

LEGAL COOPERATIVE FRAMEWORK ANALYSIS

Within the ICA-EU Partnership

NATIONAL REPORT FOR GUATEMALA

I. Introduction

This report was produced within the investigation of the Legal Cooperative Framework Analysis initiated by the International Cooperative Alliance (ICA) and its regional offices. The investigation is carried out in the framework of an alliance signed between the European Union and the ICA for the 2016-2020 period, which aims to strengthen the cooperative movement and its capacity to promote international development.

The analysis of the legal framework seeks to improve the knowledge and evaluation of cooperative legislation, with the aim of ensuring that legal regulations recognize the specificities of the cooperative model and ensure equal conditions, compared to other forms of association. This analysis will also serve ICA members as input into their advocacy and recommendations regarding the creation or improvement of legal frameworks, to document the implementation of cooperative laws and policies, and to monitor their evolution.

In line with the objectives set out in the ICA-EU Project, this report aims to provide a general understanding of Guatemalan cooperative legislation and an assessment of the degree of its ability to promote the development of cooperatives. Recommendations are also made for the improvement of legislation in order to overcome some difficulties that cooperatives are currently facing.

The document has been prepared by by Luis Fernando Corzo Morales, Guatemalan lawyer, consultant and legal advisor in cooperative matters, with extensive experience. In order to create this document, the contributions made by national cooperative organizations affiliated to Cooperatives of the Americas have been taken into account.

Contributions from the expert and Guatemalan organizations members of Cooperatives of the Americas were collected through a questionnaire prepared by the International Cooperative Alliance and its regional offices. The questionnaire was sent in its entirety to all members in Guatemala and completing it was voluntary.



II. National Cooperative Legislation of Guatemala

i. General Context

The cooperative legislation of Guatemala in its global context is represented first by the "General Law of Cooperatives", Decree No. 82-78 of the Congress of the Republic, approved by the aforementioned entity, on December 7, 1978 and published in the Official Journal of the Republic of Guatemala, "Diary of Central America", on December 29, 1978, volume CCX, number 27, a legal body whose characteristics are framed within specialized, proprietary and general application regulations for all cooperatives in the country, without exception of class or type of cooperative. There are no special laws for certain cooperatives in particular.

The statutes constitute the internal legal regime of cooperatives, which include, amoung other aspects, the way in which cooperatives are administered and audited internally, its entities, authority, the exercise of legal representation, rules for the dissolution and liquidation of the cooperative and the necessary requirements for the reform of the statutes.

Within this context, where appropriate according to the nature of the special services concerned, consequently, within the principle of specialization of services, there are no special laws or rules for certain cooperatives. On the other hand, it should be noted that Guatemala's cooperative legislation does not provide that cooperatives can act as providers of public services.

Some cooperatives, as in the case of housing cooperatives, with demonstrated technical and administrative capacity, may by municipal concession and by means of a contract under public law and for a specified period, administer the service of supplying drinking water for its associates' homes.

It is important to note that, unlike some cooperative laws of member countries of the International Cooperative Alliance, the Political Constitution of the Republic of Guatemala, promulgated by the National Constituent Assembly on May 31, 1985, within its nature as a Basic Law which gives rise to the Legal-Political Order of the State of Guatemala, by establishing the foundations of its social and economic organization, stipulates within the context of the guardian principle and as a matter of national interest, the protection of cooperatives. Article 119 specifically states in paragraph e) I quote: "These are fundamental obligations of the State: e) To promote and protect the creation and operation of cooperatives by providing them with the necessary technical and financial assistance."



In line with that essential premise, Article 1. Decree 82-78 of the Congress of the Republic of Guatemala, "General Law on Cooperatives (LGC), whose heading reads:**"General Policy.** The promotion of cooperative organizations is declared of national interest. The State will promote a support policy for cooperatives and establish an appropriate inspection and auditing regime. State entities, including decentralized entities, whose activities relate to the cooperative movement, will coordinate their initiatives to this policy."

