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CO-OPERATIVE ASSOCIATION OF THE CZECH REPUBLIC



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CO-OPERATIVE ASSOCIATION OF THE CZECH REPUBLIC – STRUCTURE

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HAPPY NEW YEAR 2014



Ing. Martin Pýcha, President of the Board of the CACR

The end of the year makes every society look back upon its achievements and failures. The same is true of the Co-operative Association of the Czech Republic (CACR). For us, the year 2013 was a year of the 20th anniversary of the establishment of the CACR as the legal successor of the former federal structures that disappeared along with the dissolution of Czechoslovakia in 1993.

We have actively tried to remind the Czech public, the political representation and the state administration officials of the existence of the co-operative sector, its values and principles as well as the role of co-operative enterprises in the economy of the state. We cannot say that our efforts were falling on fertile ground. Although we together with our partners from the Masaryk Democratic Academy managed to organise a seminar under the auspices of Vice-Chairman Lubomír Zaorálek in the Chamber of Deputies of the Czech Parliament in March, the participation of the invited legislative officials of all political groups and the mass media representatives was regrettably negligible. Unfortunately,

our next scheduled event, this time in the Senate, could not have been organised, initially due to the extensive floods that hit the whole country and disrupted normal life in all its spheres and later because of the political turbulence associated with the resignation of Prime Minister Nečas' government, which was not really inclined in favour of the co-operative sector and affected it even by its termination.

From the perspective of the international context, the global co-operative movement decided to build on the success of the International Year of Co-operatives 2012 declared by the UN, and our co-operative umbrella organisation, the International Co-operative Alliance, announced their vision up to the year 2020 materialised in the Co-operative Decade project. The Co-operative Decade is the continuation of the implementation of the goals formulated for the year 2012, which have imposed challenges also on the CACR to improve the position of co-operatives of all sectors in our country.

We would like to believe that the advent of the new government and the new state administration, as well as the changes in the European development programmes will be positively reflected in the attitudes of all the competent authorities and institutions to the co-operative issues. The CACR and its member unions, among which the Union of Production Co-operatives should be explicitly noted, want to play an active part

in the anticipated structural changes of the Czech economy and prove that the co-operative form of business is a competitive and adequate entrepreneurial activity. This is evidenced by the project of restructuring the economy of the Czech Republic presented by the co-operative sector to all interested and competent authorities and institutions.

In the context of the Czech administration's approach to the co-operative issues, I cannot omit to point out the more responsive attitude and positive evaluation that the co-operatives (and their entrepreneurial activities) received from the Holy Father, Pope Francis, who granted an audience to the delegation of the ICA leaders and emphasized his favourable relationship and support to the co-operative idea.

Allow me, in conclusion, dear friends, to wish you on behalf of the Board of the Co-operative Association and of myself a Happy New Year, satisfaction in your personal and professional life, good health and well-being within the motto of the International Year of Co-operatives: Co-operative enterprises build a better world."

*Ing. Martin Pýcha
President of the Board
of the Co-operative Association
of the Czech Republic*



CURRENT INFORMATION ON THE ACTIVITIES OF THE CACR MEMBER UNIONS

TRENDS IN REPAIR AND MODERNISATION OF PREFABRICATED HOUSES IN 2014-2020

Ing. Vít Vaníček – President of the UCMHC

The Condition of the Prefab Housing Stock in the Czech Republic

In the Czech Republic, the process of repair, modernisation or regeneration of prefabricated apartment houses has already been in progress since the mid-1990s. The motivation driving the users of the flats in these houses is changing over the years, as well as the priorities given to the various technological measures. This period can be described as:

1st stage of repairs and modernisation of prefabricated houses

This stage is defined as the basic procedure ensuring or improving the functional, structural, and thermo-technical standard of buildings. It usually involves interventions on the building envelope (repairs or thermal insulation of external cladding, roofs, balconies or the so-called loggias, and the replacement of windows) and in some cases, the process includes even repairs of the common distribution systems of building services and replacement or modernisation of lifts and other related measures. We are convinced that this stage is coming to an end and that it is necessary already today, from the position of the owners and administrators of prefabricated apartment buildings to ask not only about their condition, but primarily about the method of their further maintenance.

Total number of flats 4 366 000	Permanently occupied flats 3 826 000	Apartment houses 2 160 000 (56%)	Classic brick technology 960 000 (45 %)
		Family houses 1 632 000 (44 %)	Prefab technology 1 200 000 (55 %)
	Temporarily used flats 539 000		

Table 1: Structure of the housing stock in the Czech Republic

Table 1 describes the structure of the housing stock in the Czech Republic indicating that in the area of prefabricated housing construction,

have undergone a complete or partial process of the 1st stage of repairs and modernisation. Only 15% of the houses are in the original condition (see Table 2).

	In original condition	After total regeneration	Replacement of windows only	Cladding insulation only
%	15	42	29	14

Table 2: Condition of prefabricated houses owned or managed by the members of UCMHC

about 1.2 million accommodation units were implemented, representing 31% of all permanently occupied flats and 55% of flats in apartment houses.

The housing co-operatives associated in the Union of Czech and Moravian Housing Co-operatives (UCMHC) own or manage more than 600 thousand flats in prefabricated houses, i.e. more than 50% flats constructed by panel

Table 3 shows the average cost of the 1st stage of repairs and modernisation with indication of CZK per flat and CZK per square metre. The data are based on the activities of the UCMHC advisory and information centres participating in the processing of requests for repair of more than 80,000 accommodation units within the Panel programme.

	2005	2006	2007	2008	2009	2010	2011	2012
Costs per flat	153 998	187 980	186 992	214 994	221 780	229 320	226 460	226 200
Costs per m ²	2 366	2 938	2 990	3 484	3 692	3 822	3 770	3 770

Table 3: Costs of the 1st stage of repairs and modernisation per flat

technology. The internal union statistics show that about 85% of the houses managed by the member co-operatives

Taking into account the information from Table 2 and the data published in the PANELScan 2009 study

prepared by the Cerpád association, in which it is stated that regarding prefabricated houses, repairs were carried out in the past period in 55% of flats (not in all cases, however, these were comprehensive repairs), it can be concluded that about 50-55% of the flats in prefabricated houses, i.e. 600 000-660 000 flats, have undergone the 1st stage of repairs and modernisation. Conversely, we can state that **modernisation or repairs lie ahead of 540 000-600 000 flats in prefabricated houses.** Then, with the unit price of CZK 226 thousand per flat, the completion of the 1st stage represents construction work amounting to CZK 125-136 billion.

It is necessary, however, to ask whether all these flats will be repaired in the next period. With reference to the discussions with the representatives of the housing co-operatives in the various regions, we believe that practicably it can be expected that only a part of the remaining flats will undergo the 1st stage of repairs. According to the UCMHC's estimate, it will be about 300 000 flats. The financial costs of these works are estimated at **CZK 70 billion.**

This means that about 300 000 flats, i.e. a quarter of the housing stock built by the prefabricated panel technology, will remain unreconstructed, in their original condition. On the one hand, these may be flats in buildings approved for occupancy in the late 1980s or early 1990s whose technical condition does not require any major interventions. On the other hand, however, these will certainly be houses in excluded and socially weak locations where the market prices of flats are lower than the costs for their modernisation. In these areas, there is a real risk of escalation of social problems often leading to the emergence of "ghettos" with all the associated consequences. The UCMHC considers it necessary that

the state would assume in these areas its role and start urgently and first of all intensively addressing the situation, both in the form of subsidy programmes to support the modernisation of the housing stock and in the form of social and legislative measures that will lead to the stabilisation of the situation in the so-called excluded locations.

