



COOPilot

GUIDELINES ON IMPROVING THE
COOPERATIVE SYSTEM AT LOCAL
AND EUROPEAN LEVEL



COOPilot

COOpilot is co-financed by DG
Internal Market, Industry,
Entrepreneurship and SMEs of the
European Commission







Background of the project

This report is part of the COOPilot Project co-financed by DG Internal Market, Industry, Entrepreneurship and SMEs of the European Commission. COOPilot is a one-year project led by Pour la Solidarité (Belgium), and involving 10 other European partners. The aim of the report is to propose a set of recommendations for stakeholders to improve cooperative and entrepreneurship skills in education and training.

Reuniting three academic institutions, four social economy actors, two European networks and two public bodies, the main objective of the COOPilot is to promote efficiently the cooperative model throughout education and training, across EU Member States. Implemented from April 2017 to March 2018, the COOPilot project focuses on the youth employment challenge in five European countries Bulgaria, Cyprus, Greece, Romania and Slovenia. COOPilot aims to transfer competencies from the more advanced countries in the field of cooperatives (Belgium, France, Italy and Spain) towards the less advanced ones (Slovenia, Romania, Bulgaria, Greece and Cyprus). The originality of the project is to gather academic partners, training institutes, cooperatives, public authorities and other stakeholders of social economy and public authorities.

There are three specific objectives of COOPilot:

Objective 1: Research and assessment of the ecosystem for cooperatives and entrepreneurship in the host countries for the pilot project.

Objective 2: Following the drafting of the reports, academic and cooperative partners will together create or adapt courses and methods to offer appropriate solutions to targeted countries.

Objective 3: In order to re-use on a wider scale the deliverables, knowledge and skills will be transferred to target groups.

Leading partner: Pour la Solidarité sbl (Belgium)

Project partners:

Association des Agences de la Démocratie Locale (France)

Chamber of Commerce and Industry Vratsa Sdruzhenie (Bulgaria)

Université de Liège (Belgium)

Federazione Trentina della Cooperazione (Italy)

Fundacion Escuela Andaluza de Economía Social (Spain)

Social Economy Institute (Greece)

Scuola Nazionale Servizi Foundation (Italy)

National School of Political Studies and Public Administration (Romania)

Mladinska Zadruga Kreaktor, Socialno Podjetje (Slovenia)

Authority for Cooperative Societies (Cyprus)



Table of contents

INTRODUCTION	5
1. Strengths of the cooperative system	6
2. Historical and socio-political background of the cooperatives as an obstacle	6
3. General needs of the cooperative sector in Romania, Bulgaria, Slovenia, Greece and Cyprus	6
3.1 Cooperative Education	6
Recommendations (national, European)	7
3.2 Public authorities and business development support	10
Recommendations (national, European)	11
3.3 Financial framework for cooperatives	11
Recommendations (national, European)	12
3.4 Promotion of Cooperatives	13
Recommendations	14
CONCLUSIONS	15



INTRODUCTION

The economic and social role of cooperative enterprises in Europe is of significant importance. Cooperatives represent more than 160,000 enterprises across Europe, owned by 123 million individual members and providing jobs to 5.8 million citizens. During the financial and economic crisis since 2007, many cooperatives proved to be more resilient than other types of businesses; in the former EU15 countries cooperatives had an employment level in 2009/2010 that was 31.5% higher compared to the one of 2002/2003¹.

The commonly accepted understanding of cooperative is as following: *the cooperative is an autonomous association of people united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.*

Cooperatives include a wide variety of legal entities, such as individual businesses, SMEs as well as large companies and groups, which contribute to the economic and social dynamism or individuals.

