

Summary Report

Grant Scheme: Call for Proposals ENT/CIP/09/B/N/10S00

Introduction:

1. In the Communication on the promotion of co-operative societies in Europe (COM(2004)18 of 23/2/2004), aimed at greater use of cooperatives across Europe by improving the visibility, characteristics and understanding of the sector, it is stated that a problem which contributes to the incomplete understanding of the potential of the co-operative enterprise is the poor data concerning its quantitative importance and trends in its development. Therefore it was mentioned that the Commission will examine the possibilities of developing the use of “satellite accounting techniques” for the collection and analysis of statistical data on cooperatives and having them applied by national statistical institutes¹.

2. In 2008 the Commission financed a study for the development of a “Manual for drawing up satellite accounts of cooperatives and mutual societies”² for use by statistical offices. Following that and in order to help national authorities to create statistics for cooperatives and mutuals, (like it does it for the tourism sector) in June 2009 the Commission published a call for proposals to finance work on satellite accounts for cooperatives and mutuals, for the development of indicators, creation of basic satellite accounts tables, development of transnational co-operation, exchange of experience and good practices, joint projects, publications, seminars etc.

3. Five pilot projects were financed in Belgium (BE), Bulgaria (BG), Former Yugoslavian Republic of Macedonia (FYROM), Republic of Serbia (RS) and Spain (SP). They were finalised by July 2011. Detailed reports are annexed.

4. General remarks

- Based on the above mentioned Manual four national models for Satellite Accounts were developed containing specific statistical data for: cooperatives and mutuals (BE, SP); cooperatives (FYROM and RS) and one national web-based system for cooperative statistics as a preparatory stage for Satellite Accounts (BG) were created.
- It has to be noted that no statistical data for mutuals was found in BG, FYROM and RS, i.e. no mutuals were identified in these countries.
- All 5 projects provided for tabs, indicators and measurable data on cooperatives and (in BE and SP) mutuals on national level.
- Three national statistical surveys were performed in FYROM, RS and SP in order to identify cooperatives, mutuals and other entities in the social economy according to the criteria and methodology of the Manual.
- Due to the projects international cooperation and exchange of experience and good practices were performed by the beneficiaries. Delegations from FYROM and BG attended the final conferences in both countries. As a follow-up an international seminar on Satellite Accounts

¹ Satellite accounts are increasingly regarded as a tool needed to complement classical statistics for the provision of information. Satellite accounts analyse in detail overall demand for goods and services which might be associated with a given group of enterprises (like cooperatives and similar entities), observe the operational interface with the supply of goods and services within the same economy of reference (like agriculture, housing, banking, etc.), and describe how this supply interacts with other economic activities. They measure the scope of a sector or of a given form of business and its performance within the economy, the value of the goods and services produced and the employment generated. The satellite accounts are largely used in the EU in the area of tourism and their use is supported by the Commission

http://ec.europa.eu/enterprise/sectors/tourism/cooperation/tourism-satellite-account/index_en.htm

² http://ec.europa.eu/enterprise/entrepreneurship/craft/social_economy/doc/study_satellite_accounts_en.pdf

was organised on 4/07/2011 in Madrid, SP with the participation of beneficiaries from BE, BG and RS.

- This grant scheme was a successful exercise presenting the role of cooperatives and mutuals in the national economies and contributing to their visibility. The beneficiaries accepted that the received data will be completed and updated on a regular basis.
- The national reports also provided for relevant national legislation and some conclusions about the trends in the use of the legal form of cooperatives and mutuals.

