

A CO-OPERATIVE SOLUTION TO CLIMATE CHANGE



Sustainability
Solutions
Group

“Co-operatives have long fostered inclusive and sustainable approaches to economic and social development at the local level. It is in keeping with this focus that co-operatives are expanding their development efforts creatively, into areas such as environmental sustainability and carbon neutrality, as communities around the world are struggling to adapt to climate change and strengthen their resilience against its impacts.”

Secretary General Ban Ki Moon
Message on the International Day of Co-operatives
5 July 2008

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Prepared by Sustainability Solutions Group

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“...many cooperatives are recognised as leaders in tackling climate change.”

1 Introduction

The world's nations will convene in December 2014 in Lima, Peru and then in December 2015 in Paris, France to negotiate an agreement to collectively address climate change. In the course of these negotiations, we urge countries to recognize and employ the value that co-operatives bring to this challenge.

Climate action leadership is a common trait of co-operatives across all sectors in which they work. This is not to say that every co-operative is meaningfully addressing climate change and that there is no more work to be done. It is clear, however, that co-operatives are one of the most exciting and powerful vehicles through which societies can confront what Secretary General Ban Ki Moon describes as the defining issue of our age.¹

This paper is a call to action to massively engage cooperatives. It highlights examples of co-operative leadership, describes characteristics that uniquely position them to confront climate change challenge, and details recommended policy that would empower co-operatives to drive the world in its transition to a low carbon economy.

Co-operatives offer a pathway forward, a solution that is tried and tested, that addresses climate change while also confronting inequality, advancing democracy, building resilient economies, and confronting poverty.

This is the co-operative model.

1 www.un.org/apps/news/infocus/sgspeeches/statments_full.asp?statID=2355#.VFfM3PnF93k



2 Why are Co-operatives Unique?

Co-operatives represent something special for the climate change challenge. It is a combination of experience and a proven track record, resilience, an unrelenting dedication to universal values, the ability to achieve multiple outcomes at once, and flexibility and versatility.

THE CO-OPERATIVE MOVEMENT IS THE BIGGEST ECONOMY YOU HAVE NEVER HEARD ABOUT

The co-operative movement is represented in every country and in every sector. The movement currently represents:



1 billion members and clients



250 million jobs



~12% of total jobs in the G20



Turnover of \$2.2 trillion by the largest 300 cooperatives globally



CO-OPERATIVES ARE BUSINESSES DRIVEN BY VALUES, NOT PROFITS

Co-operatives are businesses that survive or fail based on their ability to provide goods and services to their members. They are entrepreneurial and must compete with other forms of business. At the most basic level, co-operatives serve the needs of their members, whatever those needs might be, rather than delivering profit to investors. This means that the co-operative model is highly flexible and appropriate for myriad economic activities, from providing renewable energy to mitigating floods. Additionally, co-operatives adhere to the seven Co-operative Principles, which are the model's code of ethics:

1. Voluntary and open membership
2. Democratic member control
3. Member economic participation
4. Autonomy and independence
5. Education, training and information
6. Co-operation among co-operatives
7. Concern for community

CO-OPERATIVES ARE DEMOCRATIC

Co-operatives are democratic organisations, in which a board is elected based on the principle of one member, one vote – analogous to a political democracy. This means that their activities are more likely to represent the will of the communities in which they operate. They are also non-discriminatory. Anyone who meets the requirements of membership can become a member.

VALUES

Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

DEFINITION

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.



CO-OPERATIVES HAVE AN INTRINSIC COMMITMENT TO SUSTAINABILITY

Co-operatives implemented the principles of sustainability before the Brundtland Commission famously defined the concept as meeting the needs of the present without compromising the ability of future generations to meet their needs. The seven co-operative principles embed many of the concepts that are currently associated with sustainability to such a degree that one can claim that co-operatives are practical manifestations of sustainability principles.

CO-OPERATIVES ARE COLLECTIVE ENDEAVOURS

Effective climate change mitigation can only be achieved by complementary and collective action to avoid individual initiatives that may offset efforts in other areas. Co-operatives are a collective endeavour illustrative of the type of action required.

