

COOPERATIVES: CRITICAL PARTNERS IN TACKLING CLIMATE CHANGE



The cooperative business model is a key strategy to protect our planet.

As levels of carbon dioxide and methane in Earth's atmosphere continue to increase, our chances of avoiding planetary "failure" diminish each day.¹ Human activity is responsible for climate change, and we must not only reduce carbon emissions but also remove greenhouse gases from the atmosphere if we intend to pass a livable planet on to younger generations.²

Globally, one of the groups most affected by climate change are small holder farmers living within indigenous communities. These farmers are especially vulnerable to natural disasters and most impacted by the degradation of natural resources on which their livelihoods depend. But they also have the potential to help reverse climate change. Climate action must be equitable for it to be effective in mobilizing these critical stakeholders, among them youth and women, to protect our planet.

Cooperatives bring together a significant portion³ of the near 500 million small holder farmers around the world, producing the majority of food in many nations⁴. Indigenous communities' organizations are considered the precursors of modern cooperatives, since they share the same values and use similar organizational principles. There are 3 million cooperatives globally that bring together at least 12% of the world population and provide jobs for 10% of the employed population—the vast majority in agriculture⁵.

Equality, solidarity, social responsibility and caring for others are values that cooperative members practice not just within their organizations, but also beyond borders and across generations. Because democratic governance is embedded within these values, cooperatives tend to internalize broader social interests beyond their membership as well as those of future generations. Indeed, cooperatives are increasingly active both in climate change adaptation and mitigation⁶, and international organizations such as the UN and FAO recognize the important role agricultural cooperatives play in helping local farmers adopt more efficient, sustainable farming practices.

Farmer cooperatives allow small and medium holder farmers to adopt—in more cost-effective ways—ecologically friendly and safe agricultural techniques that advance conservation (of soil, water, forests and habitats) and carbon sequestration, as well as the use of bioenergy to reduce emission of polluting gases. Farmer cooperatives have also adopted practices from electric cooperatives, which are leading the way in advancing renewable solar and wind power.

1 Aengenheyster, Matthias, Qing Yi Feng, Frederick Van Der Ploeg, and Henk A. Dijkstra. "The Point of No Return for Climate Action: Effects of Climate Uncertainty and Risk Tolerance." *Earth System Dynamics* 9, no. 3 (August, 2018): 1085-095. doi:10.5194/esd-9-1085-2018.

2 <https://research.noaa.gov/article/ArtMID/587/ArticleID/2742/Despite-pandemic-shutdowns-carbon-dioxide-and-methane-surged-in-2020>

3 Participation of cooperatives in agriculture varies from nation to nation, but they dominate in many countries. According to FAO, in Latin America and the Caribbean there are near 20,000 cooperatives in agriculture bringing together 3 million members, mostly small-holder farmers; and near 27% of cooperatives are in agriculture. According to the World Cooperative Monitor, agricultural cooperatives predominate in developing countries and around a third of the cooperatives biggest sales worldwide are in agriculture (<https://monitor.coop/sites/default/files/publication-files/wcm2020web-final-1083463041.pdf>).

4 FIDA. 2011. *Viewpoint: Smallholders can feed the world*, K.F. Nwanze. Roma. <http://www.ifad.org/pub/viewpoint/smallholder.pdf>

5 <https://www.ica.coop/en/cooperatives/facts-and-figures> ; "Cooperatives and Employment: Second Global Report" (CICOPA, 2017)

6 http://www.copac.coop/httpwww-copac-coopwp-contentuploads201910copac_transformbrief_sdg13-final1-pdf/

Farmer cooperatives, in partnership with consumer and other types of cooperatives, are part of a larger ecosystem with a growing demand for sustainable and ethical products and deep commitment to waste reduction, reuse and recycling. Worker cooperatives are among the fastest-growing sectors. Young people eager to contribute to the green economy establish many of these businesses, providing needed goods and services that are not profitable enough for other private businesses. Cooperatives across all sectors have adopted energy efficiency improvements, sustainable and ethical sourcing, and are key players in expanding the circular economy.

Due to its global reach and organizational practices, the cooperative business model should be an integral part of any strategy to protect our planet—especially if we value equitable climate action. While acknowledging that fighting climate change requires broad local, national and global partnerships, cooperatives are a leading private sector tool with a track record of bold, collective action that places people and the environment before profits.

NCBA CLUSA has extensive experience establishing and strengthening the human systems necessary to manage complex natural resource systems in developing countries, particularly in agriculture. NCBA CLUSA designs and implements community-based Natural Resource Management (NRM) by building and strengthening producer groups such as farmer cooperatives and community governance groups. These groups adopt NRM practices such as climate-smart agriculture, biodiversity conservation and carbon sequestration methods. Our approach also includes low-till conservation agriculture, reclamation of degraded land, watershed management and water conservation, protection of natural tree regeneration and carbon sequestration.