Created under the legal protection of the LGC, state entities, namely: the National Institute of Cooperatives -INACOP- (for its acronym in Spanish), with authority for promotion, technical and administrative assistance and the registration of all cooperatives at a national level, and the General Inspection of Cooperatives -INGECOP- (for its acronym in Spanish), whose functions are centralized in the control, monitoring and permanent supervision of cooperatives.

It is timely to clarify that there is no real policy regarding state financial support for cooperatives. Despite the fact that the LGC indicates that the State will establish a financial policy to support the cooperative movement, to that end, it will place the funds needed in the Bank of Guatemala to partially or fully finance the programs deemed to be of the highest priority. These funds will be channelled through the national banking system.

Considering the time when the LGC was sanctioned, it does not precisely reproduce or refer to the cooperative principles contained in the Declaration on Cooperative Identity adopted by ICA on September 23, 1995. However, Article 4. of the LGC establishes principles of cooperativism universally recognized prior to the 1995 ICA Declaration.

For the purpose of the practical implementation of the LGC, the Executive Body, by Government Agreement Number M. of E. (Ministry of Economy) 7-79 of the President of the Republic, dated July 17, 1979, issued the "Regulations of the General Law on Cooperatives (RLGC, for its acronym in Spanish). This regulation, in the vast majority of its articles, exceeds its regulatory powers and is more a complementary legal entity of the LGC, and far from fulfilling the purpose of developing the law and granting it the proper and necessary practicality, aims to complement it, filling its gaps, developing topics that the law does not contemplate.



ii. Specific Elements of the Cooperative Law

a) Definition and Objectives of Cooperatives

The LGC proposes to define cooperatives, according to their nature, as associations that own an economic company at the service of its partners, with its own legal status and distinct from that of its partners. The RLGC, emphasizes as a characteristic of the nature of cooperatives, the provision of services to their partners. In this context, the LGC, by enunciating the characteristics and principles inherent to cooperatives, defines them as private entities, founded on solidarity, mutual aid, self-effort, of variable capital and indefinite duration and not for profit, which allows them to be identified and distinguished, compared to other entities or companies of dissimilar or similar nature.

In regards to cooperative principles, while the LGC predates the ICA Declaration on Cooperative Identity, it determines that cooperatives, in order to be considered as such, must comply with the following principles: a) Seek social and economic improvement through the common efforts of its members; b) Not pursuing profit but service for its partners; c) Be of indefinite duration and variable capital; d) Operate in accordance with the principles of free adherence, voluntary withdrawal, limited interest to capital, political and religious neutrality and equal rights and obligations of all its members; e) Grant each associate a single vote, regardless of the number of contributions he/she holds; f) Distribute surpluses and losses in proportion to the participation of each partner; g) Establish a non distributable reserve fund among partners; and, h) Promote cooperative education and integration and the establishment of social services.

Regarding democratic control by partners, the LGC states that "Each associate is granted a single vote, regardless of the number of contributions they hold" e) and does not allow the vote of cooperative organizations of higher level, to be proportional to the number of associates, the volume of operations or both.

However, the RLGC authorizes cooperatives to regulate within their statutes that cooperatives with more than 500 partners may hold General Assemblies, through duly accredited delegates. In that case, it obviously means that their voice and vote are entrusted by delegation and convenience, in the General Assemblies with a large number of associates.

The Economic Regime of Cooperatives, which is regulated in the RLGC, which determines that cooperatives, must have economic means consisting mainly of cooperative capital for their development and expansion, designating its nature as being variable and represented by the contributions of the partners, which must have a nominal value.



Other economic means are reserves to capital, whose percentages are fixed in the statutes; ordinary and extraordinary contributions of the partners, also established in the statutes and agreed upon at the General Assembly, the latter for specific matters; loans, grants, subsidies that the cooperative receives from public or private entities; and, any other goods, rights or shares that it acquires free of charge or onerous, provided that it does not limit the sovereignty of the cooperative.

