



Report and policy recommendations on youth cooperative entrepreneurship

CoopStarter 2.0
Intellectual output 11



PROJECT

Name	CoopStarter 2.0
Coordinator	Cooperatives Europe
Erasmus + project	2017-1-BE01-KA202-024764
Project start	01 September 2017
Duration	36 months
Website	www.starter.coop
E-mail	l.novaro@coopseurope.coop

DELIVERABLE

Number	IO 11
Lead partner	Cooperatives Europe
Author	Lisa Mashini, <i>Cooperatives Europe</i> Marie-Céline Falisse, <i>AEGEE-Europe</i>
Contributors	Lykke Pedersen, <i>Kooperationen</i> Elsa Brander, <i>Kooperationen</i> Lorenzo Novaro, <i>Cooperatives Europe</i> Nathalie Delaunoy, <i>Promo Jeunes</i> Lucas Mprechas, <i>KAPA Network</i> Fanny Le Brech, <i>YECN-CJDES</i> Isabella Ippolito, <i>Legacoop Liguria</i>
Reviewers	Amanda Benson, <i>Co-operative College</i>



TABLE OF CONTENTS

TABLE OF CONTENTS.....	2
(1) INTRODUCTION.....	3
Before Coopstarter2.0	3
Coopstarter2.0 project	3
A note on Covid-19 pandemic	3
(2) THE EU POLICY CONTEXT OF SELF-EMPLOYMENT AND ENTREPRENEURSHIP FOR YOUTH: A LONG AND BUMPY ROAD	4
Entrepreneurship: being my own boss, but at what cost?	4
Youth entrepreneurship: a high priority in the EU political agenda	6
What is the status of cooperative entrepreneurship in the EU?	7
Does the EU policy and regulatory environment support the creation of cooperative businesses by young people?	9
(3) REGULATORY ENVIRONMENT ANALYSIS OF START-UP COOPERATIVES IN PARTICIPATING EU MEMBER STATES	11
Italy: Historical land of cooperative entrepreneurship	11
Denmark: Lack of specific regulatory framework for coops	16
Greece: A fragmented framework for cooperatives	19
France: Focus on education	21
Belgium: Recent reform	25
(4) OBSTACLES TO COOPERATIVE ENTREPRENEURSHIP AMONG YOUNG PEOPLE & COLLABORATION BETWEEN YOUTH ORGANISATIONS AND COOPERATIVES.....	32
Introduction and demographics	32
Obstacles	34
Collaboration between youth organisations and cooperatives/cooperative associations	36
(5) CONCLUSIONS AND RECOMMENDATIONS.....	38

(1) INTRODUCTION

Before Coopstarter2.0

In 2012 the economic crisis was affecting European businesses hard, and younger generations were among the most affected. In that context 8 European cooperative organisations partnered to create the project CoopStarter in order to make the cooperative business model known to younger generations, and to accompany people willing to set up a cooperative through the start-up phase. The Coopstarter project was funded under the Grundtvig Programme and published the first practical guide on how to support the start-up of new cooperatives titled “Ready, Steady, Coop”. In 2015 the website starter.coop was launched to encourage and inspire young entrepreneurs to carry out their business ideas, and provide them with the tools to make them successful.

Coopstarter2.0 project

After the first CoopStarter project the participating cooperative organisations were aware of the potential of the approach outlined in the guide as well as of their limited reach on the target audience.

To foster the development of a cooperative entrepreneurial culture amongst young generations it was necessary to develop a new dynamics by creating synergies and capitalizing on experience and resources of both cooperative associations and youth organisations. The inclusion of youth organisations in the consortium of partners as well as young cooperators from the Young European Cooperators Network is the first innovation of CoopStarter2.0. The second innovation is the inclusion of “young ambassadors” interacting directly with young people testing the methodology developed in the partnership through a series of local events.

A note on Covid-19 pandemic

In 2020 the covid-19 pandemic has created an unprecedented situation which affected almost all countries around the globe, including European all countries.

The planning for Coopstarter2.0 project included multipliers events lead by young ambassadors in 5 partner countries (Belgium, Denmark, France, Greece, Italy) to be held between February and May 2020. This report was originally designed to capitalize on the experience and outcomes of the local multiplier events; since those multiplier events have been either cancelled or turned into digital workshops the partners contributed additional content based on their experiences in supporting cooperative enterprises and startups to complete the report and formulate more comprehensive recommendations.

(2) THE EU POLICY CONTEXT OF SELF-EMPLOYMENT AND ENTREPRENEURSHIP FOR YOUTH: A LONG AND BUMPY ROAD

This section analyses the current policy and regulatory context of entrepreneurship in Europe. More specifically, we will examine the framework surrounding young entrepreneurs in Europe, and more specifically will identify the opportunities for young entrepreneurs who want to start a cooperative and what support is provided for them across the EU to set up and grow their cooperative business.

Entrepreneurship: being my own boss, but at what cost?

Young people today show greater aspirations to become entrepreneurs than previous generations. In the EU, survey data indicates that 4.7% of youth (18-30 years old) were actively working on setting up a business between 2014 and 2018, compared to 4.0% overall.¹ Young people are more likely to be motivated to start a business by a desire 'to be one's own boss' and 'being passionate about a cause' rather than 'wanting to be wealthy'. The other significant benefits of being an entrepreneur for a young person also lie in the fact that entrepreneurship represents not only a driving force for job creation, competitiveness and growth, but also contributes to personal fulfilment.²

However, and despite these elements, the desire to be an entrepreneur doesn't always translate into concretely starting a new business. Indeed, there are many challenges that young people have to overcome when they want to start their business venture and be self-employed³:

- whilst **access to finance** is one of the major constraints,
- **inadequate support structures** and **administrative hurdles** also play a crucial role in discouraging entrepreneurship initiatives among young people in Europe.
- Moreover, the **lack of appropriate skills** is also one the major obstacles that young people expressed for not going forward with their entrepreneurial project, with 36.3% of young adults, compared to 41.9% of adults, stating that they felt they had the necessary knowledge and skills for entrepreneurship over the 2014-18 period. This is one type of indicator that shows that such challenges could be easily overcome if entrepreneurship education is included in the curriculum. Indeed, the data

¹ OECD/European Union, *The Missing Entrepreneurs 2019: Policies for Inclusive Entrepreneurship*, OECD Publishing, Paris, 2019, <https://www.oecd-ilibrary.org/sites/3ec10f3b-en/index.html?itemId=/content/component/3ec10f3b-en#>

² Eurofound, *Start-up support for young people in the EU: From implementation to evaluation*, 2016, <https://www.eurofound.europa.eu/publications/report/2016/labour-market-business/start-up-support-for-young-people-in-the-eu-from-implementation-to-evaluation#tab-02>

³ A. Curth, *Entrepreneurship education: A road to success. A compilation of evidence on the impact of entrepreneurship education strategies and measures*, Luxembourg, 2015.

demonstrates that among EU Member States, young people were most confident about their entrepreneurship skills in Romania (50.1%) and Latvia (50.6%), while they were the least confident in Denmark (25.6%). These differences are likely explained by social attitudes towards entrepreneurship and work, as well as the extent to which entrepreneurship education has been embedded in the formal education system.⁴

- The **fear of failure** is also a strong factor that prevents some young people from entering the field of entrepreneurship and then starting their own business, considering that 44.5% of young people in the EU viewed fear of failure as a barrier to entrepreneurship over the 2014-18 period.⁵ This was especially the case in Luxembourg (51.7%), Cyprus (53.4%), Italy (55.9%) and Greece (68.5%). The EU Member State with the lowest proportion of young people that cited this barrier was Slovenia (34.8%).⁶

These reasons explain why only 6.5% of working youth (20-29 years old) in the European Union (EU) were self-employed in 2018. In addition, the number of self-employed youths has declined over the past decade, falling from 2.7 million in 2009 to 2.5 million in 2018.⁷

As a result of these challenges, many young people find the cooperative business model offers an alternative way to combine their desire to start up their own business and partnering with others who share their aspirations. This also has the advantage of helping them overcome barriers such as the fear of failure as they feel stronger when working together in partnership with others.

However, while starting a cooperative with other people is rewarding and offers solidarity and other benefits, like any other type of entrepreneur, a coop entrepreneur will also require the support of an enabling environment. Therefore, to support and nurture the next generation of entrepreneurs, policymakers at EU and Member State levels need to understand their motivations, ambitions and fears and respond to these barriers by creating public policies that address many of the market and institutional failures in youth entrepreneurship; this means that policy-makers should implement policies that:

- increase awareness of entrepreneurship for all types of business models,
- embed entrepreneurship teaching in all levels of education,
- offer training and coaching outside of education,
- improve access to finance (grants and loans for business start-up) and
- support the development of entrepreneurship networks for young people (coaching, mentoring and support in network building).⁸

⁴ OECD/European Union, *The Missing Entrepreneurs 2019: Policies for Inclusive Entrepreneurship*, OECD Publishing, Paris, 2019, <https://www.oecd-ilibrary.org/sites/3ec10f3b-en/index.html?itemId=/content/component/3ec10f3b-en#>

⁵ CICOPA, *Global Study on Youth Cooperative Entrepreneurship*, June 2018.

⁶ OECD/European Union, *The Missing Entrepreneurs 2019: Policies for Inclusive Entrepreneurship*, OECD Publishing, Paris, 2019, <https://www.oecd-ilibrary.org/sites/3ec10f3b-en/index.html?itemId=/content/component/3ec10f3b-en#>

⁷ OECD/European Union, *The Missing Entrepreneurs 2019: Policies for Inclusive Entrepreneurship*, OECD Publishing, Paris, 2019, <https://www.oecd-ilibrary.org/sites/3ec10f3b-en/index.html?itemId=/content/component/3ec10f3b-en#>

⁸ OECD/EU, *Policy Brief on Recent Developments in Youth Entrepreneurship*, 2020, p. 5.

Youth entrepreneurship: a high priority in the EU political agenda

The EU's broad priorities are set by the European Council, which brings together national and EU-level leaders. Directly elected MEPs represent European citizens in the European Parliament, and the interests of the EU as a whole are promoted by the European Commission, whose members are appointed by national governments.

Youth entrepreneurship is high on the EU political agenda as a tool to combat youth unemployment and social exclusion as well as stimulating innovation among young people⁹.

The highest peak of the youth unemployment crisis was in 2013, the crisis having started in 2011. Indeed, at EU-level, whilst the youth unemployment rate peaked in 2013 at 23.7%, it was much higher in several Member States such as Greece (58.3%), Spain (55.5%) and Croatia (50.0%). In Italy, the youth unemployment rate peaked a year later at 42.7%. At the same time, the number of young people who were not in employment, education or training (i.e. NEET) was also increasing rapidly.¹⁰ The EU's response to combat this crisis consisted of developing and implementing the EU Youth Guarantee and the Youth Employment Initiative. The Youth Guarantee is a commitment by all Member States to ensure that all young people under the age of 25 years receive a good quality offer of employment, continued education, apprenticeship, or traineeship within a period of four months of becoming unemployed or leaving formal education. All EU countries have committed to the implementation of the Youth Guarantee in a Council Recommendation of April 2013. The main financial instrument used to implement Youth Guarantee schemes in Member States is the Youth Employment Initiative (YEI). The initiative concentrates on regions with particularly high youth unemployment rates and on young people aged 15-24 not in employment, education or training (NEET). To achieve the maximum impact, the European Council decided to frontload the funding during the first two years of the 2014-2020 Multiannual Financial Framework (MFF), instead of being spread over the entire seven-year period. As a result, over €6 billion has been spent in 2014-2015.

Thanks to the above-mentioned policy actions, youth unemployment has dropped back to pre-crisis levels (i.e. 2007) in most Member States.

