Growing British Columbia’s Co-operative Economy:

Lessons from the San Francisco Bay Area and Finland

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**Abstract**: A global shift in the economic paradigm, from capitalist to co-operative, involves cross-cultural learning and collaboration. The co-operative sector in British Columbia (BC), Canada has made significant advances in the past two decades; yet to accelerate towards a local co-operative economy requires strategic planning, resourcing and awareness. Such a strategy can only be enabled through collective contributions to development of the provincial and national co-operative ecosystems, realigning the legislative and regulatory environment to create opportunity, and creating or acquiring adequate resources, both human and financial. Vancouver City Savings Credit Union (Vancity) and the British Columbia Co-operative Association (BCCA) are instrumental in planning, funding and realizing opportunities for co-operative advancement in BC.

This research examined two regions similar to BC in ideology and population size (the San Francisco Bay Area and Finland) to understand the tactics that catalyzed their respective co-operative ecosystems. The research was exploratory in nature, combining a secondary literature review with regional, key informant interviews. It revealed areas of opportunity for BC co-operative leaders and organizations to explore to create a more integrated co-operative network and bolster the number of co-operatives. Toward this goal, the paper proposes seven key functions for the BC co-operative sector: 1) implement a comprehensive co-operative ecosystem framework; 2) create a co-operative development strategy; 3) develop co-op specific resources and form a co-operative enterprise hub; 4) create an advocacy roadmap; 5) increase “co-operation among co-operatives”; 6) increase access to investment and financing; and 7) introduce indivisible reserves. Additionally, it articulates the role that Vancity and BCCA should play in enabling these outcomes.

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### 1. Introduction

Moving global and local markets towards a co-operative economy requires international collaboration and cross-cultural learning across the co-operative sector. While co-operatives permeate the global economy, there are certain regions in which formal co-operation is recognized and supported as a key driver in the local economy. Of particular note are the Emilia-Romagna region of Italy and the Basque region of Spain, through the Mondragón Corporation co-operative network. Both areas and their organizations have been studied at length by co-operatives, co-operative movements, and academics alike, including throughout Canada, in order to understand what could catalyze similar co-operation in other regions.

While it is important that the Canadian co-operative sector has a good understanding of Emilia-Romagna and Mondragón and the key elements of their co-operative ecosystems, lessons from the two regions have proven difficult to implement locally as some cultural and foundational elements are different. Specifically, co-operation is culturally and historically embedded within the local economic practices of the two regions whereas in Canada, the conditions of community understanding, national supports, practices of co-operation amongst co-operatives and legislative mandates are still uneven – more profoundly developed in Québec, less so in the rest of Canada. While further developing these crucial elements of a wider co-operative economy requires longer-term visioning and education, the BC co-operative sector lacks a full understanding of short-term wins that could build momentum toward their achievement.

The primary focus of this research was exploratory: to gain insights into the ecosystems and enabling environments that help foster co-operative economic development in two regions with like economic and social conditions to BC. An initial broad regional search of co-operative ecosystems was narrowed to a comparative analysis between the current co-operative economy in British Columbia and those of the San Francisco Bay Area in California, USA and Finland. Documentary research and key informant interviews were used to describe the conditions and contexts in the comparative co-operative economies and analyse the applicability to the local, BC context. The proposed outcome was to draw lessons for the expansion of the co-operative sector in BC. The following research questions guided the study:

1. What conditions exist within the co-operative ecosystems of Finland and the San Francisco Bay Area that have enabled co-operative and ecosystem development?
	1. Specifically, what policies and funding resources are in place that nurture and consolidate the co-op sector in Finland and the Bay Area?
2. How can these elements be replicated in the implementation of the Vancouver City Savings Credit Union’s and British Columbia Co-operative Association’s co-operative development plans in British Columbia?

### 2. Context

#### 2.1 Co-operative Landscape in British Columbia

Formalized co-operation, by means of co-operative enterprises, has played a role in the Canadian economy since the settlement of European immigrants in the mid-nineteenth century (MacPherson, 2013). Since then, the co-operative economy has seen times of both flourishment and regression. In British Columbia, the westernmost province in Canada, the co-operative sector is currently growing yet it lacks some of the fundamental and innovative ecosystem players and components needed to more fully thrive and contribute to the provincial gross domestic product (GDP).

British Columbia is currently home to approximately 700 co-operatives, across many sectors of the economy – agriculture, housing, finance and insurance, and commercial and consumer products and services, to name a few (Small Business BC, 2019). While that number continues to grow, BC’s vast geographic area, natural regional divisions (based on water and mountain boundaries) and economically differentiated regions make the creation of an ecosystem that supports the continual development of the co-operative sector challenging. Co-operatives represent less than one percent of BC’s 508 000 small and medium sized business (SME), which account for 98 percent of businesses in the province (Province of British Columbia, 2019). There is a great opportunity to increase awareness of co-operatives and work to transition some SMEs to co-operative firms as the baby boomer generation retires (Co-opConvert, 2020).

Vancouver City Savings Credit Union’s (Vancity), based in Vancouver, British Columbia, is Canada’s largest community credit union outside Québec with approximately 543 000 members and over $28 billion in assets, plus assets under administration (Vancity, 2020). These robust resources, coupled with its leadership and reputation, cast Vancity as a significant player in the co-operative ecosystem in BC and Canada. It invests both financial and human resources directly in co-op development, raises awareness of the sector, and finances both co-op firms and federations. Yet there is significant opportunity to play a greater role in enhancing and expanding the local co-op ecosystem, in both the number of enterprises and the co-operative sector’s engagement in the broader economy.

The British Columbia Co-operative Association (BCCA) is the primary industry organization for BC co-operatives, with direct monetary and advisory support from some of BC’s larger co-operatives. In 2017, the BCCA’s Board of Directors developed a strategic plan to increase the co-operative development and support capacity within BC, ensuring the key sectors and regions were represented in order to understand the needs of their respective communities. A new executive director was hired to deliver upon the plan. There are many challenges, however, because co-operative resources and expertise are concentrated within the urban core of the province.

#### 2.2 Comparative Regions: San Francisco Bay Area (California) and Finland

There are 3 million co-operatives in the world that make significant economic contributions globally, by means of turnover and employment, in both developed and developing nations (International Co-operative Alliance, 2020). The fundamental virtue of economic self-reliance resonates with individuals and collectives across the planet, and the co-operative tradition is particularly steeped into many European nations, such as Italy, England, France and Germany, enabling an integrated co-operative ecosystem within their economies. Co-operation has been a means of rising from recession or counter-balancing the capitalist economic paradigm for countries and regions around the world. Given the COVID-19 pandemic, the resulting economic uncertainty and social inequities, it is important to understand how co-operatives create jobs, which is critical in recessionary periods, while encouraging local investment and growth.

The comparative regions of the San Francisco Bay Area in California, USA and Finland share similar characteristics with BC. In all three regions, co-operatives have existed for well over a hundred years, while in both Finland and the Bay Area the past two to three decades have seen an acceleration of co-operative development in both individual firms and support networks. Additionally, all three regions have populations in the 5 to 10 million range, have developed mixed economies, and share in many progressive values and practices (Province of British Columbia, 2020; Statistics Finland, 2020; United States Census Bureau, 2020). Based on the Organization for Economic Co-operation and Development’s (OECD) Better Life Index, residents of the three countries (and, by extension, regions) also have a similarly high quality of life. In 2017, they all ranked within the top 10, scoring within 0.4 of each other on a scale of 10 (Canada – 7.9, Finland – 7.8, and USA – 7.5) (OECD, 2017).

