

COLLABORATIVE RESEARCH FOR COOPERATIVE
RESILIENCE RESEARCH PORTFOLIO

Synthesis Report

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INTERNATIONAL COOPERATIVE RESEARCH GROUP **Resilience Program Projects Descriptive**

COLLABORATIVE RESEARCH FOR COOPERATIVE RESILIENCE (CR2) RESEARCH PARTNERSHIPS:

A multisectoral analysis of cooperative resilience in emerging markets during COVID-19. The research took place with research partners selected through a competitive grant program administered by the International Cooperative Research Group (ICRG) under the Overseas Cooperative Development Council’s (OCDC) Cooperative Development Program (CDP) funded by USAID.

CLE COVID-19 IMPACT STUDY:

ICRG led a five-country study (Malawi, Madagascar, Rwanda, Uganda, Kenya) of the impacts of COVID-19 on cooperatives in Sub-Saharan Africa, highlighting factors that appear to be correlated with business resilience and strategies employed to increase resilience.

BUSINESS RESILIENCY FRAMEWORK FOR COOPERATIVES:

An action-oriented tool, developed together with practitioner organizations, seeking to support cooperatives to measure their business resiliency and take proactive steps to increase their resilience and prepare for future shocks. The provisional tool will enter the pilot testing phase from October–December 2022.

A RESOURCE GUIDE TO CLIMATE FINANCE FOR COOPERATIVE DEVELOPMENT:

This research paper provides a landscape overview of climate finance at the global level. The paper is intended to be a resource that will help to expand cooperative development and deepen the beneficial impacts of cooperative development by helping access financial and nonfinancial resources to accelerate the development or expansion of activities that benefit both planet and people.

CLIMATE FINANCE COUNTRY PROFILES:

This report provides a summary of main climate issues and key resources for countries where ODCDC members operate and support cooperatives. It complements the 2022 report “A Resource Guide to Climate Finance for Cooperative Development.”

SECTORS AND GEOGRAPHIES OF ICRG RESILIENCE PROGRAM

Kenya: Hospitality, Aviation, Horticulture, Coffee, Transport, SACCOs, Digital Coop Platforms, Agriculture*, Housing, Dairy

Uganda: Coffee, Agriculture

Tanzania: Coffee

Rwanda: Coffee, Tea, Agriculture, Dairy

Ethiopia: Coffee, Dairy

Malawi: Dairy, Agriculture

Madagascar: Dairy

Global: CLARITY, Climate, Finance

*Agriculture refer to all value chains not otherwise specified in the legend.

FIGURE 1: SECTORS AND GEOGRAPHIES OF ICRG RESILIENCE PROGRAM



Executive Summary



INTRODUCTION

Resilience has returned to the forefront of the agenda of regional and national governments, the international development community, and the private sector alike in the aftermath of COVID-19-induced global economic shocks, and the ensuing impacts of geopolitical crises, leading to further shifts in global supply chains.¹ In June 2020, the International Cooperative Research Group (ICRG) of the US Overseas Cooperative Development Council (OCDC) launched a resilience study, intended to take a place-based and action-oriented lens of analysis to explore the resilience of cooperatives operating in diverse sectors across Kenya, East Africa, and beyond. The ICRG Resilience Program probes the concept of cooperative resilience from various perspectives to glean practical lessons that can be leveraged to increase present and future resilience. Products of the Resilience Program include research- and policy-oriented reports, tools, and resources for practitioners and cooperators.

This report highlights findings from the Collaborative Research for Cooperative Resilience (CR2) Program, which serves as part of the wider ICRG Resilience Program. The CR2 Program was designed to be collaborative in nature. The program intended to:

- Explore the resilience of cooperatives through diverse sectoral lenses;
- Carry out research consistent with the ICRG’s research approach on an issue or area with practical application to the organization’s current programming; and
- Offer partner institutions an opportunity to work with the ICRG to co-create the research design, including methodology, upon agreement and approval of the submitted research concept proposal.

¹ According to USAID, resilience is defined as “the ability of people, households, communities, countries, and systems to mitigate, adapt to and recover from shocks and stresses in a manner that reduces chronic vulnerability and facilitates inclusive growth.”

Six projects were selected during this process, presented by seven partner organizations, as highlighted in Table One. Projects are concentrated in the East Africa region as highlighted in Table One. Projects are concentrated in the East Africa region.

TABLE ONE: CR2 PROJECTS AND ICRG RESEARCH PARTNERS

Resilience of Savings and Credit Cooperative Organizations (SACCOs) in Hospitality, Aviation, and Horticulture Sectors to COVID-19 Systemic Shock	The Co-Operative University of Kenya
Ushirika Hub: A study evaluating the opportunities and outcomes for a Social Systems Network in the Kenyan Cooperative Sector	Global Communities
Adoption of climate-smart agricultural practices (CSAPs) that contribute to the resilience of small-scale farmers: Incentives, barriers, and lessons learnt from coffee cooperatives in East Africa	International Cooperative Alliance (ICA) Africa
Harnessing youth initiatives in the growth of SACCOs: A case of boda boda SACCOs in Kenya	KUSCCO Ltd.
Achieving Clarity: CLARITY 2.0 Research Project	National Cooperative Business Association CLUSA International (NCBA CLUSA)
Organizational resilience in Rwanda and Kenya's dairy sectors: A comparative case study of business responses to the COVID-19 crisis	Venture37 Land O' Lakes Genex

FRAMING THE CR2 PORTFOLIO: RESILIENCE TO *WHAT?*

The CR2 projects cover a diverse range of sectors and cooperative types in East Africa and globally and employ varied mixed methods approaches. They all intersect in some way with the ability of cooperatives to adapt to and operate in times of crisis emanating from external forces beyond the immediate control of the cooperative.