The statutes of cooperatives normally determine that any associate who withdraws from the cooperative shall be entitled to reimbursement of his contributions, as well as to the interest accrued by them, if so stipulated; the payment period will depend on the financial situation of the cooperative. However, if the accounting year has resulted in a loss at the time of the associate's withdrawal, the proportional part which corresponds to him shall be deducted from the contribution.

Within the requirements to be contained in the act of constitution, in the legal incorporation document, holds the value of the contributions, their method of payment and reimbursement, the manner in which the reserves are constituted, the form and rules of distribution of the results obtained during the financial year and the percentage destined for the non distributable reserve, which may not be less than 5% of the surpluses.

In the case of the liquidation of the cooperative, in the order of payments, in the third aspect, we find that the Liquidating Commission, made up for that purpose, must reimburse the partners of the value of their contributions or the proportional part in the event of a corresponding insufficiency.

There is no indication of the principle of autonomy and independence, but its tacit recognition arises from the cooperative principles of free adhesion, voluntary withdrawal, the organic structure and the recognition of the State of the legal condition of the cooperatives.

In the area of education, training and information, it is only legally indicated that cooperatives to be considered such should promote cooperative education. There is no reserve on a surplus, intended for cooperative education. Normally, the statutes, which will dispose of that reserve and its percentage.

The principle of Cooperative Integration allows two or more first-grade cooperatives engaged in similar activities to form a federation. Two or more federations can form a Confederation. The above, product of the legal reform pursuant to Decree No. 47-2001. However, the amendments set out have not produced the desired result, on the grounds that,



to date, under these legal provisions, only two federations and a confederation with two federations have been constituted, under the specific activity of savings and loans.

It is important to indicate that the Guatemalan Confederation of Cooperative Federations, Limited Liability; "CONFECOOP", under the Principle of Integration, was constituted on July 14, 1979, as a third-degree cooperative, composed of seven federations of cooperatives of different classes and according to the economic activities that constitute its social purpose; as a result of successful work and accurate development policies, it has positioned itself, throughout the progressive development of its productive and social activities, as a valuable bastion of the country's economy.

The LGC mentions two additional figures, which can be classified as possibilities for integration, within the principle of cooperation, merger and incorporation of cooperatives, with the clarification that they are not properly indicated in the chapter on cooperative integration, but succinctly as a cause for dissolution of cooperatives.

In existing cooperative integration entities, there is no regulated impact on participation and representation proportional to the number of partners of the cooperative, which integrates the volume of operations or services it performs, before the higher integration agency or a combination of these factors. The Cooperative Legislation even maintains the principle of one associate one vote at this level, which would be right in basic cooperatives, but is inequitable in cooperatives of a higher level. In this regard, the General Assemblies of the federations shall have only one vote per cooperative organization that integrates it.

The distribution of surpluses and losses shall be made in proportion to the participation of each partner, and based on the activities of the cooperative once the net surpluses are determined, the Board of Directors must develop a project to distribute them among the partners, which needs the approval of the General Assembly. In this case, the Assembly may agree not to distribute the surpluses and allocate them for other purposes, if deemed necessary and with the affirmative vote of at least two thirds of the partners present in the Assembly.

The LGC states that the constitutional document of all cooperatives (public deed or constitutional document) must contain, among other fundamental requirements, the establishment of a non distributable reserve fund among the partners, which may not be less than 5% of the surpluses. The law says nothing about other possible reserves, the statutes usually define four types of reserves: a) non distributable reserve; b) institutional reserve; c) education reserve; and, d) reserve for social works. The specific percentages of each reserve are decided by the General Assembly.



The differentiation of cooperatives with capital corporations is evidenced by the evocation of the principles and values, which are their own, developed in the general context of the law, as a whole. Additionally, cooperatives have a special legal and registration regime, through the Cooperative Registry, which functions as a dependent of INACOP.

As indicated previously, according to the nature of the cooperatives, which translates into their purpose, this consists of the provision of services to their partners, which corresponds to the operations that the partners perform with the cooperative and that the Guatemalan cooperative law does not specifically define as "cooperative acts".

