

Improving access to climate finance

The role of cooperatives and community-based organizations

November 16, 2022



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POLL: what is your role related to climate finance?

- a) Looking for climate funding (cooperatives, MFIs, companies)
- b) Looking for institutional investees or grantees (investors, DFIs, etc.)
- c) Other (research, consultant, government, support organization)

IMPROVING ACCESS TO CLIMATE FINANCE

Exploring the Potential of Cooperatives

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November 16, 2022

PERSPECTIVE AND OVERVIEW

- Cooperatives are engines of local development and advance inclusive growth
- OCDC is committed to building a more equitable and prosperous world through cooperatives
- ICRG is its research arm that works with academic rigor and local engagement to increase the impact and the uptake of cooperative development

SCOPE AND SCALE

Estimated 3 million cooperatives worldwide
Estimated 1 billion cooperative members worldwide
Estimate 279 million employed by and within the scope of cooperatives



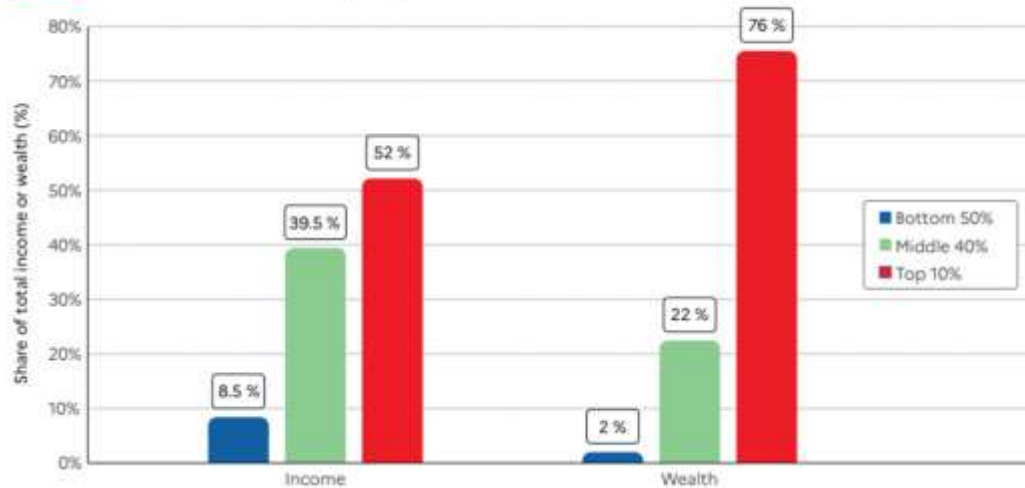
WHAT IS A COOPERATIVE? *An autonomous association of persons and/or legal entities united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise*

- Democratically governed
- Autonomous
- Values Based
- Economically grounded
- Locally led
- "At the point of the lance"



BRIDGING THE INEQUALITY DIVIDE

Figure 1 Global income and wealth inequality, 2021



COOP MEMBERS HAVE BETTER ECONOMIC STANDING



FIGURE 1. Member Average Economic Class Ranking (Standardized) Compared to National Averages



Note: Economic Class 6 is the highest and 1 is the lowest.