From the six projects selected, two projects cover the impact of the COVID-19 shock on diverse sectors:

- Agricultural value chains (Dairy Sector in Rwanda and Kenya)²; and
- SACCOs resilience (Horticulture, Aviation, and Hospitality in Kenya).

The other four projects, also impacted by COVID-19, focus on resilience to other phenomena:

- Climate Crisis (CSAPs and Coffee in East Africa);
- Demographic Dividend (Boda boda SACCOs in Nairobi, Kenya); and
- Enabling Environment Challenges (Ushirika Hub and CLARITY 2.0).

The projects focusing on operational and environmental challenges conduct scoping research to inform future iterations of a tool that will serve the cooperative sector. During moments of crisis, it is important to take short-term actions, while maintaining a medium- to long-term vision. The other research projects focus on topics crucial for medium- to long-term success of the sector, such as digital mapping of cooperative businesses, the growing youth population seeking meaningful employment in East Africa, and the climate crisis. The climate research focuses on a positive adaptation strategy and climate-smart agriculture and asks what is keeping coffee cooperatives (and their smallholders) from adopting these methods in a broad-based manner.

² Agriculture was a thematic focus of the CR2 research portfolio, with half of the projects focusing on agriculture.

LIMITATIONS

Given the diversity of the CR2 research portfolio, both in sectors and frameworks of analysis (“resilience to...”), the projects—when taken at the individual level—offer an evidence-based case study in resilience in the particular context (i.e., country, sector, value chain, “resilience to ...”, etc.). However, taken at the portfolio level, the research outcomes enable some generalized conclusions and provide insights that go beyond individual study limits.

The individual research studies leverage robust methodological approaches to their specific inquiries, but it is important to underscore that the aggregate observations are built on place-based analyses of cooperative resilience under certain preexisting conditions. The key findings should be understood in the lens of the case study approach that was leveraged and triangulated with larger time series datasets covering a span of countries and regions. For projects that did not investigate the “resilience to COVID-19” phenomena, the changes that COVID-19 effected on other variables of the study cannot be decoupled from the larger systemic economic and health shocks that impacted most countries of the study at the time of the research.

KEY FINDINGS

The key findings from the CR2 portfolio are grouped around key thematic foci of the projects and summarized below. See the report’s conclusion for additional discussion and recommendations.

ADAPTATION TO CLIMATE CHANGE

Farmers need financial incentives and technical support to change their practices. Diversity may help: Youth and women demonstrate greater openness to adopting new technologies. Coffee cooperatives can serve as a launching pad for large-scale promotion and adaptation of CSAPs in the sector, but opportunities for technical training must be coupled with market-based incentives for participation. This is the only way to scale action now and safeguard the East African coffee crop into the future.

CONSTRICTED FOOD SYSTEMS RECOVER

Even a temporary compression of a value chain like dairy can lead to medium- to long-term impacts if not appropriately mitigated. It is easier for farmers to divest from livestock production than to reinvest, and when technical services and quality inputs cannot be provided for a period of time, this can lead to generational reverberations in the quality of crops (with planted agriculture) or genetic pools (in the case of animal production). Investments are needed from economic development partners to ensure that a short-term crisis does not lead to long-term backsliding in productivity and revenue in value chains like dairy.

NEW TECHNOLOGY ADAPTATION

Moments of crisis can serve as a catalyst for technology innovation and adaptation, but only if the technologies are meeting a critical need, as was found in the case of Kenya SACCOs that moved their services online to continue serving members during the COVID-19 lockdowns. Kenyan cooperators, on the other hand, had not been using the Ushirika Hub for digital mapping of partners and cooperators, likely as the former version of the tool was not yet offering them what they viewed as an “essential service.” Scoping studies and user experience data, like that collected through the CR2 project, can help hone a future version of the tool to better meet members’ needs.

DEMOGRAPHIC DIVIDEND

The youth bulge presents enormous economic potential in Africa, which, when not properly prepared, trained, and integrated into the workforce, becomes a liability. Cooperatives can serve as an avenue for youths’ integration into the workforce, but they want more than cooperative membership: they want to lead, to be listened to, and to have opportunities to grow. When efforts are not taken to bring youth members into the fold with adequate training and preparation for the workforce, as in the case of the boda boda sector in Nairobi, Kenya, their actions do not reflect the cooperative principles and can reflect poorly on the overall cooperative movement.

POLICY ENVIRONMENTS

Policies and regulations impacting cooperative resilience are not only those exogenous to the institutions at the national, regional, or local levels of government, but endogenous cooperative regulations that govern how they make decisions as well as how they facilitate and incentivize membership of underrepresented groups important for resilience, such as youth and women. Reshaping internal policies with a resilience lens means allowing for changes to “business as usual” and taking proactive steps during times of relative stability to design a cooperative membership that will bounce back with greater agility. Increasing diversity among the membership (of sectors, gender, and ages) is recommended to lessen the impact of future shocks.