Specific evaluation of each region below draws upon further, more direct commonalities that should enable recommendations for local (BC) replication or adaptation to draw similar results.

##### San Francisco Bay Area, California, United States of America

California has a rich history of co-operative ideas and practices, beginning with the mutually beneficial relationships of the Indigenous peoples of the San Francisco Bay Area and continuing through the mass immigration brought by the Gold Rush and agricultural settlement, the Great Depression, and the liberation movements of the1960s and 70s to the present day (Curl, 2010). The convergence of history and collectivist efforts has resulted in the area becoming home to leaders, researchers, and advocates with principles in common with the co-operative movement.

A strong co-operative identity, particularly that of worker co-operatives, continues to make substantial contributions to the Bay Area economy, due to its strong co-operative ecosystem and “progressive community, [with] diverse nonprofit and social enterprise sectors, and many values-driven capital providers” (Hoover & Abell, 2016, p. 29).

The many similarities of this region to British Columbia include relatively low unemployment rates (before COVID-19) and high housing prices, and their urban centres are increasingly characterized as “tech hubs.” Additionally, BC and California share a “West Coast ideology” characterized by cultural diversity, environmental sustainability practices and social equality and well-being. Ley reflects that “an abiding cultural image has linked Vancouver [BC] with San Francisco more than with any other city and it is not difficult to find substantial lifestyle associations” (1980, p. 245). These characteristics align in some ways with the co-operative principles and likely contribute to the favourable attitude towards co-operatives in the Bay Area.

##### Finland

Finland boasts of being “the most cooperative country in the world” given the ratio of co-operative membership (4 million) to population (5.4 million) (Pellervo, 2017b). While co-operatives have been a part of the Finnish economy for well over a hundred years, a surge in co-operative development over the past 30 years followed a depression in the early 1990s due, in part, to the fall of the Soviet Union (Karhu, 2013). During this time, unemployment was near 20 percent; with the support of government and the co-op sector, awareness of the model as a countermeasure increased (Karhu, 2013). Since then, approximately 200 co-operatives per year have formed, totaling nearly 4500 operating co-operatives across Finland, of which 90 percent are small enterprises (Karhu, 2013). Thus, co-operatives operate across many sectors of the economy, although a large portion are “water co-ops” and “worker, service, and expert co-ops” (Karhu, 2013).

Similarities between Finland and Canada, specifically BC, include climate, social-democratic values, and immigrant ties. One of the most critical similarities between the two regions is that small business development provides the majority contribution to the economy. Small business (less than fifty employees) makes up 98 per cent of BC businesses and 99 per cent of Finnish companies (Small business profile, 2019; Yrittäjät, 2020). Additionally, both regions have both urban and rural settings and economies in which agricultural sectors have historical importance.

Given that Finland is a country, unlike the San Francisco Bay Area and British Columbia, it can provide some insights into legislative and regulatory amendments that could be proposed in Canada, and particularly in BC. While this research focuses on application to the BC region, it is imperative to provide some commentary at a national level, too, given the related need for strengthening co-operative development nationwide.

#### 2.3 Literature Review

The challenges that currently exist in strengthening the co-operative core in BC reflect those in other sectors and can be classified into four main categories: (1) expertise and resources; (2) policy, law, and legislation; (3) capitalization and access to finance; and (4) the interconnectedness of the sector (i.e. its ‘ecosystem’) (Battilani & Zamagni, 2012; Sanchez Bajo & Roelants, 2011; Szabo and Baranyai, 2017; Kalmi, 2012). Internationally, the co-operative sector has recognized these broad categories as key challenges for some time. Novkovic and Webb (2014) show how the growth challenge for co-operatives is to scale up in a way that considers these four areas without degrading democratic control by using capitalist strategies (p. 295).

The ‘units of analysis’ within the conceptual framework (Section 3.1 below) are drawn from frequently identified growth dimensions for co-operative and non-co-operative businesses alike and correspond to the four key challenges categories above. The main elements of Project Equity’s *Co-operative Growth Ecosystem* framework, for example, are framed as “the building blocks...key drivers for scal[ing] initiatives…and legitimize and create demand” (Hoover & Abell, 2016, p.3). Global research looks specifically at co-operative firms and economies, including the firm’s needs and solutions, as articulated below.

##### Legislation & Regulation and Access to Finance & Capitalization

Public policy has played a significant role in the formation of new co-operatives in many countries, such as Italy, South Korea, and Japan. Kalmi’s research into Finnish co-operatives did not find a direct correlation between specific public policy at a regional level and increased co-op firms but did recognize that it could be important in elevating awareness of the model for business development firms (Kalmi, 2012). Ji (2018) and Defourny and Kim (2011), however, more explicitly stated the pivotal role of the national South Korean government, including law creation and directed investments and contracts into the sector. Since 2002, multiple revisions to bankruptcy law in Argentina has enabled the worker co-operative movement to gain significant traction “favor[ing] worker administration of ‘broken’ factories” (Rossi, 2015, p. 103; also see Vieta, 2020). These are just a few examples of adaptations that have enabled increased awareness of the co-operative model and removed barriers to creation and/or operation.

#####  Ecosystem Development and Expertise & Resources

A lack of awareness of the co-operative model is a key detriment to the uptake of co-operatives. Entrepreneurs and collective organizations will not be driven towards the model without a broad understanding of co-operatives, their benefits and potential, and access to expertise within the business sector. Kalmi’s research points to a direct positive correlation between the number of “specialized [co-operative] advisory services” and the number of co-operatives (2012, p. 310).

Multiple research sources present education as a key part of the solution regarding awareness of the model. In studying agricultural co-operatives in Hungary, for instance, Szabo and Baranyai (2017) discerned that policy changes to substantially increase education on collaborative models would be required for producer and consumer co-operative numbers to increase. In a comprehensive study of the Australian co-operative sector by Oczkowski et al., participants thought Co-operative Principle Five (education, training and information) the most important, citing, “…education is the most important, otherwise people forget why we have a co-operative in the first place” (2013, p. 61). Embedding the co-operative model within the education system would likely gain more favourable results than mass marketing and communication channels as the general public has little understanding of the basics of the co-operative model; introducing the concept of co-operatives along with other forms of enterprise at an early age would be advantageous (Miner, 2016, p. 4).

### 3. Methodology

#### 3.1 Conceptual Framework

The concepts garnered in the literature review enabled the development of the conceptual framework (illustrated below) to aid in the strategic direction of the research and, coupled with regional commonalities, were used to determine the final comparative regions of Finland and the San Francisco Bay Area.

In the BC application portion of the framework, Vancity’s community economic development model was used to ground possible solutions to ensure strategic relevance. The model lends itself well to co-operatives (Vancity internal framework document) and connects directly with the ‘units of analysis’ (i.e., Individual co-ops and Sector support link to Expertise and Capitalization; and the Regulatory environment and Enabling economy link to Legislation and Ecosystem development).



