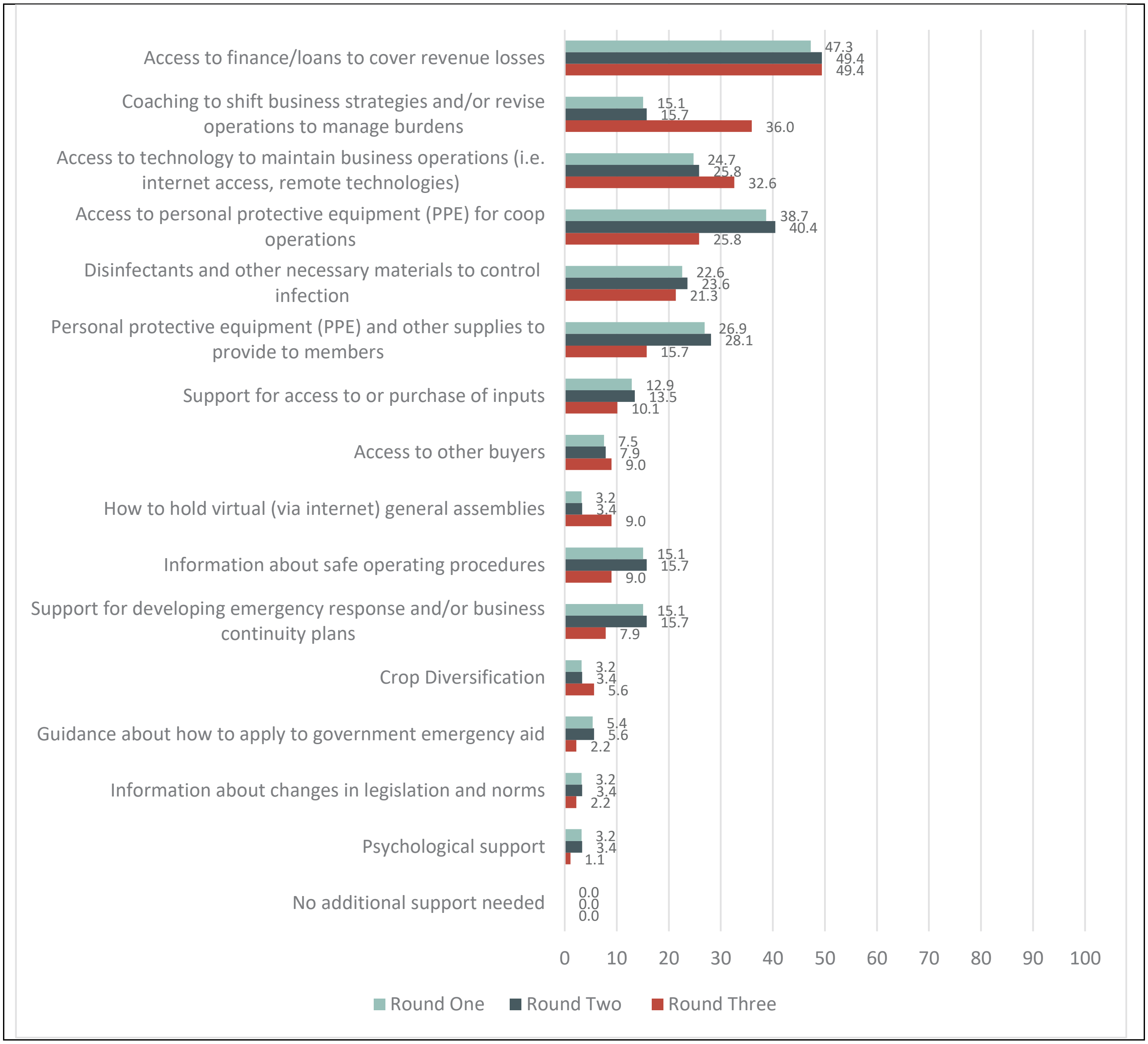
The percentage of cooperatives reporting they have closed long-term as a result of COVID-19 increased from 1.1% in Round One, 0.0% in Round Two, to 2.2% in Round Three. Cooperatives providing personal protection equipment to members (29.2%) and looked for sources of external support (grants, loans, etc.) (28.1%) both increased significantly from previous rounds. This is illustrated in Figure 6 below.