There are many socio-economic benefits of cooperative sector. They are competitive players in many economic sectors. Thanks to their member-owned and business model cooperatives contribute to smart growth by providing innovative responses to needs that are often not met by other types of enterprises. Cooperatives play an important role in many sectors of the economy such as banking, agriculture, insurance, retail commerce, housing, social services, health, education, or in promoting green energy. The legal structure of cooperatives allows the SMEs to acquire advantages of size such as scale economies, access to markets (including participation in larger public tenders), purchasing power, marketing power etc. In addition, a cooperative created by the employees and workers of a company that faces financial difficulties or of which the owner wishes to retire and transfer the ownership of its business can save hundreds of jobs and the maintenance of the company as a going concern.

Nowadays however, **the crucial incentive** for the creation on cooperatives in Cyprus, Greece, Slovenia, Romania, Bulgaria all members of the COOPilot project **is mainly the financial crisis**, which has as result the lack of available capital necessary for start-ups or for the expansion of existing enterprises.

Yet, despite all the benefits, it should be noted that the presence of cooperatives and their recognition varies greatly among Member States (MS): while in most EU countries cooperatives are present in almost all sectors of the economy, they are lagging behind in some, lacking the necessary recognition and support.

This report presents the **guidelines for improving the cooperative system in the EU countries**, in particular in the countries where the project trainings took place, i.e. Romania, Bulgaria, Slovenia, Cyprus and Greece which were identified during the COOPilot project.

The guidelines are based upon discussions of the working group of six experts coordinated by “Cooperatives Europe” association Association des Agences de la Democratie Locale the input of the national and European sectorial cooperative movements, discussions with the participants of the trainings conducted in Romania, Bulgaria, Slovenia, Cyprus and Greece and input provided by the experts hired by the COOPilot project. The guidelines are divided according to the key subjects, which are important for the cooperative sector: **i) entrepreneurial education, ii) financing, and iii) development of specific business support services for cooperatives**. Due to the scope of the project, **the entrepreneurial education is given a major attention**. The recommended actions provided in this report are policy measures to be translated into concrete actions undertaken by the European Commission as well as by national governments and stakeholder organizations in order to increase the commercial capabilities of cooperatives.

(1) Report of the discussions of the Cooperative working group “Fostering cooperatives’ potential to generate smart growth & jobs” held between June 2013 to November 2014 containing ideas and proposals for action of the EC. <https://www.google.be/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=0ahUKEwjar7exsJHaAhXDDOwKHZI4CFYQFggpMAA&url=http%3A%2F%2Fec.europa.eu%2FDocsRoom%2Fdocuments%2F10450%2Fattachments%2F1%2Ftranslations%2Fen%2Frenditions%2Fnative&usg=AOvVaw0d0lkry7jFoD4m7rZuhG-t>



1. Strengths of the cooperative system

First, before identifying the needs and drawing the recommendations, it is important to highlight the strengths of the cooperative systems in the participating countries. During the trainings, the participants from Romania, Bulgaria, Slovenia, Cyprus and Greece, involved in the cooperative movement, identified several strengths of the cooperative systems in their countries. In most cases, the participants highlighted that the cooperative system is very dynamic and it is constantly developing, mainly through mutual collaboration, common pooling of activities and finally, due to the growing interest of NGOs and start-ups in the cooperative system. Thus, most of the participants of the trainings were optimistic about the growth of cooperative sector in their countries, especially because it is a sector that, despite difficulties, in most cases attracts more and more young people. The role of trainers seems to be essential in developing a cooperative system, especially in Bulgaria. In general, the participants see a cooperative sector as an important driver for economic and social development and appreciate its productivity, mainly in regards to agricultural cooperatives in Romania. Nevertheless, despite the strengths, the cooperative sector in those countries is faced with a series of obstacles and needs.