#### 3.2 Research

***Research question 1 (RQ1): What conditions exist within the co-operative ecosystems of Finland and the San Francisco Bay Area that have enabled co-operative and ecosystem development?***

Exploratory, comparative case analysis was imperative to answer RQ1 (Yin, 2011). It enabled definition of specific criteria for assessing which economies have the most similar conditions to BC. Key themes across multiple economies and sub-themes based on specific conditions were identified for additional analysis in the RQ2 phase of the research.

The methodology for RQ1 primarily focused on qualitative research, i.e., secondary literature reviews of academic papers, journals, articles and grey literature to gain a fulsome understanding of co-operative economies. Once baseline breadth was achieved, a review framework enabled determination of the two comparative co-operative regions and guided the collection of key elements of their success. A depth of understanding was gained through key informant interviews with Elvezio Del Bianco from Vancity, Andrea Harris from BC Co-operative Association, E. Kim Coontz from California Center for Co-operative Development and John McNamara from Northwest Co-operative Development Center, who are all experts within the studied co-operative economies.

***Research question 2 (RQ2): How can these elements be replicated for implementation for Vancity’s and BCCA’s co-operative development plans in British Columbia?***

RQ2 focused on exploratory, comparative case analysis (Yin, 2011) within which a specific definition was given to the conditions, resources and tools that are most relevant for British Columbia. Furthermore, these factors were analysed, assessing replicability, proposing roles for Vancity, BCCA and other local players, and identifying expected benefits and challenges.

A focus was placed on qualitative research, specifically key informant interviews with Elvezio Del Bianco (Vancity) and Andrea Harris (BCCA), as well as local knowledge case study research to understand the effects of local implementation (Astalin, 2013, p. 122). Secondary literature reviews of small business statistics, regulatory requirements and legislative factors were essential in describing the current local economic ecosystems.

### 4. Analysis and Results

#### 4.1 Ecosystem Development

The term ecosystem illustrates the need for an integrated network of players and elements to be able to tackle systemic challenges and create sustainable opportunities. According to Tanner (2013), Kanter (2012) “describes secondary institutions as ‘more likely to contribute to shared prosperity when they’re networked’” (Kanter, 2012, in Tanner, 2013, p. 31). Developing such an ecosystem for co-operatives requires players with deep knowledge of the economy and appropriate organizational forms and elements that create favourable conditions for co-operative development. Such elements may include sectoral organizations, such as provincial and federal co-operative associations, with funding that enables them to carry out high quality and timely work and invest in individuals who propel the system forward.

##### British Columbia

The current co-operative ecosystem in British Columbia is dominated by a few key larger players (i.e., BCCA, Vancity, Central 1 Credit Union, Modo Car Share Co-op, and Co-op Housing Federation of BC) and several smaller individual co-operatives. These groups provide the primary investment in and support of the sector, though some only operate in the urban centres of Metro Vancouver and the Capital Region District (Victoria). The BC Co-operative Association is the central organization but lacks much needed capacity, resources and funding to accelerate and deliver on its strategies and initiatives. While the ecosystem ‘key players’ sit on the board of BCCA, the association’s limited operational capacity makes it difficult for other co-operatives to realize the benefits of their BCCA membership.

When BCCA developed a ten-year strategic plan in 2017, it provided a strong framework for growing the sector. The framework focuses on three strategies: co-op development; co-op “knowledge mobilization”; and, communications and advocacy, and outlines specific initiatives (BCCA, 2019, p. 12). However, several risk factors were identified related to membership value, organizational capacity, and the large geographical service region (all of BC). These have remained the greatest challenges to delivery, especially when coupled with “tight margins aggravated by the [COVID-19] pandemic,” which can make it challenging for co-ops to pay membership dues, thus requiring BCCA to diversify its revenue streams (Elvezio Del Bianco, personal communication, 2020).

A slight glimmer in the geographical challenges is BCCA’s “sister” organization, the Upper Columbia Cooperative Council (UCCC), whose mandate is to support co-operative development in the most south-eastern part of the province. Currently, UCCC has twenty-three members and there is growing and active interest in the region (Upper Columbia Cooperative Council, 2020). As their resources are limited, they rely heavily on BCCA for technical and monetary assistance.

So, while the opportunity is great, particularly given the economic and employment challenges likely to result from the pandemic, it is imperative that the co-operative ecosystem is strengthened in a way that includes the whole province and addresses the gaps in the ecosystem before moving forward.

##### San Francisco Bay Area

The co-operative ecosystem in the San Francisco Bay Area has been steadily strengthened over the past decade. In 2013, Project Equity, the East Bay Community Law Centre and the Sustainable Economies Law Centre set forth to understand the local co-operative ecosystem and articulate, for the first time, a shared multi-sectoral strategy to foster worker co-op development for low-income workers (Lingane, 2015). The primary focus of the resulting *Bay Area Blueprint* (the “Blueprint”) was to “bring together cross-sectoral actors [business, academia, and nonprofits] to work on different parts of the problem to move the work forward…” with “a shared plan of action backed by solid, local, targeted research,” creating an actionable plan but also working to strengthen relationships and identify gaps in technical and resource support (Lingane, 2015, p. 22).

An important element in the Bay Area ecosystem is the organizations focusing on actioning the Blueprint and working hands-on with co-operatives, such as the California Center for Cooperative Development, Sustainable Economies Law Center and The Network of Bay Area Cooperatives; congruently, there are organizations whose mandate is to research, monitor and iterate strategy, such as Project Equity. These entities work collaboratively to ensure the sector and potential and existing co-op firms have the information to adjust and respond to opportunities as they arise. For example, the Blueprint identified the conversion of small businesses to worker co-operatives (Lingane, 2015, p. 23) as an opportunity. Project Equity is leading work to develop this opportunity and attaining gradual success as Baby Boomers begin to retire (Project Equity, 2020a).

Much technical advice is also advanced by “established co-ops mentoring new ones, new co-ops spin off from old ones, and some co-ops provide loans or grants to others” (Hoover & Abell*,* 2016,p. 22*).* For example,the Cheeseboard Collective and Arizmendi Bakery are two co-operatives that fostered replication by supporting the start-up of new bakeries (Project Equity, 2020b). Today there are six, independent sister worker co-operatives (Arizmendi Bakery, 2020). E. Kim Coontz (2020), Executive Director of the California Center for Co-operative Development, suggests that in her experience, “co-ops beget co-ops; by working together they understand ways to strengthen each other and provide new opportunities” (personal communication, 2020). Their neighbours and other affiliates become curious about the model and reach out to learn more (E. Kim Coontz, personal communication, 2020).

The Bay Area ecosystem has integrated the work and outcomes of key players in a way that would meet all the requirements of the Vancity CED model. It looks for ways to support individual co-ops, names the sector supports and resources available and required, and allows for collective advocacy and increased awareness in consumer and capital markets. While the ecosystem is interconnected at a local level, various national players are feeding the network as well, such as the US Federation of Worker Cooperatives. It also stresses the importance of connections to the national associations for influencing federal policy changes that have a direct effect at the local level, such as providing access to funding for job creation and training, available to other business structures (E. Kim Coontz, personal communication, 2020).

##### Finland

Pellervo Society is a national co-operative federation at the heart of the Finnish co-operative ecosystem. Started by Hannes Gebhard, the “Father of Finnish Co-operation,” the organization provides a myriad of support services to co-operatives across the country, and lobbies and advocates for legislative changes (Marshall, 1958, p. 228; Pellervo, 2017a). Pellervo keeps Finnish co-operatives tied to the international co-operative ecosystem, while it continually researches and advocates for co-operativism as the local economic engine across all sectors.

