



Global Examples of Support for Co-operative Development: report on findings

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Executive Summary

This is a time of tremendous opportunity for the co-operative business model in the UK and for values driven approaches to addressing current government policy on service delivery. However what sort of support and development does the co-operative movement need in order to flourish and grow?

This research report explores the role played by co-operative support and development in five countries with relatively strong co-operative economies: Canada, Germany, Finland, Italy and the USA. Are there things the UK can learn from co-operative support and development practice in these countries?

The report used extensive desk research and telephone interviews with co-operative experts in the case study countries.

Findings

1. Where co-operative support and development bodies are well funded, (through government as in the case of the US) or where they have access to funds (as in the case of the co-operative levy in Italy) significant innovation in terms of resourcing co-operative projects and new initiatives is evident.
2. In all of the case study countries co-operative apex bodies were able to engage with government at local, federal or national level to a greater or lesser extent. In a number of cases (the US, Canada, Italy and Germany) apex bodies 'had the ear of government' or participated in decision making in relevant areas such as local business development, regeneration and employment. A positive regenerative role was attributed to co-operatives by governments and policy makers and 'pro' co-operative policies and legislation were not unusual.
3. Although there were clear benefits in co-operatives being treated generically as part of the small business sector (for example being able to access regeneration funding, legislation making it 'easier' to set up a co-operative etc.) this raised concerns for some about the potential loss of a distinct co-operative 'identity and difference'.
4. A key finding in the case study countries is the high level of solidarity between co-operative support and development bodies and other co-operative organisations such as those associated with co-operative finance or co-operative education. This resulted in strong co-operative 'offers' and positive public perceptions of co-operatives.
5. In case study countries such as Finland co-operatives are driving innovative approaches to public/private partnerships – especially in new technologies.

6. In most case study countries social co-operatives are well established and co-operative support and development bodies promote the ongoing expansion of co-operation into all sectors and with all constituents, for example with women and freelancers in Germany.
7. Working with and fostering grassroots, volunteer-led co-operative organisations (as in the Co-operative Business Associations in the US) or with community development partners was seen to be an important strategy for co-operative support and development in case study countries.
8. Professionalising the co-operative sector as well as building professional co-operative identity was a theme underpinning the work of co-operative support and development bodies, particularly in the US, Finland and Canada. This resulted in apex bodies facilitating the development of initiatives such as CoopZone in Canada, through to running high level programmes concerned with co-operative leadership and knowledge transfer in the US.
9. Working with youth was a priority for all of the co-operative support and development bodies and initiatives ranged from supporting school based co-operatives to *Canada's Emerging Co-operators* initiative whereby young Canadian co-operators (the next generation) participate in the Apex body as a management committee. Smart learning and youth inclusive practices were common across all case study countries.
10. Across every case study country, co-operative research, education and training was privileged in the work of co-operative support and development bodies – indeed it was indivisible from their practice. Education and research were seen as important not only for professionalising the movement, encouraging reflective practice and evidencing the co-operative difference but also for developing knowledge and building resilience. However little attention appeared to be paid to co-operative values and principles education.
11. Finally in a number of case study countries apex bodies and other co-operative development and support initiatives were immensely proactive in terms of both intervening in and interpreting national government policy. In the US, Canada and Italy for example, support for co-operatives in economically disadvantaged regions was considered a priority for co-operative activity and in Italy and Finland respectively, this commitment was underpinned by narratives of 'conscious co-operative clustering' or 'co-operation amongst co-operatives'.

1. Introduction and Report Aims

This report provides an overview of co-operative support and development activity in five 'advanced' economies where the co-operative economy is relatively strong. The report is based on extensive desk research both on and offline and on a number of skype and telephone interviews with co-operators in case study countries. The report inevitably relies heavily on the official documentation produced by the co-operative movement in case study countries and further research might take a more qualitative and 'grounded' approach to capture and represent additional 'co-operative voices'. This would offer a more nuanced overview of the complexity of the global co-operative movement.

The countries selected for the research are:

- Canada
- Germany
- Finland
- Italy
- USA

Our sample was chosen following consultation with experts in the international co-operative field who identified countries they felt would warrant attention. Our primary research question is:

1. What role does co-operative support and development play in countries where the co-operative economy appears to be strong and what can be learnt from this?

As a research team we also felt that it would be useful to select countries with diverse historical trajectories as this could offer additional insights into the relative strengths of national co-operative movements. This prompts a second, underlying, question:

2. How might different cultural, social and political factors account for the strength of co-operation within our case study countries?

Thus while our main focus is on the work of co-operative support and development agencies, including co-operative apex bodies and similar, we do not restrict ourselves to these. Additionally we assess the impact of associated co-operative activity that can be found in these countries, such as 'culture' and educational initiatives, as well as more tangible mechanisms, such as financial, governmental and legal support. Whilst the scope of this report excludes detailed analysis of these factors, such as the complex tax situations of co-operatives in Quebec and Italy, it is vital to recognise their role in creating the 'climate' in which co-operate support and development operates.

At the same time, culture and tradition play a significant part in how co-operatives develop within a country. Although each country is different, the 'co-operative experience' is framed by one of the

three co-operative trajectories that have emerged in Europe, and which account for distinct legislation and culture:

- The consumer co-operative model of Rochdale, now widely present in Scandinavia and elsewhere,
- The Social Economy approach present in southern Europe and France
- The Raiffeson model of banking and agricultural co-operatives present in Germany, parts of Eastern Europe and France.

Whilst it is not intended that direct comparisons are made between existing co-operative support and development practice in the UK and our case study findings, where relevant, examples are drawn out at the end of each case study as potential learning for the UK. A concluding summary provides an overview of key findings.

The research on each country is structured as follows:

- **Country case study overview.** Introductory sections describe the scale and scope of the co-operative movement and the apex and associated co-operative support and development agencies to be found there.
- **Funding and financial support for co-operatives.** This section is concerned to identify the ways in which the co-operative sector in case study countries is able to access capital in the form of loans or grants.
- **Legislation and Government Support.** Policies that support co-operatives are explored country by country. Where relevant we also examine co-operative legislation and consider what this means for the development and support of co-operatives as well as the public perception of co-operatives.
- **Stimulating Co-operation** This section identifies the initiatives of co-operative support and development agencies which appear to stimulate the co-operative economy including where sectors 'ripe for co-operative entrepreneurship' appear to be a priority. The ability of organisations to be responsive to change and agile in how they respond to global market and other trends, is now seen as key to resilience and growth (Christensen, 2013, Lyons et al, 2012, Mayo, 2015). What examples can be found in our case study countries?

- **Educational support for co-operative development.** In accordance with the Co-operative fifth principle,¹ all co-operative movements in case study countries employ a range of educational practices to promote the co-operative model as a viable and empowering way of doing business. In this section we describe key education, training and research initiatives which focus on developing the co-operative movement by way of outreach, profile building and co-operative awareness raising activities.
- **Learning for the UK.** This final section draws together key elements of co-operative support and development and considers their relevance, transferability and applicability to the UK case.

2. Defining Co-operative Support and Development

For this research we have used the following definition of co-operative development:

‘Co-operative development is the process of starting, growing and retaining sustainable co-operative enterprises and delivering a stronger co-operative economy and movement’²

Support includes all activity to assist co-operatives starting up, seeking to expand, or consolidating. Additionally, by committing not only to a strong co-operative economy but also a strong co-operative movement, co-operative support and development stretches into other areas of co-operative behaviour, organisation and activity such as education, communications and values based approaches. Co-operatives are defined in our case study countries according to the ICA 1995 Values and Principles statement (See Appendix 1).

¹ **Education, Training and Information** is the fifth principle in the International Co-operative Alliance statement of identity. ‘Cooperatives must provide education and training to both their members, elected representatives, managers and employees (so they can contribute effectively to the development of their co-operatives) and the general public (to educate about the nature and benefits of co-operation).

² <http://www.uk.coop/about/what-co-operative>

3. The Case of Canada

3.1 The Co-operative Sector in Canada

Co-operatives in Canada were first inspired by immigrants from Europe in particular Finland, Italy and the UK, with the earliest co-operatives being mutual insurance companies which first emerged in the 1840s.³ These were followed by the development of farmer's co-operatives in the second half of the 19th century,⁴ many of which were dairy co-operatives established to meet the needs of the rapidly growing dairy industry. Now co-operatives can be found in almost every sector of the economy from agriculture and financial services to health care and renewable energy.⁵

Background Facts and Figures

In Canada, out of a population of 35 million, co-operatives employ 680,917⁶ people accounting for 3.89 per cent of the total employed population (Roelants, Hyungsik & Terrasi, 2014, p31). In comparison, in the UK in 2010, out of a population of 65 million, co-operatives employed 399,672 which account for 1.36 per cent of the total UK employed population (ibid p31). The cultural and economic situation in Canada varies considerably province by province and this has a significant impact on the relative strength of the co-operative movement. The movement in Quebec for example is by far Canada's strongest, with about half of all co-operatives being found there. This is mainly due to difficult economic challenges in the province historically, leading to an increase in co-operatives to meet local people's needs to deal with unemployment.⁷ In Quebec, 14.73 per cent of the total population work within the scope of co-operatives (ibid p 42, data 2012).

Today there are over 9,000 co-operatives including mutuals supplying products and services to at least 18 million co-operative members across Canada (CMC, p1).⁸ This means that four of every ten Canadians are members of at least one co-operative and in Quebec, approximately 70 per cent of the population is a co-operative member.⁹ Canada also has the highest per-capita credit union membership in the world, with one-third of its population a member of at least one credit union.¹⁰ Together the co-operative and mutual economy is worth more than \$70 billion annually (CNC, p 1) representing roughly 3.4% of Canada's total economic activity in 2010.¹¹

³ <http://www.thenews.coop/89853/news/general/the-character-of-canadas-co-operative-movement/>

⁴ <http://www.thecanadianencyclopedia.ca/en/article/co-operative-movement/>

⁵ <http://canada.coop/>

⁶ This figure includes those directly employed by co-operatives and those employed 'within the scope of co-operatives'

⁷ Interview with Brendan Denovan, Co-operatives and Mutuals, Canada November 2015.

⁸ Unlike in Canada, the UK data does not currently include mutuals (usually covering insurance in the Canadian case)

⁹ <http://ica.coop/en/whats-co-op/co-operative-facts-figures>

¹⁰ <http://www.thenews.coop/89853/news/general/the-character-of-canadas-co-operative-movement/>

¹¹ <http://www.cooperativedifference.coop/co-op-impacts/on-the-economy/>

Apex Bodies and National Co-operative Support and Development

Co-operatives and Mutuals Canada (CMC) is Canada's national bilingual apex body which was formed in 2014 from a merger between the two co-operative development networks - the Canadian Co-operative Association (CCA) and Conseil Canadien de la Coopération et de la Mutualité (CQCM). A new Co-operative Development Initiative is currently being produced by CMC and is detailed in section 3.4.

