

PORTRAIT OF THE PUBLIC INTEREST COOPERATIVES IN PORTUGAL

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1. INTRODUCTION

As described in the Portuguese Cooperative Code, “*Cooperatives are autonomous legal persons, freely constituted, with variable capital and composition, which, through the cooperation and mutual help of their members, in compliance with cooperative principles, aim, on a non-profit basis, to satisfy the economic, social or cultural needs and aspirations of those members*”¹ (paragraph 1, article 2 of Law No. 119/2015 of 31 August that Approves the Cooperative Code and repeals Law No. 51/96, of 7 September). Thus, operating on the basis of principles such as mutual aid, democracy, equality, equity and solidarity, cooperatives allow their members to solve common problems and improve their living conditions and/or those of the communities in which they are inserted.

The cooperative sector thus emerges as a viable and fairer alternative to the traditional business model which, due to its unique characteristics, positions it in a privileged role for, among other aspects, the promotion of social cohesion, economic resilience, sustainable and regional development, and collective interests.

In this sense, it is not surprising that the cooperative model can be a link between public and private entities with the aim of generating innovative and collaborative solutions to satisfy the public interest, namely through the form of a Public Interest Cooperative or Regie Cooperative.

This report seeks to analyse what characterises the Portuguese regie cooperative and, in particular, to understand the evolution of the adherence to this cooperative form since the introduction of the specific legislation that affects it, which completed 40 years in 2024.

For this purpose, the main source of information for this text was the Accreditation Portal of CASES – Cooperative António Sérgio for Social Economy, completed with auxiliary searches to identify the regie cooperatives established in Portugal, including in the Autonomous Regions.

At the end of this analysis, a survey of the official statistics available on this type of entities is also presented, using data from the latest editions of the Social Economy Satellite Account (SESA) to portray, albeit partially, the current economic importance of these organizations.

¹ Author's translation.

2. LEGAL FRAMEWORK OF THE REGIE COOPERATIVES

A cooperative of public interest, also called a regie cooperative, consists of its own model of cooperativism that combines specific characteristics of this sector with those of a public entity. The Portuguese Cooperative Code in its 1981 wording already provided for the possibility of setting up regie cooperatives, maintaining this reference in its present version (article 6 of Law no. 119/2015, of 31 August²). However, the regie cooperatives were regulated through Decree-Law 31/84, of 21 January, which establishes the legal regime of public interest cooperatives (LRPIC)³.

In this sense, the creation and operation of regie cooperatives in Portugal are subject to specific legislation according to which these cooperatives “*are persons with whom, for the pursue of their aims, the State or other legal entities under public law and cooperatives or users of the goods and services produced or legal non-profit entities under private law, are associated*”⁴ (paragraph 1, article 1 of the LRPIC as amended by Decree-Law 282/2009, of 7 October). Therefore, members of this type of organizations may be the State and other public entities, such as municipalities and other local authorities⁵, autonomous regions, institutes and public companies, as well as private legal persons using the goods and services made available by the cooperative, including other cooperatives and other social economy entities, but also private companies and/or individuals.

This type of structure arises, therefore, as a partnership between the State and private entities, with the objective of managing activities of collective interest, particularly in areas that cannot be fully satisfied by public enti

ties (central or regional powers) and those that need a high initial capital for their development. In effect, “*situations indicative of purposes of public interest are those in which the pursuit of the cooperative’s purpose depends on the use, under the terms permitted by law, of assets in the public domain, or in the private domain unavailable to the State, or results in the exercise of an activity that the Constitution or the law prohibits from private initiative*”⁶ (paragraph 3, article 1, of the LRPIC). These cooperatives thus seek to satisfy services of general interest, namely, non-economic

² Available at (only in Portuguese): <https://diariodarepublica.pt/dr/legislacao-consolidada/lei/2015-70147380-70149088>

³ Available at (only in Portuguese): <https://diariodarepublica.pt/dr/detalhe/decreto-lei/31-1984-659929>

⁴ Author's translation.

⁵ For more details, see Law 50/2012, of 31 August, which approves the legal regime for local business activity and local participations, in particular paragraph 1 of article 58, according to which “*Municipalities, associations of municipalities, regardless of their typology, and metropolitan areas may create or participate in cooperatives*” (authors’ translation).

⁶ Author's translation.

services such as the compulsory education system or justice, services of general economic interest, such as energy, communications, water distribution, among others, and social services of general interest (economic and non-economic) such as housing and social inclusion⁷.

