



Study: Agri-COOPS best practices and potential for North Macedonia

Analysis of the existing best practices of Agri-COOPS in EU and WB and their potential for replication in North Macedonia.

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C O N T E N T

Executive summary	2
I. Introduction	3
Background and context of the study	3
Objectives and scope of the study	4
Methodology and approach	4
II. Literature review	6
Definition and characteristics of Agri-COOPs	6
Benefits and challenges of Agri-COOPs	6
Best practices in Agri-COOPs provision of services to members (farmers) and models of cooperation in EU and WB	7
Best practices in EU	7
Best practices in Western Balkan	8
Producer and interbranch organisations	9
III. Desk research on Agri-COOPs in North Macedonia	11
Overview of the current status and practices of Agri-COOPs in North Macedonia	11
EU Support for the Development of Agricultural Cooperatives in the Republic of North Macedonia	12
Identification of gaps and challenges in providing services and models of cooperation	14
IV. Analysis of collected data	15
Italy	15
Sweden	16
Finland	16
Slovenia	17
Greece	18
Identification of best practices for the exchange of experience for agriculture cooperatives'	19
Provision of services to members (farmers)	19
Models of cooperation	20
Enlistment of criteria for best practices to deploy the models for cooperatives in the country	21
IV. State support for Agri-COOPs in North Macedonia	22
Assessment of the state support for developing Agri-COOPs in North Macedonia	22
Financial support for the operation of agricultural cooperatives	22
Identification of opportunities and areas for improvement	22
VI. Recommendations for North Macedonia	24
VII. Conclusion	26
ANNEX EXAMPLE OF BEST PRACTICE	27
Previous financial support for the establishment of Agri-COOPs in North Macedonia	27
EU Countries	27
Case Study: First Buyers Cooperative “Nasha Dobra Zemja”	29
VIII. References	32

Executive summary

Agriculture is a vital sector for the economy of North Macedonia, employing nearly one-third of the population and contributing significantly to the country's GDP. Agri-COOPs have been successful in other European Union (EU) and Western Balkan (WB) countries, such as Slovenia, Greece, Finland, and Serbia, and have contributed to increased productivity, reduced costs, and improved market access for small farmers.

The objective of this study is to analyse the existing best practices of Agri-COOPs in EU and WB countries, specifically related to the provision of services to members (farmers) and models of cooperation in terms of renting equipment, centralised supply, sales of products, and/or shortening the value chain with production activities. The study was conducted through desk research, analysis of collected data, and preparation of a report with recommendations for the organisation and management of Agri-COOPs, provision of services, access to finance, and state support.

The study analysed data and identified the best practices for the exchange of experience with MAAC related to the provision of services to members (farmers) and the model of cooperation in terms of renting equipment, centralised supply, sales of products, and/or shortening of value chains with production activities of Agri-COOPs.

By specialising in products and services, adopting innovative business models, providing training and technical assistance, offering access to credit and financial support, and collaborating with other stakeholders, Agri-COOPs have become an essential part of the agricultural landscape in the EU.

With the independence of the Republic of North Macedonia at the end of the last century and with the change of the system, a new period began in which cooperatives get the opportunity to once again become one of the opportunities for the association of farmers for the purpose of making a profit.

The model of support for agriculture cooperatives in North Macedonia should be tailored to the specific needs and challenges faced by farmers in the region, such as land fragmentation, low productivity, lack of access to finance, and limited market opportunities.

I. Introduction

The project "Strengthening of agricultural co-operatives management for improving the competitiveness in the agricultural sector (Competitive Agri-COOPs)" is a European Union-funded initiative to improve the competitiveness of agricultural co-operatives and livelihoods in rural areas in the Republic of North Macedonia. The project is being implemented by the Macedonian Association of Agriculture Cooperatives-Skopje in partnership with the Association of Businesses and Consultants – Kreacija-Skopje, with this particular activity being led by ZBK Kreacija.

The project has three specific objectives. The first is to develop and promote a model for cooperation between farmers to establish and/or increase membership in Agri-COOPs from the Northeast, Polog, Southwest region and Prespa area. The second objective is to increase the production capacity and market presence of Agri-COOPs by obtaining quality labels and geographical origin certifications. The third objective is to improve the management of Agri-COOPs and farmers for easier access to finance and support programs.

Through tailored-made advisory services and sub-grant schemes, the project aims to enhance cooperation between farmers and Agri-COOPs in a sustainable model that will improve the competitiveness of offered products, diversifying Agri-COOPs funding sources, and improving their leverage in implementing new business practices for higher capacity and income. The external expert for the survey of best practices in EU and WB is a vital part of the project, tasked with identifying the best practices in Agri-COOPs' provision of services to members and models of cooperation, assessing state support for the development of best practices, and preparing a report with recommendations for North Macedonia.

Background and context of the study

Agriculture is a vital sector for the economy of North Macedonia, employing nearly one-third of the population and contributing significantly to the country's GDP. However, small and fragmented landholdings, limited access to finance, and insufficient infrastructure have hindered the sector's development. In recent years, the government has recognised the importance of promoting agribusiness and has introduced policies and programs to support farmers and agribusinesses.

One such initiative is the development of Agri-COOPs, which are agricultural cooperatives that aim to improve the competitiveness of their members through joint marketing, purchasing, and provision of services. Agri-COOPs have been successful in other European Union (EU) and Western Balkan (WB) countries, such as Slovenia, Greece, Finland, and Serbia, and have contributed to increased productivity, reduced costs, and improved market access for small farmers.

The objective of this study is to analyse the existing best practices of Agri-COOPs in EU and WB countries, specifically related to the provision of services to members (farmers) and models of cooperation in terms of renting equipment, centralised supply, sales of products, and/or shortening the value chain with production activities. The study also assesses the state's support for developing best practices and provide recommendations for North Macedonia.

The study was conducted through desk research, analysis of collected data, and preparation of a report with recommendations for the organisation and management of Agri-COOPs, provision of services, access to finance, and state support. The study's findings will be useful for the Macedonian Association of Agriculture Cooperatives (MAAC) and other stakeholders in the agriculture sector to improve the competitiveness of small farmers and promote sustainable development of the agribusiness sector.

Objectives and scope of the study

The objective of the study was to enhance cooperation between farmers and Agri-COOPs, and to channel it into a sustainable model that contributes to improving the competitiveness of the products offered, diversifying Agri-COOPs funding sources, and improving their leverage in implementing new business practices for higher capacity and income.

The purpose of the contract was to analyse the existing best practices of Agri-COOPs in EU and WB (countries such as Slovenia, Greece and Serbia), which primarily focused on improving the competitiveness of their members, as these identified practices could be adopted and potentially replicated in North Macedonia.

An external expert was engaged to search for the best practices in providing services to members (farmers) and the cooperation model in terms of renting equipment, centralised supply, sales of products, and/or shortening of value chains with the production activities of Agri-COOPs. In parallel, the state support for developing best practices was assessed, and recommendations for North Macedonia were defined.

The expert analysed the collected data and identified the best practices for the exchange of experience with MAAC related to the provision of services to members (farmers) and the model of cooperation in terms of renting equipment, centralised supply, sales of products, and/or shortening of value chains with production activities of Agri-COOPs.

Methodology and approach

The approach to implementing the contract involved a combination of desk research and data collection. As the market research was conducted remotely, publicly available information, reports, and secondary data were relied upon to analyse the target practices. The expert conducted desk research on the best practices in the EU and WB, focusing on country experiences related to supporting Agri-COOPs and models of cooperation that led to the improvement of competitiveness in the agriculture sector. Data was also collected from the Macedonian Association of Agriculture cooperatives-Skopje (MAAC) on existing practices in North Macedonia related to the provision of services to members (farmers) and models of cooperation. The State support was also assessed, and recommendations for North Macedonia were defined.

Proposed Tasks:

The proposed tasks necessary to achieve the contract objectives included:

1. Desk research:

1.1 Identification of sources of information and conducting desk research on best practices in EU and WB related to Agri-COOPs' provision of services to members (farmers) and models of cooperation.

