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# Support for Farmers' Cooperatives

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*Case Study Report*  
**The Role of Post-  
Socialist  
Cooperatives in  
Rural  
Communities in  
Slovakia**

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Support for Farmers' Cooperatives  
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## **Executive summary**

Cooperatives in the New Member States may still be providers of social services in rural communities but they hardly contribute actively to the rural development any more. In the former socialist countries, cooperatives may often take over public services which were usually provided by the municipalities, regional governments or NGOs. However, as a rule, these services are provided on a commercial basis by the cooperatives nowadays.

In present time, cooperatives are obliged to provide a number of intra-farm social services to their members and employees. For example, employees are supported from the Social Fund that had to be established by each cooperative.

In addition, the cooperatives fulfil the tasks of major employers in their regions which is of special relevance for all groups of disadvantaged employees. However, as the investigated agricultural cooperatives have been reducing their diversification in favour of less labour-intensive production, their number of employees has continuously declined. Nevertheless, the case study proved still a major employment impact of the cooperatives for their regions.

The transformed cooperatives are quite conservative and they are not open to new non-agricultural activities, such as rural tourism and environmental protection. In this way, they do not support rural development and the creation of new jobs in the countryside.

# 1. Introduction

The agricultural cooperative as a legal form of enterprise has a long tradition in Slovakia. The first cooperative of this form was set up in Slovakia as early as in 1845. It was of great importance to small producers in the growing free market at the beginning of the twentieth century. Cooperatives along with state farms even kept their dominant position during the period of centrally planned economy in 1948-1989, although the idea of cooperative movement deformed substantially. In 1990, the process of transformation of the whole national economy to a socially and ecology-oriented market economy was launched, which also had a significant impact on agriculture. Agricultural cooperatives have started the long-term transformation process. Although having been decreasing in number over the past years, they still have a dominant position in terms of farming agricultural land even among newly created agricultural entities, such as business companies or private farmers. The case study will explore the performance of traditional cooperatives and their role in regional development during the above mentioned period. In more detail, we will focus on legal regulations, internal governance, relations with businesses within the agricultural sector as well as outside of this sector and on the links with to all relevant stakeholders in the region.

## 1.1 Objective, research question(s) and hypotheses

### Research Topics

The role of post-socialist production co-operatives in rural communities in Slovakia complementing and sometimes replacing community-based service providers

### Hypotheses

The following hypotheses may be relevant for the analysis:

- At least informally, post-socialist production co-operatives still feel responsible for some social services and infrastructure provision which they were used to in the past.
- Numerous initiatives, for example in rural tourism and environmental protection, originate from agricultural cooperatives, often with public policy support.
- Networks formed by cooperatives represent sometimes one of the main sources of social capital from which economic development can grow.
- Cooperatives contribute to regional development in particular as regards strengthening the low income sector and improving living conditions for the rural population.

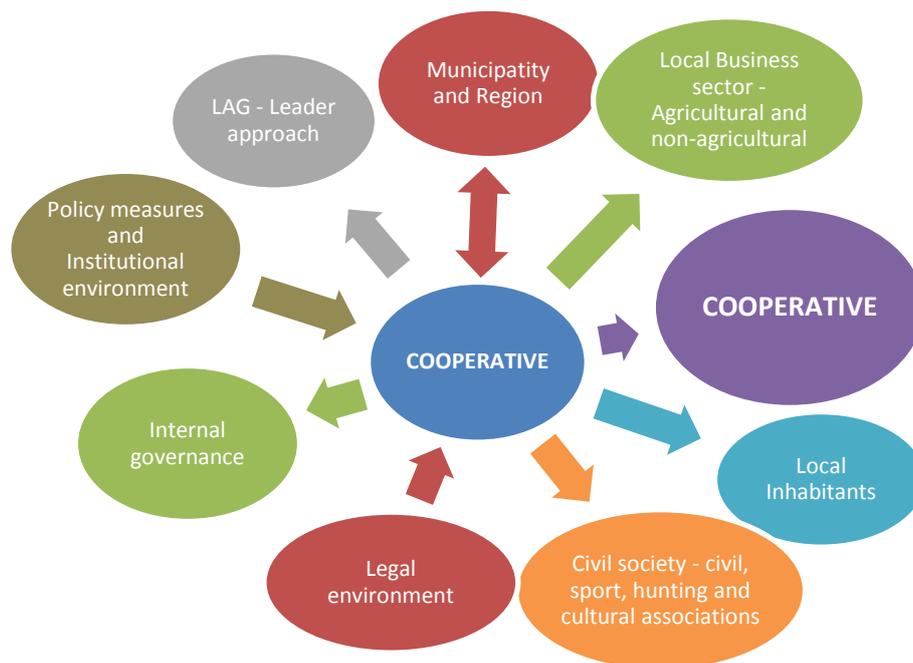


Figure 1. Stakeholder analysis of cooperatives

The scheme presents the interactions between cooperatives and relevant stakeholders at regional and national levels. The interactions are unilateral or mutual depending on the stakeholders. The cooperative has some influence on the municipality and the region (LAG), firms in the agricultural and non-agricultural sectors as well as on the civil society where it operates. Moreover, the policy measures and institutional environment, legal environment and internal governance influence, i.e., constrain or stimulate the cooperative development. Based on the scheme, the questionnaire and the survey were developed to study the two selected cooperatives PD Nové Sady and PPD Prašice Jacovce.

## 1.2 Brief review of the literature

### Brief history of agricultural cooperatives in Slovakia

The agricultural cooperative as a legal form of enterprise has a long tradition in Slovakia. The first cooperative of this form was set up in Slovakia as early as in 1845 (Martuljak, 1995).

The Farmers' Society (Gazdovský spolok) was established by Samuel Jurkovič in Sobotiste. It was not only the first credit co-operative in Slovakia, but also the first credit co-operative in the world. According to the model co-operative formed in Sobotiste, new credit cooperatives were established in other villages and towns (Šúbertová, 2007). The cooperative protected the small farmers against a pressure of stronger competitors in the market (Demo 2001).

Since that time the co-operative movement has operated continuously in Slovakia, throughout Europe and it has expanded worldwide. Over that period, the Slovak co-operative movement has gone through periods of enormous change. It has „survived“ the industrial revolution, two world wars, several social systems and passed through feudalism, capitalism and socialism to today's free-market economy (Šúbertová, 2007).

Cooperatives kept their dominant position also during the period of centrally planned economy in 1948-1989. However, the cooperative idea was very deformed during this period of time (Lazíková – Bandlerová, 2007). The law no. 49/1959 Coll. on united arable cooperatives and the law 49/1961 Coll on the statute of cooperative were adopted. According to these laws, there were about 12 560 arable cooperatives cultivating 4 792 900 hectares of land with more than 970 000 members in the former Czechoslovakia (Gaisbacher, 2005). In 1975, the law no. 122/1975 Coll. on the agricultural cooperatives was adopted, which regulated the legal status of cooperatives, legal status of their members as well as the labour and social rights of their members. The aim of this law was to match large-scale arable cooperatives with large-scale land management (Gaisbacher, 2005). The process was concluded in the 1970s by creating large enterprises which were created by merging several cooperatives located in a number of villages. In the 1980s, specialization in production was initiated and the trend towards large-scale production intensified (Námerová, 1997).

In 1990, the transformation process of the national economy had started to change the central planned economy towards a socially and ecologically oriented market economy. This had a significant impact on agriculture. The agricultural cooperatives had to start the long-term transformation process (Lazíková – Bandlerová – Schwarcz, 2008). The starting point of this process was changes in the legislation. After 1990, the laws were adopted to regulate the processes of the property restitution, the transformation and privatization in the agricultural sector. First of all, there were changes in the Constitution of the Slovak Republic (460/1992 Coll. as amended, the Civil Code No. 40/1964 Coll. as amended, and the Commercial Code no. 513/1991 Coll. as amended), which included the new legal regulation of the cooperative. The special regulations to carry out the overall process of transformation in the agricultural sector were included in: (1) in the law no. 229/1991 Coll. on change of land ownership and legal relations to the other agricultural property as amended (First Restitution Law), (2) the law no.503/2003 Coll. on the return of property to the owner (the Second Restitution Law), (3) the judgement of the Constitutional Court of the Slovak Republic 218/2005 Coll., (4) the law no. 42/1992 Coll. on the change of property relations and settlement of property rights in cooperatives as amended (the Transformation Act), (5) the law no. 264/1995 Coll. amending and supplementing the law no. 42/1992 Coll. (First Amendment to the Transformation Law), and (6) the law no. 3/2005 Coll. supplementing the law no. 42/1992 Coll. on the change of property rights and settlement of property rights in cooperatives as amended (the Second Amendment to the Transformation Law) (Lazíková, Bandlerová et al. 2007).

While the agricultural land had been returned to individual private owners, the value of all assets of the co-operatives (e.g. buildings, machines, animals etc.) had to be estimated. The debts were deducted from the gross equity and some provisions for the anticipated restitution claims and for the reserve fund were made. The net equity of the assets had to be transferred to the entitled beneficiaries who were regarded as the rightful owners of the co-operative (Research Institute of Agricultural and Food Economics, Bratislava, 1997). The entitled beneficiaries consisted of all cooperative members and the persons who owned land or inventory which the co-operative used for its production. The Transformation Law stipulated a key for dividing the assets among the entitled beneficiaries: 50% were distributed among those whose land was cultivated by a cooperative, 30% among those whose inventory was used by a cooperative and, finally, 20% among those who had worked in the co-operative. Each entitled beneficiary received a part of the cooperative assets according to the value of his/her assets or working years in a cooperative (Lazíková – Bandlerová et al., 2011).