On the subject of the provision of cooperative services, beyond its partners, the RLGC and not the LGC, indicates, albeit ambiguously, that cooperatives, because of the social interest and collective welfare, with the authorization of INACOP, may extend the services they provide to their partners to other sectors or non-associated third parties. The surpluses generated by the extension of the services shall apply to the non distributable reserve.

This discretionary authority that the regulatory rule assigns to the state entity to resolve these kinds of authorizations, has duly generated controversy, in the correct classification according to the specific circumstances and cases, of what should be understood as social interest and collective well-being and on which cooperative services the extension of cooperative services can be applied.

There are no cooperatives of general interest, however, various economic activities can be carried out according to the needs of the partners. Cooperatives may carry out any lawful activity in the production, consumption and services sectors, compatible with the principles and the cooperative spirit.

In establishing their typology they are part of: specialized cooperatives that deal with a single economic, social or cultural activity and integral cooperatives or those that provide various services, which deal with several of the activities described. The objective would be to meet related and complementary needs of partners. Integral cooperatives develop a main activity and one or more similar activities analogous with the main one.

There is no prohibition on them, as in the case of Savings and Loan cooperatives, so that they can provide financial services to their partners linked to their social purpose and the needs of their partners. However, the social purpose, its name, or distinctive sign should not refer to these services, which are specific to banks or financial institutions.



b) Establishment, Cooperative Membership and Government

Cooperatives are legally constituted by state authorization to operate and registration in the Register of Cooperatives, which is part of INACOP, thus acquiring the status of legal entities. For its authorization and registration the manifestation of express will, of a number not less than twenty founding associates (for first-degree cooperatives) to constitute the cooperative, which must be recorded in public deed or its constitutional act, authorized by the mayor of the jurisdiction, for cooperatives of rural areas.

First-grade cooperatives or base cooperatives are composed exclusively of natural or individual persons, the federations or second-degree cooperatives are composed of base cooperatives and confederations are composed of federations of cooperatives.

Within the process of establishing a cooperative, the interested party must include a copy of the statutes with the document of constitution, signed by all the associates, when it comes to statutes adopted by the cooperative, which are issued by INACOP, for the different classes of cooperatives, for that purpose.

In the case of their own or statutes or those created by the cooperative, they must be contained in the constitutional document. Another requirement is the documentary verification of the subscription of the capital represented by the contributions, the appointment of the members of the provisional Board of Directors.

In addition, along with the legal documentation, INACOP requires the interested party to prove the technical feasibility of the social purpose by submitting a work plan. Although this aspect is not expressly stated in the LGC, this requirement is inferred, as part of the obligations from the State body regarding technical assistance, both to cooperatives and groups that intend to become organized, with the purpose of few possibilities of an effective fulfilment of their objectives, and/or with minor capital, not allowing for a satisfactory margin of development.

In sum, the administrative procedures for the registration and recognition of the legal condition of cooperatives are highly cumbersome, of long-term and excessive bureaucracy.

The principle of free adhesion is widely preserved, but it is necessary to have legal capacity, which is acquired at the age of 18, except in the case of cooperatives with associates who are minors and those formed by them, who, in their relations with third parties, must be represented by civilly capable people. Those who wish to be associates must meet the requirements of the statutes. When the number of partners of a cooperative is reduced below



the minimum of twenty partners, this is cause for dissolution, there is no time limit for this cause.

Normally, the statutes establish that the entry of new associates must be determined by the Board of Directors, and may depend only on personal reasons of a personal nature regarding the honorability and integrity of the petitioner.

The withdrawal of the associate does not depend on prior notice, but the associate is subject to the financial availability of the cooperative, at the end of the fiscal year, for the reimbursement of their contributions.

All partners have a single vote in the assemblies, regardless of the number of social quotas each has. This principle applies to all kinds of cooperatives, without exception for higher-level organizations.

