

Belgium Legal Framework Analysis: Key Highlights

This one-pager aims to provide a brief overview of the most notable features of Belgium's national cooperative legal framework, based on the work of the national legal experts.

In 2019, the Belgian legislator implemented a radical reform of legislation applicable to cooperatives by introducing the **Belgian Code of Companies and Associations (CCA)** which fully entered into force in January 2020. The new Code contains, along with new rules for companies, the main legal rules applicable to cooperatives, certain rules relating to European Cooperative Societies (SCE), and further rules applicable to 'accredited cooperative societies'.

Three accreditations specific to cooperatives exist: as a cooperative society, as a social enterprise, or a double accreditation. Only cooperatives can request these accreditations.

With the introduction of the new code, the intention was to reserve the form of cooperative society to entities based on the cooperative model and to introduce a definition inspired by the 2003 EU Regulation introducing SCEs. Despite this novel modification, no article of the CCA expressly requires compliance with the ICA Principles. In practice, the concrete effect of the reference to the ICA Principles is therefore limited, with much left to the articles of association in accordance with the specific context of the cooperative.

Cooperative Friendliness: Although significant scope for improvement for the new CCA remains, contributing member organisations and the national legal experts suggest that it is a positive step forward for cooperatives when compared with the old law, and they overall consider it to be 'partially cooperative friendly'.

Key recommendations for improvement: According to the legal experts, one main problem remaining in the new CCA is the limited access to financing instruments for cooperatives. Amending this limitation is necessary in order to expand access to financing for cooperative societies. Another recommendation concerns the accreditations available to cooperatives, which should be further clarified and differentiated due to the similarities between them. Changes to the requirements, specific consequences and incentives for each accreditation could therefore be considered. In addition, contributing member organisations support the existence and further facilitation of workers' cooperatives.

Conclusions: The main change introduced by the new Belgian CCA was the revised definition of the cooperative society. The new definition aims at limiting the use of the cooperative form to enterprises inspired by the cooperative model, whilst at the same time, introducing provisions relating to its purpose, organisation and the relationship with its shareholders. The latter is expected to reduce the number of "pseudo" or "false" cooperatives and strengthen the commitment of existing and new cooperatives to the cooperative ideal.