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1. COOPERATIVES

A SUCCESSFUL IDEA WITH A FUTURE

The success story of German cooperatives is inseparably linked with two personalities: Friedrich Wilhelm Raiffeisen (1818 - 1888) and Hermann Schulze-Delitzsch (1808 - 1883).

In 1847, Friedrich Wilhelm Raiffeisen set up the first society for those in need in the rural population. He went on to found the „Heddersdorf Loan Society“ in 1864. At the same time, Hermann Schulze-Delitzsch started a campaign in aid of craftsmen who were going through difficult times. Based on the principles of self-help, self-governance and individual responsibility, he founded the first „raw-material associations“ for carpenters and shoemakers in 1849 and the first „advance-disbursement society“, predecessor of the current Volksbanken, again in Delitzsch in 1850. The „food association“ founded in 1850 in Eilenburg is considered to be the first consumer cooperative with collective liability.

The cooperative idea spread across Germany and beyond in the decades which followed. The local primaries founded regional and national centres to ensure and expand their services to the members. As early as the 1870s, cooperatives united to form their own federations.

In 1889, the Cooperative Act came into force regulating all matters pertaining to the specific legal form of cooperatives, such as compulsory cooperative auditing.

After the Second World War and during the partition of Germany, cooperatives developed along very different lines. Cooperatives in East Germany were not organizations in the Raiffeisen and Schulze-Delitzsch sense at all and were integrated in the planned economy rather than adhering to the principles of individual responsibility and self-governance.

In West Germany the Raiffeisen and Schulze-Delitzsch organizations merged in 1972 and the German Cooperative and Raiffeisen Confederation, the top-level organization of the German cooperatives, was set up in the process. Increasingly fierce competition and growing economic globalization have left their mark on the cooperatives as well. Over the course of time, cooperatives have merged to form larger entities with enable them to continue operating successfully for their members. Of the more than 26,000 cooperatives which existed in 1950, 5,643 cooperatives are currently left as a result of a policy of planned mergers, serving 19.4 million members as compared to no more than 4.4 million in 1950. In consequence, cooperatives under the roof of the DGRV represent the economic organization with the largest membership in Germany at present.

The cooperative organization is not a centralized structure but a bottom-up group organization.
Services to members are rendered on the basis of the principle of subsidiarity, in other words the centralized top-level enterprises will always become involved if it appears to be impossible or inappropriate to take action at the local level, for example.

Self-help and individual initiative are becoming increasingly important in today’s world, while the state is disengaging from many of its traditional responsibilities. This is trend which, over the last few years, has attracted a great deal of interest in the foundation of new cooperatives. In the last three years, some 580 cooperatives have been newly founded under the roof of the DGRV.

Cooperatives continue to provide purchasing or marketing functions. However, additional lines of business, such as management consultancy, IT operations, accountancy, laboratory testing, quality management, education and training programs as well as activities such as waste management, recycling and environmental protection, are also now outsourced to cooperative organizations.

Cooperatives are not only active in traditional sectors such as agriculture, retail or the trades, but also in healthcare, energy or in the provision of previously public services.
The amendment of the Cooperative Act in 2006 has enabled cooperatives to provide social services and cultural programs as well. As a result, they are also suitable for the organization of cooperation between medical doctors and nursing staff or as a legal form for the running of healthcare centres, for bringing together publicly-spirited citizens or uniting artists working for a common purpose.

They may also serve as an alternative to local special-purpose associations or as a structure for the organization public-private partnerships. The registered cooperative as a legal form is therefore ideal for cooperation in the economy and society. Tailored to their specific legal requirements, it enables individuals to achieve collectively what they would not be able to achieve lone.

THE VOLKSBANKEN AND RAFFEISENBANKEN OFFER PERSONAL FINANCIAL ADVICE.
2. THE COOPERATIVE ORGANIZATION

GENERAL OVERVIEW

The cooperative organization is by far the largest business organization in Germany in terms of membership. Currently, 19.4 million individuals are members of a cooperative under the roof of the DGRV, not including the members of housing cooperatives which are not affiliated to the DGRV. Statistically this means that one in four citizens in Germany is a member of a cooperative. Members make use of the cooperative form of organization to obtain access to markets and to improve their market position.

Primary cooperatives maintain their own centralized enterprises and specialized institutions both at regional and national level in order to render special services in an efficient and cost-effective manner. The Cooperative enterprises undertake their work on the basis of the principle of subsidiarity.