As co-operatives exist in most sectors of the Finnish economy, Pellervo is connected to the major sectorial affiliations, such as Valio Ltd owned by nine co-operative dairies and the two major consumer co-operatives, S Group and Tradeka (Pellervo, 2017b). Through Pellervo, these enterprises and co-operatives can leverage shared resources. Pellervo maintains several arms to provide value back into the ecosystem through research, data collection, training, advocacy, co-op services and funding (Pellervo, 2017c). This “networked approach” enables representative sector organizations (“centrals”) to convene through Pellervo and seek resources, support and advocacy both individually and collectively (Pellervo, 2012, p. 13).

Pellervo has maintained a direct relationship with the Finnish government since its inception, beginning with the first Co-operative Societies Act in 1901 (Pellervo History, 1999)*.* The government is an integral part of the ecosystem and is critical to change and enhance regulatory and legislative policies, as well as to raise awareness of the legitimacy and value of the model. Led by Pellervo, the sector is looking for ways to increase awareness of the model and to influence the global co-operative community. For example, *The* *Journal of Cooperative Organization and Management*,a well-known global academic journal for co-operative research,was founded in Finland and much of its leadership team are leading Finnish co-operators and researchers (Elsevier, 2020).

Throughout its tenure, Pellervo has been able to continually strengthen itself and the co-operative sector. The interconnectedness of the federation, its strong ties to government and academia, and collaboration across all industries in which co-operatives operate, should be a model for BC and Canada. This federated structure enables a coordinated approach for political advocacy, co-operative development and raising awareness of the sector.

#### 4.2 Policy, Law, Regulations and Legislation

The regulatory and legislative environment play a dual role unique to co-operative firms; they operate within and guide both their economic sector (i.e., consumer goods, financial or insurance services, housing, construction, energy, etc.) and their particular co-operative sector (consumer, worker, producer, financial, etc.). A best-practices example is in Italy where the reflection of co-operatives within the Italian Constitution, as well as in the Civil Code and regional legislation, has legitimized the imperative economic and social impact of co-operatives.

##### British Columbia

The BC Co-operative Association Act (“the Act”) is clearly laid out and incorporating as a co-operative firm is a viable option in the province. However, a gap exists in understanding the specific public policy that is required and at what levels (municipal, regional/provincial, national, etc.) to create the maximum enabling conditions for co-op sector growth. It is essential that legislators confer with the co-operative sector in developing policy as co-operatives require, “…a specific legal framework that adequately reflects their particular nature and function…and that preserve their distinct identity…” (Fici, 2013, p. 7). To enable expansion of the co-operative sector, Fici promotes a legal structure that has both overarching co-operative regulation and specialized regulation for differing structures of co-operatives; excluding credit unions and housing co-operatives, the BC legal framework does not make distinctions for different co-op models (Fici, 2013, p. 13). Additionally, the Act has not been updated since 1999 and thus does not reflect changing technological capabilities, nor new economic challenges or opportunities.

The BC Co-operative Association has made recent strides to actively build relationships with government, including contracting a government relations firm. Opening such channels can be an immense value to the membership (Andrea Harris, personal communication, 2020). In late 2019, BCCA proposed a series of amendments to the BC Co-operatives Act which included: simplifying and aligning it with the Societies Act (for not-for-profit organizations); modernizing and integrating technology for ease of use (incorporation and yearly filings); and ensuring alignment with the Securities Transfers Act to enable greater access to capital (BCCA internal document, 2019). BCCA has also requested access to provincial data on co-operatives, to have a better understanding of the current landscape.

#####  San Francisco Bay Area

The California Cooperative Corporation Law articulates the specific laws related to co-operatives for the state (Sustainable Economies Law Center & Tuttle Law Group, 2016). This unique statute allows a co-operative to elect to be governed as a worker co-operative. The legislation clearly defines the dimensions of worker co-operatives and a unique set of laws providing taxation benefits, clarification on profit distribution, governance policies and the ability to raise capital through a securities law exemption (the intricacies of which will be addressed further in Section 4.4) (California Worker Cooperative Policy Coalition, 2015*).* Known as AB 816, the California Worker Cooperative Act, this law could provide insight into how to strengthen co-operative legislation to facilitate creation and operation in BC.

Most importantly for individual co-operatives, there are resources available for navigating the legislative environment. The Tuttle Law Group specializes in supporting co-operatives. Its lawyers provide tailored advice to individual co-ops of different types as well as publishing regular reports and making presentations to California co-operatives so that valuable legal information is available to all California co-ops.

Key ecosystem players, such as Tuttle Law Group, Democracy at Work, Project Equity, and the California Centre for Co-operative Development, work in a highly integrated fashion allowing them to consistently interpret the needs of the co-operative community and leverage government and other organizational relationships to create change. They work closely with the national network of co-ops, National Co-operative Business Association, which lobbies and engages federal agencies and works with the bipartisan Congressional Cooperative Business Caucus, “…providing greater visibility of cooperative economic impact before Congress and the Administration and driving a co-op-friendly legislative agenda” (National Cooperative Business Association, 2020).

##### Finland

The first version of Finland’s Co-operative Societies Act was written in 1901. Over the past century, it has been updated several times to keep relevant to the changing economic conditions and the types of co-operatives being created; the most recent version was released in 2013 titled the Finnish Cooperatives Act (“FCA”). The revisions of 2001 provided perhaps the most significant changes. In a review of the FCA, Pönkä (2019) provides the following explanation of the changes:

The main objective of this law was to improve the operational and financial prerequisites of cooperatives by updating their legal framework to reflect the requirements of the modern business environment. In practice, this meant that legal provision concerning the incorporation and administration of cooperatives were lightened, new methods for securing sufficient capitalization were introduced, and many previously mandatory rules of law were transformed into non-mandatory provisions, i.e., provisions which could be altered in the bylaws of the cooperative. (p. 83)

While such amendments are encouraging and illustrate the Finnish government’s acknowledgement of the economic legitimacy of co-operatives, they also spur debate. There has been an international trend in co-operative law to give co-operatives the same advantages as “capital-centered entities”. If the administrative requirements for forming a co-operative are significantly more difficult than for other types of firms, entrepreneurs will likely default to traditionally structured firms. Likewise, if they are unable to generate enough capital to start or scale up operations, they may have to close or shift to other business models. However, Henry argues that such amendments do not increase a co-operative’s competitiveness and laws need to be centered around the co-op identity (2013, p. 84). From a critical perspective, the Act undermines the most fundamental principles of co-operativism by allowing a co-operative to be “formed” with only one member, disregarding mutuality. While such criticism may be warranted, the amendments have enabled greater co-operative development and awareness

Notwithstanding these issues, co-operatives have been a priority of the most recent Finnish governing party, elected in 2019, particularly for business continuity (conversion to worker co-operatives) and housing co-operatives. Specific legislation is set to be created (Karhu, 2019). The generalization of the commitment is to find ways the government, business community and regional associations can collaborate further to increase the local, regional and national benefits of co-operation across all industries.

A lesson from Finland is in the degree of importance the Act has within the country since co-operatives are regarded on equal footing with privately-owned and corporate entities.

