



Cooperative Development and Climate Resilience

An Evaluation of the
Cooperatives for Climate
Grant Program

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Prepared By:
collectivity

Foreword

Cooperatives are at the heart of Minnesota Farmers Union (MFU), so much so that ‘Cooperation’ is one of our founding priorities: Cooperation, Legislation, and Education. Farmers have long used cooperatives to address the challenges of their time, whether it is gaining access to railroads, getting a better price for inputs, or processing dairy products, because co-ops create power in a market that too often leaves farmers at a disadvantage. That’s why we were pleased to be able to pilot a grant program focused on cooperative development and climate resiliency – *Cooperatives for Climate*.



In 2023, the Minnesota Farmers Union Foundation (MFUF) launched this new and innovative grant program to support cooperatives that are organizing in response to climate-related challenges and opportunities. We’re grateful to our philanthropic partners, McKnight Foundation and Morgan Family Foundation, who also saw value in this approach. Over two years, MFUF released two rounds of the grant, and working with a committee of farmer reviewers, awarded grants to seven emerging, farmer-led cooperatives. With these funds, co-ops have built capacity for their businesses to adapt to climate change and contributed localized solutions to their communities.

In 2025, MFUF invited Collectivity to evaluate the *Cooperatives for Climate* grant program to assess its impact and inform future strategies for cooperative development. We believe this program offers a case study of how investments in cooperative development can advance creative, community-driven solutions to climate change and beyond.

Cooperation is the backbone of MFU and has driven our organization at the local, state and national levels for more than a century. We hope you find inspiration from this report for how your organization can contribute to the future of the cooperative movement.

In cooperation,

A handwritten signature in black ink that reads 'Gary Wertish'.

Gary Wertish, President

Executive Summary

The *Cooperatives for Climate* grant program, launched by the Minnesota Farmers Union Foundation in 2023, supports farmer-led cooperatives developing climate-responsive solutions through shared ownership and local innovation. Grants of up to \$30,000 funded technical assistance, business development, and organizational capacity tied to climate adaptation, mitigation, or resilience. The program completed two cycles, awarding a total of \$180,000 to seven co-ops: Headwaters Beef Cooperative, 40 Acre Co-op, Perennial Promise Growers Cooperative, Farm and Forest Growers Cooperative, Summer Kitchen Cooperative, East Central Livestock, and Yan Tan Wool Co-op.

All grantees were in the early stages of building their cooperatives, and this grant program provided critical funding to support initial development. The *Cooperatives for Climate* grant program is unique as it fills an important gap in access to funding for cooperatives that may not yet be formally registered with the state. This funding enabled grantees to draft bylaws, draw up legal agreements, do feasibility studies, and educate patrons ahead of formal incorporation.

What is a cooperative?

A cooperative is a farm, business, or other organization that is owned and run jointly by its members, who share the profits or benefits.

While it is still too early to measure long-term return on investment for this program, signs suggest that modest, well-structured funding can catalyze innovation, capacity-building, and cross-sector collaboration. The program is surfacing insights into what cooperative development for climate resiliency can look like, and what support is needed to help these efforts grow and sustain impact.

For funders and policymakers, the *Cooperatives for Climate* grant program offers a proof-of-concept for how place-based investments in cooperative infrastructure may unlock durable, community-driven climate solutions.

Moving forward, MFUF and partners—including funders, government agencies, and co-ops themselves—have an opportunity to strengthen cooperative development by acting on the following recommendations, which reflect farmer and grantee insights, highlight structural gaps, and outline strategies for a more resilient, climate-ready agricultural future. Funders and organizations that serve co-ops should work to:

- Invest in Technical Assistance
- Develop & Circulate Tools
- Coordinate Grant Opportunities
- Connect Co-ops
- Promote the Cooperative Model

Introduction

Cooperatives are businesses that are owned and managed by the people they serve. **Co-ops have distinct legal status and operate based on a set of seven principles:**

- 1. Voluntary & Open Membership**
- 2. Democratic Member Control**
- 3. Members' Economic Participation**
- 4. Autonomy & Independence**
- 5. Education, Training & Information**
- 6. Cooperation Among Cooperatives**
- 7. Concern for Community**

Co-ops exist in every sector from grocery co-ops to housing and health, to agricultural marketing and purchasing co-ops. Examples of co-ops include credit unions, electric utilities, and retail stores.