Cooperative federations are set up for the following functions: to develop cooperative enterprises into a viable organization, advising them in an effective manner, setting common standards and promoting their common interests. There are four sector-specific cooperative federations in addition to the DGRV

<table>
<thead>
<tr>
<th>IMPORTANT FIGURES OF THE ENTIRE ORGANISATION (AS OF 31-12-2014)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>number</strong></td>
</tr>
<tr>
<td>----------------</td>
</tr>
<tr>
<td>cooperative banks</td>
</tr>
<tr>
<td>specialized institutes within the Cooperative Financial Services Network</td>
</tr>
<tr>
<td><strong>number</strong></td>
</tr>
<tr>
<td>----------------</td>
</tr>
<tr>
<td>Raiffeisen commodity, service and agricultural cooperatives, incl. cooperative centres</td>
</tr>
<tr>
<td>small-scale industry commodity and service cooperatives, incl. cooperative centres</td>
</tr>
<tr>
<td>energie cooperatives</td>
</tr>
<tr>
<td>consumer and service cooperatives</td>
</tr>
<tr>
<td><strong>total</strong></td>
</tr>
</tbody>
</table>

1) of which 125 cooperative banks with commodity business
2) provisional figure
3) approximate figure
4) incl. dual membership

> National Association of German Cooperative Banks reg. assoc. (German abbrev. BVR)
> German Raiffeisen Federation reg. assoc. (DRV)
> DER MITTELSTANDSVERBUND (SME Groups Germany)
> Central Federation of German Consumer Cooperatives reg. assoc. (ZdK)
3. LINES OF BUSINESS OF THE COOPERATIVE ORGANIZATION

3.1 COOPERATIVE FINANCIAL NETWORK

VOLKSBANKEN
RAIFFEISENBANKEN

Proximity to the customer, responsibility for the region and partnership with small and mid-sized companies - these are the principles on which the 1,047 German local cooperative banks and other institutions and companies of the Cooperative Financial Network base their activities.

As independent credit institutions with around 190,000 staff members nation-wide, the cooperative banks provide more than 30 million customers with financial services. One unique quality of the cooperative banks is their traditional duty to promote the interests of their around 18 million members. This means that over half of all customers of the cooperative banks are simultaneously share-holders in their banks - with all the accompanying advantages and co-determination rights. At the end of 2014, the loans granted by the cooperative banks amounted to a total volume of € 482 billion, while deposits amounted to more than € 591 billion of which € 200 billion alone were savings deposits (including savings bonds).

Overall, the cumulative balance sheet total of the cooperative banks at the end of 2014 amounted to just under € 788 billion.

Local banks are supported by numerous product and service providers, who enable even the smallest institutions to offer their customers all financial services from a single source. These include, in addition to the cooperative central banks - DZ BANK AG and WGZ BANK AG - divisional companies such as the building society Schwäbisch Hall AG, R+V Versicherung AG, Union Asset Management Holding AG, the
Teambank AG and the cooperative mortgage banks Deutsche Genossenschafts - Hypothekenbank AG, Münchener Hypothekenbank eG and WL Bank AG.

Two independent rating agencies have confirmed that the cooperative banking group is not only a first-class, but above all a trustworthy and secure network. Both Standard & Poor’s and Fitch Ratings awarded the Cooperative Services Network and all member banks the premium network rating “AA-“. Thus the agencies have also honoured the protection scheme of the group, operated by the Bundesverband der Deutschen Volksbanken und Raiffeisenbanken (National Association of German Cooperative Banks), which has guaranteed the portfolios of its member institutions for over 80 years.

**BALANCE SHEET TOTAL, DEPOSITS AND LOANS OF THE VOLKSBANKEN RAiffeisenbanken (IN BILLIONS OF EUROS)**

+ balance sheet
+ deposits
+ loans

<table>
<thead>
<tr>
<th>Year</th>
<th>Balance Sheet</th>
<th>Deposits</th>
<th>Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>145.2</td>
<td>95.5</td>
<td></td>
</tr>
<tr>
<td>1990*</td>
<td>297.9</td>
<td>170.4</td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>534.9</td>
<td>332.7</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>706.6</td>
<td>506.7</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>787.9</td>
<td>581.8</td>
<td>482.1</td>
</tr>
</tbody>
</table>

* from 1990 New Laender inclusive
### VOLKSBANKEN AND RAiffeISENBAHNKEN DEVELOPMENT (AS OF 31-12-2014)

<table>
<thead>
<tr>
<th>Description</th>
<th>Dec 14</th>
<th>Dec 13</th>
</tr>
</thead>
<tbody>
<tr>
<td>accounts payable on demand</td>
<td>325,256</td>
<td>298,311</td>
</tr>
<tr>
<td>time deposits</td>
<td>56,745</td>
<td>60,449</td>
</tr>
<tr>
<td>savings deposits</td>
<td>188,854</td>
<td>189,021</td>
</tr>
<tr>
<td>savings certificates</td>
<td>10,899</td>
<td>13,392</td>
</tr>
<tr>
<td>amounts owed to non-banks in total</td>
<td>581,844</td>
<td>561,173</td>
</tr>
<tr>
<td>bearer bonds outstanding</td>
<td>9,630</td>
<td>11,866</td>
</tr>
<tr>
<td>amounts owed to non-banks and bearer bonds outstanding</td>
<td>591,474</td>
<td>573,039</td>
</tr>
<tr>
<td>short-term receivables (incl. bills of exchange)</td>
<td>32,493</td>
<td>32,723</td>
</tr>
<tr>
<td>medium-term receivables (&lt; 5 years)</td>
<td>29,553</td>
<td>28,659</td>
</tr>
<tr>
<td>long-term receivables (&gt; 5 years)</td>
<td>420,052</td>
<td>400,888</td>
</tr>
<tr>
<td>loans and advances to non-bank customers in total</td>
<td>482,098</td>
<td>462,270</td>
</tr>
<tr>
<td>balance sheet total</td>
<td>787,896</td>
<td>762,922</td>
</tr>
<tr>
<td>number of cooperative banks</td>
<td>1,047</td>
<td>1,078</td>
</tr>
<tr>
<td>number of branch outlets</td>
<td>11,723</td>
<td>11,978</td>
</tr>
<tr>
<td>number of bank units</td>
<td>12,770</td>
<td>13,056</td>
</tr>
<tr>
<td>members</td>
<td>18,024,983</td>
<td>17,712,774</td>
</tr>
</tbody>
</table>
3. LINES OF BUSINESS OF THE COOPERATIVE ORGANIZATION