Besides of transforming agricultural cooperatives, the law supplied other options as well. The cooperative was allowed to change its legal form to a business company or to adopt the new regulations of the cooperative according to the Commercial Code. The majority of cooperatives decided to continue to operate as cooperative (Lazíková, Bandlerová 2007).

The property of the transformed agricultural cooperatives was distributed among the entitled beneficiaries in accordance with the transformation laws. However, there were not only the

members of the cooperatives but also the land owners and owners of the other agricultural property and the previous land owners, who received their property in the restitution process (e.g. according to the law no. 229/1991 Coll.) and most of them were not members of the cooperatives. It means that a large part of the cooperative property was given to persons without any relationship to the cooperative. It was a disadvantage for the both parties – for the cooperative and the non-member owners as well. On the one hand, there are entitled owners who are not members of the cooperative, they own a part of the cooperative assets but they have no voting rights in the general assembly meeting of the cooperative. On the other hand, there are members of the cooperative who are more than owners of cooperative assets (Bandlerová, 2001).

Due to this fact we can state that after 1992 there were two groups of agricultural cooperatives in Slovakia: 1) cooperatives which had not to be transformed and were established as new legal entities according to the new Commercial Code; 2) cooperatives which had been transformed (Lazíková, Bandlerová, 2007). Some entitled beneficiaries asked to get their part of the cooperative assets (in terms of land and other assets) to start private farming. Others should get their part of assets later, after seven years from the date of approval of the respective transformation project. The Law before amendment required that their asset parts would have to be converted into cash by the transformed entity upon request by their holders seven years after the transformation. It is evident that all those persons expected to get their rightful part of assets in nominal value at the prices of 1992. With respect to the companies limited by shares, all those who wanted to leave were, right after the transformation, entitled to receive the real value. However, this has been only just a fraction of the nominal value. Therefore, there has been an immense pressure by the representatives of the agricultural producer cooperatives on the government to amend the Transformation Law 42/1992. Otherwise, most of them were expected to have to file for bankruptcy.

The Law was amended in late 1995 by the Act 264/1995. From March 1996, the asset parts of beneficiaries were to be converted into equity bonds which could be traded at the market. These bonds, however, are traded according to their real value. Those who buy have the option of joining the cooperative as member. This transfer into equity bonds implies that those who want to take out their assets in order to take up private farming only get their bonds but no assets in kind anymore. Similarly, all those who have claimed to convert their assets into cash since 1999 would be paid according to the real value of their bonds (Research Institute of Agricultural and Food Economics, Bratislava, 1997).

The impact of the amendment to the Transformation Law 42/1992 on further development of cooperatives is controversial. On the one hand, the amended law improved the future survival prospects of the transformed cooperatives. On the other hand, by implementing equity bonds it introduced a twofold equity sharing. Besides members' shares, linked with classical cooperative rules of voting, equity bonds were introduced, which may yield for their holders rights equal to shareholders' rights in capital companies. By this, a significant move has been made towards converting cooperatives into a sort of Capital Company. Cooperatives may render in their statutes voting rights proportionate to the value of bonds held by the individual investor. Bonds can be traded at capital markets. Controversial to principles of cooperatives is also the provision of the amendment, mandating cooperatives to admit bond holders as members if they apply (Blaas, 1997).

Cooperatives were obliged to issue cooperative bonds until 30 June 1996. If the agricultural cooperative had not issued cooperative bonds until the end of the year 2005, entitled persons were able to file a claim at the court for liquidation of this cooperative. The court is able to decide on the abolishment of a cooperative. According to the law, bondholders could only be natural persons who held parts on assets in a transformed cooperative which had managed its property all through the socialist collectivization, while these persons were not members of a cooperative and had opened an account at the Central Securities Depository of the Slovak Republic. The cooperative members were able to be bondholders only if the general assembly

had approved this. A bond account had to be opened before the emission of cooperative bonds. If the entitled persons had not established their accounts, they lost the opportunity to get cooperative bonds.

On the one hand, these persons lost their right for a share in a cooperative profit. On other hand, they did not lose their part on the assets of a cooperative. Many people did not take advantage of receiving the cooperative bonds because the fees of establishing and administrating such bond accounts were higher than the revenues from cooperative bonds themselves. In September 2005, the Central Securities Depository of the Slovak Republic had about 580 emissions of cooperative bonds in evidence. The cooperative bonds were not being sold on the market at the beginning of their existence. They were traded only privately among people who were interested in purchasing or selling them. The prices of cooperative bonds were only 15-30 per cent of their nominal value. In most cases, they were purchased by the cooperatives. The trade with cooperative bonds was influenced by the local conditions, mainly mentality and social situation of people, but it changed to the benefit of cooperative members who bought the cooperative bonds from non-members of cooperatives (Lazíková, Bandlerová, Schwarcz, 2008).

At present, the business with the cooperative bonds has increased but the real purchase prices are still lower than its nominal value (from 20 per cent to 60 per cent). The cooperatives bonds are bought usually by the management of cooperatives.

### **Structure of the agricultural cooperatives**

At the beginning of the 90ties, the number of cooperatives increased because the large cooperatives were divided into smaller agricultural units. During the 90ties and at the beginning of the 20th century, the number of cooperatives decreased because of bankruptcy or change of the legal form into business companies. The decrease in cooperatives has been minimal from 2005 onwards. In 2004 when the Slovak Republic became member of the EU, the cooperatives had to adapt to the Single European Market. The Common Agricultural Policy and its principles have been implemented in agricultural cooperatives in Slovakia. At this stage, the Slovak cooperative movement has faced two major challenges: (1) keep-up with the ideas of cooperative philosophy with its aim to satisfy the needs of cooperative members, and (2) deal with the strong competition on the EU markets (Šúbertová, 2007). The characteristic problems of current Slovak cooperative movement are as follows: over-employment in agricultural cooperatives, social security contributions perceived of as being high (social insurance, health insurance), non-availability of free capital and low profitability of cooperatives which has negative impacts on the competitiveness of cooperatives in the long term (Šúbertová, 2007).

Table 1. Number of agricultural cooperatives and land under cultivation

Year	Number	Average acreage in hectares
1990	681	2484
1992	925	1862
1993	983	1773
1994	961	1593
1995	973	1535
1998	831	1583
2000	738	1579
2003	637	1598
2005	598	1367
2010	584	1267

Source: Green Report of the Slovak Ministry of Agriculture, 2006; Statistical census of farms, 2010

### Agricultural land managed by the agricultural cooperatives

While state farm cooperatives as a legal structure of agricultural enterprises were disappearing, the agricultural cooperatives had maintained their dominant position in the field of farming agricultural land also among new agricultural entities, such as business companies or private farmers (Lazíková – Bandlerová -Schwarcz 2007). In 1990, there were 73 state farms with an average acreage of 5083 ha agricultural land and about 681 agricultural cooperatives cultivating on average 2484 ha of land per cooperative. Fifteen years later, there were only 5 state farms with an average acreage of 1972 ha cultivated farm land (Gubová, Ambrózyová, 2005; Green Report 2006). However, about 598 agricultural cooperatives still cultivated app. 1367 ha of land per farm (Green report, 2006). Altogether it made up for about 44% of all agricultural land in Slovakia (Green Report 2006). After 2005, the number of cooperatives did not dramatically change any more. According to the Green report (2010), there were about 597 cooperatives in agriculture with the average acreage of 1268 ha of agricultural land. In contrast, the number of cooperatives increased in the field of agricultural services (Green report 2010).

Most of land cultivated by cooperatives is rented mainly from the Slovak Land Fund (administrated state land and land of the unknown owners) or natural persons. They prefer the land rent contract for the period of 10-15 years (Lazíková – Takáč, 2011). The analysis provided by Lazíková and Takáč (2010) shows that the lowest land rental payments are made by the cooperatives to the landowners. The business companies and the individual farmers pay higher rents. One of the reasons is that the agricultural cooperatives cultivate two times more agricultural land than business companies, and that individual farmers cultivate only 43 ha on average. Unlike smaller companies and farmers, the largest agricultural cooperatives do not have an interest in renting or buying additional farmland. Moreover, the agricultural cooperatives are located in the regions with a low number of other agricultural enterprises, and the resulting low economic competition does not motivate the agricultural cooperatives to supply high rates of land rental payment (Lazíková – Takáč, 2010).

## **Labour in the agricultural cooperatives**

While in 1989, agriculture offered work to 361,486 people, there were only 81,500 persons left in 2005 (Green Report, 2006). The Green Report 2010 noticed that only 34,444 persons were employed in agriculture. This number is still decreasing, annually by about 4,000 persons. This is due to the facts that young people usually do not want to work in agriculture and old people leave to the pension. The aging of agricultural employees confirms this meaning. According to the Green Report (2006), employees at the ages between 50 and 54 are the greatest group making 23% of all agricultural workers. As far as the education structure is concerned, agriculture belongs to those sectors of the national economy where employees with basic and vocational education prevail (Lazíková – Bandlerová, 2007) and high school- and university-educated workers make about 27.7% and 7%, respectively.

In 1989, the agricultural cooperatives employed about 80 % of all agricultural workers, this rate decreased to 65% in 2005 (Lazíková, Bandlerová 2007). This percentage has not significantly changed up to present time (Green Report 2010). According to this report, the agricultural cooperatives employ about 65.4 % of all agricultural employees. As regards this impact, we can state that the agricultural cooperatives fulfil very important social and demographic functions, especially in rural areas, thus helping to stop or at least reduce the outflow of inhabitants from these areas and supporting significantly the employment policy (Lazíková, Bandlerová, 2007).