“CARE FOR COMMUNITY”

This ICA cooperative principle is often cited as a key element in cooperative resilience. Yet it can become a catch-all term regarding cooperatives’ duty to perform pro-bono service delivery, which may have short-term positive impacts on the community but overall detrimental ones if they are conducted at the expense of the cooperatives’ solvency and long-term business viability. The report’s conclusion outlines important nuances to consider vis-à-vis this key cooperative principle.

ICA COOPERATIVE PRINCIPLE 7

CONCERN FOR COMMUNITY

Cooperatives work for the sustainable development of their communities through policies approved by their members.



The Statement on the Cooperative Identity states that a cooperative 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.”

Cooperative agribusiness responses to crises



In keeping with the case study nature of the research portfolio, this report leverages a case study approach to offer a deep level dive into three projects that are part of the CR2 portfolio and highlight insights into food systems in distinct microcosms of East Africa.

COVID-19-induced economic and health policies impacted the movement of goods and people, sending a tidal wave through food systems around the world, which are dependent on the efficient flow of often-perishable goods and services. These impacts were most devastating in low- and middle-income economies, where billions of households already struggle with chronic food insecurity. According to The State of Food Security and Nutrition in the World 2022 report, almost 3.1 billion people cannot afford even the most basic foods and nutrients needed for a healthy diet, including 2.3 billion who suffered from moderate or severe food insecurity in 2021.³ Compared with 2019 figures, the largest increase of hunger by region was observed in Africa.⁴ Hunger is not gender-blind; as of 2021, there were 150 million more women than men suffering from food insecurity.⁵ The state of food security in the world—and its further deterioration during moments of crisis—led the ICRG, together with partners, to conduct three in-depth case study investigations into the impacts of crises on agribusinesses' resilience in East Africa as three of six projects in the CR2 Resilience Portfolio.

These projects analyzed how agricultural cooperatives in East Africa responded to the effects of the COVID-19 crisis in 2021 and the impacts of the climate crisis. Taking a deep dive into coffee cooperatives across East Africa, dairy businesses in Rwanda and Kenya, and horticultural, hospitality, and aviation SACCOs in Kenya, this section will present three case studies to highlight the studies' key findings related to cooperatives' business responses to crises. In subsequent sections, the other three CR2 projects will be outlined, focusing on policy environments, youth employment opportunities, and digital solutions. This section will present the agriculture-focused research projects in order of widest geographic span, beginning with the projects that covered multiple countries.

³ FAO, IFAD, UNICEF, WFP, WHO, *The State of Food Security and Nutrition in the World: Re-purposing food and agriculture policies to make healthy diets more affordable* (Rome: FAO, 2022) <https://www.fao.org/publications/sofi/2022/en/>

⁴ Ibid.

⁵ CARE, *Food Security and Gender Equality: A synergistic understudied symphony* (CARE, July 2022) <https://careevaluations.org/evaluation/food-security-and-gender-equality/>



CASE STUDY 1:

COFFEE FARMERS' ADOPTION OF CLIMATE-SMART PRACTICES IN EAST AFRICA

ICA Africa led the climate-centered research project that asked to what extent CSAPs are being adopted across the region of East Africa as an adaptation and mitigation strategy. East African farmers' adaptation to changing agroecological conditions is important to maintaining global coffee production levels, given that four countries alone (Ethiopia, Uganda, Tanzania, and Kenya) produce 80 percent of Africa's coffee exports.⁶ Effective adaptation is also critical to maintaining the economic security of the estimated 125 million people globally that depend on coffee for their livelihoods.⁷ Like most agricultural activities, coffee production and processing also contribute to greenhouse gas emissions, which makes mitigating the impacts of coffee production on the environment an important step toward ensuring the sector's long-term sustainability.

⁶ UNCTAD, *Commodities at a Glance: Special Issue on Coffee in East Africa, No. 10* (Geneva, UNCTAD, 2018) https://unctad.org/system/files/official-document/ditccom2018d1_en.pdf

⁷ "Coffee Farmers," Fairtrade Foundation, 2022, <https://www.fairtrade.org.uk/Farmers-and-Workers/Coffee/>

Looking regionally across the countries of Rwanda, Uganda, Tanzania, Kenya, and Ethiopia, ICA Africa sampled 30 primary cooperatives with a total of 68,034 coffee farming members. Of these farmers, 79 percent farm on less than 3 acres of land or roughly 1.21 hectares. All five countries possess a national agricultural plan that includes climate-smart agriculture as a priority, and among the cooperatives sampled, over 96 percent of respondents reported that they are implementing some form of climate-smart agriculture, mostly at the level of farm production rather than processing. Coffee washing is a form of value-added processing which pays off in higher prices per bushel. However, traditional coffee washing also serves as a methane emitter, making the adaptation of climate-sensitive processing methods a priority for greening the production cycle. As coffee is a commodity traded on international markets, prices can be volatile, and when prices dip, farmers can seek to expand their production area to make up for the loss in earnings, a chain reaction often leading to deforestation, which furthers the climate crisis.

Rising temperatures, changing seasonality, and changes in rainfall were the most common climatic challenges experienced by the coffee cooperatives. CSAPs are viewed favorably for their ability to increase farmers' incomes, improve the quality of land, decrease the incidence of pests and diseases, and improve their quality of life. However, there is a perception that adopting CSAPs is expensive, especially among the aging population of farmers that are resistant to change their farming practices. Women and youth are more eager to adopt these practices but do not always have the sufficient decision-making power that comes with land ownership and intellectual leadership of the household and farm. Continuous capacity-building supported by enabling policies and effective extension services will be critical to ensuring East African coffee farmers' adaptation and mitigation of the rising threat of climate change.

