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Managing Sectoral Transition. The Case of Slovak Agricultural Administration

Jochen Franzke

Lehrstuhl für Politikwissenschaft, Verwaltung und Organisation

Jochen Franzke

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Introduction

Agricultural policy in the transition states of Central Eastern Europe is a very complex issue – ranging from privatisation of farm land, the establishment of agricultural markets to detailed questions of veterinary care, plant health and animal nutrition. Its main elements are the introduction of market liberalization, farm restructuring, privatisation, the reform of the sector and the creation of supporting market institutions and services.¹ In this process central state agriculture administration plays a decisive role.

This paper is summing up the research of the author on Slovak agricultural administration between 2002 and 2004. This work was part of a DFG-funded research project on “Genesis, Organization and Efficiency of the central-state Ministerial Administration in Central and Eastern Europe”. The project was analysing the processes, results and efficiency of administrative structures at central-state level in Estonia, Poland and Slovakia with reference to public administration in the policy fields of agriculture and telecommunications. The paper is reflecting the situation in the sector and its administration at the beginning of 2004.

At first, an overview of the role of the agricultural sector in Slovak economy in the past and presence is provided (section I). Against this background, the development of the agricultural policy in the different periods since 1989 will be analysed, mainly what privatisation, accession to the EU and subsidy policy are concerned (section II). A detailed study of the developments in agricultural administration forms the next part of the paper (section III), i.e. the changes taking place in the ministry of agriculture and in the other institutions responsible for the implementation of agricultural policy. The role of interest groups in agriculture is briefly analysed (section IV). In the conclusions two different scenarios on the further development of Slovak agricultural administration will be deployed.

The author of this paper has to thank Anna Mikulcova for her preliminary study on agricultural administration in Slovakia (Potsdam 2002) and Michal Mikovič for his preliminary survey on agricultural administration in Slovakia (Bratislava 2003). Furthermore, he thanks all Slovak officials and experts for their kind readiness to discuss with him the developments in Slovak agriculture and its administration.

¹ Liefert/Swinnen 2002

1. Agriculture in Slovak Economy

Slovak economy is primarily dominated by the industrial and the service sector, while the agricultural and food industry sector² “does not play a key role”.³ Since 1989 the sector has been in sharp and permanent decline. But despite of this shrinking share in the general economic performance of Slovakia, agriculture is important for the maintenance of its economy, the social balance and the “stabilisation of the state”.⁴ This is consensual among the Slovak political elite. Agriculture has a decisive impact on employment, regional structural and social policy in rural areas of the country, where more than 50 % of the population lives. In general, “agricultural reform remains one of the most difficult parts of the transition from communism.”⁵

The pre-reform situation of agriculture before 1989 in Slovakia shows a very specific situation in comparison with other transition countries in Central and Eastern Europe. The country lost its agrarian character already between 1960 and 1980, when its share in total employment dropped from 33.7 % to 14.5 %.⁶ In 1989 it was about 12 %, which was the lowest level in all Central and Eastern European Countries (CEEC); only the Czech Republic with 10 % was ranking lower.⁷ Thus, the share of agriculture in Slovak GDP made-up only 9 % (it was even less in Slovenia with 4 % and the Czech Republic with 6 %). The share of land hold by individual farms with 2 % was the lowest in all CEEC (only the Czech Republic with 1 % was ranking lower). This fact that Slovakia at the beginning of his way to market structures in 1989 was already industrialised is often not reflected.

Twenty years prior to the systemic change, Slovak agriculture became a “politically prioritised over-staffed sector showing low efficiency of production factors use”.⁸ The sectoral average personal income used to exceed national averages. Therefore it was not surprising that the impacts of the economic reforms after 1989 had been perceived by the agricultural population “as extremely painful”.⁹ This goes especially for the years of the so called “transformation shock” between 1990 and 1992.

² In the following, the term “agriculture” might suffice even though the entire “agricultural and food industry sector” is meant.

³ See Slovak government 2001

⁴ MASR 2000a, p. 4

⁵ Nyersova 2003, p. 481

⁶ Wolz et al. 1998, p. 41

⁷ Idid, p. 35

⁸ Ibid., p. 47

⁹ Ibid.

Agriculture and food industry in Slovakia are still in the process of transition from inherited structures of the communist past to the new market environment. The contribution of agriculture to GDP is declining since 1989 (see table 1). Since 1997 its economic performance stabilized at a level of about 4 % of GDP, which is less than half of the GDP share in 1989, but compared with 2 % in the EU-15 twice as high.

Table 1 Share of Agriculture* in GDP and Employment (in %)

Year	GDP	Trend GDP	Employment	Trend Employment
1987	6,9	---	13,0	---
1988	6,7	- 0,2	12,6	- 0,4
1989	9,3	+ 2,6	12,1	- 0,5
1990	7,3	- 2,0	12,0	- 0,1
1991	5,7	- 1,6	12,6	+ 0,6
1992	6,2	+ 0,5	11,8	- 0,8
1993	6,5	+ 0,3	9,7	- 2,1
1994	6,6	+ 0,1	8,9	- 0,8
1995	5,6	- 1,0	8,0	- 0,9
1996	5,2	- 0,4	6,5**	- 1,5
1997	4,8	- 0,4	No data available	No data available
1998	4,5	- 0,4	8,2	No data available
1999	4,9	+ 0,4	7,2	- 1,0
2000***	4,0	- 0,9	5,4	- 0,7
2001***	4,3	+ 0,3	4,9	- 0,5
2002***	4,5	+ 0,2	5,0	+ 0,1
2003	4,6	+ 0,1	4,7	- 0,3

Sources: MASR 1999, 2000, 2001, 2002, 2003, 2004a; Wolz et al 1998, p. 41 * Including forestry and water management. ** Without forestry and fisheries; *** Changed data according to the MASR <http://www.mpsr.sk/english/index.htm> (09.08.2005)

Employment in Slovak agriculture dramatically declined since 1989 due to three reasons: the continuing agricultural recession, the increasing labour productivity and the over-employment in the sector before 1989. During the first years of transition until 1996 half of the people employed in agriculture lost their jobs. The level of employment in agriculture since 2000 is stabilizing at 5 %. This is similar to the level in Spain, and higher than the EU-15 average of 4.3 %.¹⁰ The proportion of the workforce engaged today in agriculture is lower than in Estonia and significantly lower than in Poland. Compared with other sectors of Slovak

¹⁰ Ibid., p. 13

economy (60.5 % in the service branch and 34.5 % in industry) the percentage of employees in agriculture is very limited.¹¹

The decline in employment in Slovak agriculture resulted also in an increase in the sectoral labour productivity. Nevertheless, it lags behind the overall labour productivity in the countries economy. So the performance of the sector as Csaki put it “has not been impressive, with recovery being much slower than in other sectors of the economy, stagnating at around 60 percent of the pre-transition level.”¹² In contrast, according to Nyersova the branch as a whole is lately performing better, “gradually building a productive, efficient, modern and competitive agricultural sector.”¹³ In any case, most important *legacies* in the sector are the “extremely fragmented land ownership pattern” and “larger size gap between traditional and individual farms”.¹⁴ They both had deep consequences for the reform process in agriculture.

The outcome of the transition in the organisational structure of the agricultural sector in Slovakia can be characterised by the following features:

- Domination of agricultural co-operatives (which is a unique situation in all new EU member states), holding the majority of agricultural land and employing nearly 70 % of all employees in the sector,¹⁵
- Disappearance of state farms;
- Emergence of the new category of “private business or commercial farms” since 1992, winning more and more influence in the agricultural sector,
- Re-establishment of private farms, which are still playing only a minor role in agriculture.¹⁶

In 2002 corporative farms managed (but did not own) over 80 % of agricultural land, not much less than in the socialist era.¹⁷ Therefore, Bezemer describes this situation as an “incomplete transition to effective individual ownership of land.”¹⁸ If this dual system of tradi-

¹¹ In both branches Slovakia is performing better than the average of the new member states (55.2 % respective 31.6 %. See Eurostat Datenbank New Cronos, 1. July 2004

¹² Csaki et al. 2003, p. 308

¹³ Nyersova 2003, p. 481

¹⁴ For more see Bezemer 2001, pp. 148ff., Kollár 2004: 455f.

¹⁵ This goes for enterprises with more than 20 employees. See MASR 2004a

¹⁶ Additionally, there are thousands of subsistence farms, household plots and gardens.

¹⁷ Csaki et al. 2003, p. 312

¹⁸ Bezemer 2001, p. 148

tional co-operations and private individual farms will be converging over time in size and technology to the Western European model is controversial.¹⁹

All in all, the farming sector made much better progress in restructuring and adaptation to market economy than the food-industry. The privatisation of this branch is almost complete. It is now the second largest industrial sector with just over 15 % of total industrial output. Food-Industry has about 50,000 employees representing nearly 10 % of all industrial employment. But it's low competitiveness and the absence of efficient marketing structures in the downstream-sector forms the bottleneck of economic recovery in the Slovak agro-food sector.