5. Overall picture

- The role of cooperatives becomes more and more important in BG and SP. Even during the crisis they reported positive results in turnover, employment and other indicators.
- The cooperatives and mutuals are in the best position in SP having the highest indicators of all 5 projects: the cooperatives provided for 22 % of total employment and 1,9 % of the total Gross Added Value in SP in 2008. Their total output is €58 bln.
- In FYROM only net loss was recorded for the cooperatives for 2002 – 2008. Their Gross Added Value is 0,042 % in 2008. No signs of eventual revival were found. No mutuals were identified during the statistical survey.
- The average values of cooperative share in the five national economies are, as follows:
Gross Added Value: 0,56
Total output: 12.5 bln. €

6. Positive trends:

- The number of workers cooperatives (a form of social enterprise) in SP increased by 7% in 2010 compared to the same period in 2009. At the same time, it had contributed to the creation of 10,000 jobs per year since 1986, with an average of 500 new cooperative enterprises created every year.
- In BG there is a wide range of newly created cooperatives operating in the area of social integration.
- The cooperatives in BE, BG and especially in SP increase their share in the area of services.
- In RS there is a revitalisation of the sector, because of the fact that the present Constitution recognizes the cooperative ownership as one of the three forms of ownership, together with the public (State) and private ones. In strategic policy documents and press releases there are calls for revival of the cooperative entrepreneurship.
- The cooperatives in BG reported the highest growth of all 5 projects.
- In RS a “new generation” of efficient and market oriented agricultural cooperatives was born, established according to the international values and principles and following the good practice of other socially active and environment friendly European cooperatives.
- In RS the project identified a raising number of the so-called youth and students’ cooperatives which are market oriented with positive results.
- The number of female employees or members of cooperatives in all 5 countries is traditionally high. This is due mainly to democratic and socially oriented cooperative principles of governance. Generally the percentage of women is close to 50 %, achieving more than 90 % in some specialised cooperatives for people with disabilities (BG) which is a clear indicator for sustainable gender balanced employment.

6. Negative trends:

- Belgium: The number of cooperatives slowly decreased over the years. At present only 461 cooperatives were accredited to the National Cooperative Council. It is due mainly to the concentration processes and mergers.
- BG: the negative trend in the membership and number of cooperatives is due to two main reasons: a) the lack of actualisation of the data for membership from 15 years, and b) the national demographic negative trend, especially in the small towns and villages. At the same time there is a trend for mergers of cooperatives in order to become stronger and more resilient to the crisis.
- Serbia: the trends in the economic indicators are still negative. For 2007-2009 their share in the national economy decreased from 0.27 % to 0.18 %, mainly because of the lack of capacity of cooperatives to adapt to the new market conditions. However, public authorities show increasing interest for the revival of the cooperatives.

8. Conclusions and follow-up

The results of 5 projects will be discussed during the European conferences on cooperatives, planned for 2012 - the UN International Year of Cooperatives (in April 2012 in Brussels and in September 2012 under the EU Presidency of Cyprus).

The projects provided for supporting data for further analysis of the needs for improvement of legislation on cooperatives, especially Regulation 1435/2003 on the Statute for the European Cooperative Society (SCE).

Annex

Belgium

Satellite Accounts for Cooperatives and Mutuels in Belgium. First elaboration (SATACBEL)
Beneficiary: CIRIEC – BE

SATACBEL (2007)	Cooperatives	Mutuals	Total
Number	461 accredited coops	18 mutuals 5 national unions	
Total output	2 435 mln. €	828,8 mln. €	3263,8 mln. €
Gross Added Value	248 mln. €	484 mln. €	732 mln. € 0,4 %

Under Belgian Law the cooperative society is governed by the Commercial Code in the same way as any other commercial company. It may take the form either of the limited-liability cooperative society (*société coopérative à responsabilité limitée* - SCRL) or the unlimited-liability cooperative society (*société coopérative à responsabilité illimitée* - SCRI). It is defined as being “made up of members the number of which and contributions from may vary” (*Commercial Code, Article 350*). This definition, according to the project, recognises nothing of the cooperative concept other than the variable nature of members and contributions. The legislator has provided a more flexible system, less burdensome than that for other commercial companies; this soon attracted the attention of many entrepreneurs who saw in it, if anything, a way of eluding more restrictive rules without necessarily being moved by any cooperative principles. These are known as the ‘false’ cooperatives. Seeing the emergence of these cooperatives having chosen this status for no reason other than legal convenience, the legislator reacted by creating the National Cooperation Council (*Conseil National de Coopération* - CNC), providing the possibility for cooperatives respecting the cooperative principles to set themselves apart as such by seeking accreditation from the NCC. It was also to discourage certain abuses, giving it a suspect reputation, that the status of cooperative was revised during the 90s (Law of 20 July 1991, revised in 1995). Based on that the other 39 500 companies registered as cooperatives are excluded from the scope of the project.

