

**COOPERATIVES =  
SUSTAINABLE  
DEVELOPMENT**

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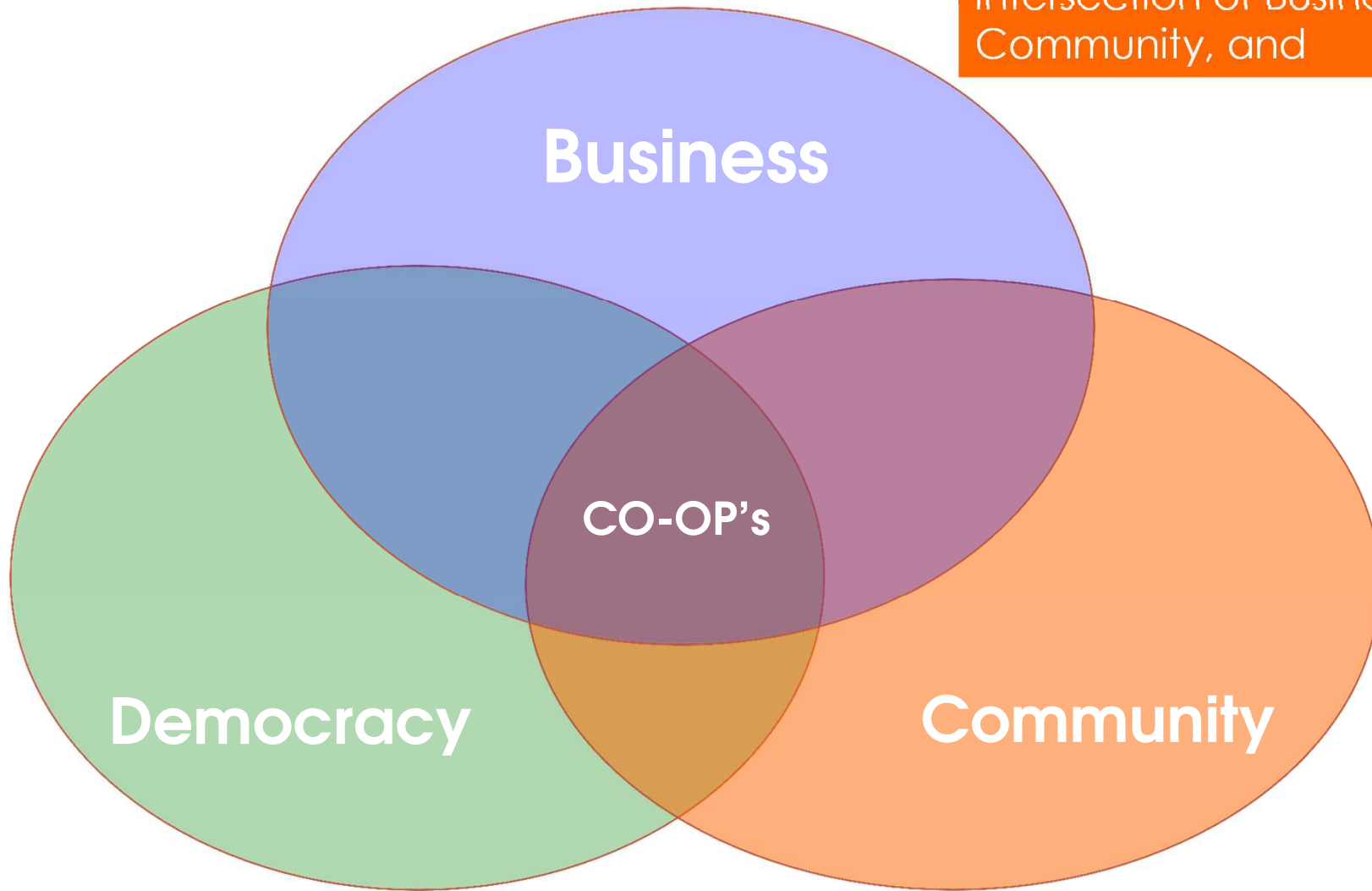
**DIVERSIFICATION • YOUTH • ENVIRONMENT**

**Mike Beall**

President & CEO

National Cooperative Business Association  
CLUSA International

Co-op's are the intersection of Business, Community, and



Established in 1916, **NCBA CLUSA** is the **oldest** and **largest** U.S. trade association for cooperatives—representing all co-op sectors:



**CUNA**

Credit Union National Association



## Sectors

Housing  
Retail  
Electric  
Worker  
Purchasing  
Credit Union  
Agriculture

## Examples

Child Care & Preschool  
Credit Unions  
Financial Services  
Food  
Co-op Breweries  
Healthcare