Recently, the Council adopted conclusions on 22 May 2019 on young people and the future of work. These conclusions focus on the specific issues facing young people in the current labour environment: insecurity, lack of social protection, in-work poverty and precarious working conditions. In its conclusions, the Council proposes a number of measures to address these issues, which are the following:

- adaptable and responsive education and training systems,
- promotion of lifelong learning,
- ensuring smooth school-to-work and work-to-work transitions and
- ensuring equal access to quality jobs for all young people in the future.

⁹ https://ec.europa.eu/youth/policy/youth-strategy/employment-entrepreneurship_en

¹⁰ OECD/EU, Policy Brief on Recent Developments in Youth Entrepreneurship, 2020, p. 6.

The aforementioned initiatives demonstrate that youth and young entrepreneurs represent high priorities for each of the three main EU Institutions (Council, Parliament and Commission). Furthermore, at each of these levels, the Institutions recognise that to become a successful entrepreneur, appropriate skills are needed. The acquired skills and knowledge of the business environment are essential, including being aware of all types of business models including those in the social economy and the cooperative business model.

Therefore, in the next section, we will analyse what is the state of play of cooperative entrepreneurship at the EU level and how young entrepreneurs can expand their business venture in this category.

What is the status of cooperative entrepreneurship in the EU?

As we have already seen due to the current challenges facing any entrepreneur, the cooperative business model is perceived as attractive as cooperative enterprises are driven by values and principles, rather than profit alone. The democratic nature of cooperative enterprises encourages participation and fosters youth empowerment as it combines value, social consideration and economic aspiration.

§1. The European Commission and its role in promoting entrepreneurship

The policy and regulatory framework for cooperatives was set out in the Commission's initiatives since 2004. Indeed, the Commission communication on the promotion of cooperative societies in Europe (2004) aimed to address difficulties faced by cooperative enterprises in relation to regulatory frameworks, integration into existing policies, and increasing visibility towards policy-makers and European citizens. In this communication the Commission also encourages the integration of the cooperative business model into educational programmes to provide young people with a comprehensive overview of the full range of different business structures.

A decade later, the Commission Cooperative Working Group, of which Cooperatives Europe was the co-chair, was launched by Commissioner Tajani (2015) and published a report with recommendations for actions in areas such as education, financing and promotion. This report also stresses the importance of including entrepreneurship education on all business models in the curriculum, including cooperative entrepreneurship.

The following year, in November 2016, the Commission published a communication on Europe's next leaders: the "Start-up and Scale-up initiative", in which the Commission underlines the importance of implementing various projects aimed at boosting the social economy, where cooperatives are key players, in order to stimulate growth.

The GECES (or 'Groupe d'Experts de la Commission sur l'Entrepreneuriat Social') is a consultative multi-stakeholder group on social business that was set up to examine the progress of the measures envisaged in the Social Business Initiative (SBI), a Communication adopted by the European Commission in October 2011. It issued a key report in December 2016 with 13 recommendations to stakeholders, both public and private, at national, local and European levels involved in supporting the development of social entrepreneurship as a way to promote sustainable growth in Europe. The report is a call for action to the European Commission, Member States as well as social enterprise organisations, to increase the political focus on and resources dedicated to social entrepreneurship in Europe. It is structured around four thematic areas:

- Towards Increased Visibility, Recognition and Identity
- Improving Access to Funding
- Improving the Legal Environment
- Driving International Development and Growth.

Generally speaking, the Commission includes the social economy, together with cooperatives, in its policy actions and its structure as there is a Unit dedicated to social economy ("Unit of Advanced Technologies, Clusters and Social Economy").

§2. The European Parliament and its work to promote cooperative entrepreneurship

Since 2012, Parliament has also adopted several resolutions on the social economy, in which it emphasises the importance of cooperatives. These include several resolutions, as listed below:

1. European Parliament resolution of 13 March 2012 on the Statute for a European Cooperative Society with regard to the involvement of employees, 2011/2116(INI);
2. European Parliament resolution of 2 July 2013 on the contribution of cooperatives to overcoming the crisis, 2012/2321(INI);
3. European Parliament resolution of 10 September 2015 on social entrepreneurship and social innovation in combating unemployment, 2014/2236(INI).
4. In July 2018, the Parliament adopted an own-initiative resolution on a Statute for social and solidarity-based enterprises (rapporteur: Jiří Maštálka, Czech Republic, GUE/NGL). The resolution stresses that the cooperative sector holds potential for social and technological innovation, inclusive job creation, and strengthened social, economic and regional cohesion.

§3. The key role of cooperative organisations in fostering the framework of cooperative entrepreneurship

As analysed above, policy initiatives on cooperatives and the social economy from the Commission and the Parliament do exist. However, they do not yet fully respond to the current challenges faced by cooperators, especially young people starting cooperative enterprises. This is the reason why Cooperatives Europe, through its various activities, is advocating for increasing the knowledge and recognition of the cooperative business model among EU authorities, designing and implementing policies and tools to support the development of the cooperative enterprises, including teaching cooperative entrepreneurship in the curriculum.

Moreover, in 2015 young European co-operators, with the support of Cooperatives Europe, organised and launched the European Young Co-operators' Network (YECN). Among its activities, the YECN aims to stimulate and support youth entrepreneurship in Europe by promoting the cooperative model and cooperative entrepreneurship for young Europeans. It achieves this through transnational and cross-sectoral European projects and advocating for the needs of young co-operators, in order to encourage the development and implementation of policies aimed at fostering youth cooperative entrepreneurship.

The evidence suggests therefore that there is a need to include entrepreneurship education on all business models in the curriculum, including cooperative entrepreneurship.

Does the EU policy and regulatory environment support the creation of cooperative businesses by young people?

There is no harmonisation across national legal frameworks and most countries have specific rules applicable to cooperatives.

Cooperatives in the EU Member States are subject to the provisions of the Statute for a European Cooperative Society¹¹, which is a legal form of business organisation that does not replace national cooperative laws, nor its application required when conducting (or reorganising) a business on a EU-wide scale. Its main objective is to improve the legal environment for cross-border cooperative operations.

It is evident that while many policy- and lawmakers in the EU recognise the role of the social economy, underlined in the European Commission's upcoming Action Plan for the Social Economy (2021), EU policies on entrepreneurship often do not consider the specifics of the cooperative business model, especially in regard to education on cooperative entrepreneurship.

It is therefore recommended that EU policy-makers focus on the following points in order to foster a supportive policy and regulatory environment to promote the creation of cooperative businesses by young people in the EU:

¹¹ Council Regulation (EC) 1435/2003 of 22 July 2003.

1. The European Commission should mainstream the social economy dimension in relevant policies, programmes and practices, especially in policies related to economy and business creation.
2. Cooperative and social economy entrepreneurship should be included in educational curricula across the EU.
3. The Commission should actively promote cooperative enterprises among educational institutions (e.g. universities involved in developing curricular courses and/or European Masters).

(3) REGULATORY ENVIRONMENT ANALYSIS OF START-UP COOPERATIVES IN PARTICIPATING EU MEMBER STATES

Cooperative regulations differ from country to country in Europe. This section will look in greater depth at how certain Member States regulate cooperatives and will determine if the legislation is not only cooperative friendly, but also whether it allows young entrepreneurs to develop his/her cooperative enterprise without being hampered by regulatory challenges.

For instance, the legislation in UK is a patchwork based on a long history of legal and policy changes. The Cooperative Society is the distinct legal form for cooperatives in the UK, but it is also possible and common for co-ops to use other legal forms as well. In UK, there is a lot of flexibility, but also some compromises in terms of functionality. There are issues with the Cooperative Society legal form which reduces the 'co-op friendliness' of the legislation; it is more expensive, complicated and time consuming to register than a limited company (though this is improving in some regards), it is little-understood by accountants, lawyers and business advisors, it not always understood / properly recognised by banks, investors, policy makers, credit reference agencies, potential business partners, leading to challenges, extra costs, opportunities lost, it not reviewed and updated regularly like the company form, so has some more burdensome requirements, in areas such as audit and it is rather vague in some key areas, leading to a degree of confusion as to what is / is not possible / permitted.

This example shows the degree to which the cooperative legislation can be an obstacle to the establishment of cooperatives by young people. This section will address the following regulatory frameworks: Italy, Denmark, Greece, France and Belgium. The particularities of those countries will be analysed and we will discuss how youth organisations can best assist young entrepreneurs to expand their cooperative business project.

Italy: Historical land of cooperative entrepreneurship

The Italian cooperative movement has a long history. Italian cooperatives operate in many sectors, and in some of them, they have a very large market share, notably in sectors such as health, education and social services.¹²

In 2015, there were 59,027 active cooperatives; which correspond to 1.3% of companies operating on national territory, employing just over 1.1 million people (employees and self-employers), which is equivalent to 7.1% of the total employment rates for private enterprises. Cooperatives, excluding financial and insurance cooperatives, contributed 28.6 billion EUR to the economy, equivalent to 4% of that generated by private enterprises (excluding credit and insurance companies).¹³

¹² P. AMMIRATO, *The Growth of Italian Cooperatives: Innovation, Resilience and Social Responsibility*, 2018, 224p.

¹³ C. BORZAGA, M. CALZARONI, C. CARINI and M. LORI, *Structure and performance of Italian cooperatives: a quantitative analysis based on combined use of official data*, JEOD - Vol. 8, Issue 1 (2019), pp. 68-69: <https://www.euricse.eu/wp-content/uploads/2019/07/04-Borzaga-f.pdf> (Accessed: 10 June 2020).

§1. A comprehensive regulatory framework for cooperatives

Cooperative societies in Italy are comprehensively regulated. Even though the main source of legislation is within the Italian Constitution in its Article 45, the main rules regulating cooperatives can be found in the Civil Code (articles 2511-2548) within the general framework on companies. Moreover, there are separate acts that regulate specific types of cooperatives, such as worker cooperatives, social cooperatives (Law 381/1991, controlled by the Italian State, which regulates the constitution process and the specific activities) and cooperative banks (the Legislative Decree No.385, 1 September 1993).

The Italian law, in particular the Civil Code, provides detailed information and explanation on the formalities to establish a cooperative, along with the requirements regarding the admission of members and governance structure.

Based on the above-mentioned consideration, it can be concluded that the Italian legislation has a significantly high degree of “cooperative friendliness”. Furthermore, it can be considered that the legislation on cooperatives in Italy is one of the most advanced and complete at European level.

§2. The principle of mutuality in cooperation

In its Art. 2511 of the Civil Code, the Italian legislation provides a definition of what a cooperative enterprise is by stating that this is a company “*with variable capital and mutual purpose*”.

This definition refers to the principle of mutuality¹⁴, which is at the core of the cooperative model and is expressed in the Italian legislation through various requirements – set out in Art. 2512 of the Civil Code – which cooperatives must respect, allowing them access to particular fiscal benefits.

According to the Italian fiscal regime, cooperatives are not taxed on 57% of their profits allocated to indivisible reserves. Furthermore, in some particular sectors other percentages of tax exemption apply: there is a 32% exemption for consumer cooperatives, 77% for agricultural cooperatives and 97% for social cooperatives. Those percentages of tax exemptions are applied only to the profits which are destined to indivisible reserves, while dividends (always within the limits of remuneration of the capital) are taxed normally.¹⁵

This brings us back to the previous observation regarding the cooperative Italian legal framework and the extent to which it has a high degree of “cooperative friendliness”, and shows that this is also true of the fiscal regime for cooperatives in Italy.