1.2 Collecting data from MAAC on existing practices in North Macedonia related to the provision of services to members (farmers) and models of cooperation.

1.3 Identifying models of cooperation with farmers and the possibility of replication in the three regions.

1.4 Assessing the State support to develop best practices.

2. Analysis of collected data:

2.1 Analysing the collected data and identifying best practices for the exchange of experience with MAAC related to the provision of services to members (farmers) and models of cooperation in terms of renting equipment, centralised supply, sales of products, and/or shortening the value chain with production activities of agri-COOPs.

2.2 Organising the main findings to identify criteria for best practices and enlisting those that can be used for deploying the models for cooperation in the country.

3. Preparation of the report from the survey:

3.1 Preparing a draft report from the survey with recommendations in terms of organization and managing of Agri-COOPs, provision of services, access to finance, and state support.

3.2 Getting feedback from the project team with comments and/or questions for additional clarification of findings and recommendations.

3.3 Preparing and submitting the final report.

Activities: The activities carried out to achieve the objectives, including identifying the required resources, preparing a detailed work plan, conducting desk research, collecting data, identifying models of cooperation, and analyzing the collected information.

Conclusion: The proposed approach was a combination of desk research and data collection. The proposed tasks necessary to achieve the assignment objectives included conducting desk research, collecting data, identifying models of cooperation, analysing the collected data, and preparing a report from the survey with recommendations. The inputs required for the successful implementation of the contract were access to publicly available information, reports, and secondary data and data from MAAC. The expected output was a report on the survey of best practices with recommendations.

II. Literature review

Definition and characteristics of Agri-COOPs

According to the European Cooperative Society (SCE), a cooperative is an autonomous association of persons united to meet common economic, social, and cultural goals. They achieve their objectives through a jointly-owned and democratically-controlled enterprise. In essence, a cooperative can be defined as a “user-owned and controlled business from which benefits are derived and distributed on the basis of use”.

An Agri-COOP is a cooperative focused on agricultural production, processing, and marketing. Agri-COOPs are owned and democratically controlled by their members, typically farmers and other agricultural producers. Members contribute to the cooperative's capital and participate in decision-making through a democratic voting structure, with each member having one vote.

Agri-COOPs are important because they allow farmers and other agricultural producers to pool their resources and achieve economies of scale, which can result in increased efficiency and profitability. They also provide a way for small-scale farmers to access markets and negotiate better product prices.

The European Commission promotes the use of cooperatives, including Agri-COOPs, in Europe by improving the visibility, characteristics, and understanding of the sector, as well as improving cooperative legislation and supporting their place and contribution to community objectives. The Working Group on Cooperatives was established in 2013 to assess the specific needs of cooperative enterprises, including Agri-COOPs, and to address issues such as the appropriate EU regulatory framework, barriers at the national level, and internationalisation.

Benefits and challenges of Agri-COOPs

Agricultural cooperatives, or Agri-COOPs, are organisations formed by a group of farmers who come together to pool their resources and work together to improve their productivity and profitability. These cooperatives offer several benefits to their members, but they also come with their own challenges. In this article, we will explore some of the benefits and challenges of Agri-COOPs.

Benefits of Agri-COOPs:

1. Access to markets and buyers: One of the primary benefits of Agri-COOPs is that they offer farmers greater access to markets and buyers. By working together, farmers can pool their resources to access larger markets and negotiate better prices for their produce.

2. Shared resources and knowledge: Agri-COOPs also allow farmers to share resources and knowledge. Farmers can pool their resources to purchase inputs such as seeds, fertilisers, and equipment at a lower cost. Additionally, cooperatives often provide training and education to their members, helping them to improve their production practices and overall efficiency.

3. Risk mitigation: By working together, farmers can also spread the risk of crop failure or market downturns. This is particularly important for small farmers who may not have the resources to withstand a significant loss.

Challenges of Agri-COOPs:

1. Management and governance: One of the primary challenges of Agri-COOPs is management and governance. Cooperatives require effective leadership and decision-making processes to be successful. This can be particularly challenging in rural areas where there may be limited capacity for management and governance.

2. Capital constraints: Agri-COOPs require capital to establish and operate. This can be a significant barrier to entry for small farmers who may not have the resources to invest in a cooperative.

3. Coordination and communication: Effective coordination and communication among members are critical for the success of Agri-COOPs. Farmers must be willing to work together and communicate effectively to achieve the benefits of the cooperative model.

In conclusion, Agri-COOPs offer several benefits to farmers, including access to markets, shared resources and knowledge, and risk mitigation. However, they also come with their own set of challenges, including management and governance, capital constraints, and coordination and communication. By addressing these challenges, Agri-COOPs can be a powerful tool for improving the livelihoods of small farmers and strengthening agricultural systems.

Best practices in Agri-COOPs provision of services to members (farmers) and models of cooperation in EU and WB

Best practices in EU

Agricultural cooperatives, or Agri-COOPs, have a long history in the European Union (EU) and play a crucial role in the agricultural sector. These cooperatives are owned and operated by farmers, who come together to pool their resources and collectively market their products. Agri-COOPs also provide a wide range of services to their members, such as access to credit, training, and technical assistance, which can help improve the efficiency and competitiveness of their farms.

Over the years, Agri-COOPs in the EU have developed various models of cooperation to better serve their members. Some cooperatives specialize in specific products, while others offer a broader range of services. Additionally, Agri-COOPs have adopted innovative business models, such as online platforms, to connect farmers with consumers, and to increase the transparency of the supply chain.

Best Practices in Agri-COOPs Provision of Services to Members and Models of Cooperation in the EU:

1. Specialization in Product and Services: Some Agri-COOPs specialize in particular products or services, which allows them to develop expertise in those areas and offer high-quality products to their members. For example, some cooperatives specialize in organic farming or animal welfare, while others focus on providing members with access to specific markets, such as the export market.

2. Innovation in Business Models: In recent years, Agri-COOPs have adopted innovative business models to better serve their members. For example, some cooperatives have developed online platforms that allow farmers to sell their products directly to consumers,

bypassing traditional intermediaries. This approach not only provides farmers with a higher margin but also allows consumers to access fresher, locally sourced products.

3. Training and Technical Assistance: Many Agri-COOPs offer their members training and technical assistance to help them improve the efficiency and competitiveness of their farms. This can include training on new technologies, best practices in farming, and financial management.

4. Access to Credit and Financial Support: Agri-COOPs also provide their members with credit and financial support, which can be critical for small-scale farmers who may not have access to traditional banking services. Many cooperatives have partnered with financial institutions to provide their members with favourable credit terms and other financial products.

5. Collaborations and Partnerships: Agri-COOPs often collaborate with other cooperatives, organizations, and stakeholders to achieve common goals. For example, some cooperatives have partnered with universities and research institutions to develop new technologies and farming practices. Others have collaborated with governments to advocate for favourable policies and regulations that benefit their members.

In conclusion, Agri-COOPs in the EU play a crucial role in the agricultural sector and have developed various cooperation models to better serve their members. By specialising in products and services, adopting innovative business models, providing training and technical assistance, offering access to credit and financial support, and collaborating with other stakeholders, Agri-COOPs have become an essential part of the agricultural landscape in the EU.

Best practices in Western Balkan

Agricultural cooperatives in the Western Balkans have evolved over the years, and many have adopted best practices in providing services to their members. These cooperatives have become an essential component of the agricultural sector, providing various services to their farmer members, such as access to credit, markets, and inputs. Furthermore, agricultural cooperatives have been critical in promoting sustainable agriculture and rural development in the Western Balkans.

One of the best practices in agricultural cooperatives in the Western Balkans is providing financial services to their members. These services include access to credit, insurance, and financial planning. Agricultural cooperatives in the Western Balkans have collaborated with financial institutions to provide affordable credit to their members. These cooperatives have also developed insurance products to mitigate the risks faced by farmers in the region. Furthermore, many agricultural cooperatives in the Western Balkans have established financial planning services to help their members manage their finances better.