3.2. RAFFEISEN COOPERATIVES

COMMODITY AND SERVICE COOPERATIVES WITHIN THE RAFFEISEN ORGANIZATION

2,316 commodity and service cooperatives are operating today in various lines of business in Germany. Particularly in difficult economic times farmers, horticulturists and winegrowers trust in the cooperative principle of self-help and assume individual responsibility.

The marketing and service enterprises of German agriculture cover and process the entire range of agricultural products from plants to animals. Cooperatives act as bridge-builders to both domestic and foreign markets. It is their declared objective to achieve excellent market prices and to protect the independence of farming members and their businesses.

Cooperatives are reliable trading and contractual partners of the farming community by marketing their crop and aggregate purchases, and by storing and distributing farm inputs.

More than 60% of the entire quantity of milk produced is processed by dairy cooperatives in Germany. Each year, winegrowers’ cooperatives collect one third of the grape harvest and process it into wines of different quality grades.

Cooperatives provide many and diverse services and consultancy, including repair services and advice on how to meet market and environmental requirements when production is expanded. For example, Raiffeisen cooperatives analyze soil samples, advise on environmentally friendly plant protection, produce components for animal feeds and define criteria for the processing industry. They also explore markets for new products. In line with the motto “we open up new markets” they have supported the cultivation and marketing of regenerative raw materials and regenerative sources of energy.

Cooperatives operate more than 850 petrol stations in Germany. They supply fuel and petrol to industrial, agricultural and private customers alike and operate some
important figures
of the raiffeisen organization (as of 31-12-2014)

<table>
<thead>
<tr>
<th>Raiffeisen cooperatives</th>
<th>number of coops</th>
<th>turnover in m €</th>
</tr>
</thead>
<tbody>
<tr>
<td>commodity business</td>
<td>424</td>
<td>37,500</td>
</tr>
<tr>
<td>dairy cooperatives</td>
<td>225</td>
<td>14,800</td>
</tr>
<tr>
<td>livestock, meat and breeding cooperatives</td>
<td>92</td>
<td>6,600</td>
</tr>
<tr>
<td>fruit, vegetable and horticultural cooperatives</td>
<td>88</td>
<td>3,300</td>
</tr>
<tr>
<td>agricultural cooperatives</td>
<td>765</td>
<td>2,000</td>
</tr>
<tr>
<td>winegrowers cooperatives</td>
<td>169</td>
<td>800</td>
</tr>
<tr>
<td>others</td>
<td>553</td>
<td>1,000</td>
</tr>
<tr>
<td>total</td>
<td>2,316</td>
<td>66,000</td>
</tr>
</tbody>
</table>

1) incl. central cooperatives
2) incl. central cooperatives and other members
3) provisional figure
4) incl. revenues of the subsidiaries and participation of the cooperative enterprises

714 specialized DIY-markets. A wide choice of high-quality products for homes and gardens and animal food is available in more than 1,565 Raiffeisen stores.

Cooperatives are also involved in the recycling of recyclable material. Their comprehensive range of services helps to make rural areas more attractive. Following the motto “Raiffeisen – services for everyone”, the large choice of cooperative products and services is greatly appreciated in rural and suburban communities.

In the entire value chain from stalls to the shop counter, Raiffeisen cooperatives act as important and reliable partners to the food-producing industry, food retail trade and the food-producing trades. Given their close ties with producers and the cooperation between primary and central cooperatives, they are always able to deliver the required quantities and, in particular, quality.

By collecting, storing and processing they accumulate supplies of marketable quantities. Cooperatives emphasize the need for contractual ties, operate on the basis of reliable quality management systems and ensure impeccable certification of origin. Quality and safety are the key to all lines of business. Brand products of cooperative origin are greatly appreciated by trading partners and consumers at home and abroad. Modern and efficient Raiffeisen cooperatives have emerged from the charitable self-help organizations born of the hardship of the 19th century. They meet the high requirements of food production in terms of quality of raw materials and finished products.

Greater competition on European and international markets, continuing structural change in agriculture, and also a greater measure of concentration in the upstream and downstream stages of distribution have also forced cooperative enterprises to streamline production and to continue concentrating their economic forces.