It should be noted that, as stated in the preamble to the LRPIC, although it is understood that a public interest cooperative should be as similar as possible to a conventional cooperative, its special nature and the composition of the members of the public sector may sometimes require solutions that are not completely in line with traditional cooperative principles. In particular, the dependence on a prior administrative decision for the establishment of this type of cooperative; the participation of the public sector in the governing bodies according to its weight in the subscribed share capital, with the possibility of attributing a number of votes proportional to that capital; the possibility of the public sector appointing its representatives and replacing them, independently of any resolution of the general assembly; and the regime for dismissing the public sector.

In summary, the regie cooperative emerges as a hybrid form of organization that seeks to combine the pursuit of the public interest with the adoption, albeit adapted, of the democratic, participatory and socially responsible model of a cooperative.

3. PORTRAIT OF THE PUBLIC INTEREST COOPERATIVES IN PORTUGAL

In order to get to know the universe of public interest cooperatives in Portugal, and to understand the evolution and adherence to this cooperative form since the introduction of the specific regulation, it was necessary to call for different resources. Firstly, the information gathered by CASES, in particular that contained in the Accreditation Portal, a digital platform intended for receiving information regarding mandatory communication acts, defined by Article 116 of the Cooperative Code.

This information was then supplemented with additional information from the Regional Directorate for Entrepreneurship and Competitiveness (DREC), for cooperatives based in the Azores, as well as research on the Ministry of Justice's mandatory publications portal and the Official Gazette.

⁷ For more details on the definition of services of general interest, please visit the European Commission's website: https://commission.europa.eu/topics/single-market/services-general-interest_en

Finally, it should be noted that this survey also considered a 2011 study conducted by João Salazar Leite, entitled "Cooperatives of Public Interest in Portugal"⁸, where it is possible to find a review of the path of this cooperative form until that date.

The collection of this information thus allowed the following considerations to be made:

3.1. DEMOGRAPHICS AND LONGEVITY

It is observed that since 1984 at least 52 cooperatives of public interest have been established. Of this group, 13 cooperatives have been extinguished over time and seven are in a situation of dissolution or suspension of activity. In addition, two were converted into limited liability cooperatives, ceasing to be public interest cooperatives. Consequently, in 2024, 30 regie cooperatives were identified in activity, although only 21 have a valid credential in the last three years.

Considering the information on the date of establishment of the identified entities, it is possible to observe that the greatest impulse for the creation of regie cooperatives occurred between the introduction of the specific legislation for this cooperative form and the beginning of the twenty-first century, a period that concentrates more than 60% of the public interest cooperatives created in Portugal – Figure 1.

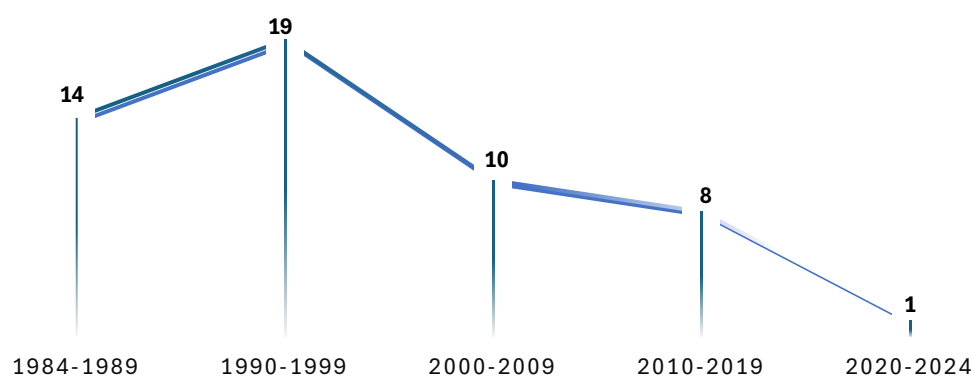


Figure 1
Evolution of the number of constitutions of Regie Cooperatives, 1984 to July 2024
Source: made by the author

⁸ Available at (only in Portuguese): https://cases.pt/wp-content/uploads/cooperativas_de_interesse_publico_em_portugal.pdf

The average duration of the extinct regie cooperatives in the last 40 years is about 18 years, although the set of entities still active has an average longevity of 24 years – with the oldest being 39 years of existence and the most recent only about two.