#### 4.3 Expertise and Resources

A key detriment to the uptake of the co-operative model is a lack of awareness of the co-operative model. Without broad understanding, as well as expertise, the business sector is not able to drive entrepreneurs and collaborative organizations towards the model and support them through development.

This section also discusses the complementary roles of business development supports and the formal education system in adequately supporting the development and sustainment of co-operatives. Kalmi’s (2007) research into the *Disappearance of cooperatives from economics textbooks* found that as the global economic paradigm shifted from “local and institutionally sensitive solutions” to “top-down solutions,” the mention of the co-operative organizational form diminished (p. 641). He surmised that this is detrimental to the future of co-operative development, as students are unlikely to come upon the model post-graduation if they do not encounter it during their undergraduate studies (Kalmi, 2007, p. 641).

##### British Columbia

Often, in British Columbia co-operatives are classified within the broader category of social enterprises or ventures. On the one hand, this is advantageous as it connects co-operatives with a broader community of like-minded individuals and organizations and enables greater advocacy around social investment. On the other hand, it overlooks the fact that co-operatives are a unique form of organization with their own legislation and policy parameters, democratic governance structure and share-ownership model. While for-profit social ventures and social enterprises owned by not-for-profit organizations can access expertise in the more traditional and available streams of legal, accounting and operational expertise, co-operatives do not have similar outlets and supports.

BCCA has done some important recent work to increase awareness of the co-op model through its collaborative *Co-operative Now* program, a co-operative bootcamp that teaches the fundamentals of starting and running a co-operative (British Columbia Cooperative Association, 2019). Additionally, the first post-secondary course teaching the co-operative model is under discussion with a local university and other partners (Elvezio Del Bianco, personal communication, 2020). More such initiatives need to be built and offered throughout the province and through post-secondary institutions. Moreover, business start-up and support agencies have low to moderate awareness of the model and their expertise needs to be further developed. Some recent progress has been made by making these agencies aware that any inquiries regarding co-operatives can be directed to Vancity and BCCA for advice and technical support.

The expansion of these offerings needs to be matched with more sectoral experts and co-operative developers. There are few co-operative developers in BC, most nearing retirement age, and much of the work is referred to Saskatchewan-based Co-operatives First, whose mandate is to support co-op development in rural and indigenous communities in Western Canada (Co-operatives First, 2020). Many entrepreneurs looking at starting or converting to co-operatives are thus left to navigate the complex system alone. Further, there are few sectoral experts within the province who understand the key players within the ecosystem and who can help set co-operative strategy. This exposes the sector to risk if experts (with their knowledge and institutional memory) leave or retire, which is beginning to occur, compromising the future development of the sector (Elvezio Del Bianco, personal communication, 2020; Andrea Harris, personal communication, 2020).

There are also few lawyers and accountants who are knowledgeable about the sector, and often professionals who focus on the broader social enterprise sector are called on to attend to co-operative issues when their knowledge of co-ops might not be up-to-date or complete. BC needs knowledgeable professionals and consultancy firms who can contribute to building a robust offering of research, advocacy and capacity building to strengthen the sector. The BC co-op sector is also in need of data and research specific to the region to support planning, strategizing and advocacy.

##### San Francisco Bay Area

Strategic co-operative development and readily available expertise and resources are core elements in the increased emergence of co-operative firms in the Bay Area. Technical expertise specifically supports co-operatives and contributes to the overall ecosystem. Tuttle Law Group and the Sustainable Economies Law Center are two entities that fully understand the co-op principles and culture and the intricacies of co-operative law. They provide sound technical advice to individual firms, and also invest in the sector by leading advocacy work, conducting research and publishing reports that enable a greater understanding of the sector and offer useful resources for strategic sector development. This expertise is deepened through national affiliations such as the National Society of Accountants for Cooperatives, enabling accountants who concentrate on the co-op sector to learn from each other and produce publications and insights into regulations, help propose solutions to challenges and issues and advocate for changes that enable co-operatives to thrive (National Society of Accountants for Cooperatives, 2020).

The ability to follow through on strategic co-operative development, as outlined in the *Bay Area Blueprint,* is in no small part due to a network of co-operative development firms which employ a multitude of co-op developers (Lingane, 2015). Some of these developers are generalists around the co-op model and navigating startup, administration and governance, while others specialize in sectors, such as agriculture or worker co-operative succession.

Much like the co-op specific professional service providers, while the co-op developers are working with individual co-ops, they and their firms are working collaboratively through shared-learning associations and think-tanks, such as Project Equity, Democracy at Work, US Federation of Worker Co-operatives, and the Network of Bay Area Worker Co-operatives. They partner to develop and share research and advocacy, and ultimately work towards the same strategic approach to enriching the sector and local economy.

The utilization of collective technical expertise and resources are a result of a both reactive and proactive approach. Increased awareness of and education on the co-operative model is enabling greater interest in co-ops, and individual and collective entrepreneurs are seeking technical assistance because they believe in the value of the model. Since information on the model is not obvious within the abundance of more general business information, co-op development organizations need to reach out to the sectors and regions identified within the *Blueprint*.

##### Finland

Pellervo Society has a co-operative development arm that provides support to the entirety of the sector. They collaborate with an array of business support organizations whose “efforts in strengthening [the] knowledge on co-operatives” extend to thirty-one start-up agencies across Finland (Pellervo, 2012, p. 34*).* There is, additionally, regional support and investment to advance the co-operative model, though it is often dependent on “co-operative activists…provid[ing] advisory services free of charge or for only a nominal fee” (Kalmi, 2012, p. 307). The proliferation of technical services across the country has enabled substantial growth of the sector. Since 1998, when these resource support structures became widely available, there has been a steady positive trajectory of co-operative development, year over year (Kalmi, 2012, p. 301).

Moreover, co-op education has vastly improved over the past two decades. Finland has made considerable investments during these years to integrate co-operatives into business and entrepreneurial post-secondary curricula. For instance, the Ruralia Institute’s Co-op Network Studies out of the University of Helsinki works collaboratively with Pellervo to provide access to co-operative courses across ten universities in Finland. Students can take individual courses or specialize in co-operative studies (Ruralia Institute, 2020). Courses can be taken at both undergraduate and graduate levels and are offered online by industry experts and researchers, which enables the content to be accessed across many institutions. The program gives the co-operative model a (relatively) equal opportunity to appeal to future entrepreneurs who have the basic awareness, knowledge and skills to start a co-op. The courses give them access to co-op sector professionals and experts, from whom they may seek guidance.

#### 4.4 Capitalization and Access to Finance

Accessing the appropriate financial tools has been a challenge to co-operatives world-wide as the current neoliberal paradigm promotes maximizing shareholder value above all other business outcomes. The principles and values of co-operatives thus do not align with the profit outcomes of “traditional” financiers and investors and, to effectively safeguard their principles, co-operatives need to seek and use capital instruments that do align with them. To do so, both directors and management should have a deep understanding of the co-operative model and, collectively, include a balanced representation of experience, and specific technical expertise, such as finance, legal or technology; this is critical in ensuring social capital remains at the core of the co-operative (Birchall, 2017).