There are over 65,000 co-ops in the U.S. and 1 in 3 Americans are a member of a co-op. More than 2 million Americans are members of agricultural co-ops that generate \$297 billion in total gross business volume each year. As described by the 2025 Cooperative Impact Report, "...cooperatives utilize their network of resources, knowledge and services to deliver lasting value to their communities and the economy. Member-ownership prioritizes long-term success and efficient operations, as cooperatives reinvest in their core business operations and communities."

Minnesota has more cooperatives than any other state in the U.S., offering a robust ecosystem of values-aligned enterprises that are well-positioned to lead community-based responses to climate change. Interviews with grantees, MFU staff, and partner organizations revealed that cooperative development in agriculture is highly context-specific—shaped by region, product type, organizational maturity, and community capacity. Yet across this diversity, cooperatives consistently surfaced as promising vehicles for climate resilience, economic justice, and local empowerment.

Despite the legacy of cooperatives and their positive impacts on communities, there is an overall lack of funding in the cooperative development sector. While there is a robust landscape of funding for non-profit organizations (i.e. public and philanthropic grant programs) and a mature sector of investment for traditional businesses (i.e. equity and debt financing), co-ops struggle to find appropriate investments because there are few financial products that align with the structure of the cooperative.

The *Cooperatives for Climate* initiative provided funding for critical early-stage co-op development, with technical assistance for farmers who are implementing climate-smart agricultural practices and need additional support for the feasibility and sustainability of their businesses. Implementing climate-smart agricultural practices, while critical to the future sustainability of farming, can require higher costs and levels of investment. Cooperatives offer a unique business structure that allows for collective support and shared resources through collective infrastructure, equipment, technology, markets, and more.

While it is too early to measure long-term return on investment for this program, early signs suggest that modest, well-structured funding can catalyze innovation, capacity-building, and cross-sector collaboration. The program is surfacing insights into what climate-smart cooperative development can look like, and what support is needed to help these efforts grow and sustain impact.

For funders and policymakers, the *Cooperatives for Climate* grant program offers a case study and proof-of-concept for how place-based investments in cooperative infrastructure can unlock durable, community-driven climate solutions.

Overview: Cooperatives for Climate Grant Program

The *Cooperatives for Climate* grant program, launched by the Minnesota Farmers Union Foundation in 2023, supported farmer-led cooperatives developing climate-responsive solutions through shared ownership and local innovation.

MFUF saw this as a key strategy to address the gap in funding available for cooperatives, particularly early-stage co-ops. The early stage is often a difficult period because the cooperative may not be operational yet, and it can be challenging for people to come together to build something that is different from their day-to-day businesses. In 2023, the legislature dedicated funding to a similar Cooperative Development Grant at the Minnesota Department of Agriculture (MDA)*.

The program provided targeted funding (up to \$30,000) for technical assistance, business development, and organizational capacity to support co-ops engaged in climate adaptation, mitigation, and resilience. The program aligned with one of MFU's core priorities, cooperation, as well as MFUF's Climate and Working Lands Program; which supports members in developing resilient systems while focusing on mitigation and adaptation across the landscape.

* The MDA program is for cooperatives which have established and registered with the MN Secretary of State.

Grants were awarded through a member-led, peer-reviewed process that prioritized climate relevance, farmer diversity—especially of emerging farmers* —and alignment between proposed outcomes and budget. All applicants, and grantees selected, for this program were in the early stages of cooperative development. Cooperatives for Climate was uniquely positioned to be appealing to early-stage co-ops with a focus on flexibility and accessibility such as a no-match requirement. The program was supported with funds from the Morgan Family Foundation and the McKnight Foundation.

In its first year, 2023, four cooperatives received a total of \$90,000 to pursue initiatives such as regenerative livestock systems, perennial grain value chains, and infrastructure for climate-smart production. In 2024, an additional \$90,000 was distributed to three additional cooperatives to develop projects focused on resilient regional food economies and sustainable wool production.

* The MDA's definition of "emerging farmer" includes historically underserved communities including Black, Indigenous, and People of Color, immigrants, women, veterans, persons with disabilities, young and beginning farmers, LGBTQ+ farmers, and others.