## **Economic performance of the agricultural cooperatives**

The proportion of cooperatives running at losses was highest during the transformation process at the beginning of the 1990s. In the following period, the rate between profitable and unprofitable agricultural cooperatives decreased to app. 50:50; the rate of profitable cooperatives did not start increasing with the turn of the decade, whereas most of the business companies have been profitable. There were no substantial changes in this ratio during the 1990s (Lazíková, Bandlerová, Schwarcz 2008).

In the period 1991–2003, the total revenues per hectare of agricultural land of the agricultural cooperatives were 19,248 SKK (639 EUR); it was nearly 1,000 SKK (33 EUR) less than for the agricultural business companies. The share of plant production on the total revenues averaged 33.18 per cent in the agricultural cooperatives and 37.25 per cent in business companies. The revenues from livestock production were 48.39 per cent in cooperatives, which was 5 per cent more than in the business companies (43.09 per cent). The share of other business activities in the total revenues was equal in both types of agricultural enterprises amounting to 18.3 per cent. In agricultural cooperatives, the agricultural production seems to have priority also in the future and the other activities will fulfill only a complementary function (Lazíková, Bandlerová, Schwarcz 2008).

Gubová (2005) presents a review of the most frequent complementary activities of the agricultural cooperatives. According to her findings, the agricultural cooperatives most often engage in direct selling of agricultural products, commercial activities, contractual work, building operations, sheep and goat milk processing, other processing of agricultural products, own slaughter, wine production, agro-tourism and country tourism as well as wood processing.

The agricultural cooperatives in Slovakia perform an important function of producers of agricultural and food commodities. Furthermore, they play an important role as providers of social services (employment, social services for employees, services for the municipality) and ecological services (care for the environment, land and forestry cultivation, ecological production) in the rural areas and in the field of other non-agricultural activities as well (Lazíková – Bandlerová, 2007). It has to be noted that the APCs are usually compensated for these activities which cannot be interpreted as altruistic behaviour.

## 2. Description of the first case

The selected cooperatives belong to the traditional model of cooperatives – what is the main subject of case studies. Both of them have undergone the process of transformation.

The first case is related to the agricultural cooperative Prašice which was established on 13<sup>th</sup> May 1993 by transformation process<sup>1</sup> from the socialist cooperative situated in Jacovce (Nitra region) established in 1949. The altitude above sea level is 120-238 meters. It is the region where the cropping of cereals, maize and rape predominates. The cooperative Prašice is a member of production organizations in the sectors of cereals and milk.

This cooperative is one of the most famous cooperatives because of the best results in plant and animal production in Slovakia. In the national competition of TOP AGRO, it occupies usually first places (Table 1).

Table 2. Winners in the TOP AGRO competition

TOP AGRO 2008/2009 LFA	TOP AGRO 2007/2008 LFA	TOP LAUREATE 1996-2007
1.place: Agricultural cooperative Krajné 293	1. place: Nová Bodva Turnianska Nová Ves 154	Agricultural cooperative Chynorany 2757
2.place: <b>Agricultural cooperative Prašice Jacovce 228</b>	2. place: Lefantovce Dolné Lefantovce 139	Agricultural cooperative Nová Bodva 2702
3.place: Agricultural cooperative Kúty 228	3. place: Smolenice Smolenice 114	Agricultural cooperative Prašice Jacovce 1902
	4. place: Neverice Neverice 104	Agricultural cooperative Kalná nad Hronom 1720
	5. place: <b>Agricultural cooperative Prašice Jacovce 99</b>	

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<sup>1</sup> Legal regulation concerning transformation of former socialist cooperatives (Act No.42/1992 coll) required cooperatives to decide either to perform as a cooperative (keep legal form as cooperative according to business code) or to split into more cooperatives or to change their legal form into a limited liability company or joint stock company.

## 2.1 Facts and figures of the cooperative

The Agricultural Cooperative Prašice cultivates 4,367 hectares of agricultural land; whereof 4,167 hectares are rented land and 200 hectares owned land. It covers 14 cadastral areas.

The plant production includes peas, wheat, barley, oat, maize, rape, sugar beet and forage crops. Livestock production covers milk and meat production (beef cattle and chicken). Pig meat production was cancelled in 2004 because this production was not profitable.

Other activities of the cooperative are:

1. processing agricultural plants for feedstuff not only for own needs but also for purchase.  
The cooperative produces the feedstuffs for:
  - cattle: dairy cows, heifers, meat cows, calf;
  - pigs: sows, boar, fattening pigs;
  - poultry: hens, ostriches, rabbits;
  - horses;
  - others according to the need of the purchasers.
2. chemical analyses of soils, plants, feedstuffs and feeds in the chemical agro laboratory;
3. harvest services by the combine harvesters CLAAS and JOHN DEERE;
4. in the business register there are also other activities, such as locksmithery; carpentry, building, consultant services in agricultural production, lease of machines and other equipment, real estates, cartage, storage.

Figure 1. Age structure of the cooperative employees

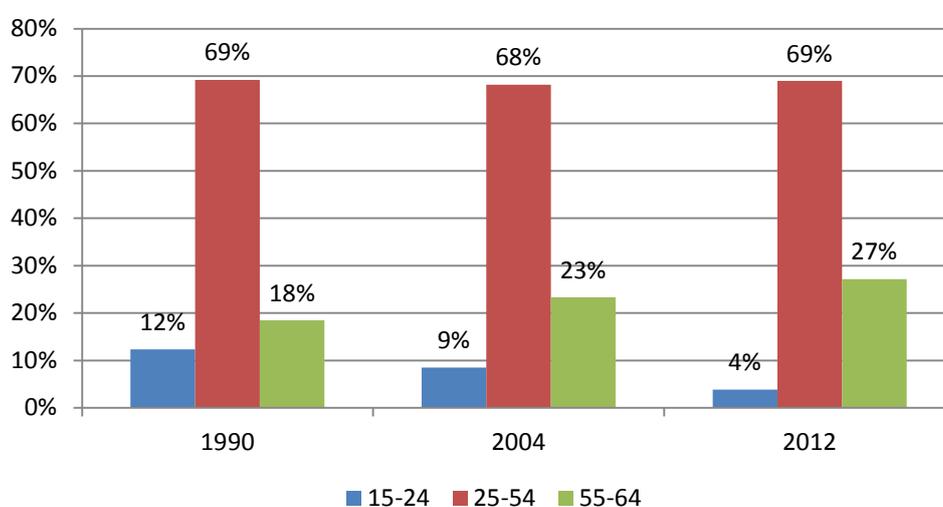
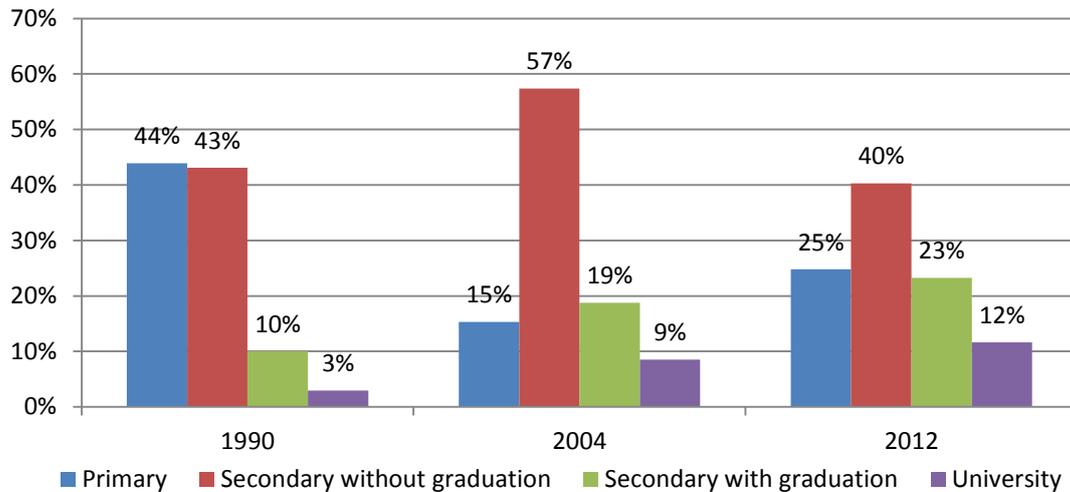


Figure 1 shows that age structure of the cooperative employees has been changed in favour of the age group of 55-64. At present, the share of young people employed in the cooperative is three times lower than in 1990.

Figure 2. Educational structure of the cooperative employees



The educational structure in selected cooperative has been gradually improved during period 1990-2012. Currently, the share of people with university degrees employed in the cooperative is four times higher than in 1990. The social role of the cooperative could be considered through the still relative high share of employees with primary education.