Figure 6. Cooperatives current response to COVID-19, all three rounds



Cooperatives and their members have already received some types of support in response to COVID-19. Half of the cooperatives report they have received information about safe operating procedures. More cooperatives report they now have access to personal protective equipment (PPE) for their cooperative operations in Round Three (25.8%) since Round Two (20.2%) and Round One (6.5%). The percentage of cooperatives reporting they have access to other buyers had decreased from Round One (8.6%) to Round Two (4.5%), but increased to 16.9% in Round Three.

Figure 7. Most urgent support needs Round One to Round Two



All three rounds 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.*** The percentage of cooperative reporting this need increased from 47.3% in Round One to 49.4% in Rounds Two and Three. In Round

Three the top three most urgent types of support shifted to include coaching to shift business strategies and/or revise operations to manage burdens (15.1% Round One, 15.7% Round Two, 36.0% Round Three) and access to technology to maintain business operations (24.7% Round One, 25.8% Round Two, 32.6% Round Three).

In Round Two of the survey a follow up question was added to ask what the additional support would be utilized for. The qualitative data found that most frequently cited needs for additional access to finance/loans are to provide loans and grants to ensure health and safety of members, provide information to members and enhance cooperative business performance and maintain business continuity during and after COVID-19.

V. COMMUNICATION AND ACCESS TO QUALITY INFORMATION

In Round Three we see a decrease in some of the types of information being received from the government related to cooperative operations. Information on maintaining social distancing, although still received by 87.2% of all cooperatives, has steadily decreased across the three survey rounds. In Round Three the most significant decrease is in the cease of all non-essential activities dropping to only 14.9% of all cooperatives in Round Three compared to 52.1% in Round Two and 41.4% in Round One.

Figure 8. Information received from government related to operations during COVID-19

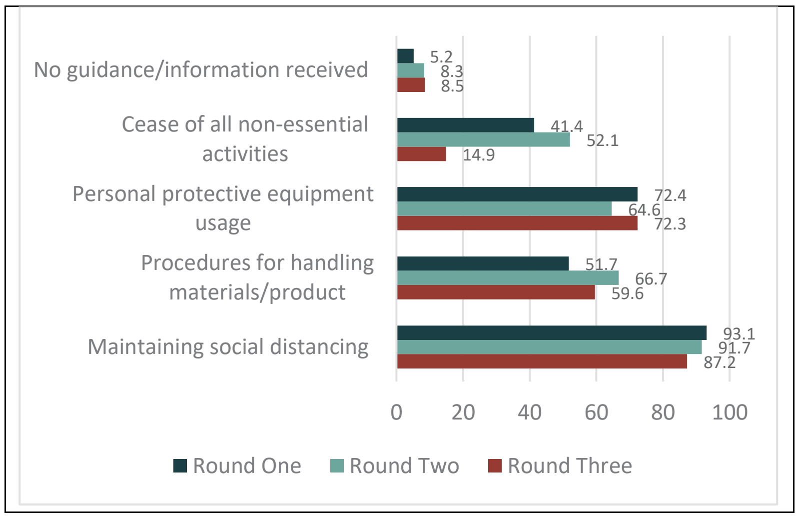
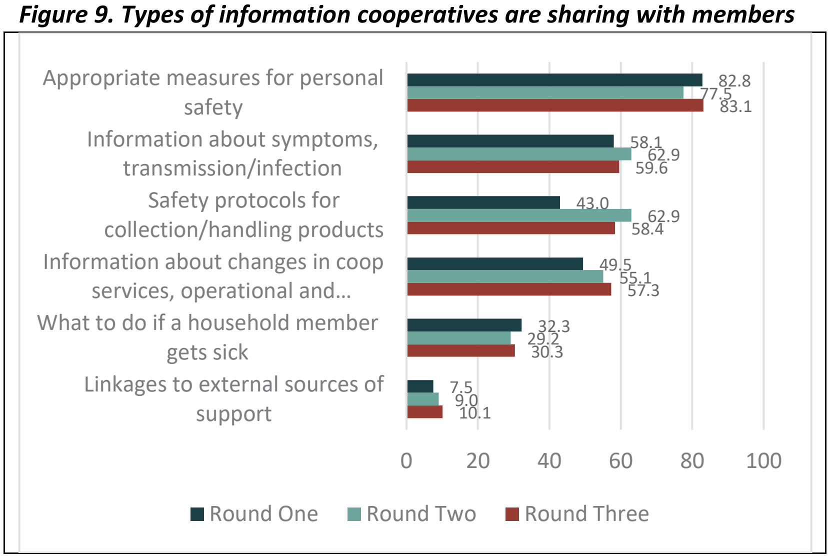