2nd stage of repairs and modernisation of apartment houses in the period 2014-2020

The 2nd stage of repairs and modernisation can be defined as a set of additional construction and technical measures leading to further efficiency improvement of the apartment house operation. To implement the 2nd stage, it is necessary to fulfil the following **requirements:**

- successful completion of the 1st stage of repairs and modernisation
- repayment of the loans of the 1st stage of repairs and modernisation
- sufficient awareness and knowledge of the flat users

Motivational factors that can convince the flat users to invest their funds into the 2nd stage:

- reduced operating costs
- extended life of the 1st stage measures
- repairs of defects and faults of the 1st stage
- increased building operation safety
- increased housing comfort

The 2nd stage can be divided into three groups of measures:

a) Cladding of buildings with an already completed thermal insulation system

The process of thermal insulation of apartment houses cladding has already been in progress for about 15 years. The oldest implementation projects have already reached the age, when it is necessary to check the technical condition,

remove the possible defects or faults, and restore the function and required characteristics of the coating with appropriate paint. These measures result in extending the life of the whole system. Preparations protecting the facade of the building from attack by algae or fungi can be applied together with these measures. We assume that by the year 2020, about 600 000 flats should go through this "revision." The costs of this works are estimated by specialised companies at CZK 250-400 per square metre representing a total sum of **CZK 10-15 billion.**

In cases where, from today's perspective, the insulation of facades and roofs was made with already insufficient thickness of thermal insulation, it is appropriate to consider additional thermal insulation of the cladding to make its condition comply with the current requirements and knowledge. We estimate the work associated with additional thermal insulation at **CZK 40-80 billion.**

b) Repairs of structural elements and technical systems in buildings

This group of measures includes primarily the repair or replacement of balconies and the so-called loggias (recessed balconies) (i.e. replacement of balconies with loggias or even construction of new loggias). The technical condition of the lifts in residential buildings and their putting into compliance with the current standard requirements is still an urgent issue.

A separate problem is the state of the distribution systems of building services in the houses. This topic can be divided into two parts more or less independent of each other:

- distribution of building services in common spaces – from the perspective the building manager, there are no major obstacles

in handling common distribution systems, which are continuously maintained and replaced

- distribution of building services in flats – as regards the housing distribution systems, the building manager is fully dependent on the willingness and the will of the flat user and it should be noted that, except for the measures connected with individually implemented reconstruction of sanitary core units, there are no works on distribution systems in progress. From the perspective of the building manager, there is no legislative regulation of this situation.

Based on case studies, we estimate the cost of the above activities at about CZK 200 000 per flat. Our estimate of the total potential of the related construction activities amounts to **CZK 120-180 billion**.

c) Energy – reducing energy intensity

A separate and probably the most discussed issue in the next period will be the further reduction of the energy intensity of buildings. After the completion within the 1st stage of the “passive” energy saving measures, the active measures are gaining importance. These can include the following:

- Reduce the costs of heat supply and hot-water heating (optimise the relationship with the central heating supply provider, regulate the heating system parameters, install heat pumps, install solar panels for hot-water heating and additional heating, replace existing boilers for more efficient ones, etc.)
- Install systems of controlled ventilation using air recovery – the use of this system is an essential prerequisite for further reducing the required energy intensity of prefabricated houses

to the level of significantly low-energy or even passive houses. It is the only tool to ensure the required sanitary parameters of the internal environment. Unfortunately, for the time being, there is not any available, systemically usable and affordable product applicable in prefabricated houses.

Implementation of the measures in this area will always be subject to close co-operation with energy specialists and designers, when only on the basis of their audits and evaluation it will be possible to decide not only on the economic suitability, but above all on the technical feasibility of the individual measures.

It is therefore estimated by the UCMHC that within the 2nd stage of repairs and modernisation, the volume of work that would need to be carried out in the period until the end of 2020, could come close to the amount of CZK 170-275 billion. However, it is highly unlikely that our assumptions will come true and that all the measures will be implemented to the above-mentioned extent. It is likely, for example, that there will be no change in the approach of the flat users to the replacement of the distribution systems in flats. On the other hand,

however, our calculations do not include the cost of new energy sources (solar panels, heat pumps, or controlled ventilation systems) for which the feasibility and financial demands are difficult to predict. By the year 2020, it is realistically possible to presume the demand for implementation of work **under the 2nd stage in the amount of CZK 120-200 billion**.

We estimate that, together with the completion of the 1st stage of repairs and modernisation of the apartment houses, it is realistically possible to expect the need for work amounting to CZK 190-270 billion. Whether these activities will be actually carried out will depend not only on the financial situation, needs and knowledge of the owners and users of the flats, but also on the economic situation of the state in the coming years and on its willingness to support such measures. Experience with the past or existing subsidy programmes has confirmed that the state's participation in a reasonable and long-term subsidy programme can significantly raise interest of the citizens in the particular subject. From the perspective of the state, it is then possible to expect great results for a relatively low cost.

Housing Co-operative Olomouc: Example of modernisation of prefabricated houses



Social Dialogue in Vocational Education in the Sector of Trade

Ing. Zdeněk Juračka – President of the UCMCC

The Union of Czech and Moravian Consumer Co-operatives (UCMCC) was involved in the project “Strengthening the Bipartite Dialogue in Sectors”. The main implementer of the project was the Confederation of Employers’ and Entrepreneurs’ Associations (KZPS) and the main social partner the Czech-Moravian Confederation of Trade Unions (ČMKOS). The project passed the relevant approval procedure, which was completed in mid-June 2010. The funds approved for the project amounted to CZK 76 million for a period of 36 months. The project was participated by 12 platforms and the issues associated with the project were dealt with by 80 people.

The implementation of the project was covered by the resources of the European Social Fund in the Czech Republic as part of the Human Resources and Employment Operational Programme.

Today the project belongs to the past because it was completed on 30 June 2013.

The aim of the project was to create a sustainable environment for the conducting of a sectoral social dialogue and thereby contribute to enhancing the adaptability and competitiveness of employees and employers.

The trade issues were dealt with by the Trade bipartite platform. The activities of this platform were based on teamwork involving specialists from both sides of the social dialogue. For the employers’ side these are a specialist for the conduct of social dialogue and an expert for labour-law relations in trade. The social partner for the trade unions’ side is a specialist representing the employees of this sector, who in this case is the representative of the basic trade union organisation within the Union of Czech and Moravian

Consumer Co-operatives (UCMCC). In view of the fact that the UCMCC was the only entity involved in the project, a significant portion of the addressed issues was devoted to co-operative trade. Therefore, the UCMCC took part in the formation of the personnel capacities of the project. The Trade bipartite platform ensured the project implementation at three levels. The main topics included:

- 1) The importance of trade as an employer
- 2) The labour-law relations in the trade sector
- 3) The situation in vocational education with a focus on the needs of the trade sector

We have already informed you about already about the first two topics and today I would like to mention the third one **“The situation in vocational education with a focus on the needs of the trade sector”** whose solution was completed by the national conference held on 15 May 2013 in Klánovice.

The aim of this specific topic was primarily to define the support tools of vocational education in the trade sector, describe the possibilities for further vocational training of the workers in trade, promote employment in trade and, finally yet importantly, increase the sector’s competitiveness.

To find the basic objective of the project, the project’s methodical procedures were followed and the tasks associated with the individual stages of the project were provided by the platform implementation team. In particular, it was important to ensure the production of the problem **impact study**, which became the basis for the subsequent workshops. The impact study was prepared by the COOP Management Institute, s.r.o.

The content of this impact study was focused, in particular, on adequate lists of trade subjects at secondary schools and higher vocational schools and lists of trade programmes at colleges and universities. At the same time, the study defined the qualification requirements for graduates and workers. The study also provided a sufficient overview of the National Qualifications Framework within the meaning of Act No. 179/2006 Coll. and of the status of the Sectoral Councils. In addition, it outlined the practice of other countries in Europe and defined the development of the employment structures in the Czech Republic and in the EU countries. The study also touched on the very delicate topic of our economy, namely the amount of money expended by the employers in trade on the training of their employees.

Within the framework of the project, **5 workshops were implemented on the part of the employees, 8 workshops on the part of the employers and 24 joint workshops**. Within the scope of this phase of the project, workshops were held both in the consumer co-operatives and in the UCMCC vocational schools.

Another activity was the **publication of a printed manual** representing a kind of guidance for the trade sector including an indication as to how to proceed in the social dialogue. The manual represents the output of the third stage of the trade platform in the project, describes the specifics of vocational education in the trade sector, suggests the specific trends of its development, defines the vocational education support tools and deals with the issue of tackling the existing problems in this area.