Figure 3. Index of the educational structure of the cooperative employees

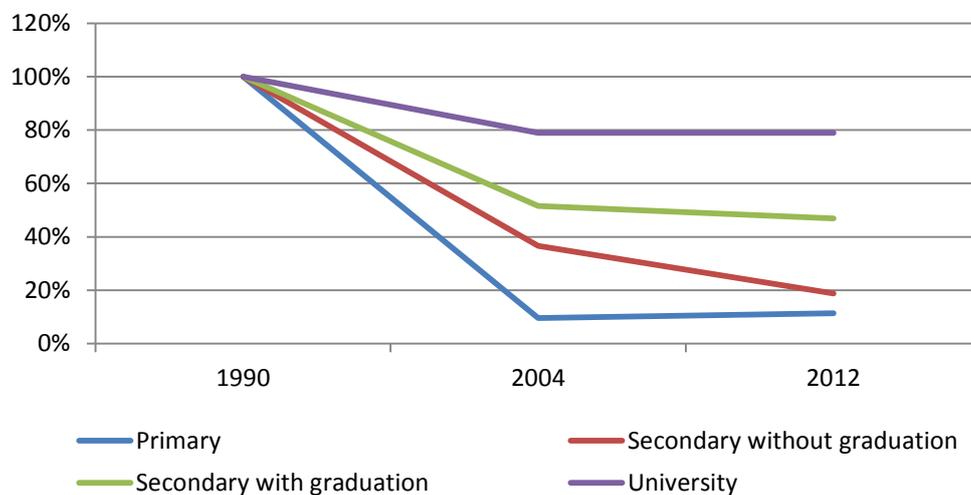
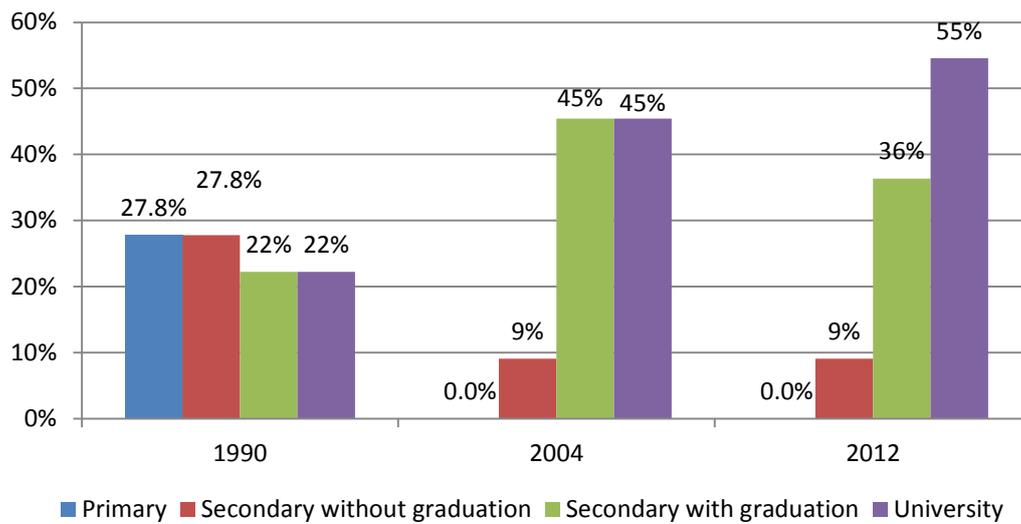


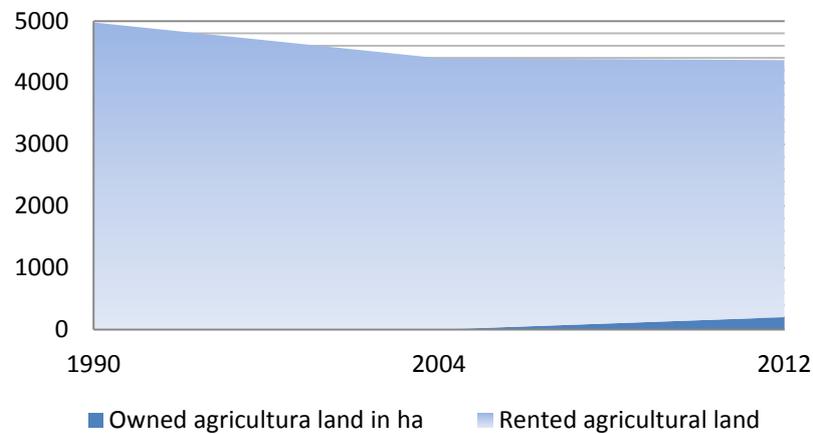
Figure 3 shows the index of the changes related to the employment of individual educational structures. The total number of employees is decreasing in all groups, mainly in the group of primary and secondary.

Figure 4. Educational structure of the management board members



The most significant change of the educational structure has been in the managing board. The majority of members have a University degree and there are no members only with primary education.

Figure 5. Land use structure



Most agricultural land cultivated by the cooperative is rented. However, the share of the owned agricultural land is increasing (4.5% in 2012).

Figure 6A. Structure of cooperative employees

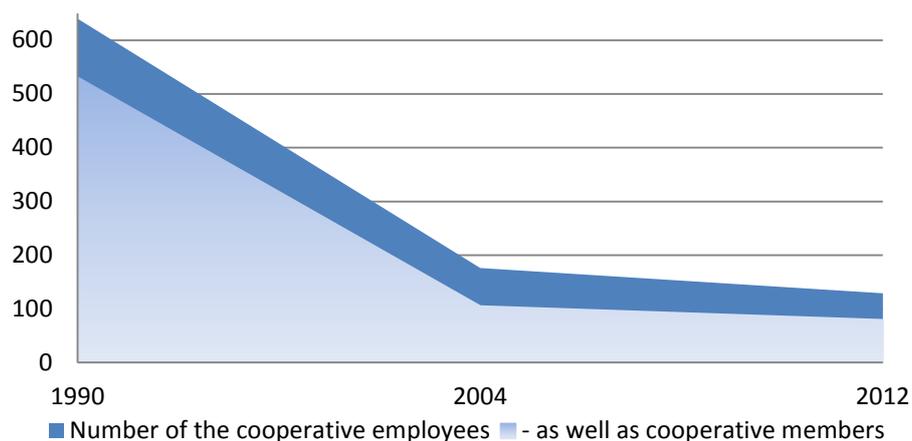
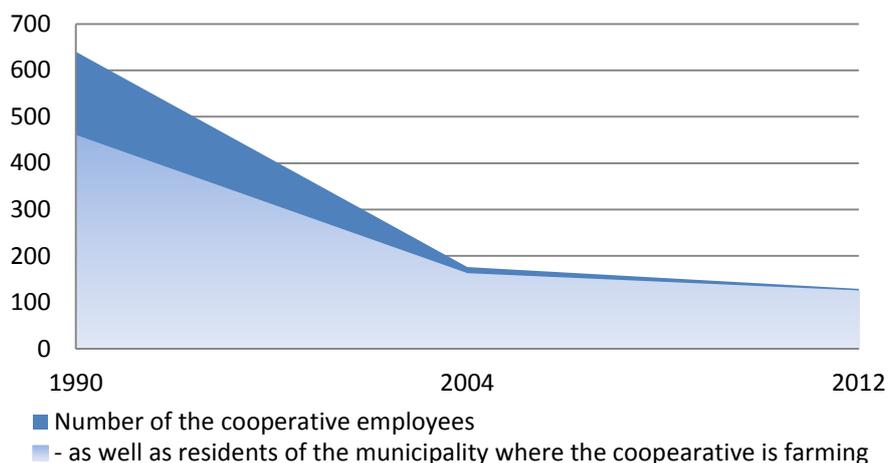


Figure 6B. Structure of cooperative employees



Figures 6A and B show that the total employment of the cooperative is decreasing. However, Figure 6A proves that the relative share of cooperative employees in comparison with cooperative members has not been changed during 1990-2012, while, according to Figure 6B, the share of non-residents of the municipality where the cooperative is farming is decreasing even more significantly. That indicates a strong relationship between cooperative and region where it is situated and its role in maintaining of employment within the region. Additionally, the cooperative has employed, on average, 3 per cent of disabled people during 1990-2012.

### Production and non-agricultural cooperative activities

Since 1990, the main cooperative business activities (plant production, animal production, agricultural machinery services, crop and animal breeding, and environmental protection, processing of agricultural products, water supply and irrigation) have not been changed. Nowadays, the cooperative excluded the water supply and irrigation from its business activities due to lack of investment needed for its maintaining and repairing.

Table 3. Main products of the cooperative

<b>Main products of Cooperative</b>	<b>1990</b>	<b>2004</b>	<b>2012</b>
Cereals	Yes	Yes	Yes
Sugar	Yes	Yes	Yes
Pork	Yes	Yes	No
Lamb	Yes	No	No
Fruit and vegetables	Yes	No	No
Beef	Yes	Yes	Yes
Milk	Yes	Yes	Yes
Wine	Yes	No	No
Other (e.g.compound feeds)	No	Yes	Yes

The cooperative diversification of production has been reduced in 2012 compared with 1990 due to specialisation in most profitable animal and plant products. The cooperative has never been producing and selling products under its own brand and the manager intends to start with in the future.

## 2.2 Relevant support measures affecting structure and strategy

The cooperative can besides the direct support of EU (direct payments in frame of Single area payment scheme) take advantage through support from Rural Development Programme of SR for programming period 2007-2013 through:

- Measure 1.1 Modernization of agricultural holdings
- Measure 1.5 Producer organisations
- Measure 3.1 Diversification into non-agricultural activities
- Axis 4 Leader approach

The cooperative PD Prašice is active in measures 1.1 and 1.5. From 1.1 it profits mainly by investments into modernization of agricultural equipment (tractors, sprinklers, seed drillers, reconstruction of cowshed) and technologies (dryer for grain storage). From 1.5 it cooperates with agricultural entrepreneurs in the region through producer organisations in the cereal, dairy, cattle and pig sectors.

In previous periods, the cooperative applied for similar types of grants through the programmes of SAPARD (2000-2004) and the Rural Development Plan (2004-2006).

The cooperative PD Prašice cooperates with other stakeholders in the region as a member of local action group (LAG) Sogdum. The members of the LAG are representatives of public, private and civil sector where each member has one vote. The involvement of local actors includes the population at large, economic and social interest groups and representative public and private institutions. The LEADER approach presents an innovative form of regional development that creates the trust and social capital in accordance with bottom up principle. Capacity building is an essential component of the bottom-up approach. Through this participation the cooperative has direct information about activities and intentions that are planned and realized within the region.

## **2.3 Strategy of the cooperative with regard to the study topic**

### **Internal governance of the cooperative**

The Management Board is the main executive body of the cooperative. It consists only of cooperative members. Membership in the Board is limited up to 5 years according to commercial code. Performance of the cooperative is supervised by Control Committee (Auditing Committee) where only members of cooperatives are involved.

