



## Background

Global value chains have been pushed to the brink in the last few years due to the recent and ongoing crises; from climate change to covid-19 pandemic and currently the Russian-Ukraine conflict among other short-term and long-term crises. This has revealed the shortcomings of a complicated system that has intensified ever-increasing disruptions in the global economy leading to increase in the production and transport cost and consequently shortages of all kinds of goods and rise in the prices of commodities. Faced with that strong surge in demand, suppliers of goods worldwide have been struggling to meet the increase in orders. In addition, supply chain disruptions (owing to the waves of the pandemic and adverse weather events, or conflicts and war in different countries for instance) have also played a role, capping activity and trade growth and ultimately pushing up prices.

Value chains disruptions and its economic and social impacts globally is beyond measure. A major cause of these disruptions, which is much more adverse than covid-19 pandemic, is the climate change as it is a long-term “dire”. The wildfires that have been experienced in the past few years, the floods caused by the rise in the sea levels and heavy rainfalls and droughts experienced in different regions are some of the impacts of the climate change. Extreme weather patterns have disrupted supply of goods and services for many years causing declining supplies, transportation risks, electricity failures, rising costs of goods and services, and workplace disruptions. According to the United Nations Development Program, disruptions caused by climate change at workplaces could lead to more than 2 trillion US Dollars in productivity losses by 2030. The impact is unevenly distributed for households, workers, and businesses, further exacerbating inequalities that already exist.

## The Role of Cooperatives in the Global Value Chains

Cooperatives have also been impacted by the disruptions in the global value chains, albeit asymmetrically depending on the sectors and the stage of they are involved in the value. For many years, cooperatives have been working towards protecting smallholder farmers’ food production and keeping the food value chain alive with the increasing demands from consumers. They have also been striving to shorten supply chains by establishing direct purchasing lines between producer and consumer cooperatives, reducing the risk of inflated food prices which can help transform economies in the medium to long run toward more sustainable production and consumption patterns aligned with SDG 12.

Cooperatives play an important role of promoting ethical, strong and resilient value chain that meets the highest standards to fight modern slavery and climate change. They occupy various positions across the value chain ranging from producers, workers, transport, consumers, and recycling. Their uniqueness from other business models is found in their identity (definition, values, and principles) and in their structure deriving from it. They ensure that their members and stakeholders receive a more significant share of the



value of their products and are driven by a fairer distribution of value and control to ensure they achieve most of their main goals in eradicating poverty, hunger, and inequality. They maintain a sustainable and ethical performance concerning environmental protection, climate change, human rights, and product safety.

Under globalization and increased competition in the international markets, cooperatives are faced with the need to connect across the national, regional and international borders, to meet the needs and achieve the objectives of their members. One of their strengths is their adaptability in response to market demand. They maintain their market behaviour and distinguish themselves by honest measurement, high quality, and fair prices. For instance, consumers' cooperatives explicitly search to source from other cooperatives and trace their goods accordingly with an aim to promote ethical value chains and cooperation among cooperatives. Coop UK sources about 30 per cent of its produce from other cooperatives (Representative Cooperatives UK, 2019). The Japanese Consumers Cooperative Union (JCCU) maintains close relationships with producer cooperatives in Japan and trades with them nationally. Coop Denmark's 'African Coffee Roasters project' established a joint venture with Kenyan Coffee cooperatives to create "*the shortest coffee supply chain in the world*"<sup>1</sup>. This project not only involved cooperative-to-cooperative trade, but also investment of the consumers' cooperative to open a coffee processing plant, and the creation of a joint venture to facilitate exports. This helped to create new jobs in Kenya, increased the annual income of 15,000 households and provided training for 4,500 farmers to improve farming practices. According to some estimates presented to the World Trade Organization, cooperative to cooperative trade in agriculture alone accounted for up to 10 billion USD in 2012, representing less than 1% of global agricultural trade<sup>2</sup>.

In human rights practices, cooperatives play a significant role in implementing social and ethical responsibility. Besides, cooperatives as a people-centred business model, encourage respecting people, caring about people, and putting people first before profit. Cooperative members believe in the ethical values of honesty, openness, social responsibility, and caring for others. These values are embedded in the cooperative principle of concern for the community. Thus, it is the most proper and effective business model to realize human development and economic and social rights.

## **Objectives of the webinar and expected outcome**

The objective of this webinar is to evaluate the extent of value chains disruptions and their social and economic impact as well as how cooperatives can contribute towards repairing and restructuring of the value chains in the spirit of building back better in the wake of recovery from the covid-19 pandemic.

Cooperatives have over the years shown their resilience during the times of crises. The importance and value of cooperatives in the society is embedded in their identity, values and principles which put people before profit. In the aftermath of conflicts and crises in many places around the world, cooperatives have often emerged as sources of 'positive social capital', fostering a strong sense of community, participation, empowerment, and inclusion among its members and restoring interpersonal relationships and peace. Women's cooperatives have been especially active as brokers of peace and development. Finally,

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<sup>1</sup> Coop Denmark, 2018. Savannah and African Coffee Roasters. [Online] Available at: [https://www.ilo.org/global/topics/cooperatives/WCMS\\_632541/lang--en/index.htm](https://www.ilo.org/global/topics/cooperatives/WCMS_632541/lang--en/index.htm)

<sup>2</sup> Dalberg, 2015. Promoting Cooperative-to-Cooperative trade for sustainable development, Geneva



cooperatives also contribute to the creation of a global enabling environment for sustainable development by closing the trade gap between the developed and developing world; stabilizing financial systems during crises; and providing the base for financial deepening around the world.

Therefore, cooperatives are well-placed to contribute towards the repairing and restructuring global value chains to achieve economic, social and environmental objectives because they are enterprises that endeavour to meet the economic progress of members while satisfying their sociocultural interests and protecting the environment. They offer an alternative model for social enterprise, with contributions to sustainable development well beyond job creation.

## PROGRAMME

### Opening and Welcoming Remarks (5 mins)

- **Hans Groeneveld**, Director International Cooperative Affairs, Rabobank, The Netherlands and ICETT Chairperson

### Purpose and Background (5 mins)

- **Marjaana Saarikoski**, Director Cooperative Affairs and Partnerships, S Group, Finland and ICETT WG 2 Leader

### Setting the stage: Overview of status on global value chains disruptions (10 mins)

- **Edgar Aguilar**, Value Chains Expert at the International Labour Organisation (ILO)

### Cooperatives' experiences and response (30 mins)

- **Todor Ivanov**, Secretary General, Consumer Cooperatives Worldwide (CCW)
- **Jongseok Lee**, Agricultural Advisor, National Agricultural Cooperative Federation (NACF), Republic of Korea.
- **Dr. Jane Kathuku**, Managing Director, Kenya Cooperative Coffee Exporters, Kenya (tbc)

### Looking ahead (10 mins)

- **Federica Angelucci**, Senior Officer Inclusive Agribusiness, Alliances for Action, International Trade Centre (ITC)

### Q&A session (20 mins)

### Moderator:

- **Merav Niv**, Legal Advisor and Cooperative Coordinator, Kibbutz Movement, Israel