As the national voice of the co-operative movement, the main role of CMC is to provide advice and support to new and existing co-operatives through a six key programme. This is focused on advocating policy through developing member voice and working in partnership with government; research, to build an evidence base for co-operation; education, for example educating all co-operators on governance; development, to support and encourage co-operative startups;¹² member engagement, such as running the Canada's Emerging Co-operators (CEC) scheme (see below) and communications, to build co-operative networks and identity. CMC is also concerned to link members to other resources such as **Regional Co-operative Development Agencies** and works in international co-operative development through the Canadian Co-operative Association.¹³

Other important agencies and initiatives include the **Canadian Worker Co-operative Federation**,¹⁴ a national, bilingual grassroots membership organization of and for worker, multi-stakeholder and worker-shareholder co-operatives,¹⁵ and **CoopZone Developers' Network Co-operative (CZDN)**. **CoopZone** is a national, professional organisation (originally funded by the CMC and Canadian co-operatives, now self-financing) with 100 members committed to supporting co-operative development through a 'self-supporting co-operative developer' consultancy.¹⁶ CZDN is concerned to increase the interaction among consultants, developers and other professionals working with existing or new co-operatives; provide opportunities for skill enhancement and training; provide CZDN members with access to co-operative development opportunities, and to stimulate the development of new co-operatives by linking qualified developers to co-operative development opportunities. CZDN is also a co-operative hub for other initiatives such as the **CoopZone Legal Network (CZLN)** whereby legal professionals commit to providing legal services to start up and existing co-operatives. It is sustained through individual membership (numbering 17) including separate individuals within a practice. Both CZDN and CZLN have a high profile across the various

¹² The CMC Online Documentation Centre, <https://tools.coop>

¹³ <http://coopscanada.coop/>

¹⁴ <http://canadianworker.coop/>

¹⁵ <http://canadianworker.coop/>

¹⁶ The vision of the CoopZone Network is also to 'enhance the quality of life in Canada by promoting and supporting the growth and development of co-operatives, through mobilizing co-operative developers committed to the vision and objectives of the co-operative movement'. www.coopzone.coop.

Canadian co-operative movement websites and would thus seem to be an important element in CMC's support strategy for co-operatives.

However it is not only at national level that significant co-operative support and development exists. The not-for-profit **Co-operatives First**¹⁷ (an outcome of the research focused Co-operative Innovation Project, see later) received a five-year, \$5 million dollar commitment from the Co-operative Retailing System (CRS) in 2016 as startup funding to facilitate co-operative development in Western Canada. The research, led by the University of Saskatchewan's Centre for the Study of Co-operatives, identified a significant deficit in the access rural and aboriginal communities had to existing co-operative development resources. The aim of Co-operatives First therefore is to build a co-operative development network across provincial boundaries and sectors in British Columbia, Alberta, Saskatchewan and Manitoba by working with small- to mid-size rural communities and municipalities to identify innovative, community-led co-operative solutions.

1.2. Funding and Financial Support for Co-operatives

There are a number of ways that co-operatives in Canada can secure funding to start a co-operative directly, particularly in the rural economy. An important recent initiative led by CMC is the **Canadian Co-operative Investment Fund**¹⁸ which was launched in 2015 with an aim to support the development and expansion of Canadian co-operatives and mutuals with loans and subordinated debt sourced from the sector. The initial intention was to incorporate the Fund with \$20 million in pledged support through a combination of investment shares and loan certificates, '*commensurate with the capacity of each co-operative.*' By mid-2015 this figure was surpassed by pledges from nine organisations enabling the fund to become operational.

CoopZone also offers struggling co-operatives and mutuals up to \$1,500 Canadian of 'free' consultancy by compensating its professional network members from a central fund.

Finally **Cooperative First** will use a proportion of its funding to offset some of the costs of starting up a co-operative and will help new organisations attain the legal and professional services required to form a new co-operative, as well as develop communications and business plans and conduct feasibility studies.¹⁹

¹⁷ <http://canada.coop/en/news/fcl-launches-co-operatives-first>

¹⁸ http://canada.coop/sites/canada.coop/files/files/documents/en/ccif_business_case_final.pdf

¹⁹ <http://canada.coop/en/news/fcl-launches-co-operatives-first>

3.3 Legislation and Government Support

The Canadian co-operative support and development agencies have strong links with federal and national government and co-operation is embedded in mainstream government policy and legislation. In Quebec there is a long-term partnership between the co-operative movement and the government and this, along with support mechanisms such as reduced taxation on indivisible reserves, are important factors in the success of local co-operative development (Roelants, Hyungsik & Terrasi, 2014, p136). As previously noted the CMC has a brief to link co-operatives to legislation through a range of activities including through the Co-operative Government Affairs Committee²⁰ the All Party Co-operative caucus²¹ and the Special Committee on Co-operatives.²² CMC also sits on a number of government committees including those concerned with rural and urban development.

3.4 Stimulating Co-operation

In order to assess co-operative initiatives and ideas in the Canadian context, our research included a number of telephone interviews with CMC on their work on a new Co-operative Development Initiative. The first Canadian Co-operative Development Initiative (CDI) was funded by the Canadian government and ran for 10 years before being cancelled in 2012 due to budget cuts. Its aim was to facilitate co-operative development through education, consultation and support for co-operatives to access funding. According to CMC however, the first CDI lacked both a results and impact based foundation. Additionally our interviewee indicated that the strategic organisation of the scheme was unsustainable. This time around the CMC is using the **2012 Blueprint for a Co-operative Decade** to inform policy and strategy work, with the new initiative structured along these lines. CMC has added a fifth pillar to the blueprint – ‘support’ and our interviewee described how the new CDI will have clear outputs and build a solid evidence base to measure impact and identify good practice. Accountability to all stakeholders is deemed as critical and though CMC is now funded through membership, our interviewee anticipates future matched funding opportunities with government.

Co-operatives First, as has been noted, has a commitment to stimulating co-operative development through working with often overlooked rural and aboriginal communities.

Supporting Young People

²⁰ (<http://www.canada.coop/en/programs/government-relations/co-operative-government-affairs-committee>)

²¹ (<http://www.canada.coop/en/programs/government-relations/all-party-co-operative-caucus>)

²² (<http://www.canada.coop/en/programs/government-relations/special-committee>)

The CMC leads on the ‘**Canada’s Emerging Co-operators**’ (CEC) initiative,²³ whose focus is on the engagement of young people aged 18-35 in the movement. The CEC functions as a management committee of the CMC, reporting to CMC’s Executive Director. The committee is comprised of 9-13 members including employees and board members of co-operatives who champion youth engagement in co-operatives and credit unions. CEC has three strategic objectives: to give young people a leading voice in the Canadian co-operative world; to shape the future leadership of the co-operative sector in Canada and to create further opportunities for young co-operators. The CEC has met twice yearly for the last three years and its reporting indicates a commitment to outreach activities – running successful events attracting young co-operators – and a record of research on emerging co-operative trends and youth based as well as wider co-operative opportunities. It also facilitates a co-operative youth mentoring initiative which has successfully recruited each year.

Healthcare Co-operatives

In our CMC interview the growth area for Canadian co-operatives was identified as the healthcare sector. Health Co-operatives provide services to over a million Canadians,²⁴ from ambulance and other mobile transport services to home care, clinical services and support for people with multiple barriers to employment. Health co-operatives range in size from a handful of member-owners to thousands. Many are worker co-operatives formed as a result of professionals wishing to create jobs and/or secure better working conditions such as in the case of the ambulance drivers of Quebec (Panayotof-Schaan, 2009).

In some, only workers can become members but in the vast majority, membership is completely open. This ‘general membership’ ensures that users, providers of services and supporters in the community can all exercise their democratic voice. Our interviewee however expressed a note of caution by sharing his concern for the potential loss of co-operative identity with such openness with in his words, *‘memberships over focusing on their own needs rather than taking a more holistic view of co-operation’*.

The healthcare sector now has its own federation, the Health Care Co-operatives Federation of Canada²⁵ which meets monthly and provides networking and learning opportunities within and beyond the co-operative sector, acting as a voice for its 20 plus members.

3.5 Education and Training

²³ <http://www.canada.coop/en/programs/member-engagement/canada-emerging-co-operators-cec>

²⁴ <http://victoriahealthcooperative.ca/content/what-health-co-operative>

²⁵ HCCFC: <http://healthcoopscanada.coop/>

CMC has a strong commitment to supporting and developing co-operatives by prioritising education and research within its organisational strategy. For example non-academic training programs related to the Canadian co-operative sector are offered by CMC through its **Institute of Co-operative Leadership** and CMC staff are involved with supporting the International Co-operative Alliance in establishing an **international young scholars** network of individuals studying co-operative enterprise. At the same time CMA is closely involved with sectorial focused networks such as the **Canadian Credit Union Knowledge Network (CUSOURCE)**. Provincial co-operative bodies such as the Ontario Co-operative Association run support and development initiatives such as a **Co-operative Management Certificate Programme** in partnership with York University, and we have seen that CMC is committed to professional co-operative developer training and founded CoopZone for this purpose.

CMC is also proactive in fostering its own research profile and has recently led a 5 year funded programme, **Measuring the Co-operative Difference Research Network**. According to CMC this network proved a valuable vehicle for co-operative support and development by bringing researchers together to create tools to measure the value added by co-operatives. The research outputs have informed public policy on the role and value of co-operatives in meeting social, economic and environmental goals and the activity of the network has deepened linkages within the co-operative movement. The results have been posted on the **Co-operative Difference in Canada** website.²⁶

The importance of strong relationships between co-operative support and development and research is well evidenced by the impact the study produced by the University of Saskatchewan's Centre for the Study of Co-operatives, the Cooperative Innovation Project, has had.²⁷ This study informed the strategic direction of Co-operatives First in its identification of health care, housing, support services, and industry and business development as areas that urgently needed addressing in small- to mid-size rural communities. Crucially 'the study also determined that rural and aboriginal communities are losing co-operative knowledge. Participants knew co-ops as various brands (e.g. grocery store, gas station, credit union) rather than as a solution applicable to their circumstances'.²⁸ CMC also works closely with formal co-operative research institutions and university education providers such as the Centre for Co-operative Management Studies, Saint Mary's University.