Another best practice in agricultural cooperatives in the Western Balkans is providing market access to their members. These cooperatives have played a critical role in connecting farmers to markets, both domestically and internationally. By working together, agricultural cooperatives have been able to negotiate better prices for their members' produce and provide them with access to larger markets. Moreover, some cooperatives have established their processing facilities, allowing them to add value to their members' produce and increase their income.

In addition to financial services and market access, agricultural cooperatives in the Western Balkans have also adopted various models of cooperation. These models range from small-scale cooperatives to large cooperatives that operate across multiple countries. Some cooperatives have also adopted the farmer-producer-consumer model, where farmers produce goods that are sold directly to consumers. Other cooperatives have adopted the producer-to-producer model, where farmers work together to produce a particular product. By adopting these models of cooperation, agricultural cooperatives in the Western Balkans have been able to improve their members' income and promote sustainable agriculture and rural development.

Producer and interbranch organisations

The EU recognises the challenges faced by small family farmers in negotiating with larger processors and retailers due to the asymmetry of bargaining power. To address this, the EU supports the formation of **producer organisations** (POs) and associations of producer organisations (APOs), which enable farmers to collaborate and reduce transaction costs. POs strengthen the bargaining power of farmers by providing technical and logistical assistance, improving marketing, concentrating supply, and helping with quality management.

POs can ask for recognition from the EU country they are based in, which can bring benefits such as exceptions from EU competition rules for certain activities like collective negotiations on behalf of their members and access to EU funding for investments in logistics. Recognised POs can take different legal forms, including agricultural cooperatives. The EU also supports interbranch organisations, facilitating cooperation between farmers and their partners in manufacturing and trading in the food supply chain. By strengthening collective bargaining power, these alternative models offer benefits to small family farmers who might not be able to compete on their own in a concentrated supply chain.

The criteria for recognition of Producer Organisations (POs) in any agricultural sector include being initiated by producers, being controlled by producers of a specific agricultural sector, filing a request with the EU country it is based in, carrying out at least one of the activities listed by EU law, and following at least one of the specific aims mentioned in agricultural legislation.

Additionally, POs must meet additional criteria, such as having a minimum number of members and covering a minimum volume or value of products. Their statutes must enable their members to scrutinise the organisation democratically.

EU countries may recognise POs upon request and must recognise POs from the fruit and vegetables, olive oil and table olives, silkworm, hops, and milk and dairy products sectors. Associations of POs may also be recognised in line with the criteria for POs. Farmers and POs from different EU countries can group to form transnational POs, and recognition is granted by the EU country where the PO is headquartered, provided that it has a significant number of members or member organisations or a significant volume of marketable products.

POs are economic organisations of agricultural producers with a more focused objective, mainly joint selling of members' products. They are typically positioned upstream in the food chain and are engaged in collective marketing activities. While they may have the legal form of a cooperative, many do not due to legal restrictions or negative connotations associated with the term. POs are user-owned, user-controlled, and user-benefit organisations.

Pos has been introduced as in countries that have transformed from a socialist state economy the term cooperative has a negative connotation. For instance, in Poland, most producer groups (a term used in Polish legislation on promoting farmer-controlled collective marketing) have the legal form of a limited liability company; only 30% of the producer groups are registered as cooperatives.

Interbranch organisations (IBOs) are platforms for dialogue and promote best practices and market transparency between farmers, processors, and traders in the supply chain. EU countries may recognize IBOs if they are made up of representatives of the production sector and at least one other part of the agro-food supply chain. The recognition of IBOs is optional in most sectors, but it is mandatory in the olive oil, table olives, and tobacco sectors. If an IBO has members in multiple countries, it is recognized in the same country where its headquarters are based.

III. Desk research on Agri-COOPs in North Macedonia

Overview of the current status and practices of Agri-COOPs in North Macedonia

Agricultural cooperatives as a form of organising farmers in the Republic of North Macedonia have existed for a long time since the beginning of the 20th century. However, the different historical periods in Macedonia also bring different political-economic social conditions that affect the different ways of their functioning. The biggest rise of cooperatives occurred after the Second World War in the newly liberated Macedonia as an independent state within then Yugoslavia. But with, the political and economic system, through the introduction of state ownership, distorts the basic model of private ownership and operation of cooperatives, which makes them lose their functionality and lose their basic attributes. With that, the farmers' confidence in this form of organisation is lost.

With the independence of the Republic of North Macedonia at the end of the last century and with the change of the system, a new period began in which cooperatives get the opportunity to once again become one of the opportunities for the association of farmers for the purpose of making a profit.

Agricultural cooperatives engage in primary agricultural production, processing of agricultural products, trade in agricultural products, and providing various services to support the agricultural production process. The services provided by agricultural cooperatives include the production of certain agricultural crops, livestock production, negotiating the production and delivery of products, procurement of reproductive material, and services in the protection of plants and animals. Agricultural cooperatives can have multiple purposes, but most specialise in one activity area to increase efficiency and effectiveness.

The scope of agricultural cooperatives varies from small-scale cooperatives with ten to nineteen members to large-scale cooperatives with at least twenty members. To establish an agricultural cooperative, at least ten agricultural holdings registered in the Unified Register of Agricultural Holdings are required, and the establishment process should involve developing a business plan, selecting members, preparing membership agreements, developing a detailed business plan, preparing the preliminary Statute of the cooperative, and holding a founding assembly to elect management bodies and prepare registration documentation.

According to the Law, Agricultural Cooperative is a legal entity (enterprise) founded voluntarily and controlled by the persons who use it. The cooperative is a democratically managed enterprise by the members (owners) with the main goal of responding to their common needs.

The members of the agricultural cooperative are equal and equal - they have equal rights and obligations in decision-making according to the principle of one member, one vote. The agricultural cooperative is a legal entity registered in the Central Registry of the Republic of North Macedonia.

Like any other enterprise, cooperatives have the same needs of good planning, sufficient financial resources, market analysis, developed development strategy, good planning and, most importantly, good and educated personnel (employees). Cooperatives are as sensitive to market developments as any other enterprise. The uniqueness of cooperatives can be seen in the following: members are also owners, so this system greatly affects how cooperatives

function. In case the members of the cooperative stop using the services, it offers them, then the cooperative will cease to exist.

The Statute of the agricultural cooperative must contain provisions on the company and headquarters of the cooperative, the goals of the cooperative, creation of the capital of the cooperative, registration of shares in the cooperative, property at the founding of the cooperative, method of investment, legal regime of acquired real estate or movable objects, management bodies and method of representation, and method of publishing the decisions of the cooperative.

The agricultural cooperatives in the Republic of North Macedonia operate under a range of laws and programs designed to support their development and success. These include the Law on Cooperatives, the Law on Agricultural Cooperatives, the Law on Agriculture and Rural Development, and the Law on Performing Agricultural Activities. Additionally, cooperatives are subject to taxation laws such as the Law on Added Value Tax, the Law on Personal Income Tax, and the Law on Profit Tax. They must also comply with the Law on Compulsory Social Contributions in Macedonia.

In addition to legal requirements, agricultural cooperatives in the Republic of North Macedonia can access programs and financial support to promote their growth and success. These include the Program for Financial Support in Agriculture and the Program for Support of Rural Development. Through these laws and programs, agricultural cooperatives can operate in a supportive environment that aims to maximise their contribution to the economy and society.

EU Support for the Development of Agricultural Cooperatives in the Republic of North Macedonia

One of the flagship projects in the last several years for support of the AgriCOOPS was the EU Project “Support to Development of Agricultural Cooperatives” IPA 2017/392898. CARE International is a federation of international non-governmental organizations implementing programs to fight poverty and social injustice in more than 90 countries throughout the world. Macedonian Enterprise Development Foundation (MEDF) is a non-governmental organization that focuses on decreasing poverty, increasing employment and establishing social cohesion. Together with the MEDF as a partner, CARE International implemented the project “Support to Development of Agricultural Cooperatives”, funded by the European Union and implemented in the period 2017 - 2021. The project aimed at contributing to higher productivity and competitiveness of the agricultural sector.

