



**MOUNTAIN
HER**

Deliverable achievement report

**D4.2.1 - Analysis of survey of status of cooperatives
concerning policies and possible gender barriers**

Description of completion

Introduction:

This report is part of the MountainHer project's Work Package 4, aiming to shed light on policies and gender barriers hindering the progress of rural women's cooperatives. Specifically, it examines the national cooperative laws in six project countries – Italy, Croatia, Lebanon, Tunisia, Algeria, and Morocco – through a comprehensive analysis. The findings will be presented in a detailed report featuring a comparative table for easy reference.

Context:

Cooperatives bridge the gap between economic opportunities and social inclusion. They combine financial benefits with ethical values, empowering marginalized groups like rural women and youth to improve their lives through income-generating activities. This impact benefits not only individual members but also contributes to broader community development in several ways:

- Economic growth: Cooperatives create jobs and generate income, boosting local economies.
- Social well-being: They value human resources, promote solidarity and fairness, champion gender inclusion, and contribute to overall social good.

From agriculture and fisheries to crafts and beyond, cooperatives thrive in diverse sectors worldwide. They play a crucial role in poverty reduction, both directly by improving the economic and social standing of their members and indirectly by strengthening local economies and social fabric.

This unique model encourages individual initiative, empowering members to address their social and economic needs. By pooling limited resources and reducing risks, cooperatives enable income generation, job creation, and social integration, ultimately leading to stronger, more cohesive communities.

The Power of Cooperatives:

The true power of cooperatives lies in their core principles, which extend beyond their members to benefit the entire community. These principles emphasize social responsibility and community development, including:

- Open and voluntary membership
- Democratic member control
- Active economic participation by members
- Operational autonomy and independence
- Dedicated investment in education, training, and information
- Collaboration among cooperatives
- A strong commitment to serving the community

Cooperatives offer a sustainable path towards economic empowerment, social inclusion, and robust community development, making them a valuable force for positive change in the world.

The Role of Legal Frameworks:

Effective legal frameworks are crucial for fostering the development of cooperatives. However, in some of the MountainHer intervention countries, the absence of supportive regulations or the presence of weak or inadequate frameworks can hinder cooperatives' growth and evolution. Conversely, supportive regulations can create a favorable environment for cooperatives to flourish, acting as a driver of sustainable development.

Therefore, this report delves deeper into cooperative legislation in these six countries to achieve three main objectives:

- Provide a general understanding of the national cooperative laws, focusing on key aspects like regulations concerning cooperative identity and governance mechanisms.
- Evaluate whether existing national legislation supports or hinders the development of cooperatives.
- Offer general recommendations for potential legal framework amendments to make them supportive of cooperatives.

This analysis will contribute to understanding the role of legal frameworks in fostering or hindering cooperatives' impact on communities, particularly for rural women, in the six project countries.

Comparative table analysis of country cooperative law

This comparative table analysis of country cooperative law involves a process of examination and comparison of all the six country cooperative laws. Its aim is to identify patterns, or differences across the various thematic, and to highlight similarities or disparities in the cooperative by country.

The comparative table analysis will identify the similarities and disparities within four main components :

- the mandated public entity :

This component identifies the public entity authorized to supervise, manage, and promote the development of the cooperative ecosystem within the country. This entity is mainly the responsible for implementing government policies that promote the progress of cooperatives. It carries out various missions, including the registration of cooperatives, providing technical and administrative assistance, facilitating capacity-building training, improving management mechanisms, and ensuring accurate control measures.

- Profit sharing :

This part treat the rule of sharing the profits among cooperative members. Every country cooperative law determine the mechanism that the cooperatives should follow to distribute the profit or the surplus. Is some country laws, there is no profit sharing in the cooperative concept, other country laws, they leave it up to their cooperative board members to decide each year how this is distributed, other cooperatives have defined ratios in their bylaws, while still others may decide on the ratio each year at their general assembly annual meeting.