¹⁴ S. ARANA LANDÍN, Working paper: Can the Uncertainty Caused by the Questioning of Tax Measures in Relation to Cooperatives by the ECJ Be Solved?, CIRIEC N° 2014/09, pp. 16-17; 23: <http://www.ciriec.uliege.be/wp-content/uploads/2015/08/WP14-09.pdf>, (Accessed on 10 June 2020).

¹⁵ <https://coops4dev.coop/en/c4d-europe>

In addition to the principle of mutuality, the Italian legislative framework also ensures a principle of solidarity by requiring cooperatives to allocate 3% of total annual profits to the mutual funds for the promotion and development of cooperation. This fund is headed by the cooperative movement's representative organisations and aims to promote and finance the development of new cooperatives.¹⁶ This distinctive feature is of paramount importance, and is specific to Italy as it does not exist in other regulatory frameworks in Europe. This is also an important factor for young entrepreneurs wishing to establish a cooperative.

§3. Entrepreneurship: the challenges and opportunities for young cooperators in Italy

Recent studies on cooperative data in Italy show that employees in cooperatives are concentrated mainly in the 30-49 age group (58.5%), with 13.1% aged between 15-29 years and more than a quarter over the age of 50. Furthermore, the study also shows that approximately 66% of employees have secondary school qualifications (lower and upper secondary school), and more than 15% hold a higher degree, as opposed to 5% with a maximum of primary school education.¹⁷

As indicated above, there are no major legal obstacles or barriers to the development of cooperatives, and the existing cooperative legal framework can therefore be considered to create a supportive environment for cooperative development. However, this can also be considered to be a source of its weakness. Indeed, the legal framework suffers from a certain level of fragmentation due to the distribution of general regulations across different texts and the coexistence of general and special rules concerning particular types of cooperatives.

§4. Role of business organisations supporting young entrepreneurs

- **How potential entrepreneurs are supported in the cooperative sector?**

In addition to the support given by the Government, many organisations (cooperative enterprises and federations) throughout the Italian territory, provide business support services to (potential) entrepreneurs wishing to set up a business. The main federation is the 'Alleanza Cooperativa Italiana'¹⁸, which has decentralised offices at regional and local levels that provide legal and financial information.

¹⁶ P. AMMIRATO, *The Growth of Italian Cooperatives: Innovation, Resilience and Social Responsibility*, 2018, 224p.

¹⁷ C. BORZAGA, M. CALZARONI, C. CARINI and M. LORI, *Structure and performance of Italian cooperatives: a quantitative analysis based on combined use of official data*, JEOD - Vol. 8, Issue 1 (2019), pp. 73-74: <https://www.euricse.eu/wp-content/uploads/2019/07/04-Borzaga-f.pdf> (Accessed: 10 June 2020)

¹⁸ <https://www.alleanzacooperative.it/>

Beside this federation, there are cooperative specialized in providing business support services to (potential) entrepreneurs, like ELABORA is a cooperative that provides consulting services in all business sectors and encourages new cooperative enterprises.¹⁹

In 2015, the cooperative sector launched two interesting and successful cooperative start-up programmes. Coopfond²⁰ launched Coopstartup, a programme that promotes new cooperatives in new markets by encouraging young people to transform ideas into concrete cooperative business ventures. Coopstartup works with local Legacoop²¹ offices, cooperatives, regional governments, universities and incubators to promote start-ups by offering a combination of educational, management and financial support. Coopstartup has funded 30 new cooperatives and provided 119 groups with formal training.²²

Confcooperative launched the programme CoopUP. It has established 16 incubators in different cities, each managed by a coordinator (“Junior Angel”). This coordinator informs participants about the cooperative legal and organisationorganisational structure and helps them develop ideas and puts them into contact with existing cooperatives and the financial structures from the cooperative sector to access funds. In 2 years, 300 ideas have been reviewed and supported, leading to the formation of 40 new cooperatives.

- **The youth perspective on cooperation**

Cooperation in Italy is often not very appealing for young people. The distinctive features of cooperatives are almost unknown among young people in Italy. To them, the idea of cooperation calls to mind old-fashioned working practices with a connection to Leftist values, especially in regions like Liguria or Emilia-Romagna. This is true to a certain extent as cooperatives did play an important role in Italy’s labour movement in the second half of 20th century and achieved important objectives. The fact that this cooperative heritage suggests to young people that cooperatives are an old and unchanging organisation is a misconception that needs to be overturned through marketing of more positive messages.

The lack of awareness is damaging cooperatives in several ways. It means that when confronted with phenomena such as “False Cooperatives”, whereby criminal businesses take advantage of the structure and field of actual cooperatives, people do not have the knowledge to be able to differentiate genuine cooperatives from the false cooperatives. This results in cooperatives being wrongly judged as an unimportant business type that may even be illegal.

A history of more than 130 years carries traditions, achievements and naturally, pride. Today cooperators run their organisations with knowledge and responsibility, but they can fail to effectively communicate their values beyond the movement.

¹⁹ <http://elaboracoop.com/>

²⁰ <https://www.coopfond.it/>

²¹ Legacoop, Lega Nazionale delle Cooperative e Mutue, (National League of Cooperatives and Mutuals) is the oldest Italian cooperative organization. Legacoop promotes the development of cooperation and mutuality, the economic and solidarity relations of its member cooperatives and encourages the spread of cooperative principles and values.

²² <https://www.coopstartup.it/>

- **How cooperatives can empower young people?**

The lack of connection with young people is a significant problem for the cooperative movement. If we want to attract more young people, it is important that we allow them to recognise our values and our organisations clearly and unambiguously.

When this happens, the results are surprising. When we refer to young people we are mainly talking about Generation Z. Research shows that Gen Z is socially focused, in a similar way to Millennials, is passionate about social justice issues, cares about the environment and ethical shopping. As it is the first generation immersed in social networking these young people are community-focused, believing more in action than words and actively volunteering in several causes (e.g. Fridays for Future). One of the significant Gen Z core values is authenticity, they care about “seeking the truth”.

In this context is clear that Gen Z and cooperative businesses have a lot in common. If co-ops can initially encourage young people to become involved as consumers they will be able to demonstrate that their values are aligned. This familiarisation with ethical consumption provides the ideal opportunity for Gen Z to develop as cooperative members.

First objective to spark entrepreneurial culture among young people is to let Gen Z acknowledge co-op values as closer to their own. We need to create a bond with our business culture.

Co-ops need to have a presence in Generation Z environments, both physical and digital. The key is obviously dedicated education and information in high school and university. “School-job turnover” can be a powerful tool to introduce young people to cooperatives, then internship can give them a more complex and attractive work experience in the field.

Sideways events that call for ideas can demonstrate the ability of cooperative business to evolve and adapt to market and societal changes, the ideal ecosystem to develop young ideas and business projects. As part of this, the launch of cooperative business incubators could be pivotal, as suggested by the experience of the Coopstartup project by Coopfond.

The cooperative movement needs to demonstrate that it has the capacity to involve young people not only as recipients but also as planners with an active role to play. A specific school to develop young cooperative managers is a bold ambition, but it will make a statement about the important role young people have in our framework.²³

Cooperative startups are agile organisations, adaptable and resilient. They often change their shape to keep up with their main goal and purpose. Over burdensome bureaucracy

²³ <https://www.mckinsey.com/industries/consumer-packaged-goods/our-insights/true-gen-generation-z-and-its-implications-for-companies#>

can interfere with this ability to adapt, and so it is important to consider some elements that can make cooperatives a more attractive business option for young people:

- In the first three years young co-ops should use employment contracts and remuneration based on results with their worker members. This element is crucial to give a decent salary to worker owners without compromising the financial structure of the company.
- Social impact and social innovation should be perceived as key assets that can support access to funds and loans for co-ops. To support this, there needs to be universally recognized system for measuring social impact.
- A subsidised rate of VAT would help to increase consumption of the products and services offered by young cooperatives: this rate could be applied to all the co-op's services the Italian Law defines as *general interest*.
- The Italian apex associations, such as Legacoop and, Confcooperative, manage and categorise cooperatives into sectors (social cooperatives, consumer cooperatives, etc, ...), and this approach is no longer fit for purpose to embrace new types of cooperatives. It's therefore important to develop a new taxonomy that can describe evolving forms of cooperatives such as, for example, community cooperatives and platform cooperatives and help them to develop.
- Education is crucial in our society. Looking at the Erasmus Programme for Young Entrepreneurs, it is important to increase these types of opportunities for young cooperators both in Italy and more widely in Europe.
- Last but not least, it is important to increase access to equity funding opportunities for cooperative startups.

Denmark: Lack of specific regulatory framework for coops

There is no legal recognition of cooperatives per se in Denmark. Therefore, cooperatives are not registered as cooperatives, but operate as associations. This is the reason why it is more difficult to have precise data on the number of existing cooperatives in Denmark. According to Kooperationen, the apex organisation for Danish cooperatives, there are approximately 18,605 cooperative enterprises in Denmark.

In the absence of a legal definition of cooperatives, allocating specific funding to co-ops is not possible, even if political players are in favour of promoting the sector.

In Denmark, politicians show an increasing interest and willingness to develop a supportive environment for cooperatives.

The Danish Constitution protects and promotes freedom of association and free creation of not-for-profit associations, including cooperative companies.

Cooperatives are governed by the Consolidate Act on Certain Commercial Undertakings, No 651 of 15.6.2006. Yet, this piece of legislation provides only the definition of a cooperative as well as provisions linked to dissolution, merger and demerger. For all other questions not covered, ordinary company law applies.

Matters related specifically to the cooperative identity have to be defined in cooperative statutes. The absence of a specific law on cooperatives is not perceived as an obstacle to the creation of cooperatives as such. However, Kooperationen believes that the advantage of such specific legislation in the Danish context would be to raise the visibility and awareness of the cooperative model, to generally reinforce the identity of cooperative enterprises in general and in particular to promote social inclusion and labour market integration.

The existing regulations for start-up businesses are the same rules applied to cooperatives. Therefore, even though there is no specific existing regulation for cooperatives per se, it is possible for an association or another type of enterprise to include cooperative principles in their statutes. As the apex organisation for cooperative businesses in Denmark, Kooperationen recommends including the cooperative principles in the statutes.

The absence of a specific law on cooperatives is not perceived as an obstacle to the creation of cooperatives as such. However, Kooperationen again believes that the advantage of such specific legislation in the Danish context has the potential to raise the visibility of and awareness of the cooperative model, reinforce the identity of cooperative enterprises in general. We believe that a big part of the reason could be that young Danes have little knowledge or have forgotten what business democracy is. Despite the fact that more and more studies point to the fact that younger generations believe that companies should take social responsibility more seriously than in the past, Danes' knowledge of cooperative organisations is still very low.

Cooperatives operate under the same regulations as traditional businesses in Denmark and therefore the same tax incentives apply to them.

§1. Being a young entrepreneur: obstacles and benefits

Young people are attracted to self-employment and thus wish to develop business ventures in areas they are passionate about. Statistics Denmark, which is the central authority on Danish statistics has published a report that demonstrates that in 2017 approximately 35% of new entrepreneurs were between the ages of 15-34 years old.

A national analysis of Danish entrepreneurs' expectations for turnover, jobs, challenges and experiences lists a number of motivational factors that have influenced those young entrepreneurs' decision to start a business:

- Encouragement from family and friends
- Success stories from other entrepreneurs
- Opportunity to manage and structure their own working hours
- Opportunity to develop his/her own professionalism
- Prospect of higher pay
- Social recognition or status of being self-employed
- Opportunities to sell the company's product(s)
- Bad experience from traditional employment
- The ambition of running a large company
- Better work-life balance
- Creative urge

However, the above-mentioned analysis doesn't indicate the specific business model young entrepreneurs decide to opt for. Therefore, it is currently not possible to precisely identify the share of young entrepreneurs developing their project in the cooperative business model.