Mgr. Václav Hořejší, Director of the National Institute for Education, presented general specifics of employment as well as the current situation regarding the graduates' employment on the labour market

An important part of the manual is a chapter regarding trade and social dialogue. An essential part of the manual, which received much attention, is a **summary of the findings acquired in workshops** and summed up by the implementation team as follows:

Conclusions from workshops in co-operatives:

- The amount of funds devoted by the co-operatives to the education of their employees is heavily dependent on the financial situation of each co-operative. The scope of educational events is ranging from a comprehensive training programme for all employees to the provision of only the most essential training
- Education is ensured by the co-operatives either on their own account or a certain part is covered through the COOP Management Institute, where the financial aid from the UCMCC is used
- A problem is seen by the representatives of the co-operative sector in the providing sufficient number of workers for trade in the near future; there is a generation exchange, especially on the positions of the shop and store managers, many of whom are of the retirement age, and it is problematic to find new people who would develop a similar relationship to their store and their customers as the “old” employees working in one

and the same store for even dozens of years

- The profession of a “salesperson” has lost respect and it is applied for only by people with different qualifications; then it is necessary to train them, which costs time and money. This is worsened by another problem, namely that today there are only study programmes with General Certificate of Secondary Education, but the graduates do not seek employment in trade operations, because they want to work in administration. All of this is related to remuneration since work in the store is poorly paid
- Although education is the wealth of everyone, not all are aware of this
- Especially in small stores it is operationally difficult to allow the employees to participate in training and further education, but it is still manageable when there is interest
- It turned out that it is needed to co-operate with the basic or vocational schools in the particular location already when recruiting fresh pupils and students and it is necessary to be a partner of the respective school
- The applicants can be offered scholarship and their jobs after finishing the school can be agreed on a contractual basis
- The labour market cannot be relied upon, especially in case of people who will work in manual operations

Conclusions from workshops in the UCMCC vocational schools, which were attended by both the employees (especially the teachers) and the students of these schools:

- What young people learn at schools are only the foundations on which it is necessary to build further training depending on where they find employment
- It is necessary to have contact with actual practice already during the learning and teaching process, where practice should form a larger part and should be taught by real experts
- It is necessary to ensure continuously the training of teachers of vocational subjects
- It is important that the students know what are the requirements and needs of the potential employers
- In addition to professional knowledge, it is important to gain also other skills, especially knowledge of foreign languages and computer literacy
- Employers are interested in versatile employees who are able to perform various tasks
- There is no great interest in working in the sector of trade, in particular due to the low financial remuneration
- Young workshop participants prefer higher education, giving preference to obtaining the General Certificate of Secondary Education rather than mere apprenticeship certificate
- There is no doubt about the importance of quality education for one's further life
- It is not easy to find a job after school even with finished professional education
- It is good to find the future employer already in the course of study

The manual was delivered to all the conference attendants. It is intended for a wider professional public as well. All these issues were thoroughly discussed at the conference in Klánovice.

What could be concluded from this stage of the project?

The study, which was aimed to map the situation in vocational education with a focus on the sector of trade, has opened a number of problems that need to be addressed by effective tools, in particular:

- Strengthen career guidance at the second level of primary school, especially by involving the greatest possible number of employers into the selection process of the students' educational carrier
- Strive to change the thinking of employers and to ensure their wider involvement in the promotion of the individual trade subjects at primary schools, increasing the prestige of vocational training and at the same time improving the care for graduates of vocational education and enhancing their working and wage conditions
- Support the activities of employers in training the teachers of vocational subjects
- Engage in the modernisation and equipping of specialised classrooms at schools in the premises of the employers thus making the taught subjects more attractive and at the same time present effectively oneself to the students of the schools
- Expand the possibilities of new entry of the GCSE holders into educational courses with the GCSE examination and apprenticeship certificate in the form of shortened study terms
- Make use of the freed space and personnel of secondary schools towards the area of development of adult education and implement gradually the transformation of the existing secondary schools into lifelong learning centres and employment providers
- In developing the lifelong learning, make maximum use of the EU funds
- Seek direct financial support of the business sector for the students of

the subjects of secondary vocational education, where there is a long-term inconsistency between supply and demand on the labour market and which are now at risk

So what is the solution pro-posed within the project?

From the industry structure perspective, the group "66 Trade" belongs to the subjects, where the firms are facing a lack of workers, mainly shop assistants or warehouse staff. This is due primarily to the financial undervaluation of these professions. The situation is further deteriorated by the effect of large sales chains, where qualification of workers is not required and professional skills are provided merely by their own staff training.

For these reasons, there is also a decline in the number of students enrolled on the first grades of the trade-related subjects (students are losing interest in these professions), which in addition is potentiated by a significant decrease in the number of fifteen-year-old persons in the Czech Republic. The school year 2012/1013 is the third year in which the number of the newly enrolled has once again strongly reflected the decline in population (while in 2010/2011, there were 14,700 students enrolled in the first grades of secondary schools, their number was only 3,700 in 2012/2013). The decrease in the number of new students will continue at least in the next year.

The solution to the problem with the lack of workers appears to be the introduction of the National Qualifications Framework (NQF) as a flexible and practical tool, which in

addition to the mandatory education offers another path to full professional qualification. However, if the entire system of qualifications recognition should work, it must be accepted by employers, which means that they must be involved in its development to the maximum extent possible.

This is the task of the so-called sectoral councils composed of the representatives of the employers of the relevant sectors. Sectoral councils decide on the needs of the creation or revision of the qualifications in the areas of their competence and govern the teams of experts from practice, who under the leadership of the National Institute of Education define the content of specific qualifications and process or revise their standards. Then the standards go through the approval processes at the relevant ministries (the so-called authorising bodies) and finally at the Ministry of Labour and Social Affairs and the Ministry of Education, Youth and Sports.

The development of the NQF is based on the recommendations of the EU and the individual qualifications are linked to the European Qualifications Framework (EQF).

The Sectoral Council for Trade and Marketing currently has under its management seven professional qualifications, which are announced to the public within the NQF. The development of additional professional qualifications continued in 2012 based on the proposals of the sectoral council in relation to the established labour units.

Current Information on the Activities of the UCMPC

Ing. Soňa van Deelenová – General Director of the UCMPC



The Union of Czech and Moravian Production Co-operatives (UCMPC) associates over 200 production co-operatives operating in all areas of the manufacturing industry. The turnover of our members totalled last year more than CZK 14 billion representing an increase of 2% compared to the year 2011.

The activities of the UCMPC were focused this year on three basic areas. The traditional task arising from the Statutes is defending and representing the common interests of the member production co-operatives in relation to the government, the ministries and other state and public institutions. This area includes primarily the enforcement of the requirements and legitimate needs of the production co-operatives in all aspects of the business environment. Recently, we have been mainly increasing the pressure on the necessity of restructuring the Czech economy in terms of promoting small and medium-sized enterprises (SMEs). It is no secret that in many EU states to the west of the Czech border, almost 90% of the state budget revenues based on direct taxes come from SMEs, while it is only about 30% in our country. The stability of the economy of those states is then much greater in comparison with the Czech Republic, not to mention the potential loss of the income tax proceeds or the effect on the employment rate. Production co-operatives are largely medium-sized businesses with consistently good economic results, which in many cases are major employers in their places of business. Moreover, many of them are mostly employing handicapped people thus performing an important social role as well. This fact corresponds also with the resolution adopted by the EU Parliament's Commission for Industry, Energy and Science, which highlights the importance of co-operatives as stable

employers. The support for SMEs lies not only in the possibility of drawing on the structural or national funds, but also in the requisite reduction of bureaucracy and the still only increasing administrative and legal requirements of the state authorities. These requirements are in direct conflict with the declared political interest of all parties, namely the growth in GDP. First of all, it is necessary to ensure work and sales in the enterprises. The more time is spent on needless, senseless and often expensive bureaucratic agenda, the less time is left to think about new ways of sales, innovation and other activities, which are very important for the future but, unfortunately, are not urgent. In this way, we are trying to be active in all the commissions and committees where we are nominated as the SMEs representatives. In addition to the specific proposals on reducing bureaucracy and support for SMEs, we have assessed more than 300 proposals of legal regulations and other legislative materials, such as the amendment to the Employment Act, amendment to the law on the promotion of SMEs, amendment to the Insolvency Act, amendment to the Civil Procedure

Code, amendments to the tax laws, etc. In the last period, we focused on the project of restructuring the economy of the Czech Republic to strengthen the stabilisation of economy and employment through co-operative production enterprises and medium-sized companies.