## U.S. Coops by the Numbers...

40,000+ Cooperatives in the  
US

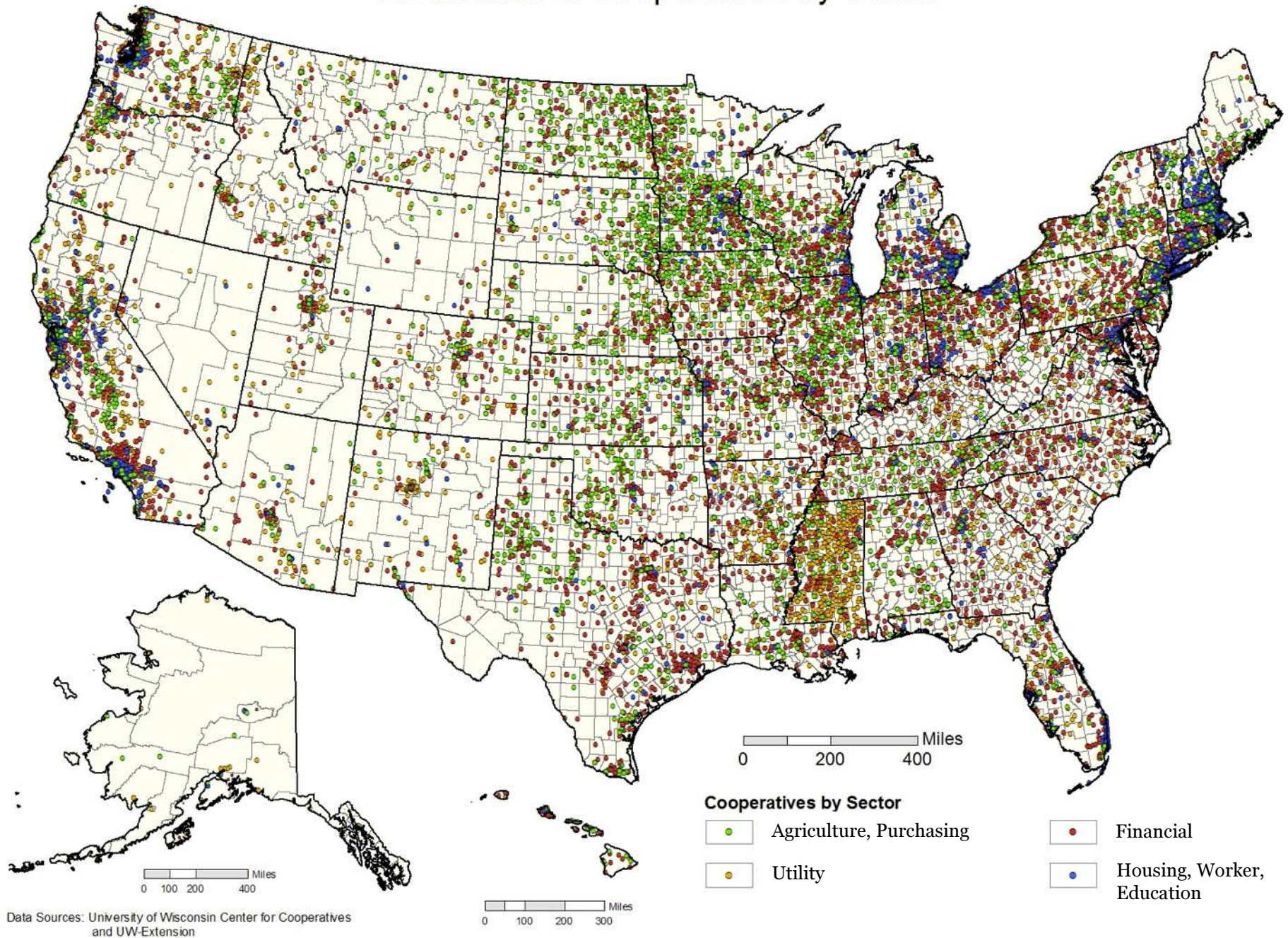
2+ million jobs

\$652 billion in  
annual sales

\$3 trillion in assets



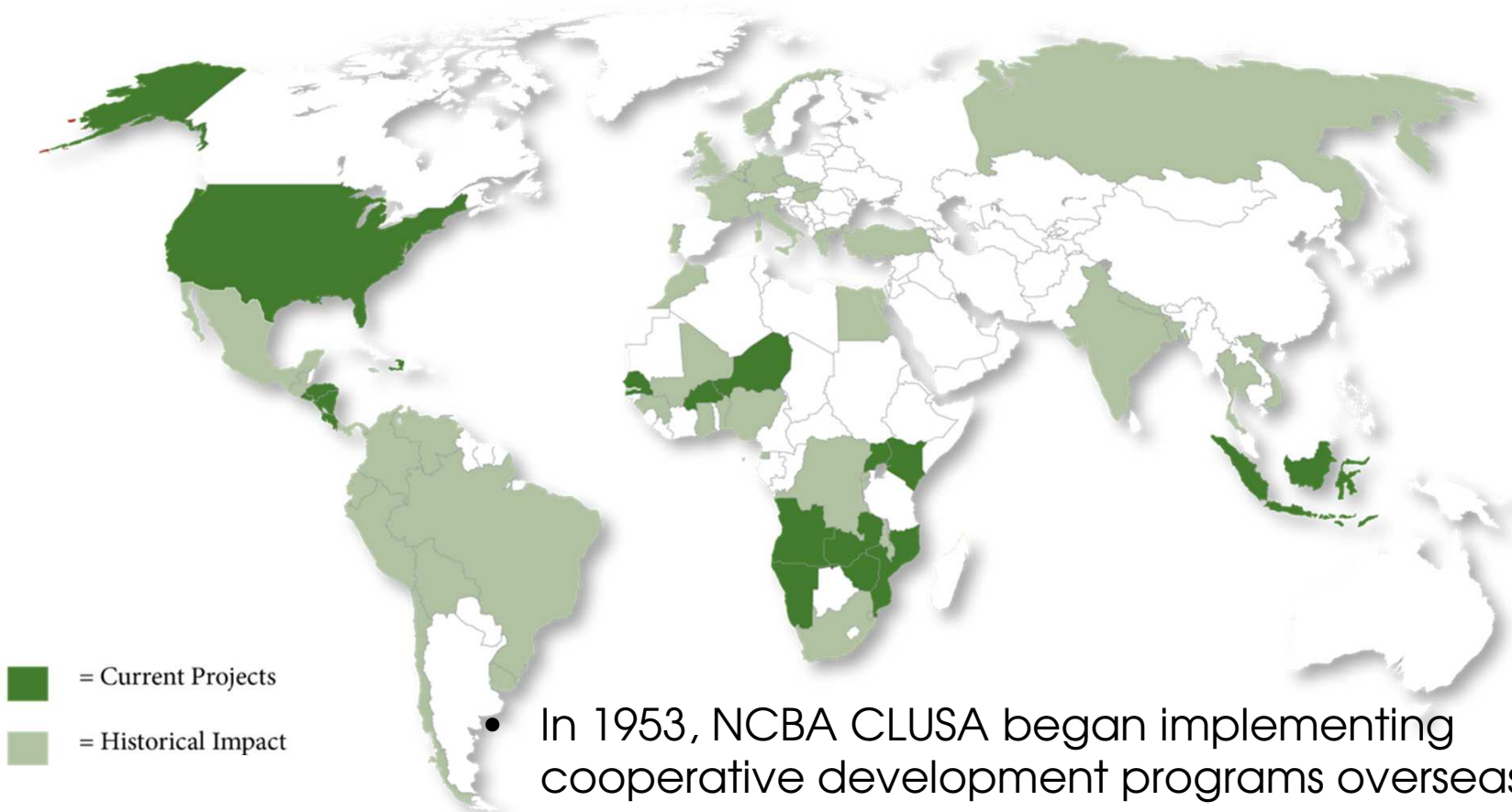
# Distribution of Cooperatives by Sector



# NCBA CLUSA's Role



- A “*Chamber of Commerce*” for co-ops
- The only national organization that addresses co-op issues across industries
- Executes international development projects that support cooperative development
- Represents co-op sector before US Congress, branches of government, private sector, donors



- = Current Projects
- = Historical Impact

- In 1953, NCBA CLUSA began implementing cooperative development programs overseas.
- Today NCBA CLUSA has **projects in 16 countries** implementing **\$45 million annually** in international development.

# Co-ops Around the World



Globally, cooperatives serve over **3 billion people**.

The **U.S. has the most cooperative members**, followed by China and India.

The largest **300 cooperatives** in the world have resources that equal the **economy of Canada**.

In the United States, **one in every 3** people is a member of a cooperative equaling more than 120 million people.