- **Quantitative Results:** Satellite Accounts for cooperatives and mutuals were developed for the first time in Belgium in cooperation with the National Accounts Institute (NAI) and Belgian National Bank (BNB). The project covers also 421 companies with social purpose (*sociétés à finalité sociale*). Key indicators were established, 14 operational groups by activities were defined. In 2007 the total production for all these companies amounts to 4149 mln. € (2435 mln. € from the cooperatives and 828,8 mln. € from mutuals) which represents 0,7 % of total national production. Their gross value added amounts to nearly 942 mln. €, contributing 0.5% to the GDP generated by companies nationwide. It has be noted that in the institutional sector S125 Insurance corporations and pension funds the share of mutuals of the Gross Added Value is 14,5 %.
- **Qualitative results:** Satellite Accounts for cooperatives and mutuals in Belgium were developed on the basis of statistical data for 2007. The aggregates under review were production, intermediate consumption, value added, compensation of employees, gross operating surplus and gross capital formation. The participation of Belgian National Bank and National Accounts Institute collecting statistical data on national level (yearly financial reports of enterprises) guaranteed the reliability of used data. The project was conducted on the basis of the Manual, approved by the Commission according to the European System of Accounts (ESA 95).

Bulgaria

Information system to establish Satellite Accounts for Cooperatives in BG (ISCSA-BG)

Beneficiary: Central Cooperative Union CCU in consortium with the National Statistical Institute (NSI) and the National Union of Worker Production Cooperatives (NUWPC)

ISCSA-BG (2010)	CCU	NUWPC	Total
Number of coops	815 34 unions	234 16 unions	1049 50 unions
Membership	158 010	14 000	162 010 (0,2 % of the population)
Total output	235 mln. €	25 mln. €	260 mln. €
Gross Added Value			0,3 %

CCU:	2003/2008
Basic economic indicators	
Incomes	175 %
Investment	407 %
Employment	75 %
Labour productivity on the basis of incomes	234 %

Quantitative results: A national information statistical system for cooperatives was created allowing the reception of reliable statistical data in real time at different levels – cooperative, local, regional and national per various statistical indicators: incomes, investment, membership, employment, etc. including also division per men and women).

CCU: From 2009 to 2010 the number of cooperatives decreased by 38 cooperatives.

From 31/12/2009 to 30/09/2010 the number of members decreased from 158 710 to 157 001 members.

NUWPC: The above mentioned number includes 31 specialised cooperatives of people with disabilities (1180 disabled persons)

CCU growth for 2007-2010 (according to the introduced system):

Basic economic indicators	
Own capital	+ 30%
Assets	+ 21%
Incomes from direct economic activity	+ 10%
Labour productivity on the basis of incomes	+ 28%
Incomes of employees	+ 39%

- **Qualitative results:** A national statistical system for cooperatives was created, tested and introduced. The necessary equipment was bought, special software was created and relevant staff were trained. As the system contains personal data, it was protected by passwords, codes and different levels of access. The statistical data is permanently updated according to adopted rules, which guarantees its reliability. The system was created on the basis of the Manual and harmonised with the requirements and methodologies used from the National Statistical

Institute (NSI). During the tests the system showed a high level of correspondence and reliability, therefore it was recognised by the NSI as a source of national statistical data with a view of further creation of satellite accounts for cooperatives. The system is web-based, user friendly and allows enlargement and connection by other cooperative unions abroad.