3.2. GEOGRAPHICAL DISTRIBUTION

Regie cooperatives were formed throughout the country, including the autonomous regions, noting that more than half were born in the North region and that Alentejo also stands out. It is also present in almost all districts – **Figure 2** –, with a high emphasis on Braga, home to 31% of the cooperatives analysed. In addition, the municipality of Guimarães accounts for about 60% of the cooperatives created in Braga.

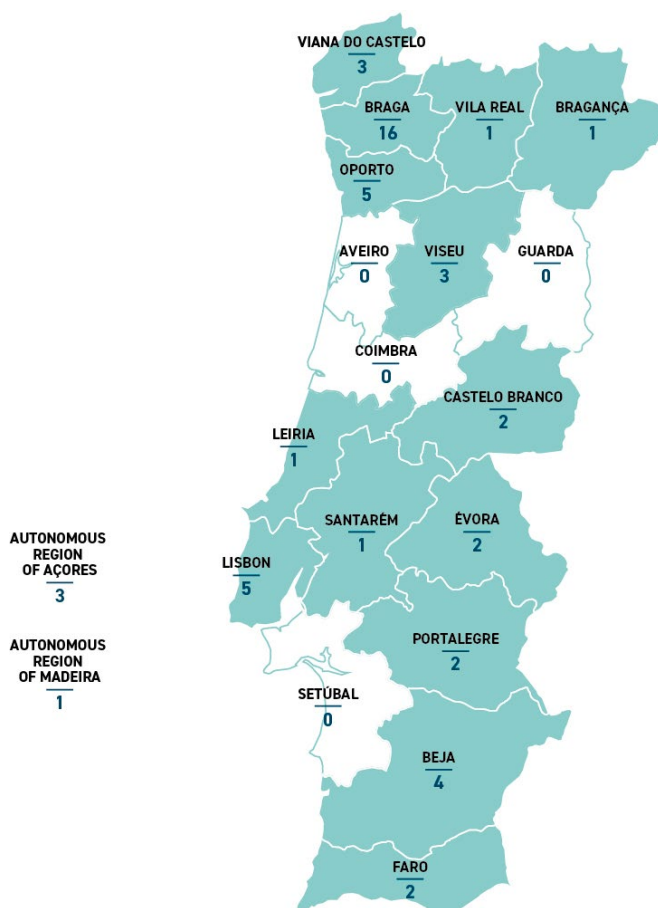


Figure 2
Distribution of Regie Cooperatives established in Portugal since 1984, by District
Source: made by the author

Considering only the cooperatives in activity in 2024, a higher number continues to be observed in the North and Alentejo, in particular Braga and Beja, respectively.