The challenge for co-ops to access adequate and appropriate capital illustrates the imbalance driving our current financial system because the membership shares of the co-operative structure should provide ample security conditions for issuing credit. Unfortunately, as members can withdraw their shares upon leaving the co-operative, creditors and investors classify them as liabilities and not “as core equity capital,” as is the case with “their commercial peers” (Chieh & Weber, 2015). Co-operatives are seen as risky because there is not one person to hold accountable (Bancel, 2015) and many providers of capital, including credit unions, find challenges in fitting co-operatives into their conventional risk and financing models. These challenges make it even more vital that co-operatives access capital that respects the co-operative principles and maintains member control.

##### British Columbia

Accessing financial resources has been a challenge for co-operatives in British Columbia, as the lack of understanding of the model has meant that lenders and granters alike do not fully understand the risks and benefits of co-ops. While Vancity has made efforts to increase its lending to all forms of co-operatives, including worker, consumer and housing co-ops (unlike many other credit unions), each opportunity is scrutinized carefully as, in general, co-operative entrepreneurs lack understanding of security and guarantees available to secure the lending. As for accessing grants, traditional foundations and other funders debate whether co-operatives are classified as for-profit or non-profit firms, a critical distinction given the ineligibility of for-profits to access granting funds. The debate is about whether because co-operatives, for-profit and not-for-profit alike, redistribute wealth locally and invest directly in local economies, they should be accounted for at the same level of positive community impact as not-for-profit firms (E. Kim Coontz, personal communication, 2020). This problem is experienced in California, as well.

Though there is room for greater understanding of the co-operative model in the debt-financing landscape, including by credit unions, Vancity has created access to debt solutions for co-operatives in the regions it serves. There is potential for Vancity to support other credit unions throughout the province to create similar debt-financing options. The greatest capitalization challenge, however, is the availability of more patient, equity-like capital (Elvezio Del Bianco, personal communication, 2020). Non-member investing in an equity stake of a co-operative is counter to the co-operative principles but, in other jurisdictions of the world such as Italy, it has been useful, with restrictions on the role played by such equity investors. Overall, co-op law in Canada restricts control over the co-op to members, and it would be valuable to explore further expanding equity capital investments that guarantee the entirety of control remains within the co-operative.

Vancity and other larger Canadian co-operatives, credit unions and federations have made significant investment in the Canadian Co-operative Investment Fund. The $25 million fund is investing in co-operatives across Canada in the form of “loans, equity and quasi equity… ranging from $50,000 to $1.25m” (Canadian Co-operative Investment Fund, 2018). An additional $50 million fund was introduced by the Canadian federal government in the Fall of 2010 available to social purpose organizations, including co-operatives, for the purpose of preparing for investment opportunities (Community Foundations of Canada, 2020). The Canadian Worker Co-operative Federation’s Tenacity Works fund acts in a similar way while focusing on worker and multi-stakeholder co-ops (Canadian Worker Co-op Federation, 2020). Expanding on these models, via partnerships with provincial and federal governments and Canada’s credit unions, or even creating a BC-only co-op fund with initial cash infusions from BC co-ops, credit unions, and the provincial government would go a long way in promoting patient and equity capital funds for new and emerging co-ops.

Provincially, community investment co-operatives have been explored as a way to fund other co-operatives, but regulations in the BC Securities Law mean that they must navigate loopholes to be able to raise adequate funds to invest and the legalities and navigation of the process are burdensome. While there are some local values-aligned investment firms that are willing to take a lesser return in exchange for the high social and community value being contributed, there is a lack of understanding about the co-operative structure and the position the investors would take in lieu of the equity position they would take in corporations. In addition, most of BC’s co-operatives are not seeking to be deemed “investable,” by the definition of accredited investors which is usually based on revenue generated (Elvezio Del Bianco, personal communication, 2020).

The Securities Commission provides certain exemptions to co-ops by, for instance, not requiring them to submit a prospectus if the potential investors have had membership in the co-op for at least 12 months, if the co-op has less than 150 members and if investors’ cumulative investment in the co-op is less than $10 000 (British Columbia Securities Commission, 2020). It also provides an opportunity for co-operatives to gain investment through close affiliates, such as directors, senior officers, employees and family, and accredited investors (British Columbia Securities Commission, 2020, p. 5). These exemptions are not perfect, but they do create potential for many co-operatives across BC to scale up. Thus, perhaps the key challenges for BC co-ops are not that the tools are not available, but that local co-operatives lack the capacity, investment savvy or awareness of such opportunities and tools.

##### San Francisco Bay Area

As noted earlier, AB 816 the California Worker Cooperative Act, articulates important differences in the formation and governance of worker co-operatives. Perhaps more importantly it includes the “community investor provision” (Sustainable Economies Law Center & Tuttle Law Group, 2016), similar to Italian co-operative law’s “financial member” (Vieta, Depedri, & Carrano, 2017). The ability for worker co-operatives to raise capital this way is based on an exemption in the state securities law. The “coop securities exemption” allows an increased “aggregate investment amount per member…to $1,000,” as well as introduces the idea of a new classification of investors called “community investors” (Sustainable Economies Law Center & Tuttle Law Group, 2016). Community investors are not worker-members but have a vested financial and social interest in the well-being of the co-operative. The securities law requires that they be given voting rights; however, given the co-op principle of “one member, one vote,” AB 816 clarifies that community investors are “limited to approval rights only over the following major decisions: merger, sale of major assets, reorganizations or dissolution”, which must be articulated in the co-op’s bylaws or articles of incorporation (Sustainable Economies Law Center & Tuttle Law Group, 2016). Federal securities law also applies but co-operatives seeking community investors can be exempt by making the offering only available to California residents.

Indivisible reserves are “…property owned by the co-operative/co-operative movement which can never be divided among members…they provide long-term investment capital that supports longevity of the co-op…” (California Worker Coop Policy Coalition, 2015). AB 816 gives co-operatives the option of creating an indivisible reserves account, using funds only from “non-patronage-sourced income” to meet taxation laws (FindLaw, 2020). The co-operative designates the recipient organization in their bylaws, should the co-op dissolve; if they do not, the funds are directed to a regional co-operative development organization (California Worker Coop Policy Coalition, 2015, p. 3). Although indivisible reserves are not a required element of co-operatives’ financial holdings and currently offer no tax advantages, their mere mention elevates the importance of reserving funds for times of necessity and investing in the sector should the co-op dissolve (California Worker Coop Policy Coalition, 2015, p. 3).

The strength of the Bay Area co-operative ecosystem, together with California co-op legislation and financing mechanisms, has generated resources to help address challenges to financing co-operatives, specifically worker co-operative conversions. For instance, Cooperative Fund of New England, Project Equity and Democracy at Work Institute collaboratively developed a handbook for worker co-operatives and lenders to support conversions.

Cooperatives in California share many of the same financial capacity challenges as the co-op sector in BC. Overall, there is still a lack of awareness and understanding of the co-operative model; often co-ops are categorized as private businesses making them ineligible for job creation and training grants (E Kim Coontz, personal communication, 2020). The challenges also apply in working with the United States Small Business Administration and in the regulations for debt financing. Additionally, partnerships with credit unions are lacking, as they tend to focus on individuals versus enterprise and are therefore not evolving to find ways to support the financing of co-operatives.