The apex body is also a member of the **Association of Co-operative Educators Institute (ACE)** which brings together educators, researchers, co-operative members, and co-operative developers

²⁶ <http://www.co-operativedifference.coop/>

²⁷ <https://coopinnovation.wordpress.com/final-report/>

²⁸ <https://www.coopconnection.ca/wps/wcm/connect/6d7458ba-877f-4e5e-bece-e389437870fe/Co-operatives+First+Launch+Background+%282016%29.pdf?MOD=AJPERES&CACHEID=6d7458ba-877f-4e5e-bece-e389437870fe>

with a remit to enhance co-operative development, strengthen co-operatives, promote professionalism and improve public understanding of co-operatives.²⁹

Finally CMC sits on the **Canadian Co-operative Research Network**, a grouping of over 20 academic and co-operative partner organizations who maintain a public online co-operative research hub. The goal of the network is to create linkages between researchers, students, practitioners and existing co-operative networks.³⁰ The scale and scope of the commitment of CMC and other co-operative development initiatives to education and research is evidenced by an extensive engagement with co-operative knowledge production.

3.6 Learning for the UK

Canadian co-operative support and development agencies have a long history of influence within government and co-operation is well represented in government policy and public funding initiatives. There is also a strong commitment to the role of education and research to enhance and promote the effectiveness of the co-operative model and a high level of solidarity between co-operative interests. However there are two important themes that emerge from the Canadian example which may be of interest to co-operative support and development initiatives in the UK.

The first is the **professionalisation** of co-operators in terms of co-operative leadership and development within the economy. In addition to formal education and training, a number of initiatives, such as the **Institute of Co-operative Leadership**, provincial co-operative leadership roundtables and mentoring schemes, whereby successful co-operators mentor 'emerging co-operators', are well established. The notion of training professional 'co-operator developers', freelancers who are then able to support the emergence of co-operatives may overcome any capacity issues the CMC may have. This initiative also generates funding for CMC. Coopzone in turn is actively dedicated to proactively networking existing co-operative professionals such as through its affiliated Coopzone Legal Network.

A second factor is the emphasis on **youth**. Whilst young co-operators (particularly students) have increasingly been a focus of co-operative support in the UK, in Canada, youth is prioritized. For example **Canada's Emerging Co-operator** members travel to two 'in-person' sessions annually where the Committee completes strategic planning, reviews work plans, networks, and connects with the CMC Board. The second in-person session is held at CMC's Congress event in June each year. Members also call into monthly conference calls as scheduled. New members secure

²⁹ <http://www.ace.coop>

³⁰ <http://ccrn.coop/>

financial support for travel costs and time to attend through their own co-operatives but subsidies are available through CMC.

CMC also supports and engages with international co-operative scholars and offers **mentoring** through smart learning to young co-operators. Mentoring initiatives based on those run annually by the Credit Union Central of Canada (CUCC) National Mentorship Program (NMP) were successfully piloted in 2012 and are now subsidised by CMC. The mentor/mentee relationship is based on one of five project categories (engagement, governance, human resources, marketing, and operations) and is sponsored by the Co-operative Housing Federation of Canada.³¹ Perhaps the greatest lesson for the UK is the solidaristic behaviour demonstrated across the Canadian co-operative movement. High levels of communication, connectivity and intersectoral networking characterises the Canadian co-operative movement and appears to facilitate an impressive development and support framework.

4. The Case of Germany

4.1 The Co-operative Sector in Germany

Just as the UK was the first country to establish a successful consumer co-operative, Germany was the first to establish co-operative credit unions.³² Whilst the early industrial revolution was underway in the UK, Germany was characterised by an agricultural-based economy and dominated by small and medium sized farming enterprises. It was in this context, in 1840, that F.W. Raiffeisen established the first rural co-operative banks. Working in a small market, limiting credit to members and applying low interest rates, the banks sought to distribute the limited resources available so as to facilitate investment and the modernisation of the agricultural sector. On the basis of similar principles, but in an urban context, the first successful credit unions in Germany, called 'People's Banks', were founded in 1850 under the leadership of co-operative pioneer Hermann Schulze-Delitzsch. In this second case the objectives were to modernize small-scale enterprises and urban artisan guilds and to minimise the pressure from money-lenders.³³ The ongoing 'modernisation' of both the co-operative movement and business model remains a priority for co-operative support and development organisations in Germany. Co-operatives reach across 45 sectors in Germany today including in healthcare, energy and the provision of what were previously public services. However it is probably the strength of the co-operative banking system that underpins much of the perceived success of the co-operative movement in Germany, making up to two thirds of all German retail banks.³⁴

³¹ http://canada.coop/sites/canada.coop/files/files/documents/en/cec_2015-16_mentor_information_package_en.pdf

³² <http://ica.coop/en/history-co-op-movement/friedrich-wilhelm-raiffeisen>

³³ <http://www.cooperazione.net/eng/pagina.asp?pid=385&uid=383>

³⁴ 'Inspiration Co-ops' case study: Raiffeisen Germany (Co-operative College, UK).

Background Facts and Figures

Today over 7,600 co-operatives in Germany, provide more than 800,000 jobs. When adding worker co-operatives and all those employed by producer members, the total of those employed by co-operatives in Germany rises to 2,590,133, accounting for 6.47 per cent of the total employed population (Roelants, Hyungsik & Terrasi, 2014). Housing co-operatives comprise 2.8 million members and administer approximately 10 per cent of the rented apartments in Germany.³⁵ Almost every farmer is a member of one or more co-operatives, and 60 per cent of all craftsmen, 75 per cent of all retail traders, 90 per cent of all bakers and butchers, and over 65 per cent of all self-employed tax advisors are co-operators.³⁶ Germany has almost 1,000 energy co-operatives - an area of significant growth as in the UK, which has similar numbers.³⁷ These co-operatives serve 19.4 million members (excluding those in housing co-operatives) who may be members of multiple co-operatives. Germany has a population of 80 million so statistically one in four German citizens is a member of a co-operative.

Apex Bodies and National Co-operative Support and Development

Germany's co-operative movement is supported by numerous co-operative organisations that represent different sectors within the movement.

Deutscher Genossenschafts- und Raiffeisenverband e. V (DGRV) is Germany's apex body for co-operatives across all sectors and represents 18.2 million members. DGRV membership is constituted through four specialized federations³⁸ operating at national level; five regional associations and six national special auditing federations; 22 national centres and specialised institutions and 34 specialised regional institutions.

In addition to legal consultancy, membership development and a policy role at national and EU levels, a core function of DGRV is auditing. DGRV is the legally registered auditing association for all co-operatives, ensuring that any co-operative wishing to start up undertakes a comprehensive auditing process before it can be officially registered as a co-operative. This auditing process continues once the co-operative is established and DGRV audits all of its members. DGRV works closely with the **Academy of German Co-operatives (ADG)** to develop training programmes for the personal and professional development of its members, the training of auditors and has a strong

³⁵ [http://ica.coop/sites/default/files/attachments/DGRV_Kappes_Paperper cent20onper cent20REper cent20Coops_10_2014.pdf](http://ica.coop/sites/default/files/attachments/DGRV_Kappes_Paperper%20onper%20REper%20Coops_10_2014.pdf)

³⁶ <https://www.dgrv.de/en/co-operatives/co-operativesasanintegralpartoftheeconomy.html>

³⁷ <http://www.theguardian.com/public-leaders-network/2015/oct/02/energy-co-operatives-uk-germany-denmark-community>

³⁸ These federations represent four sectors: co-operative banks (BDV), rural commodity and service co-operatives (DRV) small scale industry commodity and service co-operatives (ZGV), and consumer co-operatives (ZdK). Their role is to represent the concerns and interests of their members in economic matters and on issues of economic, legal and tax policy in dealings with German authorities and at EU level.

involvement in international co-operative development, working across Latin America, Africa and Asia.³⁹

There are other, associated national co-operative support and development bodies in Germany including **The Free Committee of German Co-operative Associations**. This committee represents a union between the DGRV and the **GdW, the National Federation of German Housing and Real Estate Enterprises**. Its purpose is to facilitate the exchange of ideas and experience in the co-operative sector and to act as an advocate for the sector in its dealings with the public and with legislators.

4.2 Financial Support for Co-operatives

The size of the German credit union and co-operative banking sector is, as has been noted, formidable. Together they provide over 30 million customers with financial services and have approximately 18 million members.⁴⁰ They are currently Germany's fourth largest financial institution. Most significant are the Volksbanken und Raiffeisenbanken and the Raiffeisan Banks (BVR). BVR is structured as a federation and owned by more than 1,000 local banks. Volksbanken and Raiffeisenbanken are owned by their customers/ members who are both depositors and borrowers, although most of the banks accept non-member customers as well. Each member has one vote, regardless of their financial contribution to the co-operative. Many members are business clients and business lending accounts for 28 per cent of all co-operative bank assets.⁴¹

German co-operative banks ('the Co-operative Financial Network') are substantial financial lenders to 'Mittelstand' – small and medium enterprises, many of which are co-operatives and deemed to be the 'bedrock' of the German economy. Even during the recession lending to co-operatives at low interest rates increased⁴² and by the co-operative banking network operating its own deposit protection scheme and risk management, they are in effect guaranteeing each other's lending. In Germany co-operative financing sits squarely under more generic small business lending as 'member based enterprise units'. New German and European banking legislation has standardised lending and borrowing with similar criteria around risk, accounting and anti-discrimination now applicable to all forms of business.

Local co-operative banks are supported by numerous product and service providers who enable even the smallest institutions to offer their customers financial services from a single source. DGRV are well represented on the various Boards of Co-operative Banks and the President of the DGRV

³⁹ <https://www.dgrv.de/en/services/internationalrelations.html>

⁴⁰ <https://www.dgrv.de/en/cooperatives/sectors/cooperativebanks.html>

⁴¹ <http://www.thenews.coop/93859/news/general/what-lessons-can-the-uk-learn-from-germanys-co-operative-banking-sector/>

⁴² <http://www.thenews.coop/93859/news/general/what-lessons-can-the-uk-learn-from-germanys-co-operative-banking-sector/>

is also president of BVR. Within Germany the co-operative business model is perceived as 'one business model amongst many' and not particularly niche, however Co-operative Banks are keen to support local co-operative businesses and new co-operative startups (see 4.3).⁴³

4.3 Legislation and Government Support

In Germany, co-operatives have had their own legal framework since 1889 but in 2006, the Co-operative Act was revised. An amendment enabled co-operatives to provide social services through their being legally constituted to run healthcare centres, to serve as an alternative to local special purpose associations and/or to act as a structure for the organization of public-private partnerships. As a result, 1,500 new co-operatives have registered since the change⁴⁴ and the DGRV heavily promotes these co-operative opportunities.