CO-OPERATIVES TAKE THE LONG-TERM VIEW

As private businesses, co-operatives take the long-term view. They have no requirement for delivering short-term profits; and although co-operatives do need to make a profit in order to be commercially successful, they do not put profits over societal concerns. This context gives them the opportunity to make long-term investments and means that they are more likely to consider intergenerational impacts - critical for meaningful action on climate change.

CO-OPERATIVES ARE THE MOST RESILIENT FORM OF ENTERPRISE

Co-operatives are resilient, finding ways to survive when other businesses would simply close. As a result they are more stable businesses in communities. This type of resiliency will be critical in the face of a changing climate and increasing volatility due to extreme weather and other environmental changes.

CO-OPERATIVES ARE A SOURCE OF STABILITY

Co-operatives tend to be rooted in a community or communities and will tend to stay there through good times and bad. They are a source of stability for communities.


CO-OPERATIVES COMBAT POVERTY AND UNDERMINE INEQUALITY

Poverty undermines the means of people to reduce GHG emissions and adapt to climate change. Co-operatives are a powerful tool for reducing poverty and undermining inequality. Enhancing human capital based on individual knowledge and skills, and social capital based on mutually beneficial formal and informal relationships, is important for facilitating a transition toward a low carbon economy. Co-operatives provide capacity in a multitude of ways: through training, member engagement, developing the economy, and addressing needs of the communities in which they operate.

Co-operatives provide capacity through:

- training,
- member engagement,
- developing the economy, and
- addressing needs of the communities in which they operate.





**They can do it! They are doing it!
Co-operatives are already on the
ground implementing a zero or low
carbon economy.**

3 How are Co-operatives Addressing Climate Change?



TRANSPORTATION

Vancouver, Canada – **Modo** is a car-sharing co-operative that enables members to access cars when they need them, avoiding the costs and environmental impacts of owning a car. Modo members drive 1,400 kilometres a year on average, in comparison to 6,000–24,000 kilometres that other drivers in the region average.

Vancouver, Canada – **Shift Urban Cargo Delivery** is a worker co-operative that delivers everything from groceries to restaurant meals by cargo bicycle.

Wisconsin, USA – Worker co-operative **Union Cab** uses primarily hybrid cars and sets annual targets for energy efficiency improvements.

Oxford, UK – **Broken Spoke** is a multi-stakeholder co-operative that provides courses in bicycle riding, repair, safety, as well as shared equipment and workshops.



AGRICULTURE

Sweden – **Lantmännen Co-operative**, a farmer co-operative, has established a specialist company called Agrobränsle AB that supports willow (salix) as an energy crop. It has been involved in research, development and marketing of willow in Sweden and the rest of Europe.

Nieuwoudtville, South Africa – **Heiveld Co-operative**, a producer of the finest organic rooibos tea is leading a significant climate change adaptation program to identify strains of rooibos that are more resilient to changing climate conditions.

Nepal – **Garima Farmers Co-operative** expanded the varieties of vegetables that grow well in shortened growing seasons and developed a group savings scheme to reinvestment in aquaculture and poultry farming to further diversify their incomes.

Costa Rica – **Coopedota Co-operative** produces 50,000 60 kg bags of high-grade coffee per year. It substituted 95% of its drying process firewood with brushwood and husks leftover from harvesting and processing coffee cherries. An energy management program and installation of a micro-mill for smaller batches reduced electricity use by more than 50%. In 2009, it became the first carbon neutral coffee in the world.

La Farge, Wisconsin, USA – **Organic Valley**, an organic farmer co-operative developed a community-owned wind farm sufficient to power 1,800 homes while 32% of their diesel fleet fuel is biodiesel. The members of Organic Valley have eliminated the use of synthetic fertilisers from their operations.



ENERGY

Zamość, Poland – **Our Energy Co-operative** plans to build 12 biogas plants, their capacity between 0.5 and 1 MW, in clusters of four in three different communities.