Another area, which is far more visible and obvious for our members, includes specific educational, advisory, consulting and organisational activities. In the first half of 2013, we planned and carried out more than 20 training events for the employees of member co-operatives, which were attended by over 500 people. The training is based on the information provided to members through the extranet and special information newsletters published up to 20 times a year as needed in paper-based and web-based form. Training topics are permanent, mostly from the legal and tax areas, especially economic, marketing, commercial or ad hoc themes according to current needs. A very topical subject presently is the preparation of new model statutes for co-operatives. The second half of this year will be focused specifically on training and seminars on this issue so that the member

UCMPC national consultation meeting - Prime Minister giving awards. Photo: Jana Henychová



co-operatives could ensure the registration of the new statutes by 30 June 2014.

The training and seminars can be subsequently expanded by follow-up consultations and legal, tax and economic counselling, as well as advice on environmental, occupational safety and other issues. Our members attach great importance also to the processing of the projects based on the structural funds and national programmes. The UCMPC workers have experience in particular with the Operational Programmes Entrepreneurship and Innovation and Human Resources and Employment. For these two programmes, they have processed dozens of projects and provided advice on monitoring reports, payment requests and other required documents.

The organisational activities include the possibility of participating in joint presentations at exhibitions and fairs as well as joint purchases whose importance is continuously growing. Once again this year, the member co-operatives had the opportunity to buy energy and gas jointly through the Kladno commodity exchange with savings from these purchases totalling tens of millions of crowns. Similarly, we have concluded a framework agreement on property insurance and liability insurance, where from 1 January of this year we have negotiated reductions in a number of insurance rates of up to 20%. Based on a tender, we have managed to arrange newly very good conditions with a mobile operator earlier this year, which thanks to our framework agreement can be used not only by the member co-operatives, but also by their employees. We are still looking for other possible areas of savings where collaboration with other co-operative unions even at the international level is seen by us as much needed.

All these areas of support and assistance were positively evaluated by our members at the 22nd General Assembly, which

took place on 17 June 2013 in Nymburk. The General Assembly approved new statutes whose proposal had been discussed already at the regular regional meetings held in the spring of this year. The new statutes are bringing, in particular, specification and simplification of a number of provisions and it can be stated in general that the changes were made for the benefit of the members.

The General Assembly also appreciated the best production co-operatives with turnovers in the order of hundreds and profits in the order of tens of millions of crowns. The best production co-operative of the year has become Sněžka Náchod, followed by the co-operatives Kovobel Domažlice and Granát Turnov. Awarded in a separate category were also the co-operatives employing

the procedurally and technologically demanding area of automation. Five products received awards in the DESIGN VD 2013 category and five products in the INNOVATION VD 2013 category.

Another major event was the national consultation meeting of production co-operatives held on 15 November in Prague attended by 200 representatives of member co-operatives. The main theme of the speech of the UCMPC President JUDr. Rostislav Dvořák was the project of restructuring the economy of the Czech Republic to strengthen the stabilisation of economy and employment through co-operative production enterprises and medium-sized companies. A guest of honour at the national consultation meeting was the Czech Prime Minister Jiří Rusnok.



UCMPC national consultation meeting - Prime Minister's speech

handicapped people, where first place was taken by Služba České Budějovice, followed by the co-operatives Otava Písek and Obzor Zlín. The Union of Czech and Moravian Production Co-operatives has declared for the year 2013 the already 14th annual competition DESIGN VD 2013 and the sixth annual competition INNOVATION VD 2013. This year, production co-operatives registered in the contest a number of interesting innovations from the field of consumer goods, toys and textiles as well as advanced products from

The Union of Czech and Moravian Production Co-operatives celebrates this year the 60th anniversary of its founding. On the occasion of this important anniversary, 85 founding members of the UCMPC received commemorative certificates. Twenty-three representatives of the oldest co-operatives received awards as "co-operatives with deep entrepreneurial tradition". The oldest member of the UCMPC is the artistic production co-operative Moravská ústředna Brno, which was founded in 1909.

Training of Security Guards

Ing. Lenka Bartoničková on behalf of the project implementation team

In the Union of Czech and Moravian Production Co-operatives (UCMPC) we have been implementing already for the third year the project "Training of Security Guards in Production Co-operatives Employing Handicapped People" (Project Reg. No. CZ.1.04/1.1.06/33.00048). We started this project in 2011 and this year we have reached the final stage. We are pleased to say that the goal we had set at the beginning is gradually coming to a successful end.

The project focuses on the specific sector of co-operative business, which employs a significant proportion of people with disabilities and people older than 50 or, as the case may be, 55 years of age. The project should assist the security guard staff to obtain the qualifications required for the exercise of their profession. Without the fulfilment of the professional competence criteria laid down in the amendment to the Trade Licensing Act, the security staff would not be able to continue performing this activity any more.

The improved qualification of these employees increases their adaptability and their price on the labour market. At the same time, the project contributes to the motivation of employees and increases the competitiveness of member co-operatives.

The aim is to train 897 members of the security staff to perform proficiency tests for the professional qualification of the "Guard" No. 68-008-E and fur-



Pre-shooting instruction

ther to verify the professional competence of the training attendants based on examination in accordance with Act No. 179/2008 Coll., on recognition of the results of further education.

The project involves a total of six UCMPC member co-operatives of which four are participating since the project's beginning:

- **Integra, výrobní družstvo, Zlín**
 - **Služba, výrobní družstvo, České Budějovice**
 - **Družstvo HLS, výrobní družstvo Plzeň**
 - **DIOL družstvo, Olomouc**
- and two have joined the project later:
- **1. Severočeské družstvo zdravotně postižených**
 - **Mechanika Prostějov 97.**

The company CANA s.r.o. was chosen in a selection procedure as the training provider.

Until now, a total of 952 members of the security staff have been trained within the project, of which 929 have

successfully passed the proficiency test, representing examination success rate of 98%. The project statistics also shows that 73% of the course participants are handicapped and 40% of the course participants are over 55 years of age.

This year, the project has been expanded with two additional courses, namely a course to improve the security staff's basic communication skills and a course for the members of emergency intervention taskforces. The former took place in May and was completed by a total of 49 people. The latter was held in the autumn and was completed by 24 members of intervention taskforces. It was a two-day course, including practical training of skills on a shooting range.

It can be concluded that the co-operatives engaged in the project are employing fully qualified security guard staff and are able to offer their services on a professional level.

Successful Seminar on the Co-operative System

Ing. Klára Kozlová – Agricultural Association of the Czech Republic

The seminar on “The Impact of Abolition of Milk Quotas in the EU on Milk Producers,” which took place on Friday morning, 30 August at the Bread Basket exhibition in České Budějovice, attracted more than fifty attendants interested in the co-operative form of enterprise, especially in connection with the dairy sales co-operatives and their future.

The seminar was opened by Ing. Martin Pýcha, President of the Agricultural Association of the Czech Republic, who presented to the participants the general facts about the co-operative system in our country, in Europe, and in the world. He described as a particularly good example the neighbouring Germany, where sales co-operatives represent very strong economic entities, which is also reflected in the stronger position of primary producers in the production vertical and, as a result, even in more favourable prices. He also pointed out the fact that in the CR we have 36 milk marketing organisations of which, however, only a fraction is of a size that is worth mentioning in terms of bargaining and negotiation. Many sales organisations are virtually not economically active, or only marginally (remains of the incorrectly adjusted support policy from the period 2004-2006). Mr. Pýcha also mentioned the effort to merge the existing sales organisations into larger units to prevent fragmentation of the bargaining power.