2. Historical and socio-political background of the cooperatives as an obstacle

According to the training participants, the cooperative system in their countries still requires a series of improvements. One of the main obstacles for improving the cooperative system and education is **to combat the negative association with communism**. Many people still link cooperatives with the previous political regime, especially in Romania and for this reason the students are not interested in building or even learning about cooperatives. According to the recommendations of the training participants in Cyprus, the need of a cooperative movement away of any political party involvement and/or influence was raised. Another problem linked to the development of the cooperatives, as described by the participants, **is the rigidity and corruption within the State**. Although the participants think that it would be a great idea, and can bring improvement to local economy, accessing the market will prove to be difficult for someone with no political ties. Simultaneously, **there is a lack of social trust within the society**. Since cooperatives are based on the cooperation among people, participants think that in the absence of trust, the idea of social economy might not be received as well.

3. General needs of the cooperative sector in Romania, Bulgaria, Slovenia, Greece and Cyprus

3.1 Cooperative Education

Regarding education, participants and experts identified important gaps in the cooperative and entrepreneurship education and training system which are an obstacle to further development of cooperatives in their countries. The participants agreed that **notions of social economy, including cooperative model, should be taught in schools**. Since most local and central authorities are not proactive in stimulating this sector, educational and development programs could have a significant effect on the sector. Thus, to support productivity, innovation and quality-focused growth in Europe, **it is essential to invest into education and training**. For this reason, the entrepreneurial education and training to support and develop business growth is one of the three key areas identified for immediate intervention by the European Commission's Entrepreneurship 2020 Action Plan.

However, the curricula for general entrepreneurship education and management training tend to be based on the predominant business model of the traditional limited liability company with share capital. **The few initiatives** that are put in place **to promote the cooperative business model in national educational systems are isolated and**



thereby not exploited as it should be. It is not surprising therefore that young people wishing to set up a new business, due to the lack of awareness, do not even take into consideration the cooperative option, even if the cooperative business model would be the best fit for their project. Therefore, one action focus should be **on how to educate young people about co-operatives**, by **better communicating the benefits** that the cooperative model offers to entrepreneurs amongst the young generations. Furthermore, the management of a co-operative requires additional skills and capacities specific to this model, in order to deal with the particular control and ownership structure of a co-operative. For example, the **participatory and democratic** structure of co-operatives requires specific **competences** to assume board responsibility, in order to **ensure effective governance**; yet the elected officials to the board of directors often lack the required training and skills. There are examples of specific modules for co-operative management training (including distance learning) and even of dedicated Master courses for co-operative entrepreneurs in a number of Member States (MS).

Most importantly, it is necessary to find ways to **make the young people interested in entrepreneurship and cooperatives**. First of all, the participants of the trainings in all hosting countries suggested **including more entrepreneurial and cooperative education in the educational curricula**. However, in some countries, for example, in Greece, the higher education system is restrained from being autonomous. This gravely affects the ability of collective representation bodies of the cooperative industry to establish and run Universities and Higher Technical Institutions on the basis of cooperative education. Parliamentary consensus is a sine qua non for this regulatory shift.

Further, **the gap between theory and practice has to be bridged**. The links between **education and business** have to be strengthened and the students need to be thought **practical skills of setting up a business**, applying their **knowledge in practice or learning good practices from the practitioners**.

Finally, in order to support the plurality of enterprises forms in Europe as a strong competitive argument, it is recommended to map a study **to identify national programs as well as good examples with regard to cooperative and social economy learning and practice** at all educational levels. The mapping study should include a **benchmarking exercise** of schools offering training for cooperative members, employees and managers as well as with regard to similar organizations across Members States. The results of this study should be discussed with the national Ministries of Education, in order to support the above developed recommendations.

Recommendations

National level

In Bulgaria, the National Note highlights the need to strengthen the entrepreneurial attitude towards the cooperatives and to make it more attractive to young people. Young people in Bulgaria are socially and economically dependent on their parents; they have low social and economic confidence. In addition, emigration and demographic problem reinforce this issue as well as **the lack of links between the labor market and the educational system**. Accordingly, **a focus is needed on attitude**: improving self-confidence, working on network and capital as well as providing them with tools in order to make them able to identify the opportunities in their countries. **The Information Technology (IT) sector is tackled as a great opportunity to develop cooperative entrepreneurship**. Bulgaria intends to foster entrepreneurship, giving a positive image to cooperatives.