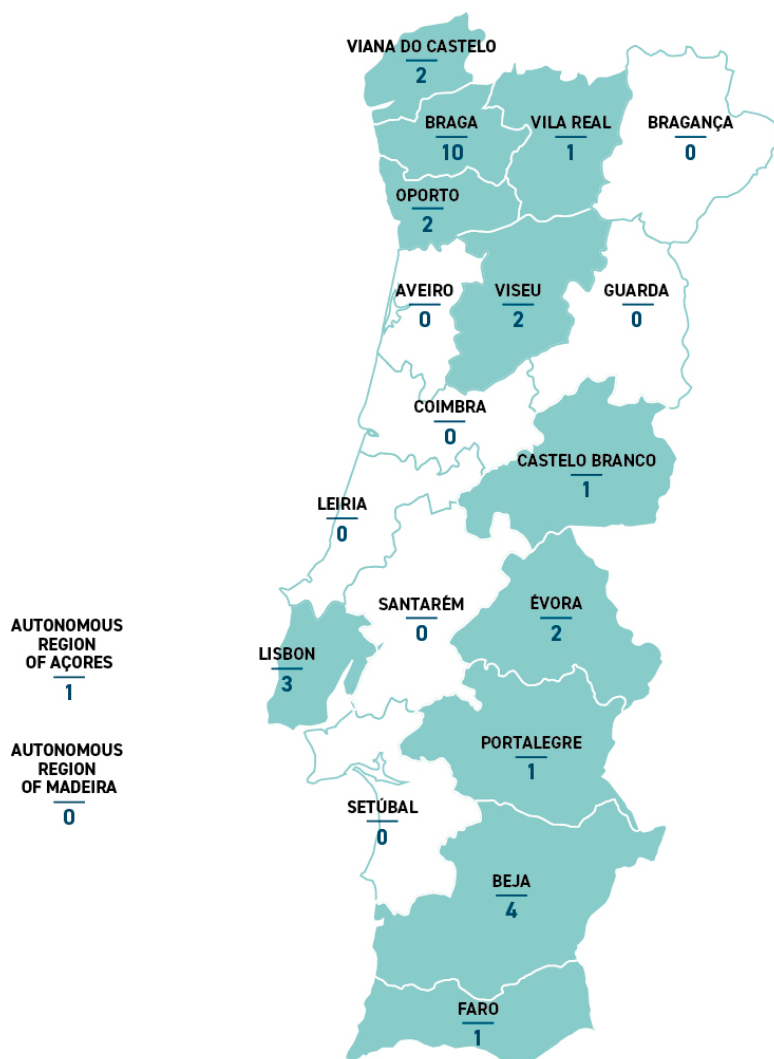


Figure 3
Distribution of Regie Cooperatives in activity in 2024, by District
Source: made by the author

3.3. COOPERATIVE BRANCHES AND MAIN ACTIVITIES

Considering the Main Branch that characterizes each of the cooperatives analyzed, it is observed that the most frequent is Services – **Figure 4**. Only six multisectoral cooperatives were identified, half of which also included the Services branch.

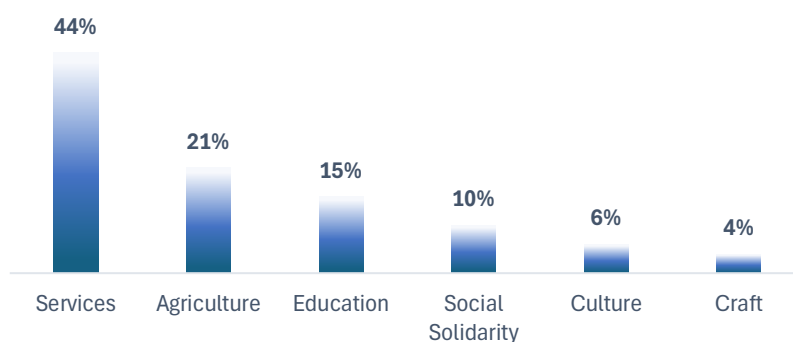


Figure 4
Distribution of Regie Cooperatives by Main Cooperative Branch (%)
Source: made by the author

It should be noted that cooperatives classified into producer branches (Crafts and Culture) are not aligned with the provisions of the current legal regime that defines the constitution of cooperatives of public interest. However, it is observed that those cooperatives, most of which have already been extinguished or suspended, were created to provide support services to these areas.

Seeking to better understand the type of activities covered by these entities, it can be seen that the most common main CAE (Classification of Economic Activity) reported, is related to Education, in particular activities connected to technological, artistic and vocational secondary education - **Figure 5**. This is followed by Other service activities (which include activities of associative organisations, for example, in agricultural, cultural and local development areas) and Agriculture, in particular services related to farm and forestry practices.

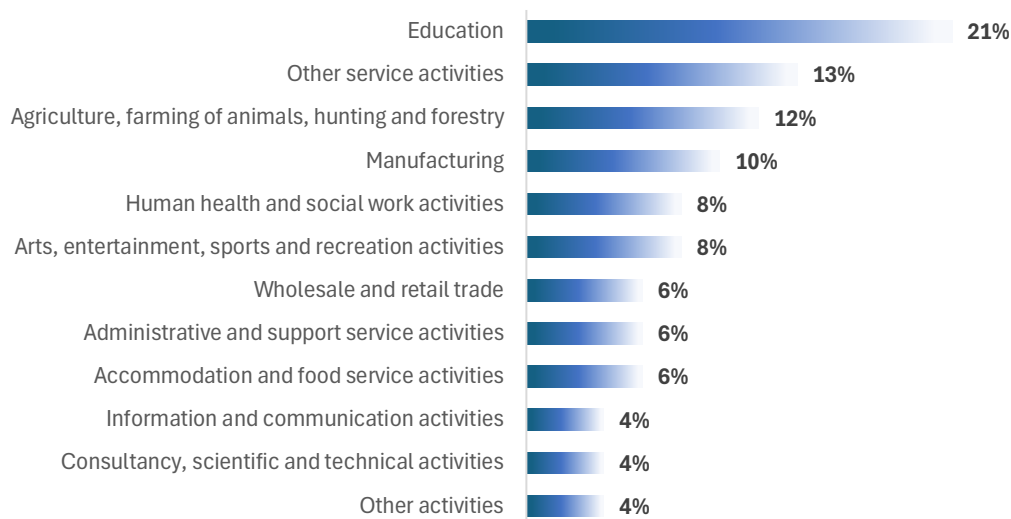


Figure 5
Distribution of Regie Cooperatives by main CAE, Level 1 (%)
Source: made by the author

It should be noted that in the "Other activities" group, it is possible to find areas such as land transport of various passengers and public administration in activities of culture, sports, recreation, environment, housing and social services.