Then the floor was taken by Ing. Jaroslav Švec, chairman of the Mlecoop sales co-operative, who briefly talked about the origins of sales co-operatives in the early 1990s as a response to the increasing number of multinational retail chains, which began to operate in the CR and represent today 75% of the retail market. He appreciated the importance of co-operatives in particular from the perspective of milk

trading and also mentioned the so-called Milk Package, which, however, according to his own words, is a disappointment in the conditions of the CR, because from its portfolio only part has been implemented in the CR representing the possibility of increasing the traded production of registered entities at the level of 33% of the total milk market.

Another guest at the seminar was Karel Bednář, representative of the Jih dairy farming co-operative, who informed the audience about the activities of his dairy co-operative that has existed for 20 years, has 206 members and markets daily 1 150 000 litres of milk. It supplies milk to a larger number of dairies and also, inter alia, to a Bavarian dairy, which is entirely owned by the farmers and he highly praised the collaboration with this particular dairy. A key factor for the future of milk is seen by him mainly in the ability to sell the milk, not only to produce it, i.e. to get prepared for the period after the abolition of quotas, particularly from the perspective of the marketing and sales promotion of dairy products. The approach of Mr. Bednář to the issue of the abolition of quotas is not so pessimistic but as he emphasized, the situation on the milk market will mainly depend on the conditions of aids and subsidies in the milk sector and their comparability between the old and the new EU member states. “First of all, it requires long-term contracts with the dairy, an active sales co-operative that will communicate with its members, a fair approach of the trading partners and fair information on both sides. In short, it requires a little more decency,” Mr. Bednář said in conclusion of his speech.

The representative of Moravian dairies Ing. Stanislav Coufal described the com-

plicated situation of milk processors, primarily due to their difficult position under pressure from the merchants, especially large chains. From the perspective of the abolition of milk quotas, he then discussed openly certain concerns about the increasing production potential in some of the neighbouring countries (especially Germany) and warned against the danger of overproduction, which can heavily affect the economy of the entire dairy sector.

The last speaker was Doc. Dr. Ing. Josef Kučera, Director of the Czech Fleckvieh Breeders Association, who brought to the seminar the European summary data from the dairy sector, which, inter alia, suggest that most likely in the years 2014/2015 the European quota will not be filled (6% will be missing), although production continues to increase (around 1.5% per year) and a growth in the average annual performance of dairy cows up to 7,200 kg can be expected. An interesting finding from the presented analyses is the fact that in the CR there is the seventh largest fluctuation in prices over the last ten years worldwide, which certainly is not a particularly positive phenomenon for breeders. Greater price stability can be ensured, inter alia, by the sales organisations, whose importance was clearly declared by Mr. Kučera. He substantiated his statements by a Dutch study suggesting that in countries where at least 50% of the production is associated, the achieved prices are better by EUR 2.5-4.5.

The keen interest of the audience was confirmed also by the subsequent discussion and exchange of views of both the farmers and the processors.

CURRENT INFORMATION ON THE ACTIVITIES OF THE CACR

INFORMATION ON THE CO-OPERATIVE DAY 2013

Mgr. Jiří Svoboda, DESS – Executive Director of the CACR

In accordance with the Resolution of the Board of CACR, the Co-operative Day was held on 30 August 2013 within the international exhibition Bread Basket. The guarantor of its content this year was the Agricultural Association of the Czech Republic (AACR) which in co-operation with the CACR Secretariat organised a workshop, whose theme was "The Impact of Abolition of Milk Quotas in the EU on Milk Producers."

The public was informed on the Co-operative Day in the materials published by the management of the Exhibition Centre in České Budějovice, by the invitation announcement in the Czech Cooperator bulletin No. 1/2013 and at a press conference held by the Ministry of Agriculture on the occasion of the 40th anniversary of the Bread Basket exhibition on 14 August in Prague, at which an invitation

to the event was distributed, as well as a special press release commemorating the 20th anniversary of the establishment of the CACR. The exhibition itself was used to distribute printed materials published by the CACR (Czech Cooperator and Statistical Data).

The seminar on the above topic was hosted by the President of the AACR Ing. Martin Pýcha and attracted more than fifty people interested in the co-operative form of enterprise, particularly in relation to dairy sales co-operatives and their future (more details in a separate article by the AACR).

The attendants' interest was confirmed also by the discussion that followed the presentations of five speakers, which included also exchange of views of both the farmers and the processors. After the conclusion of the dealings, the participants were offered refreshments and they held further informal discussion on the subject.

The organisational provision of the event, including technical support, was ensured by the Co-operative Association and its budgeted costs have not been exceeded. Many thanks go to the UCMCC management, which got involved through the COOP Centre in the provision of the refreshments for the seminar attendants, namely sponsored supply of drinks.

As in previous years, the Czech co-operative sector was represented also this year at the Bread Basket exhibition not only by organising the Co-operative Day, but also by separate exhibitions and sales presentations of the Agricultural Association of the CR, the Union of Czech and Moravian Production Co-operatives and the Union of Czech and Moravian Consumer Co-operatives. The products offered did the Czech co-operatives credit and aroused great interest among the visitors.

GENERAL ASSEMBLY OF THE ICA 2013 AND THE CO-OPERATIVE DECADE

Mgr. Jiří Svoboda, DESS – Executive Director of the CACR

The extraordinary General Assembly of the International Co-operative Association (ICA) held in 2012 in Manchester, UK, approved the organisation of the General Assembly in 2013 in Cape Town, South Africa. For

the first time in the history of the ICA, the General Assembly was held in Africa and the selection of the African continent was an expression of support of the international co-operative movement to the development of the co-

-operative sector in Africa. The activities in Cape Town were organised by the ICA Committee for Africa headed by President Stanley Muchiri in conjunction with the South African co-operative association SANACO, whose President

N. L. Bale was mandated by the National Co-operative Association of South Africa (NCAS) to organise the meeting of the ICA global co-operative organisation. The various ICA activities included the global conference initiating the so-called Co-operative Decade as well as the activities of all the world sectoral associations, which were used by the delegates from all over the world for the meetings of their sectoral general assemblies, namely the ICFO (fisheries), ICAO (agriculture), ICA Housing (housing) CICOPA (manufacturing), CCW (consumables), ICBA (banking), and IHCO (health care).

ICA General Assembly

The General Assembly of the ICA took place on 4 November 2013 and dealt with the approved agenda. It was officially opened by ICA Director-General Charles Gould. Then, the organisation President Pauline Greene delivered the opening speech comprising a number of interesting ideas from which we choose:

- The need for fundamental changes in the approach to the co-operative movement in which lies the ICA's crucial role, i.e. to seek and initiate changes in the approach to the co-operative system in the individual countries of the world
- We want to build on the International Year of Co-operatives by implementing the so-called Co-operative Decade, which should develop the core ideas and objectives of the last year's international event
- The new ICA management (to be elected in the course of the GA) must focus on lobbying at the UN and other international organisations
- Emphasis on the sustainability of the global development and the share of co-operatives in this process
- The issue of the needs of development of the African co-operative movement; the convening of the GA on the African continent is one of the expressions of the ICA's support to the local co-operative sector

- The issues of the global development of the co-operative movement will be discussed by 2,500 people at the international co-operative summit in Quebec, Canada in 2014
- It is necessary to prepare the strategy of the co-operative system for the future
- Emphasis on the importance of the co-operative banking sector
- Involving women in the management structure of co-operatives should play an important role

indication of their preferred officials and put them into the ballot box. The Czech delegation consisting of the CACR Board Vice-President JUDr. Dvořák and the Executive Director Mgr. Svoboda had a weight of five electoral votes.

The three workshops of the Global Conference on the Co-operative Decade subsequently resumed their programmes from the previous day (more information follows below).