¹⁹ Bezemer 2001, Mathijs/Swinnen 1999, Csaki et al 2003

2. Agricultural Policy in Slovakia

2.1. Agricultural Policy 1990-1992

In the first period of agricultural reform between the end of 1989 and the end of 1992, Slovakia was acting within the framework of the Czechoslovak Federation. The new federal government introduced a program of wide-ranging economic reforms. The respective legislation was enacted by the Federal assembly in 1990 and 1991, comprising of two restitution acts, the large privatisation act, the land act, the act on land adjustments and the law on transformation of agricultural co-operatives. The implementation of these reforms started in 1991. The base of the governmental policy in the sector was the “Concept and Principle of the Agricultural Policy”, adopted in 1992.

The reform program during this period endeavoured to create a market-oriented, internationally competitive agriculture based on the principle of private ownership of land and agricultural assets. This was to a great extent due to policy intentions of the federal government, which were endorsing the neutrality towards different farming modes and the market orientation of the sector. The main objective of this “extremely liberal”²⁰ reform package was to restore full private ownership rights to land and to privatise property and assets of the agricultural co-operatives by means of distributing them among its members and land owners. In addition, the state owned farms should be privatised.

So the bulk of transition legislation and agricultural policy in Slovakia “had been set up in the period of the common state.”²¹ But the effect of the privatisation process was partly hampered because at the same time other reform policies (e. g. price liberalisation, currency devaluation, reduction of farm subsidies and consumers supports) initialised a severe decline of farm income and profitability. Because of its dramatic consequences, the agricultural policy of this period is mostly criticised today. In its evaluation of the results achieved so far, the new Dzurinda government in 1998 assessed that agriculture continues to suffer from a series of problems that originate in “the fundamental mistakes made in the economic reform of 1990 and 1991 and have accompanied the entire transformation process.”²² Especially the price system and other subsidy systems were mentioned.

²⁰ Bezemer 2001, p. 132

²¹ Walz et al. 1998, p. 48

²² MASR 2000, p. 3

The legal transformation of the agricultural organisations in Slovakia had been finished at the end of 1992 (see table 2). The outcome of the reform in this field was inconsistent. On the one hand, the majority of organisations remain agricultural co-operatives. Old socialist co-operative farms had to transform themselves between January 1992 and January 1993 into private enterprises with transparent ownership relations.²³ Surprisingly, most of co-operatives did so – a unique situation in all transitional states in Central Eastern Europe. Responsible for keeping this form of agricultural organisation was the already mentioned extreme fragmentation of land in Slovakia. According to the OECD, this decision was also due to “the complexity of transformation and the need to complete the process within one year.”²⁴

Table 2 Organisational structure change in Slovak agriculture between 1989/1992

Organisational/legal type of entity*	1989 (at the end of socialist rule)	End of 1992 (after transformation)
Cooperatives	630 (socialist) Agricultural Production Co-operatives	952 Transformed Co-operatives
Companies (ltd, plc.)		12 Joint Stock Companies 9 Limited Liability Companies (Ltd.)
State enterprises		104 State farms
Private farmers	1,000 Private farms	8,727 Private farms

Source: Filip/Schinke 1994 p. 626f., Blaas 1995, pp. 93ff.

Naturally, this development strengthened the position of the former managers of co-operatives. They were mostly re-elected by the co-operation members. Henceforth, they were gaining a very strong position within the co-operatives. Additionally, they could make use of their beneficial network with parts of the public administration and the bank sector. As Csaki put it, the new manager “seems to have been in a better position than in other Central East European countries to apply survival strategies based on payment arrears, soft state budgets, and bad debts”.²⁵ On the other hand, about 7.700 new private farms were established, forming a new social group in the country. But these farms are mostly small or medium. Although at this early stage of the transformation (end of 1992) the results were only preliminary, the specific path to a Slovak agriculture with a domination of co-operatives was adopted.

²³ In accordance with Act No 42/1992 Coll.

²⁴ OECD 1997, p. 14

²⁵ Csaki et al. 2003, p. 318

In this short period the basis for the relatively high standard of market liberalisation was set by price and trade liberalisation replacing governmental control over allocation decisions with decentralised market coordination. As a result these efforts, prices, production and incomes have changed significantly since 1990. Thus, Slovakia – as most of the transition economies – had established a more liberal agricultural market than the EU. Accession to the EU therefore entailed to a certain extent agricultural market de-liberalisation.²⁶

2.2.2. Agricultural Policy 1993-1998

In this period Slovak politics was characterised by several coalition governments under Prime Minister Mèciar, dominated by the *Movement for a Democratic Slovakia* (HZDS).²⁷ The very liberal orientation of economic policy in general but especially in agriculture changed to a conservative policy. While formally advocating impartiality toward different forms of farm organisation and endorsing market-orientation, the Mèciar government in fact promulgated conservation of existing structures. It tried to combine the existence of co-operatives “with the image of Slovak identity”.²⁸ The development of market mechanism was limited by practicing “state paternalism”.²⁹ Therefore, the transformation process in agriculture decelerated. Bezemer identified the consequences of this policy with “rent-seeking, a lack of competition and of innovation, an interdependence of the polity and the economy resulting in soft budgets and corruption, and general failure to support market development adequately.”³⁰

The respective strategic document of the Mèciar government “Strategy and Principles of Agricultural policy” was adopted by the National Council in June 1993.³¹ A “Report on Agriculture and Food Industry” was approved by the Parliament in 1997. A year later a special law on agriculture was adopted.³² Primary objectives of the governmental agricultural policy at this period were to stop the decline in agriculture, maintaining the size of the sector and improving its financial viability. It concentrated its activities on food security, economic stability, adequacy of agricultural income, balanced development of regions, improvement and protection of farmland and the preservation of agriculture in uncompetitive hilly areas. The

²⁶ Federal Ministry of consumer protection, food and agriculture 2002, p. 8

²⁷ With a short interruption between March and December 1994, when the Moravčík government was in power.

²⁸ Swain 1999, p. 1216

²⁹ Bezemer 2001, p. 132

³⁰ Ibid., p. 127

³¹ Res. 251/1993 National Council

³² Act No 240/1998 on agriculture

means to achieve this goals included first of all state financial support and “significant government involvement in decisions relating to production”.³³

Indeed, compared to the pre-transition period state support for agriculture was rather low in independent Slovakia. However, it remained the main tool of state agrarian policy. But until 1996 the government was forced to cut state spending for agriculture because of the imbalance of the budget and the public pressure. Afterwards, the Mèciar government – mainly for political reasons – opted for state intervention in agriculture by increasing subsidies. The price intervention system was stepped up. But to examine the development carefully, it should be compared with other transitional countries. For example, in 1998 Slovakia spent USD 222 per hectare of agricultural land on budgetary outlays for agriculture, in comparison with USD 229 in Poland, USD 194 in the Czech Republic, USD 124 in Hungary and, significantly, USD 980 in the EU.³⁴ State support for agriculture reached at 1997 the level of 25 PSE³⁵ (in comparison with 11 in the Czech Republic and 42 in the EU).³⁶ The total budgetary outlay to support agriculture was about 1.8 % of GDP. In general, budgetary restrictions and the agreement with GATT set limits to support expansion.³⁷

The government concentrated on two reform tasks in agriculture during this period: continuing privatisation and starting harmonisation with the EU Common Agricultural Policy (CAP). Between 1993 and 1995 the privatisation process included the land reform and the disentanglement of commercial farm activities from social activities. In the first wave of privatisation (finished in September 1993), mainly food industry enterprises had been privatised. In the second wave of privatisation, 250 state agricultural enterprises (including farms) were involved. Privatisation took three forms:

- (a) direct sale by tender, which was the most important method, accounting for 74 % of the total by accountancy value,
- (b) sale of share-holdings,
- (c) Voucher privatisation.

³³ Csaki et al. 2003, p. 309

³⁴ MASR 2000, p. 12

³⁵ The Producer Support Estimate (PSE) is calculated by the OECD as an indicator of the annual monetary value of gross transfers from consumers and taxpayers to agricultural producers, measured at the farm-gate level, arising from policy measures that support agriculture. Support (PSE) expressed in relation to the number of farmers or area of farmland is influenced by differences among countries in factor endowment and the number, type, and size of farm holdings. (OECD 2002, p. 39).

³⁶ Bezemer 2001, p. 134

³⁷ So in 1997 the overall domestic support accounted for 77 % of the limit to which Slovakia has committed itself in GATT.

In the first and second wave of privatisation 82.5 % enterprises of the agro-food sector were sold. By July 1997 nearly 98 % enterprises of the food industry had been privatised. Some of the unproductive state enterprises entered into liquidation. At the end of 1997 the process of privatisation in the sector “was completed for the most part”.³⁸ The privatisation of the state farms was more successful but extremely complex³⁹ so that during the first wave of privatisation only two of them were privatised. Numerous revisions of the privatisation plans and complicated administrative procedures (because of the involvement of four different governmental institutions)⁴⁰ hampered this reform. At the end of 1997, 405 of the 438 state farms were sold. Overall, the privatisation process in Slovakia is strongly criticised. The distinction of the two initially normatively determined waves of privatisation became blurred and the economic issue became more and more a political one. The Meciar government was accused of missing transparency when selling-off enterprises and of corruption.