The recommendations to improve cooperative education system in Bulgaria:

- To increase training and more social networking in order to improve their awareness;



- To raise awareness of the essence of the opportunities and successes of the cooperative movement as well as to promote among the teenagers the positive image of cooperatives;
- To increase practice as the connection of theory to the matter around is necessary;
- To enhance motivation in presenting the spirit of cooperatives and the entrepreneurial opportunities in Bulgaria as well as to improve the legislative framework in order to stimulate cooperatives.

In Cyprus there is already a cooperative culture but it needs a new impulse. There is a need to **develop cooperatives attitudes, skills and knowledge**. In addition, Cyprus highlights the need to **institutionalize formations** to further develop the sector of cooperative in order to achieve its long-term potential. **Energy, tourism, health, agriculture, shipping and environment** are among the domains that represent a great opportunity to develop cooperative entrepreneurship.

Thus, there are following recommendations in Cyprus regarding the entrepreneurial education:

- Cultivation and development of cooperative culture;
- Awareness and training for the cooperative business model;
- Interest of students towards the cooperative business model;
- Business schools' policy towards cooperative business model;
- Integration of cooperative business model in school curricula;
- Promotion of coop workshops;
- Practical training of students and employment of trainees in cooperative societies;
- Promotion and awarding of best coop start-ups ideas through universities' entrepreneurship programs and various other entrepreneurship centers;
- Promotion of opportunities for coop start-ups in business and social activities;
- Establishment of coop networking and exchange visits;
- Cultivation of entrepreneurial culture: one on the best return investments regarding entrepreneurship among young people in the cultivation of entrepreneurial culture;
- Education on entrepreneurship, meaning the theoretical knowledge of entrepreneurship: what is an enterprise, how it works, how to set up the business, taxation, marketing issues etc.;
- Development of entrepreneurial skills and attitudes like creativity, initiative, teamwork, understanding of risk and a sense of responsibility, practical knowledge of entrepreneurship: young people **should have the opportunity to participate in an entrepreneurial activity** (e.g. operating a model enterprise, practical learning models and experience of real-world entrepreneurs) **to set up the entrepreneurial mind-set** that will help young people to set entrepreneurship as their career choice and at the same time will give them the skills to transform ideas into action.

In Greece, cooperatives lack recognition and appeal. Young people have a negative image of cooperatives. The National Note highlights the need for **improving the cooperatives image through practical and inspiring sessions**. Youth in Greece is characterized by its creativity and its ability to take risk. Nevertheless, "the overall



ethics and ideology tend to dismantle the business spirit and re-orient the youth to becoming linked or dependent to the public sector”. Several domains have been identified as being great opportunities to develop cooperative entrepreneurship: mutual finance and cooperative banking, mutual insurance, agricultural production, fisheries, logistics, Information-Communication- Technology (ICT), community and social services, energy generation and provision, tourism sector, educational sector and religious sector.

Regarding entrepreneurial education in cooperative sector in Greece we identified the following needs and recommendations:

- More **integration of cooperative knowledge into the mainstream educational system;**
- Integration of **cooperative ethics and knowledge** into the basic educational system;
- Development of **the new law for the establishment of STUDENTS' COOPS** inside the University Campuses;
- Provision of latent public facilities for cooperative experimentation and start-ups in a generalized and representative manner in all geographical areas and especially the most deprived;
- Secondary and Higher Education **curricula should optimally integrate cooperative lines of training and education** in a way analogous to the merits and urgencies of cooperativism in a country of intense social cohesion and underdevelopment crisis. The Ministry of Education along with the collective bodies of cooperatives should consult and present a meaningful strategic plan.