The process of adaptation is already far advanced and will be
<table>
<thead>
<tr>
<th>cooperatives</th>
<th>number</th>
</tr>
</thead>
<tbody>
<tr>
<td>central commodity cooperatives 1)</td>
<td>6</td>
</tr>
<tr>
<td>purchasing and marketing cooperatives</td>
<td>293</td>
</tr>
<tr>
<td>cooperative banks with commodities</td>
<td>125</td>
</tr>
<tr>
<td>dairy cooperatives 1)</td>
<td>225</td>
</tr>
<tr>
<td>livestock and meat cooperatives 1)</td>
<td>73</td>
</tr>
<tr>
<td>breeding cooperatives</td>
<td>19</td>
</tr>
<tr>
<td>fruit and vegetable cooperatives</td>
<td>67</td>
</tr>
<tr>
<td>flower cooperatives</td>
<td>21</td>
</tr>
<tr>
<td>winegrowers cooperatives 1)</td>
<td>169</td>
</tr>
<tr>
<td>agricultural cooperatives</td>
<td>765</td>
</tr>
<tr>
<td>forestry cooperatives</td>
<td>35</td>
</tr>
<tr>
<td>distilling cooperatives</td>
<td>101</td>
</tr>
<tr>
<td>fishery cooperatives</td>
<td>28</td>
</tr>
<tr>
<td>bioenergy cooperatives</td>
<td>3</td>
</tr>
<tr>
<td>drying-plant cooperatives</td>
<td>35</td>
</tr>
<tr>
<td>machinery cooperatives</td>
<td>52</td>
</tr>
<tr>
<td>grazing-land cooperatives</td>
<td>65</td>
</tr>
<tr>
<td>graft vine/viniculture cooperatives</td>
<td>3</td>
</tr>
<tr>
<td>other commodities cooperatives/service cooperatives 2)</td>
<td>231</td>
</tr>
</tbody>
</table>

1) incl. central cooperatives
2) incl. central cooperatives and other members

continued with determination.

Raiffeisen is an important economic factor and employer, especially for rural areas and the people living there. Some 82,000 workers are currently employed in the various sectors, including trainees and retail and wholesale clerks, graduates of business administration, laboratory staff, dairy experts and managerial staff.

Following German reunification, the Raiffeisen organization has assumed the function of advising, serving and auditing the agricultural cooperatives of eastern Germany. They cultivate approximately one third of the agricultural land in that part of the country. 

765 agricultural cooperatives with some 25,000 members generated a turnover of roughly €2 billion in 2014. More than 25,000 workers are employed in these enterprises.

The entire Raiffeisen organization generated a turnover of some €66 billion in 2014, with a modest increase in volumes compared to previous years.
3. LINES OF BUSINESS OF THE COOPERATIVE ORGANIZATION

3.3. SMALL-SCALE INDUSTRY COMMODITY AND SERVICE COOPERATIVES

Many countries have been looking to Germany with admiration for many years: what is the secret of Germany’s small- and medium-sized enterprises? How has it managed to outperform all other economies and to maintain such a highly qualified workforce? The recipe for success adopted by Germany’s SMEs lies in their cooperation with many companies along cooperative principles. Germany’s SMEs compensate for their disadvantages in size compared with other competing powerful market players and international corporations.

Cooperatives organize large parts of the trades and retail industry and also the liberal professions in Germany, and operate in more than 45 sectors. As almost all markets are marked by a high level of concentration, the economic activities of cooperatives play an important role for both their members and the viability of small and medium-sized businesses, ensuring competition throughout Germany in the process.

The philosophy of cooperation reflects the determination of small and medium-sized enterprises to survive in the face of increasingly powerful competition from large corporations.

This general principle is still valid today. Small-scale industry cooperatives enhance the competitiveness of their members – retailers, traders and members of liberal professions. Cooperation is facilitated by combining creativity with business community strength.

REWÉ - THIS MEANS A LEVEL OF QUALITY FROM WELL KNOWN BRANDS AND AFFORDABLE PRICES.
### IMPORTANT FIGURES
**SMALL-SCALE INDUSTRY COMMODITY AND SERVICE COOPERATIVES (AS OF 31-12-2014)**

<table>
<thead>
<tr>
<th>primary cooperatives</th>
<th>number of coops</th>
<th>turnover 2) in m €</th>
</tr>
</thead>
<tbody>
<tr>
<td>cooperatives in the food and associated retail trades (e.g. EDEKA, REWE, tobacco)</td>
<td>53</td>
<td>211 1)</td>
</tr>
<tr>
<td>cooperatives in non-food retail trade (e.g. domestic appliances, shoes, pharmacies, chemists, textiles)</td>
<td>98</td>
<td>24,193</td>
</tr>
<tr>
<td>cooperatives in food-producing trades (e.g. bakers, butchers)</td>
<td>83</td>
<td>3,466</td>
</tr>
<tr>
<td>cooperatives in non-food trades (e.g. roofers, painters, interior decorators, carpenters)</td>
<td>95</td>
<td>2,819</td>
</tr>
<tr>
<td>cooperatives in liberal professions and other occupational groups (e.g. medical doctors, architects, tax consultants)</td>
<td>362</td>
<td>1,173</td>
</tr>
<tr>
<td>production and other business cooperatives (e.g. abattoirs)</td>
<td>148</td>
<td>520</td>
</tr>
<tr>
<td>transport cooperatives (e.g. road transport, inland waterways)</td>
<td>119</td>
<td>540</td>
</tr>
<tr>
<td>productive service cooperatives (e.g. hairdressers, building cooperatives)</td>
<td>151</td>
<td>128</td>
</tr>
<tr>
<td>water cooperatives</td>
<td>146</td>
<td>4</td>
</tr>
<tr>
<td><strong>total</strong></td>
<td><strong>1,255</strong></td>
<td><strong>33,054</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>central cooperatives</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>retail trade: 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>trades: 5</td>
<td>7</td>
<td>84,000 1)</td>
</tr>
<tr>
<td><strong>total</strong></td>
<td><strong>1,262</strong></td>
<td><strong>117,054</strong></td>
</tr>
</tbody>
</table>