It is Kooperationen's understanding that entrepreneurs are not just lone wolves who struggle alone to realise their personal dreams. Entrepreneurs are also people who want to create something together, as it's twice as much fun and half as hard to start something together.

§2. Business development support for young entrepreneurs

Kooperationen runs a cooperative entrepreneurship network, also open to non-members. The aim of the Kooperationen's entrepreneurial network is to create the best framework for entrepreneurs to develop their ideas and meet like-minded people. Here you will get knowledge and skills in specific areas of cooperative management, practical advice on how to run a cooperative, inspiration and ideas on issues related to and about cooperative entrepreneurship.

The network meets four times a year and the network is an open, free offer for both members and non-members. The network's target group is people who have already started or are in the process of starting their own cooperative business.

The meetings focus on exchanges of experience related to specific business cases. It is the members of the network who decide which relevant themes and issues they want to focus on and help with. The themes include: Management challenges and management tools, Business models, Specific business cases, Managing education, Development and motivation of employees, Participants' personal experiences.

Kooperationen is also currently developing an international collaboration between Denmark and Sweden with the aim of examining the needs, demands and opportunities

for developing a common organisation of business promotion actors across the region of Öresund to support young entrepreneurs. In the autumn of 2020 we will launch our very first cooperative incubator for young entrepreneurs. The incubator will support them in their journey from idea to business.

Greece: A fragmented framework for cooperatives

In Greece, cooperatives are registered by different authorities and under different registers. Hence, it is then very difficult to collect statistical data for the whole cooperative movement. But as it is written in the annex (“Allocation of cooperatives per region”), we can estimate that there are approximately 3,861 cooperatives in Greece, of which 1,481 are civil coops, 916 are agricultural cooperatives and 1,464 are social coops.

§1. The legal and regulatory environments

In Greece, cooperatives are specifically mentioned in the National Constitution, in its Article 12.4 that stipulates that *“agricultural and urban cooperatives²⁴ of all types shall be self-governed according to the provisions of the law and of their statutes; they shall be under the protection and supervision of the State which is obliged to provide for their development”²⁵*. However, the cooperative reference in the National Constitution lacks a definition.

Furthermore, since there is no general law for all types of cooperatives, there is a number of special laws that specifically regulate different categories of cooperatives, of which the main ones are:

- agricultural cooperatives, which are subject to Law 4673/2020.
- forest-workers cooperatives which are subject to Law 4423/2016 .
- urban (or civil) cooperatives that undertake activities outside the agricultural sector and are subject to Law 1667/1986. In addition to this general law, there are complementary specific regulations that enact the various types of civil cooperatives (e.g. cooperative banks, social cooperatives of limited liability, social cooperative enterprises, worker cooperatives, energy communities (“ECs” hereafter) and recently social cooperatives of integration), for which L. 1667/1986 is applied in addition.

We can then observe that the legislative landscape for cooperatives in Greece is rather fragmented; especially considering that the general rules of civil and commercial legislation are applied to cooperatives in cases not covered by the special cooperative legislation. Furthermore, cooperatives can operate in any sector of the economy such as banking, insurance, agriculture, retail, etc. but they cannot expand their activities to sectors outside the category under which they have been set up.

²⁴ Urban cooperatives are civil cooperatives

²⁵ K. Mavrias, E. Spiliotopoulos, X. Paparrigopoulos, S. Vassilouni, The Constitution of Greece, Hellenic Parliament (official translation), 2008, p. 27-28 (article 12).

Greek cooperative law consists of 8 different laws for 8 different types of cooperatives. The definition and the mode of financial and administrative operation is very different in every law. Legislators do not refer to the cooperative principles as a source of cooperative law. Cooperative law cannot be used as an inspiration provide knowledge for the right way to set up a cooperative. The range of differences and similarities to other forms of business, especially in the economic model, are very large. The number of different forms of business covered by cooperative law do not create a friendly environment for the development of cooperatives.

§2. Cooperative financial structure and taxation

General tax rules that apply to cooperatives are essentially the same as those that apply to any other enterprise. However, agricultural cooperatives are subject to different tax regulations that take into account the particular nature of cooperatives (art 26.1 4673/2020) whereby the transactions of a member-based agricultural cooperative are considered surplus and not profit and are not taxed when part of this money remains in the cooperative.

From this analysis it appears that the Greek regulatory framework doesn't offer special incentives for young people to create cooperatives, with the exception of programmes to reduce unemployment.

§3. Being a young entrepreneur in Greece: obstacles and benefits

Despite the fact that collecting data on young people and their professional and entrepreneurial path is difficult because of the socio-economic crisis which has affected Greece for the past 10 years, there is a clear tendency that many young people would rather opt for jobs in the public sector or traditional paid employment. Therefore, the entrepreneurial path is not the preferred one.

The central meaning of cooperation is "*We join forces with other young people to realise our business and social dreams which we probably could not realise on our own.*" Cooperation is a unique business model that combines human resources with different knowledge and skills as well as a small amount of financial capital, which when added together creates the necessary ingredients to start a business, and making the business dream a reality.

In order to stimulate the business culture of young people, the above message could be widely promoted by the European cooperative movement. As well as promoting good cooperative practices, providing the necessary support in training and transfer of experience from cooperative organisations, young people would undoubtedly feel more confident to try to start a new cooperative.

As a specific example from Greece the 3 webinars of the Coopstarter 2.0 project in which 127 young people participated at the Aristotle University of Thessaloniki highlight good

examples of recycling cooperatives from all over Greece and Europe. These webinars introduced the young people to cooperative education and they learned that they will have access to support from us and also Cooperatives Europe to support their project. Related presentations and videos can be found at <http://www.diktio-kapa.dos.gr/?p=3953>

In terms of explaining “to what extent it might be harder to include young people in economic life as entrepreneurs, especially in the cooperative sector”, we have noticed that young people can be afraid to take risks in business. Our response to this is that in a cooperative business this risk is shared and also that a certain level of risk is inevitable if we want to control our own destinies. There are fantastic cooperative videos on this subject which can be found at <http://www.diktio-kapa.dos.gr/?p=3933> and <http://www.diktio-kapa.dos.gr/?p=3942>

Due to the disparity of regulation on cooperatives in Greece, it would be helpful for policy makers to create a single cooperative law regulated in accordance with the cooperative principles, reflected in the fact that Greece has voted and accepted the ILO Recommendation 193/2002. A valuable second step would be to promote cooperative education at all levels in the education system and Support Centres (as referred to in ILO Recommendation 193/2002) in cooperation with the international cooperative movement.

It is important to recognise that the formulation of cooperative legislation and cooperative education should be carried out in conjunction with the international cooperative movement and the local cooperative federations in order to make it independent from government interference. It is important for policy makers to understand that cooperatives do not belong to either the private or public sector but are a self-help organisation and part of the social economy and implement Recommendation 193/2002 as their obligation to the International Community.

France: Focus on education

The French cooperative movement is important and strong. The 23,000 cooperative businesses in France have 1.3 million employees and can be found in every sector. In 2018, their combined turnover was 324 billion euros, including subsidiaries.

CHIFFRES CLÉS 2018



Source: https://www.entreprises.coop/system/files/inline-files/panorama-entreprises-coop-2020_14.pdf

There are 28.7 million members involved in French co-operative businesses, and some cooperatives are market-leaders in their sectors. For example, agricultural cooperatives represent 40% of the French food industry with well-known brands like Yoplait and Banette; consumer cooperatives represent 30% of the retail industry (Leclerc, Système U, Krys, Intersport, etc.); and cooperative banks represent 70% of retail banking (Crédit Agricole, BPCE, Crédit Mutuel).

§1. The legal and regulatory environments

Cooperatives have a legislative reference framework, the Law n°47-1775 of 10 September 1947 on the status of cooperation, amended by Law n°2014-856 of 31 July 2014 on the social and solidarity economy²⁶.

Each category of cooperative has a specific set of legal texts in addition to the general law covering adjustments, derogations and supplements.²⁷ Moreover, the provisions of the Civil Code and the Commercial Code apply if they do not conflict with those of the Law of 10 September 1947 on the status of cooperation, which therefore applies if it does not contradict the special rules applicable to each category of cooperative.

The ESS Law of 31 July 2014 introduced new obligations for cooperative societies, including a mandatory review for all types of cooperatives, and no longer only for certain categories.

The cooperative review should make it possible to critically and analytically examine the organisation and functioning of the cooperative in the light of the cooperative principles

²⁶ <https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000000684004>

²⁷ <https://www.entreprises.coop/lois-particulières-des-cooperatives>

defined by the law and the specific rules of the reviewed society as well as by comparison with other similar enterprises.²⁸ It does not constitute an accounting audit or certification of the accounts and is distinct from an analysis that would be limited to identifying the main management and financial equilibrium ratios.

There is no preferential tax regime for cooperative enterprises. They are subject to tax, either at the level of the cooperative or at the level of their members. Because of their territorial anchorage, they often pay even more taxes than non-cooperative enterprises in the same sector.

While some cooperative enterprises benefit from limited facilities, these exemptions compensate for the non-capitalist functioning of the model: no possibility of relocation and buy-out, fair redistribution of profits, interest on limited capital, etc.

§2. Being a young entrepreneur in France: obstacles and benefits

As with any business creation, setting up a cooperative business requires knowledge of the legal characteristics, operating rules and procedures. Depending on the project and type of cooperative, cooperative networks exist to support entrepreneurs: creation, modalities, tax system, organisation of governance, financial resources

Considering the complex regulatory framework for cooperatives, it is often challenging for young people to find their way and determine which adequate and specific framework to choose and apply according to the structure they would like to set up. Hence the importance of cooperative business organisational structures.

§3. Business development support for young entrepreneurs

The cooperative enterprise is the appropriate structure. It may take the form of a commercial or civil enterprise, depending on the activity. Depending on whether a young entrepreneur associates with other people, as employees, consumers, traders, farmers, etc., the established type of cooperative would vary. The aim is to provide a legal framework for the business creation project.

As a large country, France has different levels of support services for young entrepreneurs and start-ups depending on the area. At the Government level, they have developed services through the Portal of Economy and Finances²⁹ which provides information on public organisations, such as the “*Observatoire des aides aux entreprises et du développement économique*”. Such centres assist young entrepreneurs and start-ups, at national and regional levels.

²⁸ <https://www.entreprises.coop/revision-cooperative>

²⁹ CEDEF, *Quelles aides publiques sont proposées aux entreprises ?*

At regional level, the “Regional Departments of enterprises”³⁰ provides services for entrepreneurs.

In addition, many organisations offer a panel of services to assist any entrepreneur that wishes to establish a business. For example, the Réseau Entreprendre³¹ is a network that helps entrepreneurs to build up their project and to find financial assistance. Some organisations are focusing on young entrepreneurs, such as CréaJeunes and Cap’Jeunes, which provides 2000€ start-up bonus and coaching assistance.

However, many organisations are not familiar with the cooperative model. Therefore, they would be less inclined to suggest this type of business structure to a young entrepreneur.

Nonetheless, organisations specialising in the cooperative model exist, such as URSCOP that primarily focuses on cooperatives. URSCOP is the Regional Union of Scop³² in France. It makes the link between Scop (cooperative and participatory enterprises) and CG Scop³³ at local level. Its main tasks consist of assisting Scop in their development and representing them to political and economic actors in their region. Finally, URSCOP has consultants specialising in the creation of Scop and Scic³⁴.

It is important to talk about entrepreneurial culture as soon as possible to young people, to integrate it into educational programmes. Already there are economic actors who promote ultra-lucrative entrepreneurial models with little consideration for the people involved.. It is therefore important to create a space for introducing cooperative enterprise during these presentations, to allow young people to be exposed to cooperative ideas.