But restitution was the decisive element of the Slovak privatisation strategy in the sector. The restitution system had to revive the 1948 ownership patterns of small sized individually owned land.⁴¹ Through the *Slovak Land Fund* the state has provided restitution compensations to entitled persons. At the end of 1998 it decided on the refund of property in 83 % of cases by restitution. This part of the reform can also be described as successful. The organisational structure of Slovak agriculture between 1993 and 1998 remained all in all stable. The transformed co-operatives kept their dominating position in the sector. Only their number declined from 952 (1992) to 831 (1998), but they still employ more than 70 % of the agricultural manpower. The number of private farms increased rapidly from 7,700 (1992) to 16,909 (1998) But these farms are mostly so small that their influence in Slovak agriculture remains limited (see table 3).

³⁸ MASR 2000, p. 49.

³⁹ Walz et al. 1998, p. 55

⁴⁰ These are the MASR, the Ministry of Management and Privatisation of National property, the Land Fund and the National Property Fund.

⁴¹ In accordance with the Napoleonic inheritance code, valid in Slovakia, under which in each generation farm land was divided. This led to a steady increase in the number of farms, while progressively reducing their size and contributing to land fragmentation. See Bezemer 2001, p. 139

Table 3 Organisational structure of Slovak agriculture 1998

Organisational/legal type of entity*	Number	% of farm land	% of agricultural employment
Cooperatives	831	53.8	70.2
Companies (ltd, plc.)	539	25.0	26.2
State enterprises	4	0.6	1.4
Private farmers	16,909	7.9	Included in companies

Source: MASR 2000, p. 19, 23. * Organisations with more than 20 employees

The formal process of de-collectivisation of the co-operatives, i. e. the legal settlement of claims by Slovak citizens to a share in a co-operative farm, was progressing rather slowly. While a total of 980 agricultural co-operatives were obliged to issue shares during the transformation process, by June 1998 only 521 had done so. A mere 137 had actually transferred shares to claimants, while only 5.2 % of shares were traded.⁴²

If one compares the characteristics of land relations after the end of privatisation with the other two countries under consideration in this research project, than Slovakia is in line with them concerning the potential private ownership of land and transferability. Its privatisation and allocation strategy is nearer to the respective strategy in Estonia than in Poland (see table 4).

Table 4 Land Privatisation and Allocation Strategy in Slovakia compared with Estonia and Poland

	Potential Private Ownership	Privatization Strategy	Allocation Strategy	Transferability
Estonia	All land	Restitution	Plots	Buy/sell, leasing
Poland	All land	Sale of state owned land	None	Buy/sell, leasing
Slovakia	All land	Restitution	Plots	Buy/sell, leasing

Source: FAO 2003

⁴² MASR 1999, p. 166

Since 1995 the process of harmonisation with the EU Common Agricultural Policy (CAP) was gaining more and more impact on Slovak agricultural policy. A curious situation emerged: On the one hand, the desire to join the EU was great among the countries ruling political elite. Therefore the government started with the preparation for accession and began to integrate the country with the EU “in some respects”.⁴³ But on the other hand, the government would not abstain from autonomous policy making. Due to the authoritarian policy of Prime Minister Mèciar, the relations to the EU deteriorated especially in 1997 and 1998. Finally, at the Luxembourg summit in December 1997 Slovakia was not invited by the European Commission (EC) to take part in the first round of Eastern enlargement.⁴⁴

Despite this decision, accession partnership was launched in March 1998. The first version of the “National Programme for the Adoption of the Acquis Communautaire” (NPAA) was adopted in the same month. Harmonisation started with the quantitative standards for agriculture and food products and the duty tariff with the EU. The trade with agricultural and food products between Slovakia and the EU was mutual liberalised. The Slovak Parliament enacted the Food Code in accordance with EU legislation.

Originally, the EC regarded agriculture as an unproblematic economic sector in the process of accession of the Slovak Republic. Only two critical points were mentioned in the EC reports of the years 1997 and 1998: First, the EC criticized the speed of the structural transformation process in this sector as too slow.⁴⁵ Second, the administrative structures to ensure the necessary capacity to implement and enforce the policy instruments of the CAP was characterised as too weak and should be strengthened.⁴⁶ Thus, the EC extinguished already in 1997, that the CAP “should not seriously compromise the prospects of Slovakia's accession to the European Union in the medium term”.⁴⁷

The overall performance of the Slovak economy after 1993 was quite good despite of Prime Minister Mèciar's politics of “interference, isolationism and economic conservatism.”⁴⁸ But the ambitious aims of governmental agricultural policy in this period were not achieved. In

⁴³ Notably at the commercial level as well as through the Europe Agreements and indirectly with its member states through the ‘halfway house’ of the Council of Europe. (see Pridham 2002, p. 210)

⁴⁴ At this summit, the European Council decided to start negotiations with the Czech Republic, Hungary, Poland, Slovenia, Estonia and Cyprus. He dropped Slovakia out from the this first group and included it into the group of countries that will be preparing for negotiations and will be allowed to join the immediate negotiations on the basis of regular EC evaluation. See also Pridham 2002, p. 210ff.

⁴⁵ Commission Opinion COM(97) 2004 final

⁴⁶ Ibid.

⁴⁷ Since fishery is not very important to the Slovak economy, it was also not regarded as a problem for accession.

⁴⁸ Bezemer 2001, p. 129

1997/1998 macroeconomic imbalances increased, the growth path of the Slovak economy had to be adjusted. This was one reason for the failure of Mèciar in the elections in October 1998.

2.2.3. Agricultural Policy since 1998

The Dzurinda government, coming to power in October 1998, developed a concept of a “new agricultural and food policy”, which was published in December 2000.⁴⁹ It forms the basis for the medium-term policy in the sector.⁵⁰ Three main reasons for this new policy approach were described:

- The need to solve problems which have accumulated during the transition, in order to stabilise the sector and create conditions for its sustainable development;
- The need to align agricultural policy with CAP and prepare the agriculture and food processing industry for EU accession;
- The necessity to adopt efficient measures to increase competitiveness of agriculture and food processing industry with regard to future participation in the EU single market.

The concept stated that the main problems of Slovak agriculture to a considerable extent reflect “the inefficiency and imperfection of the institutional provision of the national economy, especially the lack of stability in the corporate sector, underdevelopment and non-transparency of capital and financial markets”.⁵¹ The new government assessed that the “basic strategic objectives and instruments of agricultural policy from 1993 were correct; however, the ideas about their implementation were not fulfilled to the anticipated extent.” The fundamental problems of agricultural policy consisted in a “relative financial economy in its implementation”, “instability of the policy” and “centralised application of the policy without significant regional approaches.”⁵²

⁴⁹ It was related to other documents as “Analysis of the Development of Agriculture and Food Processing Industry in the years 1990 – 1998” and the “Programme of Development of Agriculture and Food Processing Industry in the Slovak Republic until 2010”.

⁵⁰ Its framework was formulated in the “Medium-term Concept of Economic and Social Development of the Slovak Republic”, prepared in 1999, and the Act No. 240/1998 Coll. on agriculture.

⁵¹ MASR 2000b

⁵² Ibid.

In detail, the critical review of the agricultural policy of the former governments was concentrating on the following shortcomings:

- Inadequate effectiveness of state support for agriculture;⁵³
- Imperfect system of state intervention in the agricultural market;
- No stimulation for the formal and legal transformation of co-operatives to be followed by their economic transformation into viable businesses;
- Hampered progress in the renewal of use and handling of land titles.⁵⁴

The concept clearly describes the main aim of the sectoral policy of the Dzurinda government with both stabilising and revitalising the sector and adaptation of the CAP. Governmental policy should also be more adjusted to environmental requirements and to regional development. As in all other sectors, the new version of the NPAA,⁵⁵ adopted in May 1999, was defining short- and medium-term priorities for agriculture concerning the internal market, the CAP and the structural policy. Slovak agriculture and food management should be prepared for accession by gradual adjustment of institutions and the establishment of technical and organisational conditions.

In the relations to the EU, a „new atmosphere of mutual trust“⁵⁶ occurred owing to the fact that the Dzurinda government gave from the onset a strong priority to satisfy EU political conditions. Its clear intention was to intensify Slovakia's integration process with the EU. This different situation compared to the autocratic Meciar rule illustrates “the complex dynamics with domestic constraints as well as European pressure”.⁵⁷ The change was most visible at the top political level, “whereas at the procedural level of bureaucratic relations there was more continuity than change.”⁵⁸ The Dzurinda government could benefit from some preparatory steps taken by the previous government. It did not really have to start from the beginning with its bureaucratic preparations.

⁵³ The subsidy support was characterised as inadequate with regard to the needs, and at the same time hardly efficient due to its fragmentariness, frequent changes of instruments and criteria and inadequate output control.

⁵⁴ Due to slow procedure in renewing the registration of titles and in performance of land consolidation, which obstructs more principal restructuring processes in the corporate sector and the development of market with land.

⁵⁵ Slovak Government 1999c. The program was afterwards annually renewed.

⁵⁶ Pridham 2002, p. 215

⁵⁷ Ibid.

⁵⁸ Ibid.