- It could be considered that the negative communist stigma for cooperatives was overcome in BG. Both national cooperative unions participated in the National Economic and Social Council and other representative bodies and actively contribute to the economic and social development.
- In BG the cooperative sector is regulated by the Law on Cooperatives and a special Law for the integration of people with disabilities a sector including specialised cooperatives.
- One often mentioned problem for development of cooperatives is the lack of access to finance. Another one is the lack of management capacity. The same conclusions could be made for the cooperatives in FYROM and RS. In general the cooperatives in these three countries need more favourable legislation for their development and promotion of their positive role for social and economic development.

FYROM

Satellite accounts for cooperatives and mutuals

Beneficiary: State Statistical Office

Indicators (only for cooperatives)	2002	2008	Change
Number	279	91	- 188
Gross Added Value	0.11 %	0.07 %	- 4 %
Employment	1446	554 (0.17 %)	- 892
Turnover	470 764 €	324 665 €(0.09 %)	- 146 099

- Quantitative results: A pilot statistical survey was conducted in March - June 2010 on a basis of a sample of 500 units with cooperative characteristics, selected according to the methodological framework of the Manual. 156 replies to the questionnaire were received from: 105 associations, 25 cooperatives and 2 cooperative unions, 11 foundations, 2 trade companies and 11 others. No data about existence of mutuals was found. The received data for the cooperatives was compiled with the available data in SSO from the annual financial reports of business subjects. On this basis the first national compilation of satellite accounts for cooperatives and other enterprises with social objectives was made at three stages: creation of list of units, compilation of satellite accounts and macroeconomic analysis of the results. Special IT tools were developed and integrated in the national accounting system in order to facilitate the transfer of data: Data Warehouse for National Accounts (DWH), standardised data transfer tool from providers to DWH, Decision Support System for business analysts, etc. The compilation was made in full compliance with the recommendations of the Manual. The Report provided for a clear and detailed statistical picture of the situation of cooperatives in FYROM including, as follows:

- data sources: 1) the National Business Register and 2) the statistical survey which was conducted.
- developed IT tools for collection and analysis of business data for cooperatives;
- performances and key business data: the project identified negative trends;
- compilation of Satellite Accounts for cooperatives by economic sectors;
- transnational co-operation and exchange of experience and good practices: mutual exchange of delegations between BG and FYROM projects.

Conclusions:

- As regard the production and generation of income, agricultural cooperatives (NACE A) are in first place, followed by construction cooperatives (NACE F) and those in the wholesale and retail sale (NACE G). The gross value added share of cooperatives in total economy for 2002-2008 significantly decreased. The number of cooperatives and their unions decreased as well as the number of their members and employees. The turnover also decreased. Only net loss was recorded for this period. In 2008 the cooperatives represented only 0.17 % of the total number of enterprises of the non-financial sector.
- The project provided for more visibility for EU support. All activities were organised according to the Communication and Visibility Manual for EU External Actions.
- Irrespectively of the identified negative trends in the cooperative sector the project contributed to the objectives of the CIP implementing measure to encourage and increase the use of the business form of cooperatives, inter alia through better information to SMEs on cooperation possibilities using cooperatives and to have reliable statistics on cooperatives.

Serbia

Satellite Accounts for Cooperatives and Mutuals

Beneficiary: State Statistical Office (SSO) of the Republic of Serbia (RS)

Indicators (2009) (only for coops)	
Number	2124 and 16 cooperative unions
Membership	122 192
	Females 43 837 (35.9%)
	Males 78 355 (64.1%)
Employment	8563 (0,8 %)
Turnover	(0,9 %)
Gross Value Added	0.18%