In France, various projects exist to bring to life experiences of collective projects, anchored in the social and solidarity economy (ESS), and whose level of interest in cooperative projects continues to increase.

We have some examples in France with the project “Mon ESS à l’école” lead by L’ESPER (a network with members of national education and ESS). This project guides students, from school to high school, to find out more about the collective decision-making process, how to manage a business and how to think about your project in relation to its beneficiaries.

Another example is with youth service cooperative projects (from 16 to 18 years old) or major youth cooperatives (from 18 to 30 years old), led by La Fabrique coopérative, with the support of different partners, and temporary cooperatives for audiences far from employment and entrepreneurship, led by Coopérer pour Entreprendre. This kind of experimental project can be run with some national or European funding support, but the sustainability of these projects is questionable due to of a lack of funding over the long term.

³⁰ <http://www.direccte.gouv.fr>

³¹ <http://www.reseau-entreprendre.org>

³² Cooperative and participatory society.

³³ General Confederation of Scop, which coordinates the network of Scop in France. It represents them to Public Authorities and it is run by the Bureau de la Direction nationale du Mouvement des Scop.

³⁴ Cooperative society of collective interest.

Introducing these projects into the school system and into the lives of young people is a way to overcome the multiple barriers that young entrepreneurs can face: technical, financial, cultural, availability, and to avoid social isolation.

It is important that these types of programmes gain the same level of financial and public support as classic forms of entrepreneurship.

Promoting cooperative success stories can be a useful tool to prove to young people who doubt their capacity to start a successful cooperative business. A project like #MyCoopStory, to celebrate and promote work of young cooperators, is a good example which needs to be developed beyond people already familiar with the cooperative model.

Some recommendations would be:

- to inform and sensitise policy-makers about cooperation, from local to European level. We have an opportunity in France, with the recent municipal elections, to inform and to train the elected representatives to understand what a cooperative is, and how this project can boost the vitality of the region. This also applies to making local infrastructure organisations (bank, insurance) more aware of cooperatives in order that young cooperators can access better support in setting up their business.
- to create a better financial support system to help launch cooperatives and dedicate more resources to the creation of cooperatives by young people, both because it could potentially build more sustainable enterprises, that bring greater benefits to their region, and also because it would benefit from a better global support system.
- to provide better resources to those supporting young cooperative entrepreneurs to enable them to transition from idea to action, and from action to creation; to deploy the training created through the CoopStarter project to support the creation of cooperatives by young people more widely.

Belgium: Recent reform

The latest data available for cooperatives in Belgium are from 2015, following an extensive study of the Belgian Cooperative Monitor, which provides the state of play of cooperatives in Belgium. According to the study, there are 25,405 cooperative societies which account for 5.5% of GDP and in 2015, achieved a total turnover of 22.5 billion euros, an increase of 3.5 billion or 18% compared to 2010. This represents about 6.5% of all Belgian organisations.

§1. The legal and regulatory environments

In contrast to the regulatory frameworks in Italy and Greece, the Belgian Constitution does not refer to cooperatives. In Belgium, cooperative enterprises are regulated under the Company Code. Recently, the Belgian legislature has implemented a radical reform of the legislation applicable to all companies and associations (including for cooperatives), under the “Law of 23 March 2019” and the “Code of companies and associations” (hereinafter, CCA) . This new Code contains, among others, the main legal rules applicable to cooperatives (Book 6, articles 6:1 to 6:128 of the Code).

In addition to that, in its Book 8 of the CCA also regulates “accredited” cooperatives. There are three types of accreditations that only cooperative enterprises can request:

1. the simple accreditation (‘accredited cooperative society’ – CCA, art. 8:4),
2. the accreditation as a social enterprise (‘cooperative society accredited as a social enterprise’ – CCA, art. 8:5, § 1)
3. or the double accreditation (CCA, art. 8:5, §2). Only cooperatives can request these accreditations.

However, there are two other accreditations provided by Book 8 of the CCA that can be requested by any company and not only cooperatives; the accreditation as a ‘forestry group’ and the accreditation as an ‘agricultural enterprise’.

Book 16 of the CCA also contains certain rules relating to the European Cooperative Societies (SCE), as organised by the Regulation (EC) nr. 1435/2003 of the Council of 22 July 2003 on the statute for a European cooperative society.

Therefore, cooperatives in the CCA are referred to in three different Books; Books 6 (general rules for cooperatives), 8 (accredited cooperatives) and 16 (European Cooperative Societies). This means that these special laws (Books 8 and 16) apply on top of the general legislation (Book 6), meaning that every cooperative must comply with the rules of the Code and can furthermore choose to follow complementary special legal rules to become an “accredited” cooperative.

We can thus observe the added value of this reform; indeed, before it, any company could be created in Belgium under the legal form of a cooperative company, without needing to follow any cooperative principles or model. Now, the Belgian legislature, by implementing the new CCA, reserves the form of cooperative society to entities based on the ‘cooperative model’ and introduces, in this context, a definition inspired by the Regulation nr. 1435/2003 on the European Cooperative Societies (SCE). However, despite that change of paradigm, no provisions in the CCA related to cooperative societies expressly requires compliance with the ICA Principles³⁵ .

§2. Cooperative financial structure and taxation

³⁵ <https://www.ica.coop/en/cooperatives/cooperative-identity#cooperative-principles>

In Belgium, cooperatives do not benefit from a specific tax regime, except for accredited cooperatives which are subject to some specificities. The tax regime applicable to cooperative societies is identical to the regime applicable to other limited liability companies. It is therefore neither supportive nor non-supportive of cooperatives as such and it does not target their particular legal nature. Accredited cooperatives benefit from a withholding tax exemption on some distributed dividends.

Regarding the funding of an entrepreneurial project, funding is the most daunting challenge for any entrepreneur. Banks are the traditional source of funding, however in Belgium there are also other types of funding opportunities available to young entrepreneurs to start or to develop their business.

Indeed, at the federal level, the “SPF Economy, SMEs, Middle Class and Energy” offers a panel of subsidies and fiscal measures for young entrepreneurs. Moreover, the Participative Fund is a federal public financial institution that aims to facilitate access to credit for entrepreneurs. For cooperative specific entrepreneurship projects, Crédal is a structure specialised in microcredit for certain categories of enterprises, namely associations, social and economy enterprises.

In the main regions of Belgium (Region of Brussels-Capital, Wallonia and Flanders), there are also some funding opportunities for young people who want to create a business, including the cooperative sector.

From this we can conclude that even though cooperatives do not benefit from specific tax incentives, there are funding opportunities that are available for any young person who would like to establish an entrepreneurial project. The only particularity in Belgium is that since it is a federal state with various levels of power (state, regions, communes, etc.), it might be difficult for a person to find their way and fully understand the extensive range of funding opportunities that are available.

§3. Entrepreneurship: challenges and opportunities to be a young cooperator in Belgium

Based on the regulatory framework for cooperatives, we can conclude that in Belgium there is no precise legal obstacles or barriers for the development of cooperatives. However, we can also observe that there are also no specific incentives for cooperatives in the legislation on public procurement or any other legislation that we are aware of - with the exception of some specific subventions reserved for the ‘social economy’ and thus cooperative societies accredited as social enterprises.

Cooperative societies are however promoted by the National Council of Cooperation, which is a public organisation created in 1955, whose main mission is to promote cooperative principles and to preserve the cooperative ideal.

In Belgium, the most common encountered barrier to forming new cooperatives is the lack of information and training on the cooperative business model. Over a number of the years, there have been several academic projects that have built upon this knowledge of cooperatives:

At the KU LEUVEN, The Centre of Expertise for Cooperative Entrepreneurship (KCO - Kenniscentrum voor Coöperatief Ondernemen) is a research and teaching centre of the Faculty of Economics and Business active since the end of 2015. It aims to conduct state-of-the-art research that helps to overcome the distinctive challenges cooperatives face at different stages of their lifecycle due to their specific characteristics (democratic governance, economic participation of members, legitimacy issues related to impact measurement both at the societal and at the member levels, etc.). The KCO also intends to transfer knowledge and know-how by offering educational activities at various levels and by promoting the integration of the cooperative organisational model in higher education curricula, by developing evidence-based tools that support practitioners to create sustainable and resilient cooperatives, and by disseminating and popularising the research findings.

To carry out its mission, the KCO especially relies on a strong partnership with Boerenbond and Cera, which take a leading role in connecting the academics from the KCO with cooperative practitioners.

Founded in 2000, the Cera Chair is the result of a partnership between the Centre d'Economie Sociale (HEC Liège) and the Cera cooperative. The Cera Chair pursues the mission to developing, within the university framework, support for social and cooperative entrepreneurship. The Chair develops research and teaching projects on three specific themes:

- I. evaluation of the social impact of social and cooperative enterprises,
- II. business models of social and cooperative enterprises,
- III. the financing of associative and cooperative projects.

§4. Role of business organisations supporting young entrepreneurs

Establishing a business can be quite challenging. This is why the young person who wishes to become an entrepreneur should receive the proper assistance, especially when it relates to the cooperative business model. The Belgian Public Services' websites provide information on enterprises (creation, funding, legal framework, etc.) and social economy (legal status and subsidies). Since 2003, the Belgian federal state has also established 8 business counters, throughout the territory, to be the contact point for enterprises.

However, when it is about establishing a cooperative business, young entrepreneurs might find it difficult to access tailored information. This is the reason why cooperative business organisations that help young entrepreneurs play a crucial role in assisting those young people when establishing their coops. For example, Febecoop, Coopburo (Wallonia) and

JobYourself Brussels are consultancies that provide support for any person wishing to be an entrepreneur in the cooperative sector.

Backstage Brussels is a cooperative that offers the opportunity to develop and test the chosen self-employed activity (in the cultural and creative industries sector), benefiting from tailor-made support and training in entrepreneurship while retaining the benefit of unemployment benefits (or the CPAS).

Promo Jeunes ASBL is a Youth Organisation recognised by the Fédération Wallonie Bruxelles which has just celebrated its 25th anniversary. It offers young people under 31 a range of services. All its actions aim to enhance young people's skills and initiatives while fostering dialogue and the diversity of generations, communities, cultures and genres. "Zoom Jeunes" supports project promoters. Whatever the project, personal or professional, individual or collective.

A methodology is provided to help the young people to develop ideas, structure a project and communicate as well as networking. Individual follow-up and twice a month collective intelligence workshop are offered to work on their project management. In addition, meetings are organised to give young people the opportunity to ask experts to answer specific questions as well as exchange experiences and good practices with peers and former candidates.

Over the past 8 years, different formulas have been tested and it was found that often the time required for a project to develop does not correspond to the time of a funded programme. 3 months of coaching is not enough. It often takes 2-3 years for a project to succeed and to develop with economic perspectives. Young people need companionship and/or an outside view of where they are at with feedback, exchanges of good practices and transfer of skills.

This is why the programme has been modified to one that is co-constructed on the basis of their respective objectives and state of progress. Action-oriented support is offered that helps them to think about what they want and explore different paths to get there by sharing methodologies during the collective workshops and feedback on their work and progress during individual meetings.

To undertake is to "act" and it is important to give them the means to act alone and together.

As far as the "climate" generation is concerned, it is clear that they want to change things, to build together and to commit themselves to creating a better future. They need a community that is created by and for them, a motivating collective good that allows them to take part in the doing, exchanging and sharing with others and a project that gives work to their community. The cooperative model enables them to respond to the societal challenges they face.

It is very difficult for young entrepreneurs to have to do and know how to do everything. A cooperative makes it possible to pool talents and resources. Qualified or not, there is a place for everyone, the work is divided according to tasks, not a CV.