- Finance governance :

This component outlines the characteristics of financial governance associated with cooperative reserves, a key feature of cooperatives. Accumulated through the surplus over time, these

reserves possess the unique quality of not being owned by any individual but rather by the collective body of the cooperative members. These reserves serve as a valuable resource, enabling cooperatives to extend their activities, invest in new equipment, maintain stability, and address any net losses they may encounter. operations

- Democratic governance :

This section introduces the organizational model of cooperative structures and identifies its characteristic elements. The cooperative model has its unique features in power distribution, control mechanisms, and the allocation of created value, making it an innovative and sustainable model. The elements of this model play a crucial role in maintaining a balance among stakeholders.

Country	Morocco	Algeria
Law N°	Loi 112.12	Decree96-459, 18 December 1996 Decree 96-459 modified, 29 September 2020
Responsible public institution	<ul style="list-style-type: none"> •Office du Développement de la Coopération (ODCO) is the public institution who manage the cooperative sector, it is the responsible to hold the central national cooperatives register 	<ul style="list-style-type: none"> • The agricultural cooperative is placed under the authority of the Minister of Agriculture •The National Accreditation Committee for Agricultural Cooperatives is responsible to study the application folder of new cooperative and give its accreditation. •Headed by the Minister in charge of Agriculture •For each state, there is State accreditation committee, headed by the regional director of agriculture (instead of the governor)
Profit sharing	<ul style="list-style-type: none"> • Any amount of the cooperative's resources that exceeds the expenses of their exploitation must be divided among the cooperators according to the operations or work they provided to it. • The bylaws of the cooperative may stipulate a reward for the capital owned by the cooperative members by a decision taken by the ordinary general assembly. •The bylaws of cooperatives must include provisions relating to the following: <ul style="list-style-type: none"> ○ the purpose ○ The amount of capital and the number of shares it consists of ○ Capital bonus where applicable ○ Obligations and rights of members towards the cooperative ○ Administrative and management bodies, and when necessary, the control committee ○ Determine and distribute the annual surplus 	<ul style="list-style-type: none"> • The agricultural cooperative does not aim to achieve commercial profit • The holding of shares by a cooperator does not give right to payment of any dividend or interest whatsoever • According to articles 86, 87, 88, rebates are defined as operating surpluses allocated to members in proportion to the operations carried out with each of them, after deduction of the sums necessary to replenish the internal funds. • Possession of shares in the cooperative does not give the cooperator the right to benefit from any profit or any other benefit (Art46)

<p>Finance governance</p>	<p>- 10% of the net surplus must be allocated to form a legal reserve until it equals the amount of the cooperative's capital, and then this deduction loses its mandatory character and is restored whenever the reserve drops below the capital.</p>	<ul style="list-style-type: none"> • The values necessary to finance the cooperative funds are deducted from the annual surpluses according to the following order of priority: (Art87) <ul style="list-style-type: none"> ○ At least 20% for the legal reserve fund until the reserve equals the value of the subscribed capital ○ At least 10% for the daily expenses fund ○ At least 10% for the investment fund • The General Assembly decides to allocate the remaining surplus after financing the above-mentioned funds: (Art88) <ul style="list-style-type: none"> ○ Either to social funds ○ Or derogations in favor of those involved, according to the operations completed with each one of them
<p>DEMOCRATIC GOVERNANCE: constitutive general assembly</p>	<ul style="list-style-type: none"> • A cooperative is a group consisting of private or legal persons, or both. • Anyone, without discrimination, may join or withdraw from a cooperative if they meet the conditions specified in its bylaws. • At least five members exercising the same activity. • No member can join two cooperatives with same objectives in the same geographical area. • The cooperative is established after performing the following procedures: <ul style="list-style-type: none"> ○ Approval by the ODCO of the name of the cooperative to be established. ○ Signing of the cooperative bylaws by all founding members. ○ Subscribing the capital in full. ○ Deposit a copy of the documents to the local administrative authority and receive a receipt immediately. ○ Register the cooperative in the cooperative registry. • The cooperative's capital may not be less than one thousand dirhams, and the cooperative's capital consists of nominal shares indivisible, its nominal value shall not be less than one hundred dirhams per share. 	<ul style="list-style-type: none"> • The agricultural cooperatives should consist only of farmers, and each member should provide a copy of proof that certifies the farmer's status. • Before any establishment, the founding members must express their desire to the accreditation authorities in order to obtain an initial agreement. • At least five members exercising the same activity. • No member can join two cooperatives with same objectives. • Members are committed to use the cooperative's services for a period of no less than 5 years and are implicitly renewable. • The cooperative's capital consists of nominal shares indivisible, its nominal value is one thousand dinar per share. • The Constituent General Assembly follows the rules of extraordinary general assemblies.