As in other sectors, Slovakia had to adopt the regulations of the *acquis* also in “Agriculture” (Chapter 7) and “Fishery” (Chapter 8). The negotiation of both chapters opened in June 2001, provisionally closed in June 2002 and finally closed in December 2002.⁵⁹ (See table 5)

Table 5 Phases of the EU Accession of Slovakia⁶⁰

Pre-Accession	Official request for accession to EU at 27 June 1995 EU decided to start negotiations with Slovakia at 10 December 1999
Screening	Multilateral screening between April 1998 and February 1999 ⁶¹ Bilateral screening between March 1999 and February 2000
Negotiation	Started at 15 February 2000 Successfully concluded at 13 December 2002
Ratification	Treaty of Accession signed by National Council at 16 April 2003 Supported by a majority of Slovaks at a referendum at 16-17 May 2003
Membership	Member of EU since 1 May 2004

Source: Slovak Ministry of Foreign Affairs

During the negotiations, chapter 7 was widely considered as “one of the toughest chapters to satisfy, which is partly why negotiations of it was postponed until the end of Slovakia’s accession talks.”⁶² One of the most complicated aspects of these negotiations was the adoption of the CAP and the related institutions. Finally, Slovakia accepted “the complete adoption of a welfare-bureaucratic regime”⁶³. It issued 24 transitional requests, including two transitional periods, while the EU presented one request for a 10-year-transitional period for the provision of direct payments to farmers.⁶⁴

EU accession brings to Slovak agriculture a lot of benefits and some risks. Slovakia lost its autonomy in the sectoral policy, but gained additionally financial resources for supporting agriculture. One the whole, the sector is expected to receive 979 Million € from EU funds

⁵⁹ Slovak Government 2001

⁶⁰ For more details see the chronology of the main events in the relations between the EU and the SR (or the CSFR) after the year 1989 <http://www.europa.sk/english/eu-sr0.html>

⁶¹ Even though the negotiations with Slovakia were not officially opened until February 2000, thanks to a decision from the Luxembourg Summit (1997), the screening took place in advance.

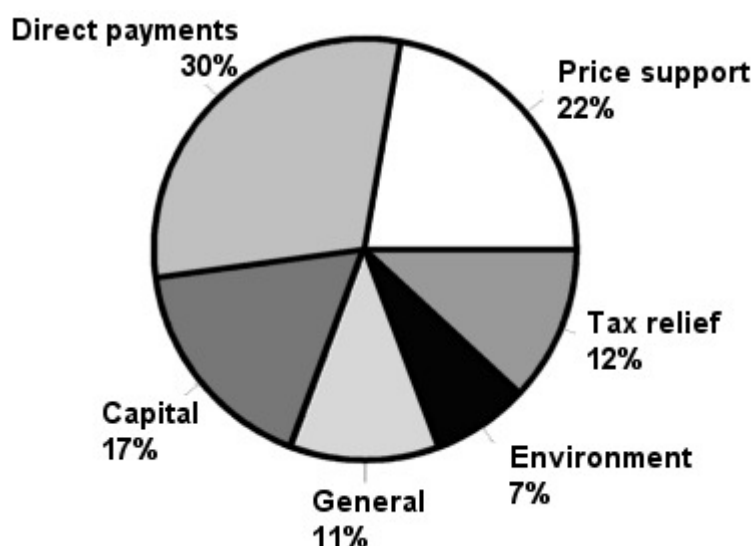
⁶² Nyersova 2003, p. 493

⁶³ Rieger 2004, p. 296

⁶⁴ More details on the requests see MASR 2004, pp. 78

over the period of 2004-2006.⁶⁵ The implementation costs of EU standards in the sector by 2006 are estimated SKK 14-20 billion (whereby SKK 10-15 billion can be expected from pre-accession and structural funds.)⁶⁶ Concerning the subsidies to agriculture, the Dzurinda government stopped its increase because of tighter budgetary constraints and declining market price support. The amount of subsidies to agriculture as a percentage of GDP declined from 1.17 (1998) to 0.71 (2002).⁶⁷ Budget support to agriculture is now concentrating on direct payments, price support, capital and tax relief. (See Figure 1) The government support to agriculture is still a “labyrinth of direct and indirect support tools and measures”⁶⁸, characterised by non-transparency and inefficiency.

Figure 1 Structure of budget support to agriculture in 2001



Source: Csaki et al. 2003, p. 310

Subsidies provided to the agro-food sector are mainly designed to support farming in less favoured areas, partially offset the disparity between developments in input and output prices and support the priorities of development programmes in the area of plant production and animal breeding.⁶⁹ A survey of the subsidies provided since 2000 was published to bring more transparency to their provisions and defeat corruption and clientelism.⁷⁰ In 2001 the cabinet adopted the “Proposed General Philosophy of the governments support policy in the Agricul-

⁶⁵ MASR 2004, p. 81

⁶⁶ Slovak Academy of Sciences 2002

⁶⁷ EC Directorate-General for Agriculture (Ed.) 2002

⁶⁸ Kollár 2004, p. 451

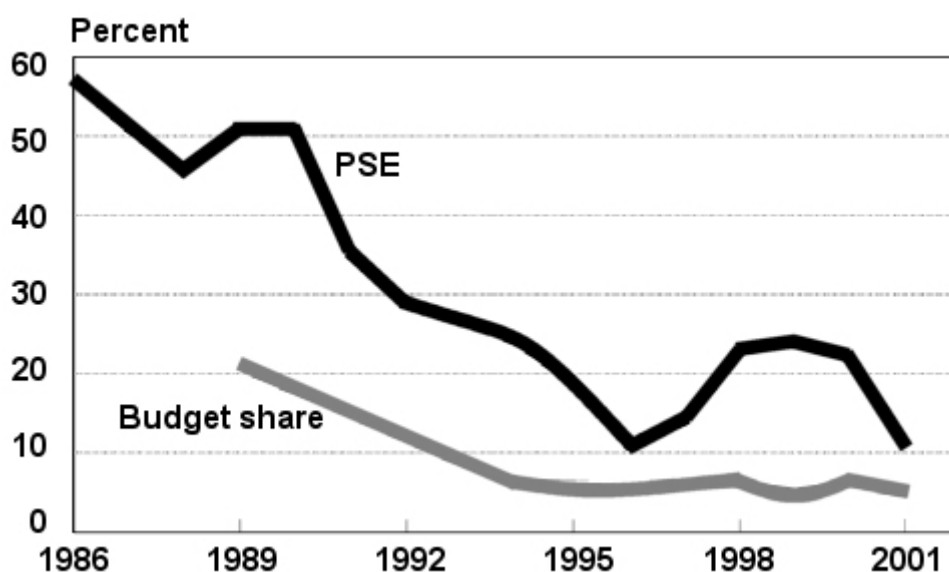
⁶⁹ Mostly through loans provided from the State Support Fund for Agriculture and Food Industry (SSFAFI).

⁷⁰ The decision was criticized by Pawel Koncos, the 1998-2002 minister of agriculture.

tural and Food processing Sector”. The document aimed to harmonise the sectoral support mechanisms, to prepare a long-term financial support system, to improve cash flow, and to bring Slovakia’s agrarian policy into line with the CAP.

All in all, under the Dzurinda government the decline of state agricultural support continued (see Figure 2).⁷¹ So the level state support is comparable with Poland, but relatively low compared to EU (with 40 %). As a percentage of GDP, however, Slovakia’s budget expenditures on agriculture of 2 % are roughly twice as high as in the EU.⁷² In the 2004 state budget the final amount of direct payments to farmers was fixed at the level of 52.5 % of the EU member states (25 % is paid by the EU, 27.5 % by Slovakia), which is lower than permitted by the EU (55 %) and requested by Slovak farmers.⁷³ Slovak experts concluded, that “the lingering inefficiency of the system of subsidies to agriculture in Slovakia and the EU makes high subsidies to farmers doubtful”.⁷⁴

Figure 2 Agricultural Supports (1986–2001)



Source: Csaki et al. 2003, p. 310

The arrival of new political leadership to the MASR after the 2002 parliamentary elections “led to a crucial change in Slovakia’s agrarian policy”.⁷⁵ For the first time the *Hungarian Coalition Party* (SMK) acquired the post of the Minister of Agriculture. In pursuing their

⁷¹ MASR 2004, see also OECD 2002, p. 137f.

⁷² Csaki et al. 2003, p. 310

⁷³ INEKO (ed.) 2004, p. 46f.

⁷⁴ Ibid., p. 47

⁷⁵ Kollár 2004, p. 445

policies, the new leaders of MASR “made clear efforts to fight corruption and improve economic management while accommodating the interests of agrarian lobby groups. (For example, the SMK hails exclusively the agriculturally productive regions of Southern Slovakia).”⁷⁶ But the general inefficiency of the management regime in the MASR remains.