On the other hand, the governance system of the cooperative model requires even more time and specific training, and it is clear that there is a lack of visibility of the cooperative model and support structures.

There is a plethora of support structures, but they are often aimed at those who are just starting out and less at those who require ongoing support to expand or develop their activities.

As for financial aid, the impact assessment criteria are too technically and economically oriented and are very often aimed at large-scale projects that a young person would not dare to apply for.

Cooperatives of salaried entrepreneurs are not entitled to any aid: aid to investment exists only for commercial enterprises.

Grant applications are very administratively cumbersome to put together. Projects that know how to sell themselves are more often selected. They put forward their "result", "impact", "success indicators", etc., even though these criteria are out of step with the reality.

Young people need real and inspiring models, not just theoretical ones. They can project themselves and understand the reality on the ground by living it. In this respect, the EVS or internships, visits to cooperatives or other enterprises are to be encouraged and multiplied.

To support the creation of cooperatives, it would be important to:

- train young people in shared governance and the skills required for collective intelligence from an early age
- give more visibility and resources to continuing education and training in cooperative entrepreneurship
- create more call(s) for projects with a view to motivating young people to create a cooperative and potential jobs
- classify entrepreneurship and/or cooperative dynamic as a valid job search for the unemployment bodies (Actiris, ONEM, VADAB...), that could moreover use their existing support structures to monitor the activities of these young people
- recognise the realistic time required for a project and setting up structures and support programmes over 3 years
- keep taxes to a minimum in the first three years and make them progressive
- offer more consultancy cheques for financial, technical, technological, legal aspects
- provide visibility for cooperatives, encourage buddy systems and support cooperatives to enable them to host interns or sponsor young people

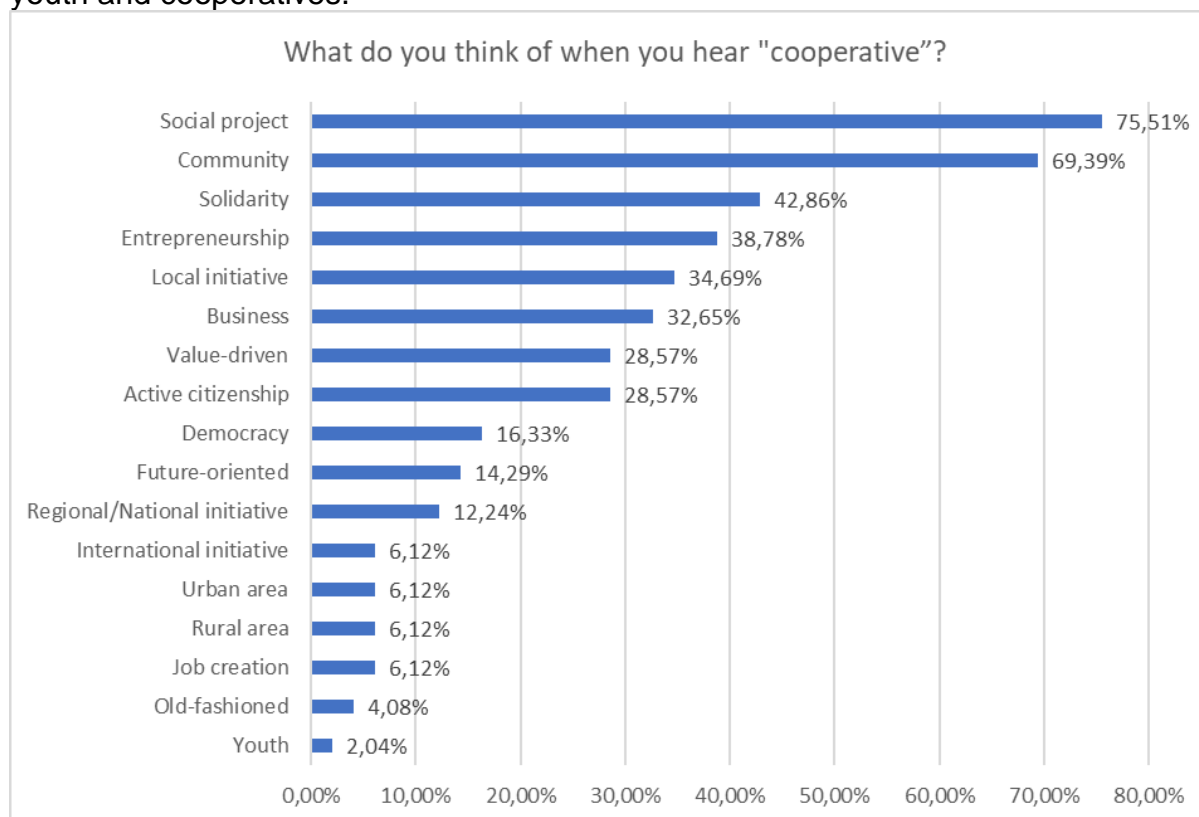
(4) OBSTACLES TO COOPERATIVE ENTREPRENEURSHIP AMONG YOUNG PEOPLE & COLLABORATION BETWEEN YOUTH ORGANISATIONS AND COOPERATIVES

Introduction and demographics

Between 6 March and 15 April 2020, AEGEE-Europe conducted an online survey with the support of Cooperatives Europe and Promo Jeunes. This survey aimed to assess (perceived) obstacles to cooperative entrepreneurship among young people and collaboration between youth organisations and cooperatives.

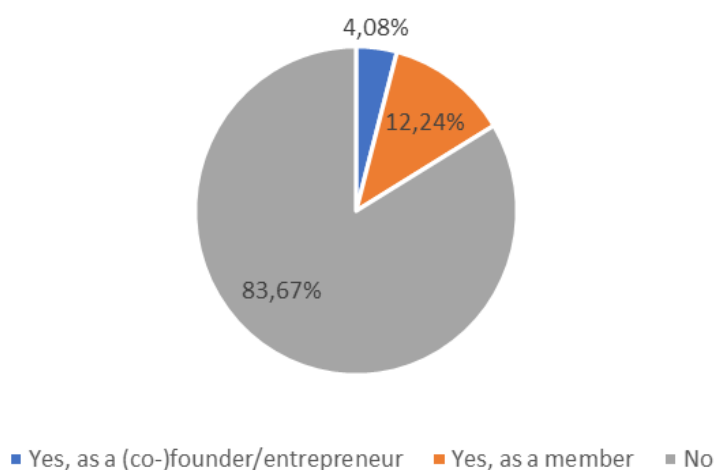
This survey gathered 49 responses. Close to two thirds (63,27%) of the respondents were between 18 and 29 years old, while three out of ten (30,61%) were aged 30-35. The remaining 6,12% of respondents were above 35 years old. All respondents indicated that they were living in Europe, three quarters of them (75,51%) in urban areas.

The survey showed that a high number of respondents associate cooperatives with the ideas of social projects (75,51%), community (96,39%), solidarity (42,86%) and entrepreneurship (38,78%). On the other hand, respondents rarely see a relation between youth and cooperatives.



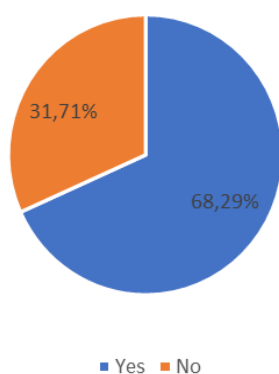
A large majority of the respondents (83,67%) were not involved in a cooperative at the time of the survey, while a few respondents were involved as members (12,24%) or as (co-) founders/entrepreneurs (4,07%).

Are you or have you been involved in (a) cooperative(s) yourself?

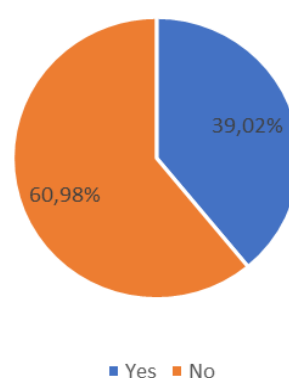


Although most of the respondents were not involved in a cooperative, more than two thirds (68,29%) of these respondents not active in the sector indicated that they would consider getting involved in a cooperative as a member, and close to two out of five (39,02%) would consider starting their own cooperative.

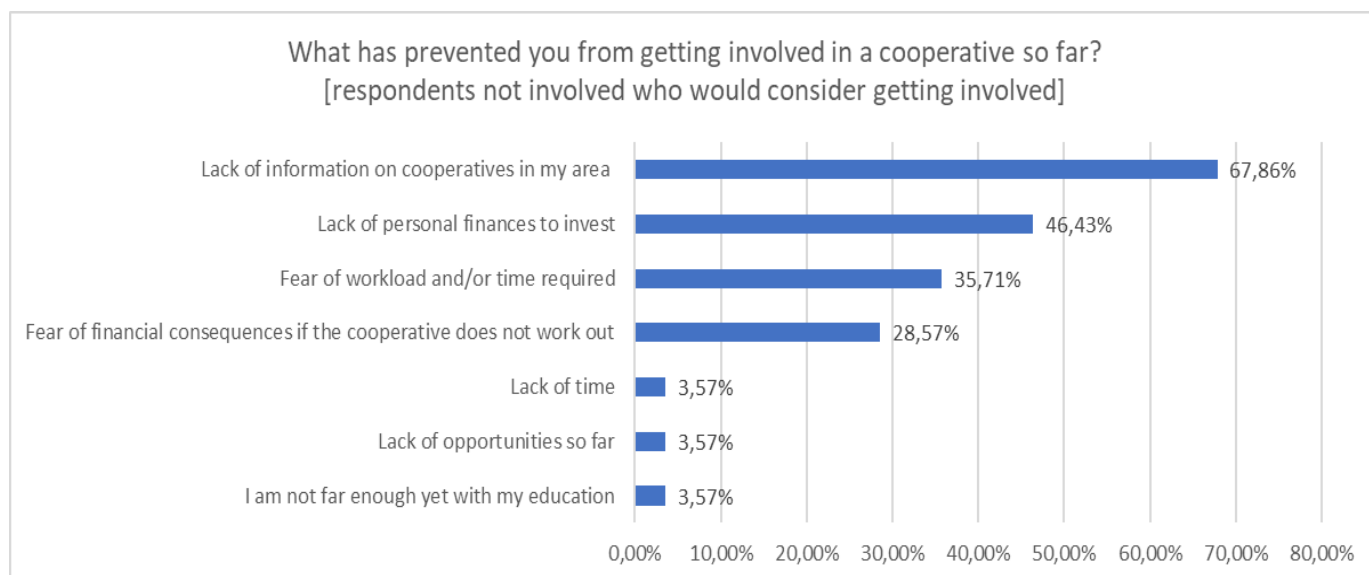
Would you consider getting involved in a cooperative as a member?
[respondents not involved]