<p>DEMOCRATIC GOVERNANCE:</p> <p>Annual General assembly</p>	<ul style="list-style-type: none"> ● Right to access: Every member shall have access at all times to the list of members of the cooperative, the books and inventory, the report of the board of directors or the director, the report of the oversight committee, and the report of the auditor. ● Only members who have paid the amount of their shares are entitled to vote in general assemblies. ● The Ordinary General Assembly shall be held at least once a year during the six months following the closing the accounting year to decide on management and accounts for the year. ● Invitation to convene the Assembly: <ul style="list-style-type: none"> ○ The 1st time, no less than 15 full days before the date for the meeting; ○ The 2nd and 3rd times, no less than 10 days before the meeting date. ● Ordinary general assemblies must include a number of members present or represented equal to: <ul style="list-style-type: none"> ○ At least half, after the first call to the meeting; ○ At least a quarter, after the second call; ○ At least 1/10 of the members for cooperatives whose number of members is equal to or less than 20 members provided that their number is not less than two, after the third invitation. ● Decisions are issued in ordinary general assemblies by an absolute majority of the votes cast, and if there is a tie, the president vote prevails. 	<ul style="list-style-type: none"> ● Only members who have paid the amount of their shares are entitled to vote in general assemblies. ● The Ordinary General Assembly shall be held at least twice a year to discuss the management and accounts. ● Invitation to convene the Assembly: <ul style="list-style-type: none"> ○ The 1st time, no less than 15 days before the date for the meeting; ○ The 2nd and 3rd times, no less than 30 days before the meeting date. ● Ordinary general assemblies must include a number of members present or represented equal to: <ul style="list-style-type: none"> ○ At least 2/3, after the first call to the meeting; ○ With who is present, after the second call; ● Decisions are issued in ordinary general assemblies by a simple majority of the votes cast, and in the event of a tie, the vote of the session president prevails. ● The accounts governor is obligatorily summoned to attend the meetings of the general assemblies that decide on accounts matters
<p>DEMOCRATIC GOVERNANCE:</p> <p>Extraordinary General Assembly</p>	<ul style="list-style-type: none"> ● Extraordinary general assemblies must include a number of members present or represented equal to: <ul style="list-style-type: none"> ○ At least three quarters, after the first call, ○ At least half, after the second invitation; ○ At least 10 members for cooperatives whose number is equal to or less than 20 members provided that their number is not less than two, after the third invitation. ● Decisions are issued in extraordinary general assemblies by a two-thirds majority of the votes cast. 	<ul style="list-style-type: none"> ● Extraordinary general assemblies called by the president, the majority of management board or the 2/3 members include a number of members present or represented equal to: <ul style="list-style-type: none"> ○ At least 2/3, after the first call, ○ At least half, after the second invitation communicated by 15 days; ○ No quorum, after the third invitation. ● Decisions are issued in extraordinary general assemblies by a two-thirds majority of the votes cast.