1) The figure of the EDEKA group and REWE group is recorded under central cooperatives.
2) Provisional figure

This ensures that entrepreneurs remain flexible, independent and self-determined while, at the same time, cooperatives offer support, stability and strength. A scientific study of the federation has clearly demonstrated that: cooperating companies have a lower risk of insolvency than loners. Members of cooperatives acquire know-how and network benefits through the modern concepts of central cooperation and benefit from the important competitive advantages this creates.

Small-scale industry cooperatives present themselves as highly-complex innovative linkup groups with many international activities. Besides selling products in line with market demands, they offer the entire range of business administration and corporate policy consultancy, including the

**HEADQUARTERS INTERSPORT EG IN HEILBRONN.**
**ABOUT 5,000 STORES IN OVER 30 COUNTRIES**
**FORM THE LARGEST NETWORK OF INDEPENDENT DISTRIBUTORS.**
opening-up of new markets across the world, the application of new information and communications systems, diverse marketing activities and also the provision of efficient logistics. Consultancy and advanced training programs complete the range of services they offer. In keeping with their business mission, small-scale industry cooperatives operate at local, regional, national and increasingly at the international level as well. Regionally active cooperatives work together in central cooperatives, while those operating nationwide are frequently involved in cooperation at the European level. Small-scale industry cooperatives mainly operate in the following sectors:

> food and associated retail trade (e.g. EDEKA, REWE, tobacco products trade, special purchasing organizations for confectionery and beverages),
> consumer goods retail trade (e.g. domestic appliances, home electronics, shoes, sports articles, pharmacies, chemists, textiles),
> food-producing trades (e.g. bakers, butchers) and
> other trades (e.g. roofers, painters, interior decorators; plus hairdressers and shoemakers) and
> services.

In addition, there are seven central cooperatives in Germany, two of which operate in the retail and five in the trade sector.

ABOUT 4,000 INDEPENDENT EDEKA-MERCHANTS SHAPE THE DYNAMIC OF THE GROUP – PHOTO: FISHES CORNER OF A EDEKA MARKET.
3. LINES OF BUSINESS OF THE COOPERATIVE ORGANIZATION

3.4. CONSUMER COOPERATIVES

Consumer cooperatives operate under various names, such as “CONSUM”, “Coop”, or a completely different name. Whatever name they have they always involve the collective purchasing of many different individuals.

Cooperative retail companies offer members food and goods for daily use. Member customers can actively shape the business policy of the company.

As well as traditional food retail companies and consumer cooperatives, bio-shops, online shops, world-shops or specialty mail order companies are also organized in the legal form of cooperatives and successfully fill market niches. In a broad sense, cooperatives such as the daily newspaper taz also belong to the group of consumer cooperatives. This daily newspaper has been on the market since 1992. More than 14,800 readers ensure the economic and journalistic independence of “their” newspaper.

Some independent schools have organized their school boards as cooperatives and rely this legal form for the professional management of the capital transferred to them and to provide their schools the stability they require.

THE COOP EG AT KIEL IS THE LARGEST CONSUMER COOPERATIVE IN GERMANY. WITH 60,000 MEMBERS, 9,000 EMPLOYEES AND 750 APPRENTICES THE COOP EG IS GERMANY'S LARGEST CONSUMER COOPERATIVE IN THE FIELD OF FOOD RETAILING. COOP EG IS A MODERN COOPERATIVE WITH A LONG TRADITION AND STRONG REGIONAL ROOTS. SINCE ITS FOUNDATION IN 1899, COOP EG HAS DEVELOPED TO BECOME AN INNOVATIVE RETAIL COMPANY WHICH TODAY OPERATES WITH MORE THAN 200 SUPERMARKETS IN THE NORTH OF GERMANY.

KONSUM MARKET IN DRESDEN'S CENTRE GALLERY.
3. LINES OF BUSINESS OF THE COOPERATIVE ORGANIZATION

3.5. ENERGY COOPERATIVES

Over the last three decades numerous citizens’ groups, local town councils and businesses have got together to launch renewable energy projects in their region. Energy cooperatives are one increasingly popular means of organizing these projects.