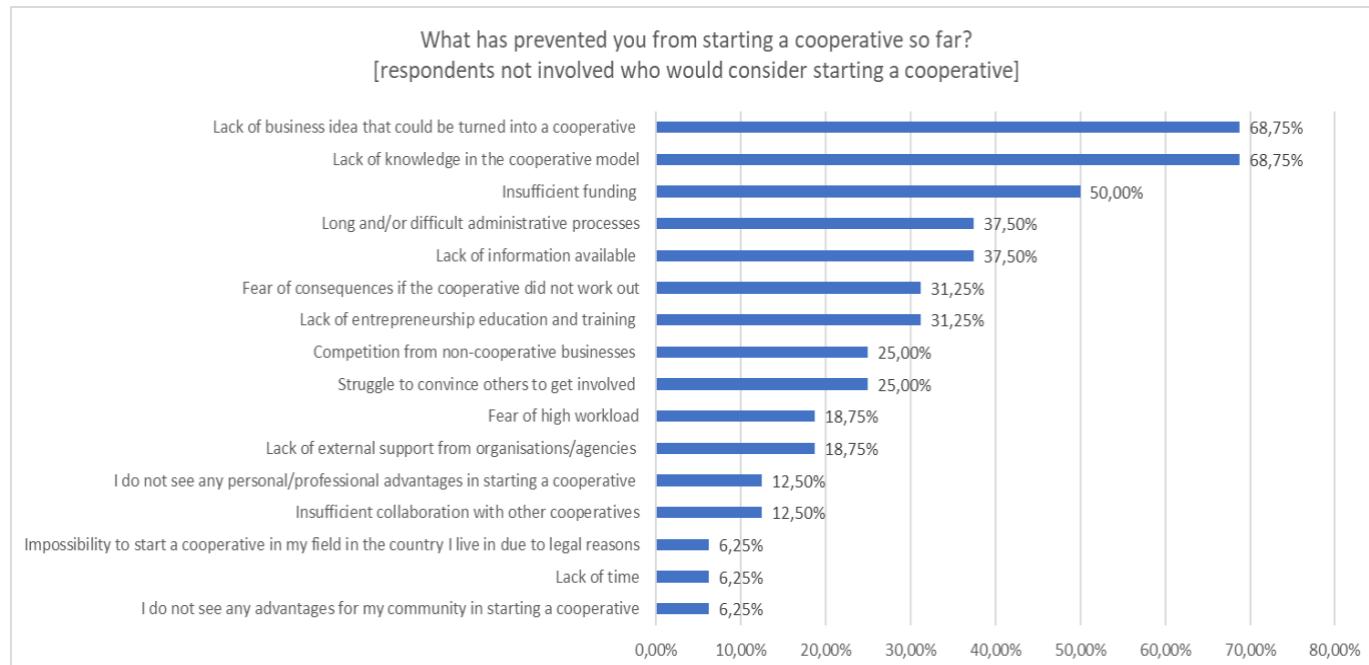
Would you consider starting your own cooperative?
[respondents not involved]



Obstacles

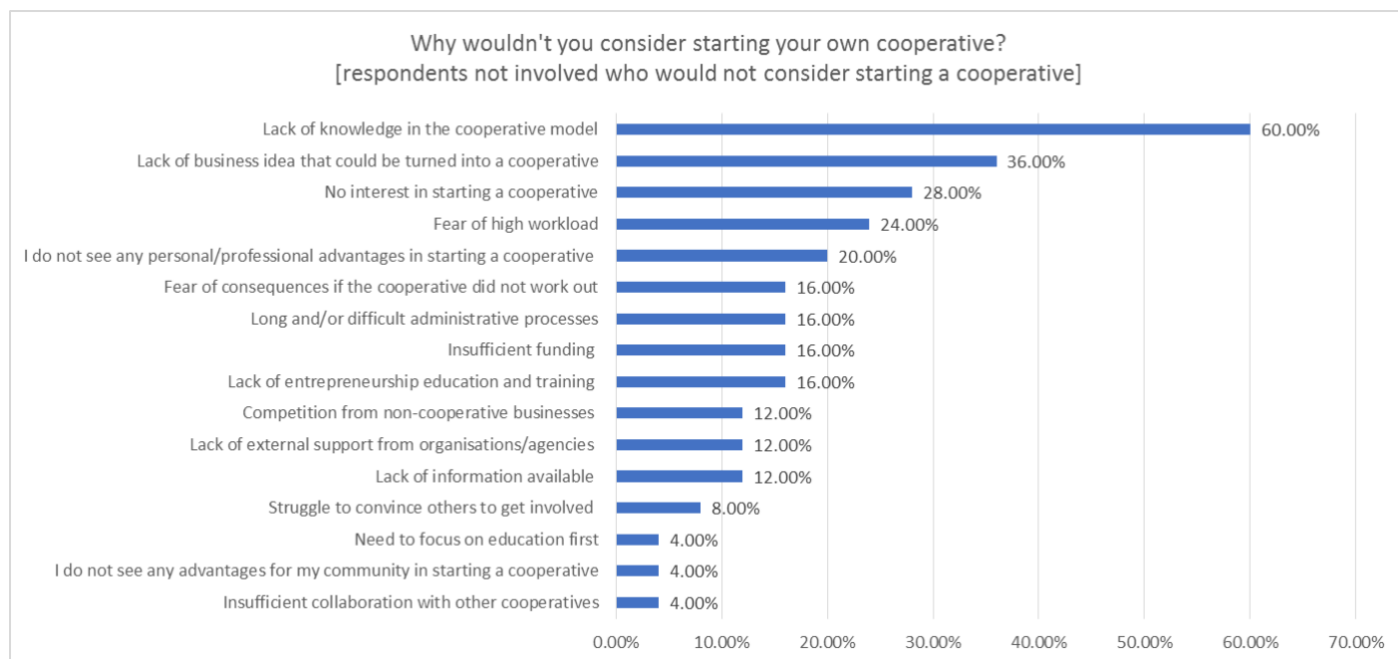


For the respondents who had not been involved in a cooperative but who would consider doing so, the main obstacle was the lack of information on cooperatives in their areas, with more than two thirds (67,86%) of these respondents indicating this as a reason for their non-engagement. Insufficient personal finances to invest and fear of workload and/or time required come next, with respectively 46,43% and 35,71% of respondents indicating these reasons.

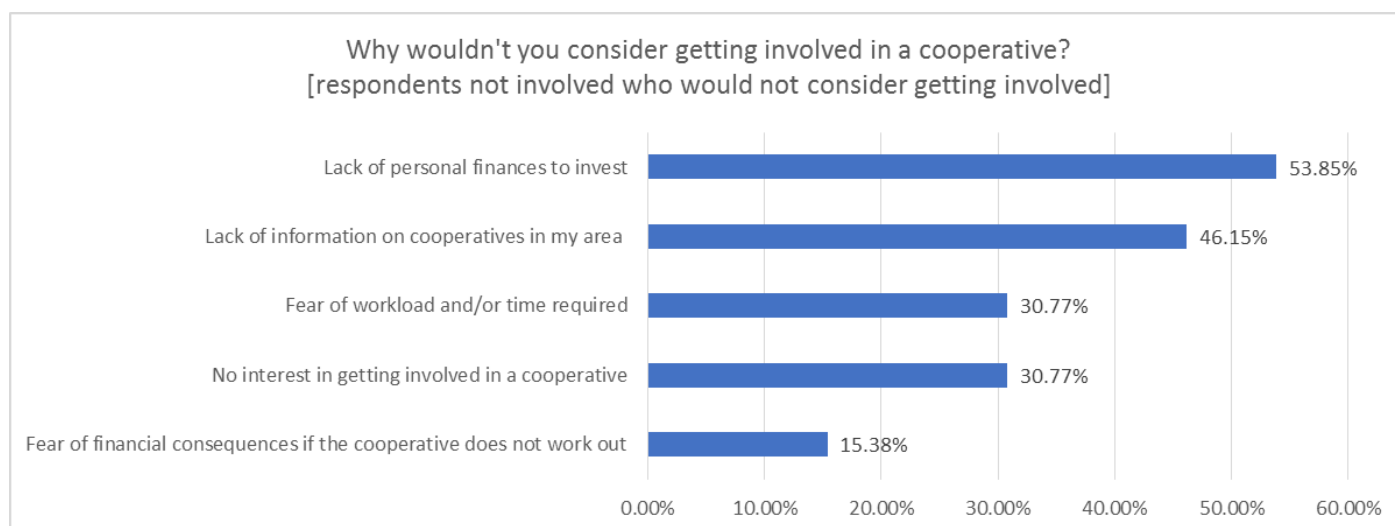


Among the respondents who were not involved but who would consider starting their own cooperative, the lack of business ideas that could be turned into a cooperative and insufficient knowledge on the cooperative model appear to be the main obstacles, as these were mentioned

by more than two thirds (68,75%) of these respondents. Insufficient funding was seen as a barrier for exactly half (50%) of these respondents, while long and/or difficult administrative processes and lack of information available represent obstacles for more than one third (37,5%) of these individuals. Although mentioned less often, lack of entrepreneurship education and training and fear of consequences if their cooperative did not work out also represent barriers for close to one third (31,25%) of these respondents.



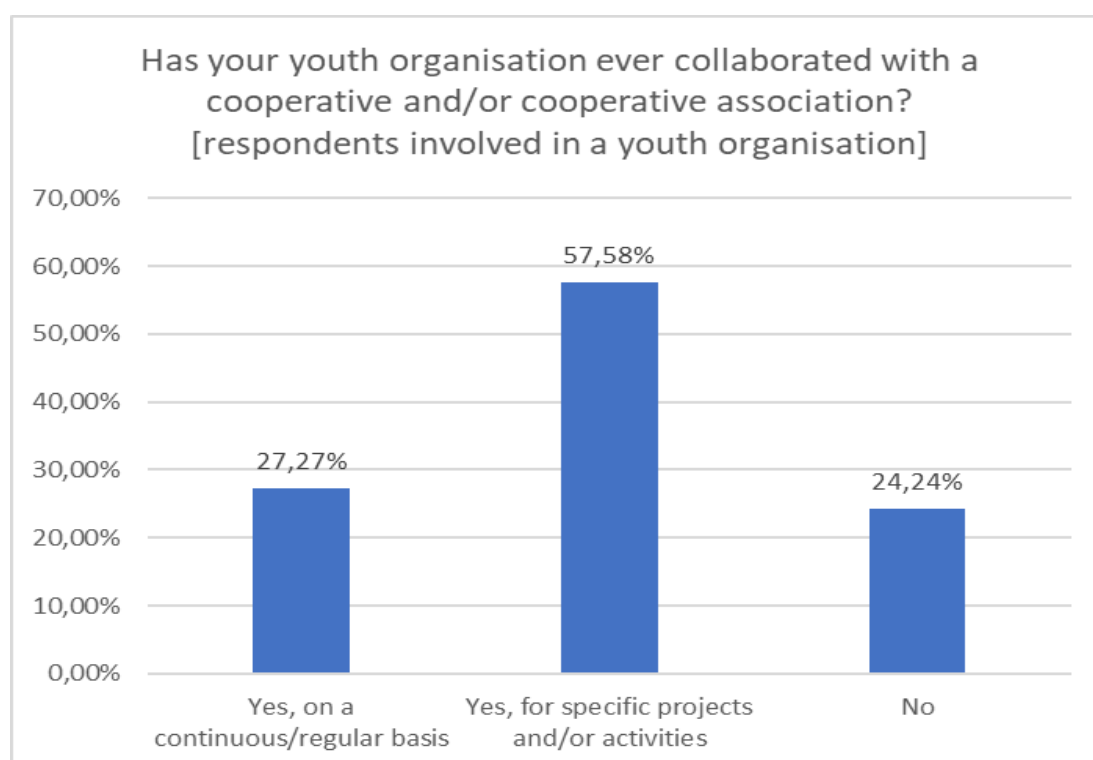
Some of the obstacles mentioned may also explain why some respondents would not consider getting involved in a cooperative. Relatively high numbers of these respondents mentioned the lack of financial resources to invest (53,85%), lack of information on cooperatives in their areas (46,15%) and fear of workload and/or time required (30,77%) as reasons why they would not wish to get involved.