ICA Africa concluded that by implementing climate-smart agriculture, coffee cooperatives should achieve three outcomes that are important to safeguard the cooperatives' bottom line and the world's emission limits:

1. **Increased coffee productivity:** Produce more and better coffee to improve small-scale farmers' livelihoods and boost incomes.
2. **Enhanced resilience:** Reduce vulnerability to drought, pests, diseases, and other climate-related risks and shocks, and improve capacity to adapt and grow in the face of longer-term stresses like shortened seasons and erratic weather patterns.
3. **Reduced emissions:** Pursue lower emissions for each kilo of coffee produced, avoid deforestation from coffee farming, and identify ways to absorb carbon and avoid methane emissions during the coffee production cycle.

Cooperatives can serve as a viable instrument for the promotion of CSAP adoption, which forms part of the national agriculture agenda in each country of the study, given cooperatives' ability to unite smallholder coffee farmers into an aggregate economic entity. It was also found that increasing diversity among coffee farmers can pay off dividends, as women and youth demonstrated greater ease of adoption of new technologies and varieties, which may be paramount to safeguarding coffee production under changing climatic conditions.





CASE STUDY 2:

BUSINESS RESILIENCE IN EAST AFRICAN DAIRY: THE CASE OF RWANDA AND KENYA

The second case study remains in East Africa, but narrows the focus to two countries, Rwanda and Kenya, and hones the resilience lens of analysis to resilience in the face of COVID-19 economic shocks. Venture37 and Genex teamed up in this dual-country comparative analysis of cooperative dairy firms and firms with other business models to see whether the business model had an impact on the firm's resilience in the face of system-wide supply chain shocks. The dairy industry was selected due to COVID-19's significant impacts on this highly perishable supply chain and due to the structure of the dairy sector, which is dependent on cooperative-organized smallholder milk farmers in both countries. A total of 6 businesses per country (12 businesses in total) were selected from each country: 3 cooperative enterprises and 3 conventional firms.

In both Rwanda and Kenya, governments implemented strict COVID-19 mitigation measures, including national lockdowns and restrictions on travel, which directly and indirectly impacted the dairy industry and supply chain. The lockdowns negatively impacted extension services, leading to higher rates of animal mortality, in addition to higher feed prices and limited availability (as the raw ingredients are imported), leading some farmers to sell cattle or divest from dairy farming. The interdependence of the private-sector firms and cooperatives in the dairy sector meant that as farmers divested from farming and cooperatives struggled to remain afloat, they decreased their demand for veterinarian-completed artificial insemination (AI) and other private-sector services. As a result, these firms also sought to diversify their livelihoods outside of the livestock industry.

In Rwanda, demand for milk decreased during the COVID-19 lockdown, given that the main market for milk products had been the hospitality and tourism industry. Prices remained stable due to government controls, but in some cases, cooperatives were buying and selling milk for the same price, which led to financial distress of the business and delayed payments to members. Rwandan cooperatives suffered challenges with non-paying buyers, and they saw reliable clients (larger demand, timely payments) were the key to greater resilience. Small conventional firms in Rwanda felt the impact of the crisis immediately. One firm closed shop for three months, after which they pivoted to construct a plant to produce dry milk powder, an example of innovation post-shock. Beyond the height of the crisis, as hotels, airlines, and restaurants have opened for business once again, the Rwandan dairy sector struggles to meet demand, given that smallholders diverted resources from production when the market was constrained.

In Kenya, where there is a greater consumption of milk among the population, the supply side was first restricted during the lockdown period, as children kept home from closed schools consumed more milk and families commercialized lower quantities of milk. Due to increased demand and low supply, milk prices increased, which influenced some cooperative members to "side sell" to take advantage of the attractive inflated market rates. Cooperatives noted a decline in the quantity of milk provided by their members. The advanced age of cooperative members also served as a risk in the case of Kenya, where the government prevented individuals ages 58 and older from leaving their homes. For one of the cooperatives sampled, this age group represented their most experienced dairy farmers. Emergency response plans were not found in the majority of the cooperatives sampled, but one Kenyan cooperative did have a plan in place, which helped them to maintain board leadership even in the absence of a general election.

The impact of the crisis continues to reverberate throughout the dairy industry with sizable impacts for both conventional firms and cooperatives. Some differences could be noted in the businesses' responses to the crisis, which were impacted by the structure of the company. In the conventional firms, centralized decision-making processes facilitated quick and decisive action, such as in the example of the Rwandan dairy firm that closed doors and then innovated towards a new product line. Additionally, communication channels flowed more smoothly, as firms have access to e-communication and other modern technologies that not all cooperative members can afford. Among cooperatives, on the other hand, there was a strong sense of loyalty toward the business by their members, such as the case where members pooled their personal funds to keep the cooperative from defaulting on a loan. This same sense of loyalty was not shared by some of the employees of the cooperatives—disgruntled transporters with unpaid bills were unhappy with their relationship with the cooperative and did not have relationships of trust. In business, following through on (especially financial) commitments is an important measure of reliability, greatly affecting businesses' reputational image. The reliability of payments among diverse actors across the dairy value chain could be improved with positive benefits ricocheting throughout the value chain.