Cooperatives provide all sorts of opportunities and scope for participation. What is more, each member of a cooperative has one vote. Projects can be carried out democratically with many equal partners, each with their own local roots. Around 800 successful new cooperatives have been founded in the field of renewable energies in Germany in recent years.

Photovoltaic cooperatives, for example, enable many citizens to make a modest financial contribution to developing renewable energies in their own local area. PV systems are often launched jointly by decision-makers in local authorities, public institutions and regional banks. Systems can also be mounted on roofs – such as public buildings, including nurseries or schools – which are not used by individuals. These systems are installed and maintained by trade businesses based in the region.

As well as providing energy from the sun and other renewable energy sources, cooperatives also run district heating and electricity networks. Cooperatives have operated as regional energy utilities in many parts of Germany for well over 100 years. In many cases it is energy cooperatives which are providing important impetus for the decentralized energy transition. Cooperatives facilitate the collective commitment of various local players and bring together broader social, business, municipal and environmental interests. They also help renewable energy projects to gain more widespread acceptance in the region.

A growing field of business activity for energy cooperatives is wind power. One of the first energy cooperatives to implement a wind project was the Energiegenossenschaft Starkenburg eG.
4. COOPERATIVE FEDERATIONS

REGIONAL LEVEL

Regional cooperative federations and specialised auditing federations with nationwide operations are modern service providers. Cooperative auditing federations within the meaning of the Cooperative Act are not only competent in auditing their members, but also in consulting and training. Their mission statement is based on the cooperative principles of self-help, self-management and self-responsibility. The core function of cooperative auditing federations consists of carrying out the compulsory audit of affiliated cooperatives. Auditors examine the business status and the management system in respect of its proper and prudent conduct. This audit also includes the active audit and prevention. The cooperative federations provide their members with a comprehensive consulting service, ranging from cooperative legal advice through to tax consultancy.

The aim is to provide solutions for all matters of business management, so as to promote the competitiveness of affiliated cooperatives and to strengthen their market position. The federations are dependent on highly skilled and dedicated employees in order to meet their self-imposed requirement. The basis for this is a comprehensive education and training approach. This also applies to the affiliated cooperatives. Staff qualification is a key factor that makes a company unique for its customers. The federations advise on staff development and offer training for managers, employees and apprentices. The federations maintain training facilities at a total of 9 locations.

The top-level institution for cooperative training is the Academy of German Cooperative (German abbrev. ADG), which offers 1,305 seminars and subject-specific meetings each year for more than 17,000 participants.

NATIONAL LEVEL

> German Cooperative and Raiffeisen Confederation reg. assoc. (DGRV)

The statutory mission of DGRV consists in promoting and developing the cooperative system and cooperative auditing.

The DGRV is a centre of excellence for its members in matters of business management, accountancy and cooperative auditing. It addresses the economic, legal and fiscal policies which affect all cooperative sectors. The federation conducts all types of audits, advises and promotes its members.

The DGRV coordinates work on the educational policy of cooperatives and advises organizations in educational matters. Training of junior auditors and auditing staff takes place in close coordination with the ADG.

The DGRV is affiliated to various national and international cooperative organizations and institu-
The federation promotes the development of cooperative systems in many countries worldwide by giving technical advice and sharing expertise and is supported in its activities by the cooperative organization in Germany.

> National Association of German Cooperative Banks reg. assoc. (BVR)
At the national and international level, the BVR represents the interests of the cooperative banking group. Within the group, the Association coordinates and designs the common strategy of Volksbanken and Raiffeisenbanken. All German cooperative banks are affiliated to it, including the Sparda-Banks and PSD banks in addition to Volksbanken and Raiffeisenbanken. All of these banks are covered by the BVR institutional protection scheme which provides complete institutional protection as well as guaranteeing complete security, for the deposits of cooperative members and customers.

> German Raiffeisen Federation reg. assoc. (DRV)
The DRV represents the interests of cooperative enterprises of the German agricultural and food industry. As a competence centre the DRV supports its member companies as well as political and administrative decision makers in receiving or providing specialized information. The DRV is one of the pillars of the German cooperative organization with its wide range of services.

> SME GROUPS GERMANY - ZGV
The ZGV’s mission consists in promoting the affiliated association in the retail, trades and service industries and facilitating the development of external forms of cooperation between small and medium-sized enterprises (SME). It aims to balance out the structural disadvantages of SMEs vis-a-vis large corporations by means of lobbying.

> Central Federation of German Consumer Cooperatives reg. assoc. (ZdK)
The ZdK mainly organizes consumer and service cooperatives whose members are not engaged in industrial or agricultural work.

Half of these cooperatives have been founded over the last ten years. The interests of these young, mostly small cooperatives are actively represented by the association.

It is the function of these national federations to promote the business, legal and fiscal policy interests of their affiliates towards German authorities and at the level of the European Union. They are the mouthpiece of their members and influence decision-making processes related to societal and political matters. In response to the important role of the European Union for cooperatives, the national federations have established their own liaison offices in Brussels.
NATIONAL

German Cooperative and Raiffeisen Confederation reg. assoc.

BVR
National Association of German Cooperative Banks reg. assoc.

drv
German Raiffeisen Federation reg. assoc.