Cooperatives for Climate Grantees, 2023

Headwaters Beef Cooperative	Pine River, MN	Headwaters Beef Cooperative brings conservation to the marketplace through local, affordable protein while protecting water quality, improving wildlife habitat and addressing climate change.
40 Acre Cooperative	Willow River, MN	40 Acre Co-op aims to create access and opportunities for historically marginalized farmers and to build climate resilience through operational support for specialty crops, specifically hemp. The co-op is the first national Black farmer cooperative since the Reconstruction Era.
Farm and Forest Growers Cooperative	Northeast MN	Farm and Forest Growers Cooperative is a network of small farms and nurseries growing climate-adaptive tree seedlings that are sold to reforestation agencies and individuals to create resilient forest resources.
Perennial Promise Growers Cooperative (PPGC)	Madison, MN	PPGC provides collective marketing and technical support to a network of farmers that grow Kernza, a climate-smart perennial grain bred from intermediate wheatgrass. PPGC was created to commercialize Continuous Living Cover crops by helping farmers generate income through both grain and ecosystem services markets.

Cooperatives for Climate Grantees, 2024

Summer Kitchen Cooperative	North Branch, MN	Summer Kitchen Cooperative is a farmer-led marketing cooperative focused on building a local food economy and promoting climate-resilient farming practices.
East Central Livestock	Northeast MN	East Central Livestock is a group of regenerative livestock farmers working together to address a key challenge for their businesses and the local food system: reliable, year-round cold storage infrastructure.
Yan Tan Wool Cooperative	Northfield, MN	Yan Tan Wool Co-op is working on market and product development for low quality coarse wool as environmentally sustainable felted wool landscape fabric.

Evaluation Results

The methodology for the evaluation was a six-step qualitative, theme-based approach grounded in participatory principles and attention to context. This included: document and program review, qualitative interviews, data synthesis and coding, assessing theme salience, centering participant voices, and validation with grantees.

Interviews were held with all grantees, as well as non-grantee partners in the Fall of 2025. Not all grantees had completed their projects at the time of the interviews. Interviews were conducted by Collectivity staff, and responses were kept confidential and anonymous.

Collectivity and MFUF developed three evaluation questions to understand the impact and effectiveness of the *Cooperatives for Climate* program, and to more broadly assess the gaps and opportunities for cooperative development in Minnesota.

Evaluation Question 1: What were the key successes and challenges of the Cooperatives for Climate program?

Evaluation Question 2: What was the impact of the grant on innovation and cooperative development?

Evaluation Question 3: What can we learn from this program about why funding cooperatives is an important strategy for climate resilience and economic development?

Through the evaluation, various themes emerged in response to the three evaluation questions. The following results are organized by each question and its stand-out themes.

Evaluation Question 1:

What were the program's key successes and challenges?

The program filled a critical gap in Minnesota's cooperative ecosystem. Successes included no-match requirement, simplified applications, responsive communication, fiscal sponsorship, and targeted technical assistance (governance, accounting, business planning). Challenges included high start-up costs, infrastructure and equipment gaps, limited technical assistance (TA) capacity, and equity barriers for emerging farmers. Land access is also a persistent issue, but equipment is currently a more pressing concern for members who mostly have land.

1.1: The grant lowered barriers for new and under-resourced co-ops, making cooperative development more accessible:

MFUF did not include requirements for applicants that often create barriers to accessing critical funding for developing co-ops, such as: funding matches; or, already being registered as a cooperative. MFU staff were also helpful and highly responsive to participants.

1.2: Technical assistance was essential for co-op formation and future funding readiness:

Cooperatives in the early stages of development benefit greatly from access to technical assistance that is tailored to the unique needs of cooperative businesses; particularly with development of governance documents, tax and accounting, business planning, and incorporation and licensing technical assistance. This helped prepare early-stage cooperatives to access additional funding sources that have different requirements.

1.3: The existence of the grant program itself filled a critical gap in Minnesota's co-op ecosystem and aligned with state efforts:

Minnesota has a robust cooperative ecosystem and the MFUF Cooperatives for Climate grant program fills a critical gap; both in terms of alignment of funding timelines, as well as accessibility to early-stage cooperatives. The Minnesota Department of Agriculture offered a Cooperative Development Grant for the first time in decades beginning in 2024. These funds often supported grantees in further accelerating their business models.

1.4: The grant provided important funding for emerging farmers:

Co-ops are an appealing business model for smaller-scale farmers. They provide a structure of shared ownership, shared resources, and collective market development. As the farming community undergoes changes in the state of Minnesota, these grants provide funding to emerging farmers as they explore feasible business models, including co-op development.