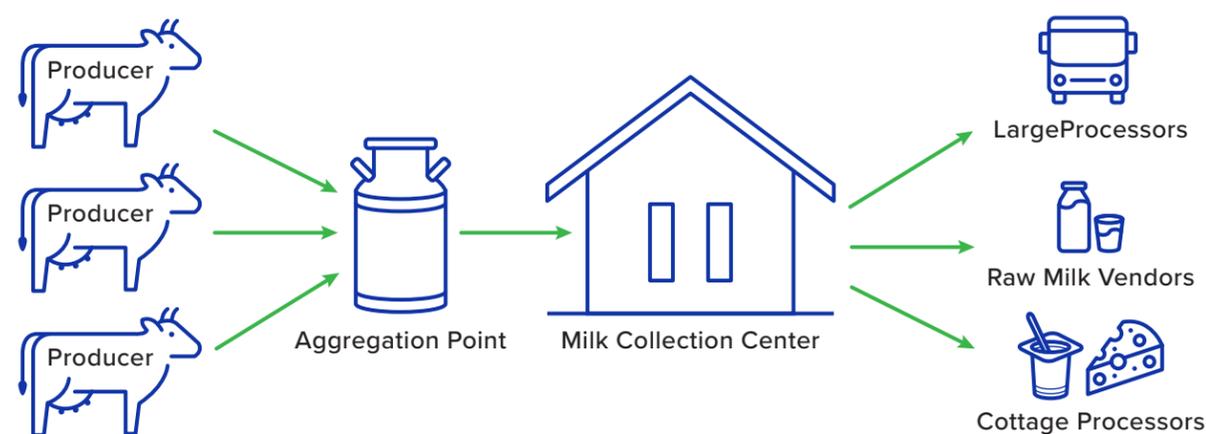


CASE STUDY 3:

BUSINESS RESILIENCE OF SACCOS IN KENYA: HORTICULTURE, AVIATION, AND HOSPITALITY

The third case study centers on one country—Kenya—and analyzes three SACCO sectors that were particularly impacted by the COVID-19 economic shockwave: horticulture, aviation, and hospitality. Based on a mixed-methods framework, the research team sampled 545 cooperative members to investigate strategies employed by SACCOs to respond to the crisis and support their members. Four cities and counties—Nakuru, Mombasa, Laikipia, and Nairobi City—were selected for the geographic distribution of the sample, given the high presence of the SACCOs in the sectors selected. Horticulture SACCOs made up 47 percent of the sample population, hospitality 46 percent, and aviation 7 percent. Men comprised 66 percent of the sample and 34 percent were women, also reflecting the gender disparity in SACCO membership, given that men dominate the formal employment field in Kenya. March 2021 was the kickoff of the first phase of data collection and included both qualitative and quantitative methods, and phase two followed up in August 2021 through qualitative methods to further assess any changes in the variables of interest.

FIGURE 2: SMALLHOLDER MILK AGGREGATION CHAIN IN RWANDA AND KENYA*



*Land O'Lakes (2017): Rwanda Dairy Competitiveness program II Final Report.

COVID-19 led to decreased revenue for the SACCOs and their members. Members that sought financial services during the period of the study reported a shift in their needs: The uptake of development loans fell by almost half to 34.3 percent, while the demand for emergency loans almost doubled to 53.4 percent. Nearly half (44 percent) of the members surveyed sought financial services during COVID-19 to cope with the impacts of the pandemic. However, SACCOs could not always keep up with members' demands. Some SACCOs stopped issuing loans during the crisis and others only issued emergency (short-term) but no development (long-term) loans. The follow-up research in August 2021 demonstrated an improvement in service delivery in the examples cited where no loans were available during the initial crisis. The most-cited impact on SACCOs during COVID-19 was an overall slowdown in operations, confirmed by 61 percent of the members. However, in response to social distancing mandates, some SACCOs innovated and transitioned services to digital platforms (52.5 percent of members confirmed that their SACCO had gone digital), steps that were widely favored by members. Additional steps that some SACCOs took to support their members were restructuring loans, offering emergency loans, and offering a moratorium on interest during the period.

Men and women were affected quite similarly by the pandemic and reported comparable impacts of the crisis on their economic and health status; they also reported similar levels of psychosocial issues such as anxiety and stress. Focus groups highlighted the disproportionate stress that female-headed households face, in the case where a widowed woman is the sole economic contributor to the household. When analyzing through a normative lens, most study participants (66 percent) reported that women coped better during COVID-19. This perception is interesting, particularly in light of the gender-imbalanced sample in favor of men. When comparing coping mechanisms, women demonstrated more "grit" as they faced the crisis head-on and availed themselves of more resources than men. Whereas focus groups shared men's psychological challenge with asking for help and seeing the family downsize from their style of more comfortable living, women were more likely to register for government relief funds,

ask family and friends for help, migrate to rural areas, use resources prudently, and turn to spirituality for strength. Women's ability to open up and share their challenging circumstances helped them to both psychologically and economically adapt in the face of the crisis. Focus group discussions highlighted that those women have higher levels of savings than men and referenced the informal Chamas savings groups as additional support that women could lean on in addition to their SACCO.