At the beginning of project implementation, there were 39 agricultural cooperatives in the country with 483 members in total. By the end of 2020, the number of agricultural cooperatives amounted to 61 (a total of 732 members). It is clear that most of them are rather small (less than 15 members on average). There were 20 new cooperatives established, from which 16 cooperatives were registered with technical support provided by the project.

Table 1. List the agricultural cooperatives supported with grants by the Project “Support to Development of Agricultural Cooperatives” IPA 2017/392898

No.	Name of agricultural cooperative	Location	Municipality	Region	# of members
1	AGRI PEMA	Dorfulija	Lozovo	Vardarski	10
2	AGRO MEDITERAN	Arachinovo	Arachinovo	Skopski	11
3	EKO-ILINDEN	Mustafino	Sveti Nikole	East	12
4	EKO-OVCHEPOLKA	Skopje	Skopje	Skopski	10
5	FARMA ORGANIKA	Krstec	Prilep	Pelagoniski	20
6	JUZEN BISER PLUS	Stojakovo	Bogdanci	Southeast	10
7	KRANI	Krani	Resen	Pelagoniski	28
8	KRNINO	Kichevo	Kichevo	Southwest	14
9	MALESHEVO PRODUKT	Berovo	Berovo	East Region	10
10	NEKTAR BT	Bitola	Bitola	Pelagoniski	16
11	PCELIN RAJ	Strumica	Strumica	Southeast	15
12	PETRUSHKA REKA MIRAVCI	Miravci	Gevgelija	Southeast	11
13	PRESPANKA- PREPANSKO JABOLCE	Resen	Resen	Pelagoniski	22
14	PRVA LOZARSKA KOOPERATIVA	Negootino	Negootino	Vardarski	14
15	PRVA ORGANSKA ZADRUGA	Valandovo	Valandovo	Southeast	10
16	REKANSKI FARMER	Trnica	Mavrovo Rostushe	Poloshki	11
17	RESGRUP	Volkoderi	Resen	Pelagoniski	20
18	ZDRAVO I SVEZO	Resen	Resen	Pelagoniski	10

According to the evaluator of the project, out of the 24 cooperatives evaluated, the yearly turnover increased for 11, decreased for 4, and data was not available for 9. 11 cooperatives had a turnover below 2,000,000 MKD each year, and 6 cooperatives had a turnover of 0 MKD in 2019 because they were registered in 2020. Only 3 cooperatives showed significant growth

in turnover year by year, while the rest had a marginal economic outcome. The top-performing cooperatives were in the grapes, fruit and vegetables, and plums and sour cherries value chains. Still, the maximum turnover of the cooperative was 12,000,000 MKD which questions the cost-benefit of the project.

The project supported MAFWE in the process of the long-term planning of AgriCOOP development. Based on the identified needs of the agricultural sector, the project supported the preparation of the seven-year Strategic Plan for Development of Agricultural Cooperatives (2022 – 2028), aimed to help MAFWE in its effort to strengthen the agricultural sector in the country. The strategy's vision is to create a better future in which AgriCOOPs will improve their financial results and enhance their social impact without increasing their adverse environmental effects. Innovation and technology will play a key role in achieving the strategy's goals.

Identification of gaps and challenges in providing services and models of cooperation

Access to finance: One of the major challenges for agricultural cooperatives is access to finance. Cooperatives often struggle to obtain loans or credit lines, limiting their ability to invest in equipment, land, and other resources needed to expand their operations.

Limited technical and managerial skills: Many agricultural cooperatives in developing countries lack the technical and managerial skills needed to effectively run their businesses. This can limit their ability to produce high-quality products, manage their finances, and negotiate with buyers.

Inefficient supply chains: Inefficient supply chains can lead to higher costs and reduced profitability for agricultural cooperatives. Limited access to transportation, storage, and processing facilities can also lead to product losses and quality issues.

Limited market access: Agricultural cooperatives often face challenges accessing local and international markets due to limited knowledge of market demand, limited marketing resources, and a lack of market connections.

Limited access to technology: Limited access to technology and innovations can hinder the productivity and competitiveness of agricultural cooperatives. This can include access to agricultural inputs, irrigation systems, and other modern farming technologies.

Limited policy support: Limited policy support for agricultural cooperatives can hinder their development and expansion. This can include limited access to government subsidies, inadequate legal frameworks, and limited support from government agencies.

Weak governance structures: Weak governance structures can hinder the growth and sustainability of agricultural cooperatives. This can include issues such as ineffective leadership, a lack of transparency and accountability, and limited member participation.

IV. Analysis of collected data

As case studies of successful examples, cooperatives from five EU countries: Italy, Sweden, Finland, Slovenia and Greece were analysed.

Italy

Agricultural cooperatives in Italy are significant in number and hold a significant economic and occupational influence. According to data from the Registry of Enterprises, there were approximately 11,000 cooperatives operating in the agro-food sector in 2010. Of these, about 9,400 belong to the agricultural sector, employing about 94,000 people. The majority of the almost 1,800 cooperatives that operate in the food industry cannot be considered agricultural.,

Different national associations have been developed over time to promote the cooperative idea, and each one of these associations has an internal section dedicated to agri-food cooperatives. Most agri-food cooperatives are associated with the five recognized national associations, and their economic and occupational weight is estimated to be about 90% due to all main sales-related businesses adhering to these associations.

The Italian agricultural cooperation Observatory was instituted by the Ministry of Agricultural, Food and Forestry Policies in 2005 to study agri-food cooperatives. The observatory uses data from cooperatives that are members of the national associations, making it the most appropriate source of detailed information on Italian agricultural cooperatives.

The most recent data from 2008 indicate the presence of around 5,800 agri-food cooperatives in Italy that represent almost 900,000 farmer members. Most agri-food cooperatives are characterized by the marked prevalence of mutual exchange with members, with an average of 86% of the agricultural products processed and commercialized coming from its members. Together, these businesses employ approximately 94,000 people due to revenues exceeding 34 billion euros.

Fruits and vegetables, meat, and dairy are the most important sectors in the agri-food cooperative category, accounting for more than two-thirds of the sales and number of employees.

Agricultural cooperatives in Italy engage in activities that are closely related to the sector they operate in. The majority of Italian agricultural cooperatives are processing or marketing cooperatives. These cooperatives transform agricultural products provided by members and commercialize finished products. Direct sales to consumers have a small impact on the total sales, especially in larger cooperatives. However, in smaller cooperatives with a local consumer base, direct sales are more important.

Farmer cooperatives in Italy can be categorized as **primary or secondary cooperatives** based on the type of members they have. Primary cooperatives usually have natural persons (farmers) as members who provide raw agricultural materials to the cooperative or purchase farm inputs from supply cooperatives. In contrast, secondary cooperatives (cooperative consortia) may have legal persons (other cooperatives or farms) or a combination of legal and natural persons (cooperatives, farms, and farmers) as members. These cooperatives collect first processed or final consumer products and then transform or commercialize them further.

Another type of cooperative in Italy is the services cooperative, which provides its members with various services, including farm input supply (seeds, feedstuffs, agrochemicals, etc.),

storage, and sales of farm products (primarily cereals). Services cooperatives also include those working in scientific/technical research (analysis, experimentation, etc.) and technical or consulting services (insurance services, certifications, etc.). Although smaller in scale, service cooperatives are an important part of the agricultural cooperative sector in Italy.

Sweden

The cooperative movement contributed significantly to Sweden's transition from an agrarian to an industrialised country, with cooperatives playing major roles in industry, agriculture, retailing, residential construction, and housing administration. The movement was born out of existing mutual aid arrangements among farmers and villagers, with the first agricultural cooperative established in 1852 and the consumer retail societies following shortly after. The Freedom of Commerce Law in 1864 and specific cooperative legislation in 1895 further strengthened the position of cooperatives.

Cooperatives expanded rapidly in the first half of the 20th century, with the creation of national federations and new areas of activity such as banking, crafts, fisheries, horticulture, recreation, and transport. The cooperative structures for travel and services, provision of petroleum products, and insurance also emerged. In the past two decades, co-operatives have played an increasingly important role in the provision of welfare and other services, with new co-operatives emerging in all sectors, including childcare.