A special feature of German co-operative law (enshrined in the 1889 Co-operative Act) is the role of Co-operative Auditing Federations (CAFs) with whom the DGRV works.⁴⁵ The Act states that as a legal requirement, a co-operative must compulsorily undergo an in-depth auditing process by a CAF before being allowed to register and must then be audited at regular intervals, not just on financial accounts but also on the management of the co-operative. The aim of this feature of the co-operative legal form is to protect the co-operative's members from financial losses, to stabilize the co-operative organisation and to prevent economically weak co-operatives avoiding sanctions due to the frequent change of auditors. This aspect of the law is seen by many as one of the reasons for German co-operatives' ongoing success as it both minimizes risk and helps to create a level playing field for co-operatives.⁴⁶

Finally the controversial Hartz Reforms⁴⁷ introduced a new subsidy scheme in 2006 which provided financial support for the unemployed in the initial business start-up phase (up to €300 monthly on top of unemployment benefit). The subsequent launch of the German Microfinance Fund in 2010 provides easier access to capital and co-operative start-ups and the self-employed sector has benefited from these policies.

4.4 Stimulating Co-operation

⁴³ <http://www.thenews.coop/93859/news/general/what-lessons-can-the-uk-learn-from-germanys-co-operative-banking-sector/>

⁴⁴ www.drgv.de

⁴⁵ www.coopcampus.eu

⁴⁶ www.dgrv.de

⁴⁷ <http://www.theguardian.com/commentisfree/2013/jan/01/germany-hartz-reforms-inequality>

Since 2012, 580 new co-operatives have affiliated to DGRV and all co-operative support and development agencies are actively engaged in initiatives which are focused on 'renewing' and professionalising' the co-operative economy as well as stimulating the growth of new co-operatives enabled by changes to the Co-operative Act. Continuing state and federal outsourcing has resulted in the emergence of management, consultancy, IT operations, accountancy, laboratory testing, quality management, human resources, waste management, recycling and environmental protection co-operatives. Co-operative support and development agencies have sought to both respond to and promote this development.

A Future through Co-operation is one project facilitated by DGRV that supports new co-operatives. A particular focus is 'ensuring competitiveness' for freelancers but other priorities are self-sufficiency in old age, energy efficiency of residential properties, municipal services and rural local suppliers.⁴⁸ One interesting example is the **Freelance Co-operatives IT project, eG, Kleinmachnow**, Germany's first IT recruiting co-operative founded in June 2014.⁴⁹ This is an association of freelancers and IT entrepreneurs whose primary goal is mutual economic support and fair conditions of purchase (the standard commission rate is 7.5 percent, well below the 10 to 30 percent of the market margin) to members, not profit maximization. Freelancers and entrepreneurs say that they feel protected from bogus clients and are able to respond collectively to commissions by organizing into co-operatives. The group **New Co-operatives** captures all of these developments and signposts support on a website.⁵⁰

Supporting Energy Co-operatives

Alongside co-operative sectors in a number of developed economies, including the UK,⁵¹ the co-operative energy sector in Germany is a thriving part of the country's co-operative movement and co-operatives are driving the transition to renewable energy.⁵² Germany now generates a quarter of its electricity from renewable sources and hundreds of renewable energy co-operatives have been developed, with over 300 formed in the 3 years from 2009 to 2012. According to DGRV, the number in 2015 totals 822 with an investment by 130,000 people of about 260 million Euros.⁵³ However DGRV recently reported a fall in new energy co-operatives in 2014- 2015.⁵⁴ The co-operative energy sector is represented by the national federation for energy co-operatives,

Energiegenossenschaft Rhein-Ruhr eG.

Supporting Women Entrepreneurs

⁴⁸ <http://www.genossenschaften.de/ideen-und-konzepte>

⁴⁹ <http://www.it-projekt-eg.de/>

⁵⁰ <https://www.dgrv.de/en/co-operatives/newco-operatives.html>

⁵¹ http://www.uk.coop/sites/default/files/uploads/attachments/renewableenergy_0_0_0.pdf

⁵² http://siteresources.worldbank.org/ECAEXT/Resources/258598-1284061150155/7383639-1323888814015/8319788-1324485944855/16_germany.pdf

⁵³ Inspirational Co-operatives Case Study: Co-operative College. Energy co-operatives, Germany.

⁵⁴ <https://www.dgrv.de/en/services/energycooperatives/annualsurveyenergycooperatives.html>

The Gründerinnenzentrale (Women's Start up Centre) was set up in 2006 in Berlin as a subsidiary of WeiberWirtschaft, Europe's largest women's co-operative which was founded in 1989 by 17 unemployed university graduates. The co-operative now has 1,750 members.⁵⁵ The aim was to strengthen networking among women who wanted to set up their own businesses. The Centre caters for 65 women running businesses in the service, manufacturing, crafts, gastronomy, culture, education and nonprofit areas. Participants benefit from a nursery, 13 social housing units, mentoring, monthly networking meetings, seminars and workshops, a cafeteria and access to meeting rooms. Peer support is provided through 'success teams', groups of 4 - 6 women, and the **Push Up** programme enables individual mentors to support women in the initial start-up phase.⁵⁶

The building renovation was financed through subscriptions from WeiberWirtschaft's members (the co-operative invested €18.6 million), support from Berlin's urban regeneration budget, and bank loans. Additional financial resources come from the European Social Fund operational programme for Berlin which pays specific attention to women's entrepreneurship and DGRV provides some resourcing. Since 2006 more than 10,000 women have made contact, 3,700 have attended meetings, and the website receives 30,000 visits a year. Around 80 per cent of women who contact the centre go on to set up their own businesses and members have bought shares in the co-operative costing €103 each.⁵⁷

4.5 Education and Training

If people earn less than a certain wage in Germany they are eligible for 500 Euros annually for training from Government funds. This can be combined with financial support channeled through the German co-operative support and development agencies enabling continuing professional development in co-operation.

The German co-operative support and development agencies have a strong commitment to the role of education and research in strengthening the movement and work closely with the **Academy of German Co-operatives** (ADG). ADG is the main co-operative education provider in Germany, with 7 regional academies and offers management qualification programs, university courses, seminars, workshops and forums on current topics for co-operative banks and co-operative enterprises. Since 2011, the ADG Business School has been successfully established as a joint venture with the Steinbeis University Berlin (SHB) offering occupational university studies. In 2015 ADG ran 1,560 events for banks, agricultural and industrial co-operatives with around 56,900 seminars available and 22,000 co-operators participating. The curriculum focus is primarily on co-operative leadership

⁵⁵ <http://www.gruenderinnenzentrale.de/en/startpage/>

⁵⁶ <https://translate.google.co.uk/translate?hl=en&sl=de&u=http://www.gruenderinnenzentrale.de/&prev=search>

⁵⁷ http://eige.europa.eu/sites/default/files/documents/the_center_for_women_establishing_new_businesses_germany.pdf

and business with little mention of co-operative values and principles. The DFG hosts researchers and funds research co-operation initiatives with co-operative partners overseas.

4.6 Learning for the UK

German co-operative support and development organisations, such as DGRV, are in a relatively advantageous position compared to their counterparts in other countries. Not only does the organisation have close links with powerful co-operative banking institutions they have a 'seat at the government table' when it comes to developing government policy on employment, alternative business approaches and the economy.

In both Germany and the UK co-operative support and development agencies are working with co-operatives to drive renewable energy projects. In Germany, where government works extremely closely with the co-operative sector and the DRGV in particular, policy has encouraged the development of small businesses and co-operatives to meet the needs of this new sector. The situation in the UK by contrast, is challenging. The UK government recently repealed tax breaks for clean electricity schemes⁵⁸ which makes it difficult for community energy co-operatives to establish themselves. Thus the strong links with government in Germany clearly advantages such projects.

However what really stands out in this review of co-operative support and development in Germany is firstly, the priority the German co-operative movement gives to education and training. This is facilitated by funding being made available to the low paid which can be used for co-operative education. Secondly is the focus on proactively engaging with and supporting emerging co-operative opportunities and labour market changes as in the cases of freelancers (eG, Kleinmachnow) and women entrepreneurs, (Gründerinnenzentrale) respectively. The scale and scope of co-operation in Germany, alongside its federal organisational structures, makes interventions and innovative projects of this kind possible.

5. The Case of Finland

5.1 The Co-operative Sector in Finland

Co-operatives are central to Finnish society because they are credited with having helped to transform Finland from a poor country, dominated by Russia, to a developed economy with high living standards, low levels of inequality and a highly regarded education system.⁵⁹ The roots of the movement can be found in the formation in 1899 of **Pellervo** – a confederation of Finnish co-operatives which prompted the first Co-operative Act in 1901. Co-operation flourished in Finland

⁵⁸ <http://www.theguardian.com/public-leaders-network/2015/oct/02/energy-co-operatives-uk-germany-denmark-community>

⁵⁹ 'Inspirational co-operatives' case study – Finland (Co-operative College)

from this time as 90 per cent of the population worked in agriculture where poverty was endemic, services were of poor quality, goods were overpriced and little credit was available. As a result farmers and consumers took direct action against cartels that were overcharging them for products. First, co-operative banks were set up with support from the Finnish government to provide loans for rural co-operatives. This sparked the formation of other credit co-operatives. Agriculture, forestry, water and consumer co-operatives also date back to this time.

A second wave of co-operatives emerged in the early 1990s when more than 3,000 co-operatives were set up and new types of co-operatives were established in areas such as culture, architecture, IT and translation.⁶⁰ Consumer co-operatives' share of the market has also grown rapidly in recent years. Historically the consumer co-operative movement was split on political lines but the two main groupings merged at the turn of the century. The S Group now has a market share of over 40 per cent, and a turnover of Euro 5.5 billion with operations in supermarkets, service stations and fuel, department stores, hotels and car retail. It also has subsidiaries in the Baltic States. S Group members include 20 regional co-operatives with a central hub providing procurement and other services for them.

Background Facts and Figures

With a population of 5.4 million, 4,000 Finnish co-operatives have almost 4 million members and account for 14 per cent of GDP.⁶¹ 84 per cent of Finnish adults and 75 per cent of Finnish households are a member of at least one co-operative and one consumer co-operative respectively and the joint turnover of Finnish co-operatives exceeded 30 billion euros in 2011.⁶² Co-operatives in Finland are often market leaders in their respective fields with co-operatives within Pellervo responsible for 96 per cent of dairy products; 74 per cent of meat products; 50 per cent of egg production; 34 per cent of forestry products and 35 per cent of all deposits made to co-operative banks.⁶³ Consumer co-operatives are very strong – with 44 per cent of daily goods being sold by co-operatives and co-operatives play a significant part in rural services (Mayo, 2014).