- Quantitative results: A statistical survey on cooperatives and cooperative unions was conducted in June 2010 and identified 2140 units (2124 cooperatives and 16 cooperative unions). On this basis satellite accounts, social accounting matrix, indicators and business data on cooperatives were collected, developed and analysed.
- Qualitative results: special Statistical business register of cooperatives was created; first compilation of Satellite Accounts in full compliance with the recommendations of the Manual of the Commission was made; and development of other statistical indicators reflecting economic and social performance of cooperatives was done. The Report provided a clear and complete picture of the situation of cooperatives in RS, as follows:
 - history of cooperative entrepreneurship: the communist era had a negative influence on the traditionally good image of cooperatives and during the transition period they faced serious economic problems and capital deficits. Currently there are calls in strategic governmental documents for the revival of cooperative movement and there is a “new generation” of market oriented cooperatives which are operating according to international principles and good European cooperative practices.
 - legal framework for cooperatives and mutuals: constitution, Law on cooperatives, Law on Banks and Law on Insurance. The Law on Insurance provided the opportunity to establish mutuals, but no one has been created up to now.
 - data sources: two reliable data sources were used: 1) the National Business Register and 2) the conducted statistical survey on cooperatives.
 - performances and key business data: the project identified negative trends in cooperative economy, turnover and profit analysis, and ratio analysis of financial statements. At the same time an increasing number of market-oriented cooperatives with positive results were identified.
 - social accounting matrix, including employment levels by sex and size and cooperative membership:

The majority of employees – 79,1 % work in agriculture, 8,3 % youth and students, 6,8 % in craft, 3,6 % in housing and 2,2 % in other cooperatives.

As regards employees by category and by sex, the women have the highest share in “Administration, sales and services” – 72.4 % in comparison with 24.6 % in “Management” and 29.3 % in “Manual workers”.

Although the majority of cooperatives are agricultural, youth and students cooperatives have the highest share - 62.4 %, while the share of agricultural cooperatives was 25.5%. The largest share of females was noted for youth and students cooperatives – 41.2% and consumers’ cooperatives – 38.2%.

- compilation of Satellite Accounts for cooperatives by economic sectors. The agricultural cooperatives are the biggest group (1425), followed by youth and students cooperatives (378) and housing cooperatives (146). There were no savings-credit cooperatives (in 2009 data). 98.2 % of cooperatives are small, 1,7 % are medium and 0,1 % are large enterprises. No data for mutuals was found.

Conclusions: The gross value added share of cooperatives in total economy for 2007-2009 decreased from 0.27% to 0.18%. The number of cooperatives and their unions decreased as well the number of their members and employees. Only a net loss was recorded for this period. In 2009 the cooperatives represented only 2,4 % of the total number of enterprises of the non-financial sector. The aggregated figures reflects a long period of institutional negligence and negative effects of transitional restructuring of Serbian economy into cooperative business. Based on the turnover and net profit analysis two types of cooperatives could be distinguished: market oriented cooperatives (“new generation of cooperatives”) which continuously improve their business and have very good prospects. On the other side there are cooperatives which are not still adapted to the market, their turnover is decreasing and their future is uncertain.

According to the project, it should be noted that the figures do not represent the real economic capacity and opportunities for future economic development of cooperatives in RS, especially in agriculture. Agriculture represents 9% of GDP and some cooperatives realised extraordinary high harvest and output records comparable to top producers in Europe. In some rural areas small agricultural cooperatives represent the major factor in agricultural production. The biggest part of dairy products, grains and fruits in those areas are marketed by cooperatives. It can be said that the current economic results of cooperatives in Serbia are in reverse proportion to their real capacity and potential benefits.

Irrespective of the identified negative trends in the cooperative sector, the project contributed to the objectives of the CIP implementing measure to encourage and increase the use of the business form of cooperatives, inter alia through better information to SMEs on cooperation possibilities using cooperatives and to have reliable statistics on cooperatives.