COOP MEMBERS HAVE GREATER SOCIAL CAPITAL



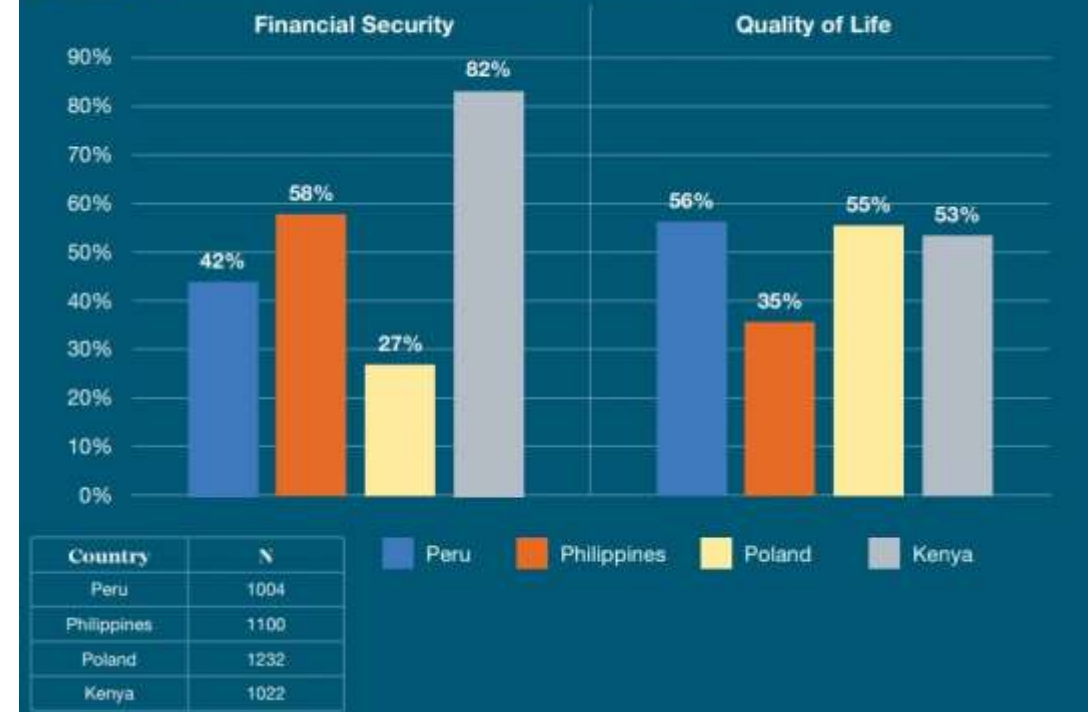
FIGURE 5 "Would you say that most people in your community can be trusted?"



COOPS ADVANCE AGENCY



FIGURE 3 Members report that cooperatives directly improve their...



COOPS BUILD COMMUNITY



FIGURE 4 Non-members report that cooperatives contribute to their communities'...



HARD HIT LOCAL COMMUNITIES – COOPERATIVES CAN HELP!



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ACCESS TO CLIMATE FINANCE -- OPPORTUNITIES FOR IMPACT and CAVEATS

■ IMPACT

- WILL HAVE BROAD and DEEP IMPACTS
 - LIVELIHOODS
 - COMMUNITY
 - LOCAL ECONOMY
- POTENTIAL FOR QUICK SCALING

■ CAVEAT

- MUST UNDERSTAND THE COOPERATIVE BUSINESS MODEL
- NOT ALL COOPERATIVES WILL BE EQUALLY CREDIT-WORTHY
- IMPORTANCE OF TWO-WAY TRUST



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[HTTPS://OCDC.COOP/RESEARCH](https://ocdc.coop/research)

THANK YOU!



POLL: what is the greatest challenges in accessing green inclusive finance?

- a) Lack of clarity of what funders are looking for
- b) Lack of clarity of what funders are offering
- c) Lack of transparency on funding available
- d) Difficulty to access funding information

IMPROVING ACCESS TO CLIMATE FINANCE

Navigating the climate finance landscape

Isabelle Barrès
Consultant

November 16, 2022



**NEW
RESOURCE GUIDES**

September 2022

Climate Finance for Cooperatives

A RESOURCE GUIDE



Isabelle Barrès 2022



A Companion Report to Climate Finance for Cooperatives: A Resource Guide

INSTITUTIONAL AND COUNTRY BY COUNTRY PROFILES



Isabelle Barrès 2022



WHAT DO THE REPORTS COVER?