Both the agricultural and consumer cooperatives went through a consolidation process resulting in fewer but larger and more complex units. Both sectors have also internationalised their activities, with Swedish agricultural cooperatives investing in production facilities abroad and the consumer cooperative federation, KF, creating a common sales organisation with their Danish and Norwegian counterparts. While Coop Norden dissolved in 2007, cooperation in purchasing between the three countries continued.

Cooperatives play a noteworthy role in the Swedish food industry, but the influence of Nordic cooperatives with headquarters in Denmark or Finland is also significant. Arla Foods, a cooperative in the dairy sector, holds a dominant position with a 64% share of milk purchases in Sweden. Arla Foods, along with other cooperative dairies, operates across the entire supply chain, including procurement, processing, marketing, retailing, and export.

Sweden has a short list of policy measures for cooperatives due to their need to compete with other business forms after EU accession in 1995. While there is no specific "cooperative law", all cooperatives are regulated by the law on economic associations. Tax and competition regulations are advantageous to producer cooperatives. The agricultural policy affects farmer-owned cooperatives, and EU-level measures maintain domestic production, which is crucial for the performance of cooperatives.

Finland

Finland is considered the most cooperative country in the world, with a total of 4,100 cooperatives and four million memberships in 2008. The Confederation of Finnish Cooperatives was established in 1899, and the first Cooperative Societies Act was passed in 1901. By 2007, 84% of Finnish adults were members of at least one cooperative, with an average of 2.1 memberships per person, and 75% of households belonged to a consumer cooperative.

While cooperatives were initially small and local, there has been significant consolidation, particularly in food chain cooperatives. New cooperatives, mainly labour cooperatives, have emerged in the service sector, with almost 3,000 in existence in 2008. Water cooperatives have also become increasingly important in rural areas, with over 1,000 in operation, serving 15% of the population outside villages. ¹

Cooperatives have high market shares in Finland, with 44% of daily goods and 35% of deposits owned by consumer cooperatives. The food chain sector has seen significant consolidation, with high market shares in the dairy and meat sectors, although the role of cooperatives in the cereal sector is smaller. Valio's market share of processed raw milk is 87%, with the five largest owner cooperatives purchasing over 80% of milk produced in Finland. ²

While Finland's food market is small, it can be easily affected by the international market, making it highly competitive despite the high market shares held by cooperatives. The cooperatives have a strong position in the Finnish food chain, particularly in the dairy sector, where the producer price is the same for all members, regardless of the amount produced or the distance of collection. In contrast, meat producers have been less satisfied with their cooperatives.

Cooperatives have managed to maintain their position in the Finnish food chain, and the strong position of Valio has meant that the market follows closely to its prices. The meat sector has also seen high market shares by two large cooperative-based corporations, with expansions in the Baltic Sea region resulting in high investment costs. Despite the market situation, the profitability of these companies has not been significantly affected.

Slovenia

Cooperatives have a long tradition in Slovenia, with the first Act on cooperatives passed in 1873. After World War II, the cooperatives were nationalised and became state companies. However, the Act on Farmers' Cooperation in 1972 re-established the role of members in the context of workers' self-management ideology. The Cooperative Union of Slovenia was also established in the same year and still exists today as a member of the International Cooperative Alliance. Agricultural and forestry cooperatives played an important role in the development of hilly and mountainous areas, where membership was used to develop infrastructure, foster tourism development, and support supplementary activities on farms.

In the 1990s, the cooperative movement led by the Cooperative Union of Slovenia formed central cooperative institutions and a new Act on cooperatives was passed in 1992, which re-established traditional cooperative principles and enabled the formation of all types of cooperatives. The law defined the cooperatives' position within the food processing industry and abolished most benefits that socialist-type cooperatives had in interventionist, land, fiscal, and social policy. The agricultural advisory service was also transferred from the cooperatives to the state administration. Despite a decrease in the number of employed in 2001, the cooperative movement has shown positive development with an increase in the number of cooperatives, employed, and turnovers.

¹ Support for Farmers' Cooperatives, Country Report Finland, European Commission, Perttu Pyykkönen, 2012

² Support for Farmers' Cooperatives, Country Report Finland, European Commission, Perttu Pyykkönen, 2012

The Cooperative Union of Slovenia is a voluntary membership association representing 73 member cooperatives from various sectors, including agriculture, forestry, hunting, and fishery. Its main activities include representing members' interests, providing legal and economic consultation, promoting the cooperative movement, and fostering economic cooperation among members. The majority of its members are involved in intermediation and wholesale trade, with beef, raw milk, grapes, and vegetables being the most purchased products.

The Cooperative Union of Slovenia has several active cooperatives in breeding, plant production, services for agricultural production, and agricultural product processing. While most cooperatives that purchase agricultural products from farmers act only as intermediaries between producers and food processing industries, cooperatives in the grapes and wine sector have their own wine cellars and sell wine. With over 16,500 members and 3,022 employees, agricultural cooperatives are spread throughout Slovenia. Over the past decade, these cooperatives have experienced a steady increase in turnover, as shown in the figure below. In 2008, the average agricultural cooperative turnover was €9 million, equity capital of €2.6 million, 40 employees, and 218 members. While total net profits were negative between 2003 to 2005, cooperatives performed well for the rest of the period. However, this trend reversed in 2009, when they reported a net loss.

Overall, cooperatives have played an important role in the development of Slovenia, especially in the agricultural and forestry sectors, and have experienced changes in their legal status and benefits over time. Despite these changes, the cooperative movement continues to grow and contribute to the country's economy.

Greece

Cooperative arrangements have been present in Greece since ancient times, and during the 18th and 19th centuries, more formal organisational structures were adopted. These predecessors of modern cooperatives were successful under unfavourable conditions such as high taxation by the Ottoman Empire and geographic constraints. The first modern agricultural cooperative was formed in 1906, and this experience led to the flourishing of agricultural cooperatives, with 5,186 organisations established by 1929.

During the same period, many consumer, credit, supply, and service cooperatives were founded in urban areas, but most failed in the short to medium term. However, some urban cooperatives, such as supply cooperatives owned by pharmacies, plumbers, electricians, and taxi drivers, are extremely successful today. Unlike agricultural cooperatives, urban cooperatives were left to their own destiny, which may help explain the post-1980 rapid growth of urban cooperatives.

In the post-1990 period, social enterprises/cooperatives emerged, facilitated by EU and national policies, to facilitate the integration of disadvantaged people into society. However, agricultural cooperatives still outnumber all other types of cooperatives in Greece.

According to Sergaki and Semos (2006), secondary co-operatives had an average turnover of 7.97 million € in 2000, with product sales, commodity sales, and service sales of 4.13, 6.68, and 0.74 million €, respectively. However, during the same year, many agricultural co-

³ Support for Farmers' Cooperatives, Country Report Slovenia, European Commission, Andrej Udovč, 2012

operatives had negative net positions, low working capital, and inadequate or inefficiently utilised equity capital. Secondary co-operatives had an average net loss of 0.420 million €, while IOFs had an average net profit of 0.435 million € in 2000.

In 2009, the top-five co-operatives in each of the eight sectors studied had a total turnover of: 163,906,621.38 € for cereals, 154,912,496.12 € for fruits and vegetables, 121,130,314.11 € for olive oil and table olives, 102,177,019.80 € for wine, and 171,607,284.12 € for dairy.⁴

In terms of the main functions of Greek agricultural co-operatives, they provide farm inputs, credit, processing farm products, and marketing farmer products. Providing farm inputs and credit are usually performed by secondary and primary co-operatives, respectively. Processing farm products is common among secondary co-operatives, while marketing of farmers' products is performed at all levels of co-operatives. Agricultural co-operatives in Greece are usually not highly specialised and engage in political activities but not social activities.

Regarding the position and function of co-operatives, most primary agricultural co-operatives provide their members with multiple services, hold diverse positions within food supply chains, and perform various functions. Most co-operatives are involved in marketing commodities, but only a few are present in retail markets.