Before 1990, the distribution of the vote in the cooperative was one member-one vote. After process of transformation the distribution of votes is proportional according to equity share of the member<sup>2</sup>.

### **Benefits for members and non-members of the cooperative**

The cooperative provided higher benefits for its members in the period before and during transformation. They had, e.g., the possibility to get particular agricultural products in kind what is not possible at present time due to legislation and tax policy in Slovakia. The cooperative has created a Social Fund (The Act on Social Fund No. 152/1994 as amended) in accordance with the relevant legislation. It is being used for supporting of catering beyond the law, contributions to employees' holidays, transport costs, bonus in jubilee celebrations and extra health care for employees.

### **Interaction between the cooperative and the private sector in the region**

The cooperative has a significant position within the region where it is situated. Besides the cooperative, there is no business company operating agricultural land. There are only 3 individual farmers who operate very small areas of agricultural land (app. 25 hectares). There is no competition between the cooperative and the individual farmers but rather cooperation. The attitudes of farmers towards the cooperative are generally positive. Some of the individual farmers have a very positive attitude and cooperate actively with the cooperative, while others would like to cooperate in the future.

There is the tendency of cooperatives and farmers to associate into producer organisations (POs). The management of the cooperative has a positive attitude towards such kind of cooperation. At present, the cooperative is a member of five producer organisations (milk, pig, beef, cereals, poultry and oil seeds sectors).

The cooperative is an active member of several organizations at national level, e.g. the Union of Cereal Producers, the Association of Oilseed Producers, the Association Corn Producers, the Sugar Beet Association, the Slovak Agricultural and Food Chamber. The cooperative is not a member of any international organization. Collaboration of the cooperative with businesses outside the sector is neutral.

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<sup>2</sup> The basic principle of cooperative voting rights is one member one vote. The Commercial Code (approved as Act No. 513/1991) has weakened this principle by allowing that that a different voting rule can be established in the statutes. The general assembly may agree that in the statutes the principle of one member one vote shall not be applied. Moreover, the amendment of Transformation Code that prescribed the transformation of cooperative property shares into cooperative stakeholder certificates introduces the principle that cooperative member (in accordance with the statute of cooperative) could have more votes in general assembly according to shareholder certificates.

### **Activities carried out by the cooperative for the development of rural areas**

The cooperative is providing community services for municipalities, such as taking care of public greenery during summer time. All services are offered for remuneration. The cooperative is also financially supporting sports and cultural activities organised in the municipalities where it operates.

The cooperative PD Prašice is open for cooperation with other stakeholders in the region. It is an active member of the local action group (LAG) Sogdum, and as such participating in the preparation and implementation of the integrated development strategy within the territory.

Since the cooperative is only active in primary agricultural production it is not involved in creation and support of regional brands of final food and other products. It does produce compound feeds (without regional trade mark) mainly for own use. For the future, the cooperative considers production of feeds under an own regional trade mark.

### 3. Description of the second case

The Agricultural Cooperative Devio Nové Sady is situated in 9 cadastral areas of the Nitra region. The height above sea level is 320 meters. Main crops produced in the region are cereals, maize and rape. The cooperative mainly produces cereals, oilseeds, corn, sugar beet, alfalfa and, regarding livestock, beef cattle and pigs.

The APO was established on 1 January 1973 by the fusion of nine agricultural cooperatives: Nové Sady, Sila, Čab, Malé Zálužie, Kapince, Výčapky, Sul'any, Caroviny and Šurianky. In 1992, the cooperative was transformed and changed its name to Agricultural Cooperative DEVIO Nové Sady.

Currently, the cooperative has 350 members. The lowest member deposit was 3,187 EUR. Most of the cooperative property is in the hands of its members. However, there is still some cooperative property owned by non-members who received transformation shares in the form of property stocks.

Meetings of the General Assembly take place once per year. The Management Board has 12 members. The MB meets four times per year or if necessary. It is responsible for its decisions to the auditing committee and has maximum 5 members.

The basic capital of the cooperative registered in the Business register is 500,000 EUR. The cooperative has a legal obligation to create a reserve fund for covering losses or to survive any crisis having a negative economic effect on the cooperative.

#### 3.1 Facts and figures of the cooperative

In 2010, the cooperative cultivated 4,640 hectares of agricultural land; 3,952 hectares thereof was rented land and 688 hectares owned land.

The crop production mainly involves cereals, maize, oilseeds, sugar beet and forage crops, while animal production covers milk and meat production. However, the latter has been decreasing from year to year.

The cooperative has revenues also from providing services. According to the business register, the cooperative's activities are:

- agriculture and forestry;
- retail trade and wholesale;
- advertising services;
- services by agricultural machines;
- cartage;
- building of small buildings;
- repair services of agricultural machines;
- repair services of cars;
- carpentry;
- feedstuff production;
- concrete production.

Figure 7. Age structure of the cooperative employees

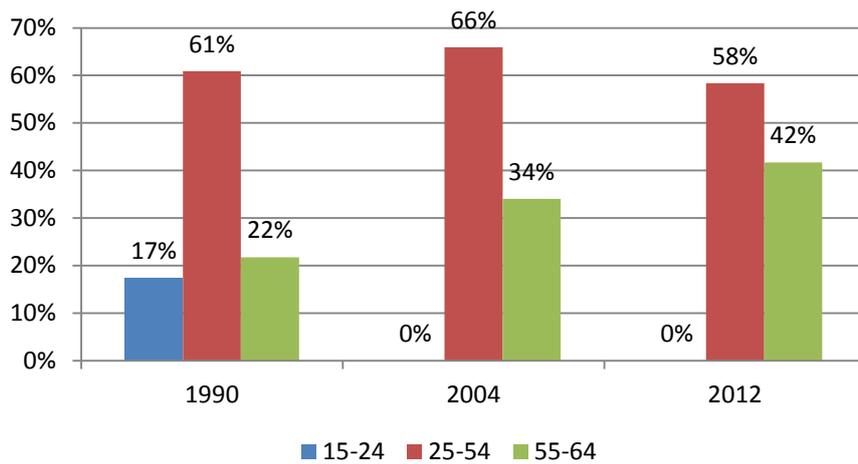
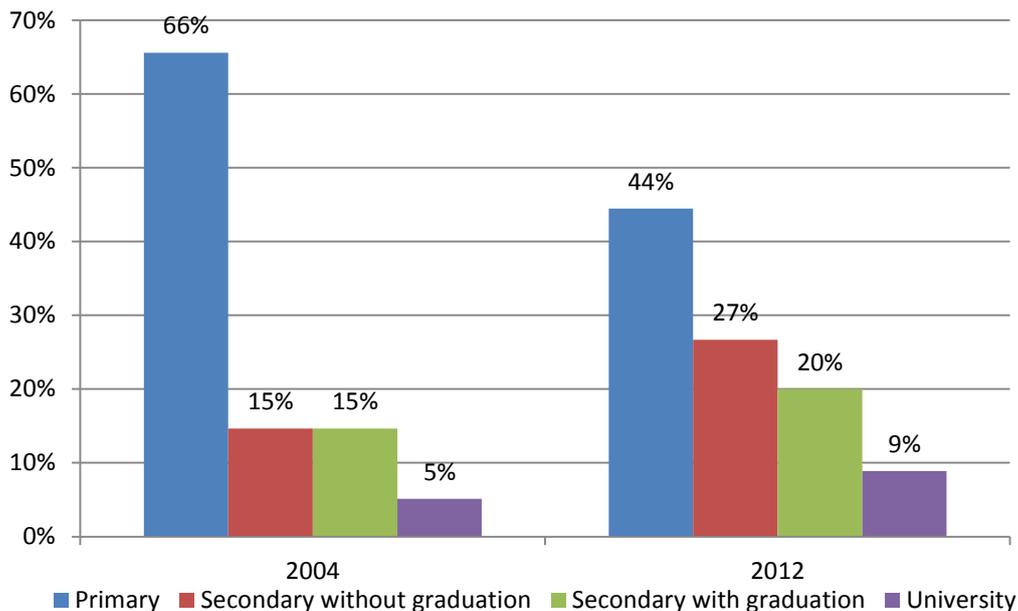


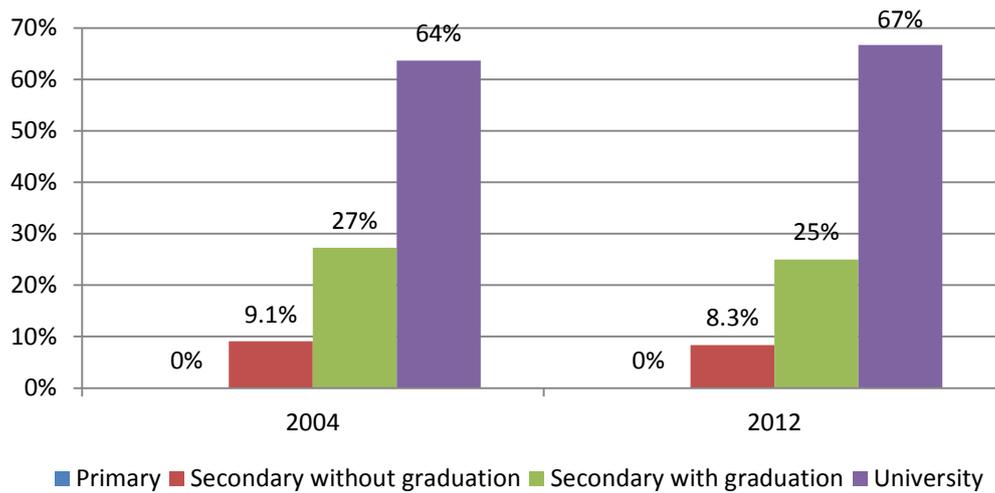
Figure 7 proves that the age structure of the cooperative employees has gradually changed in favour of the group of 55-64. Currently, there are no young people (up to 25 years) employed in the cooperative and the employees over 55 years has doubled in 2012 as compared with 1990.