Apex Bodies and National Co-operative Support and Development

Co-operatives in Finland are championed by the apex body, Pellervo, which supports the development of co-operatives and calls for favourable legal and policy frameworks for co-operatives. Pellervo has 265 members, with two-thirds of these being co-operative banks and a strong political campaigning profile which is evidenced on its website. Current concerns include the Co-operatives Act 2014, the taxation of co-operatives and trade and competition policy.⁶⁴ Pellervo

⁶⁰ Powerpoint on Pellervo, <http://www.slideshare.net/pellervo/cooperation-in-finland-2012-14261413>

⁶¹ <http://www.un.org/esa/socdev/documents/2014/coopsegm/grace.pdf>

⁶² <http://pellervo.fi/kielet/english/cooperation-finland/>

⁶³ <http://ica.coop/en/co-op-facts-and-stats>

⁶⁴ <http://pellervo.fi/kielet/english/>

runs co-operatives services, including development services for new co-operatives, a magazine, legal services and provides educational services to co-operatives such as training through a co-operative management school which it owns jointly with the Federation of Agricultural Producers (MTK).⁶⁵ Pellervo's current 2012-2017 strategy is to 'give co-operation a positive spin in society' by raising awareness of the co-operative model and developing the movement. Pellervo has a particular concern to modernize the co-operative movement and to 'strengthen co-operative entrepreneurship' through lobbying government and developing further training which it is doing.

A second national body formed in 2001, **The Co-operative Council of Finland**, is a network of co-operative organisations that work together for the promotion of co-operation and mutual co-operative interests in Finland. The Council consists of representatives from Pellervo, SOK Corporation, OP Co-operative Bank and Tradeka retail co-operative.⁶⁶

Tampere Region Co-operative Centre⁶⁷ has operated since 1998 and promotes co-operative entrepreneurship through counselling, education and information dissemination. It was publicly funded enabling free services to co-operatives for 10 years but this ended in 2015.⁶⁸ There is also support and development for co-operatives from Finland's consortium of consumer co-operatives **SOK Group (or S Group)**.

5.2 Financial Support for Co-operatives

There are two competing co-operative banking groups in Finland with a joint membership of 1.5 million. Pohjola is part of OP Financial Group, the leading financial services group in Finland. OP Financial Group is made up of some 180 member co-operative banks and OP Co-operative which they own, including its subsidiaries and closely related companies. **Tekes**, the Finnish Funding Agency for Technology and Innovation is a significant funder for new co-operatives, providing low interest loans and grants to new small business ideas.⁶⁹ In 2014 Tekes invested EUR 570 million in 1,540 innovative projects including many co-operatives.⁷⁰

5.3 Legislation and Government Support

In the 1990s, when the Finnish economy was in depression and unemployment had risen to 17 per cent, the Ministry of Labour and Pellervo developed a common project to increase co-operative

⁶⁵ <http://www.johtamiskoulu.fi/>

⁶⁶ Powerpoint on Pellervo, <http://www.slideshare.net/pellervo/cooperation-in-finland-2012-14261413>

⁶⁷ http://www.osuustoimintakeskus.net/?page_id=227

⁶⁸ Powerpoint on Pellervo, <http://www.slideshare.net/pellervo/cooperation-in-finland-2012-14261413>

⁶⁹ <http://ica.coop/en/media/co-operative-stories/finnish-cooperative-banks-shape-their-own-destiny>

⁷⁰ <https://www.google.co.uk/search?q=tekes&oq=Tekes&aqs=chrome.0.0l6.429j0j8&sourceid=chrome&ie=UTF-8>

entrepreneurship through public financial support. Since then every year about 200 new co-operatives have been established (228 in 2012, 208 in 2013).⁷¹

Finland has had a Co-operatives Act since 1901, with its second and most recent revision taking place in 2014. Historically, the Act was based on international co-operative principles, however the new Act is less focused on these and instead, relies on the 'will' of the co-operative's members; a change that has faced criticism from the co-operative movement.⁷² It was anticipated that changes to the Law would help to secure more capital for co-operatives and ostensibly to improve their competitiveness by facilitating their easier foundation (co-operatives can be constituted by one member) and with comparatively minimum co-operative standards in force. Legally, the co-operative is now closer to the Limited Liability Companies Act and there are increasing numbers of co-operative hybrids whereby primary co-operatives control a plc (limited company on the open stock market). Whilst co-operatives are now easier to establish and capitalize, Pellervo has expressed concerns about the potential loss of co-operative identity. As this is a recent development, it is too early to say what the impact on the co-operative movement will be.

5.4 Stimulating Co-operation

The Finnish co-operative support and development organisations are committed to working with the government and public sector to strengthen what it terms 'old co-ops' but increasingly their focus is on stimulating 'new co-operatives' such as school co-operatives, travel and leisure services, publishing and media co-operatives and on the modernisation of the sector more generally.

Supporting Self Care Through Co-operative Open Data Initiatives

Pellervo has been closely involved in supporting the development of the 'hi-tech' cross sectoral, co-operative initiative Taltioni. Taltioni is a database and service platform that enables all Finns to store, collect, produce and share electronic information related to their health and well-being. The data is accessible from smart devices and user interfaces, regardless of time and place and citizens 'own' their information and decide who and which applications are granted access to their data. Information collected and combined from different services should, it is claimed, enable citizens to develop a comprehensive understanding of their health and the factors affecting it.⁷³ The 27 public and private sector organisations from the health and well-being sector who founded the system, officially established a co-operative in 2012 and have continued to be supported by Pellervo. This is a new type of membership based collaboration between health-care service providers, user organisations, co-operatives and ICT operators in Finland.

⁷¹ Powerpoint on Pellervo, <http://www.slideshare.net/pellervo/cooperation-in-finland-2012-14261413>

⁷² http://rsv.is/files/Skra_0066006.pdf

⁷³ <http://www.sitra.fi/en/news/taltioni/finland-launches-its-trailblazing-taltioni-co-operative-amid-global-interest>

5. Education and Training

Pellervo runs a training institute for co-operatives, with support webinars free for all on the Pellervo Internet. As in all of our other examples, Pellervo has had to grapple with the problem of running training when not everyone has the ability to pay. Thus it is increasingly delivering programmes online and in partnership with the University of Helsinki whereby multidisciplinary university degree studies in co-operative studies are delivered on line.

Pellervo is also committed to working with researchers in higher education to share new knowledge and ideas. To that end it has endowed a Professorship, facilitated a Co-operative Studies Network (8 universities take part, administrated by the University of Helsinki) and began publishing a *Journal of Co-operative Organisation and Management* in 2012. The CNS-coordinating team works with a Board composed of the members nominated by the member universities and the Finnish Co-operative Council.⁷⁴ Since 2005 the **Co-operative Council of Finland** has granted almost 2 mil € for co-operative research and 255.000 € for co-operative education.⁷⁵

School based co-operatives are growing in number and there are now around 50 student co-operatives in Finland.⁷⁶ They are viewed by Pellervo as a tool for training in entrepreneurship and students form, run and develop co-operatives to enhance their enterprise skills with the active support of Pellervo including free resources.

5.6 Learning for the UK

In terms of co-operative support and development learning from Finland for the UK, there is a clear, tangible commitment to education and research across the co-operative movement as well as strong public support for co-operatives which are mature, successful and highly visible in all sectors of the Finnish economy. Pallervo also has a strong commitment to supporting schools based co-operatives, a growing global response to youth unemployment. This cultural acceptance for co-operatives has enabled the movement to innovate and engage with new co-operative developments such as what is termed 'selfcare' in Finland, as discussed in 5.4. Yet innovation of this kind can be conflicted for co-operative support and development bodies as appears to be the case in Finland where Pallervo has raised its concerns. For example new legislative changes now allow one person only to form a co-operative and adherence to co-operative values and principles is optional and up to the 'will' of members rather than embedded in the legal co-operative form. This is an issue which the UK movement would need to negotiate.

⁷⁴ <http://www.helsinki.fi/ruralia/education/coop/>
<http://www.thenews.coop/33581/news/consumer/endowed-professorship-co-operative-management/>

⁷⁶ Powerpoint on Finnish co-operative movement given by Hanna Mukka from Pellervo.

6. The Case of Italy

6.1 The Co-operative Sector in Italy

The first co-operative in Italy was established in 1854 in Torino, when an association of the city's workers opened the first consumer co-operative shop. Worker co-operatives and co-operative banks followed and with the support and approval of the Socialist and Catholic Italian governments, the country's co-operative movement flourished. Despite challenges to the movement during the Fascist period in the mid-20th century, Italian co-operatives now demonstrate resilience, innovation - such as in the powerful social co-operative model - and an ability to grow.⁷⁷

Facts and Figures

Today, there are 55,000 co-operative enterprises generating 4.7 per cent of Italian GDP and out of a population of almost 60 million, 22.5 million individuals are co-operative members.⁷⁸ For example, in Emilia Romagna, one of the richest regions in Italy, there are an estimated 8,000 co-operative enterprises which generate 40% of the region's GDP and are its major employers.⁷⁹ Whilst co-operatives can be found in every sector of the Italian economy, it is in retail that co-operative success is most evident. The National Association of Consumer Co-operatives, which trades under the COOP brand name, has a turnover of €13bn; 7.4m consumer members; 56,000 employees; 1400 shops and an 18% market share.⁸⁰

Apex Bodies and National Co-operative Support and Development

Historically Italy had three national co-operative federations which represented differences in the political and cultural ideology of their members. **Lega coop** was the first federation which emerged out of a socialist ideology; **Confco-operative** was founded in the mid 1950's and was closely aligned to the Catholic party and **Associazione Generale delle Co-operative Italiane (AGCI)**, was the third. However in 2011, **The Alliance of Italian Co-operatives** was formed with an intention to merge the Federations so that the co-operative movement 'speaks with one voice', benefits from 'joined-up' support and development strategies nationally, and focuses on particular innovations such as community co-operatives.⁸¹

Co-operative development is funded across all three current Federations through a 3% levy on profits made by co-operatives across Italy, detailed later. At the time of writing, the main focus of co-operative development support for co-operatives is addressing youth employment, identifying access to finance for co-operatives and driving co-operative start up schemes (see Section 6.3).

⁷⁷ <http://www.cooperazione.net/eng/pagina.asp?pid=386&uid=383>

⁷⁸ <http://ica.coop/en/whats-co-op/co-operative-facts-figures>

⁷⁹ <http://www.thenews.coop/98972/news/co-operatives/italys-new-co-op-giant-remember-rich-history/>

⁸⁰ <http://www.thenews.coop/98972/news/co-operatives/italys-new-co-op-giant-remember-rich-history/>

⁸¹ <http://www.cicopa.coop/Italian-Prime-Minister.html>

6.2 Financial Support for Co-operatives

Under Italian co-operative law, there are two mechanisms that play a major part in financing co-operative development both at the local and national levels:

- 3per cent of the net profits of all co-operatives must fund co-operative development.
- No tax is levied on a percent of the profits retained within the co-operative when allocated to indivisible reserves.