SME GROUPS GERMANY - ZGV
Central Federation of German Consumer Cooperatives reg. assoc.

REGIONAL

specialised auditing federations: ▲ EDEKA, Hamburg · ▲ FPV, Halle · ● PV, Hamburg · ▼ REWE, Cologne
■ PSD, Bonn · ● Sparda, Frankfurt am Main

Weser-Ems Cooperative Federation reg. assoc.

Rhineland -Westphalian Cooperative Federation reg. assoc.

Baden-Württemberg Cooperative Federation reg. assoc.

Cooperative Federation of Bavaria reg. assoc.

Cooperative Federation reg. assoc.
Berlin · Brandenburg · Bremen · Hamburg · Hessen · Mecklenburg-Vorpommern · Niedersachsen · Rheinland-Pfalz · Saarland · Sachsen · Sachsen-Anhalt · Schleswig-Holstein · Thüringen

LOCAL

cooperative banks

Raiffeisen commodity, service and agricultural cooperatives

small-scale industry commodity and service cooperatives

consumer and service cooperatives

energy cooperatives
Cooperative enterprises are widespread in all parts of Europe. 31% of all cooperative enterprises operate in France, 19% in Spain, 16% in Italy and 5% in Germany.

The European Union’s 2003 Regulation on the Statute for a European Cooperative Society points out that cooperatives are primarily groups of persons or legal entities with particular operating principles which differ from those of other economic agents. Democratic structures, control and fair distribution of the profits for the financial year are among the principles on which cooperatives operate. Article 48 (2) of the EC Treaty refers to cooperatives and explicitly includes them in the category of “companies or firms constituted under civil and commercial law”.

Cooperatives are therefore regarded as enterprises which perform services for remuneration and which finance themselves through such remuneration.

EU Legislation demonstrates that cooperatives are enterprises which are active on the market and which must therefore prove themselves to be viable and competitive operations. According to Cooperatives Europe, there are 267,000 cooperatives in Europe which provide 5.4 million jobs. 163 million individuals benefit from membership in a cooperative. Cooperatives are particularly active in the banking, services, retail, agriculture, insurance and housing sectors. Production and social cooperatives form another group.

Cooperative banks are big players in the European internal market. They hold an average market share of nearly 20%. One in two banks in Europe is a cooperative bank. Rural cooperatives are widespread throughout Europe as well and enjoy enormous market shares. Dairy cooperatives, for example, hold a market share of 97% in Denmark and Ireland, 94% in Austria and 85% in the Netherlands. All farmers in Ireland, 90% of all French farmers and 73% of farmers in the Czech Republic are members of at least one cooperative.

These few examples illustrate the important role of cooperative enterprises in Europe and the economic success attained by this form of collaboration.
6. DGRV – SUCCESSFUL CONSULTANCY ACROSS THE GLOBE

The DGRV has been involved in development cooperation since its inception in 1972. However, the transfer of know-how from German cooperatives to other countries and regions of the world dates back much further. Japan, for example, used German cooperative legislation as a blueprint more than 100-years ago. Many other countries also followed suit to create legal frameworks for cooperatives. The cooperative organization has always considered international cooperation as a commitment to be acted upon. By supporting cooperatives and their networks, the DGRV contributes to economic and social development in partner countries, and thus to the fight against poverty.

With the 2000 Millennium Declaration, the Member States of the United Nations set themselves binding goals. Today, Sustainable Development Goals characterize the post-2015 debate. These Goals shall apply to all countries and are based on the three fundamental principles of human rights, equality and sustainability. Civil society organizations and the corporate world are also called upon to work towards these goals.

Despite considerable progress already made in some countries, a major part of the world population continues to live in poverty. Unfavourable basic political and economic conditions impede further development; moreover, access to both regional markets and the world market is non-existent. The negative impact is felt in the rural areas, in particular, with resultant rural exodus and migration.

Micro, small and medium-sized enterprises, in particular, which are drivers of development in other parts of the world, lack access to financial services, markets, technologies and know-how. There is also a lack of legal security, transparent governance or an economic order which offers equal opportunities to all business-minded individuals alike. This requires capacity-building amongst SMEs and greater opportunities for self-employed business people in order to generate employment and income.

A substantial part of the funding for the international activities of the DGRV comes from the Federal Ministry for Economic Cooperation and Development (BMZ). The Federal Government supports economic and social development and, in so doing, contributes to poverty eradication and security across the globe. Development of social structures plays an important part in this context. The aim is to improve the living conditions of impoverished groups of the population in a sustainable manner.

Self-help policies are important in attaining this aim as well as for business development: at the end of the day capacity building is the only option if poverty is to be eradicated for good. This is where the DGRV comes in with its
experience in development cooperation.

Cooperatives and their corresponding networks influence the social and economic structure of a country in a positive manner: in finance, commerce, crafts and in agriculture, they are the backbone of business activities in many countries. Driven by local initiative and economic power, they contribute significantly to the development of countries where individuals are both the beneficiaries and actors of their economic activities. Cooperatives are amongst the most viable forms of business; they combine the advantages of decentralized activities and the strengths of regional and national networks.