Figure 8. Educational structure of the cooperative employees



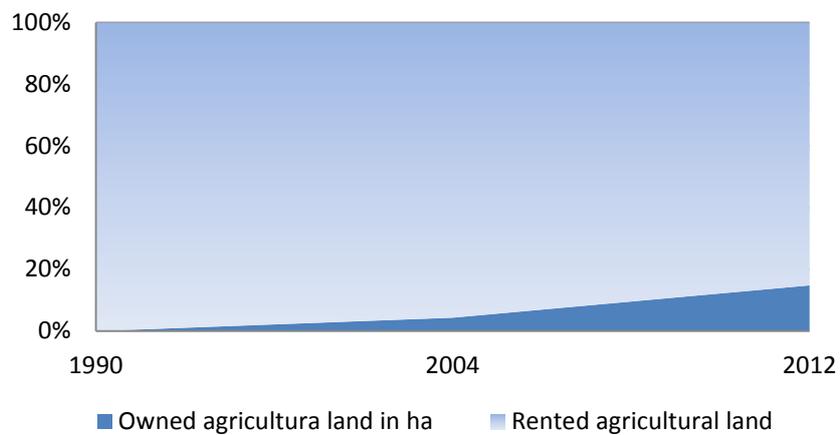
The educational structure in the cooperative has improved during the period 2004-2012. Currently, the share of people with university degree employed in the cooperative is 9%. The still high share of employees without graduation amounting to 71% could be considered as a social obligation of the cooperative as job provider for underprivileged people in the countryside, since this group has only limited possibilities to get a job on the labour market.

Figure 9. Educational structure of board members



The educational structure of the management board has not significantly changed during the period 2004-2012. The majority of members have the university degree and there are no members with only primary education.

Figure 10. Land use structure



Most of the agricultural land cultivated by the cooperative is rented. However, the share of the owned agricultural land is increasing (15% in 2012).

Figure 11A. Structure of cooperative employees

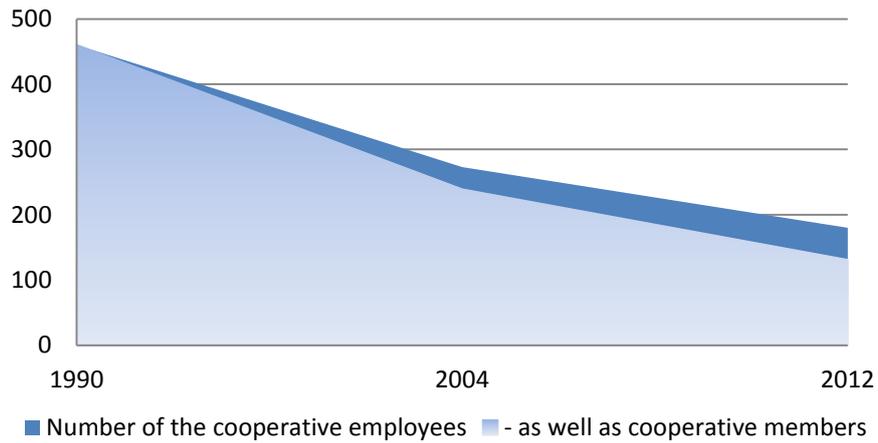


Figure 11B. Structure of cooperative employees

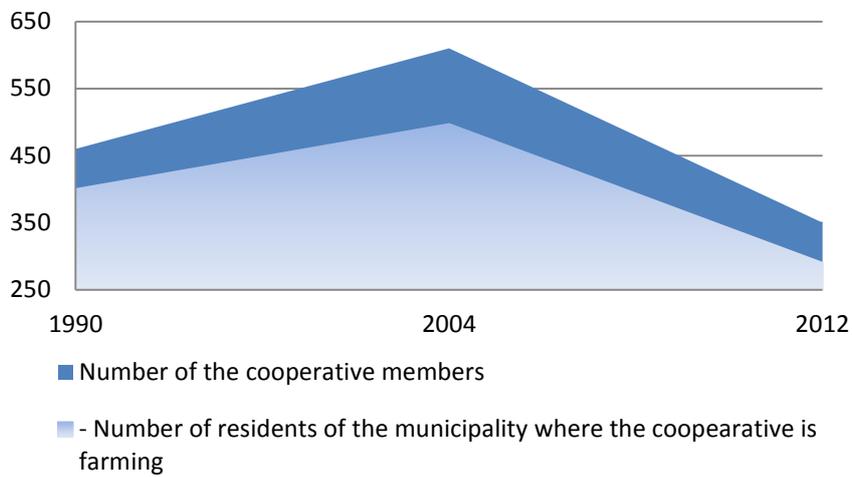
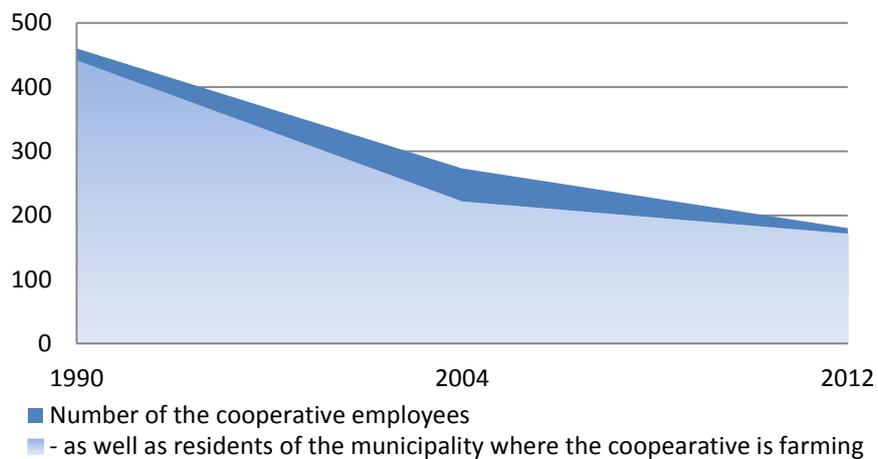


Figure 11C. Structure of cooperative employees



In 1990, all employees were also members of the cooperative. Figure 11A shows that the share of cooperative employee-members has decreased during the years 1990-2012. However, the

number of non-member employees has increased from 2004 due to the aging of the cooperative members. Figure 11B proves that the relative share of cooperative members as well as cooperative member-residents of the region where the cooperative is situated has not changed during the period 1990-2012. Figure 11C shows that the cooperative employs mainly residents of the region where it is farming. That proves a strong relationship between the cooperative and region where it is situated and its role in maintaining of employment within the region, although there are more other non-agricultural job opportunities in the region. The cooperative has employed, on average, 4% of disabled people during the period 1990-2012.

### **Production and non-agricultural cooperative activity**

The main cooperative business activities (plant production, animal production, agricultural machinery services, breeding and environmental protection) have not changed since 1990.

Table 4. Main products of the cooperative

<b>Main products of the cooperative</b>	<b>1990</b>	<b>2004</b>	<b>2012</b>
Cereals	Yes	Yes	Yes
Sugar	Yes	Yes	Yes
Pork	Yes	Yes	Yes
Lamb	No	No	No
Fruit and vegetables	Yes	No	No
Beef	Yes	Yes	Yes
Milk	Yes	Yes	Yes
Wine	Yes	No	No
Other	No	No	No

The diversification of production in the cooperative was reduced mainly during the transformation period. The cooperative oriented on less labour intensive crop production. It has never been producing and selling products under an own brand and the manager does not intent to start with this in the future. The cooperative is in a good economic situation – it has yielded profit over a long-term period.

### **3.2 Relevant support measures affecting structure and strategy**

Besides the direct support of EU (direct payments in the frame of the single area payment scheme), the cooperative can take advantage of support from the Rural Development Programme of the Slovak Republic for the programme period 2007-2013 through:

- Measure 1.1 Modernization of agricultural enterprises
- Measure 1.5 Producing organisations
- Measure 3.1 Diversification of agricultural activities
- Axis 4 Leader approach

Devio Nove Sady is active only in measure 1.1 from which it profits mainly by investments into modernization of agricultural equipment and technologies. In previous periods, the cooperative

applied for similar types of grants through the programmes of SAPARD (2000-2004) and the Rural Development Plan (2004-2006).

### **3.3 Strategy of the cooperative with regard to the study topic**

#### **Internal governance of the cooperative**

The main executive body of the cooperative is Management Board. It consists only of cooperative members, while non-members of cooperative are not active in the Board. Membership in the Board is limited up to 5 years. Performance of the cooperative is supervised by the Control Committee (Auditing Committee) involving only members employed in the cooperative. Before 1990, the distribution of the vote in the cooperative was one member-one vote. After the process of transformation, the distribution of votes is proportional according to equity share of the members<sup>3</sup>.

#### **Benefits for members and non-members of the cooperative**

The cooperative provided higher benefits for its members in the period before transformation. They had, e.g., the opportunity to get particular agricultural products in kind what is not possible at current time due to legislation and tax policy in Slovakia. The cooperative has created a Social Fund (The Act on Social Fund No. 152/1994 as amended) in accordance with the relevant legislation. This Social Fund of the cooperative is being used (according to statute of cooperative) for supporting of catering beyond the law, contributions to employees' holidays, transport costs, exhibitions and fairs.