Figure 9. Types of information cooperatives are sharing with members



Cooperatives are actively sharing information with their members. 83.1% of cooperatives surveyed report sharing information on appropriate measures for personal safety with their cooperative members in Round Three. Cooperatives communicate information about COVID-19 to their members most frequently by phone/SMS (74.2%). Communication via in-person visits (30.1% in Round One, 36.0% in Round Two, 48.3% Round Three) has increased across rounds.

VI. SUMMARY: OVERALL TRENDS AND OBSERVATIONS

Across the three rounds of data collection we observe several patterns of change and can identify impacts that are likely to be long-term on cooperative operations as a result of COVID-19.

- Despite government restrictions decreasing, the impact of COVID-19 on cooperative operations has increased in severity across survey rounds.
- Slowdown in operations due to mobility issues and social distancing has increased steadily across the three rounds. It is possible this will continue to increase as an impact for cooperatives moving forward.
- Illness or absence of cooperative staff decreased significantly and is one of the least reported impacts of COVID-19 on cooperative operations. This indicates that impacts of COVID-19 are not due to staff related illness or delays, but rather the adjustment cooperatives are making to ensure the safety of their members while maintaining cooperative operations as possible.
- The data show that cooperative members are increasingly reporting lower household incomes as a result of COVID-19. It is possible this trend will continue, which could impact the extent to which members can and will invest in the cooperative. Only 1.1% of cooperatives in Round Three reported that members are leaving the cooperative entirely.
- However, reported difficulties in access to food has decreased substantially across rounds.
- Members reporting of delays in payments from cooperatives have decreased in Round Three compared with the earlier two rounds, although a higher percent of dairy and horticulture cooperatives (about one-third) reported delays in payments compared with the other value chains.
- The need for additional cooperative funding appears to have steadily increased over the three survey rounds. Cooperatives are increasingly reporting they are looking for new sources of external funding and the most urgently needed support for cooperatives in response to COVID-19 are access to finance/loans to cover revenue losses.
- Cooperative need for support has shifted from immediate response to COVID-19 (e.g. access to PPE for members) towards more long-term support for business continuity in the changed environment (e.g. business coaching, need for new technology, support for distance meetings).
- Across all three survey rounds the percentage of cooperatives reporting that they developed an emergency response plan in response to COVID-19 has increased. This corresponds with a decrease in cooperatives asking for additional support in developing such plans in Round Three compared to earlier rounds.

Research Questions Emerging Across Three Survey Rounds

The results from this survey indicate there are some areas for further inquiry, some of which will be addressed in the final report and some will require further research to address. These are delineated in the table below.

To be addressed in the final report	Areas for research beyond current scope
The final report will focused on Venture37 cooperatives and value chains, and will address the following questions.	• Review of trends across countries, comparing countries that have different levels of effective restrictions to control COVID-19, and

• What have been the impacts of COVID-19 on marketing, sale, and production of Maize, Dairy and Horticulture in Malawi and Rwanda? • What have been the responses of Cooperative Business/Leadership during COVID-19? • What are existing cooperative strategies to support the operations of members in recovery from impacts of COVID-19? • How have cooperatives communicated with members and provided access to quality information about COVID-19? • Based on research findings, what ongoing challenges and opportunities for solutions can we identify that may impact CDP programming moving forward?	across value chains that may experience differential effects due to their structures and market characteristics. • Monitor the trends of reported problems related to interactions between cooperatives and their members. • Monitor the continuing trends of market disruptions and how they affect the delivery of product to the cooperatives, marketing of products by cooperatives, and access to inputs of both cooperatives and their members. • Monitor the trends in cooperatives' needs for and access to financing.