1.5: Addressing capacity for grant management: Launching a co-op while managing existing farm operations often placed significant strain on members, many of whom could not commit full-time to co-op development. Early-stage co-ops rarely have funds to pay for staff time for activities like administrative tasks and developing bylaws. These require substantial time and resources, which raised concerns about the sustainability of co-op development and can slow progress. Additionally, finding farmers interested in early-stage co-op development was challenging as a developed co-op can be more appealing when building membership. To address these challenges, the Cooperatives for Climate grant allowed grantees to use up to 20% of the budget to pay for staff time to manage the project.

1.6: Funding infrastructure and equipment remains a challenge: The Cooperatives for Climate grant was targeted at business development and technical assistance. Funds could not be used for equipment purchases or other hard costs. This was challenging for some grantees who found limited access to both on-farm equipment and value-added processing equipment were barriers to further business growth.

1.7: There's a need for additional TA providers, particularly with diverse experience: Minnesota's technical assistance provider network is robust for private enterprises and entrepreneurs. There are fewer business advisors with experience in cooperative development. And even fewer with experience working with immigrant farmers or emerging farmers who have limited resources. Some grantees felt that existing TA providers were not familiar with their context and community. Increased investment in TA providers with cooperative development experience will build new relationships, cultural familiarity, and experience working in a variety of contexts.

Further, the existing TA providers themselves have limited capacity and availability to support more clients. As a result, there was a strain on capacity, timelines, and availability for consistent and timely communication.

1.8: Lack of Participation from Existing Co-ops: Larger, established co-ops did not apply for the grant, despite being aware of the opportunity. This may be in part due to a difference in scale needed for adding additional business units. The maximum grant award of \$30,000 was less financially compelling for established co-ops.

Evaluation Question 2:

What was the impact of the grant on innovation and cooperative development?

The program enabled farmers to test new models, share marketing and resources, and build governance structures that laid the groundwork for long-term innovation. Grantees leveraged funds to attract larger state and federal grants, extending their reach and sustainability.

2.1: Too early for innovation or financial return on investment, but laying

groundwork: Cooperative development takes time. In the case of these one-year grants, the immediate challenge was not innovation but instead building foundational capacity. Co-op boards and participants shared their experience that the benefits and financial returns from co-op development emerge slowly over time. Short-term funding and these early capacity building efforts do not capture the full impact, which may continue to prove benefits over many years. Extended timelines may be a useful strategy for funders and organizations working in cooperative development.

2.2: Increased Awareness and Fostering Community: Community engagement has expanded through events, classes, tours, and informal interactions, drawing interest in the cooperatives' services and participation from a wide range of stakeholders. Specifically, co-ops within underserved communities report gaining recognition and value for the opportunities they provide. Emerging farmers found cooperative development to be a powerful way to connect with peers and foster a spirit of collaboration.

2.3: Early-Stage Support Built Foundational Capacity: Early-stage support gave co-ops the time and resources to develop foundational tools, such as organizing materials and creating a website. This process also provided opportunities for feedback and refinement, helping establish essential structures for their work.

Evaluation Question 3:

Why invest in cooperatives?

The Cooperatives for Climate grant program was developed in part because of a lack of funding for cooperatives in the business development landscape. Cooperatives offer ownership, efficiency, shared risk, and community resilience by advancing economic development and locally governed services.

3.1: Democratic control: As members of a cooperative, an individual has direct say, through democratic control, in business decisions. A co-op can also serve to build power through collective voice and shared messaging representing the member-owners.

3.2: Market power: Joining forces through a cooperative allows individual farmers to sustain their businesses while benefiting from shared resources and reduced costs. Co-op structures enable members to reach new markets, scale operations, and improve efficiency in ways that would be difficult individually. By consolidating efforts, members can spread costs, share knowledge, and make previously cost-prohibitive infrastructure more accessible.

3.3: Shared risk & shared reward: The co-op model distributes both risk and ownership across members, influencing decision-making and fostering collective responsibility. Increased sales and efficiency allow co-ops to return additional value to growers. This shared structure aligns incentives and strengthens the sustainability of individual and collective operations.

3.4: Responsive to community needs: Co-ops serve as a powerful organizing tool that brings diverse people together around shared goals, fostering collaboration and community cohesion. They are rooted in long-standing cooperative traditions and guided by clear principles that shape decision-making and operations. Through outreach and engagement, co-ops have become especially valuable for supporting emerging farmers and increasing their access to resources.

Selected quotes from grantee interviews:

“Technical assistance is very important. If we didn't have the technical assistance for cooperative development with our business structure and taxes and branding and things like that, we could never make it to the point where we would actually need infrastructure.”