Lastly, the type of members in primary co-operatives are farmers, while secondary co-operatives usually have primary co-operatives as their members. There is no association yet for Producer Organizations in Greece.

Identification of best practices for the exchange of experience for agriculture cooperatives'

Provision of services to members (farmers)

Cooperatives should consider the specific needs and requirements of their members when providing services. This can include providing customised credit solutions, tailored processing services, or specialised marketing strategies. Best practices for the exchange of experience for agricultural cooperatives in the provision of services to members include:

- Providing farm inputs
- Providing credit
- Processing farm products, and
- Marketing farmer products

For example, an agricultural cooperative that provides **farm inputs** could organise a workshop for its members to share knowledge on the most effective farming techniques and the use of different inputs. The cooperative could also collaborate with other cooperatives to share resources and expertise in providing inputs. Additionally, the cooperative could network with other stakeholders in the agricultural sector, such as input suppliers or government agencies, to stay up-to-date with the latest developments and regulations.

⁴ Support for Farmers' Cooperatives, Country Report Greece, European Commission, Constantine Iliopoulos, 2012

In the case of **providing credit**, an agricultural cooperative could tailor its credit solutions to meet the specific needs of its members. This could include offering flexible repayment terms, providing loans for specific purposes such as purchasing new equipment, or partnering with financial institutions to offer lower interest rates. The cooperative could also provide financial management training to its members to promote responsible borrowing and repayment practices.

For **processing and marketing services**, an agricultural cooperative could collaborate with other cooperatives to share expertise on the most effective processing techniques and the development of new value-added products. The cooperative could also network with other stakeholders in the agricultural sector to identify new markets and develop effective marketing strategies. By tailoring its services to the needs of its members and exchanging best practices with other organisations, the cooperative can ensure the long-term sustainability and profitability of its operations.

Models of cooperation

The **decision-making processes** on operational aspects in EY are often delegated to cooperative management, while farmer members are always involved in strategic decisions. An example of this is the way in which many mergers and acquisitions have been carried out: i.e. cooperatives plan a timetable and modalities for the implementation of these processes (merger and acquisition) that give farmer members the possibility to verify the quality of choices of the cooperative management. This helps to maintain a strong sense of belonging and a “cooperative culture” rooted in the membership base.

In defining cooperatives and producer organisations we have applied the three basic principles:

1. The User-Owner Principle: Those who own and finance the cooperative are those who use the cooperative.
2. The User-Control Principle: Those who control the cooperative are those who use the cooperative.
3. The User-Benefits Principle: The cooperative sole purpose is to provide and distribute benefits to its users on the basis of their use.

These are simple and flexible principles, still encompassing a latitude of practices such as open or defined membership and one-member-one-vote or proportional voting. These basic cooperative principles can be found in the following organisational practices. Users typically control cooperatives by democratic decision-making structures. Capitalization of cooperatives is created by direct investments, retained patronage refunds, and per-unit capital retains. Benefits are realized by returning net income (or surplus) to patrons in proportion to use, by receiving/paying fair prices, and by gaining access to markets, supplies, and services. In sum, a cooperative has been defined as a user-owned and controlled business from which benefits are derived and distributed on the basis of use. While many different types of agricultural cooperatives exist in the EU Member States, our study focused on agriculture cooperatives.

Enlistment of criteria for best practices to deploy the models for cooperatives in the country

Here are some criteria for best practices to deploy models for agricultural cooperatives in North Macedonia:

1. Understanding the local context: This criterion involves understanding the social, economic, and cultural factors that influence the agricultural sector in North Macedonia. The model should be tailored to the specific needs and challenges faced by farmers in the region, such as land fragmentation, low productivity, lack of access to finance, and limited market opportunities. Stakeholder engagement and participation are crucial to ensure that the model is responsive to the local context and that it meets the needs of all actors in the value chain.

2. Ensuring sustainability: Sustainability is critical to ensure that the model is environmentally, socially, and economically sustainable in the long run. The model should promote sustainable agriculture practices, such as soil conservation, water management, and the use of renewable energy. It should also promote social sustainability by ensuring fair working conditions and equitable distribution of benefits among members. Finally, it should be economically sustainable by generating sufficient income to cover the costs of production, provide fair returns to members, and reinvest in the cooperative's development.

3. Ensuring financial viability: Financial viability is essential to ensure the long-term success of the agricultural cooperative. The model should include sound financial management practices, such as financial planning, budgeting, and accounting, as well as effective risk management strategies. It should also focus on developing diverse income streams, such as value-added processing, direct marketing, and eco-tourism, to reduce dependence on a single crop or market. Finally, the model should encourage access to finance and credit, such as through microfinance institutions or agricultural credit cooperatives.

4. Promoting cooperation: Cooperation and collaboration among farmers are fundamental to the success of agricultural cooperatives. The model should promote cooperation by encouraging members to share resources, knowledge, and expertise. This can include joint marketing and purchasing, collective bargaining, and the sharing of machinery and equipment. The model should also foster a sense of community among members, which can help build trust and enhance the social and economic benefits of cooperation. Finally, the model should promote democratic decision-making and transparent governance structures to ensure that all members have a say in the cooperative's affairs.

IV. State support for Agri-COOPs in North Macedonia

According to the Final Evaluation of the project Support to Development of Agricultural Cooperatives, executed by CARE and financed by EU, MAFWE supports agriculture and rural development through various funding mechanisms but does not monitor the effects of their investments or how specific beneficiaries perform according to their specific funding source/mechanism .

Assessment of the state support for developing Agri-COOPs in North Macedonia

Financial support for the operation of agricultural cooperatives

Small-scale agricultural cooperatives can receive additional direct payments for the current year of up to 7.5% for the output they have produced and sold through the cooperative. Large-scale agricultural cooperatives can receive additional direct payments for the current year of up to 15% for the production they have produced and sold through the cooperative.

Agricultural cooperatives can receive support for irrigation, in the form of reimbursement of part of the irrigation costs, for the production facilities in and of the cooperative, in an amount that will not exceed 20% of the irrigation cost for small-scale cooperatives and 30% for large scale cooperatives, but not more than 400,000 denars per annual level.

Agricultural cooperatives can receive financial support for insurance premiums, in the form of compensation for part of the insurance costs, in an amount that will not exceed 70% of the cost of insurance of the production facilities of the small-scale agricultural cooperative and 80% for insurance on the production capacities of the agricultural cooperative on a large scale, but not more than 3,000,000 MKD per year.

Financial support for agricultural cooperatives can also refer to the purchase of agricultural machinery in accordance with the annual program for financial support of rural development, and the same can be granted as aid whose amount does not exceed 90% of the total value of the purchase.

Identification of opportunities and areas for improvement

Professionalization of management and support based on success (income/turnover): To ensure the success of agricultural cooperatives in North Macedonia, it is important to professionalise their management and provide support based on their success. This means that government support programs should prioritise cooperatives that have demonstrated success in income and turnover. By providing targeted support to successful cooperatives, the government can help them continue to grow and become more competitive in the market. This can include providing training and resources to improve management practices, as well as financial support, such as low-interest loans to help cooperatives expand their operations.

Incentives connected to the market and sales: To increase the sales and competitiveness of agricultural cooperatives, the government can provide incentives connected to the market and sales. For example, the government could offer tax breaks or other financial incentives to cooperatives that can sell their products at a higher price or to larger markets. This can encourage cooperatives to invest in marketing and distribution efforts and to seek out new

markets for their products. Additionally, the government could support cooperatives to attend trade fairs and other marketing events, which can help them connect with potential buyers and increase sales. Overall, incentivising market-based success can help drive growth and competitiveness for agricultural cooperatives in North Macedonia.

Supporting Marketing Cooperatives: The government can support marketing cooperatives by creating policies and programs that incentivise and facilitate their formation. This can include offering technical assistance, training, and financial support to establish cooperatives. Additionally, the government can create platforms or networks for marketing cooperatives to promote their products, such as online marketplaces, trade fairs, and exhibitions.