Toronto, Ontario, Canada – **Zooshare Co-operative** will recycle 3,000 tonnes of animal manure from the Toronto Zoo and 14,000 tonnes of inedible food waste from local grocery stores into renewable power for the Ontario grid using a biogas generator.

Toronto, Ontario, Canada – **SolarShare Co-operative** develops solar power projects across Ontario and offers securities in the form of bonds to its members to invest in the project portfolio. SolarShare currently has almost 700 members and 25 projects representing over 2 MW of installed solar power generation capacity.

Copenhagen, Denmark – **Middelgrunden Wind Turbine Co-operative** developed one of the first offshore wind farms in the world, with 20 2 MW turbines, powering approximately 40,000 homes.

End, Finland – **Eno Energy Co-operative** is a district energy co-operative in a small town with a population of 6,500 located in Eastern Finland, which runs three heating plants using waste biomass.

Mondragon, Basque Region, Spain – **Mondragon Assembly** designs and manufactures systems and equipment for automation and robotic-guided assembly of photovoltaic solar panels.





FINANCE

Victoria, Australia – **bankmecu**, a co-operative bank, has created a landbank to offset biodiversity loss associated with the construction of new homes and the greenhouse gas emissions from cars the bank finances. The Landbank also contributes to **bankmecu**'s carbon neutral status.

Germany – **GLS Bank**, a credit union with 30,000 members issues funds for renewable energy including a power supply system in Schönau, as well as investment funds in wind energy dating back to 1995.

Padua, Italy – **Banca Etica** has founded a limited company to undertake energy efficiency investments using the Energy Services Contract model. The headquarters is a model of energy efficiency and low emissions.

Bern, Switzerland – **Swiss Mobiliar**, an insurance co-operative, has funded a lab focused on climate risk and natural hazards at Oeschger Centre for Climate Research, including the Mobiliar Chair for Climate Impact Research.

Vancouver, Canada – **Vancity Credit Union** has been carbon neutral since 2008 and offers a program for reducing GHG emissions in small businesses called ClimateSmart, preferential loan rates for fuel-efficient vehicles, and energy efficiency loans for homes.

Guelph, Ontario, Canada – **Cooperators Insurance** has been investigating and advocating for the overland flood insurance in Canada in response to increasing and uninsured damage as a result of floods.





RETAIL

Retail co-operatives such as Cooperativa Obrera (Argentina), Coop Brazil, Coop Denmark, S Group (Finland), Coop Italy, JCCU (Japan), iCoop Korea, Coop Norway, Consum (Spain), Eroski (Spain), Coop Sweden, UKOOSPILKA (Ukraine), and Co-operative Group (UK) have articulated a comprehensive strategy to address climate change². The strategy includes boosting eco-friendly products, preserving the marine environment, sourcing organically farmed products, supporting sustainable forestry management, preventing and managing waste, transporting goods and people sustainably, improving energy efficiency in buildings, developing renewable energy, boosting education, training and information for employees and consumer-members, and raising political awareness.