- Part 1: Framing of environmental and climate finance
- Part 2: Global climate funding landscape
- Part 3: Accessing climate finance
- Part 4: Innovations and trends

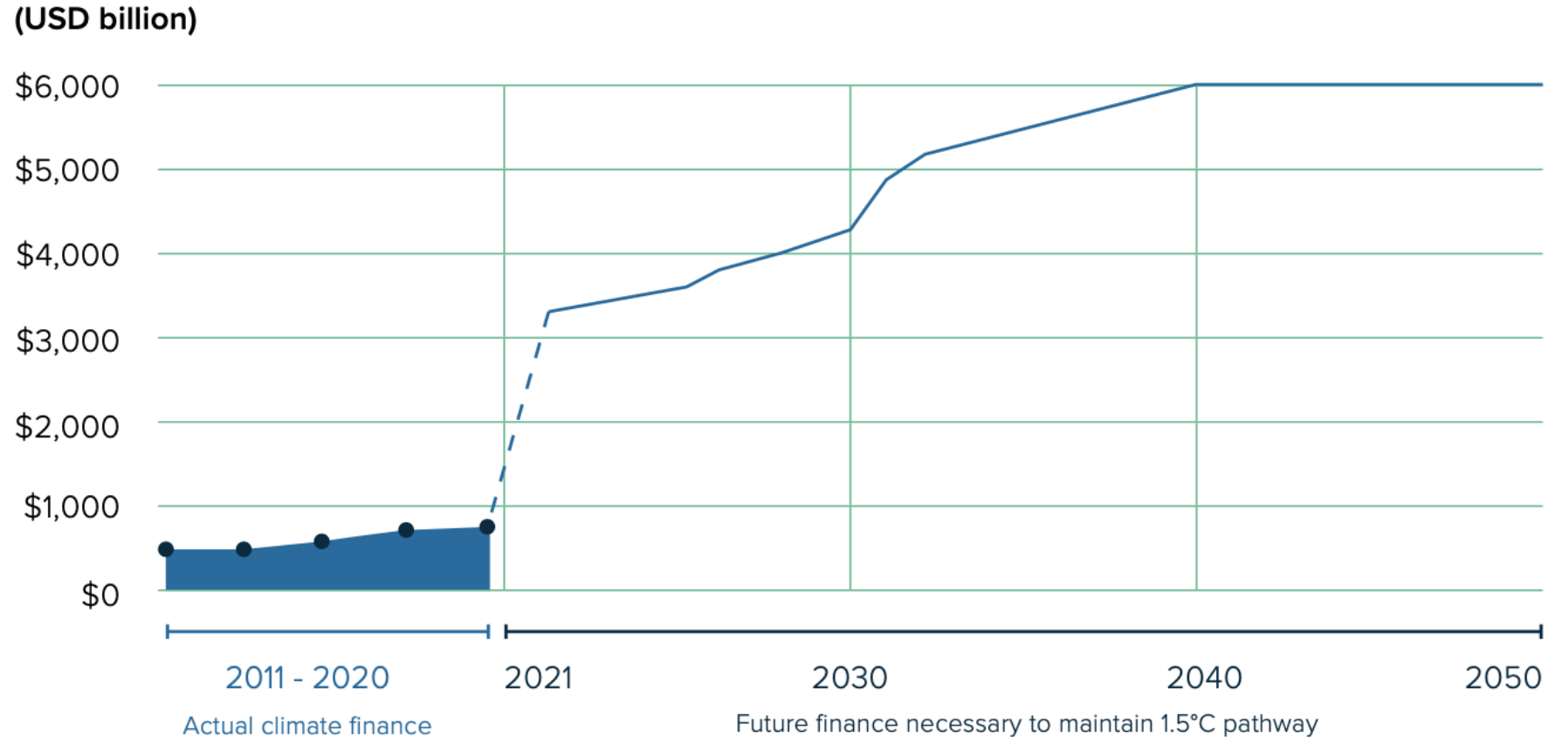
- Key resources for 19 countries

A DEFINITION: “Climate finance aims at reducing emissions, and enhancing sinks of greenhouse gases [**mitigation**] and aims at reducing vulnerability of, and maintaining and increasing the resilience of, human and ecological systems to negative climate change impacts [**adaptation**]”