The organisational structure in agriculture since 1998 remained relatively stable. The co-operatives maintained their dominant position in the sector. (See table 7) After the official end of privatization two problems remained: First, many co-operative farms have undergone substantial effective restructuring in management and operation adjustments. Their formal and legal transformation was not sufficient to become a viable business. The government itself criticised the “low responsibility of new owners [...] as compared to their powers when handling the property.”⁷⁷ As a result, the outflow of labour and capital from the sector was stronger than in transitional countries with dominating private farms.⁷⁸

Table 7 Organisational structure of Slovak agriculture 2002⁷⁹

Organisational/legal type of entity*	Number	Percentage of entities	Percentage of farm land	Percentage of agricultural employment
Cooperatives	640	28.5 %	55.9 %	69.5 %
Companies (ltd, plc.)	594	26.4 %	36.3 %	28.7 %
State enterprises	4	0.2 %	0.4 %	0.2 %
Private farmers	1,008	44.9 %	7.4 %	Included in Companies

Source: MASR 2004a, p. 15, 37 * Organisations with more than 20 employees

Second, a large share of agricultural land remained de facto under state control, despite a declared land privatization policy. The *Land Fund* administers 24 % of total agricultural land, which is state-owned or unidentified.⁸⁰ Csaki described this situation as an “anomaly”.⁸¹ The definite registration of ownership rights to lots of land should be completed by the year 2010. 92 % of the land is leased to agricultural users, mostly to corporate farms. Only 5 % of the agricultural enterprises work on their own land.

⁷⁶ Ibid., p. 460

⁷⁷ MASR 2000b

⁷⁸ Swinnen et al. 2000, p. 23

⁷⁹ Because of a change in the statistical system these tables can't be compared with the tables 2 and 5.

⁸⁰ Csaki et al. 2003, p. 312.

⁸¹ Ibid.

In general, the organisational structure in the sector differs fundamentally from Poland and Estonia (see table 8). The transformation of agricultural land to individual tenure started in 1990 from the same level in Slovakia and Estonia, but had a completely different result.

Table 8 Share of agricultural land in individual tenure in Slovakia, compared with Estonia and Poland

Country	1990	1997	2000
Estonia	6 %	63 %	79 %
Poland	77 %	82 %	...
Slovakia	5 %	11 %	13 %

Source: FAO 2003

On the one hand, the average size of individual farms in Slovakia is even smaller than in Poland and Estonia, on the other hand the average size of the corporate farms is more than three times larger (see Table 9).

Table 9 Comparison of corporate and individual farms in Slovakia, Estonia, Poland and the EU

	Individual Farms		Corporate Farms	
	Share of Agricultural land (in %)	Average Size (ha)	Share of Agricultural land (in %)	Average Size (ha)
Estonia (2000)	79	3	21	471
Poland (1996)	84	6	16	468
Slovakia (2000)	13	1	87	1,361
EU	97	...	3	...

Source: FAO 2003

According to the *World Bank Agricultural Policy Rating System*, Slovakia achieved a score of 8.2 (in 2001), up from 7.4 (in 1997).⁸² The level of agricultural policy and institutional reform accomplished by Slovakia can be compared to the level of Poland, but the performance

⁸² The system is based on a 1 (centrally planned economy) to 10 (fully developed open market economy) scale. See Csaki/Nucifora 2002

is much poorer than in Estonia. The main causes for this delay is the “conservative agricultural policy and an uncompleted transition agenda.”⁸³

⁸³ Csaki et al. 2003, p. 309

3. Agricultural Administration in Slovakia

3.1. Short History

Under communist rule from 1945 until December 1968 the *Ministry of Agriculture and Food* in Prague belonged to the classical branch resorts of the Czechoslovakian government. The new reform constitution of 1968 during the *Prague Spring* federalised formally the political system of Socialist Czechoslovakia. Since 1969, “Agriculture and Food” belonged to the common competencies of the federation of the Czech and Slovak Socialist Republic (CSSR). Both republic governments established *Ministries of Agriculture and Food*. But at federal level a *Federal Committee for Agriculture and Food* (de facto a federal ministry) remained, gaining a lot of competencies.⁸⁴ After the forced abolition of the *Prague Spring* a process of re-centralisation of socialist state administration started, more and more subordinating the republic governments to the federal governmental structure in Prague. Constitutional amendments in 1970 authorized the federal government to interfere more with and invalidate republican government initiatives. On January 1, 1971 the federal *Ministry of Agriculture and Food* was re-established. The respective Slovak ministry remained as a subordinated institution.

The ministry of agriculture is the unique case of a branch ministry surviving the regime change after 1989. In the first period after the regime change (ranging from the end of 1989 until December 1992), the Slovak agricultural administration still remained part of the federal administration structure in this sector. The central body of agricultural policy formed the *Federal Ministry of Agriculture and Food* in Prague. The Slovak *Ministry of Agriculture and Food* was reorganised and in August 1990 newly established. It was now responsible for the regulation of agriculture, fishery and food in Slovakia. In August 1992 the ministry amalgamated with the Slovak *Ministry for Forestry and Water Management* to use synergy effects through bringing together both administrations and to realise the budget.⁸⁵ In the process of peaceful splitting, the federal Slovak agricultural administration gained step by step more independence even before the full independence, especially during the year 1992.

⁸⁴ According to the 1968 constitution the following competencies belonged to the federation: „Appointment of the principles of the agriculture politics and the people nourishing politics, coordination of the national policy of intervention in the agriculture and nutrition, the uniform legal regulation in affairs of the veterinarian nature and plant protection, the protection of the field-structural soil fund, the agricultural co-operatives, the purchase and the quality of products of the agriculture and the foodstuffs industry, which require a uniform procedure in the Czechoslovak Socialist Republic, as well as the uniform legal regulation of the principles for the organization of the line of the agriculture.“

⁸⁵ Act Nr. 453/1992 Coll.

With the day of independence of Slovakia on January 1, 1993 all jurisdiction of the former *Federal Ministry of Agriculture and Food* came to the respective Slovak ministry as the new central body for agricultural policy. In this second period from 1993 until 2001 the structure of the sectoral administration remains relatively stable with four main authorities: the dominating *Ministry of Agriculture* (MASR) and three state funds (for market regulation in agriculture, for agriculture and food industry and for the protection and enhancement of agricultural land). (For more see 3.4) Recently, environmental policy with its strong influence on agriculture was gaining importance after the regime change in 1989. An independent *Ministry of Environment* was established on March 15, 1994.

Because of the pending EU accession, in 2001 a third period of reconstruction of the structure of agricultural administration in Slovakia started. Finally, the three state funds were transformed into the Agricultural Paying Agency (APA), which shall become a “central point for disbursement of national support”.⁸⁶ As part of the new distribution of powers, a number of structural changes took place at the MASR and its position was generally strengthened.

3.2. Institutions of Agricultural Administration

3.2.1. The Ministry of Agriculture

The *Ministry of Agriculture* (sometimes called *Ministry of Soil Management*)⁸⁷ is the central state administration body for agriculture, forest management, water management (within a specified scope), fisheries, hunting, and the food industry.⁸⁸ It carries out oversight of the agriculture sector and expert supervision, direction and inspection of other bodies and organisations in the agriculture sector and territorial state administration authorities. The MASR directs and guides the concepts behind the state’s economic policy in agriculture, in line with the general government’s policy.⁸⁹ Eight organisations performing state oversight, control and inspection services in agriculture and the food industry (including the SAPARD agency) are

⁸⁶ See MASR/Research Institute of Agriculture and Food Economics 2003

⁸⁷ The use of the name is confusing. On the hand, most official documents are published under the title “Ministry of Agriculture”. The ministries homepage is also using this name. On the other hand, some official documents of the ministry are using the name “Ministry of Soil Management”, in the official list of members of government the minister is called “Minister of Soil Management”. To reduce the danger of miss-understandings, in this paper the ministry is always called “Ministry of Agriculture” (MASR).

⁸⁸ According to Act No. 347/1990 Coll., amended by later regulations

⁸⁹ In order to implement and facilitate these activities, it establishes and systematically directs state public benefit enterprises, organisations and agencies, primarily in the fields of science, research, development, inspection, control and supervision, certification, training, consulting, economic utilisation of forests etc.

subordinated to the ministry. Its structure includes departments in the 36 Slovak regions and 27 public benefit enterprises and organisations in the field of science, research, advisory and education.⁹⁰

During the EU accession process the position of the ministry was strengthened. The minister was member in the “Governments Board for European integration” (subsequently, the “Governments Board of Ministers for European Integration”)⁹¹ where under the chairmanship of the deputy prime minister for European integration only five ministries were represented during the period of negotiations with EU.⁹² Additionally, the MASR was among the six ministries, which were responsible for more than one working group, preparing Slovakia’s negotiating positions.⁹³ The ministry headed the working group on Chapter 7 “Agriculture” (represented by the Director General of International Co-operation and Integration Section) and the working group on Chapter 8 “Fisheries” (represented by the Director General of European Integration Section, Structural Policy and Rural Development).

3.2.2.1. Organisation of the Ministry

The organisational structure of MASR in the past was often changed. Only in the 35 months between February 2001 and January 2004, eleven changes occurred. The process is not notably transparent. But based on the interviews and the available organisational charts of this period, two main reasons could be found responsible for these changes: Firstly, these are consequences of the accession process to the EU since the *aquis* especially in the chapter “agriculture” is combined with a defined institutional design, which has to be adopted by the new members. Secondly, changes of leading executive staff (according to political reasons) were followed by organisational changes (as one interviewee put it.)⁹⁴ Sometimes, both reasons

⁹⁰ Among them: the Academy of Agricultural Sciences (Nitra), the Agrokomplex Vystavnictvo (Nitra), the Agroinstitut (Nitra) and the Agency for Rural Development (Bratislava).