The structure of the cooperative government consists of three entities: the General Assembly, which is the supreme body, the Governing Body, which is the administrative body of directors; and, the Surveillance Commission, an internal supervisory and control entity. Specific committees that the Board of Directors deems necessary can be formed, for the best functioning of the cooperative, such as a credit committee, education committee, production committee, housing committee, etc.

The RLGC stipulates the authority of the General Assembly, both ordinary and extraordinary, the requirements for summons, quorums of presence and resolution, although these aspects become repetitive in the statutes. The functions and constitution of all organs are expressly regulated in the statutes. Undoubtedly, all organs must be composed of partners exclusively.

The Ordinary General Assembly shall meet at least once a year, within 90 days following the end of the social year, which begins on January 1st and ends on December 31st each year. It can also meet at any time it is convened.

The Special General Assembly shall meet exclusively to discuss any of the following matters: 1st. Any modification of the statutes; 2nd. Sanction and removal, upon verification of cause, of the members of the Board of Directors, The Surveillance Committee and other Committees; 3rd. Agree on the Cooperative's affiliation with higher-level cooperative organizations and to elect and remove delegates of those entities; 4th. Know the causes of dissolution of the Cooperative and agree on them when appropriate; appoint the Liquidating Commission.



It should be noted that in practice, the legal regulation regarding assemblies has caused confusion, as a result of their ambiguity and in some contradictory ways, when the regulation uses the phrases "at least once a year" and "also at anytime in which it is convened".

On the procedure for challenging the decisions of the cooperative entities, the statutes will be the ones to establish how to exhaust the internal administrative instance through petitions, which has the effect of an appeal, so that it is the Ordinary General Assembly, the one that provides a definite resolution.

Any member who considers that any assembly decision is contrary to law or affects their interests may challenge judicially, in application of the common legislation.

The Board of Directors is responsible for the administration of the cooperative. Its members must be members elected by the assembly. The number of members and the way of exercising legal representation, is established in the statutes.

The internal auditing and control functions are carried out by the Surveillance Commission. The statutes will determine the number of their members and the quorum required for making decisions. It is usually made up of three associates, preferably with knowledge in accounting. Everything concerning the performance of the Surveillance Committee, from the election, its authority and reports, are regulated in the statutes.

The members of the Board of Directors and the Surveillance Committee do not receive wages for their services and when the economic situation of the cooperative so permits, shall enjoy allowances fixed by the General Assembly; in any case, they shall be entitled to duly proven allowances.

There may be no relatives, within the fourth degree of blood relationship and second affinity among the members of the Board of Directors and the Surveillance Committee.

c) Cooperative Financial Structure and Taxes

The LGC does not prescribe minimum capital for cooperatives in general, it is agreed upon in the constitutional document. Everything related to contributions, their face value, their method of payment and the right of transmission between partners, is regulated in the statutes.

The issue of cooperative financial structure is regulated in a very general way. It is the statutes that develop the issue of reimbursement of the nominal value of their contributions, by



retirement of the member, due to any cause or liquidation of the cooperative, in the latter case, or to the proportional share due to financial insufficiency of the cooperative.

The constitutional document must contain, among other things, the percentage that is allocated to the non distributable reserve, which, as expressed before, may not be less than 5% of the surpluses.

In tax matters, fiscal incentives and special aids are established for cooperatives, such as: total exemption from official paper tax and stamp tax; sales tax, exchange and award of real estate tax, barter, legacies and donations, when intended for the purposes of cooperatives and in case of imports of machinery, work vehicles, tools, supplies.

Unfortunately, this rule, although in force, is not positive in its application, on the basis that, by subsequent legal provision, the Tax Code provides that in the event of a conflict between tax laws and other laws, the respective tax rules will predominate in their order. Consequently, the administering state body of taxes, apply, in principle and procedure, the tax laws, but not the aforementioned cooperative norm.

In an extensive exposition, referring to the most important tax laws, it is established that cooperatives will not charge value added tax when carrying out sales and service operations with their partners and with other Cooperatives. This same tax, on imports of movable goods, machinery, equipment and other direct capital goods and which are exclusively related to the activity or service of the cooperative, and to that effect, the cumbersome and bureaucratic administrative procedure must be completed. It starts at INACOP and concludes in the Ministry of Public Finance, which grants the franchise, more on the basis of a limiting criterion rather than a preferential one. Few or no cooperatives agree to this benefit.