	MITIGATION	ADAPTATION	LOSS AND DAMAGE
What is it?	Stop, slow-down and/ or reverse the effects of climate change	Adapt to avoid the negative effects of climate change that have already been set in motion	Compensate for losses and damage that can't be avoided
Typical actions	Transition to a low-carbon emission world	Build resilience to climate change at the community, national, and regional levels	Insure for losses and damage
Typical activities financed ⁷	<ul style="list-style-type: none"> • Activities contributing to reducing or avoiding GHG emissions, including gases regulated by the Montreal Protocol; or • Activities maintaining or enhancing GHG sinks and reservoirs 	Activities aimed at reducing the vulnerability of human or natural systems to the impacts of climate change and climate-related risks, by maintaining or increasing adaptive capacity and resilience	Anticipate and mitigate against potential of loss and damage
Typical instruments	Long-term debt Equity	Short-medium term debt Grants	Insurance

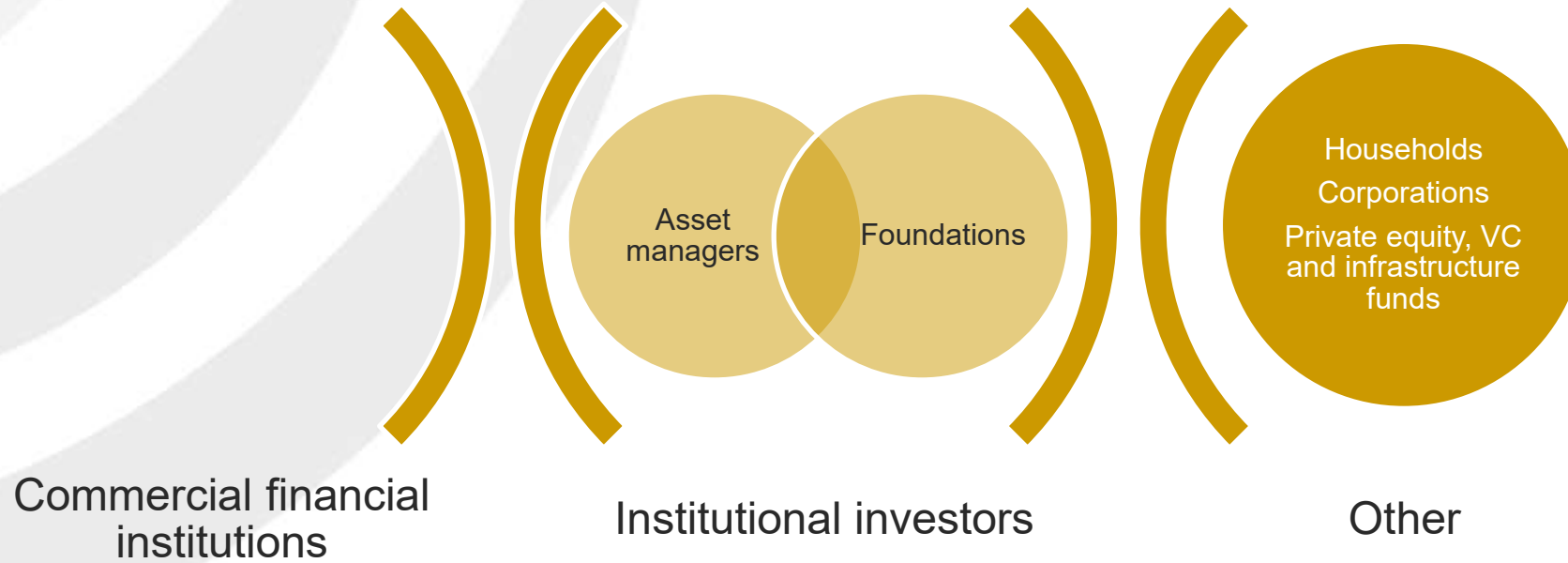
Source: adapted by the author from [Key aspects of the Paris Agreement](#), accessed June 2022

CLIMATE FUNDING TOTAL FUNDING



Source: [Global Landscape of Climate Finance 2021](#), Climate Policy Initiative (2021) through 2050