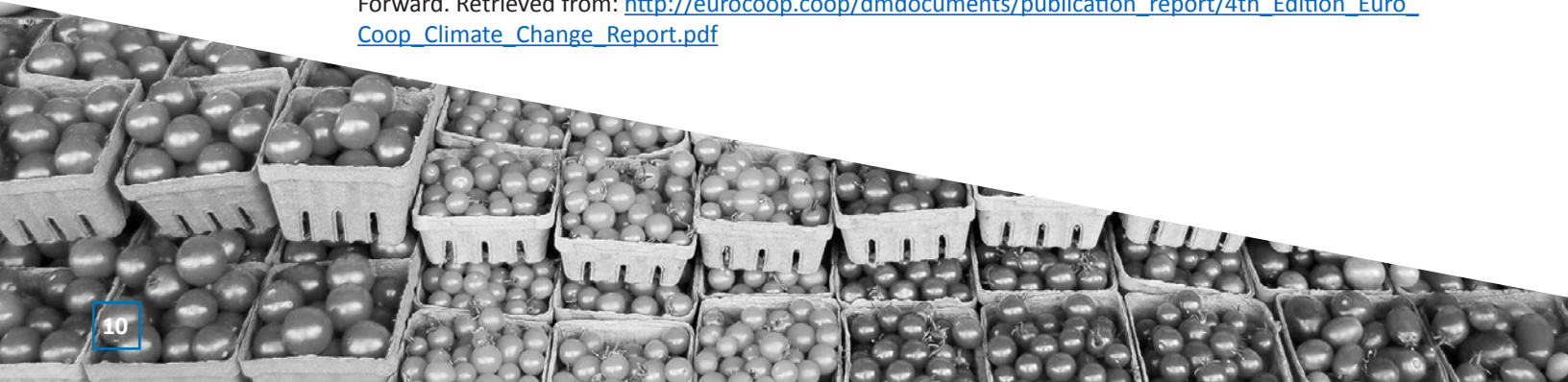
Vancouver, Canada – **Mountain Equipment Co-operative** has set an internal shadow price on carbon and integrated that price into scenario planning, as well as decreasing its overall GHG emissions by 31% between 2007 and 2012.

Seattle, Washington, USA – **REI**, an outdoor equipment retail co-operative is committed to becoming carbon neutral in its operations by 2020 and has outfitted 26 stores with solar PV installations and has led an effort to create a standard for its industry to track environmental impacts of shipping products.

Seoul, Korea – **iCOOP Korea** has invested in solar energy generation and geothermal energy for its product and logistics centres. The co-operative is also focused on displacing imports of fertilizer and animal feed to reduce GHG emissions.

Japan – **Seikatsu Club Consumers Co-operative Union (SCCU)**, a consumer co-operative with 341 000 households as members, has a strategy that includes a focus on food self-sufficiency and zero emission of toxic substances from the supply chain. SCCU has made significant investments in wind and solar power and has established an energy co-operative: Seikatsu Club Energy Cop., Ltd.

2 See the report from EuroCoop (2013) Climate Change and Consumer Co-operatives: Taking the Challenge Forward. Retrieved from: http://eurocoop.coop/dmdocuments/publication_report/4th_Edition_Euro_Coop_Climate_Change_Report.pdf





HOUSING

Europe – In 2009, the **European Committee for social and co-operatives housing** proposed a Euros 16 billion retrofit program for the 25 million homes in Europe that the members own and operate that would generate 200,000 jobs using a combination of carbon trading and investments.

Sweden – **HSB**, a housing co-operative with 550,000 members, designed and developed a climate change train that travelled the county to educate people on climate change strategies to save energy and GHG emissions.

London, UK – **Sandford Walk Housing Co-operative** reduced its GHG emissions by 60% by installing wood pellet boilers, solar hot water systems, and retrofitting for energy efficiency.





OTHER

São Paulo, Brazil – **Rede CataSampa** is a network of fifteen worker co-operatives that collect recyclables including plastic, paper, glass, Styrofoam, and waste vegetable oil to make biodiesel and other products.

Cleveland, Ohio, USA – **Evergreen Co-operatives** are worker co-operatives that aim to create economic regeneration in Cleveland in the green economy. Co-operatives include Green City Growers, a major hydroponic greenhouse operation, a solar energy co-operative, and a laundry co-operative.

UK – **Urbed** is a worker co-operative of planners and designers that specialise in urban regeneration including the development of new neighbourhoods that reduce energy use and achieve carbon neutrality.

Boston, Massachusetts, USA – **Co-operative Recycling and Organics** employs novel waste separation systems to increase reclamation and sale of clean paper, plastics, metals, waste vegetable oil, and organic food waste reducing customer trash sent to landfill and incinerators by 50% or more.

Brazil – **Unimed**, a medical co-operative, with more than 20 million clients, has developed a carbon foot printing tool for its 352 cooperatives present in 4,632 counties, focused on low-carbon economy.