Brand Development and Geographical Indications: The government can facilitate the registration process for geographical indications, such as PDO, PGI, and GI. This can include providing technical assistance, reducing bureaucratic barriers, and creating an efficient registration system. Additionally, the government can fund cooperatives to invest in brand development activities, such as packaging, labelling, and advertising, which can help differentiate their products in the market and increase their competitiveness.

Merger and Acquisition of Cooperatives: The government can create policies and programs that incentivise and facilitate the merger and acquisition of cooperatives in the same sector. This can include offering financial incentives, technical assistance, and legal support to consolidate cooperatives. Additionally, the government can create a platform or network to connect cooperatives interested in merging or acquiring other cooperatives, which can facilitate the process.

Monitoring State Investments and Funding Mechanisms: The government can create a monitoring and evaluation system to track the effectiveness of state investments and funding mechanisms for agricultural cooperatives. This can include conducting regular audits, impact assessments, and evaluations of specific beneficiaries according to their funding source/mechanism. This can help ensure that funds are being used effectively and efficiently and can inform policy decisions regarding future investments and funding mechanisms.

VI. Recommendations for North Macedonia

Recommendations for North Macedonia regarding the organisation and management of Agri-COOPs, sound leadership, and management professionalisation include:

1. Encouraging the development of cooperative management training programs and providing resources for cooperative managers to develop their skills and knowledge.
2. Providing incentives for cooperatives to professionalise their management, such as offering tax breaks or grants to cooperatives that meet certain management standards.
3. Promoting modern management tools and technologies in cooperatives, including digital accounting systems and communication platforms.
4. Encouraging cooperatives to develop strong governance structures that include a board of directors elected by members, regular board meetings, and transparent decision-making processes.
5. Support cooperatives to develop strategic plans and improve their market positioning, including conducting market research and developing marketing plans.
6. Encouraging the development of value-added products and services that can increase the revenue and profitability of cooperatives, such as processing and packaging facilities or agro-tourism initiatives.

Recommendations for North Macedonia in terms of the provision of services to members (farmers) include:

1. Providing training and education programs to members on sustainable farming practices, marketing strategies, and financial management.
2. Supporting the development of farmer-led extension services that provide technical assistance to members.
3. Encouraging the development of member services, such as input procurement, marketing, renting equipment and transportation.
4. Providing access to market information and connections to buyers for members.
5. Supporting the development of cooperatives that specialise in specific commodities or products to better serve members' needs.

Recommendations for North Macedonia in terms of access to finance include:

1. Developing specialised financing programs for agricultural cooperatives, including loan guarantees, revolving loan funds, and venture capital.
2. Encouraging the development of financial cooperatives or credit unions that can provide low-cost financing to members.
3. Providing training and education programs to cooperatives on financial management and access to finance.
4. Facilitating access to government financing programs and grants for cooperatives.
5. Encouraging cooperatives to establish relationships with commercial banks and other financial institutions to access traditional financing sources.

Recommendations for North Macedonia in terms of state support include:

1. Providing policy support for the development and growth of agricultural cooperatives, including creating a favourable legal and regulatory framework.

2. Offering tax incentives or subsidies for cooperatives that meet certain criteria, such as being farmer-owned and operated.
3. Providing technical assistance and other support services to cooperatives, including legal and financial advice.
4. Supporting the development of infrastructure that is necessary for cooperatives, such as storage facilities and transportation networks.
5. Facilitating access to government procurement programs for cooperatives, including public school and hospital food programs.

Table 2. Matrix of potentials for improvements and criteria for best practices

	Understanding the local context	Ensuring sustainability	Ensuring financial viability	Promoting cooperation
Professionalization of management and support based on success (income/turnover)	+	++	++	+
Incentives connected to the market and sales	++	++	++	++
Supporting Marketing Cooperatives	++	++	++	++
Brand Development and Geographical Indications	++	++	++	+
Merger and Acquisition of Cooperatives	-	-	++	++
Monitoring State Investments and Funding Mechanisms	+	++	++	++

++ indicates high potential for improvement, + indicates moderate potential for improvement, - + indicates no potential for improvement

VII. Conclusion

- 1) The analysis suggests that there are several measures that can be taken to improve government support for agricultural cooperatives in North Macedonia.
 - + Firstly, marketing cooperatives can be supported to ensure a common market for its members and increase sales.
 - + Secondly, brand development and geographical indications can be used to provide a competitive advantage and differentiate products in the market.
 - + Thirdly, mergers and acquisitions of cooperatives in the same sector can increase efficiency and competitiveness.
 - + Fourthly, monitoring the effects of state investments and funding mechanisms for agricultural cooperatives can ensure that funds are being used effectively.
 - + Fifthly, additional support for brand development and geographical indications can be provided, as well as facilitating the registration process for these labels.
 - + Finally, financial incentives for cooperatives to merge or acquire other cooperatives can promote consolidation and improve efficiency in the sector.
- 2) Implications and Recommendations for Future Research: This study highlights the importance of government support for agricultural cooperatives in North Macedonia. Future research could explore the impact of these measures in more detail and identify any challenges that may arise. Additionally, there could be a focus on the role of cooperatives in improving the economic and social conditions of farmers in the region. Furthermore, the research could explore the potential for international cooperation and exchange of knowledge and expertise between North Macedonia and other countries with established agricultural cooperative systems. Finally, the research could also explore the role of technology and innovation in supporting agricultural cooperatives and improving their efficiency and competitiveness.

ANNEX EXAMPLE OF BEST PRACTICE

Previous financial support for the establishment of Agri-COOPs in North Macedonia

Financial support for the establishment of agricultural cooperatives is intended to cover part of the costs for the establishment of an agricultural cooperative, establishment of administrative and technical capacities, help for hiring experts, help for organising informative and promotional activities and training for the personnel potential and the members of the agricultural cooperative. The financial support can also refer to the payment of a salary for a manager of an agricultural cooperative who, in accordance with the prescribed conditions, can exercise the right to assistance of this type in the amount of 100% in the first year of the average salary paid in the Republic of Macedonia for the previous year, with a 20% reduction for each subsequent one year in a period not longer than five years.

Financial support to agricultural cooperatives on a large scale can also be granted for hiring a person from the field of agricultural sciences and veterinary medicine, according to the type of agricultural cooperative, in the amount of no more than the average salary paid in the Republic of Macedonia for the previous year.

EU Countries

Italy:

- Grants for infrastructure investments, equipment modernization, and marketing activities.
- Tax benefits and access to preferential credit lines.
- Technical assistance, training, and advisory services from the National Agency for Rural Development.

Finland:

- Grants for cooperative establishment, feasibility studies, and development projects.
- Training programs and advisory services on business planning, governance, and risk management.
- Access to financial support through rural development programs and specialized cooperative banks.

Sweden:

- Grants for cooperative development projects, infrastructure investments, and market development initiatives.
- Training programs and advisory support from the Swedish Cooperative Center.
- Cooperative networks and platforms for knowledge exchange and collaboration.

Slovenia:

- Grants for cooperative establishment, machinery purchase, and market development activities.

- Training programs and advisory services on organic farming, product certification, and export market access.
- Low-interest loans and grants from the cooperative fund for development projects.

Serbia:

- Grants for cooperative formation, equipment purchase, and infrastructure development.
- Training and capacity-building programs on business planning, marketing, and quality standards.
- Cooperative associations providing advisory services, market linkages, and policy advocacy.

Greece:

- Grants for cooperative formation, infrastructure investments, and equipment modernization.
- Training programs and advisory services on quality control, marketing strategies, and export market access.
- Specialized financing options from cooperative banks.

These measures reflect the commitment of these countries to provide financial, technical, and advisory support for the founding and running of agriculture cooperatives, fostering their growth and success.