Distribution of co-operatives' profits

Since 1992, every co-operative in Italy (as in Spain and Portugal) has had the responsibility of transferring 3 per cent of its net profits to a national co-operative development fund. Three different funds were set up to support co-ops affiliated with each of the country's federations but Legacoop's **Coopfond** (Fund for the Promotion of Co-operatives) is the largest of the three. At the time of writing Coopfond has a cumulative balance of \$ 300million and is growing by about a \$15 million (US) a year. Coopfond makes loans at below-market rates with favourable conditions or lengthier terms and is a significant resource for new co-operatives meeting the needs of new markets, since these usually lack access to capital in the early stages of development.

Currently, about 40 per cent of the cumulative income of Coopfond comes from the profits of consumer co-operatives, whereas consumer co-operatives have received only 20 per cent of the loans. Furthermore, 76 per cent of the income to Coopfond comes from Northern Italy, 21 per cent from Central Italy and only 3 per cent from Southern Italy. However, 27 per cent of the funds go to the South, 21 per cent to the Centre and only 52 per cent go back to the North. Legacoop has a set of long-term objectives focused on developing the co-operative sector in the South which remains by far Italy's poorest area with the fewest co-operatives.⁸²

6.3 Legislation and Government Support

In Italy there are established laws and practices in place that are favourable to co-operative businesses⁸³ and this may well account for the success of co-operation. The Italian Constitution recognises the value of co-operation with Article 45 stating: *The Italian Constitution itself explicitly recognises the social function of co-operation and its contribution to the country*⁸⁴ and co-operatives have a high political profile.⁸⁵

For example the Marconi Fund which helps to finance new co-operative start-ups is written into Italian law and in 1991, a new law recognising and defining social co-operatives was approved, helping to develop this sector. Additionally the Marcora Law allows redundant workers to use their accumulated unemployment benefit to capitalise a co-operative buyout. Although this can mean that workers have to use any savings to set up a new enterprise, it does allow for the development of new employee owned businesses and co-operatives.⁸⁶

⁸² <http://www.grocer.coop/articles/building-future>

⁸³ <http://socialeconomyaz.org/wp-content/uploads/2011/06/SocialCo-operativesInItaly.pdf>

⁸⁴ <https://greencollarcommunities.wordpress.com/2012/11/20/lessons-from-the-italian-co-operatives/>

⁸⁵ <http://www.cicopa.coop/Italian-Prime-Minister.html>

⁸⁶ <http://www.thenews.coop/98000/news/business/marcora-law-effective-tool-active-employment-policy/>

Not all of our case study countries had laws favourable to co-operative enterprises. According to the Co-operative News, co-operatives in the United States face challenges because the legislation regulating co-operatives varies across the fifty states, and many co-operatives are unable to incorporate as co-operatives because legal forms are not in place.⁸⁷ However in Italy, co-operation is clearly mainstreamed legally, politically and culturally.

Supportive Taxation Legislation

Most of our case study countries do not provide any special tax benefits for co-operatives (though there are tax breaks for investment in community/co-operative development in the US). Italy is one exception where co-operatives benefit from favourable tax laws such as the reduced taxation of indivisible co-operative reserves, the payment of lower rates of corporation tax; the non-taxation of annual contributions to the Marconi Mutual Fund and the ability of social enterprises to charge nil rate or four per cent VAT, compared with the 20 per cent standard rate VAT charged by profit-orientated businesses. Finally a recently enacted law provides tax exemptions for private donations to not-for profit organisations, including social co-operatives.⁸⁸

6.4 Stimulating Co-operatives

The Generazioni Initiative

All three Federations support and develop co-operatives at every stage of their lifecycle but since 2007, Legacoop has prioritized the development of **Generazioni**, its young co-operators network, in an effort to develop and represent the 'next generation' of co-operators.⁸⁹ Delegates from Generazioni meet frequently with government representatives to explore the barriers faced by young people trying to start up their own co-operatives, issues around youth unemployment and the difficulties associated with accessing finance for startups. Generazioni members have proposed incentives for developing larger co-operatives and further tax breaks to enable co-operatives to re-invest profits into the business, particularly in research, training and development. As part of its campaign to promote the co-operative model amongst young people, Generationzi teamed up with secondary schools and universities, encouraging students to get involved in a business strategy game while introducing them to co-operative values and principles. The project, Sapienza Business Game, was promoted jointly by Legacoop and Student Associations. Generazioni has gained an important role within the Legacoop structure and participates in governance and decision making processes.⁹⁰

Legacoop has also launched a new 'youth' portal for the Emilia-Romagna region - Farecooperativa - that enables young people to gain access to co-operative start up information as well as free legal

⁸⁷ <http://www.thenews.coop/90564/news/business/debating-the-big-issues-for-the-us-co-operative-movement/>

⁸⁸ <http://socialeconomyaz.org/wp-content/uploads/2011/06/SocialCo-operativesInItaly.pdf>

⁸⁹ <http://generazioni.legacoop.it/>

⁹⁰ <http://ica.coop/en/media/news/italian-co-operatives-help-tackle-youth-unemployment>

advice.⁹¹ The platform supports a network of students, teachers, academics and co-operators. Other youth based support and development initiatives have been launched. Legacoop has set up **Bellacoopia**, a business plan competition that assists students in creating co-operative enterprises; **Innovacoop**, focusing on innovation and international growth which provides free consulting and training services and **Co-operative de Comunita**, a project which aims to produce benefits for communities to which co-operative members belong.⁹²

Co-operative Clustering

Co-operative 'clustering' whereby co-operatives 'come together' to generate 'local' economic growth and share services is strongly advocated by co-operative support and development organisations in Italy. For example in Emilia Romagna, co-operative clusters generate over 30 per cent of the region's GDP and co-operative funds are continuously circulated for mutual co-operative benefit. In one example a COOP hypermarket development used eight different consortia of co-operatives within Legacoop for the following tasks:

1. Purchase and operate the real estate;
2. Build the shopping centre (usually built by worker co-operatives);
3. Finance the property;
4. Manage, clean, and maintain the property;
5. Provide security to the property;
6. Provide the accounting service;
7. Train personnel; and
8. Link to Co-op Italia (the consortia of consumer co-operatives associated with Legacoop).⁹³

Social Co-operatives

Social co-operatives emerged in Italy in the 1970s after a period of high unemployment, and they continue to strengthen due to favourable legislation which includes preferential public procurement; legal recognition; beneficial tax arrangements; the legal duty of businesses to support disadvantaged people and the availability of finance on good terms.⁹⁴ Co-operative support and development bodies in Italy are strong advocates of social co-operatives. In 1991 a new law (381/91) was approved which defined social co-operatives and recognised them as organisations that primarily benefit the community or groups of disadvantaged people. This has resulted in an increase from 650 social co-operatives in 1985 to between 4,000 and 5,000 today⁹⁵ There are two types of social co-operative identified in law: those that have a social purpose, i.e. they deliver health, social or educational services and those whose members are disadvantaged in some way

⁹¹ <http://www.farecooperativa.it/>

⁹² <http://www.legacoop.coop/>

⁹³ <http://www.grocer.coop/articles/building-future>

⁹⁴ <https://greencollarcommunities.wordpress.com/2012/11/20/lessons-from-the-italian-co-operatives/>

⁹⁵ <http://socialeconomyaz.org/wp-content/uploads/2011/06/SocialCo-operativesInItaly.pdf>

who form co-operatives of any type. Social co-operatives are well represented in the education and healthcare services sector and are a defining feature of the co-operative movement in Italy.

6.5 Education and Training

All three of the Federations provide training for co-operatives ranging from co-operative administration to understanding the co-operative legal framework. Bellacoopia, as previously noted, is an educational scheme for young people to learn about co-operatives and their benefits in schools.⁹⁶ The new Alliance has developed joint Master's Degree level programmes with a number of Italian universities on co-operative leadership⁹⁷ and social co-operatives provide training relevant for their field of operation.

CoopStartup is part of Legacoop CoopFond and is a pilot scheme devoted to co-operative technological and social innovation. CoopStartup has established an 'all-age' working group from the Legacoop membership and other like-minded institutions; developed a network of partners (i.e. Universities, research centres, businesses and start-up accelerators); run contests to test the business ideas of groups of potential co-operators and offers project management support and free online training courses on business modelling.

6.6 Learning for the UK

Italian support and development for co-operatives is facilitated by the hospitable legal and political framework in which it operates. The levy on co-operatives for further co-operative capacity building, the tax advantages for co-operatives, and the cultural and social support for co-operatives all help to give the sector resilience. The funding available to the co-operative movement through the levy system enables the co-operative support and development agencies to be ambitious for co-operation. The plans by the Alliance to develop the sector in the poorer south of the country bears testament to this, but it is also a measure of the confidence of the Italian movement that it feel able to foster interventions of this kind. It is difficult to know whether a levy scheme could be replicated within the UK. It may be possible in certain sections of the movement, for example amongst worker co-operatives, who may be more culturally open to solidaristic activity of this kind.

An important characteristic of the Italian co-operative support and development bodies is the focus on youth engagement through initiatives such as Generazioni. Whilst there are currently efforts to engage co-operative youth within the UK, further alliances amongst those working with young co-operators might result in co-operative employability pathways which could only strengthen the co-operative movement and be of benefit to young people.

⁹⁶ <http://www.lacooperazionereggiata.it/bellacoopia/>

⁹⁷ <http://www.alleanzacooperative.it/uffici-studi/category/corsi-di-af/>

7. The Case of the USA

7.1 The Co-operative Sector in the US

The U.S. co-operative movement was inspired during the Industrial Revolution by the waves of European settlers who brought their differing co-operative traditions with them. It is in the agricultural sector that co-operatives have had the greatest impact with the first recorded dairy and cheese co-operatives established in 1810.⁹⁸ This translated into ongoing federal government support for co-operatives from the US Department of Agriculture (USDA) in particular, and the challenges of the Great Depression brought further federal support for co-operatives. For example cheap lending associated with the rural electrification programmes laid the basis for a huge rise in utilities co-operatives, (the National Rural Electric Co-operative Association), and the Farm Credit Act in 1933 established Production Credit Associations to make loans to farms. The Act also created a system of banks for agricultural co-operatives and in 1934, nationwide credit unions.

The civil rights movement embraced co-operatives as a way to support independent black farmers in the south. Organizations such as the **Federation of Southern Co-operatives** recognized the range of services needed to promote independence and land retention among black farmers, given the legacy of segregation and discrimination.