Spain

Satellite Accounts for Cooperatives and Mutuels in Spain

Beneficiary: National Statistical Institute of Spain (Instituto Nacional de Estadística (INE) in consortium with CIRIEC-Spain

Indicators	Cooperatives	Mutuals	Total
Number	24 738	35 mutual societies and 298 mutual provident societies	
Membership	6,774,716 (15 % of population)	7,450,000 (16 % of population)	14 224 716 (31 % of population)
Employment	424, 966	8700	433 066
Women	127,196 (35.51 %)	n/a	n/a
Men	297,770 (64,49 %)	n/a	n/a
Total output	53,195,972,000 €	4,345,361 €	57,541,333,000 € (4,19 %)
Gross Value Added	7,948,070,000 € 1,469,000,000 €	1,127,718,000 €	10,544,788,000 €

- Quantitative results: identification of cooperatives and mutuals was conducted in March – June 2010 using the statistical data for 2008. On this basis, satellite accounts by institutional sector, by industry, and by regions; employment and other non-monetary indicators on cooperatives and mutuals were collected, developed and analysed.
- Qualitative results: all tasks indicated in the proposal and the agreement were performed: identification of cooperatives and mutuals; compilation of Satellite Accounts for the first time was made in full compliance with the recommendations of the Manual of the Commission; and tables based on non-monetary statistical indicators reflecting economic and social performance of cooperatives was done. The Report provided clear and complete statistical picture of cooperatives and mutuals in SP, as follows:
 - identification and classification of cooperatives and mutuals, including also other corporations in the social economy: business groups and private bodies, labour companies, agricultural transformation societies (SAT), integration and social action organisations (social enterprises), special employment centres and fishermen's guilds. It also includes an identification of the relevant legal framework and specific characteristics. In SP cooperatives benefit from well-developed legislation on national and regional (Autonomous Communities) level, as well as the recently adopted Law on Social Economy (2011) and Law on the implementation of Regulation 1435/2003 on the Statute for the European Cooperative Society (2011);
 - data sources: two reliable data sources were used: 1) the CIRIEC 2008 statistical survey, and 2) the available statistical data of the INE about the identified entities.
 - performances and key business data.
 - employment levels by sex and size, cooperative membership and disabled persons: about 52 % of employees are in the associated labour co-operatives.
 - compilation of Satellite Accounts for non-financial cooperatives by industry: agriculture and fishing, manufacturing, construction and services. The biggest share (64,29 %) of the output of co-operatives is from the sector of services.

Comparative table of results

Country	Belgium	BG	FYROM	Serbia	ES
Title	SATACBEL	ISCSA-BG	SACM	SACM	SACM
Beneficiary	CIRIEC - Belgium	CCU + NSI+NUWPC	SSO	SSO	NSI + CIRIEC-ES
No of cooperatives	Total :756 (2007) ³ CCN : 461 + 295 CSP	Total: 1049 (2010) CCU: 815 NUWPC: 234	91 (2008)	2140 (2009)	24 738 (2008)
No of mutuels	18	N/A	N/A	N/A	35 mutual societies 298 mutual provident societies
Employment⁴					
Cooperatives	n/a	0,33 % (for CCU only)	0,17 %	0,8 %	0,01 % (424,966)
Mutuals	n/a	n/a	n/a	n/a	8700
Membership					
Cooperatives	n/a	158 010 (CCU) 14 000 (NUWPC) Total:162 010 (0,2% of the population)	n/a	122 192 (0,2 % of the population)	6,774,716 (15 % of the population)
Mutuals	n/a	n/a	n/a	n/a	7,450,000 (16 % of the population)
Gross Added Value	Cooperatives: 0,1% Mutuals: 0,3%	0,3 %	0,042 %	0,18%	1,90 %
Total output	4 bln. €	250 mln. €	8 mln. €	165 mln. €	58 bln. € (4,19 %)
Cooperatives	3 bln. €	250 mln. €	8 mln. €	165 mln. €	56 bln. €
Mutuals	1 bln. €	n/a	n/a	n/a	2 bln. €

³ Only cooperatives accredited to the National Cooperative Council. There are another 39 500 entities registered as cooperatives but it is considered that their characteristics and functioning does not correspond to the cooperative identity.

⁴ This indicator is difficult to apply to cooperatives because of the double nature of membership: some members could be treated also as employees, some not, it varies from country to country.

Trends					
No of cooperatives	negative	negative	negative	negative	positive
No of members	positive	negative	negative	negative	positive
Employment	positive	positive	negative	negative	positive
Turnover	positive	positive	negative	negative	positive