General Assembly of the ICA – Czech delegation

Then the floor was taken by the Chair of the Election Committee Ms. Hajah Armi Zainudin, who introduced the candidate for the post of the ICA President. The only candidate was again Pauline Green whose office was confirmed. Thereafter, the election of four vice-presidents took place. Four candidates were proposed (for Europe, it was Dirk Lehnhoff, President of Co-operatives Europe) and all of them were elected. Subsequently, a list of 31 candidates for the functions of board members was presented. All of them – except the representative of Zimbabwe, who withdrew his candidacy – then personally appeared before the delegates and presented their programmes and intentions with which they want to carry out the post of the ICA Board member. Delegates with voting rights filled the ballots with

From 2:00 pm, the plenary session of the GA continued with the report on activities presented by the Director-General. The report noted some of the key events of the reporting period and outlined several suggestions for the future. The DG has returned to the concluded International Year of Co-operatives and emphasized that the ICA wants to continue the path started this year. He reminded that it is not just about the formulation of the objectives set last year, but now it is mainly about finding ways to reach them and to fulfil them. The ICA wants to take advantage of the interest of young people in the electronic form of communication and strengthen its activities on social networks. One of the tools is the Dotcoop

domain for the utilisation of which the ICA was granted an honorary award. In addition, the DG has informed in his report on the progress of the work associated with moving the organisation from Geneva to Brussels, which is connected also with a change of its legal form. From 21 December 2013, the ICA will cease to be registered in Switzerland and the registration will be transferred to Belgium. At the same time, the ICA will receive the status of an international non-profit organisation. There will be no changes in the organisation's activities and its intensive co-operation with international organisations (the UN, FAO, ILO, etc.) will continue.

A delegation of the ICA leaders was received by the Pope, who expressed support for the co-operative business model. Great importance is given to the collection of current statistical data on the co-operative sectors in individual countries, all the more so as the GLOBAL 300 project has been reactivated. The number of monitored co-operatives is extended from 300 to 5,000 and the ICA is collaborating on the project with the EURICSE research institute (so far 2,000 co-operatives have been registered). Within the scope of the contacts with international organisations, a co-operation agreement was signed with the FAO,

which is an important partner for the ICA. A separate big appearance at the UN is being prepared for the year 2020. It is necessary to ensure that all representatives of international institutions have enough relevant information about the co-operative movement. We must prove that co-operatives are a very reliable business model. In connection with the movement to Belgium, the DG must be newly appointed and so the GA confirmed Charles Gouda in the position of the DG for the next period. At the same time, the election of the representatives of the ICA sectoral organisations was ratified.

After the speech of the DG, the Chair of the Audit and Risk Committee Kathy Bardswick submitted the financial report for approval. According to her presentation, the report focuses on three key activities:

- ICA's financial situation
- The issue of contributions
- Confirmation of the audit results

The economic results for 2012 show a profit of CHF 156,617 while in the previous years, the budget used to show a deficit. Kathy Bardswick stressed that we should not waste the reserve that we had created. As regards the issue of contributions, although the number of

members was increasing in the past two years, the income from contributions was decreasing. Currently, the revenue from contributions has shown a slight increase. There will be no changes to the criteria for the collection of contributions (approved in 2008 in Rome) and both of them will remain, i.e. the number of the organisation's members and the World Bank index (recalculated every four years). The calculation of the contribution amount is then a combination of these two criteria. The ICA management submitted a proposal according to which the principles approved in Rome would be preserved and various models of member contributions would be prepared and presented so that they could be approved at the GA in 2015. The third key issue of the financial report was the approval of the audit report, which the ICA gets prepared, although it does not need it formally, but considers it useful to have it.

The question of the use of the audit firm KPMG triggered a debate among the session participants. It was initiated by the UK representative, who expressed reservations about the firm. It is allegedly involved in some countries in obscure activities regarding tax consultancy (incitement to circumvent tax laws), which might damage the ICA's public image. Nevertheless, the factual basis of such speculations (accusations) had not been substantiated. After a debate in which various proposals were submitted, the plenum adopted a resolution that KPMG would continue to be used until the end of 2014 and then, from 2015, the issue of the audit firm would be addressed newly and fundamentally, taking into account the reservations about KPMG raised by some ICA members.

The announcement of the election results required more time than was supposed for their counting. As regards the representation of the Eastern European states in the ICA Board,

General Assembly of the ICA – Pauline Green's speech



J. Paszkowski from Poland failed to defend his candidacy. This region will be represented by P. Stefanov from Bulgaria and E. Kuznetsov from Russia. Both of them are representatives of the sector of consumer co-operatives.

The next General Assembly of the ICA will be held in 2015 and based on the invitation of the Turkish co-operative umbrella organisation OR-KOOP, it will take place in Turkey. The exact date and place have yet to be agreed.

ICA Global Conference

The extraordinary General Assembly held in Manchester in 2012 approved the Action Plan for the Co-operative Decade. The Co-operative Decade follows the 2012 International Year of Co-operatives announced by the UN. It should continue fulfilling the objectives of that year and endeavour to take advantage of the potential opened thereby. The vision of the approved Action Plan is to prove that the co-operative business model is stable, competitive and suitable for everyone. Another of the aims of the Decade is to set such legislative conditions that will allow and promote the development of co-operatives.

The Co-operative Decade is a strategic vision of activities of the ICA or actually the global co-operative sector for the period up to the year 2020. It includes five interconnected key themes formulated as follows:

- Elevate participation within co-operative membership and governance to a new level (strengthening the principle of democratic management of co-operatives)
- Emphasize the position of co-operatives as builders of sustainability
- Strengthen the co-operative identity, values, and principles
- Ensure supportive legal frameworks for co-operative growth (at international and national levels)

- Secure access for the co-operatives to reliable financial capital

The Action Plan approved in Manchester included also the global conference to be convened on the occasion of the GA held in 2013 in Cape Town. The conference was divided into five thematic workshops listed below, which were held in parallel from 3 to 5 November.

Topics of the workshops:

- 1. Food security and sustainable supply chains** – under the guarantee of CCW (consumer co-operatives sector) and ICAO (agricultural sector) it addressed the issue of the behaviour of the food producers and consumers to each other, as well as the status and role of co-operatives in this relationship
- 2. Access to community services** – under the aegis of CICOPA (production co-operatives sector) and IHCO (health sector), the discussion dealt with the issues connected with the access of the population to community services related to health, education, environmental protection, employment of people with disabilities, production of energy from alternative sources, etc. Emphasis on the strongly local nature of the services offered and the scope of operation of the co-operatives in this area, as well as the necessity of reinforcing the involvement of co-operatives in the supply of those services
- 3. The power of communication** – under the leadership of Ed Mayo (President of Co-operatives UK and Chair of the ICA Communications Committee), the discussion dealt with the issues of consistent and proper use of all means of communication for the promotion of the co-operative system, the development of communication with the young generation, women, and other groups of the population, the co-operation with mass media and activities on social networks

4. Finance at the forefront of the new economic age – under the auspices of ICMIF (the mutuals) and ICBA (banking sector), the discussed issues included the financing of co-operatives, their access to various financial instruments and the importance of the co-operative banking sector, which in the current economic crisis has demonstrated great resilience and helped to overcome the crisis

5. Building knowledge – under the auspices of EURICSE (co-operative research institute) and other educational co-operative structures, the discussion dealt with the preparation of young members of co-operatives and their gradual involvement in the management activities, development of the education process and the strengthening of capacities of co-operatives in education and training

The activities of the Global Conference culminated at the final plenary session at which a large panel discussion conducted by the ICA DG Charles Gould took place, participated by the leaders (at the level of the Presidents) of all world's international co-operative sectoral organisations.

General Assembly of the ICA – Charles Gould's speech



POPE FRANCIS SUPPORTS THE CO-OPERATIVE BUSINESS MODEL

Mgr. Jiří Svoboda, DESS – Executive Director of the CACR

While the approach of the officials of our political representation as well as the representatives of the state administration to the co-operative system and the co-operative business model can be described as more than unresponsive, we can learn from the ICA sources (see the ICA e-Bulletin of November 2013) that support and appreciation of this form of enterprise was expressed even by the supreme official of the Roman Catholic Church.

As announced to the attendants of the ICA General Assembly held

in Cape Town in November this year and as stated in the November issue of the above-mentioned ICA electronic bulletin, the leaders of this global co-operative organisation were received by Pope Francis on 30 October 2013 in his residence in Vatican City.