The cooperative income, derived from transactions with their members and with other cooperatives, is exempt. Income, interest and capital gains from transactions with third parties will be affected by this tax.

d) Other Specific Characteristics

There is a separation of the role of the State rearding assistance and recognition of the legal status of the cooperatives in charge of INACOP and the control and supervision carried out by the General Inspection of Cooperatives, INGECOP (for its acronym in Spanish). The cooperatives will partially pay for the audit services, paying INGECOP, a annual fee to be fixed by this state entity, which will be calculated in relation to net profits, according to the income statement of the cooperative, at the end of the previous financial year.

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The audit performed by the State on cooperatives is carried out by that entity, which is referred exclusively to accounting and financial aspects and more corrective than preventive. However, cooperatives may engage private audit services for external control, when they deem it necessary, but such audits do not replace the official control performed by INGECOP and the internal control to be exercised by the Surveillance Commission.

Cooperatives that contravene the law will be sanctioned by INACOP according to the seriousness of the infringement. In any case, penalties for fines shall fall within the competence of the INACOP Board of Directors. Monetary penalties can be appealed, through the respective administrative appeal and the judicial bodies.

The subject matter relating to cooperation between cooperatives is not regulated, however, it is a characteristic of cooperatives, except for the integrationist procedures of the federated system.

Cooperatives are prohibited from participating in political acts; they are also prohibited from belonging to entities of a religious nature; establish advantages or privileges in favor of certain partners; payment with commission or through any other form to those who contribute new members; speculate with securities in stock exchanges; work lucrative merchants or companies, combinations or agreements that involve them directly or indirectly in the benefits or franchises granted by law; and, impose conditions for the entry of new partners that would prevent their constant, harmonious and orderly growth.

All cooperatives that contravene the provisions of the law, will be sanctioned according to the gravity of the infringement, by INACOP, with a fine, which can be said, is an amount that is no longer consistent with the current circumstances, because it is established within the parameters of 25 to 1. 000 quetzales, which turns out to be between 3 to 130 US dollars.

Regarding the cooperative liquidation procedure, the RLGC establishes, on the basis of unclear procedural rules, that it is through the will of the partners expressed at the Special General Assembly and by a favorable vote of at least the two-thirds of the partners, which legitimizes the decision to dissolve the cooperative.

At the same meeting, three associate representatives of the cooperative are elected, who will be part of the Liquidating Commission, consisting of five members, an INGECOP representative and one of INACOP, who chairs it and will hold the legal representation of the cooperative suring the liquidation process.



On the other hand, when INGECOP, within its audit work, finds that there is cause for dissolution and if for any reason, the Assembly cannot be carried out, the rule states that INGECOP must liquidate it.

The order of payments to be complied with by the Liquidating Commission is as follows: 1. Third Party Transactions; 2. Settlement costs; 3. Reimbursement to associates of the value of their contributions or the proportional part that they are entitled to in the event of insufficiency; and, 4. The final balance, if any, shall be delivered to the federation or failing that to the confederation. After the liquidation process has been exhausted, INACOP will cancel the legal status of the cooperative.

In the dissolution and liquidation of a non-federated cooperative, the balances, if any, shall be given to the appropriate federation, or to the confederation.

III. Degree of Ease of National Legislation for Cooperatives

Tax laws do not recognize the nature of cooperatives and are treated similarly to lucrative enterprises, even though the Political Constitution of the Republic and LGC itself determines the obligation of the State of Guatemala to protect cooperatives and promote the cooperative movement. However, I perceive that there is no governmental political will to comply with such a provision.

There are no provisions that favor cooperatives in the area of public procurement.