##### Finland

Agricultural co-operatives were the first Finnish co-operatives and they still play a large role in the economy today. Agriculture is also a primary industry in both BC and Canada, yet many large agricultural co-operatives, established in the past half-century, have had to demutualize due to a lack of capital coinciding with power-dynamics within the highest levels of the co-operatives (Quarter et al., 2018, p. 53).In Finland this has not been an issue as key co-operative sectors, such as meat, forest and paper, and banking, have moved to a “hybrid approach,” which enables co-operatives to create subsidiary corporations that can be listed on the stock exchange, but stipulates that the co-operative must maintain a majority share (Alho, 2016). In this way, they can adequately capitalize while retaining control. Atria is a large food and meat company operating in Finland, Russia, Sweden, Denmark and Estonia with sales of 1.45 billion Euro in 2019 and close to 4,500 employees and is one of Finland’s most recognized brands (Atria Plc, 2020). Atria is a public company with both a board of directors and supervisory board in which most members are representatives of the majority shareholding co-operatives, Lihakunta and Itikka Co-operative, producer co-operatives of farmers and other agricultural entrepreneurs (Atria Plc, 2019). The co-operatives retain approximately 90 percent of the voting rights of Atria (Lihakunta, n.d.).

Smaller co-operative firms in Finland are self-funded and seek funding opportunities through business-support agencies. Business Finland was created in 2018 with the merger of Finpro, the national trade organization, and Tekes, the Finnish Funding Agency for Technology and Innovation (Business Finland, 2017). Tekes has made significant investment in co-operative firms; its “research, development and innovation funding is targeted to projects that create the greatest benefits for the economy and society in the long-term” and Business Finland continues the tradition with support for co-operatives and other firms committed to innovation and expansion (European Commission, 2020).

Vancity has invested considerable granting dollars in the start-up of co-operatives; business start-up agencies are directing co-ops to Vancity instead of being encouraged to support them directly. Learning from Finpro and Tekes, Vancity may consider granting to various small business support agencies, such as Small Business BC and Women’s Enterprise Centre, to provide funding to start-up co-operatives – this would create the double benefits of capitalizing co-operatives and increasing awareness within business agencies.

### 5 Discussion and Recommendations

Learning from the strengthening and growing co-operative sectors in California and Finland, the co-operative sector in British Columbia should focus on the following seven functions to accelerate expansion:

1. ***Implement a comprehensive co-operative ecosystem framework***

A commonly accessible, comprehensive, and well-articulated ecosystem frameworkneeds to be developed, articulated, mapped out and archived within key institutional players of BC’s co-operative sector. Both Vancity and BCCA could be institutional repositories and facilitators of BC’s co-operative ecosystem. They could convene the appropriate actors and aggregate the needs of their respective co-operative memberships as well as contribute solutions to areas of opportunity, such as financing in the case of Vancity and advocacy for BCCA.

The framework needs to be developed collaboratively with both regional and multi-industry representation. Time is needed to learn, articulate, and illustrate the composition of local economic ecosystems and to identify gaps and strategically plan for the near and distant future. Having a framework will mitigate the risk of relying on the knowledge and social memory of a few influential individuals who may leave the region or soon retire. It is also essential so that co-operators across the province can see where they fit into the ecosystem and find ways to connect.

The *Co-operative Growth Ecosystem Framework* used in the Bay Area is a ready-made tool that could be leveraged in BC and the process could be expedited by inviting Democracy at Work and Project Equity to participate as partners or consultants. Though it is important that the ability and knowledge to utilize such a framework remains local, it is critical that the process move quickly to be able to capitalize and continue the momentum of informal co-operation that has resulted from the COVID-19 pandemic.

1. ***Develop a co-operative development strategy***

A co-operative development strategy needs a dual purpose. First, it must identify the possibilities and paths to increasing co-operative numbers, including developing new worker co-operatives via business conversions, building co-operatives from the ground up, and/or establishing co-operatively owned subsidiaries. Second, once these pathways are defined and a reasonable timeline is set, the appropriate resources need to be understood and an inventory taken of what and who is available for co-op development and where there are capacity or knowledge gaps.

It is imperative to use such an approach to ensure that the development pathways are connected to the ecosystem so that they can both contribute to the sector and draw upon it for long-term sustainability. Given the limited resources and capacity of the BCCA and the lack of co-operative developers in the province, the strategy needs to prioritize and build resources along the way to be able to ramp up. For instance, current co-operative developers should be mentoring individuals interested in moving into the field to provide hands on experience.

Additionally, there needs to be more robust educational programming in co-operative development including both theoretical course work and practical application.A complementary solution would be to work directly with current ‘traditional’ business developers or succession specialists who have aligned values but lack understanding of the co-operative model. Applying the dual strategy would greatly increase the pool of future developers.

BC co-operatives that have received co-operative development support should be asked to give back to the sector – the Bay Area’s “sourdough approach,” as described by John McNamara, Senior Cooperative Development Specialist with the Northwest Cooperative Development Center (personal communication, 2020). This could include sitting on the board of directors of another co-operative, providing support to strategy development, or actively looking for ways to partner with new co-operatives.

1. ***Develop co-op specific resources and formation of a BC co-operative hub***

A key strength in both Finland and the San Francisco Bay Area is that they have established themselves as leaders in the co-op arena by investing in the entire ecosystem, from individual firms to organizational and regional, state and federal networks. Organizations and individuals alike see the potential in founding co-operatives and understand that work in the co-operative sector is a meaningful way to support their livelihood. It is pivotal that the BC provincial government invest and engage in co-op sector development and name and acknowledge the benefits of working in the sector.

In other words, BC should be looking to achieve a similar standard and should consider some of the following initiatives to do so:

* **Partner with a provincial university** **to establish a new centre of co-op research excellence** that would allow the province to contribute to co-operative knowledge creation and mobilization, and act as a hub of local, national and international co-operative learning and promotion. Given other Canadian post-secondary co-operative programs (e.g., at Saint Mary’s University and University of Saskatchewan) and courses, a broader university network like Finland’s could be proposed in partnership with Simon Fraser University, who is in discussion with Vancity and other partners about piloting an online course of co-operatives – the first of its kind in BC. Such a network would allow experts from across the country to support BC students, as well as potentially encourage co-operative researchers, developers and practitioners to live and work in BC. The network would need to focus on gathering intelligence and knowledge towards the goal of growing the sector, in both the number of enterprises and the local, co-operative economy. This would also attract funding to support further research and implementation.
* **Increase the network of accountants, lawyers and other professional services** able to support co-operative firms. The not-for-profit Small Business BC, which provides small business support services, has begun building capacity and literacy around co-operatives, but similar work should be done with other partner start-up agencies, such as Futurpreneur and the Women’s Enterprise Centre. Dedicated efforts should also be made to engage values-aligned law and accounting firms to upskill professionals on co-operative development to create a provincial network of professionals supporting co-operatives. This could resemble the National Society of Accountants for Cooperatives in the United States, initially starting out as a provincial body, with the potential to broaden nationally.
* **Build a relationship with the provincial government, mediated by BCCA**, including enabling greater access to business data pertaining to co-operatives and their contributions to the provincial economy. Continual collection through various data collection points can inform strategy development and regional and sectoral analysis and strengthen the sector’s research capacity and advocacy initiatives.
1. ***Create an advocacy roadmap***

The BCCA is doing important work in collaborating with the provincial government to revise the current BC Co-operative Act. However, an advocacy roadmap should be created so the sector can begin to understand the contributions needed to bolster the province’s co-operative sector in the short and long term. Some immediate actions should be to revise some language used in the Act to align with similar terminology in the Business Corporations Act. Unlike Finland, the intention is not to make the two business structures similar, but to help professionals supporting co-operatives and those exploring starting a co-op to understand the requirements. Another immediate revision – discussed in more detail below – would be to make indivisible reserves an important way to capitalize new and established co-operatives.