# Cooperatives in the Economy

- For nearly 100 years NCBA CLUSA's mission has been to **advance, protect, and promote** the cooperative business model and to alleviate poverty through sustainable economic development.
- Economically, cooperatives effectively reduce market barriers that would typically impede groups in developing countries from fully participating in the economic sphere.<sup>1</sup>

## Cooperative businesses allow entrepreneurs to:

- Generate economies of scale
- Increase efficiencies along the value chain
- Improve the quality and value-added nature of products
- Increase access to capital
- Gain substantial bargaining power through collective action

<sup>1</sup>US Overseas Cooperative Development Council, 2010

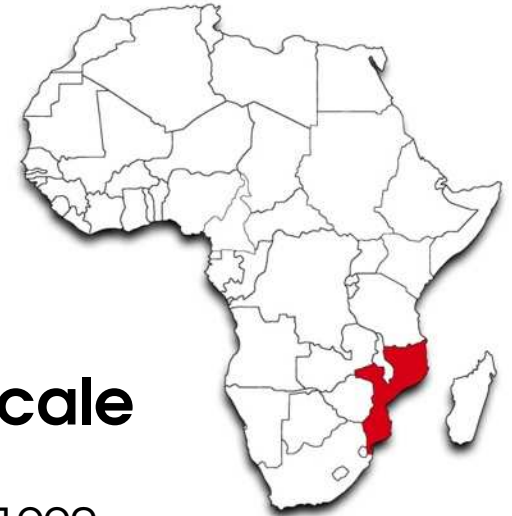
# Cooperatives in the Economy

## Highlight

### Mozambique: Achieving economies of scale

Mozambique's transition to a market economy in the 1990s highlighted the benefits of cooperative business practices. Rural smallholder farmers often had poor access to quality agricultural inputs, technology, credit or accurate market information.

NCBA CLUSA began working with rural farmers in Nampula province in 1995, helping them form a network of producer organizations and establish partnerships with commodity purchasers and input suppliers. Groups of producer organizations then began joining together in forums, allowing farmers to profit from **greater efficiencies** in collection, processing and marketing. **More than, 71,500 farmers benefit from working together.**



# Cooperatives in the Economy

## *Mozambique: Achieving economies of scale*

### *Increased value chain efficiency*

Today, a producer-owned trading company, IKURU, is the first Mozambican company to trade organically grown products on the international market. Today, **20,226 farmers** own IKURU, which was created in 2003 when 21 farmer co-op groups joined together in partnership with NCBA CLUSA and USAID's Global Development Alliance program.

### *Value Added*

Working together, the farmers built the UniLurio Aflatoxin testing laboratory, which ensures the safety of crops. The lab reduces testing costs for farmers and guarantees a high-quality product that meets international standards, opening the markets of both Europe and the United States.



## Over the past 3 years...

- Sold **2,000 tons** of commodities
- **\$1.5 million** in sales
- **\$900,000** in benefits returned to farmers

# Cooperatives in the Economy

**Four Ways to a more just, inclusive and sustainable economic development future:**

Economic Diversification

Financial Inclusion

Youth Engagement

Enabling Environment

# Economic Diversification

- Economic diversification can be achieved **most efficiently** through the cooperative model.
- **Entrepreneurship** is the bedrock of the cooperative model.
- Through diversification, local economies are able to be more **economically resilient**, providing livelihoods before, during and after a crisis.



# Economic Diversification



## Highlight

Top 100 Cooperatives  
in the United States represent

# \$234.5 billion

of the nations economy<sup>2</sup>:

Agriculture	\$148
Grocery	\$32.8
Energy & Comm.	\$19
Finance	\$12
Hardware	\$8.9
Healthcare	\$8.8
Other sectors	\$4.3

*(revenue measured in billions)*



<sup>2</sup>National Cooperative Bank – 2014 Coop 100

# Economic Diversification



## In the United States...

- 1 out of every 3 Americans belong to a cooperative.
- There are more than **100 million** Credit Union members
- Energy co-ops contribute \$19 billion to the economy and provide **12% of the nations power**, employing more than **70,000 people**
- Credit Unions safe guard **\$922 trillion in savings** and offered **\$653 trillion in loans**
- CHS Inc. agriculture cooperative has **1,100 member cooperatives** representing **600,000 farmer-oweners** with a **2013 net income of \$992.4 million**, returning an estimated **\$433 million** back to co-op members

# Financial Inclusion

- The vast majority of NCBA CLUSA programs **include access to affordable finance** through Credit Unions or Savings and Credit Cooperative Organizations (SACCOs).
- Credit Unions are **such integral players** in making our international development work sustainable, driving everything from our nutrition-led agriculture to community-based health.
- Providing access to credit is a pillar of poverty alleviation.
- Sustainable economic development and financial inclusion starts with empowering women and youth

Credit Unions are providing financial inclusion services worldwide with:

More than **208** million members

Using **57,000** Credit Unions & SACCOs

In **103** countries



# Financial Inclusion

Sustainable economic development and financial inclusion starts with empowering women and youth<sup>3</sup>:

- **Partnerships** between civil society, governments, private sector companies, and academia is critical to boosting women's economic empowerment and making it sustainable.
- More investment in the **formation of women's cooperatives** and groups.
- The most vulnerable need **increased assistance** and investment of both time and **money**.
- Women should be treated **as partners, not beneficiaries**.