Even at the height of the crisis, most SACCO members retained trust in their cooperative and believed that it would weather the storm and come out the other side of the crisis intact. Kenyan SACCOs in the horticulture, aviation, and hospitality industries did demonstrate resilience in the face of the COVID-19 systems shock. By implementing digital innovations and adapting their policies to meet their members' needs, the SACCOs served as a source of support for increasing their members' overall resilience. The study findings lend themselves to a few recommendations. The first is that SACCOs stand to gain from increasing the diversity of their membership. By opening the common bond, they can reduce their structural vulnerability to sectoral-specific crises and shocks. By having a wider representation of diverse sectors in their SACCO, intersectoral linkages can form and increase the overall financial viability of the SACCO. Additionally, observing women's skills in responding to shocks, SACCOs could benefit by increasing the number of women members toward parity. This change may not happen by SACCOs alone but requires a larger structural shift toward women's economic inclusion in Kenya, given that SACCO membership is often correlated with monthly savings habits, a practice that is easiest to achieve when employment is secured and stable.

Policy Environments

What do the coffee, dairy, and SACCO case studies from East Africa have in common? Their growth and success as enterprises are impacted not only by unexpected external events, such as COVID-19, but also by carefully designed policy environments that enable (or disable) businesses to flourish and thrive.

While cooperatives act as an aggregating force to increase the power of individual members, a primary cooperative alone usually lacks the size and scale to transform their sector, and thus must act together with other secondary and tertiary cooperatives, in addition to national and regional partners to yield the greatest business performance during both bull and bear markets.

NCBA CLUSA's research on CLARITY 2.0⁸ highlighted the connection of policy environments to resilience by drawing from Dr. Martha Fineman's work, which argues: "The inequality of resilience is at the heart of vulnerability theory because it turns our attention to society and social institutions...Resilience is produced within and through institutions and relationships that confer privilege and power. Those institutions and relationships, whether deemed public or private, are at least partially defined and reinforced by law."⁹ The CLARITY methodology supports national cooperative movements through four phases: diagnosis, consensus on priorities for reform, reform proposals and strategies, and implementation of advocacy strategies.¹⁰

⁸ The CLARITY methodology was designed in 2005 by ODCDC members and has been implemented in 18 countries to date.

⁹ Fineman, Martha Albertson. "Gender, Equality, and the Human Condition," *Gender, Sexualities, and Law* (2011): p. 53–62, Routledge, <http://resolve.library.ubc.ca/cgi-bin/catsearch?bid=4770665>.

¹⁰ See more at www.clarity.coop.

As a result of the CR2 research, NCBA CLUSA will work to simplify the CLARITY user guide to make it more user-friendly. Having supportive policy frameworks is only the first step to creating an enabling environment for businesses to thrive. Regulation serves as the vehicle through which laws are put into practice. In the case of the CR2 climate-smart coffee research, all six of the East African countries studied have nationwide policies regarding the adoption of climate-smart agriculture; however, few cooperative leaders were aware of these policies. In order to move down the chain of implementing conducive policies, ODC's ICRG plans to undertake a study in 2023 focusing on the application of the law by initiating a review of factors that impact the ease of doing business for cooperatives.

Importantly, policy environments must not only be considered as exogenous to cooperatives, but also as endogenous. Cooperative members and leaders have the responsibility to create internal regulations that promote the business's success both economically and socially. The dairy case study demonstrated the importance of developing contingency plans in the case of an emergency, which would allow for more flexible decision-making through virtual or otherwise adaptive methods. Cooperatives that allowed for virtual general assemblies were able to continue making decisions, even during COVID-19 lockdowns, thus making them more agile than cooperatives that did not allow for adaptations to their decision-making protocols. From the SACCO case study in Kenya, similarly, SACCOs that moved their member services online were able to continue to meet their members' needs—in some cases, even better than they had pre-COVID-19. Cooperative members lauded the greater efficiency with virtual platforms while acknowledging that some cooperative members require more support to get up to speed with the technological know-how required to access services online, which leads to the need for intra-cooperative social policies designed to serve the needs of their members.

Cooperative membership statistics—gender-disaggregated in the countries of the CR2 study—continue to favor men over women. In some cases, exogenous legal and regulatory environments contribute to these dynamics, given disabling environments for women's integration into formal employment, or discriminatory access to land and natural resources required for cooperative activities (for example, in the case of an agricultural cooperative). Based on the findings of the CR2 research, women's underrepresentation in cooperative membership and leadership may limit cooperatives' ability to adapt to crises creatively and efficiently.

The SACCO case study in Kenya found that both women and men rated women's coping capabilities as higher than men regarding the COVID-19 crisis. Women demonstrated greater agility and had a wider social network. They were more likely to reach out to diverse sources of support to improve their families' economic and social situation. In the coffee case study, women (and youth) were found to be more open to implementing improved agriculture methods (in this case, CSAPs) and less resistant to incorporating new technologies. In the dairy case study, the only forward-looking examples of innovation that were found came from the female focus groups of milk transporters. Several members had diversified both their incomes and their business practices in light of the crisis—as one example, a female milk transporter started to taste-test the milk on farm to ensure that it was fresh and okay for transport to the aggregation point.

To benefit from women's skills and strengths, primary cooperatives need to find internal policy solutions to incentivize their meaningful participation and representation in cooperative leadership.



Steps Towards Youth Inclusion



Whereas the importance of diversity along gender lines has been highlighted, another key aspect of inclusion is representation across the demographic of age. Similar to the gender findings that emerged from the CR2 program, cooperatives with an unbalanced demographic profile struggled in the COVID-19 era.