In **Romania**, cooperatives suffer great credibility problems due to the association made between cooperatives and communism. Even if there are many existing cooperatives, **there is a need for improving the image and the knowledge of cooperatives**. The specific need tackled in the National Note **is the reduction of regional disparities**. Another major issue is the brain-drain; according to the National Note, this could be mitigated by **shoving entrepreneurship opportunities**. Several domains are highlighted as good opportunities to develop cooperative entrepreneurship: agricultural and agricultural services sector, tourism sector, social service, sustainable energy development sector and ICT. Romania expressed the need **to develop attitudes, skills and knowledge for both cooperative and entrepreneurship**.

Regarding entrepreneurial education in cooperative sector, we identified the following needs and recommendations:

- A comprehensive national strategy regarding the rule aimed for various types of social enterprise, and the operationalization of an integrated set of measures aimed to foster social economy enterprises;
- Strengthening the Compartment for social economy (Compartimentul pentru economie socială) and its role in steering the cooperative actors into developing entrepreneurial education programs;
- Introduction of the **basic educational elements on the cooperative sector** into the mainstream educational system;
- Integration of **cooperative ethics and knowledge into the basic educational system;**
- A **pilot program** that would help the students creating **STUDENTS' COOPS** during their university level education;
- Development of proactive facilities for cooperative experimentation and startups in a generalized and representative manner in all geographical areas, with a special attention given to the most deprived rural areas;
- Continuous **development of the education system** in order to **efficiently support the promotion of an entrepreneurship culture**, with the following actions: e.g. developing specific modules within the school curriculum, which provide students with the opportunity to learn concrete things and the option of extending their entrepreneurship knowledge;



- Supporting the partnership between businesses and the education system with a view to promote entrepreneurship by developing curricula, in cooperation with local businesses, which provide students with the opportunity of hands-on experience through activities in a company;
- Generalization of curricular opportunities at the university level and the development of easily accessible programs for young persons that are not enrolled in undergraduate studies.

In Slovenia, cooperatives are seen as an opportunity to self-employment and social inclusion. Accordingly, Slovenia is in **need for very practical educational programs**. Youth in Slovenia is rather pessimistic regarding the future economic evolutions of their country. Thus, the needs of education in cooperative entrepreneurship encompass:

- Motivation to **look out of the mainstream box**;
- **Financial incentives** for cooperative education;
- **Legal framework** that would promote cooperative development and education;
- Funding opportunities have been identified in regards to worker buyouts in established businesses and connection of precarious workers.

European level

At the European level, stakeholders should **start awareness raising initiatives** about the various EU programs via conferences, workshops or seminars with the active participation of the European Commission services. At the same time, the program “**Erasmus for young entrepreneurs**” **should be better promoted to cooperatives**, in order to better benefit from it.

Further, the Commission’s and stakeholders’ interventions are essential so that all Member States governments include cooperatives in business education as part of their national curricula for schools and tertiary education; that way young people will be able to make a more informed choice when aiming to start a business.

Finally, it is also important that **governments** take action, **in order to support the teaching of cooperative management in tertiary education**; this will allow a greater number of currently isolated initiatives for master’s studies to be connected at national and European level. A better support for the required cooperative research will be made easier that way with support from the public sector or European funds.

3.2 Public authorities and business development support

The particular nature of cooperatives calls for **tailored business support services**. Such advice and action are an invaluable tool for cooperative development in Europe. Since 2001 the European Commission has initiated several actions for small businesses, in order to develop business support services that are easy to access and relevant to their needs. Any entrepreneur should be able to find an advice and instructions he/she needs. However, a cooperative entrepreneur is not always able to find the specific support services for starting and running a cooperative project.

The Enterprise Europe Network (EEN) offers support and advice to entrepreneurs across Europe offering a wide range of services. However, the network has no specific approach regarding the different forms of businesses; the EEN aims mostly at dealing with practical challenges when a project is going cross-border. Thus, **business development support at the European level should be strengthened**.