To this end, the DGRV supports the establishment of cooperative structures for savings and credit, in commerce and agriculture in partner countries. For many, savings and credit societies provide access to financial services for the first time, especially in rural areas. In addition to small loans, they frequently offer services for savings, the transfer of money and insurance, as well as business advice and advanced training.

In other words, cooperative microfinance institutions mobilize the potential of individuals locally, and thus enhance development in a very concrete manner. In rural areas, cooperatives offer their members access to regional and supra-regional markets and a better income as a result. In crafts and commerce, cooperatives open new channels to markets for procurement and selling. In consequence, cooperatives deliver a high level of sustainability and a large potential for development, also owing to their ownership structure, member participation and integration into networks.

Every cooperative needs to operate efficiently for it to be able to provide services for the benefit of its members (Förderauftrag). This calls for certain conditions to be in place.

> In individual cooperatives – i.e. at the micro-level – a consistent business orientation, adequate internal organization and well-trained managers and staff are required.

> In addition, cooperatives must be part of an integrated subsidiarity-based network at the meso-level in order to benefit from the services provided by specialized central enterprises and associations, such as for training and auditing.

> At the macro-level, government must create an adequate legal and regulatory framework for cooperative activities.

DGRV projects provide consultancy and services at all three levels, mostly within the framework of multiannual programmes. In addition, the DGRV reacts flexibly and at short notice to requests from individual countries or organizations. The comprehensive know-how of the entire German cooperative organization is available for DGRV activities of this kind.
## 7. IMPORTANT ADDRESSES – AT A GLANCE

### I. NATIONAL FEDERATIONS

<table>
<thead>
<tr>
<th>Federation</th>
<th>Address</th>
<th>Website</th>
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<tbody>
<tr>
<td>DGRV – Deutscher Genossenschafts- und Raiffeisenverband e.V.</td>
<td>Pariser Platz 3, 10117 Berlin</td>
<td><a href="mailto:info@dgrv.de">info@dgrv.de</a> · <a href="http://www.dgrv.de">www.dgrv.de</a></td>
</tr>
<tr>
<td>DER MITTELSTANDSVERBUND</td>
<td>Zentralverband Gewerblicher Verbundgruppen e.V.</td>
<td>Am Weidendamm 1A, 10117 Berlin</td>
</tr>
<tr>
<td>Bundesverband der Deutschen Volksbanken und Raiffeisenbanken e.V. · BVR</td>
<td>Schellingstraße 4, 10785 Berlin</td>
<td><a href="mailto:info@bvr.de">info@bvr.de</a> · <a href="http://www.bvr.de">www.bvr.de</a></td>
</tr>
<tr>
<td>Zentralverband deutscher Konsumgenossenschaften e.V.</td>
<td>Baumeisterstraße 2, 20099 Hamburg</td>
<td><a href="mailto:info@zdk-hamburg.de">info@zdk-hamburg.de</a> · <a href="http://www.zdk.coop">www.zdk.coop</a></td>
</tr>
<tr>
<td>Deutscher Raiffeisenverband e.V.</td>
<td>Pariser Platz 3, 10117 Berlin</td>
<td><a href="mailto:info@drv.raiffeisen.de">info@drv.raiffeisen.de</a> · <a href="http://www.raiffeisen.de">www.raiffeisen.de</a></td>
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### II. REGIONAL AND SPECIALIZED AUDITING FEDERATIONS

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<tr>
<td>Baden-Württembergischer Genossenschaftsverband e.V.</td>
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<td>Heilbronner Straße 41, 70191 Stuttgart</td>
</tr>
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<td>Genossenschaftsverband e.V.</td>
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<td><a href="mailto:kontakt@genossenschaftsverband.de">kontakt@genossenschaftsverband.de</a></td>
<td><a href="http://www.genossenschaftsverband.de">www.genossenschaftsverband.de</a></td>
</tr>
<tr>
<td><a href="http://www.bwgv-info.de">www.bwgv-info.de</a></td>
<td><a href="http://www.gv-weser-ems.de">www.gv-weser-ems.de</a></td>
<td></td>
</tr>
<tr>
<td>Genossenschaftsverband Bayern e.V.</td>
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<tr>
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<td>Prüfen. Beraten. Bilden.</td>
</tr>
<tr>
<td><a href="http://www.gv-bayern.de">www.gv-bayern.de</a></td>
<td><a href="mailto:info@gv-weser-ems.de">info@gv-weser-ems.de</a></td>
<td><a href="http://www.gv-weser-ems.de">www.gv-weser-ems.de</a></td>
</tr>
</tbody>
</table>
III. COOPERATIVE CENTRES AND SPECIALIZED INSTITUTIONS

AGRAVIS Raiffeisen AG
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www.agravis.de - info@agravis.de

BÄKO Marken und Service eG
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www.baeko.de

Akademie Deutscher Genossenschaften e.V.
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BÄKO-ZENTRALE NORD eG
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Arla Foods Deutschland GmbH
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DG Deutsche Genossenschaften-Revision Wirtschaftsprüfungsgesellschaft GmbH
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