PRIVATE SOURCES OF FUNDS



PUBLIC SOURCES OF FUNDS

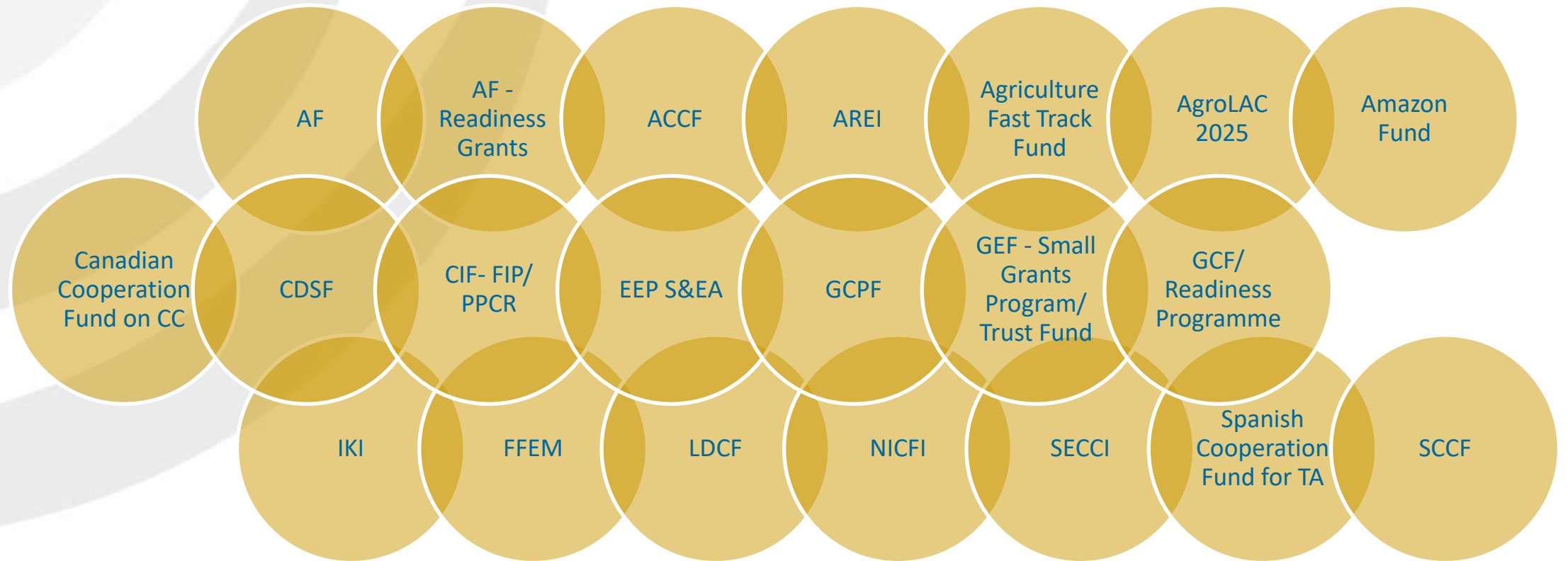


- Multilaterals
- Bilaterals
- National

UN climate funds

Other
multilateral
funds, etc.

FUNDS AVAILABLE TO NON-PROFIT, CIVIL SOCIETY ORGANIZATIONS AND COMMUNITY-LEVEL ORGANIZATIONS



Source: Compiled from the [NDC partnership Climate Finance Explorer](#)

INNOVATIONS: BLENDED FINANCE


DEVELOPMENT AGENCIES



MULTILATERAL DEVELOPMENT BANKS AND NATIONAL DEVELOPMENT FINANCE INSTITUTIONS



PRIVATE INVESTORS



PHILANTHROPIC FOUNDATIONS



Source: [An Overview of the Blended Finance Ecosystem and Policy Landscape](#), Convergence (2020)

INNOVATIONS: A WIDE RANGE



Impact investing/blended finance

funds refer to investments made with the intention of generating a measurable social and/or environmental impact alongside a financial return. Investments can be "blended" with development capital, to mitigate particular risks and mobilise commercial capital.



Shared services/fintech

are solutions to increase project viability by turning fixed costs into variable ones and improving access to capital by enabling digital payments and creating digital footprints to build credit profiles and use as collateral.



Supply chain innovations

are new contractual arrangements between supply chain actors that incentivise sustainability performance and/or ensure long term offtake, allowing sustainable ventures to scale.