4 Scaling Up

Governments can employ the co-operative model to advance their efforts on climate change. The diversity of different sectors in which co-operatives engage means that they are able to work together to address climate change while also advancing sustainable development goals (and the United Nations Post-2015 Development Agenda). The following figure shows what a zero carbon co-operative economy would look like if these co-operatives were all located in the same community.

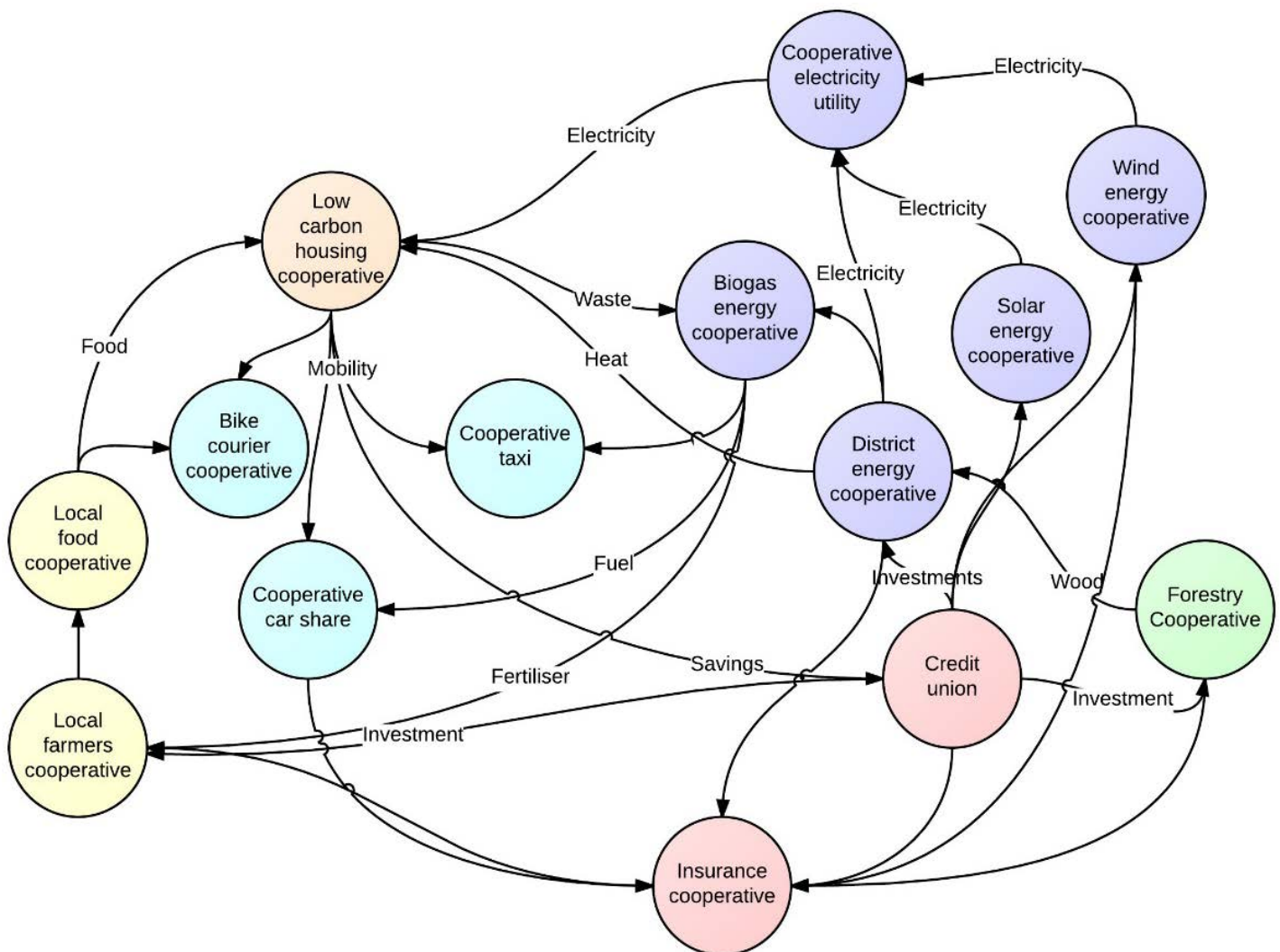


Figure #8. Flow of resources amongst co-operatives located in a single community. A zero carbon economy is supported by closed resources loops, and by keeping resources within the community.