#### **Interaction between the cooperative and the private sector in the region**

In villages where the cooperative operates it is the main player in the agricultural sector. Besides the cooperative, there is no legal company operating the agricultural land. There are only 13 individual farmers who operate very small areas of agricultural land (app. 30 hectares). There is no competition between the cooperative and the farmers; they do not feel any rivalry. Nevertheless, they do not cooperate intensively as they are too small in size and in agricultural production in the region. The attitude of farmers towards the cooperative is generally neutral - some have a very positive attitude and some have a rather negative attitude towards cooperatives, however, they accept each other.

Cooperatives and individual farmers do not tend to associate into producer organisations (POs). The management of the cooperative has a negative attitude to such kind of cooperation, since it thinks that cooperation based only on support from EU funds is not sustainable. It prefers cooperation based on "natural" relations so it does not plan to establish a PO in the future. In contrast, collaboration with business companies outside the sector has a very positive image. There are plans for collaboration in the future.

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<sup>3</sup> The basic principle of cooperative voting rights is one member one vote. The Commercial Code (approved as Act No. 513/1991) has weakened this principle by allowing that that a different voting rule can be established in the statutes. The general assembly may agree that in the statutes the principle of one member one vote shall not be applied. Moreover, the amendment of Transformation Code that prescribed the transformation of cooperative property shares into cooperative stakeholder certificates introduces the principle that cooperative member (in accordance with the statute of cooperative) could have more votes in general assembly according to shareholder certificates.

### **Activities carried out by the cooperative for the development of rural areas**

The cooperative provides community services for and without remuneration to the municipalities where it operates, among others, cleaning and maintenance of the local roads during winter periods and taking care of public greenery during summer times. These services are being done up to some threshold (from €150 to €300 per year and village) without remuneration, depending on the size/population of the village. All the services that are over that threshold are offered with remuneration. The cooperative also financially supports sports and cultural activities organised by the municipalities. A percentage of 1.5 of the cooperative's profit is annually used for supporting schools in the region.

In the region where the cooperative is operating, the Local Action Group (LAG) „Radosinka“ was established. A total of 11 villages from the region are involved in the LAG. However, the cooperative is not member to the LAG. The management rather prefers to exploit EU sources from Axis 1 of the Rural Development Programme of the Slovak Republic for the period 2007-2013 dedicated to modernization of agricultural enterprises.

Since the cooperative produces only primary agricultural production it is not interested in the creation and support of regional brands of food and other products.

In the period before 1989, the cooperative was building also flats for employees. The situation changed in the 90ties when this support was terminated and all flats sold to the employees since it was not economically effective to maintain and take care on them.

## 4. Analysis by comparison

In the frame of the Slovakian case study, two cooperatives were analysed: PPD Prasice and PD Devio Nove Sady. Both cooperatives were established during the socialist period and passed the transformation process in the 90ties. They are similar in terms of acreage of cultivated land, number of employees, cooperative members and production structure.

Since 1990, the number of employees has continuously decreased. The age structure of the cooperative employees has gradually changed in favour of the age of group 55-64 during the period 1990-2012. Currently, both cooperatives are almost doing without young people (up to 25 years).

The educational structure of employees and members of the Management Board in the two cooperatives has gradually improved during the period 1990-2012. At present, the share of employees that graduated from secondary high school and university is significantly higher than in 1990.

The cooperatives' diversification of production is lower in 2012 as compared with 1990 due to specialisation in most profitable animal and plant products. The cooperatives have never been producing and selling products under their own brands.

The internal government structure is similar in both cooperatives and complies with the legislation.

Both cooperatives provided higher benefits for its members in the period before and during transformation. For example, the members could get particular agricultural products in kind what is currently not possible any more due to the legislation and tax policy in Slovakia.

Furthermore, both cooperatives created a Social Fund in accordance with the relevant legislation. It is being used for supporting catering activities beyond the law, contributions to employees' holidays, and transport costs. PPD Prasice provides extra health care for employees and some boni in jubilee celebrations.

Since the cooperatives only engage in primary agricultural production, they are not involved in creation and support of regional brands of final food and other products.

Both cooperatives have dominant positions within the regions where they operate. There is no competition between cooperatives and individual farmers but rather cooperation. The attitudes of farmers towards the cooperatives are generally positive.

PD Devio is successfully collaborating with business companies outside the agricultural sector and the collaborative relationships shall be further strengthened in the future. PPD Prasice is an active member of several organizations at national level. The cooperative is not a member of any organization at international level. Collaboration of the cooperative with business firms outside the sector is neutral.

Both cooperatives are providing community services for remuneration and without remuneration, e.g., cleaning and maintenance of the local roads in the municipalities during winter period and taking care of public greenery during summer time. The cooperatives support sports and cultural activities organised in the municipality.

Table 5. Comparison of policy measures

Policy Measure Name	Effects on development of the cooperative	Devio Nové Sady	PPD Prašice
Measure of Rural Development Program 1.1	Improving the competitiveness of agricultural producers through better use of production factors and the application of new technology	Yes	Yes

Modernization of agricultural holdings	and innovation		
Measure of Rural Development Program 1.5 Sales producer organization of producers	- Adapting the production and output of producers to market requirements, - Joint placement of goods on the market, - Increasing added value of common production and improving its appraisal.	No	Yes
Measure of Rural Development Program 3.1 Diversification into non-agricultural activities	Creating new jobs and maintaining existing jobs	No	No
Leader – Measure 4.1 Implementing integrated local development strategies	Improvement the quality of life in rural areas and improvement of economic opportunity and social conditions of the rural population	No	Yes

PD Devio does not want to join any producer organisation (PO), while PPD Prasice is a member of five producer organisations (milk, pig, beef, cereals, poultry and oil seeds sectors) and the management of the cooperative has a positive attitude towards such kind of cooperation.

In addition to EU direct support funds, both cooperatives have the opportunity to apply for project support through the Slovakian Rural Development Programme 2007-2013 (in the preceding period of 2004-2006 for the SAPARD and Rural Development Plan programmes). The attitude of cooperatives towards these supporting mechanisms is different. PPD Prašice is more open to cooperation with other stakeholders in the region. It cooperates with agricultural entrepreneurs in the region through establishment of producer organisations in several sectors. In addition it is a member of LAG Sogdum. The reason for cooperation is based on efforts facilitating the mutual development of the region by all relevant stakeholders. Through this cooperation, the cooperative has direct information about activities and intentions that are planned and realized within the region.

The cooperative Devio Nové Sady is located in a region where LAG Radosinka was established and has been supported through EU funds. The cooperative does not intend to cooperate and is not willing to be a member of the LAG. It rather cooperates separately with particular stakeholders in the region.

Both cooperatives take advantage of EU funds from Axis 1 of the Rural Development Programme of the Slovak Republic for the period of 2007-2013, modernizing their agricultural holdings and purchasing agricultural machinery. These types of projects help to increase the competitiveness of the cooperatives. On the other hand, they have a negative impact on the employment in the agricultural sector.

### **Development of the region**

Both cooperatives intend to create and maintain positive relations with the municipalities where they operate. Thus, they provide services for villages in the region as described. While the

cooperative PPD Devio Nové Sady provides services in some extent (up to €300 per village) for free, the cooperative PPD Prašice renders services exclusively for money.

Before 1989, the cooperative Devio Nové Sady provided services for local farmers with discounts, the cooperative PPD Prašice provided it for money.

Devio Nové Sady also supports primary schools in the region (from the Social Fund). It used to also build flats for employees. The situation changed in the 90ties when they terminated this support and sold all flats to the employees since it was not economically effective to maintain and take care for them.

### **The results of hypotheses testing**

Considering the proposed hypotheses, the following conclusion can be drawn:

#### *Hypothesis 1*

At least informally, post-socialist production co-operatives still feel responsible for some social services and infrastructure provision which they were used to in the past.

The hypothesis was not really confirmed because the APCs have not assumed a systematic role in local management that is independent from the individual economic objectives of the cooperative farm. This applies to the following aspects:

- Cooperatives still provide social services in rural communities and contribute to rural development. However these activities are more or less by-products of securing the profitability and sustainability of the farm and also fulfilling legal social policy obligations.
- For example, there is over-employment in post-socialistic cooperatives, and the average age of their employees is over 50 years; this group has only limited labour market opportunities.
- Cooperatives employ mainly residents of the region where they are farming, thus there is a strong relationship between cooperatives and region where they are situated.
- Cooperatives still provide services for municipalities, however, in smaller extent as before 1990 and mainly for remuneration, not for altruistic reasons.
- There minor donations to support cultural, sport activities and schools. These can hardly be seen as contributions to rural society and might also be provided by non-coop large farms.

#### *Hypothesis 2*

Numerous initiatives, for example, in rural tourism and environmental protection, originate from agricultural cooperatives, often with public policy support.

This hypothesis should be rejected as the transformed cooperatives are too conservative and not open to new non-agricultural activities such as rural tourism and environmental protection.

#### *Hypothesis 3*

Networks formed by cooperatives represent sometimes one of the main sources of social capital from which economic development can grow.

Confirmation of this hypothesis is rather weak. This applies to two views on social capital:

- Membership in formal associations: Both cooperatives investigated are members of professional associations at national level (Cooperative Union) that is a source of information and an instrument of political influence (e.g., president of Devio Nové Sady was chairman of Slovak Agricultural and Food Chamber). In addition, the cooperative PPD Prašice is member of 5 POs.

- Establishment of trustful personal relationships: This type of social capital may be enhanced by the technical assistance to other actors, like that small farmers receive from RDP, but there is less effort for actively building social capital.

#### *Hypothesis 4*

Cooperatives contribute to regional development in particular as regards strengthening the low income sector and improving living conditions for the rural population.