It is also important to mention that in the universe of cooperatives in activity, the predominant main branch continues to be Services, but in second place Education. The main activities according to the CAE are Education, that is, the vocational schools created in this format, followed by Other service activities and then, contrary to what has been observed for the set of all regies created to date, the activities of human health and social work activities (carried out essentially by the Social Solidarity cooperatives).

It is worth mentioning that the information presented corresponds only to the main CAE, that is, it does not reflect the secondary activities provided by these entities.

Finally, still in this area, it should be noted that in 2024 it is possible to identify four public interest cooperatives equivalent to Private Institutions of Social Solidarity (IPSS)⁹, acting in areas of social

⁹ According to information made publicly available by the Directorate-General for Social Security and ISSA - Social Security Institute of the Azores, IPRA.

support in the provision of essential goods and services, promotion of social development, youth mobility in its social aspect, rehabilitation, adaptation and integration of people with disabilities, among others. In addition, at least five of the cooperatives analysed, including those equivalent to IPSS, had the status of Public Utility¹⁰.

3.4. STRUCTURE OF SUBSCRIBED CAPITAL AND GOVERNING BODIES

Considering that one of the characteristic features of regie cooperatives is the pursuit of the public interest, a strong participation of the State or other legal persons governed by public law in the formation of the share capital and its management is justified, as public entities seek greater control and decision-making power in the cooperative's activities.

This model also tends to be equally suitable for the pursuit of activities (of general interest) whose initial development requires high capital, and the State or other public entities may intercede somewhat in the same way as risk capital plays. In this format, a greater intervention by the public parties in the management of the cooperative is also justified, at least in the initial phase, and may, in time, abandon it, leaving the subscribed capital in the hands of the private members (with the necessary updating of statutes and transformation of the entity into any other type of cooperative legally possible).

In this sense, although public parties can participate in a regie cooperative in a minority position, something that can be observed in a quarter of the public interest cooperatives created since 1984, it should not be surprising that in 69% the majority of participations are public – **Figure 6**.

¹⁰ According to the information in the database of entities declared to be of public utility available on the ePortugal portal and with reference to the Framework Law on the status of public utility (Law No. 36/2021, of 14 June).

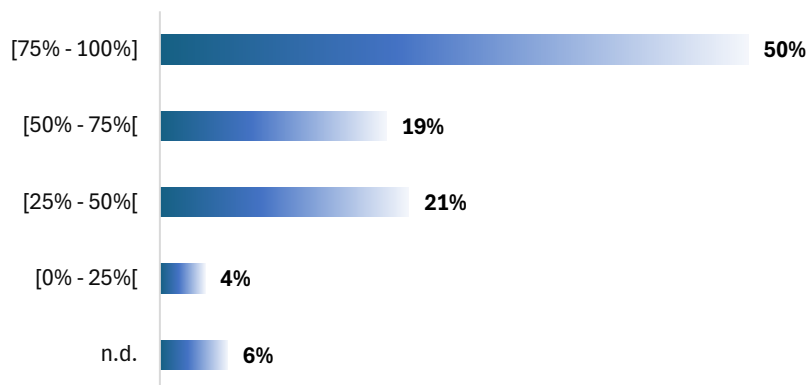


Figure 6
Public Participation in the Shared Capital of Regie Cooperatives (%)
Source: made by the author

The participating public entities tend to be mainly representatives of local authorities, i.e. municipalities (at least 65% of the cooperatives analysed have this type of participation). In addition, the participation of parishes in at least 15 of the cooperatives established since 1984, which, in 2024, continues to occur in at least 9 of the cooperatives of public interest in activity.