NCBA CLUSA helps farmer and community groups establish NRM systems via sensitization, training and technical assistance to develop and implement NRM plans, and by facilitating partnerships with key government and private sector partners.

NCBA CLUSA uses a Nature, Wealth and Power (NWP) framework, a systemic approach to achieve community resilience. “Nature” encompasses the natural resource base upon which all humanity depends; “Wealth” refers to the sustainable livelihoods and economic benefits that can be derived from natural resources; and “Power” relates to management policy and resource governance. This integrated, whole-of-system approach develops NRM systems that are financially, socially and environmentally sustainable.

Farmer inspects vanilla plants in Madagascar.



PROJECT PROFILES

MADAGASCAR: SUSTAINABLE VANILLA FOR PEOPLE AND NATURE (SVPN), 2020 – 2023

Sustainable Vanilla for People and Nature (SVPN), a three-year, \$3 million activity co-financed by USAID and McCormick, is part of USAID's Conservation and Communities Project (CCP). The SVPN Activity is designed to conserve biodiversity, avoid deforestation and improve farmers' livelihoods through sustainable vanilla production in the Sava and Analanjirifo regions of Madagascar.



The SVPN alliance will increase production of high quality, sustainably produced vanilla that improves the resilience of farmers and their families to climate change, market volatility, and other shocks such as COVID-19. Our approach includes creating a health insurance system, improving access to savings and loans, and strengthening cooperative businesses to augment the income of farmers and create economic opportunities. These efforts will reduce threats to biodiversity, counteract deforestation, improve natural resource management, reduce greenhouse gas emissions, and enhance the wellbeing of farmers and their families.

SVPN Results

- Created 13 tree nurseries at the producer organization level
- Led a 42-ha reforestation activity in collaboration with farmers, schools, local leaders, private sector and the community
- Planted 58,000 trees in areas vulnerable to climate change
- Created 44 Village Savings and Loan Association groups within producer organizations
- Organized Rainforest Alliance training for more than 500 PO members
- Developed mapping tools that will help monitor the impacts of project activities on the landscape and reduce GHG emissions

EL SALVADOR: COFFEE STABILIZATION & AGRICULTURAL DIVERSIFICATION PROJECT, 2014 – 2019

Through this \$12.9 million USDA-funded project, NCBA CLUSA increased El Salvador's coffee value chain productivity by improving agricultural techniques and technologies. The project also encouraged smallholder coffee producers to diversify into additional value chains to even cash flow. The project's low-cost production system ensured that farmers could afford to renovate and rehabilitate their coffee plantations using organic fertilizers and native shade trees. Access to knowledge of soil and water management, use of organic materials, and climate-smart agricultural practices improved soil structure and water retention, and mitigated the effects of climate change. The project supported more than 7,500 coffee producers, 50 producer organizations and cooperatives, government agencies, and the private sector across El Salvador's six coffee producing regions.

Coffee Stabilization & Agricultural Diversification Results

- 6 million coffee trees and 200,000 native shade trees planted by farmers
- 180 extension workers trained to develop sustainable nurseries
- 28% of project participants were women
- 7,824 individuals benefited directly; 60,064
- 147 organic input manufacturing sites produced over 6,000 MT of solid fertilizer and over 500,000 liters of biofertilizers and pesticides
- +14,400 metric tons of coffee sold by project beneficiaries
- Total farmer sales: \$94.8 million in coffee, \$3.77 million in diversified crops
- ~250 private enterprises, producer organizations, water user associations, women's groups and community-based organizations (CBOs) have applied improved techniques and technologies
- 140% increase in coffee yields (2.7 bags/hectare to 6.5 bags/hectare) through low-cost production and intensification methods

INDONESIA: SUSTAINABLE COOPERATIVE AGRIBUSINESS ALLIANCE (SCAA) 2017 – 2020

The USAID Feed the Future Indonesia Sustainable Cooperative Agribusiness Alliance (SCAA) was a Global Development Alliance (GDA) led by NCBA CLUSA in partnership with Cooperative Business International (CBI Global), PT AgriSpice Indonesia, McCormick and Company, PT CBI Indonesia and the KSU Nimboran Kencana Cooperative. SCAA aimed to create long-term and sustainable small farmer livelihood opportunities through agribusiness ventures by working with proven private sector entities in the rural provinces of Papua and South Sulawesi.

SCAA's partnerships with international and national agribusiness firms, successful Indonesian cooperatives and government research organizations provided important linkages between the project farmers and buyers, processors and markets for their agricultural products. These partnerships guaranteed that project farmer groups had access to markets and ensured that they were offered viable market-based prices. This approach enabled farmer groups and communities to produce and sell high-value products and increase incomes in a sustainable way. As farmer interest in quality production grew under SCAA, so did their interest in increasing canopy, bush, vine and forest growth as well as reducing soil disturbance. The program supported vanilla planting in the boundary areas of the Cyclops Forest and nature reserve area of Jayapura Regency in Papua and provides training in good agricultural practices (GAP) for farmers. Knowledge on improved agricultural practices for project crops was transmitted to farmers in two ways: group training in GAP and use of inputs at demonstration plots in the field, and individual on-farm coaching sessions. Training was accompanied by critical inputs such as high-quality seedlings for improved varieties and agricultural hand tools. Farmers received planting material from the program and contributed their labor to implement the activities. The planting material loan was then repaid in-kind and distributed to a new group of farmers.