⁹¹ Two advisory bodies of the board were acting, the Working Board and the Consultation Board.

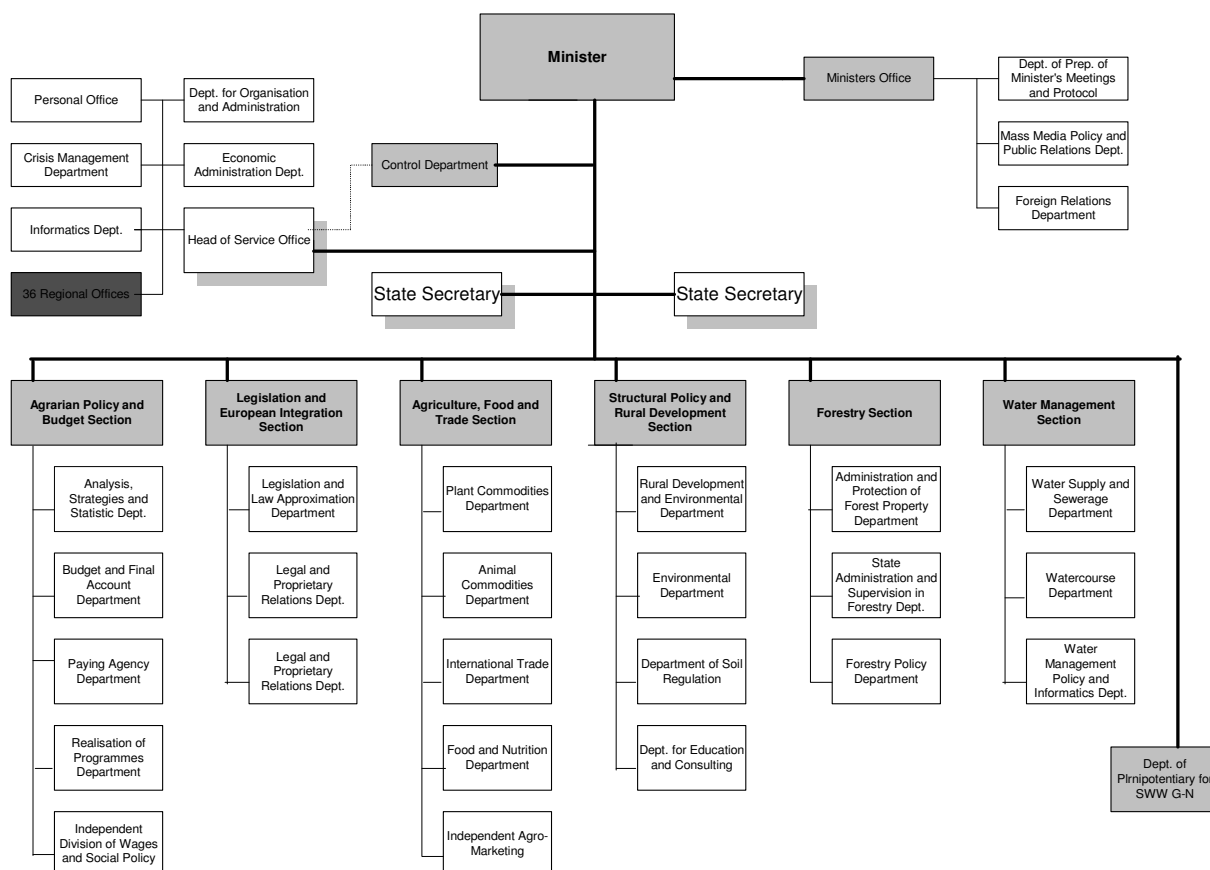
⁹² This includes the ministers of agriculture, interior, finance, economy and Foreign Affairs with two seats in the board (Minister al Vice-Chairman and State Secretary as ordinary member). Secretary of the board was the General Director of the Section for European Affairs Government Office.

⁹³ The ministry of finance was responsible for seven working groups (chapters 3, 4, 10, 11, 25, 28, 29), the ministry of economy for four (chapters 14, 15, 23, 26), the ministry of labour, social affairs and family for two (chapters 2, 13), the ministry of education for two (chapters 17, 18) and the ministry of transport and telecommunication also for two (Chapter 9, 19). See Slovak Government 1999b

⁹⁴ For describing these kinds of changes more detailed research is necessary.

interfere. As of January 2004, the MASR consists of seven sections with 35 departments and units (see Figure 3).⁹⁵

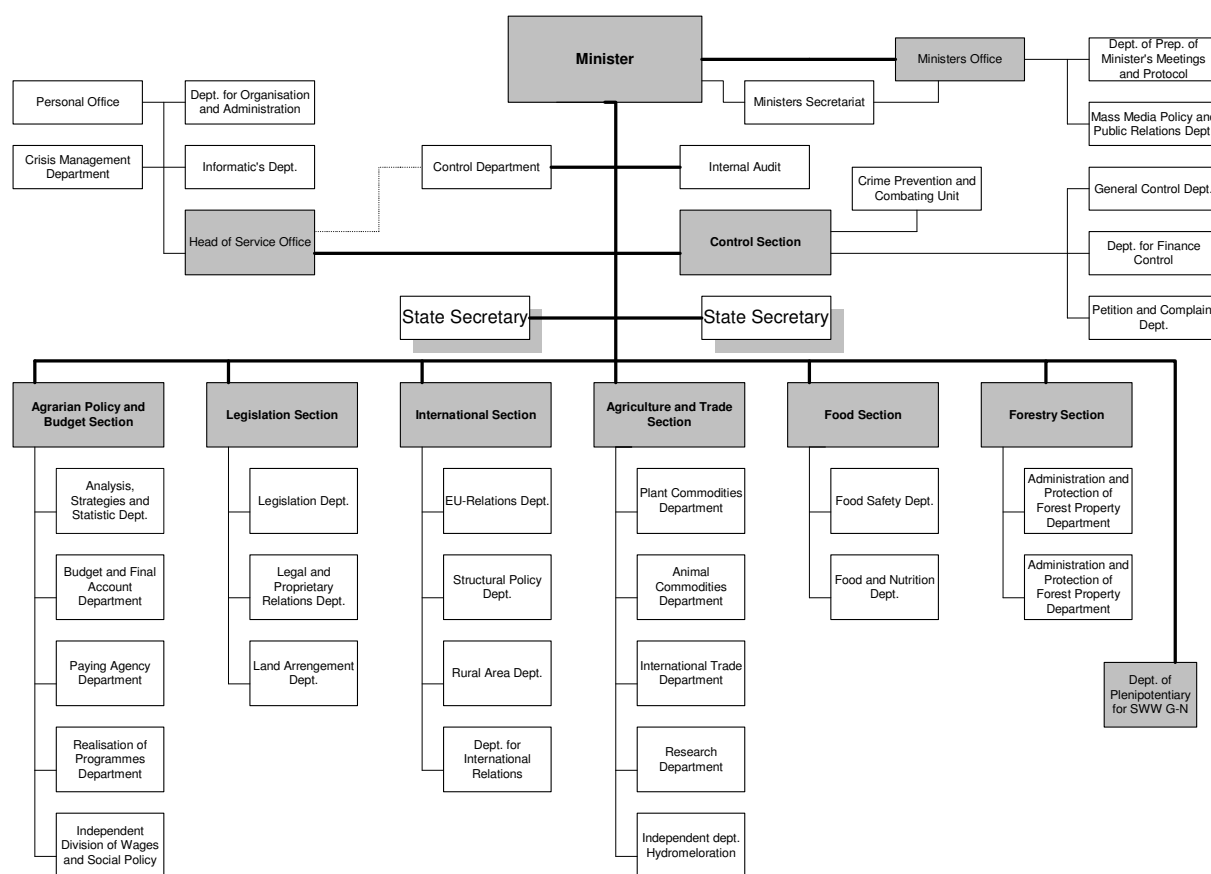
Figure 3 Organigram of MASR (1.2.2001)



Source: Ministry of Agriculture SR

⁹⁵ According to the organigram based a decree of the minister from 27.11.2004. The homepage of MASR is still presenting the structure from 1.4.2002 (at 3.9.2004).

Figure 4 Organigram of MASR (1.1.2004)



Source: Ministry of Agriculture SR (1.4.2002)

In detail the genesis of changes at the sectoral and department level of MASR can be characterised as follows:⁹⁶

May 1995: Establishment of the department for co-ordination of EU integration,⁹⁷

July 1996: The three State Funds (for market regulation, agriculture and food industry and protection and enhancement of agricultural land), so far embedded in the structure of MASR, got independent institutions;

February 1998: Establishment of the section of EU Integration and foreign relations to accelerate preparations on EU accession;

May 1999: Deep-going changes in the organisational structure to create better conditions for intensifying preparations for European integration:⁹⁸

- Setting up of 22 working (“negotiation”) groups to analyze the EU legislation, assess the implications of their implementation and propose the necessary institutional, organisational, and administrative measures that must be in place upon Slovakia’s accession to the EU,⁹⁹

⁹⁶ Unfortunately, until 1.2.2001 no organisational charts were available. Therefore, the information on the organisational structure of MASR until this date is based on other sources and may be incomplete.