The LGC is 40 years old and the Cooperative Movement has not formulated consensual and serious postulates, which could lead to an objective reform. However, it is obvious that there are many aspects that require updating, in order to achieve a level of adaptability in the face of the prevailing and changing reality, especially with regard to the economic, administrative and labour regime conducive to homogeneous development.

In conformance of the almost widespread view of representatives and leaders of the national cooperative movement, taking into account the low support of the legislation to cooperatives, it can be concluded that the national legislation is limited in favour of cooperatives. This criterion, in the sense that, notwithstanding the national legislation applicable to cooperatives, is based on constitutional legal handles and that it requires the protection of cooperatives and the promotion of the cooperative movement, there is a reluctance for their effective implementation.



IV. Recommendations to Improve the National Legal Framework.

- Separate from the cooperative legislation, which exclusively regulates aspects concerning cooperatives, from the rules that create and regulate public bodies responsible for them, on the basis that, technically, subsistence in the same legal body is inadequate, rules of public law and private law, the latter of cooperative ownership.

- Identify cooperatives with legal precision as special legal persons of a private nature, of deep social interest, founded on solidarity, mutual aid and self-effort, with the purpose of carrying out socio-economic activities, to meet individual and collective needs of non-profit partners. Characteristics that allow national legislation to shape unequivocal concepts about their typical features and preferential treatment at all levels, both within current and positive law.

- Extend the principle of adhesion to cooperatives of legal persons, those that are in line with the principles and values that inspire the cooperative movement, preferably service-inclined entities rather than for profit, or those where la dominance is not capital investment, but the generation of wealth through the work of its members, such as micro-enterprises or societies of families or owners who work directly.

- Empower the association of cooperatives with other bodies of law, on the condition that this link is suitable for the development of the social purpose of the cooperative and that the purpose of service was not undermined, or that their autonomy is infringed, or that with this association no benefits that are inherent to the cooperative are transferred.

- Establish clear foundations on the registration of cooperatives and consequent recognition of their legal status and develop simplified and expeditious procedures on this subject.

- Recognize foreign cooperatives and especially Central American cooperatives, introducing into the LGC the multinational cooperative model, with the effect of expanding development opportunities for cooperatives, with the legal recognition that the State should consider for cooperatives incorporated abroad, under the condition that they are legally constituted in their country of origin and observe the cooperative principles, on the principle of reciprocity for this recognition, which will achieve forms of important international integration in our globalized world.

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- Contemplate within the postulate of collaboration between cooperatives, mechanisms that allow the exchange of services between cooperatives, the possibility of celebrating participation contracts that complement the activities and efficiently seek the compliance with their respective social purposes.
- Incorporate the cooperative legal order, clarify provisions around the powers of the State, to carry out the inspection and supervision of cooperatives, specifying the means to exercise it, the authorities for this purpose, the causes clearly typified as sanctions, the objective procedure for imposing them and means of challenge to exercise the rights of defence, thereby avoiding unexpected and exaggerated meddling in the activities of cooperatives, which violate their autonomy.
- Seriously promote within the policies of the State, rather than recognizing in a factual way, within the legal framework, embodying situations conducive to the true promotion and protection of the cooperative movement.

V. Conclusions

Guatemala's cooperative legislation, evidences serious deficiencies and inadequacies. It is necessary to update the general regulatory framework of legal situations that generate economic and social development, in the consolidation of the National Cooperative Movement.

National legislation in the cooperative field has unfortunately been unable to achieve substantial reform, a product of the absence of necessary coordination, with consensus criteria of the prevailing cooperative sectors, coupled with the absence of the political will of the government sectors, truly committed to the cooperative movement.

On the other hand, rather than a conclusion and more of a comment, I mention that coinciding with the presentation contained in the report and I must say in a discouraging way, within the "National Innovation and Development Plan" (PLANID) of the next government, only mentioning "Generating the conditions for the development and strengthening of the micro, small and medium-sized enterprises" MIPYMES and the Cooperative Sector", dealing with MIPYMES, but nothing develops in the case of cooperatives.

Guatemala City, Guatemala. September 2019.

Luis Fernando Corzo Morales