It should be noted that, although the legal regime for public interest cooperatives expressly provides for the possibility of public participation by parishes in this type of cooperative (Article 3(2)(c) of Decree-Law No. 31/84), the legal regime for local business activity and local participations approved in 2012 excludes local authorities from being able to create or participate in cooperatives. Thus, it is not surprising that the overwhelming majority of this kind of participations that are still observed occur in entities created before 2012.

More than half of the cooperatives analysed also had the participation of social economy entities, in particular cooperatives (including other regies), but also associations of various natures, such as people's houses, parish centres, agricultural, cultural, volunteer firefighters' associations, among others. Public interest cooperatives thus emerge as excellent examples of partnership between the social economy sector and public authorities, particularly local ones.

Although in the cooperatives analysed, the capital subscribed by the members under the terms of the articles of incorporation does not show significant variations over time, there are changes in the

public position in some of them, either to reinforce or to reduce (including in some cases the conversion to a limited liability cooperative, losing the public interest component, or even its extinction, with the activities being carried out by a private company created for that purpose).

Considering only the 21 public interest cooperatives in activity in 2024 with a valid credential in the last 3 years, that is, that, in this period, have received at least one proof of their legal constitution and regular operation, it is possible to count a total of 179 collective members (maximum of 40 and minimum of 2, per entity) and a total of 815 single members. Thus, a higher proportion of single members is observed, with special emphasis on regie cooperatives that are dedicated to the provision of tourist services or support services for artisanal activity, which, respectively, concentrate 60% and 21% of the total number of individual cooperators.

Also, in the set of active cooperatives with valid credentials, there are a total of 216 individuals in the governing bodies, with the largest proportion occupying management positions – **Figure 7**. These bodies bring together different representatives of the entities that subscribe capital in the cooperative, and it was possible to ascertain that in at least 80% of the cooperatives in focus the public entities are present on the board, and that in at least 35% the public representatives were in all the bodies. It should also be noted that a male predominance is observed in all the different governing bodies, above 70%.

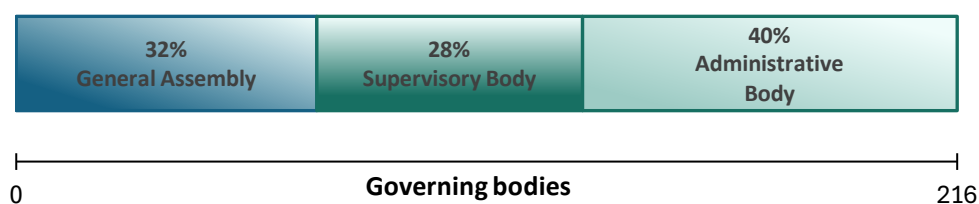


Figure 7
Distribution of the different Governing Bodies of the Regie Cooperatives (%)
Source: made by the author

3.5. ECONOMIC CONTRIBUTION

To further characterize and better understand the universe of regie cooperatives in Portugal, an interesting point involves looking at the existing official statistics on this reality, which leads us, in particular, to the Social Economy Satellite Account (SESA).

This tool provides official statistics on the economic size and main characteristics of the various Social Economy entities, including the evolution of their different families such as the Cooperative Sector. On the other hand, although the presentation of information for public interest cooperatives is not part of the current SESA calculations (nor of the complementary ones), a particularity of this group of entities allows us to isolate some information that is quite representative of this universe.

In particular, it can be seen that, methodologically, and taking into account the guiding principles of the Basic Law on Social Economy, no entities classified in the institutional sector of Public Administrations (S.13) are considered, with the sole exception of regie cooperatives, which, due to the characteristics indicated above, tend to be classified in this institutional sector (although not exclusively, since they can also be classified in the sector of non-financial companies – S.11).

Thus, since public interest cooperatives are the only entities in the Social Economy Universe included in S.13, and since the main indicators of the Social Economy by institutional sector are available, it is indirectly possible to obtain information for a significant part of these organizations.

In this sense, SESA reveals that in 2020 there were at least 21 regie cooperatives in activity (total classified in S.13) which together generated 11.8 million euros in Gross Value Added (GVA), 13.4 million euros in Compensation of employees and 542 full-time jobs. These contributions correspond, for each of the indicators mentioned, to about 2% of the total generated by the cooperative sector, which is significant given the small number of this type of entities in the total set of national cooperatives (1% of the sector).