For the reasons mentioned for hypothesis 1, this hypothesis should rather be refuted in spite of the following observations:

- Both cooperatives want to create and maintain positive relations with the municipalities.
- They are providing services for villages and rural population (e.g., paid winter road service).
- The cooperatives employ mainly residents of the region where they are farming.

These activities are largely motivated by the economic performance of the farm and hardly reflect additional engagement in regional development.

## 5. Discussion and Conclusions

The analysis of the two post-socialist cooperatives revealed a reduced diversification of their production structure. The production portfolio is oriented rather towards capital intensive products (e.g. cereals, oil seeds) than labour intensive ones (e.g. fruit and vegetable, wine).

The post-socialist production cooperatives in Slovak rural communities have been replacing community-based service providers (e.g. in villages). The objective was to use the existing technical capacity of machineries and employees and to save the limited resources of the municipalities. At present, cooperatives are still providers of limited social services in rural communities, but they hardly contribute actively to rural development. However, they support their employees from the Social Fund as well as facilitate cultural and sport activities in the territory where they operate.

Since 1990, the number of employees of cooperatives has been continuously decreasing. Nevertheless, there still exists relative over-employment in post-socialistic cooperatives. Generally, cooperatives can make a contribution to an active employment policy in the rural areas by promoting the employment of 1) elder people over 55, 2) long-term unemployed young people, 3) disables people and 4) non-graduated people. Moreover, as cooperatives employ mainly residents of the region where they operate, they contribute to maintaining stable employment figures within the region.

The transformed cooperatives are very conservative and are not open to new non-agricultural activities, such as rural tourism and environmental protection, which could open up new chances for the development of rural areas. In line with this, the social services rendered by the cooperatives are decreasing as they are not backed up by any social policy measures. And since cooperatives, in contrast to the socialist period, face strong competition conditions, they cannot any more afford doing charity.

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## Annex 1 Questionnaire

### The role of post-socialist production co-operatives in rural communities (Survey of Slovakia) - Support for Farmers' Cooperatives Project

Question			
<b>1.1 Basic data on cooperatives</b>			
Name of cooperative			
Did a cooperative undergo a transformation Yes/No			
In how many cadasters the cooperative cultivate land			
Establishment of cooperatives (in which year)			
	<b>1990</b>	<b>2004</b>	<b>2012</b>
Area of cultivated land in ha			
Ownership of agricultural land in ha			
Area of leased land			
Number of contracts of rented agricultural land			
Number of the cooperative members			
- How many of them are residents of the village / municipality where the cooperative is farming			
Number of the cooperative employees			
- How many of them are the cooperative members			
- How many of them are residents of the village / municipality where the cooperative is farming			
- How many of them are disabled			
Age structure of the cooperative employees	number	number	number
15-24			
25-54			
55-64			
Age structure of board members	number	number	number
15-24			
25-54			
55-64			
Age structure of the cooperative members	number	number	number
15-24			
25-54			

55-64			
Educational Structure of the cooperative employees	number	number	number
` - Primary			
` - Secondary without graduation			
` - Secondary with graduation			
` - University			
Educational Structure of board members	number	number	number
` - Primary			
` - Secondary without graduation			
` - Secondary with graduation			
` - University			
Educational structure of the cooperative members	number	number	number
` - Primary			
` - Secondary without graduation			
` - Secondary with graduation			
` - University			
<b>1.2 production and non cooperative activity</b>	<b>1990</b>	<b>2004</b>	<b>2012</b>
What are the main cooperative business activities			
` - Plant production Yes/No			
` - Animal production Yes/No			
` - Forestry or fishing production Yes/No			
` - Agriculture machinery-services Yes/No			
` - Processing of agricultural products Yes/No			
` - Supply of agricultural inputs Yes/No			
` - Loan provision Yes/No			
` - Insurance and risk-sharing Yes/No			
` - Crop and animal production, breeding Yes/No			
` - Water Supply / Irrigation Yes/No			
` - Land and environment protection Yes/No			
` - Wholesale of final products			
Main products of Cooperative			
` - Cereals Yes/No			
` - Sugar Yes/No			
` - Pork Yes/No			
` - Lamb Yes/No			
` - Fruit and vegetables Yes/No			

` - Beef Yes/No			
` - Milk Yes/No			
` - Wine Yes/No			
` - Other			
Does the cooperative produce and sell products under its own brand Yes/No			
` - If yes, specify the product name and year of commencement of production			
` - What was the incentive for the production of regional products?			
` - how the sales of all products was influenced by brand product introduction			
<b>1.3 Elements of the internal governance</b>	<b>1990</b>	<b>2004</b>	<b>2012</b>
What is the composition of the Board?			
` - Only the cooperative members Yes/No			
` - Also non-members Yes/No			
Is ther a max. year limit for membership in the Board ? Yes/No			
` - if yes, how many years?			
Supervision role in the cooperative is executed by :			
` - Control Commitee Yes/No			
` - General assembly Yes/No			
What is the composition of the Control Commitee?			
` - The cooperative members Yes/No			
` - Non-members Yes/No			
` - Employees Yes/No			
The distribution of votes among cooperative members			
` - One member - One vote Yes/No			
` -Proportional with the upper limit of the number of votes Yes / No (if yes, specify the limit?)			
` - Fully proportional Yes/No			
<b>1.3.1 Benefits for members and non-members of the cooperative</b>	<b>1990</b>	<b>2004</b>	<b>2012</b>
Does the cooperative provide benefits for employees (benefits - eg. Particular agricultural products in kind, agricultural services for the village)			

if so, is there a difference between employees and members of cooperatives in providing these benefits? -if, yes describe them			
Indicate the amount and system of utilization of a cooperative social fund			
<b>1. 4 Interaction between cooperative and private sector in the region</b>			
	<b>1990</b>	<b>2004</b>	<b>2012</b>
Number of farms in the municipality			
` - <i>Ltd.</i>			
` - <i>share holding company</i>			
` - <i>cooperatives</i>			
` - <i>other</i>			
Number of individual farmers in the municipality			
Is there a cooperation or competition between cooperative and other farmers?			
What is the attitude of other farmers in relation to the cooperative	<b>1990</b>	<b>2004</b>	<b>2012</b>
` - <i>very positive, most of them cooperate to some extent with the cooperative Yes / No</i>			
` - <i>very positive, they would like to cooperate with the cooperative in the future Yes / No</i>			
` - <i>positive, but not interested in cooperation with the cooperative Yes / No</i>			
` - <i>neutral Yes/No</i>			
` - <i>rather negative and not interested in cooperation with the cooperative Yes/No</i>			
` - <i>negative Yes / No</i>			
` - <i>I do not know Yes/No</i>			
Is your cooperative a member of some POs? If so, list in what commodities			
Do you plan to join or establish a POs? If so, list the commodities to be involved in			
Is the cooperative a member of some association at regional level? If yes, specify			
Is the cooperative a member of some association at national level? If yes, specify			
Is the cooperative a member of some association at international level? If yes, specify			
<b>1.4.1 What is cooperative collaboration with businesses outside of agriculture?</b>			
	<b>1990</b>	<b>2004</b>	<b>2012</b>

` - very positive, most of them cooperate to some extent with the cooperative Yes / No			
` - very positive, they would like to cooperate with the cooperative in the future Yes / No	1	1	1
`-positive, but not interested in cooperation with the cooperative Yes / No			
` - neutral Yes/No			
` - rather negative and not interested in cooperation with the cooperative Yes/No			
` - negative Yes / No			
` - I do not know Yes/No			
What activities are carried by the cooperative for the development of rural areas	<b>1990</b>	<b>2004</b>	<b>2012</b>
` - Production of alternative forms of energy (biomass, biogas plant, solar) Yes / No			
` - Recycling of waste Yes / No			
` - Discounts on services provided for local farmers Yes/no			
` - Financial and other support of sports and cultural activities in the municipality Yes / No			
` - Providing a community services (cleaning and maintenance of roads in the municipality, taking care of public greenery and other activities) Yes / No			
` - Active cooperation with local governments Yes / No			
` - Active cooperation with Local Action Group Yes / No			
` - Creation and support of regional brands of food and other products Yes / No			
` - Flat building Yes / No			
` - List other (e.g. focusing on rural services)			
What is the cooperative collaboration with municipality/municipalities?	<b>1990</b>	<b>2004</b>	<b>2012</b>
` - very positive, most of them cooperate to some extent with the cooperative Yes / No			
` - very positive, they would like to cooperate with the cooperative in the future Yes / No			
`-positive, but not interested in cooperation with the cooperative Yes / No			
` - neutral Yes/No			
` - rather negative and not interested in cooperation with the cooperative Yes/No			
` - negative Yes / No			

` - I do not know Yes/No			
<b>1.5 Policy and institutional environment</b>	<b>1990</b>	<b>2004</b>	<b>2012</b>
What is the amount of subsidies per 1 ha of agricultural land			
Subsidies for rural development, e.g. Sectorial operational programme agriculture and rural development, Rural development programme:			
<i>Axis 1: Modernisation of agricultural holdings</i>			
<i>Axis 2: agri-environmental measures</i>			
` - LFA Yes/No (inSKK or EUR)			
` - organic farming Yes/No (in SKK or EUR)			
` - biodiversity protection Yes/No (in SKK or EUR)			
` - bird areas Yes/No (in SKK or EUR)			
` - greening of arable land Yes/No (in SKK or EUR)			
` - animal welfare Yes/No (in SKK or EUR)			
<i>Axis 3: Diversification</i>			
`-biomass production			
` - tourism services etc.			
<i>Axis 4: Leader approach - membership in the local action group (LAG)</i>			
` - Is cooperative a member of some LAG, if yes specify			