<p>DEMOCRATIC GOVERNANCE:</p> <p>Board members</p>	<ul style="list-style-type: none"> •The cooperative specify the number of the Board members, which must not be less than 3 and not more than 12, divisible by three. •Cooperatives are managed by one or more directors or by a members. •The Board members consists of administrators elected by the ordinary AG from among its members, and it may dismiss them at any time. •The president and the Board members carry out their duties free of charge, but they have the right to compensation transportation expenses and incidental expenses resulting from carrying out tasks •The Board members are elected for a term of three years and may be re-elected by a two-thirds majority of its members present. •One-third of the Board of Directors is renewed every year. •The Board members who must be renewed during the 1st and 2nd partial renewals are appointed by lot, after which renewal occurs according to seniority. •The Board members elects, by secret ballot, a president and a VP from among its members, and appoints a secretary who is an independent person who can be chosen from among other than its members. •The Board members meets at the invitation of its Chairman or Deputy Chairman or at the request of one-third of the Board members. •The cooperative’s bylaws determine the frequency of meetings that the Board of members must hold, provided that in no case are they less than two meetings per year. •In order for the deliberations of the Board of Directors to be valid, they must be physically attended by at least half of its members. Decisions are issued by an absolute majority of the members present. 	<ul style="list-style-type: none"> •The board members composed from at least five members selected in general assembly. (For coop with less than 15 members, no board members needed, is replaced by the GA) •The board members are elected for a term of three years and may be re-elected. •The Board members meets one each month at the invitation of its Chairman or at the request of one-third of the Board members.
<p>DEMOCRATIC GOVERNANCE:</p> <p>Supervisory commission</p>	<ul style="list-style-type: none"> •Each cooperative can establish a supervisory committee. The oversight committee consists of three to five members, who are appointed for a period of two years. The committee meets at least once a year. •The committee shall not deliberate properly unless at least half of its members are present, and its decisions shall be taken by an absolute majority of the members present. 	

Mandatory cooperative documents	<ul style="list-style-type: none"> •Members register signed by the court •Minutes of general assembly's register •Minutes of board members meeting 	<ul style="list-style-type: none"> •The cooperative must maintain a register of participants that includes the number of shares •Minutes of general assembly's register •Attendance list of all the assemblies
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Country	Tunisia		Lebanon
	National law	Cooperative bylaw	
Law N°	Law N 67-4 19/01/1967		Decree 17199
Responsible public institution	<ul style="list-style-type: none"> •There is no register dedicated to cooperatives •The power of control is expressly delegated by law to the National Union of Cooperation that constitutes the supreme body of the cooperative movement in Tunisia. •The supervisory authority may attend the meetings of AG and board members (Art57), nevertheless, they attend as an observer; they have neither the right to vote nor interfere in the functioning of the cooperative. •The constitution of cooperatives in Tunisia is subject to the declaration regime and not to the authorization regime •No year limit number' 	<ul style="list-style-type: none"> •The cooperative is under the control and the supervision of the governor •The representative of the Governor and the delegation of agriculture should be invited in the GA •The governor have the right to call for Ex GA 	<ul style="list-style-type: none"> •The General Directorate of Cooperatives (GDC) exerts an external control on the Cooperatives •A cooperative is established under a decision of the GDC, is registered in a specific register at GDC •The approval of GDC is necessary for any amendments in the cooperative status •The cooperative law has an interesting incentives such us a list of tax exoneration. •Two types of cooperative : limited responsibilities, Non limited responsibilities
Profit sharing	<ul style="list-style-type: none"> •...They carry out their activities...and in accordance with the principles specific to the cooperation set out below: <ul style="list-style-type: none"> ○The principle of distribution of surpluses in proportion to the operations carried out by the cooperator within the cooperative; ○ The principle of limited return on capital;... 	<ul style="list-style-type: none"> •The complex must act within the limits of the financial resources available to it. If surpluses are achieved, they should be allocated to expand the areas of intervention of the complex, and profits cannot, under any circumstances, be distributed 	<ul style="list-style-type: none"> •A cooperative association is any association consisting of individuals, has unlimited capital, and does not aim for profit...(Art1)