Examples of policy areas that governments could target in advancing a low carbon economy include:

Providing clean energy: Energy co-operatives around the world are providing renewable energy to their members in the form of solar, wind, biogas, and district energy.

Protecting food, forests, and people: Forestry and agricultural co-operatives use sustainable management practices to keep carbon in the ground.

Sustainable housing: Housing co-operatives are providing zero carbon or passive house housing to their members.

Financing the green economy: Credit unions are providing investments in renewable energy and local food. Insurance co-operatives are providing resiliency to their members in the face of extreme weather events and a changing climate.

Providing sustainable transportation: Car co-operatives provide high efficiency vehicles to their members and reduce the rate of driving and car ownership. Taxi co-operatives provide better working conditions for their drivers and fuel-efficient vehicles. Bike courier co-operatives provide low carbon transport for goods in cities.

Providing sustainable goods and services: Retail co-operatives provide local goods at affordable prices, minimising the need for commercial transportation. They work to reduce the environmental impacts of the production of the goods at source, reduce waste, generate renewable energy, transport goods and people sustainably, reduce the impact of their operations, and educate consumer-members and staff.¹

International cooperation: Co-operatives are working together across national and sectorial borders to develop new co-operatives and build resiliency to climate change.

³ See the report from EuroCoop (2013) *Climate Change and Consumer Co-operatives: Taking the Challenge Forward*. Retrieved from: http://eurocoop.coop/dmdocuments/publication_report/4th_Edition_Euro_Coop_Climate_Change_Report.pdf

Co-operatives represent a systemic solution to global challenges in energy, transportation, housing, retail, employment, and the economy.

Governments can advance the co-operative solution to climate change by creating appropriate enabling conditions (legal frameworks) that reduce barriers to co-operative development.

Table 1: Enabling strategies for governments to support co-operative development.

Theme	Recommendation	Example of specific strategies
Capital	<i>Governments provide specialised access to capital to enable co-operatives to expand in areas that mitigate or adapt to climate change</i>	<ul style="list-style-type: none"> • Seed granting program • Revolving loan funds • High risk loan funds • Dedicated feed-in tariffs for co-operatives • Favourable tax treatment for local investments • Financial guarantees
Legislation	<i>Governments create a non-discriminatory regulatory environment that facilitates the creation and development of co-operatives</i>	<ul style="list-style-type: none"> • Adaptation of legal and regulatory requirements to the specific nature and characteristics of co-operatives, according to the different legal cultures and traditions
Recognition	<i>Governments promote the co-operative model in educational programs, business development programs, and as part of a national economy</i>	<ul style="list-style-type: none"> • Inclusion of the co-operative model in high school and post-secondary curricula • Specialised business development streams for co-operatives • Co-operative development resource centres to support the creation of new co-operatives



“...the global threat of climate change is also a global threat to co-operatives.”

5 What do Co-operatives hope for from the international climate change negotiations?

Co-operatives are businesses that function in every sector of the economy in every region of the world. The global threat of climate change is also a global threat to co-operatives. Co-operatives vary in their ability to adapt and respond to climate change according to the context in which they operate, the resources they have at their disposal, and their level of preparedness.

