

A Green Economy through Value Chain Approach and Cooperatives

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At all levels of development, economic growth is intricately intertwined with environmental and social dimensions. Development that does not have a balance among the three dimensions is not sustainable and transformational. Environmental goals and targets are embedded in the SDGs as an affirmation that the environment problem exists and is urgent. At Rio+20, countries emphasized the inclusive green economy as one of the important strategies available for achieving sustainable development. Conservation and sustainable use of ecosystem services and natural capital are the kinds of transformative changes that SDGs could and should catalyze (UNEP Nairobi 2013. Embedding the Environment in Sustainable Development Goals). In particular, the “greening the economy with agriculture” concept of FAO refers to ensuring food and nutrition security and contributing to the quality of rural livelihoods while managing natural resources efficiently and improving resilience and equity throughout the food supply chain (2011 Report of the FAO Council. Rome).

One way to green an economy is through value chain approach (VCA). The VCA is a comprehensive diagnostic tool that is now used worldwide to identify which policy or program strategies can be adopted to develop a sustainable food value chain. The sustainability of the value chain (VC) plays out simultaneously along three dimensions: economic, social, and environmental. On the environmental dimension, sustainability is determined largely by the ability of VC actors to show little or no negative impact on the natural environment from their value-adding activities; where possible, they should show a positive impact.

According to Toshiaki Ono (Greening the Value Chains in the Agri-industry Sector. UNIDO. October 2011), there is a connection between value chain and environment through the following: (1) VC may cause negative impact on environment (e.g., production, processing, transportation, consumption cause environmental cost); (2) VC may be affected by environmental degradation (i.e., environmental degradation can reduce productivity and increase production cost and risk); and (3) VC may contribute to creating “green economy” on the following aspects:

- Food value chain is becoming similar to other industrial value chains, in becoming global and well integrated
- Consumers, retailers and other buyers demand for safe and environmentally friendly products
- SMEs and smallholders are required to comply with certain safety and quality standards including environment

The aims of a green approach to value chains are to: (1) ensure the sustainable use of natural resources and increase the share of renewable and recycled resources at the input side of the value chain; (2) maximize material- and energy efficiency at each stage of the process; and (3) reduce negative environmental impacts as outputs at all points of the chain (DCED Green Growth Working Group, 2012). Andreas Springer-Heinze of GIZ (2011) described the generic approach to greening the VC as follows:

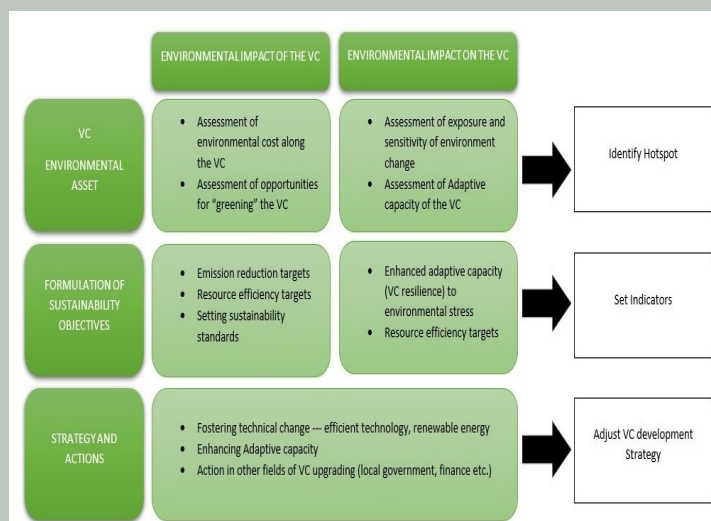


Figure 1. Generic approach to greening the value chain

The Philippine cooperative sector can help in greening the country's economy. Their main functions as enterprise involve production, marketing and service, which are all necessary in a marketing system and value chain development. Cooperatives are important VC actors that often have multiple marketing functions and practice either vertical and horizontal integration, and therefore can be expected to be present at all levels of the chain. With these facts, it will be more strategic to mainstream greening in the value chains through cooperatives than targeting each and every market player in the chain.

VC activities and products/services of cooperatives can be made “green” through general ways of reducing ecological footprint. Greening of cooperative-led value chains can bridge environmental concerns and economic goals of cooperatives and help promote an efficient, effective, and resilient agri-food systems. Towards this end, a green economy that contributes to competitiveness, inclusive agricultural growth, and food security while promoting social and environmental sustainability can be achieved.