ICA's President Pauline Green was accompanied at the reception by ICA's Director-General Charles Gould. The audience was also attended by the representatives of the co-operative sector of the American continent, namely Ramon Imperial

Zuniga, President of ICA Americas, and Manuel Marino, Regional Director ICA Americas. Moreover, the American co-operative sector was represented by Ariel Guarco, President, and Ricardo López, Secretary of the Co-operative Confederation of the Republic of Argentina (COOPERAR), who presented the Pope with a gift produced by the worker co-operative Kbrones, a leather thermos flask holder inscribed with the phrase "co-operatives build dignity."

Pauline Green's audience with Pope Francis





The Pope receiving a gift

During the reception, Pope Francis expressed his support for co-operatives, which he perceives as a crucial element of the world economy in the future. He mentioned their role in the current economic crisis, when people are dying of hunger and cold and when even in countries perceived as highly developed, such as Spain and Italy, the youth unemployment rate reaches 40%. He noted his father, who already in 1945 discussed the impact of co-operatives on local communities.

The ICA President Pauline Green informed the Pope about the importance of the co-operative business model that contributes to combating poverty and improves the socio-economic situation of the people. The Director-General Charles Gould then informed His Holiness about the ICA strategy

up to the year 2020, i.e. the vision contained in the Co-operative Decade project and handed him the publication issued under the title “Building a Better World,” describing the co-operatives of various sectors in all the continents.

After the meeting with the Pope, Pauline Green said that the co-operative sector is delighted to share with His Holiness this vision for a more inclusive, balanced and empowering society. It is another sign that the co-operative sector is working with the grain of society. We are continuing to drive the momentum that was driven by last year’s United Nations International Year of Co-operatives, said Mrs. Green. Director-General Charles Gould added that the co-operative sector considers the Vatican’s invitation a historic landmark. People today feel

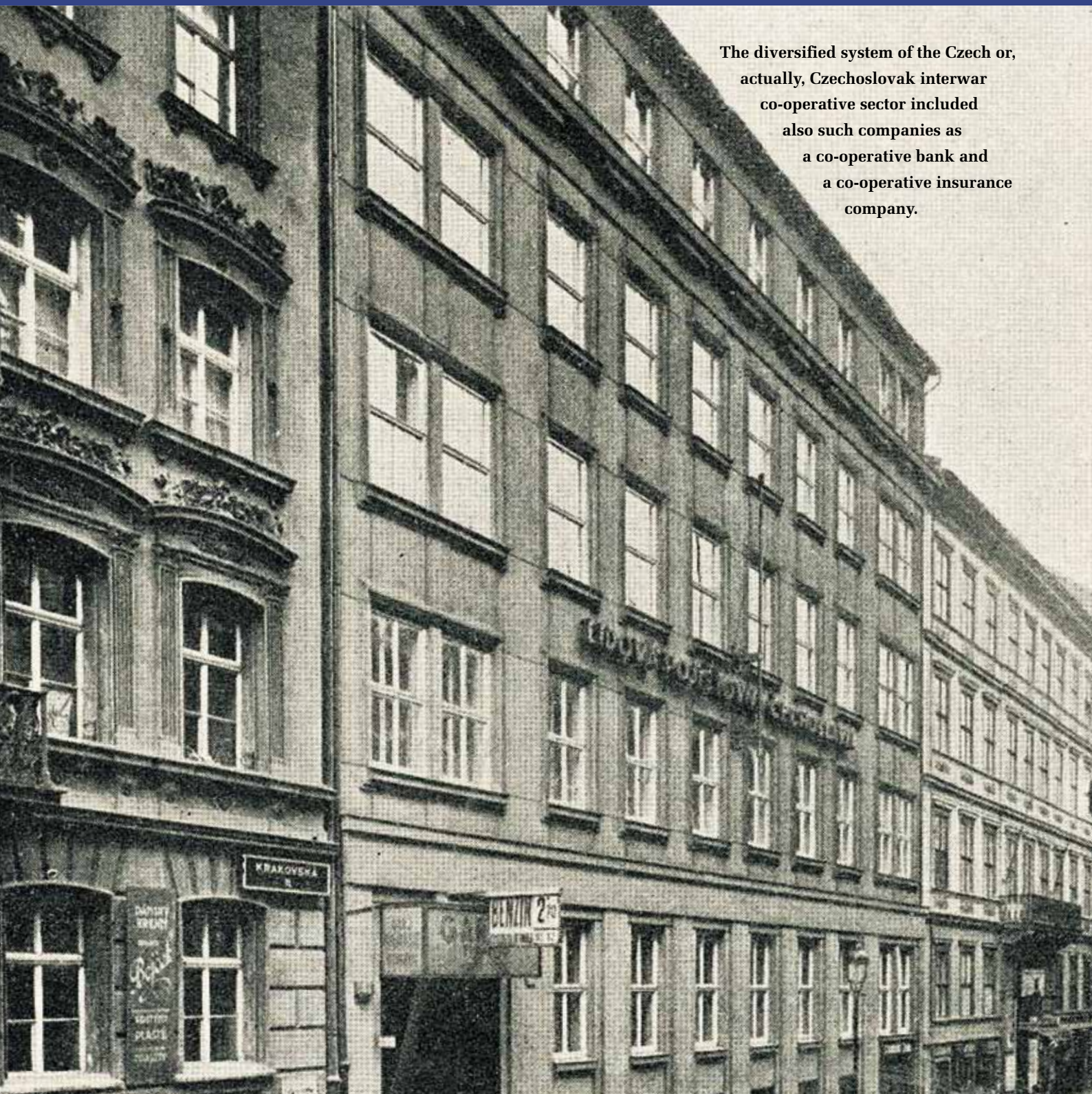
disconnected from the dominant economic and social models, while those very models control their lives. This is reflected in the Occupy Wall Street/Occupy London/Occupy Everywhere movement, because these models are not working for us.

The Vatican meeting confirms that the co-operative sector’s concerns regarding the current socio-economic model are shared by important actors in society, and that we must join forces with other organisations outside the co-operative movement, sharing our resolve to improve, diversify, and balance society and economy for the better, added Charles Gould.

FROM THE HISTORY OF THE CO-OPERATIVE BANK AND THE CO-OPERATIVE INSURANCE COMPANY

Mgr. Vladimíra Vávrová – Museum of the Co-operative Movement CACR

The diversified system of the Czech or, actually, Czechoslovak interwar co-operative sector included also such companies as a co-operative bank and a co-operative insurance company.



There were even three co-operative banks established in the early 1920s (see the note below), but in this paper we will deal with only one of them, namely the one that had the longest history and was called the General Co-operative Bank (Všeobecná družstevní banka). Another major institution of this period was the insurance company Českoslavia.

The General Co-operative Bank

The idea of establishing a co-operative bank had been born long before World War I, but the conditions for its founding were created only after the war's end. The beginning of the co-operative bank started with the creation of a foundation committee in August 1919 within the Central Association of Czechoslovak Co-operatives in Prague (the largest non-agricultural co-operative central office uniting consumer, manufacturing, housing and other workers' co-operatives, and the co-operatives of small traders). This committee brought together the representatives of 10 co-operative organisations (one of each) including the Central Association of Czechoslovak Co-operatives. The bank's own activities were launched in 1920. The constituent general meeting took place in June 1920 when the main principles of the institution's activities were set out. These included primarily the promotion of the interests of co-operatives and the role of a central financial agency of the co-operatives, trade unions, and various economic corporations. The original name was the Central Bank of Czechoslovak Co-operatives, which was later changed by a Decree of the Ministry of the Interior to the Bank of Czechoslovak Co-operatives. In the meantime, however, another bank was established under the same name (Bank of Czechoslovak Co-operatives), and so the name was changed again to the General Co-operative Bank in Prague.

Already in the first year of its operation, the General Co-operative Bank has

reached good results, so that based on the first resolution of the annual general meeting in April 1921, the ordinary stock was increased from the original 3 million to 5 million crowns. Due to the strict compliance with its set guidelines, the bank has gained trust and as soon as during the first 12 years of its operation has become the largest workers' financial undertaking in the country.