“I think challenges are always kind of around capacity. I think it's hard to start something new and to be starting something new while you have other agricultural businesses and you're trying to find other people who are interested and like-minded and want to work with you.”

“I really want to mention the importance of having zero match grants-- that was a huge relief. For MN Farmers Union to be offering a zero-match grant [that] really target[s] specific cooperative development things that we need was really really really effective. I don't know how else we would have done it.”

“I love the fact that it really is about ‘we're all in this together.’ You may have a board or a council that kind of makes decisions, but it's open to any member, [and any member] can get on the board. All members can participate in setting policies, making decisions. Any decision that is made really kind of belongs to everybody.”

“I really do think it's about sharing the wealth. It's about sharing the responsibility. And through working together, by increasing our sales, we're then able to take extra money and give it back out to our growers. It's an additional form of income—eventually, above and beyond just the straight sales they would do.”

“We chose, specifically, the cooperative model because we want everyone in the co-op to have a say in how things are run.”

“I see the co-op model as a way to counteract the consolidation that we see in the ag industry, right? We're consolidating, but we're consolidating with a purpose, versus consolidating just because I've got to get bigger to spread the cost structure. I can consolidate through a cooperative structure, spread costs, and still maintain my individual operation.”

Recommendations

Moving forward, MFUF and partners—including funders, government agencies, and co-ops themselves—have an opportunity to strengthen cooperative development by acting on the following recommendations, which reflect farmer and grantee insights, highlight structural gaps, and outline strategies for a more resilient agricultural future:

- **Invest in Technical Assistance:** Expand availability of skilled providers with a diversity of experience who can support cooperative development across a variety of topics including governance, accounting, business planning, and climate adaptation.
- **Develop & Circulate Tools:** With farmers, co-op members, and TA providers, develop actionable and practical resources like templates, legal boilerplates, and cooperative-friendly financing strategies to reduce barriers for emerging and small-scale co-ops. Where appropriate, these tools should be freely available and shared widely.
- **Coordinate Grant Opportunities:** Coordinate more intentionally across MFUF, MDA, USDA, and other grant providers to streamline processes and timelines, reduce duplication, and ensure resources are matched to co-op needs at various stages of business development.
- **Connect Co-ops:** Connection to other cooperative members and technical assistance providers helps share resources and best practices, and builds community. Organizations serving co-ops can facilitate regular gatherings, peer learning cohorts, and high-level conversations to foster collaboration, share knowledge, and strengthen networks among emerging and established co-ops.
- **Promote the Cooperative Model:** Elevate the value of cooperatives and climate resilience through case studies, communications, and policy advocacy to raise awareness and build the case for investment.

Conclusion

Farmers, funders, policymakers, and partner organizations all have a role to play in building the technical assistance, financing, infrastructure, and narrative needed to support resilient, farmer-led solutions. The recommendations outlined here point to opportunities for deeper coordination, investment, and innovation. The following questions can help guide shared strategy and action for both new and existing co-ops:

Strategic Questions to Consider for the Future of Cooperative Development:

- What models of technical assistance—fellowships, centralized hubs, or embedded providers—will best meet the needs of diverse co-ops?
- What financing tools and infrastructure investments will remove barriers for start-up and early-stage cooperatives?
- Can funding streams across philanthropy, state, and federal agencies be better sequenced and aligned to maximize impact?
- How can emerging farmers be fully included in cooperative development and leadership opportunities?
- Where can storytelling and public education build broader understanding of both the value of cooperatives and the urgency of climate resilience?

Additional Resources and Reference

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About Minnesota Farmers Union Foundation

Minnesota Farmers Union Foundation is a non-profit 501(c)3 organization established in 1958 to help Minnesota Farmers Union members and the general public learn about farming and farm cooperatives. The Foundation provides summer camps for youth designed to introduce them to agriculture, advances the Minnesota Cooks program to educate consumers and create new market opportunities, supports 4-H and FFA programs, and provides scholarships to members and members' children who are pursuing educational opportunities. The Climate and Working Lands Program was established in the Foundation in 2023. The goal of the program is to work with farmers, policy makers, and partners to ensure agricultural climate-smart programs work for farmers, and to empower farmer leadership to inform policy and build resilient farms and communities.

About Collectivity

Since its inception in 2014, Collectivity has been organized as a multi-stakeholder cooperative designed to meet both economic and social goals of our community, by meeting the needs of its member-owners. Learn more about what being a worker co-op means to Collectivity and how we aim to build a better world through cooperation.