Recommendations

National level

The participants of the trainings mentioned the high legislative fragmentation of the cooperative sector in their countries, in particularly in Greece. Therefore, the abolition of existing laws on cooperatives **and the introduction of a single regulatory text** could be a substantial step towards better regulation and minimization of regulatory friction and costs for all parties involved. Thus one, single, all-inclusive public authority, preferably under the Ministry of Economy could act as a single institutional point of reference and regulation for the sector.

Also, in Greece, the very sensitive sector of social cooperatives undergoes the burden of an extremely bureaucratic procedure imposed by the competent Ministry of Employment. **Online, easy-to-use modalities are not provided and this is a recommendation crucial for the development of the sector.**

Finally, at the local level, in some countries latent public and municipal activity is not optimally utilized and there is no any provision incentivizing cooperative commons to step into the urban and rural regeneration scenario. **A strategic plan for the inclusion of the majority of latent facilities into a common scheme** could allow for citizens' cooperatives to undertake action and bring life back to this invaluable capital pool.

European level

Regarding the EU level, **inter-cooperative EU business networks** such as the ones that already exist in Europe for SMEs **should be encouraged**, as those networks considerably reinforce the sustainability of micro and small enterprises operating under the cooperative form.

The EU Commission with the help of stakeholders should identify national practices in the area of business support services that are giving advice to cooperatives in general and disseminate the information to stakeholders. In the same context **the European Commission should examine how best to support EU inter-cooperative business networks.**

Concerning policies dealing with the transfer of businesses the **European Commission should gather information on schemes promoting the potential of co-operative buyouts** to avoid company close downs, in particular with regard to succession problems. This initiative may include actions of **gathering information about specific cooperative education measures and best practices to create more awareness about cooperatives** or an information campaign about the transfer of a business to a cooperative.

It should be examined **how best the European Enterprise Network EEN can include a cooperative dimension**, in order **to respond to cooperative business needs** like providing information on relevant contacts and or/services across borders. Acting in collaboration with local authorities and stakeholders organizations can potentially enhance local/regional support services for cooperatives. Chambers of commerce and employers' federations should be encouraged to provide relevant services to cooperatives. Where demand for these services is not sufficient to justify specialized agencies, a referral system established by stakeholder organizations may be more appropriate.

3.3 Financial framework for cooperatives

As a result of the financial crisis, banks are following stricter rules to finance enterprises. This is especially true for SMEs, who were the first ones affected by the risk-averse strategies of commercial banks. On top of that cooperatives are often confronted with poor knowledge about their business model by private investors further limiting their access to capital. Cooperatives have no or limited access to venture capital on the capital markets.



They primarily depend on their own member capital as well as member and bank loan finance, in order to satisfy the specific member needs. This structural difference, which is reflected in specific accounting provisions, combined with strict governance rules make them less attractive to financial investors resulting in greater difficulties to access capital. Cooperative banks are key actors with regard to financing of cooperatives; they are particularly adapted to providing services to cooperatives at start-up or development stage due to their local nature and understanding of the model. There is a need for cooperatives to **explore alternative forms of financing such as crowd-funding or the set-up of specific capital funds, in order to provide financing**. This has been successfully developed in some EU countries like France or Italy. These funds have a leverage function with regard to bank loans and equity finance. The EU does not provide any support or action linked to a specific business model like cooperatives or mutual societies or partnerships.

Recommendations

National level

In the countries of project participants, taxation of members of cooperatives along with social insurance contributions are at a historic high, acting as deterrents for the involvement of grassroots businesspeople into cooperative schemes. **A series of preferential treatments should be introduced**, creating positive incentives for undertaking cooperative action.

At the same time, **public authorities should provide sufficient funds to stimulate young people to start cooperatives** but also to sustain already existing ones. There is urgent need for the development of the financing cooperative sector for the sake of localized provision of financial intermediation services and the enhancement of export dynamics.