Now, in the USA, co-operatives are spread across most sectors. Agricultural co-operatives have a 28 per cent stake in the processing and marketing of agricultural production and rural electric co-operatives serve more than 42 million users located in 47 states, representing 42 per cent of the country's power lines.⁹⁹

Background Facts and Figures

The contemporary co-operative movement in the U.S. plays a major role in the American economy. Today 30,000 co-operatives operate 73,000 businesses, generate well over US \$500 billion in revenue and provide 2 million jobs.¹⁰⁰ Out of a population of 256 million, there are 350 million individual co-operative memberships¹⁰¹ with almost 40 per cent of the population having some form of co-operative membership. Altogether co-operative business activity accounts for just over 4 per cent of GDP.¹⁰²

Apex Bodies and National Co-operative Support and Development

⁹⁸ <http://www.uwcc.wisc.edu/whatisacoop/history/>

⁹⁹ <http://www.aciamericas.coop/Facts-figures-4472>

¹⁰⁰ <https://www.ncba.coop/>

¹⁰¹ <http://community-wealth.org/strategies/panel/coops/index.html>

¹⁰² <http://www.un.org/esa/socdev/documents/2014/coopsegm/grace.pdf>

In the early 20th century, U.S. co-operatives identified a need for a national apex body. They organised into the **Co-operative League of the USA** in 1922, which later became the **National Co-operative Business Association (NCBA)**.¹⁰³ The aim of the member based NCBA is to foster co-operative economic and social development in the US and abroad, with a mission to 'develop, advance, and protect co-operative enterprise'. As well as its work in the US, NCBA also delivers international co-operative development programmes.

As a U.S. trade association, NCBA provides education, support and advocacy to a membership of primary co-operatives and national associations active in a broad range of co-operative sectors from food co-operatives, to health care, to worker-owned enterprises. NCBA is funded by its members and by national and federal government.

NCBA collaborates closely with **Co-operation Works!** and **Co-operative Development Centres** across the US to instigate more diverse and sustainable funding for the work of co-operatives by lobbying federal government.¹⁰⁴ **Co-operation Works! (CW)** is the US Centre of Excellence for co-operative business development. It is a national co-operative whose members include the 24 Co-operative Development Centres with a stated focus on innovation. CW is organised with a non-traditional, non-hierarchical governance structure with members focusing on revitalising communities through co-operative enterprise development. Members provide expertise across all aspects of co-operative development, including feasibility analysis, business planning development, training and education.¹⁰⁵

Co-operative Development Services is a non-profit organisation founded in 1985 and funded by members and donors. Like CUK, CDS provides consultancy services for co-operatives and since its inception, has participated in the development, restructuring, and expansion of over 500 co-operatives. CDS provides initial consultation at no cost and has helped '*co-operatives to access \$7m in foundation, federal or state grant funding in 10 years*'.¹⁰⁶

Finally the **United States Federation of Worker Co-operatives (USFWC)** is the national grassroots membership organization for worker co-operatives organizing in 100 member workplaces. Membership also includes co-operative developers and organizations that support worker co-operatives. As a membership and advocacy organisation, USFWC provides consulting and technical assistance, member training and advocates for greater public funding. It hosts the **Democracy at Work Institute** and is led by a Board elected from the membership.¹⁰⁷

¹⁰³ <http://www.umich.edu/~nasco/OrgHand/movement.html>

¹⁰⁴ https://www.ncba.coop/index.php?option=com_content&view=article&id=15&catid=11&Itemid=399

¹⁰⁵ <http://www.cooperationworks.coop/>

¹⁰⁶ <http://www.cdsus.coop/services>

¹⁰⁷ <https://usworker.coop/about-usfwc>

7.2 Financial Support for Co-operatives

Co-operatives in the USA receive money in the form of loans or grants depending on the kind of enterprise they are and their geographical location. There is a huge range of funding options for co-operatives including those that offer tax advantages and incentives for stimulating co-operative growth in poor communities.

The National Co-operative Bank, with \$6.2 billion in assets, focusses its attention on housing co-operatives, Employee Stock Ownership Plans and the nonprofit sector and has a profile similar to the co-operative banking sector in Germany. NCB makes dedicated loans to co-operative housing and business initiatives which are long term, require low down payments and with no prepayment penalties.¹⁰⁸

Central and Federal Government is also a source of public funding for co-operatives - in particular the USDA which provides grants to rural co-operatives and other mutually-owned businesses.¹⁰⁹ Most grant recipients are members of Co-operation Works! Which helps to promote the Fund. Another important US Treasury backed initiative is the **Community Development Financial Institution (CDFI) Fund** – a programme which increasingly advocates (and financially supports) co-operative start-ups. The CDFI Fund promotes local economic growth by directly investing in, supporting and training CDFIs that provide loans, financial services and technical assistance to poor populations and communities. The allocation of tax credits to **Community Development Entities** attracts investment from the private-sector to reinvest in low-income communities. Since its creation, the CDFI Fund has awarded over \$2 billion to community development entities with New Markets Tax Credits investments totaling \$43.5 billion. Both of these actions help to foster the development of local co-operatives. For example in low income 'manufactured/mobile home communities', loans have been given to co-operatives to enable homeowners to jointly buy their communities and to operate them on a not-for-profit basis. In New Hampshire, 20 percent of all MHCs (more than 100 of the 450 communities in the state) are now owned by homeowner co-operatives.¹¹⁰

Grants and loans are offered to co-operatives and their support and development agencies through numerous other organisations. Some are philanthropic. For example the **Co-operative Foundation** promotes and supports co-operative education and development through providing grants to organisations including the Federation of Southern Co-operatives.¹¹¹

¹⁰⁸ <http://www.ncb.coop>

¹⁰⁹ <http://www.rd.usda.gov/programs-services/rural-co-operative-development-grant-program>

¹¹⁰ <https://www.cdfifund.gov/Pages/results.aspx?k=co-operatives>

¹¹¹ <http://theco-operativefoundation.org/>

USFWC has initiated a Worker Ownership Fund with the goal of providing capital to worker co-operatives throughout the U.S and support and development organisations have collaborated to generate capital for co-operatives as in the case of North Country Co-operative Development Fund (NCDF) which makes loans to consumer, worker-owned and housing co-operatives. NCDF has now renamed itself as a **Shared Capital Co-operative** - a national loan fund and federally certified CDFI. The idea of the scheme is to connect co-operatives and capital to build economic democracy through working with capital invested by the co-operative sector and its allies and facilitating financing for co-operative startups.¹¹² In 2014 NCDF received a US \$1.5 million award from the CDFI Fund, invested \$3.2 million in local communities through loans and in doing so, invested in sixteen co-operatives in eight states. (Annual Report, 2014)¹¹³

Most recently new legislation (see 7.3) has enabled the leveraging in of grants to co-operatives starting up in disadvantaged communities.

7.3 Legislation and Government Support

In the United States government support for co-operatives is strong and worker/employee owned enterprises are seen as significant players in community regeneration and revitalization strategies. For example the **National Co-operative Development Act 2011**¹¹⁴ lists the benefits of co-operative development in communities as facilitating local economic stability, increasing the local circulation of capital thereby spurring locally oriented economic growth; developing, attracting, and anchoring new productive capital in low-income communities and expanding investment opportunities and asset creation for low- and moderate-income Americans. The recent launches of the **Congressional Co-operative Business Caucus** and USDA's **Interagency Working Group on Co-operative Development** which both work with the NCBA, testifies to the profile that the co-operative business model has in the USA.¹¹⁵

7.4 Stimulating Co-operatives

The NCBA helps to promote projects between co-operatives and a range of community regeneration organisations.

Building Community Wealth

This is a project promoting alternative community based economies and spreading the idea that organisations such as co-operatives create 'community wealth'.¹¹⁶ Local economic stability, according to Community Wealth, can be addressed by encouraging Anchor institutions to leverage

¹¹² <http://sharedcapital.coop/>

¹¹³ <http://sharedcapital.coop/>

¹¹⁴ <http://www.thenews.coop/36991/news/co-operatives/national-co-operative-development-act-2011/>

¹¹⁵ <https://www.ncba.coop/impact-2016>

¹¹⁶ <http://community-wealth.org/map>

their assets and revenues to promote local private sector development through such means as directing a greater percentage of their purchasing power toward local vendors based in the community; providing workforce training for people needing assistance in the community; incubating the development of new businesses (including social enterprise among nonprofits) and using pension and endowment funds to provide community venture capital for nonprofits, entrepreneurs, and employee-owned firms. An '**Anchor Dashboard**' aims to link up 'anchor institutions' such as hospitals and universities with co-operative enterprises to encourage them to choose co-operatives for any work contracts.¹¹⁷

One initiative started in 2000 as a collaboration between Harvard University and local state leaders to address the lack of local affordable housing. The University, through its \$20 million, 20-year affordable housing low-interest fund, provides assistance to help create and preserve affordable housing for low and middle-income residents. To date, the Fund has helped finance the creation and/or renovation of more than 4,350 units of affordable housing. As of 2015 there were 4,000 community development corporations, 11,000 employee owned firms and co-operatively-owned businesses involving more than 100 million members nationwide.¹¹⁸

Engaging with Grassroots Developments

During 2014, the US co-operative business community witnessed the growth of co-operative cross-sector groupings who self-identified as **Co-operative Business Associations** (CBAs). The CBAs are organic, bottom-up, volunteer led organizations often founded by staff from food, worker and housing co-operatives and credit unions. The NCBA attributes their growth to the impact of the United Nations' International Year of Co-operatives (2012), which saw a surge in co-operative growth in the US.

CBAs are located throughout the US and reflect their locality as well as the needs of the co-operative community they represent. To this end they seek to strengthen the relationship between co-operatives in their communities as well as increase the measure of business co-operatives engage in with each other. Their primary concern is to deepen the economic impact co-operatives have and they intend to measure impact and model exemplary community and business citizenship. The NCBA has now engaged with this grass roots movement arguing that CBAs are in a unique position to drive national co-operative initiatives given their close relationship to the co-operatives in their community. Throughout 2014, the NCBA went on a formal 'mapping' road trip with a result being an on-going commitment to not only extend its role as convener of the CBAs, but also to provide guidance, resources, and leadership. In 2014, NCBA established two CBAs and has plans to support and develop more.

¹¹⁷ <http://community-wealth.org/strategies/panel/coops/index.html>

¹¹⁸ <http://community-wealth.org/about/vision-mission.html>

A second grassroots initiative involving the NCBA are the **Thought Leadership / Co-op Talks** sessions run across the US. Sessions are designed to bring together leaders from all co-operative sectors to help create sectoral synergies and grow strategic alliances. These forums provide a platform for co-operative businesses to highlight success stories and showcase examples of their role in their local, state, national, and global economic communities. A stated NCBA aim however is to build 'communities of co-operatives' (NCBA Annual Report, 2014).