The International Co-operative Alliance approaches climate change through the lens of the co-operative values of self-help, self-responsibility, democracy, equality, equity, and solidarity and the ethical values of honesty, openness, social responsibility, and caring for others. Following these values, it proposes that:

1. Climate negotiations must ensure that GHG emissions must not exceed dangerous levels.
2. Countries and extra-national sectors such as shipping carriers and airlines must assume responsibility for their share of global GHG emissions and their share of GHG emissions reductions.
3. Countries must live up to previous commitments on which the rest of the world is depending.
4. All countries need to invest in efforts to reduce GHG emissions and adapt to climate change.
5. Countries with more resources need to help those with fewer resources to reduce GHG emissions and adapt to climate change.
6. Countries should adopt concrete policies towards sustainable consumption and production patterns and behaviours.
7. All countries need to report transparently on their GHG emissions and their efforts to reduce emissions.
8. Countries need to support the transfer of technology and intellectual property that aids reduction of GHG emissions or adaptation to climate change while considering unsuspected detrimental impacts.
9. Recognising the unique contribution co-operatives can play in creating resilience, reducing GHG emissions, and advancing sustainable development, it is critical that countries create the legal and financial conditions under which co-operatives can significantly scale up their efforts and contributions to address climate change.

6 A challenge for Co-operatives

Co-operatives can advance their efforts to address climate change by building on the co-operative principles.

Table 2: Actions for co-operatives to advance their efforts to address climate change.

Principle	Related Actions
1. Voluntary & Open Membership	<ul style="list-style-type: none">• Demonstrate that people want to join co-operatives on the basis of their efforts to address climate change
2. Democratic Member Control	<ul style="list-style-type: none">• Encourage members to set policies for the co-operative on climate change, both to reduce GHG emissions and reduce the risks to the business
3. Member Economic Participation	<ul style="list-style-type: none">• Identify and report on the risk that climate change impacts pose to the co-operative's business
4. Autonomy & Independence	<ul style="list-style-type: none">• Use the co-operative as a mechanism to enable members to meaningfully address climate change (self-help)• Establish capital mechanisms that support strategies to address climate change without compromising co-operative values
5. Education, Training, & Information	<ul style="list-style-type: none">• Provide training and education on climate change impacts, risks, and strategies to reduce emissions• Identify ways in which the co-operative can support members to reduce their impact on the climate• Work with other organisations and businesses to reduce GHG emissions• Provide decision-makers with information on the impacts of climate change on co-operative business and the steps co-operatives are taking to address climate change



Principle

Related Actions

6. Cooperation Amongst Co-operatives

- Work with other co-operatives locally and internationally to reduce or eliminate GHG emissions
- Work with other co-operatives on the principle of solidarity to support in preparing for or responding to the impacts of climate change
- Transfer technologies and skills that contribute to addressing climate change to other co-operatives
- Support co-operatives when they are impacted by climate change

7. Concern for Community

- Eliminate (or at least reduce considerably) the climate impact of the co-operative
- Identify opportunities to build or enhance the resilience of the community to climate change impacts
- Identify and support populations that are particularly vulnerable to the impacts of climate change





Crank Bolts
Dishy 2020
Dishy 2020

SHIFTERS

BRAKE LEVERS

BRAKES

HUBS 1

BOTTOM BRACKETS

PEDALS

PEDALS

Conclusions

The latest report from the Intergovernmental Panel on Climate Change indicates that climate change is set to inflict severe, widespread, and irreversible impacts on people and the natural world unless carbon emissions are cut sharply and rapidly.³ With 1 billion members, co-operatives are an important global network that can play a key role in cutting carbon emissions. At the same time, co-operatives advance values such as the importance of dialogue and solidarity while leading societies towards a democratic, people-centred economy.⁴

This paper provides a snapshot of the way in which a small sample of co-operatives is working to reduce greenhouse gas emissions. With appropriate policies and incentives, this effort can be significantly broadened in all sectors of the economy and in all countries of the world. In the upcoming negotiations in Lima and Paris, we urge that countries consider the role that co-operatives can play in tackling climate change and to introduce concrete proposals that recognize cooperatives as a well-suited model of enterprise to deliver those goals.