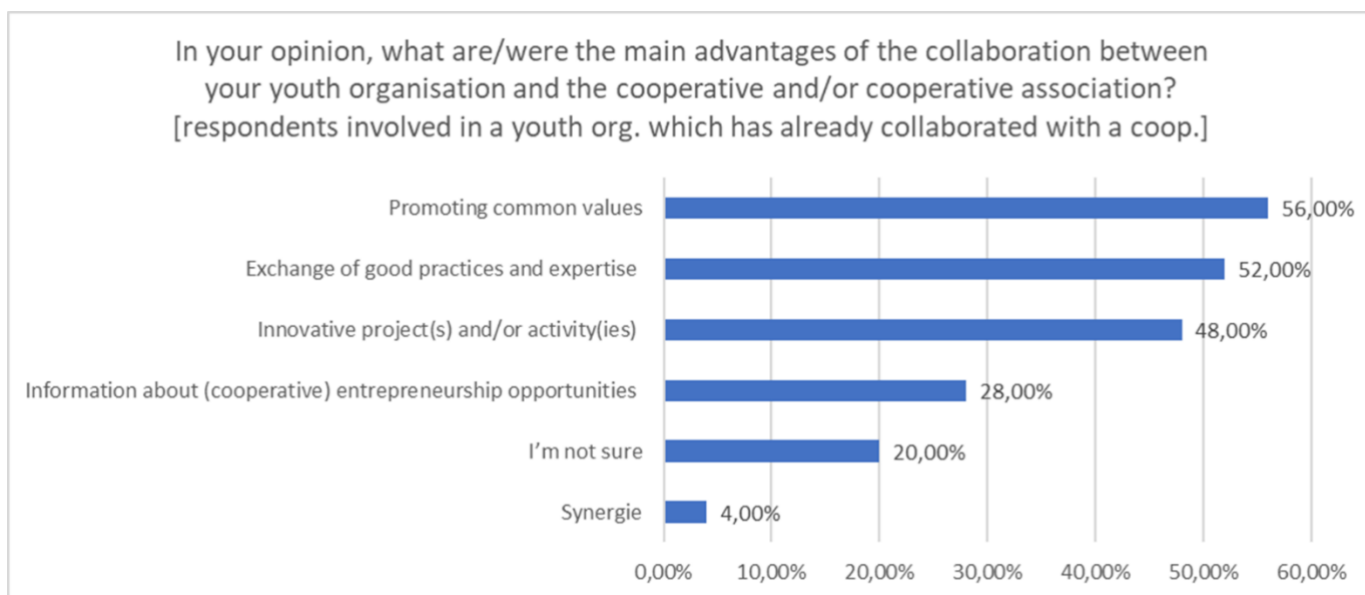
When it comes to the reasons why these respondents would not consider starting their own cooperatives, the lack of knowledge of the cooperative model appears to be an obstacle for as many as 60% of these individuals. The lack of ideas that could be turned into a cooperative comes next, affecting more than one third (36%) of these respondents.

Collaboration between youth organisations and cooperatives/cooperative associations

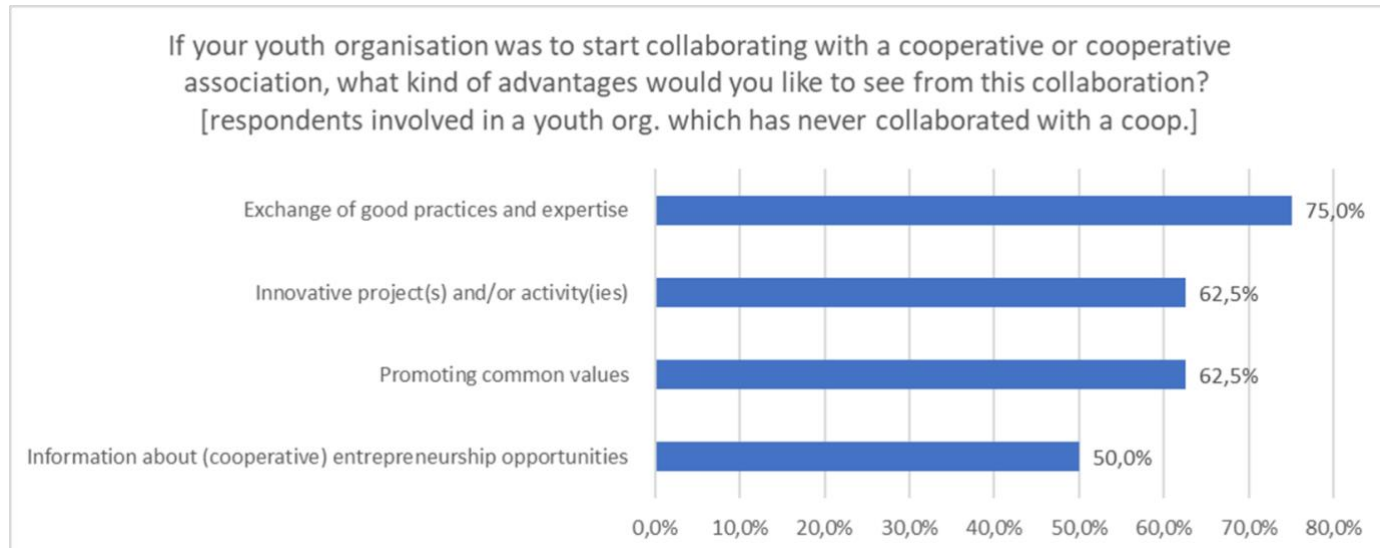
More than two thirds (67,35%) of the survey respondents were or had been involved in a youth organisation. While one out of four (24,24%) of these respondents indicated that their youth organisation had never collaborated with a cooperative or cooperative association, more than one out of four (27,27%) indicated that their youth organisation was involved in this type of collaboration on a continuous/regular basis, and more than half (57,58%) indicated that their youth organisation had already collaborated with a cooperative or cooperative association for specific projects and/or activities.



For the respondents whose youth organisations had already collaborated with a cooperative or cooperative association, promoting common values (56%), exchange of good practices and expertise (52%), and innovative projects and/or activities (48%) appear to be the main advantages of the collaboration, as each of these options have been selected by around half of the respondents.



These aspects also seem to appeal to respondents whose youth organisations have never collaborated with a cooperative or cooperative association, as more than three out of five (62,5% or 75% depending on the option) of these individuals would like to see these advantages become reality if their youth organisations were to start this kind of collaboration.

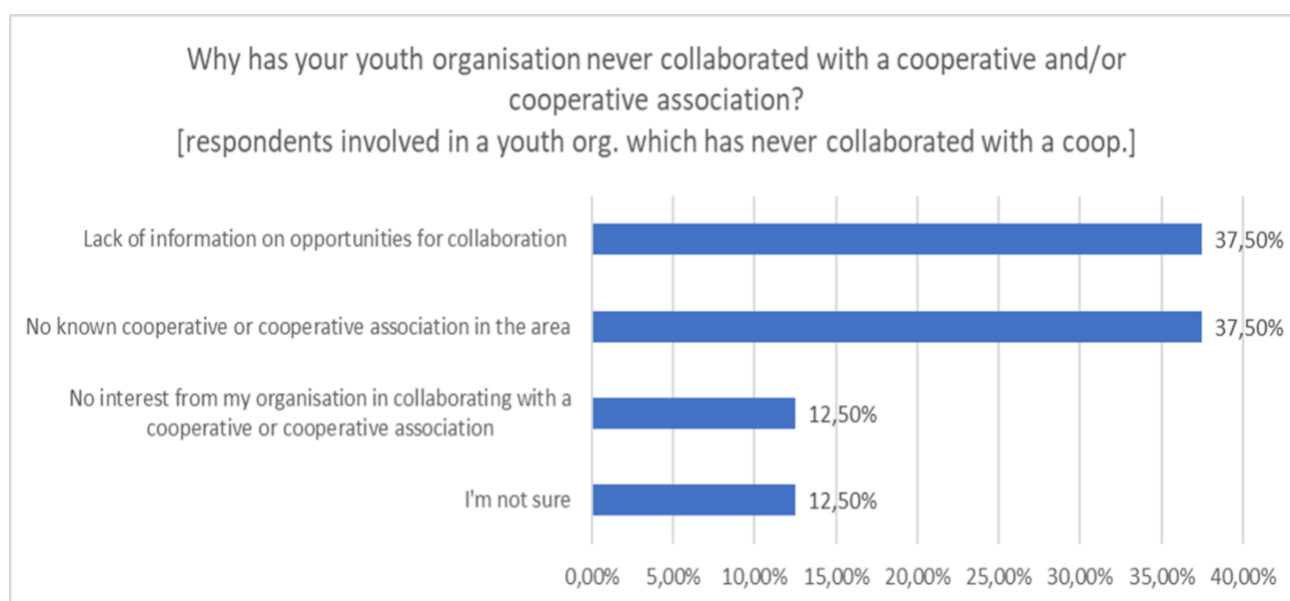


When it comes to obstacles to collaboration between youth organisations and cooperatives/cooperative associations, more than one third (37,5%) of the respondents whose organisations have never been engaged in such collaboration indicated the lack of information on opportunities for collaboration and no known cooperative or cooperative association in the area as main obstacles.

(5) CONCLUSIONS AND RECOMMENDATIONS

The survey results have shown that, although young people do not commonly associate cooperatives with youth, a certain interest in cooperatives does exist among young people.

The main reasons why young people do not engage more with cooperatives appear to be the lack of awareness and insufficient information about cooperatives in their areas, the lack of financial resources to invest, as well as a certain fear of the workload and time that may be required from them.



Insufficient knowledge of the cooperative model and lack of business ideas that could be turned into a cooperative may explain why young people who would consider starting their own cooperative do not take this step. Insufficient funding to invest, long and/or difficult administrative processes and lack of information available may, however, also represent significant barriers for these young people.

Young people involved in youth organisations seem to value collaboration between youth organisations and cooperatives. Positive aspects of such collaboration include enhanced opportunities to promote common values, to exchange good practices and expertise, and to develop innovative projects and activities. More information on cooperatives in the area and on opportunities for collaboration would likely help further develop this type of collaboration.

Based on these observations, the following recommendations can be made:

Recommendations to cooperatives and cooperative associations:

- Ensure and enhance visibility of your cooperatives and better promote opportunities for young people to get involved, including training and internship opportunities.

- Promote success stories and case studies to inspire young people to start their own cooperatives.
- Make sure to clearly communicate about time and financial investment required, as these may represent barriers to young people's engagement. If relevant, consider requesting lower fees from young people.
- Provide targeted support to young people interested in cooperative entrepreneurship when possible and relevant.
- Be aware of, and find out more information about, youth organisations in your area or your specific field of activity.
- Establish collaboration with relevant youth organisations in your area; collaboration may include promoting common values, organising activities and developing projects involving young people, exchanging good practices and expertise, and sharing information about cooperative entrepreneurship opportunities.
- Enhance the visibility of existing collaboration with youth organisations and of the benefits of such collaboration.

Recommendations to youth organisations:

- Be aware of and find out more information about cooperatives and cooperative associations in your geographical area and expertise background.
- Establish collaboration with relevant cooperatives and/or cooperative associations in your area; collaboration may include promoting common values, organising activities and developing projects involving young people, exchanging good practices and expertise, and sharing information about youth opportunities.
- Enhance the visibility of existing collaboration with cooperatives and cooperative associations and promote the benefits of such collaboration.
- Share information on opportunities for young people to get involved in cooperatives, and support capacity building through non-formal educational workshops or activities on (cooperative) entrepreneurship.

Recommendations to (higher) education institutions:

- Enhance the availability of education and training programmes in (cooperative) entrepreneurship, and ensure the visibility and inclusiveness of these programmes.
- Provide targeted support to students interested in cooperative entrepreneurship.
- Consider the possibility of establishing collaboration with cooperatives in your area; collaboration may include organising activities and developing projects involving your students, exchanging expertise, and sharing information about cooperative entrepreneurship opportunities among your students.