⁹⁷ With seven committees, which have been working on approximation of EU law.

⁹⁸ MASR 2000a, p. 16.

- Reshuffle of the section for agriculture and food industry,
- Establishment of the section for structural policy and rural development,
- Transformation of the division of legislation into the division of legislation and approximation of law;

April 2000: Establishment of a department for agricultural sales and marketing within the section for agriculture, food processing and trade (which will be transformed into Slovak Agricultural Marketing Organisation – SAMO -),¹⁰⁰

June 2001: Establishment of the section of European integration with the European integration department, changing from the legislation and law approximation section;¹⁰¹

July 2001: Establishment of a hunting and natural environment preservation division in the forestry section,¹⁰²

September 2001: New round of deep-going changes in the organisational structure of the MASR:¹⁰³

- Upgrading of the *section of European integration* (renamed as *EU integration, structural policy and rural development section*) with the establishment of three new departments: Regional policy and rural development, environmental protection and education and consultation,
- Closure of three of the five departments of the *service office* (i. e. the personnel office, department for organisation and administration),
- Establishment of the land arrangements department within the *legislation and law approximation section*,
- Establishment of the paying agency department belonging to the *agrarian policy and budget section*;

January 2002: Change of responsibility for the 36 regional departments from the service office to the agriculture, food and trade section, establishment of there departments within the *agrarian policy and budget section*;¹⁰⁴

March 2002: Merger of the three recently established departments within the *agrarian policy and budget section* into the realisation of programmes department;¹⁰⁵

April 2002: Establishment of the internal audit unit;

April 2003: New round of deep-going changes in the organisational structure of the MASR:¹⁰⁶

- Transforming of the department of paying agency into the *section of agricultural paying agency* with six departments,¹⁰⁷ including the department of direct payments and rural development plan, which provides for supporting the agriculture food industry with 30 staff,¹⁰⁸

⁹⁹ In 1999 these groups were undergoing thorough preparation and training, particularly within the framework of PHARE projects and through bilateral cooperation with the EU member states. At the end of 1998, the positions of “junior experts” (or “secretaries”) were instituted to assist individual negotiation groups.

¹⁰⁰ MASR 2002, p. 84

¹⁰¹ According the organisational chart of the MASR from 1.6.2001

¹⁰² According the organisational charts of the MASR from 1.7.2001

¹⁰³ According the organisational charts of the MASR from 15.9.2001, based on a ministerial decree from 4.9.2001

¹⁰⁴ According the Organigram of the MASR from 1.1.2002, based on a ministerial decree from 19.12.2001

¹⁰⁵ According the Organigram of the MASR from 1.3.2002

¹⁰⁶ According the Organigram of the MASR from 1.4.2003, based on a ministerial decree from 27.3.2003

¹⁰⁷ Incorporating the former *General Administration Section* with two departments

- Taking over the responsibility for the 36 regional departments by the new *section of agricultural paying agency* from the *agriculture, food and trade section*;
- Establishment of a control section with three departments and a prevention criminality unit,
- Establishment of a structural policy department within the *EU integration, structural policy and rural development section*,
- Re-establishment of the personnel office *at the service office*,

August 2003: Establishment of the new department of hydro-melioration within the *section of agriculture, food industry and trade*,¹⁰⁹

December 2003: The *water management section* with three departments changed to the ministry of environment,¹¹⁰

January 2004: New round of deep-going changes in the organisational structure:¹¹¹

- Establishment of a secretariat of the Minister (in addition to the ministers office);
- Reshuffle of the *EU integration, structural policy and rural development section* to the *International Section* with four remaining, but reorganized departments;
- Reshuffle of the renamed *agriculture and trade sections*;
- Two departments of the *forestry section* (i. e. the forestry police department and the independent hunting and the natural environment preservation division) changed to the ministry of environment,
- A new Food section was established;
- Establishment of two new departments at the *service office*;
- The Agricultural paying agency section is now longer mentioned in the organigram.

The main changes in the organisational structure of MASR between 2001 and 2004 could be summed up as follows: The ministerial level was strengthened, especially its supervising and audit capacity. The number of departments and units at this level increased from 9 to 13. (See Table 10)

¹⁰⁸ See MASR/Research Institute of Agriculture and Food Economics 2003

¹⁰⁹ According the Organigram of the MASR from 1.8.2003, based on decree of the minister from 27.6.2003

¹¹⁰ According the Organigram of the MASR from 1.12.2003

¹¹¹ According the Organigram of the MASR from 1.1.2004 according to a decree of the minister from 27.11.2003

Table 10 Ministerial Level – Number of departments and units*

	2/ 01	6/ 01	7/ 01	9/ 01	1/ 02	3/ 02	4/ 02	4/ 03**	8/ 03	12/ 03	1/ 04
Minister's Office	3	3	3	3	3	3	3	3	3	3	2
Minister's Secretariat	-	-	-	-	-	-	-	1	1	1	1
Service Office	5***	5***	5***	5***	2	2	3	5	5	4	4
Control Department	1	1	1	1	1	1	1	1	1	1	1
Internal Audit	-	-	-	-	-	-	1	1	1	1	1
Supervising Section	-	-	-	-	-	-	-	3	3	4	4
Total	9	9	9	9	6	6	8	14	14	14	13

Source: According to the organigrams of MASR * Without State Secretaries, ** First change of structure with the new minister, *** Plus external Departments in 36 Regions

At the administrative level of the ministry, a lot of changes happened during these 35 eventful months, but finally, the number of six sections remain stable and the number of departments dropped from 24 to 22 (see table 11). More precisely, only four of six sections existing in February 2001 remain more or less unchanged. One section (Water Management) was taken out of the ministry. Most organisational change was connected with the process of accession to the European Union. The new *European Integration Section* (founded in June 2001) won rapidly strong influence because of its role within the negotiations process with the EU. It enlarged its responsibilities especially by structural policy and environmental issues (by assimilation of the *Structural Policy Section* in September 2001). After Slovakia joined the EU, the responsibilities of the section changed one again (and it's name into section for international affairs). The experiment with a *General Administration Section* was stopped after 15 months.¹¹² Under these circumstances, the specialist sections in the MASR remain relatively strong beside all changes.

¹¹² This may be a consequence of the inauguration of a new minister in October 2002.

Table 11 Administrative Level – Number of departments and units

Name of Section 2/2001	2/ 01	6/ 01	7/ 01	9/ 01	1/ 02	3/ 02	4/ 02	4/ 03*	8/ 03	12/ 03	1/ 04	Name of Section 1/2004
<i>Number of Sections***</i>	6	7	7	6	7	7	7	7	6	6	6	-
Among them												
Agrarian policy and budget section	5	5	5	6	9	6	6	5	5	5	5	Agrarian policy and budget section
Agriculture, food and trade section	5	5	5	5	5*	5*	5*	4	5	5	5	Agriculture and trade section
-	-	-	-	-	-	-	-	-	-	-	2	Food Section
Structural policy section	4	4	4	-	-	-	-	-	-	-	-	-
Legislation and European integration section	3	2	2	3	3	3	3	3	3	3	3	Legislation section
Forestry section	3	3	4	4	4	4	4	4	4	4	2	Forestry section
Water management section	3	3	3	3	3	3	3	3	-	-	-	-
(General administration section)	-	-	-	-	3	3	2	-	-	-	-	(General administration section)
-	-	1	1	4	4	4	3	4	4	4	4	International Section
(Agricultural paying agency section)	-	-	-	-	-	-	-	6**	6**	6**	-	(Agricultural paying agency section)
Department of plenipotentiary for SWW ¹¹³	1	1	1	1	1	1	1	1	1	1	1	Department of plenipotentiary for SWW
Total	24	24	25	26	32	29	27	30	28	28	22	-

Source: According to the organigrams of MASR, * First change of structure with the new minister, ** Plus external Departments in 36 Regions, *** without counting the Department of Plenipotentiary for SWW

The Section Agricultural Paying Agency (APA), established in April 2003, got an independent status within the MASR¹¹⁴ and because of its control over the EU Funds a powerful position within the ministry. In general, within agricultural administration a formal process of agencification is going on. But the leadership of MASR decided to hold the new agencies within the ministry, finance them from the ministries budget and steering them directly.

¹¹³ Plenipotentiary for the Construction and Operation of the Nagymaros Hydropower project at the Slovak-Hungarian border

¹¹⁴ Since 1.1.004 APA is not longer mentioned at the organigram of MASR.

To sum it up, the changes in the organisational structure of MASR between 2001 and 2004 shows an intensive process of learning. (See table 12) The deepest changes occurred in April 2003, some months after a new minister took the office. Finally, the ministerial level was strengthened by gaining more supervising and audit capacity. The number of departments and units at the administrative level dropped, but they remain in a strong position.