Sustainability-linked debt

with pricing contingent on the achievement of sustainability targets by the borrower, or capital market instruments issued by governments, development banks, companies to finance green projects only. These include sustainability-linked loans and bonds; green, blue, sustainability and transition bonds; green ETFs.



Nature-linked insurance

includes innovative mechanisms such as parametric and microinsurance that are either based on the improved adaptation/resilience driven by natural assets or de-risk investment by protecting against climate risk.



Paying for nature

include payments to incentivise the protection and management of nature by attaching a value to the services it provides like climate change mitigation, oxygen, flood management or temperature regulation.



Incubators and accelerators

inject capital into early-stage/pilot projects with the aim of developing a robust and investable pipeline. Their services include technical assistance, project preparation, fundraising, advisory and seed funding.



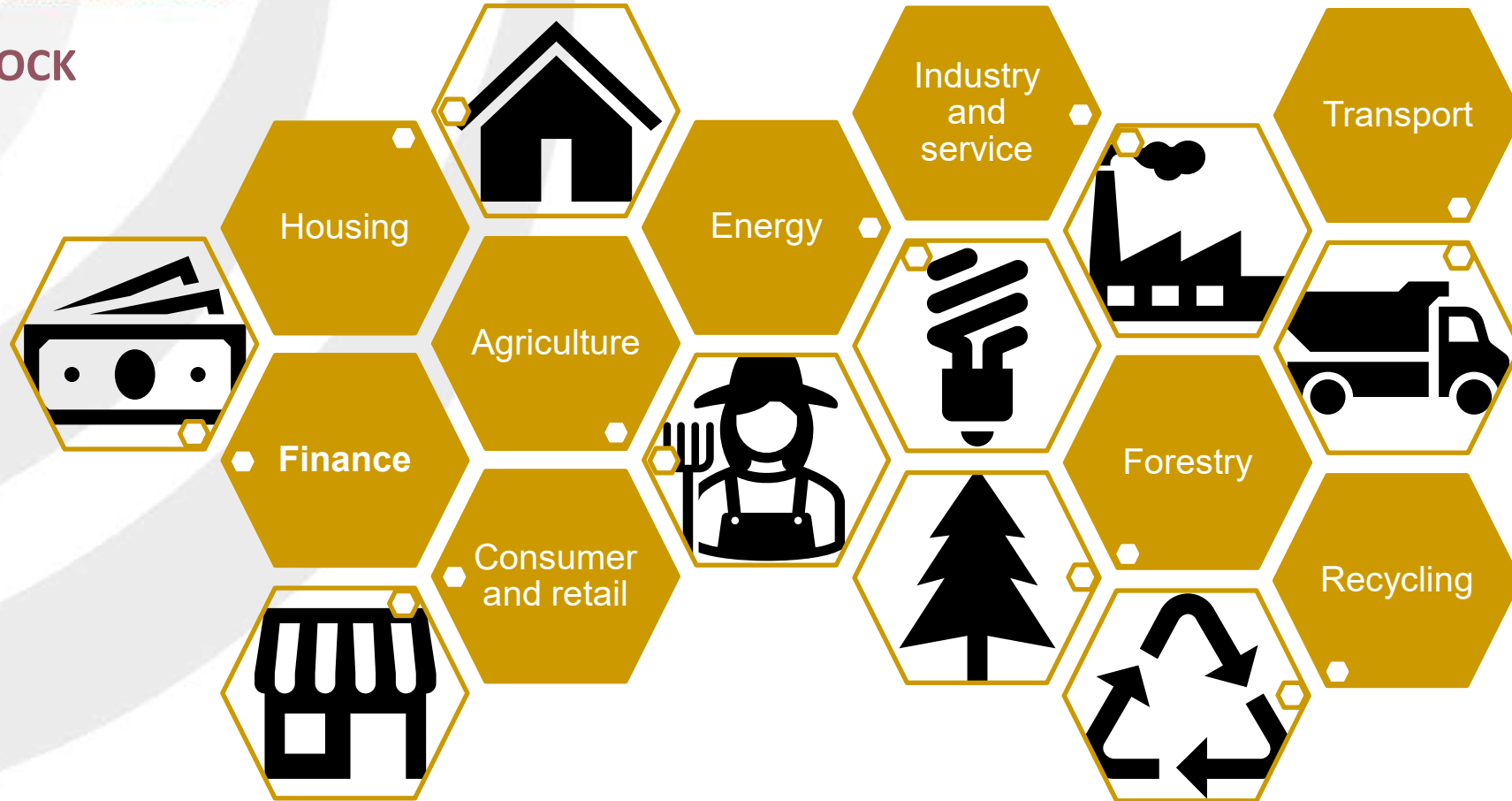
PREPARING THE ASK

- What is the funding for?
- What is the relevance to the climate agenda?
- How will you measure impact?

AT THE COUNTRY LEVEL

- Understanding the country's climate priorities and objectives
- Understanding the main players active in the country
- Understanding the channels for civil society to engage on the national climate agenda

TAKING STOCK





A FEW RESOURCES

- NDC Partnership [Climate Finance Explorer](#)
- E-MFP [Green Inclusive & Climate Smart Finance Action Group \(GICSF\)](#)