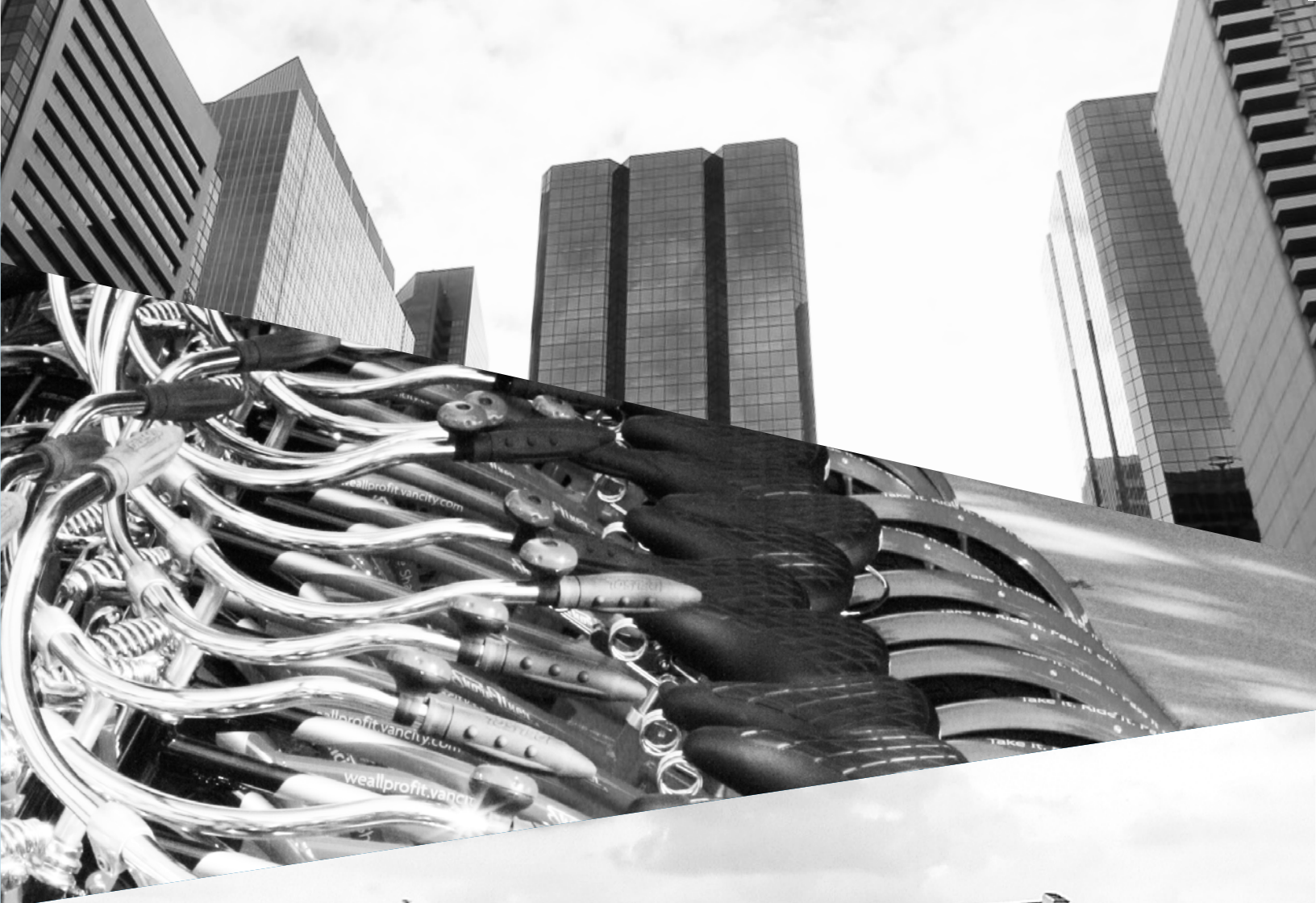
4 http://www.ipcc.ch/pdf/assessment-report/ar5/syr/SYR_AR5_SPM.pdf, pg. 13

5 Paraphrased from a speech by former ILO Secretary General: <http://www.ilo.org/public/english/bureau/dgo/speeches/somavia/2008/cooperatives.pdf>

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