Further advocacy initiatives should focus on increasing the availability of local community investment into co-operatives, such as via dedicated RRSP-related investments or community bonds (Quarter et al., 2018). The California Worker Co-operative Act, AB 816 Community Investor Provision provides a framework for replication; in BC, it could focus on co-operatives below a certain size, based either on revenue or membership, to ensure that smaller co-operatives have access to much needed patient capital. It should allow for taxation benefits and, like the California law, require that the investor has a vested interest in the co-operative, as a customer or consumer member or as other co-operatives, support agencies or social-values investors, businesses or individuals.

Federally, the BC co-operative sector should advocate for a co-operative-specific program within the Canadian Small Business Financing Program (CSBF). Drawing on the principles of the US Department of Agriculture loan guarantee program for farm worker-co-op conversions, CSBF could create a loan guarantee program for all or certain co-operative sectors (Cumberland, 2017). Given BC’s number of small businesses, the retirement of Baby Boomers and the possibility to promote co-operative conversions locally, creating conversion pilot projects could create models and foster a business conversion to co-operative ecosystem for BC. For conversion to worker co-ops, financing provisions, such as loans that could be secured by the membership share or payroll deductions in advance of the conversion, could be made for workers to finance their share purchases and operating capital to ensure a stable transition. The guarantee could hinge on conditions, such as working with a co-operative developer, developing a sound business plan for the conversion, having an advisory board made up of conversion experts and other stakeholders and securing relevant documentation for the conversion. Co-operatives and other values-aligned organizations could explore co-op conversions for businesses that add value to the sector; for instance, perhaps a law firm could be converted into a multi-stakeholder co-operative.

1. ***Increase “co-operation among co-operatives”***

Co-operatives need to lean further into Principle Six, “co-operation among co-operatives,” to strengthen the ecosystem. Given Vancity’s affiliation with many of BC’s co-operatives, it can play a leadership role in strengthening the bonds among individual co-operatives to strengthen the entire sector. This could be accomplished through physical or virtual convening, though, given a need to deepen trust within the sector, physical interaction (once COVID-19 physical distancing edicts end), or direct connections would likely see greater success. The entire sector needs to be included not just co-operatives of like function. S Group, a large consumer co-operative in Finland, which has a loyalty card that applies to the services of “partner organizations” as well as their own, could serve as a convening model (Birchall, 2009, p. 20).

Such co-operation should be emphasized through greater regional and sectoral representation. While BCCA has limited resources to support the entirety of the province, regional organizations such as the Kootenay Cooperative Council, should be established throughout the province to complement and enable the work of BCCA. The unique needs of each region would be identified, relationships with professional firms could be made with resources to support their upskilling and local awareness campaigns could be activated. Most importantly, co-operatives within the regions would be enabled to connect and work together, share resources and look for unique ways to collaborate and support each other and the local economy.

Co-operation should extend to other values-aligned movements, too, in which the promotion of the co-operative structure should be supported in creating the highest level of community investment. In California, collaboration between Democracy at Work and B Corp has enabled the development of the B Impact Assessment, and B Corp provided seed investment to Project Equity, a co-operative development firm (Hoover & Abell, 2016, p. 23).

1. ***Increase access to investment & financing***

In the short-term, Vancity, BCCA and other partners should collaborate on providing information and training on the BC Securities Commission co-op exemptions as well as resources such as online courses, templates and networks to support co-op managers and member-owners to leverage the investment funds as intended. Additionally, Vancity needs to work with credit unions and other values-aligned lenders across BC to get a solid grasp on lending to all forms of co-operatives, particularly assisting with securitization and the financial relationship between investment capital and debt.

In the long term, Vancity, the Canadian Co-operative Investment Fund, other funders, lenders, and apex organizations need to work collectively to define the changes required to provincial and national securities laws to allow for equal opportunities for investments in co-ops as in, at the very least, like-sized or similar non-co-operative firms. Concurrently, the sector needs to provide access to investment support services, such as experts, strategic planning and even seed funding to get co-operatives “investment ready”.

1. ***Introduce indivisible reserves & taxation allowances***

BCCA should advocate for the inclusion of indivisible reserves in the next iteration of the BC Co-operative Act. The economic events resulting from the COVID-19 pandemic emphasize the importance of such a tool in ensuring financing stability of co-operative firms. In both Newfoundland and Labrador and Quebec indivisible reserves are mandatory, as they are in France, Italy, Finland, Spain, Uruguay, and other jurisdictions (Novkovic & Guillotte, 2020; Tortia, 2018*).*

There are two avenues in which the provincial co-operative sector could implement the concept of indivisible reserves: 1) advocate for indivisible reserves as an optional avenue to self-investment, as in the case of California co-operatives law; or, 2) lobby for indivisible reserves to be made mandatory to establish the generational ownership of the collective wealth of the co-operative (Novkovic & Guillotte, 2020).In the case of the latter, there would be the additional benefit of providing security or collateral to secure additional funding, such as loans (Tortia, 2018, p. 21).

### 6 Conclusion

British Columbia has a great deal to learn from the San Francisco Bay Area and Finland in accelerating the development of the regional co-operative economy. While significant gains have been made in BC’s co-operative sector in the past decade, to make larger strides moving forward requires a more connected, vocal and organized co-operative sector across all provincial regions and industries. The key to future success is for BC’s co-op sector to reframe its collective thinking so that success is measured and guided by moving towards a deeper and truer co-operative economy rather than simply increasing the number of co-ops.

Co-operatives are increasingly understood as the best enterprise form for a more inclusive, collaborative and co-operative economy, but working with other values-aligned organizations, businesses and movements can also realize many of the co-operative principles. To attain such goals, the entire local co-operative ecosystem needs to work cohesively; it needs to become the collective intellect of the BC co-operative sector. This requires collaborative development of a framework that connects co-ops and other values-driven organizations that can support and influence each other. It also requires a legislative and regulatory system that provides equal opportunity for co-operative firms to compete, including access to investment capital and operational efficiency. Individual leaders and organizations, like Vancity and BCCA, have a critical role in convening co-operators from across the province in what can be called the collective commons of co-operative intellect.

The co-operative sector and co-ops in the San Francisco Bay Area and Finland have been committed to raising awareness of the co-operative form as they recognize that the greater the knowledge of the sector, the more resources, investment and experts can be engaged in producing positive outcomes. Co-operatives have an opportunity to assert the social benefits of the model, particularly given increasing disdain for the capitalist system as of late, especially as the rising awareness of its defects is linked to ineffective responses to the COVID-19 pandemic. As Elvezio Del Bianco (2020), Vancity’s co-operative portfolio manager, articulated: “If you build [the infrastructure] people will need, because there is a desperate need for an alternative model, people [will] want to do things differently” (personal communication). Ultimately, the goal in British Columbia should be to increase awareness of the co-operative model so that forming a co-operative becomes the normal solution, not the extraordinary one, thereby advancing and expanding the co-operative economy.

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