- OCDC [Climate Finance Report – A Resource](#)
- OCDC [Climate Finance – A Companion Report](#)



THANK YOU!

POLL: what is the greatest challenges to finding investable climate projects or portfolios?

- a) Lack of green technical skills
- b) Lack of existing green activities
- c) Lack of adoption of green standards
- d) Lack of transparency around funding needs



SARAH STEPHENSON

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IMPROVING ACCESS TO CLIMATE FINANCE

A climate action experience

Maira Elizabeth López López

Finance area of Agricultural Cooperative Norandino, with expertise coordinating climate projects

November 16, 2022

COOPERATIVA AGRARIA NORANDINO



- Created in 2005. 6 thousand small producers in its main chains of coffee, cocoa, panela and carbon credits.



WHAT ARE THE PROBLEMS?



Soil erosion



**Plagues and
diseases**



Lack of water



I OPPORTUNITY: INTERNATIONAL COOPERATION

CLIENTS

FOUNDATIONS



Rabo
Foundation



INTER-AMERICAN FOUNDATION
EMPOWERED COMMUNITIES, SUSTAINABLE RESULTS

ORIGINAL
BEANS



PRODUCERS
DIRECT BY FARMERS.
FOR FARMERS.

VALRHONA
imaginons le meilleur du chocolat



II OPPORTUNITY: CARBON CREDITS

Companies that generate emissions

They start from an interest in sustainability or based on compliance with local regulations.



Financing of sustainable management activities



Carbon Capture Projects

Certified projects that capture carbon dioxide (CO2) or other greenhouse gases from the atmosphere in a scientifically verifiable and measurable way.



Issuance of certified carbon credits



2008 Study of pre-feasibility

PROCESS:



Carbon sequestration in the coffee production system



Carbon sequestration through reforestation in the coffee area



Carbon sequestration through reforestation in the highlands

Cost-benefit

Additionality

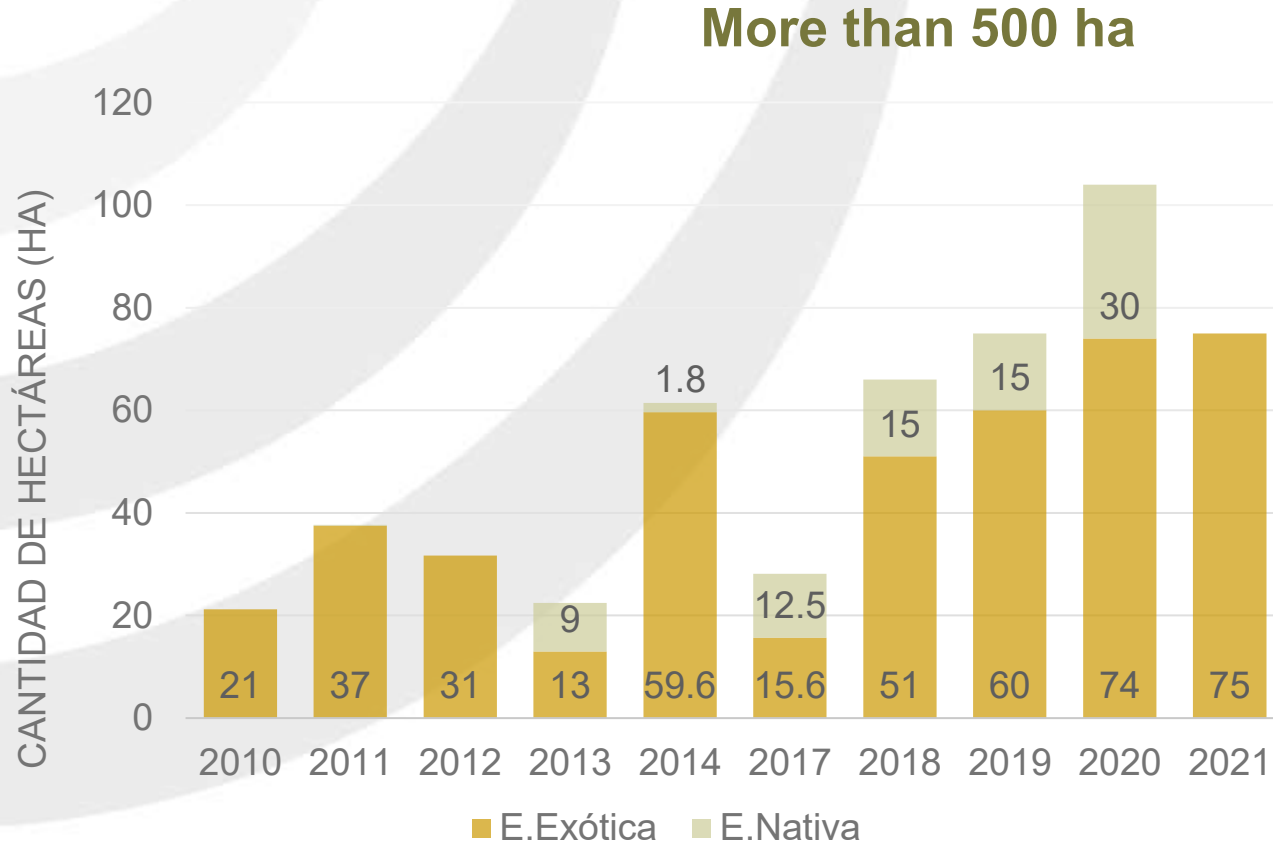
Permanence

REFORESTATION PROJECT “SIERRA DE PIURA”

- Contribute to the mitigation of climate change
- Contribute to adaptation to climate change
- Improve the quality of life of rural communities



I. ENVIRONMENTAL



30 TCO2/ha

Polylepis incana



- Conservar fuentes hídricas y habitat de fauna local.

Alnus jorullensis



- Conservar fuentes hídricas y mejorador de suelos.

16%

Pinus patula



Pinus radiata



84%



**EUROPEAN
MICROFINANCE WEEK**
connecting the inclusive finance world



II. SOCIAL

**11
commite
es**



**533
members**

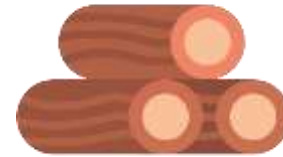


**21%
women**

**79%
men**



Source of income from nursery activities and planting of forest species. Additional income from Premium-Fairtrade



Wood as a source of energy for their homes.



Training, organizational strengthening and promotion of food safety.



Coffee producers in the middle basin also benefit.

ORGANIZATIONAL AND COMMUNITY STRENGTHENING



FOOD SECURITY



**PRODUCERS
DIRECT** BY FARMERS.
FOR FARMERS.



LET'S FIGHT TOGETHER AGAINST CLIMATE CHANGE





THANK YOU!



GENERAL DISCUSSION

PROTECTING FORESTS THROUGH FINANCIAL INCLUSION OF LOCAL AND INDIGENOUS COMMUNITIES

UP NEXT