In the dairy case study, cooperative members reported heightened government restrictions on movement for individuals above 58 years old. As these were some of the cooperatives' most experienced and active members, their limitations on movement had implications on milk production. Kenyan cooperatives also mentioned losing members to COVID-19-related illness and death.

Another CR2 project honed in on youth involvement in the transport sector of Nairobi, Kenya, and specifically focused on youth initiatives in the growth of boda boda SACCOs, which are a popular mode of transportation that allow for more agility than matatus and lower prices than private car-based taxi services. Boda boda riders have come under scrutiny due to their disregard for the rules of the road and, at times, unscrupulous behavior towards riders and other drivers. Attempts by youth in the boda boda sector to organize themselves into SACCOs or associations have not been wholly successful. SACCOs, popular across Kenya, have been found to improve the economic status of the members and improve the members' economic standing. However, the boda boda SACCOs have struggled to attract regular and consistent savings from boda boda operators and also operate outside the normal SACCO model, leading to policy efforts to reform and reclassify boda bodas.

The Kenya Union of Savings and Credit Co-operatives (KUSSCO) conducted a pilot study in the Kiambu County of Nairobi and sought to ascertain how youth's overall economic, social, and cultural empowerment and attitudes toward boda boda SACCOs, rates of savings mobilizations, operational characteristics of the SACCOs, and government programs and support impacted the growth of boda boda SACCOs. It became apparent that youth are interested in the management practices of the SACCOs and in having their voices heard. It was found that youth could benefit from further support and training in areas such as financial management and cooperative principles, in addition to training on entrepreneurship and employability. Cooperative mentorship programs and leadership positions reserved for youth members could be ways to increase the meaningful inclusion and empowerment of youth cooperative members.

Technology and Solutions



Adoption of new technologies by cooperators (and by anyone on a limited budget) is easiest when there is a clear business case for the change to justify the investment of time and resources required.

In the coffee case study, increases in income and in production are the two factors most likely to motivate the adoption of CSAPs. Offering price premiums for CSAP-grown coffee could be one strategy for motivating more farmers, but this would need to be built on systems and relationships of trust, rather than on an automated central coffee exchange where the crop is divorced from the land and cultivation practices. In the SACCO case study, SACCOs were forced to move operations online if they wanted to remain agile and operational in the post-COVID-19 world. Similarly, in the dairy case study, one Rwandan firm quickly closed its doors realizing that it did not have sufficient demand for its milk, only to reopen with the plan to construct a milk powder factory. These transitions to higher-tech solutions were motivated by the bottom line of the balance sheet. These examples lead to the question: Is it possible to motivate a seamless transition to technological solutions without the presence of a significant external shock?

Another CR2 research project led by Global Communities investigated the utility of a virtual platform for connecting cooperators across Kenya. Primary data was collected from 170 surveys, key informant interviews, and meaning-making sessions with participants from seven counties in Kenya: Nairobi, Kisumu, Kirinyaga, Nandi, Meru, Laikipia, and Kiambu. The research project asked if and how a virtual social network could benefit the cooperative community in Kenya. Again, the importance of the business case was made clear: Individuals want the platform to be low-cost or preferably free and offer a marketplace opportunity for them to increase their ability to grow their customer base. Such a transition will likely not happen overnight as only 33 percent of survey participants are currently using social media or online platforms to grow their businesses, and 80 percent of survey participants prefer to build their business connections either through face-to-face meetings and workshops, phone calls, or email communications. External shocks can motivate necessary technological adaptation at an accelerated rate, as we saw through the SACCO research project in Kenya, demonstrating that some SACCOs were able to move the business online, yielding improved services for members. In this case, market research such as the Ushirika Hub scoping study led by Global Communities can help the cooperative sector to consider new models for systems-level resilience to weather future shocks in a globally and socially connected virtual marketplace.

Conclusion

The CR2 Resilience Program has lent insight into how cooperatives coped with and were challenged during moments of crisis, with particular emphasis on the COVID-19 economic downturn and the challenge of the climate crisis. The research project has bridged to policy and returned to the region for dissemination activities: ICRG CR2 research partners presented the policy-level implications of their resilience-oriented research in May 2022 at ICA Africa's 9th Technical Committee of the Africa Ministerial Cooperative Conference (TCAMCCO) in Mombasa, Kenya. While this section will provide the summary findings and recommendations from the CR2 portfolio, the Mombasa policy brief is available on OCDC's website for viewing more detailed project-based policy recommendations.

ADAPTATION TO CLIMATE CHANGE

Effective adaptation in the agriculture sector is necessary to prevent the shocks that are already being experienced by smallholders globally in the face of climate change. Farmers need to receive financial incentives to adapt before time runs out. Mechanisms could include carbon capture programs and/or price premiums for CSAP-produced coffee. Supportive policies must be translated into practice by effective extension agents and model farmers, who can lead the way towards climate-positive adaptations.

CONSTRICTED FOOD SYSTEMS RECOVERY

Highly perishable value chains such as dairy require significant investments in capital expenditures (CAPEX) and systems-level infrastructure to ensure food safety and efficient flow of goods throughout the value chain. Restrictions on the movement of goods and people challenged farmers' ability to receive the extension services needed from private-sector providers, in addition to influencing consumption patterns of dairy in the wider market. Even temporary compression of markets and temporary restriction of movement have led to potentially long-term impacts as AI services have been significantly limited and may lead to genetic changes that impact production in the medium- to long-term. Concentrated efforts will be needed to jumpstart these industries and investments, and financing is needed at both micro and macro levels.