<p>Finance governance</p>	<ul style="list-style-type: none"> •The annual surpluses of cooperatives are allocated and distributed in accordance with the requirements of the laws specific to each category of them. •Unless otherwise provided by the laws specific to each category of cooperatives, no distribution can be made between the cooperators except in proportion to the operations processed with each of them or the work provided by them. •Unless otherwise provided by the laws specific to each category of cooperatives, as long as the various totalized reserves do not reach the amount of the share capital, the deduction made for their benefit cannot be less than 35% of the operating surplus. •Any increase in capital and any release of new shares by incorporation of reserves are prohibited. 	<ul style="list-style-type: none"> •The accounts of the association shall be handled by a treasurer who shall be appointed from among the members of the association upon a proposal from the board members 	<ul style="list-style-type: none"> •After the establishment and at the end of the fiscal year, the net surplus is exclusively distributed far from trade notions and instruments, as follows: <ul style="list-style-type: none"> ○ The surplus stemming from transactions with non-members is placed in the reserve. ○ Whereas 25 % of the surplus stemming from transactions with the members of limited liability cooperatives, goes to the reserve; and 50 % of surplus stemming from transactions with members of unlimited liability cooperatives goes to the reserve. The remaining surplus will be distributed as follows: <ul style="list-style-type: none"> ▪ Maximum of 25% of the surplus is paid to the members as interest on their shares. ▪ Maximum of 5% of the surplus is used in social and cultural activities. ▪ Whatever remains of the surplus is distributed among the members in proportion to their transactions with the cooperative. •By law, cooperatives are exempt from certain taxation the most important being the exemption from profit tax, municipal rent tax and the municipal construction tax, finance fee on contracts, and tax on owned real estate
<p>DEMOCRATIC GOVERNANCE: Constitutive general assembly</p>	<ul style="list-style-type: none"> •Cooperatives are formed by people with common interests •Cooperatives are governed by the commercial code on some governance points •At least seven members founders (Art2) 	<ul style="list-style-type: none"> •The agricultural cooperatives should exercise their activities in the same region 	<ul style="list-style-type: none"> •At least 10 members founders •It is not permissible to establish more than one cooperative for the same purpose in one village except with the approval of the GDC or for cities with more 20k citizens

<p>DEMOCRATIC GOVERNANCE: Annual General assembly</p>	<ul style="list-style-type: none"> • Only members who have paid the amount of their shares are entitled to vote in general assemblies. • The general assembly must meet by agreement of the board members or at the request of 1/4 of the members or the control commission • The Ordinary General Assembly shall be held at least once each six months • The Ordinary General Assembly shall be held at least once a year during the six months following the closing the accounting year. • The deliberations of the assembly are void if they have not been preceded by the reading of the control commission • Ordinary general assemblies must include a number of members present equal to: <ul style="list-style-type: none"> ○ At least 1/2, after the first call to the meeting; ○ with who is present, after the second call in the period of one month; 	<ul style="list-style-type: none"> • Invitation to convene the Assembly: <ul style="list-style-type: none"> ○ The first time, no less than 15 full days before the date for the meeting; ○ The second between 10 and 30 days before the meeting date. • Decisions are issued in ordinary general assemblies by a simple majority of the votes cast 	<ul style="list-style-type: none"> • Only members who have paid the amount of their shares are entitled to vote in general assemblies. • GA shall be held at the invitation of board members, GDC, supervisory commission or 1/10 of members. • Members must attend in person and may not authorize to be replaced, with the exception of women...(Art58) • GA must meet in 3 month period either by agreement of the board members or at the request of a quarter of the members • Ordinary general assemblies must include a number of members present or represented equal to: <ul style="list-style-type: none"> ○ At least 1/2, after the first call to the meeting ○ with who is present, after the second call in the period of 15 days; • Decisions are issued in ordinary general assemblies by a simple majority of the votes cast
<p>DEMOCRATIC GOVERNANCE: Extraordinary General Assembly</p>	<ul style="list-style-type: none"> • It include a number of members present or represented equal to: <ul style="list-style-type: none"> ○ At least 2/3, after the first call; ○ At least half, after the second invitation communicated by 15 days; ○ No quorum, after the third invitation, in the period of one month. • Decisions are issued in extraordinary general assemblies by a two-thirds majority of the votes cast. 	<ul style="list-style-type: none"> • The invitation for the second call should be sent in 15 days period. For the third call is between 10 and 30 days 	<ul style="list-style-type: none"> • It include a number of members present or represented equal to: <ul style="list-style-type: none"> ○ At least 3/4, after the first call, ○ 1/2, in the second invitation, in the period of 2 weeks. ○ ask for writing approval • Decisions are issued in extraordinary general assemblies by a 3/4 majority of the votes cast.