Professionalising Co-operatives

Professionalizing co-operatives is a further, new initiative run by NCBA. The first three day **Co-operative Professionals Conference** was held in 2014. 35 professionals across five disciplines (legal, accounting, human resources, financial advisors, investment advisors) met in intensive learning sessions where technical information was presented and discussed. A stated aim of the initiative is to help to train co-operative leaders to drive, professionalize and modernize the co-operative sector through continuing professional development and knowledge transfer.

7.5 Education and Training

In addition to many postgraduate co-operative professionalisation programmes, there are numerous active partnerships between co-operative support and development bodies and education, training and research within the United States. For example Institutes such as the **University of Wisconsin Centre for Co-operatives** works closely with NCBA to conduct research and deliver co-operative training and education. The Centre organises events, talks and training sessions and conducts research on co-operatives for co-operative businesses and for the wider community.¹¹⁹

There has also been resurgence in what can be termed grassroots education for worker co-operatives and co-operative organizing as notions of the solidarity economy have gained in popularity.¹²⁰

7.6 Learning for the UK

The US Co-operative Support and Development bodies are involved in many activities which are of interest to the UK, from co-operative professionalization programmes to developing voluntary grassroots 'co-operative business associations'. The focus on professionalization and 'thought leadership' reflects a confident co-operative movement that values its human assets.

¹¹⁹ <http://www.uwcc.wisc.edu/>

¹²⁰ <http://www.geo.coop/about>

However the **Community Wealth** initiative which focuses on regenerating communities through democratic, community, wealth-building institutions with a stated aim of challenging the nature of asset and wealth ownership in communities, is particularly interesting. This initiative appears to be a sophisticated response to the instability of local economies post-2008 (OECD, 2009) and showcases a co-operative movement stimulating, responding to, and partnering, community development organisations, local authorities, anchor institutions and citizens. Again, the solidaristic behaviour in evidence amongst interested stakeholders offers a useful perspective for co-operative support and development in the UK.

8. Conclusion and Summary of Findings

This report has sought to address two research questions the first, on the role played by co-operative support and development in countries where the co-operative economy appears to be strong and the lessons that might be learnt for the UK and second, how cultural, political, and social factors may help to account for the strength of co-operation within our case study countries. This section addresses both questions and begins by making some observations about the context for co-operative development, social, cultural and political factors.

Firstly, certain cultural, political or religious roots within different countries' co-operative movements (for example the Socialist and Catholic roots of the Italian co-operative movement) appear to impact significantly on the 'nature' and philosophy of the co-operative economy and the social expectations associated with it. One explanation for 'buy in' to either the co-operative levy in Italy or co-operative auditing in Germany for example, may well lie in wider societal expectations about solidarity and economic robustness respectively.

Secondly, the political attitude of governments towards co-operatives, co-operative support and development and the resultant policies and legislation affecting co-operatives, differs country by country. For example, one of the reasons for the strength of the Italian co-operative movement is arguably the country's long standing policies that support co-operatives through its favourable tax laws for co-operative businesses, something that the UK co-operative movement operating within a country with a 'low taxation' discourse is unlikely to achieve in the foreseeable future. At the same time some of the co-operative support and development organisations – such as in the US - are funded extensively by the State, another unlikely scenario in the UK context.

Thirdly, where the co-operative economy is sectorally diverse, we find a history of welfarism very different to that in the UK. The strength of the UK's welfare state and public service ethos has historically limited the engagement of co-operative businesses to certain sectors compared to countries that may not have had a strong welfare state. As a consequence, a number of our case study countries have a broad and established sectoral reach, for example into the social co-

operative economy. Whilst changes to the provision of public services means that new interventions for the co-operative movement are emerging in the UK, the legacy of state run and public service provision remains strong.

However whilst these factors offer a context for the research and indeed may help to account for the particular co-operative trajectories in the case study countries as well as their robustness, the research findings also raise a number of compelling questions related to support and development strategies for the UK co-operative movement.

A first major finding is the way in which the co-operative business model in a number of countries appears to be indivisible from other small business activity in terms of both the public funding that it can attract and the way in which it is perceived in economic and public policy terms. Thus whilst the legal form of co-operatives may be distinctive, in the US, Germany, Finland and Canada the co-operative enterprise model sits firmly alongside small to medium enterprises and self-employment as a model for job creation, regeneration and economic growth in government policy. In a number of important cases this 'blurring' has been facilitated by, for example, legal changes – as in the Co-operatives Act in Finland - which has resulted in 'one person co-operatives'. The changing nature and 'rolling back' of the state, post-crisis, has also altered perceptions of where co-operatives might 'sit' in economic policy as in the broker role attributed to co-operatives in Germany and Finland. In the UK, a similar 'blurring' of co-operative forms is taking place as the not for profit, social enterprise and mutual models have emerged. On the one hand then, this creates extraordinary opportunities for a mainstreamed co-operative model, but what does it mean for co-operative identity? And what implications does this mainstreaming have for those who align themselves to a more 'traditional', collectivist co-operative model?

This raises questions for co-operative support and development bodies: should they focus beyond co-operatives and engage with other small business forms as is done in most case study countries? The UK Co-operative movement increasingly encompasses social enterprises and mutuals and has resonance for freelancers and the self-employed.¹²¹ In case study countries the co-operative 'reach' extends to working with non-co-operative small businesses who may be encouraged to take a co-operative form, and to businesses that behave 'co-operatively' even if a co-operative business form is not taken. In this sense co-operative movements in case study countries are proving themselves to be both flexible and eclectic in how they interpret and understand the co-operative sector. This raises interesting questions for the UK co-operative movement which largely sees itself as an alternative business model to capitalism albeit operating in the same global market and framed by

¹²¹ Patrick Conaty, Alex Bird, Philip Ross, (2016) *Not Alone. Trade union and co-operative solutions for self-employed workers*. Co-operatives UK: Manchester.

the dominant economic paradigm. How can and should the UK co-operative movement accommodate these different perspectives? Has this accommodation been genuinely achieved in the case study examples?

A **second important finding** is the emphasis on 'professionalising' and 'modernising' the co-operative sector and those working within it. In Canada and the US in particular but in the other countries too, significant attention is paid by the development and support bodies to targetting, through both education and networking, co-operative business leaders and to encourage them to identify as professional bodies. In the US for example co-operative leaders are attributed with a particular professional identity which appears to be little different to the leadership identity associated with corporate and capitalist business models. The professionalisation initiatives may be uneven in their outcome, with some are more successful than others, but critically it is the assumption in these countries with strong co-operative sectors that supporting and developing co-operative leadership is of crucial importance. This raises questions for the UK co-operative movement. Has the UK got its emphasis right in terms of its work on supporting and developing co-operative leadership?

A **third and related finding** is the priority given to education and training within each of the case study countries. This links to both the first and second finding in relation to professionalising, modernising and making the co-operative model more effective and competitive. The scale and scope of educational opportunities in our case study countries is breathtaking – whether targeted at the co-operative grassroots or leadership. It is also innovative in the way that it mobilises educators and trainers, as in the 'Co-operative Developers' model in Canada. What is of interest however is the assumptions that lie behind co-operative leadership education in particular. Research and development, knowledge, learning and innovation are deemed imperative for the resilience and agility of the capitalist model (Senge 2010). In the US, Germany and Canada, a survey of the curriculum offered to co-operative leaders reflects a similar concern. In our case study countries the need for innovation is thus embedded in the educational programmes which make explicit the links between the need for learning, reflective workplaces and the successful co-operative.

The role of learning for innovative behaviour is, for example embedded in a number of technology driven developments in Finland, such as the cross platform health care initiative. Interestingly, in all of our case study countries, there is very little attention paid to co-operative principles and values education as in the UK educational model. This raises a further question for the UK co-operative movement. Should there be greater emphasis on joined up 'grass roots to leadership' co-operative education which puts knowledge and innovation for competitive advantage in place of, or at least given equal priority with, co-operative 'difference', values and principles education?

A **fourth finding** relates to the close working between the co-operative sector and government regeneration and renewal strategies focused on stimulating employment. In a number of our case study countries Apex bodies and other co-operative development and support initiatives are proactive and targeted in terms of both intervening and interpreting government policy. Thus for example in the US and Canada, support for co-operatives in economically disadvantaged regions is considered a priority for co-operative activity and in Italy, Legacoop are consciously building a co-operative sector targeted at impoverished regions. One way that this is facilitated is through the lens of Principle 6 from the 'the conscious co-operative clustering' in Emilia Romagna to the planned 'co-operation amongst co-operatives' fostered by Pellervo in Finland. It might be that this is a greater focus for the UK co-operative movement in the future given the development of Co-operative Councils in economically damaged regions.

A **fifth finding** relates to co-operative support and development and youth engagement strategies. Globally youth unemployment and its relationship to economic inequality and working poverty points to the need for a more critical lens on ways of solving joblessness and underemployment (OECD 2010). It has been argued that co-operatives can help to meet this challenge¹²² and in a number of case study countries, co-operative support and development activities are very youth focused. One example is the way in which young Canadian co-operators are encouraged to participate in the Apex body as a management committee. Whilst it is the case that in the UK co-operative movement initiatives with youth have been explored, and there are some interesting initiatives with co-operative students, might more be done to identify and support a co-operative journey which leads from co-operatives schools, schools based co-operatives (as in Finland), co-operators in universities, through to the co-operative labour market? Some of the smart learning initiatives, such as in Finland and Italy, also have a strong youth focus. This priority may encourage the UK co-operative movement to think further about demographic trends and the changing nature of work and to ask itself if youth should be a priority in any future co-operative development strategy.

The UK co-operative movement is demonstrating new and innovative practices by working in previously overlooked sectors - such as social care - and with new constituencies, such as freelancers and the young. In the UK and globally for example, there is a rapidly growing engagement with notions of the collaborative economy, openness and the co-operative commons.¹²³ Therefore the findings offered here may intersect with actions already being considered or implemented in the UK co-operative sector. The UK co-operative movement as a whole however will want to address some of the questions raised above. Where should its focus

¹²² http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---ed_emp_msu/documents/publication/wcms_195535.pdf

¹²³ <http://open.coop/>

and priorities lie and how does it bring synergies and common purpose, along with social justice and decent work,¹²⁴ to a notoriously disparate UK co-operative movement?

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¹²⁴ ILO, Recommendation 193 on co-operatives.

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Appendix 1

Values

Co-operatives are based on the values of **self-help, self-responsibility, democracy, equality, equity** and **solidarity**. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Principles

The co-operative principles are guidelines by which co-operatives put their values into practice.

1. Voluntary and Open Membership

Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2. Democratic Member Control

Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organised in a democratic manner.

3. Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

4. Autonomy and Independence

Co-operatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

5. Education, Training and Information

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

6. Co-operation among Co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

7. Concern for Community

Co-operatives work for the sustainable development of their communities through policies approved by their members.

Source: <http://ica.coop/en/whats-co-op/co-operative-identity-values-principles>