SCAA Results

- 8,309 farmers in the project area added 1,410,505 trees (including vanilla, pepper, clove and gamal) to their existing farms covering 1,923 hectares.
- 22% increase in smallholder farmers' incomes
- 998,886 high-value seedlings produced, and 716,751 distributed
- 537 full-time jobs created, reducing the economic incentive to engage in illegal logging

HAITI: USAID REFORESTATION PROJECT (URP), 2017 – 2022

The goal of the USAID-funded Reforestation Project (URP) is to increase forest and perennial tree cover in Northern Haiti to restore and improve the provision of environmental services and support food security and resilience. This project focuses on four main objectives: (1) Reduce the threat of deforestation; (2) Improve resilience to economic and natural shocks; (3) Increase tree cover in targeted areas; and (4) Improve environmental governance and coordination.

NCBA CLUSA is a subcontractor to Chemonics International in this work. As part of the project's efforts to promote agroforestry and reforestation



efforts, NCBA CLUSA works with local cooperatives and enterprises in key high-value value chains such as coffee, cacao, mango and honey to increase and diversify production and incomes.

URP is working with the Federation of Cocoa Cooperatives in Northern Haiti (FECCANO), focusing on improving processing infrastructure, and increasing business management capacity to improve productivity, efficiency and governance. NCBA CLUSA facilitates community participation to create a vision around watershed management and resilience. This participatory process empowers communities to develop—from analysis through implementation and adaptive learning—sub-watershed management plans grounded in an understanding of the root causes of deforestation and incentives to reduce threats and increase tree cover.

URP Results

- 27,200 hectares of land and/or natural resources under improved natural resource management.
- 24 stakeholder institutions with increased capacity to adapt to the impacts of climate change.
- 5 sub-watershed plans endorsed/adopted by municipal authorities and/or integrated into municipal plans.
- 30% of women on sub-watershed management plans validation committees in leadership and decision-making roles.

MADAGASCAR: MIKAJY, 2018 – 2023

The USAID Mikajy activity is designed to advance biodiversity conservation in forest and coastal ecosystems, strengthen natural resource management and land tenure security among vulnerable populations, and promote sustainable economic growth in rural communities in the Menabe and MaMaBay landscapes of Madagascar. The USAID Mikajy Activity fosters sustainable and inclusive economic growth by linking biodiversity conservation and improved natural resource management with sustainable livelihood development. As a subcontractor to Tetra Tech ARD, NCBA CLUSA leads activities to support community-based, conservation-friendly enterprises and livelihoods in both landscapes.

In FY19, NCBA CLUSA's MaMaBay activities focused on cooperative development and implementation of the Rainforest Alliance (RA) certification standards in the vanilla sector. RA certification includes a significant WASH component (village hygiene, protection of water sources and waste management), biodiversity conservation (including the protection of fauna and flora), and a focus on gender, youth and climate adaptation. Maintaining certification requires improvement every year. NCBA CLUSA, through the USAID Mikajy activity, will continue to support cooperatives and local export partner Ramanandraibe Export (RAMEX) to ensure they achieve the required improvements, which include: 1.) Knowledge and protection of endemic flora and fauna species; 2.) No forest clearing for plantation establishment; 3.) Establishment of tree nurseries for both reforestation (forest species) and cash crops (cloves); and 4.) Water source protection including efficient use of water and sewage management.

**Mikajy Results**

- Production of the first cycle of RA certified vanilla in MaMaBay, resulting in approximately \$895,000 of sales.
- Helped farmers form four new cooperatives in MaMaBay (two vanilla, one clove and one cacao); continued strengthening of two additional vanilla cooperatives that NCBA CLUSA helped producers form under previous projects.
- Cooperatives strengthened through establishing Village Savings and Loans Associations that protect farmers against seasonal poverty and reduce the need for unsustainable resource exploitation during lean periods.
- Initiated conservation farming trials with producer organizations in Menabe to combat destructive maize farming.

NCBA CLUSA

The National Cooperative Business Association CLUSA International (NCBA CLUSA) is the primary voice in the United States for people who use cooperatives to build a better world. Internationally, NCBA CLUSA has worked in more than 100 countries building resilient communities, creating economic opportunities and strengthening cooperatives. Our approach empowers smallholder farmers, women and youth in the areas of food security, agricultural development, natural resources management, gender equality and positive youth development. NCBA CLUSA envisions a world where people have the knowledge, resources and authority to build prosperity and well-being for themselves and future generations.

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