All national cooperative organizations should be able to **create national cooperative development funds** like in France, Italy or Spain, where every cooperative enterprise has to transfer a percentage of their net benefits. These funds may also be used to support the development of cooperatives and support training courses specifically designed for professionals, who can support cooperative enterprise financing.

European level

At the European level, as part of the continuous dialogue between cooperatives and the Commission the **latter shall update European and national cooperative organizations about the various existing and forthcoming enterprise financing programmers and tools**. The European Commission should ensure that cooperatives get access to all EU-level financing mechanisms and programs. **Better information about the cooperative enterprise model** should be provided by stakeholders and the European Commission to the financial intermediaries implementing those EU programs, so cooperatives can better exploit these opportunities.

The European Investment Bank (EIB) and the European Investment Fund (EIF) should encourage local cooperative banks to play an increasing role as financial intermediaries for EU programs. Ensuring the plurality of business forms should become a key criterion in awarding support in those programs.

Reforms to national cooperative legislation are needed in order to allow non-banking financial institutions for the development of cooperatives. In addition, such reforms should encourage the capitalization of cooperatives through matching contributions in cooperatives, without or with limited voting rights, while ensuring the specific cooperative governance system.



3.4 Promotion of Cooperatives

Unfortunately, the European Commission did not show any special interest in the promotion of the cooperative movement during the first years of the existence of the Rome Treaty. In fact, the institutions gave a priority to the application of the Treaty rules dealing with the free movement of capital and services from one country to the other². Thus, the European Commission and Member States examined the legal regime that applies to capital companies³ and a series of harmonization of company laws measures were adopted⁴, related to the national public company limited by shares legislations. The objective was to facilitate the transnational activities of capital companies, bearing in mind that, after all, they bear the bulk of economic activities and are globally the most important employers. In fact, there are not many cooperatives that have transnational activities and members from more than one country.

However, large organizations of agricultural and credit cooperatives asked the Commission to promote these legal measures that will be appropriate to facilitate their transnational activities and thus to create a level playing field that allows them to be able to compete on equal terms with banks, insurances and enterprises in the area of processed agricultural products. Thus in 1989 the Commission, backed by the European Parliament, adopted an important Communication for the promotion of social economy enterprises⁵ and created a special department within its services to take care of the administrative and legal problems that face the mutual insurance societies, the non-for-profit associations, the cooperatives and at a later stage the foundations. In 1993 the Commission submitted to the Council of Ministers three proposals (and later a fourth one) for the adoption of Regulations enabling social economy enterprises to adopt the European form⁶ in order to enable them to establish and have transnational activities in countries where the cooperative movement is not very advanced and not fully recognized or supported by a favorable environment. Out of these proposals only **the European Cooperative Society** was adopted in 2003, while the other texts were withdrawn by the Commission, because of the lack of progress in the legislative process. This was due to the very low interest shown by the majority of Member States in such instruments deemed promoting enterprises which in reality have rare transnational activities. In conclusion, **15 years later, one can say that this instrument was not crowned with success, since only some 60 European Cooperatives are created.**

Meanwhile in 2004 the Commission adopted a specific Communication for the promotion of cooperatives in Europe⁷ a text that is soft law in the sense that its provisions engage only the Commission. In fact, the text announces Commission's policy in the area and it contains a number of recommendations addressed to Governments which are not legally binding. In this text and other similar documents⁸ the Commission declares that the potential of the cooperative type of businesses is not fully exploited and that their image should be improved both at European and national levels. However, the main political purpose of the text was, after enlargement, to persuade the new Member States, which had just abandoned the socialist regimes that cooperatives are types of commercial enterprises with their specificities and not kolkhoz or other indirectly applied instruments trying to proceed again to the nationalization of the means of production.