The bank had its headquarters in Prague with branch offices in Brno and Ostrava and maintained business connections with financial institutions in Europe and America.

In 1932, the bank employed 50 office workers. Through its activities and management, the General Co-operative Bank has become an important factor, in particular in small-scale economic business.

The fate of the bank was greatly affected by the outbreak of World War II, the occupation of Czechoslovakia and, in particular, by the year 1942, when compulsory reorganisation of the co-operatives was performed. Based on Government Regulation No. 242 of 3 July 1942, new arrangement of the Czech and Moravian co-operative sector was carried out in the territory of the Protectorate. At the same time, new regulation of the financial co-operatives was implemented by merging all the still independently operating central financial agencies. This centralised co-operative banking system was complemented by the Central Bank of Co-operatives for Bohemia and Moravia, which should have served as a central settlement financial agency. This task was entrusted to the existing General Co-operative Bank. The extraordinary general meeting held on 11 September 1942 amended its statutes, changed the trade name and elected new management bodies. The activities of both branches of the General Co-operative Bank in Brno and Ostrava were discontinued.

The main mission of the bank was to be the mainstay of the liquidity of the co-operatives in Bohemia and Moravia and contribute to further consolidation of the co-operative financial system by a stable interest rate policy customised to the needs of the central financial agencies and the co-operatives organised within its framework. The Central Bank of Co-operatives for Bohemia and Moravia was in direct contact with the supreme headquarters of the German co-operative sector - the Deutsche Zentralgenossenschaftskasse in Berlin, in which it mandatorily deposited the surpluses of Czech co-operatives.

After the end of the war, the bank worked as the supreme central financial agency for co-operatives for just less than 3 years because it was merged with the state-owned Živnostenská banka by Government Resolution of 25 March 1948.

People's Insurance Company Českoslavia

A number of successful insurance companies were active in the territory of the Czech Republic, or more precisely Czechoslovakia, already after the establishment of the Czechoslovak state in 1918. In the first post-war years,

Čechoslavia - Shares



new companies were founded in addition to the traditional institutions, including the co-operative insurance company Čechoslavia, which was very well known even later.

The preparatory committee for the establishment of the Čechoslavia insurance company was set up on 19 May 1919 from the representatives of four workers' corporations: the Central Association of Czechoslovak Co-operatives, the Executive Committee of the Czechoslovak Social Democratic Party, the Czechoslovak Trades Union, and the Association of Sickness Funds. The preparatory committee issued a proclamation stating that "the Čechoslavia People's Insurance Company wishes to be the first Czech people's insurance company working on the basis of modern data using the latest advances of insurance science, hence an insurance institution without a profit-making tendency the potential gains of which will be directed in favour of the insured." The shares of the insurance company were owned for the most part by co-operatives. In November 1919, the Interior Ministry issued a decree giving the final authorisation for the establishment of the insurance company. The first constituent general meeting was held on 20 December 1919 and the insurance company officially started its business activity in its own building in Krakovská street in Prague on 1 January 1920. It is interesting to note that all the officials were exercising their functions as honorary posts with no claim for any compensation.

The activity of the insurance company was limited in the first two years to life insurance, but already starting from 1922, it covered also natural disasters, property damage, liability

and other kinds of insurance. Since 1932, Čechoslavia belonged to the leading Czechoslovak insurance institutions. In addition to its headquarters in Prague, it had general business agency in Brno, Bratislava, Ostrava and Plzeň. Moreover, it had agency offices in every major city and tried to expand the organisational network also to rural areas. By the number of insured persons, Čechoslavia was number one in 1932 among all Czechoslovak insurance companies.

Čechoslavia was working and fulfilling its mission even during the war and shortly after the liberation of the country until the end of the year 1946, when the public was tersely informed that the Čechoslavia People's Insurance Company, joint-stock company in Prague, announced that "in accordance with the Decree of the President of the Republic No. 103 Coll., dated 1945, on the nationalisation of insurance companies, it will establish since 1 January 1947 along with the insurance companies Koruna, Rolnická vzájemná pojišťovna, Slávia and Slovanská pojišťovna, the insurance company Slavia, national enterprise in Prague, within the framework of which it will continue to serve the Czechoslovak co-operative sector."

From the perspective of the history of the operation of co-operatives in the banking and insurance sectors, this meant a de facto end, although over the next decades there were two attempts to restore co-operative activities in these areas.

The first failed attempt to establish a co-operative bank was made after the year 1968. The second time, the endeavours to establish a co-operative bank and a co-operative insurance company were

materialised for a short time in the post-revolutionary period in the 1990s (COOP Bank and Kooperativa, a.s.). However, this time again, the co-operative form in the banking and insurance sectors had not yet been successful.

Note:

At the turn of the years 1919-1920, the Czechoslovak Co-operative Bank was founded in Prague, mainly on the initiative of the Czechoslovak National Socialist Party. However, in 1931, after 11 years of operation, this institution completely changed its original mission, which was also reflected in its new name the Czechoslovak Discount Bank. In 1922, the Moravian People's Bank was established in Brno as a people's workers' co-operative institution. Its importance, however, was very small and limited in scope.

Based on the documentation of the Museum of the Co-operative Movement and the following publication: Juřík, Pavel, Historie banka spořitelén v Čechách a na Moravě (The History of Banks and Savings Banks in Bohemia and Moravia), Libri, Prague 2011.



Leaflet of a co-operative bank in print



AGRICULTURAL ASSOCIATION OF THE CZECH REPUBLIC

The Association of Agricultural Co-operatives and Companies is an independent professional association. It integrates mainly co-operatives and trade companies dealing with agriculture and related activities. The aim of its activities is to defend the interests of its members, contribute to the development of their business activities and for this purpose, to provide services and consulting in the economic, entrepreneurial, legal and social areas.

The aim of the Association is to co-ordinate common procedures of agricultural co-operatives, to enhance their competitiveness on the regional, as well as national scale and also abroad. Co-operatives contribute to the economic viability of the whole countryside, they are an important factor for the development of the countryside and landscape and they thus have a place in market economy.



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Represents 40 years of experience of housing stock management and 40 years of work for housing co-operatives. Co-operative housing is an important element in the housing sector not only in this country but also throughout Europe. Housing co-operatives have a long-standing tradition in the Czech Republic with roots dating back to the period before World War I.

UNION OF CZECH AND MORAVIAN CONSUMER CO-OPERATIVES

A member of the COOP Group, representing the trademark of consumer co-operatives. COOP has 59 member consumer co-operatives in the Czech Republic operating almost 3,000 stores. The COOP Group has the largest retail chain of stores in this country. We respect our customers and we are with them in everyday contact. For us, the place where we have our operations is important; we have been part of the regions' life for many years.

UNION OF CZECH AND MORAVIAN PRODUCTION CO-OPERATIVES

Defends the interests of its member co-operatives, which are an integral part of the Czech business sphere. One of their characteristic features is continuous innovation of products in all 16 sectors of the production co-operatives' activities. Another feature is the high quality and competitiveness of the products of the co-operatives associated in the UCMPC. Its activities support the integration of persons with disabilities.

AGRICULTURAL ASSOCIATION OF THE CZECH REPUBLIC

Associates co-operatives and trading companies operating in the agricultural sector and supports the development of modern forms of agricultural enterprise. Everyday practice shows that agricultural and sales co-operatives clearly form an integral part of the business activities in the country. Co-operative enterprise in the agricultural sector is an important traditional form of business worldwide and in the CR.



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CO-OPERATIVE ASSOCIATION OF THE CZECH REPUBLIC

National apex of the Czech co-operative movement. The Co-operative Association of the Czech Republic as the coordinating centre of the Czech and Moravian co-operative sector represents the interests of co-operatives towards the state legislative and executive authorities and in the public. In relation to its member organisations, it provides consulting services and legislative initiatives and co-ordinates the course of action in matters of common interest. In various fields of international relations, it is promoting the interests of the co-operative movement even abroad. Its members are four sectoral co-operative unions.



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