<p>DEMOCTRATIC GOVERNANCE:</p> <p>Board members</p>	<ul style="list-style-type: none"> •Board members compose between 3 and 12, divisible by three. •The board members are elected for a term of three years and may be re-elected. One-third of the board members is renewed every year. •The board members who must be renewed during the first and second partial renewals are appointed by lot, after which renewal occurs according to seniority. •The board member carry out their duties free of charge, but they have the right to compensation of expenses resulting from carrying out tasks •The Board members meets at the invitation of its president or at the request of 1/3 of the Board members. •The deliberations of the council to be valid require the presence of half of the members, the decisions are taken by a majority of the votes of the members present 	<ul style="list-style-type: none"> •The Board members meets at least twice per year at the invitation of its president or at the request of 1/3 of the Board members. •The president is elected for a term of three years and may be re-elected one time. 	<ul style="list-style-type: none"> •Board members compose by 3, 5 or 7 members, elected by secret ballot in GA •At GA, they elect also 3 substitute o replace any void chair in the board members. •Board members are elected for 2 or 3 years renewed •Board members should have a minimum shares to be in the board •Board members meets at least once each 2 months at the invitation of the president, vice-president, treasurer. •Board members meets exceptionally at the invitation of GDC, 1/2 of Board members, Supervisory commission, 1/5 of the members •The deliberations of the council to be valid require the presence of 1/2of the members, the decisions are taken by a majority of the votes of the members present. •The board member carry out their duties free of charge, but they have the right to compensation of expenses resulting from carrying out tasks
<p>DEMOCTRATIC GOVERNANCE:</p> <p>Supervisory commission</p>	<ul style="list-style-type: none"> •Three member could be a member of cooperative or not •Are elected for one year •The supervisory commission has the mandate to check the books, the cash register, the portfolio •Submit a report to the general assembly 	<ul style="list-style-type: none"> •A supervisory commission is elected for period of 3 years during the GA 	<ul style="list-style-type: none"> •Three members could be a member of cooperative, are elected of the same period of the board members •Their resignation is submitted to GDC •Supervisory commission meets at least once each 6 months •Supervisory commission submit an annual report to the GA
<p>Mandatory cooperative documents</p>	<ul style="list-style-type: none"> •Members register •Minutes of general assembly's register •Minutes of Board members register •A Copy of the members register, the minutes of GA register, and board members register should be deposit in the courts 		<p>All these docs should be stamped by the GDC:</p> <ul style="list-style-type: none"> •Minutes of general assembly's register with GDC stamp •Minutes of Board members register •Minutes of control commission •Accounting books

Country	Croatia – cooperative bylaw	Italy – cooperative bylaw
Responsible public institution	<ul style="list-style-type: none"> •The cooperative has a many different activities •Represented by a manager •Membership process is managed by the Committee for Membership Issues, which consists of the President of the assembly and two members of the cooperative elected by the assembly. •Be member of the Cooperative for at least one year, •The cooperative was established for an indefinite period. 	<ul style="list-style-type: none"> •The cooperative is an autonomous association of people who come together to respond together to common economic, social and cultural needs, through the creation of a democratically administered society. •The cooperative carries out a non-profit economic activity
Profit sharing	<ul style="list-style-type: none"> •Economic participation - the duty of the members of the cooperative is to participate in the work and contribute to the development of the cooperative. Members distribute the profits of the cooperative for one or more of the following purposes: <ul style="list-style-type: none"> ○ Development of the cooperative, ○ Increase in reserves, ○To members in proportion to business with the cooperative and as support for other activities of the cooperative (Art2) 	<ul style="list-style-type: none"> •The assembly that approves the budget may decide, upon proposal of the board of directors, to provide the refund to the cooperators members, in compliance with the limits and conditions established by current legislation, by the provisions of this statute and by the relevant specific regulation. •The refund is divided among the cooperative members in proportion to the quality and quantity of the mutual exchanges, in accordance with the criteria established by the specific regulation, which - in general - must consider the quality and quantity of the members' work performance for the purposes of provide them with additional financial benefits compared to their contractual salaries. •The meeting can decide on the distribution of refunds to each member: <ol style="list-style-type: none"> a) in liquid form; b) through a proportional increase in the respective shares of share capital; c) by issuing subsidy shares. (Art27)