Case Study: First Buyers Cooperative “Nasha Dobra Zemja”

Organic producers in Macedonia (especially the small ones) do not sell directly to consumers since such an activity would be an extra burden besides taking care of their production, for which most often they lack the skills. They still have not developed sound distribution channels for transfer and sales of their produce, nor have developed suitable marketing strategy to differentiate and promote the advantages of organic products. In many cases, the producers are forced to sell their products as conventional and to use regular distribution channels. Thus, they can achieve prices of conventional products only, missing the opportunity for setting the correct prices and visibility as provider of organic products. On the market, large super markets and large distribution chains dominate; they dictate prices, conditions for collaboration, quantities and payments. In such a setting, small scale organic producers are marginalized and pushed out of the market, although they are the ones who produce best quality and healthiest organic products. The cooperative helps them get access directly to consumers. Through the cooperative, a direct contact with producers is established, excluding middleman/tradesmen who do not actively contribute to support and promote organic producers. The cooperative established a rare and valuable opportunity to get to know the farmer personally, to be able to visit her/him (which they do extensively), and to establish a mutual relationship of trust⁵.



Source: Case Study: Capacitate buyers' coop to increase membership, Igor Mishevski, Skopje, 2015

Nasha Dobra Zemja – NDZ (or Our Good Earth in English) is a cooperative of consumers (members) that organizes selling of local Macedonian organic products for its members (through the concept of weekly organic basket) and to consumers who are not members of the cooperative (through its shop in Skopje central area). They carry only local (Macedonian) and only organic products. The decision making at NDZ is collective, trying to be as transparent as possible. The profit of NDZ is exclusively used for supporting the idea which is the main reason for founding the cooperative – to contribute to the idea for as many people in Macedonia as possible to have access to and consume local organic trusted products for affordable prices.

⁵ Case Study: Capacitate buyers' coop to increase membership, Igor Mishevski, Skopje, 2015

All products sold through the NDZ are with an organic certificate issued by one of the two certification bodies in the country. Every single producer and supplier is directly visited by the NDZ representatives. The cooperative is in the process of collecting funds for doing their own tests and analysis, in order to re-emphasize their role as reliable supplier of organic products. Also, the cooperative aims to work on a “beyond organic” model that will inspire new producers to embark, including development of own cooperative standard that will incorporate biodiversity, energy, soil protection, water collection, air concern, and observation of natural patterns, elements and their interaction. NDZ is in the process of application of these principles and already work on training 5 producers in order to achieve this goal in 2016. In collaboration with the producers, the cooperative is organizing “an open day” at their farms, and interested members and non-members are encouraged to join in. Their work has been already recognized by local and international community and NDZ won the national Social Impact Award 2015 and the regional Green Ideas and Philanthropy Award 2015.

Main activities and achievements: Organic buyers Coop “Our Good Earth” was supported in developing a business model for operations with the objective to increase their member base and increase sales. As result of these interventions 47 farmers sell more than 150 types of organic products. The total value of increased sales for the buyers coop is over 35,600 CHF for a period of 8 months (May - December 2015) which reflected in creation of 7,116 CHF net income for the coop. The price payed by the coop for the organic products sold by the farmers has increased for more than 2 times, and the farmers has benefited with increased sales in Organic Agriculture in amount of 23,289 CHF (with average 495 CHF monthly farmer selling to Coop). Additionally 3 part time young women employed within the coop, creating 1.5 FTE and earning net income 5,160 CHF. In regards to the membership base, it continuously increases - from 12 members in April 2015 to 47 by the end of December 2015.

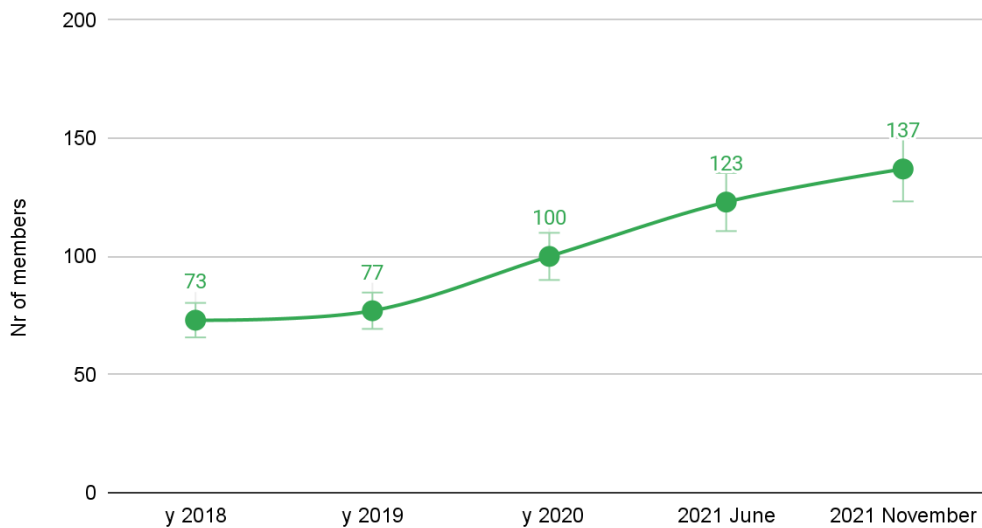
At the beginning of 2021, Dobra Zemja worked with 30 producers, but because of the lack of a cooling storage facility, they purchased the products one day before, in order to distribute the weekly baskets the next day. With the creation of a cooling storage facility, they can purchase products almost a week in advance, and they can distribute the weekly baskets in a two day period. With this, they will double the number of farmers that they purchase products from. With the support of IME, Dobra Zemja installed a cooling storage facility in order to extend the shelf life of the products and increase the delivery time.⁶

Challenges for the future: Increased membership base and increased demand for organic products will require more careful sales planning and logistic efforts. Adding more organic products on offer (increase of the product portfolio) and/or volume increase might require larger sales space and relocation of the store. Continuous marketing efforts will be needed for further promotion of the Cooperative and attraction of additional members and customers. Getting involved in production of own organic products should be envisaged for the forthcoming period.

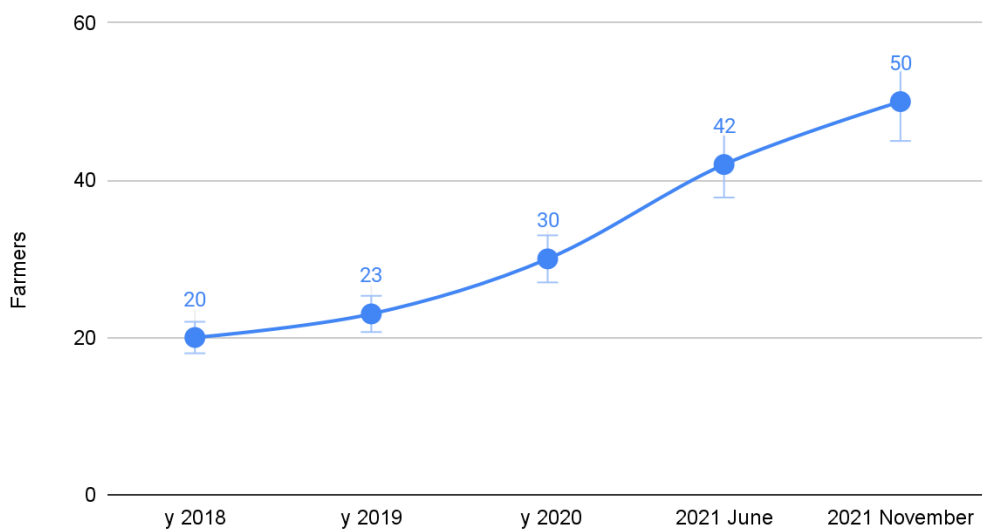
Dobra Zemja wants to focus on a higher increase in sales, increasing the number of clients and members by 50% before the beginning of the spring (new season), increasing the number of farmers that they purchase from by 60% and increase people that are employed by the cooperative by at least 4 new persons. On the farmers level, they will increase the sales by 60% and create an opportunity for employment of new 10 workplaces on the farmers level (in the first year) that will be increased to 20 in 5 years.

⁶ Brief report on the capacity building actions of Dobra Zemja, Igor Mishevski, Skopje, 2022

Members



Farmers



Source: Case Study: Brief report on the capacity building actions of Dobra Zemja, Igor Mishevski, Skopje, 2022

VIII. References

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