In temporal terms, it is possible to identify a decrease between 2019 and 2020 in GVA (-5.6%) and Employment (-2%) in cooperatives classified in S.13, which is in line with the decrease seen in the national economy (national GVA decreased by 5.8% and Employment by 2.2%), a moment that coincides with the period in which the first adverse effects of the COVID-19 pandemic were felt. Compensation of employees also showed a similar behaviour to that of the national economy,

although it grew at a much higher rate (increase of about 5.5% against an increase of 0.03% in national wages).

However, in a longer period, i.e., between 2013 and 2020, there is a growth of all the macroeconomic variables already mentioned, namely, a growth of more than 20% the Compensation of employees and Employment and a very significant growth of about 62% in GVA. However, it is important to note that the number of cooperatives accounted for in S.13 has varied over time, having increased in recent editions of SESA, which also helps to explain the growth identified.

4. FINAL CONSIDERATIONS

In 40 years since the introduction of the legal regime for public interest cooperatives (decree-law 31/84), about fifty regie cooperatives have been established in Portugal, noting, however, that in 2024 just over half were in activity. In fact, the impetus for the creation of these organizations occurred following the introduction of this regime, particularly in the 90s, with a downward trend in the constitution of this type of organizations since then, culminating in the creation of a single entity since 2020.

It is also observed that over the period under review, regie cooperatives were established throughout the country, although with a particular concentration in the North region, with more than half of the public interest cooperatives in activity continuing to be concentrated in this region in 2024. Considering the relationships that are established between regie cooperatives based in the same regions, either by the participation of some in the capital of others or by the sharing of common elements in the governing bodies (especially local public authorities), it would be interesting to analyse the impact that these relationships had on the constitution and survival of these cooperatives. Also in this context, it would be interesting to analyse more deeply the role that the Parish Councils had in the constitution of regie cooperatives before the introduction of the legal regime for local business activity and local participations, which at this time excludes them from this possibility, seeking to reflect on the reasons for such exclusion and the viability of the participations that still exist.

With the main objective of pursuing activities of public interest, it can be seen that the cooperatives analyzed cover very diverse areas that, regardless of the classification of branch, always seek to provide services to users. Thus, the most frequent cooperative branch is Services, a branch that tends

to be the most comprehensive, followed by the Agricultural branch and the Education branch. However, considering the CAE of these organizations, the main activities with greater expression are those related to Education, in particular technological, artistic and vocational secondary education. In addition, in the set of regie cooperatives active in 2024, education continues to be the most expressive. This makes visible the relevant role that public interest cooperatives play in the provision of vocational education in Portugal.

The above data also highlight that, although public entities may participate in a regie cooperative in a minority position, existing cooperatives created in that format or acquiring it over time, this has not been the case in the vast majority of entities created in Portugal. In fact, public control tends to be very expressive, and it is also reflected, according to the information for the set of cooperatives accredited in the last three years, in the presence of public entities in several governing bodies of the cooperatives, who are, in turn, predominantly male.

Public participation is mostly done through local authorities, namely municipalities, revealing a particular potential of these authorities in mobilizing in this cooperative way. In addition, as already mentioned, it is also frequent the identification of another type of local partnership, possible until 2012, which is now prohibited, that is, that of the parishes. In this sense, it would be relevant to investigate the impact that the legal regime of local business activity and local participations may have on the constitution of new regie cooperatives.

However, another relevant characteristic is the high participation of social economy entities, not only by other cooperatives, but also associations and other social economy families. Thus, most regie cooperative emerge as excellent examples of partnership between the social economy sector and the public sector, especially locally, where these partnerships can play a very relevant role in the development of territories and communities.

These cooperatives also make economic contributions that should not be neglected. However, in this area, the official statistics available, although representative, do not cover all regie cooperatives and are not designed to characterise them specifically. In this sense, it would be very advantageous to study in more detail the economic activity of these cooperatives and to understand what distinguishes them from other companies, both in the traditional business sector and, in particular, in the State-owned business sector.

In short, we are facing a hybrid and differentiating model of action rooted in the union between the State and the private sector in the pursuit of general interests, demonstrating that it is possible to transfer competences, many of them from the public domain, to shared forms of action between different sectors. But, despite the potential attractiveness of regie cooperatives for solving current problems, it has not been adhered to in recent years.

In this sense, a deeper diagnosis of the challenges and advantages of this model would be relevant, which could include revisiting the relevant legislation and regimes, particularly the specific legislation for this type of cooperatives, given their age, seeking not only to make them compatible with the new realities, but also as a potential vehicle for the revitalization of this cooperative form.