<p>Finance governance</p>	<ul style="list-style-type: none"> ● After covering the losses from the previous period, from the profit determined by the annual calculation - the cooperative separates and records separately: <ul style="list-style-type: none"> ○ At least 30% for the development of the cooperative, ○ At least 5% in mandatory reserves until these reserves reach the total amount of members' deposits. (Art37) 	<ul style="list-style-type: none"> ● The meeting that approves the budget decides on the distribution of the net profit by allocating: <ul style="list-style-type: none"> ○ No less than 30% (thirty percent) of the indivisible legal reserve; ○ A share in mutual funds for the promotion and cooperative development ○ A possible share, as a dividend, equal to the capital actually paid and possibly revalued, to be distributed to the co-operator members, to the investors, in an amount not exceeding the limit established by the law regarding cooperatives with prevalent mutuality; ○ A possible free increase share of the subscribed and paid-in share capital, within the limits permitted by the relevant laws for the maintenance of mutualistic requirements for fiscal and civil purposes; ○ The amount remaining in the indivisible extraordinary reserve. ● The meeting may decide that the dividend referred to in the previous point, limited to the cooperator members, be allocated to increase the shareholding up to the maximum established by the laws in force. ● The meeting may also decide, without prejudice to the privileged remuneration provided for the financing members by the previous art. 23, without prejudice to the destinations required by law for the maintenance of mutualistic requirements and in derogation of the provisions of the previous paragraphs, that the entirety of the operating profits be donated to the indivisible reserves. ● In any case, no dividends may be distributed and the free revaluation of the share capital cannot be carried out until the total reconstitution of any reserves used to cover operating losses has been carried out. Furthermore, dividends cannot be distributed when the Cooperative's debt exceeds its net assets by four times.
<p>DEMOCRATIC GOVERNANCE:</p> <p>Constitutive general assembly</p>	<ul style="list-style-type: none"> ● The possibility to conduct the general assembly virtually (Art 51) ● The Assembly has a president, who is elected by the Assembly. His mandate is for 4 years. He can be re-elected to the Assembly, without limitation of the number of mandates. ● The President of the Assembly cannot be: the Manager, member of the Supervisory Board or a person who is not a member of the Cooperative. 	<ul style="list-style-type: none"> ● Minimum number of members is three members ● Measurement of the individual member's participation in a cooperative: minimum limit of EURO 25.00

<p>DEMOCRATIC GOVERNANCE:</p> <p>Annual General assembly</p>	<ul style="list-style-type: none"> •The bodies of the Cooperative are the Assembly, the supervisory commission and the Manager. •The President of the Assembly convenes a session of the Assembly as necessary, at least once a year •The assembly can be requested by the Manager, the Supervisory commission or at least 50% of the members of the Cooperative. •The invitation is sent to the members, the Manager and the Supervisory commission, members 7 days before the meeting •The Assembly can be held only if the majority of the members of the assembly are present at the session. •Decisions of the Assembly are made by public voting, or a special decision determines that voting will be done secretly, by ballots. •The Assembly makes decisions by the majority of votes of the members prescribed by the provisions of the Law on Cooperatives, namely: <ul style="list-style-type: none"> ○By a two-thirds majority vote of all members of the Assembly when the Rules are adopted Cooperative and when deciding on all status changes and termination of the Cooperative, ○By the majority of votes of all members of the Assembly when deciding on the disposal of property for which the Rules of the Cooperative have established that a decision of the Assembly is required, ○By the majority of votes of the members of the Assembly present in all other cases. ○Representative Assembly is a small assembly, the mandate of representatives and deputy representatives of members of the Cooperative lasts for 4 years. 	<ul style="list-style-type: none"> •Democratic, autonomous and independent management: members have equal voting rights ("one person, one vote") regardless of the shares of subscribed share capital •Variability of the share capital: the share capital increases or decreases with the change in the number of members, without this leading to a change in the statute •The mutualistic requirements include: <ul style="list-style-type: none"> ○Prohibition on the distribution of profits to members in excess of the remuneration of social loans ○Prohibition on the distribution of reserves to members during the life of the cooperative •Bodies: Shareholders' Meeting, Board members, Board of Statutory Auditors •The assembly, both ordinary and extraordinary, is validly constituted: <ul style="list-style-type: none"> ○ At first call, when half plus one of the members' votes are present or represented; ○ On second call, regardless of the number of votes held by the members present or represented. •The ordinary meeting takes place at least once a year, within one hundred and twenty days of the end of the financial year or within one hundred and eighty days.
<p>DEMOCRATIC GOVERNANCE:</p> <p>Board members</p>	<ul style="list-style-type: none"> •The board has three members, are elected by the Assembly. Its mandate is for 4 years. May re-elect the board members with the same or changed composition, without limiting the number of mandates •One member may be a person who is not a member of the cooperative. •Workers employed in the Cooperative elect one member of the board members •It decides at its meetings, but at least once a year. It can validly make decisions if the majority of its members attend the session, and decisions are made by the majority of votes of the members present. •It perform their work on a voluntary basis. 	<ul style="list-style-type: none"> •The Board members is made up of an odd number of members, from a minimum of 3 to a maximum of seven directors elected by the assembly •The Board members remains in office for one to three financial years •The Board members is convened by the president every time there is a matter on which to decide, or when a request is made by at least two members. •The meetings are valid when the majority of the directors in office attend. Resolutions are taken by an absolute majority of those present. In the event of an equal vote, the proposal is considered rejected