# Financial Inclusion

## Highlight

### Kenya – Youth & SACCOs

Young entrepreneurs are working with local SACCOs in Mombasa to open value added businesses as part of the Yes Youth Can! program. NCBA CLUSA teaches youth effective business practices, training in small business building through sound financial practices.

Their first business was a French fry chip shop. To date they have launched a **motorbike taxi service, a barbershop, a cinema** and a **video game arcade**.



# Youth engagement

- According to the World Bank, by 2015 there will be **3 billion** young people between the ages of 15 and 24, with **2.5 billion living in developing countries**.
- Most **connected and engaged** than any previous generation.
- In Africa and Southern Asia, children and youth comprise nearly 60% of the total population.
- Employment opportunities need to be created to providing a path to entrepreneurialism... the cooperative business model provides that structure.
- Crime, violence, and political instability tend to increase where there is high youth unemployment.
- NCBA CLUSA focuses on youth involvement throughout its development portfolio.

from 18 to 25 years <sup>4</sup>



<sup>4</sup>The WorldBank.org “What is the relationship between Youth, Open Government and Development”, 2014

# Youth engagement

## Highlight



## Yes Youth Can!

- NCBA CLUSA is implementing this five year \$7.5 million project in the costal provinces and capital city of Nairobi in Kenya.
- Program was created in the aftermath of violent clashes of youth that followed the Kenyan presidential election of 2007.
- Teaches youth skills to govern their own programs, and constructively engage with key government and community actors regarding issues that affect them.
- The youth have formed community organizations and registered with the Government of Kenya through the National Identification project allowing them to vote and apply for credit.
- The program prepares youth for employment, entrepreneurship and livelihood activities through training, participatory learning and action.

# Youth engagement



- Formed **1,629 youth bungees** (groups) representing more than 83,000 individuals
- **119,023 youth** (including 50,674 women) obtained National Identity Cards providing access to democracy and credit

**Yes Youth Can!**



- **37,290 youth** (including 14,910 women) elected into local and national leadership positions
- More than **16,000 advocacy campaigns** promoted gender equality, governance, and health

# Enabling Cooperatives

## Policies and Legislation

The development of a strong, sustainable, democratic cooperative movement **relies heavily** on whether the policies and regulations imposed by local and national governments are empowering.<sup>4</sup>

- **Globalization** has increased the opportunity for small collectives to reach overseas markets
- Greater opportunities now exist through partnerships that bridge the gap between governments and cooperatives
- Strong policies can support cooperatives in being competitive in the marketplace and reach new and more distant markets.

### Good policy and legislation...

- Governs justly
- Invests in citizens and stakeholders
- Encourages economic freedom
- Seeks collaboration through partnerships

<sup>4</sup>Cooperative Advocacy: A Practical Guide for Advocating Cooperative Legal and Regulatory Reform

# Enabling Cooperatives

## Highlight

### **Kenya - Partnership**

In 2013 NCBA CLUSA signed a memorandum of understanding with the Kenyan government's Department of Cooperative Development and Marketing, committing both organizations to seek new opportunities to work together developing community structures that are owned by their members assisting participating Kenyans to improve their standards of living.

### **Mozambique - Law**

In 2009, NCBA CLUSA worked with the people of Mozambique resulting in the passage of a new law by the National Legislature, recognizing cooperatives as autonomous businesses, where the management belongs to no one but the members. The new law provides co-ops with basic legal requirements, while allowing them to be mostly self-regulating. Passage of the new law represented the culmination of a movement led by individuals, communities and businesses leaders.

# Challenges to Co-op development

**Recognize** the important role cooperatives can and are playing in both micro and macro economies.

**Understand** what co-ops are doing for and on behalf of the communities.

**Protect** their framework through productive cooperative laws and policies.

**Promote** equitable treatment of cooperatives in business.

**Visit a Cooperative!**

**Join a Cooperative!**



## Cooperatives in the Economy

*“Founded on the principles of private initiative, entrepreneurship and self-employment, underpinned by the values of democracy, equality and solidarity, the cooperative movement can help pave the way to a more just and inclusive economic order.”*

***-Kofi Annan, former UN Secretary General***

Thank You!

**Michael Beall**  
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