The adoption of the **European Cooperative Regulation** implied that Governments were obliged to take the necessary legal measures for its implementation. The Commission was of the view that the endorsement of this text was an excellent opportunity for Member States and stakeholders to undertake initiatives aiming at improving

(2) Articles of the Treaty on the Functioning of the European Union TFEU 49, 56, 63 and 114 for the harmonisation of company laws. The cooperatives are "companies" in the sense of TFEU art. 104

(3) The trans-border activity is the indispensable element for the adoption of legal measures (principle of subsidiarity)

(4) European Company plc, Registry of companies, the capital requirements, mergers of companies, accounting directives and control by authorised experts etc

(5) European Commission (1989) Business in the *Economie Sociale* sector. Europe's frontier free-free market SEC(89) 2187, 18.12.1989

(6) Regulation (EC) n° 1435/2003 of the Council of 22 July 2003, on the statute of a European Cooperative Society and Directive 2003/72/EC of the Council of same date, complementing the Statute and providing for the workers participation on the decision making process of their company Official journal L207 of 18/8/03

(7) <http://eur-lex.europa.eu/legal-content/EL/TXT/HTML/?uri=CELEX:52004DC0018&from=EN>

(8) Social Business initiative http://ec.europa.eu/growth/sectors/social-economy/enterprises_en



the legislation on cooperatives and creating a more favorable environment for the creation of cooperatives. Thus, **a number of policy texts adopted recently⁹ put the accent to the important role of cooperatives** and, in general, **social economy enterprises in creating employment and thus promoting economy.**

Recommendations

The awareness raising campaigns should be put in place which enumerate opportunities and benefits of joining the cooperative movement. Most participants agreed that there is a need for **more publicity of cooperatives as part of social economy in general**, because for most of them, if not all, was the first time they heard about cooperatives as a form of social economy.

(9) Council Resolution <http://data.consilium.europa.eu/doc/document/ST-13766-2015-INIT/en/pdf>



CONCLUSIONS

The selected topics are a starting point for developing a more proactive EU cooperative agenda. For this reason, both the Commission services and the cooperative associations envisage this form of dialogue via a targeted working group to become a permanent one in order to address new points of concern to cooperatives. In addition, it will be examined in the future how best to integrate cooperatives in the work of various groups and committees run by the Commission like the SME Assembly to get the cooperative voice heard. Further issues such as the general regulatory framework, youth, gender, cooperative statistics, worker buy-outs, state aid, public procurement rules, etc. are important topics of relevance to cooperatives that need to be addressed in the on-going dialogue with the EC. This report provides guidance to the EC and stakeholders at EU and national level in implementing concrete actions for more cooperative development in the EU through specific EU policies and programs. Based on these recommendations the working group will work with cooperative experts to implement those actions in close collaboration with the relevant EU Commission Services.

This guidelines report is the result of the European project COOPilot, led by a consortium of 11 partner organisations established in 9 EU countries, with the support of DG Internal Market, Industry, Entrepreneurship and SMEs of the European Commission, from April 2017 to March 2018. The project aims to provide innovative responses to the youth employment challenge in the European Union, by stimulating cooperative entrepreneurial spirit through education and training.

*Edited by ALDA – European Association for Local Democracy- France in collaboration with:
European think & do tank POUR LA SOLIDARITÉ - PLS - Belgium (project coordinator),
Fundacion Escuela Andaluza de Economia Social - Spain,
Scuola Nazionale Servizi Foundation - Italy,
Federazione Trentina della cooperazione - Italy,
National school of political studies and public administration - Romania,
Center for Social Economy University of Liege - Belgium,
Social Economy Institute - Greece,
Mladinska zadruga Kreaktor - Slovenia,
Chamber of commerce and industry Vratsa sdruzhenie - Bulgaria
and the Authority for Cooperative Societies - Cyprus.*



COOPilot

This publication has been produced with the financial assistance of the European Union. The contents of this publication are the sole responsibility of COOPilot consortium and can under no circumstances be regarded as reflecting the position of the European Union.