<p>DEMOCRATIC GOVERNANCE:</p> <p>Supervisory commission</p>		<ul style="list-style-type: none"> • If the conditions of the civil code are met, the Cooperative proceeds to appoint the board of auditors composed of three effective members and two alternates. They remain in office for three financial years • The board must meet at least every ninety days • The board of auditors is regularly constituted with the presence of the majority of auditors and decides by absolute majority of those present.
<p>Mandatory cooperative documents</p>	<ul style="list-style-type: none"> • The Directory of Cooperative members. • Minutes of general assembly's register 	

Main Challenges

Based on the Comparative table analysis, the main challenges listed are:

- ❖ Excessive regulation, uncontrolled power in regulatory bodies, and political influence pose significant obstacles to the expansion and success of cooperatives. These challenges block innovation, obstruct fair competition, and undermine the potential of cooperatives.
- ❖ In some cases, existence of multiple legislation (plurality of laws) governing different types of cooperatives hinders smooth development of cooperatives.
- ❖ The lack of specific policies for cooperative development in certain countries leaves these influential social and economic entities without clear direction. This hampers their ability to address poverty, promote inclusive growth, and contribute to a more fair and sustainable future.
- ❖ The complicated registration process for cooperatives, with its numerous administrative steps and approvals, can discourage potential members and hamper the cooperative sector growth.
- ❖ Despite government initiatives, cooperatives still facing a significant challenge in accessing financial resources, with limited awareness about available funding options and complex loan procedures further hindering their access to capital.
- ❖ Insufficient or absence of financial incentives for cooperatives leave them without of essential resources, hinder their ability to compete, and prevent them from fully realizing their potential as drivers of equitable growth and poverty reduction.
- ❖ The law's inefficiency in strengthening the financial and managerial capabilities of cooperatives, and in fostering an environment that enables them to function as independent private enterprises, presents a notable constraint.

Recommendations

As result of this exercise, to overcome those challenges in the cooperative policies, and taking consideration specific national contexts, we propose:

- ❖ Unify the laws that govern different types of cooperatives and replace them with a single legislation for purposes of putting in place a common legal framework for all cooperatives, as a result preserve the cooperative identity.
- ❖ In certain countries, the cooperative sector should extend beyond the jurisdiction of the ministry of agriculture and establish a dedicated entity that concentrates on the development and the management of all types of cooperatives.
- ❖ Governments are called to acknowledge the distinctive character of cooperatives and their contribution to local empowerment, and poverty reduction. This entails revisiting cooperative taxation to ensure equitable and preferential treatment for these entities.
- ❖ Enhancing access to financial support by offering customized loan products and providing capacity-building programs specifically designed for cooperatives.
- ❖ Modernize the cooperative creation process by setting up guidelines and procedures for establishing cooperatives electronically.
- ❖ Establishing policies and initiatives to encourage gender equality and leadership opportunities for women within cooperatives.
- ❖ Increase awareness of the advantages of cooperatives through focused campaigns and educational programs.

Supporting documents:

Comparative table analysis of country cooperative law



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