NEW TECHNOLOGY ADAPTATION

Moments of crisis can serve as a catalyst for technological innovation and adaptation, but only if the technologies are meeting a critical need, as was found in the case of Kenya SACCOs that moved their services online to continue serving members during the COVID-19 lockdowns. Kenyan cooperators had not been using the Ushirika Hub for digital mapping of partners and cooperators, likely as the former version of the tool was not yet offering them what they viewed as an “essential service.” Scoping studies and user-experience data, like that collected through the CR2 project, can help hone a future version of the tool to better meet members’ needs.

DEMOGRAPHIC DIVIDEND

The youth bulge presents enormous economic potential in Africa, which, when not properly prepared, trained, and integrated into the workforce, becomes a liability. Cooperatives can serve as an avenue for youth’s integration into the workforce, but they want more than cooperative membership: they want to lead, to be listened to, and to have opportunities to grow. Cooperative mentorship programs and leadership positions reserved for youth members could be ways to increase the meaningful inclusion and empowerment of youth cooperative members.

POLICY ENVIRONMENTS

Supportive policies are needed both for cooperatives and their larger operating environments. National laws have the potential to decrease vulnerability and increase social protection, and cooperatives’ internal laws and regulations have the same potential. Through policies that support greater diversity and inclusion, cooperatives can also intentionally build a more resilient and agile enterprise to withstand future shocks. Diversity has proven to be an asset for cooperatives, sectors, business models (both cooperative and non-cooperative enterprises along the same value chain), and members (especially increasing the rates of women and youth members). Diversity increases resilience—of sectors, business models, and members.

CARE FOR COMMUNITY

Particularly in places and moments of heightened social needs, the cooperative principle of “care for community” returns to the table for debate. “Concern for the community” is ranked as one of ICA’s seven key cooperative principles. While it sounds agreeable, what exactly does it mean, and more importantly, how should cooperatives put this principle into practice? Concern for the community is founded on two key pillars: 1) The sustainable development of communities where cooperatives are located; and 2) The accomplishment of this development is through policies approved by their members.¹¹ However, there are important nuances to consider when developing “care for community” policies and programs.

1. Cooperatives are member-run and member-owned. For this reason, cooperative members will have the final vote regarding the “care for community” policies and programs. In some cases of community-wide support programs for COVID-19, members wanted those resources to instead be shared with members for their improved resilience in times of difficulty.
2. Care for the community is sometimes used to justify policies in the short-term that have fewer positive impacts in the medium- to long-term. For example, it could be better to make the difficult decision to fire or lay off employees in a moment of crisis, if that means that the cooperative can manage to pay the employees that they do keep on. There were examples of cooperatives that stated they were “caring for their employees” by not laying them off, but some of their employees went months without pay and had lost confidence in the cooperative due to the belated payments.

¹¹ Cançado A. C., Souza M. A., Silva Junior J. T. & Rigo A. S, “Principle of concern for community: beyond social responsibility in cooperatives.” *Boletín de la Asociación Internacional de Derecho Cooperativo* (2014): p. 191-204, www.researchgate.net/publication/295248836.

3. Cooperatives should not be confused with nongovernmental organizations (NGOs) or nonprofits. If cooperatives are pressured to prioritize charity over their core business operations, they can risk the financial solvency of their enterprise. Cooperatives bring together a group of people determined to work together to improve their lives. They naturally lend themselves to becoming places where mutual help and intra-community sharing take place, whether or not administered formally by the cooperative.
4. The cooperative business model inherently demonstrates care for the community in that it is member-owned and run. The democratic form of decision-making heightens the likelihood of the cooperative being conscious of the environmental and social impacts of their business practices as the cooperative members are likely to have their families and communities impacted by the same.
5. When cooperatives are in good economic standing and have the capacity and desire to give back to their communities through corporate social responsibility (CSR) programs, they should be encouraged to do so. However, the “care for community” principle should be viewed more in terms of the impact of the core business operations of the cooperative—ensuring that their net impact is positive and that any negative impacts are appropriately mitigated. This is what it means to be a responsible company, and this is the standard to which all enterprises—cooperative or not—should be held.
6. Businesses everywhere are scrambling to define, measure, and quantify their impact as consumers want to support ethical practices that are both pro-people and pro-planet. Cooperatives need to sophisticate their impact measurement systems and align with international frameworks and standards. Otherwise, they risk losing their footing as a recognized leader in social enterprise and impact.

List of Acronyms

AI	.....	artificial insemination
CAPEX	.....	capital expenditures
CDP	.....	Cooperative Development Program
CLE	.....	Cooperative Learning Event
CR2	.....	Collaborative Research for Cooperative Resilience
CSAP	.....	Climate-Smart Agricultural Practice
CSR	.....	Corporate Social Responsibility
ICA	.....	International Cooperative Alliance
ICO	.....	International Coffee Association
ICRG	.....	International Cooperative Research Group
KUSCCO	.....	Kenya Union of Savings and Credit Co-operatives, Ltd.
NCBA CLUSA	.....	National Cooperative Business Association CLUSA International
NGO	.....	nongovernmental organization
OCDC	.....	Overseas Cooperative Development Council
SACCO	.....	Savings and Credit Cooperative Organizations
TCAMCCO	.....	Technical Committee of the Africa Ministerial Cooperative Conference
UNCTAD	.....	United Nations Conference on Trade and Development