Table 12 MASR – Number of departments and units

	2/ 01	6/ 01	7/ 01	9/ 01	1/ 02	3/ 02	4/ 02	4/ 03*	8/ 03	12/ 03	1/ 04
Ministerial level	9	9	9	9	6	6	8	14	14	14	13
Administrative level	24	24	25	26	32	29	27	30	28	28	22
Total: MASR	33	33	34	35	38	35	35	44	41	42	35

Source: According to the organigrams of MASR; * First change of structure with the new minister

3.2.2.2. Direction of the Ministry

The leadership of the ministry consists of the minister, the two state secretaries and the heads of office. According to the new civil service law from 2001 the positions of the minister and state secretaries are political ones, and all other are non-political professional career positions (including heads of offices, director generals of sections, heads of units and other staff at the ministry).¹¹⁵

In the years since independence five ministers headed the ministry (see table 13). The average period in office was 865 days (approximately 29 months). This is much more than the average duration of the average Slovak minister in office (24 months.)¹¹⁶ Thus, the position of the minister of agriculture is characterized as relatively stable since December 1994.

¹¹⁵ Act No. 312/2001 on Civil Service

¹¹⁶ Staroňova/Malíková 2003

Table 13 Ministries and State Secretaries of Ministry of Agriculture

Period	Duration of holding the position	Minister	State Secretaries
24. 06. 1992 – 15. 03. 1994	630 days	Peter Baco (HZDS)	
16. 03. 1994 – 13. 12. 1994	271 days	Pavol Koncoš (SDL)	
14. 12. 1994 – 30. 10. 1998	1,416 days	Peter Baco (HZDS)	Norbert Beňuška (HZDS) Marian Lipka (HZDS)
31. 10. 1998 – 15. 10. 2002	1,446 days	Pavol Koncoš (SDL)	Ivan Rosival (SDK) Viktor Meszáros (SMK) (until 30.3.2000) Ladislav Konožsi (SMK) (since 31.3.2000)
Since 16. 10. 2002	561 days (as of 1.5.04)	Zsolt Simon (SMK)	Ján Golian (SDKÚ) Marian Radošovský (KDH)

Source: MASR

The position of the ministers, which are steering the respective ministry and being responsible for its operation, was always negotiated during the coalition talks and defined in the coalition agreements. Between 1994 and 1998 the minister belongs to the strongest coalition party HZDS. Afterwards, other than politicians from the ruling coalition party were holding the post (1998-2002 SDL and since 2002 SMK). Therefore, due to the system of „cross control“, ¹¹⁷ one of the state secretaries belongs to the strongest coalition party SDKU. The MASR together with the ministry of transport, post and telecommunication, belong traditionally to the small number of Slovak ministries with two state secretaries due to their broad competencies (1994-1998 both from HZDS, 1998-2002 from SDK and SMK and since 2002 from SDKU and KDH). Therefore, three of four coalition parties are since 2002 represented at the ministries level of MASR.

3.2.2.3. Staff

The number of staff in the years 1993 to 2003 varied from 320 to 450 (see table 14). The actual number in June 2003 was 425 employees. At the beginning of the transformation, MASR was the highest staffed Slovak ministry. In 1992 it employed 12.9 % of all civil ser-

¹¹⁷ After coming to power of the Dzurinda government in 1998 within all ministries a system of „cross control“ was adopted, so that the state secretaries are nominated by different political parties than the minister. See Staroňova/Malíková 2003

vants of central state administration. In the next years it lost rapidly its position, falling back in 1995 at the fourth position among the ministries with 7 % of all employees of central state administration, lagging now behind the ministries of finance, economy and foreign affairs.¹¹⁸ Since, the situation remains stable. In 2000, 6.9 % of all employees of central state administration worked in the ministry.¹¹⁹ One can expect that after accession to the EU and the adoption of the CAP, the ministry will be able to strengthen its position in terms of staff.

Table 14 Staff of MASR

Year	Number (planned)	Number (real)
1992	655	627
1995	408	384
1998	383	
2000		372
2003		425

Sources: Nemec 1999, p. 39, INEKO (ed.) 2000

3.2.2.4. Budget

Compared to the past, the agrarian and food policy today is supported from a single source, namely from the funds of MASR allocated under the budget programme *Agriculture and Food Production*. Compared to the previous period, the allocation of supports has changed by making the conditions for awarding and payment of support stricter. The underlying idea was to increase the efficiency of the support system designed for the approved programmes of agricultural and food policy and to align the system with the support provided under the EU's CAP, since Slovakia became an EU member in May 2004. The general services were almost 90 % funded directly from the MASR budgetary chapter.¹²⁰ As Alexandra Nyserova put it, MASR is “the largest provider of subsidies in Slovakia”.¹²¹ In 2001, it disbursed subsidies worth SKK 9 billion, both from its own budget and indirectly through the state funds under its authority. Decisions on individual subsidies are taken by the agricultural minister on the basis

¹¹⁸ According to the real number of employees (See Nemec 1999, p. 39)

¹¹⁹ The MASR was holding the fourth position behind the Ministry of Finance (with 639 employees), the Ministry of Foreign Affairs (465 employees) and the Ministry of Economy (410 employees). See INEKO (ed.) 2000, especially the Overview of the number of employees of central authorities remunerated in accordance with the law no. 143/1992 Coll. on salary and reward for on-call duty in budgetary and some other organizations and authorities

¹²⁰ See MASR/Research Institute of Agriculture and Food Economics 2003

¹²¹ Nyserova 2003, p. 488

of recommendation by departments or regional commissions or, if subsidies provided by state funds were concerned, by the fund's boards.¹²²

According to the Slovak government practice, co-ordination of sectoral activities takes place in line with the resort principle. Hence, agricultural policy is determined exclusively by the minister of agriculture.¹²³ The role of the cabinet is quite limited. Under these circumstances, the MASR is – besides of all reforms and changes – still holding a dominating position within agricultural administration due to the following features:

- Control of nearly all funds and agencies in the sector, and hence, of the subsidy policy in the sector;
- Control of the organisations performing state oversight, control and inspection services in agriculture and the food industry;
- Control of most of Public enterprises and organisations in the field of agricultural science, research, advisory and education by financing them,
- Nation-wide system of 36 regional departments, securing permanent influence on the clientele;
- Networking with interest groups and securing political support from the clientele.

The process of integration in the EU CAP will further strengthen this position, if the MASR will be able to establish an effective mechanism to administer the European Funds.

3.2.2. Funds and Agencies

3.2.2.1. Funds structure until 2001

Until the end of 2001 a system of three state funds, established between 1991 and 1994, forms the basis for market support in agriculture and food industry. Between January 1993 and July 1996 they had been embedded in the structure of MASR, then until the end of 2001 the state funds worked as independent institutions. As of 1 January 2002 they were abolished.

¹²² The commissions and fund boards comprise ministerial officials and clerks and nominees of the *Slovak Agricultural and Food Commission*. (Ibid, p. 489)

¹²³ Henning 2000, p. 371

At the end of 1999, the SAPARD-Agency as an instrument for pre-accession assistance by the EU in the area of agriculture and rural development was established.

The State Fund for Market Regulation (SFMR) existed between 1991 and 2001. It was by far the largest extra-budgetary fund operating in agriculture. It served as the main government instrument for maintaining stability in the agriculture commodities market. It regulated this market through quantity quotas, minimum and guaranteed prices, imports of commodities for storage and subsequent sale, price interventions in the sale of imported cereals, and export subsidies. In addition, the SFMR provided loans to finance storage of cereals in public warehouses.¹²⁴ Initially some interventions of SFMR had been justified to facilitate adjustment to a market-based system, but then it turned more and more into “an obstacle for market development and necessary gains in efficiency.”¹²⁵ As of 1 January 2002, the SFMR was transformed into the *Agricultural Intervention Agency*.¹²⁶

The State Support Fund for Agriculture and Food Industry (SSFAFI) existed between 1994 and 2001. It was the main instrument of government support for investment in the sector. It was desired to stimulate the development of agriculture and food industry through the provision of low-interest loans and loan guarantees. Loan repayments and proceeds from privatisation were the main sources of its revenue.¹²⁷ Since commercial banks were not interested in lending farmers, the SSFAFI, which operated as a revolving fund, assumed the risk for them. Most loans were paid back to the fund as budgeted. In the case of overdue loans, the Fund applied the standard legal procedures for their collection.¹²⁸ As of 1 January 2002, the Fund was abolished; its receivables were transferred to the MASR.¹²⁹

The State Fund for Protection and Enhancement of Agricultural Land (SFPEAL) existed between 1992 and 2001. It was responsible for raising, pooling and disbursing funds to support the implementation of specific measures designed to protect, preserve and restore the natural properties of agricultural land and ensure the overall enhancement of agricultural land

¹²⁴ The Fund operates in accordance with Act No. 270/1991 Coll., as amended by Act No. 13/1994 Coll. and No. 240/1998 Coll.

¹²⁵ World Bank 1998, p. 82

¹²⁶ Act No. 491/2001 Coll. on the Organisation of the Markets in Selected Agricultural Products

¹²⁷ Act No. 40/1994 Coll.

¹²⁸ But the collection of classified loans through judicial process was difficult due to the length of the procedure, mostly because the debtors went bankrupt, were liquidated or transferred their assets to other entities. Because of this, the Fund applied a fast-track procedure under Act No. 303/1995 Coll. on Budgetary Rules, whereby the Fund's administrative decision on insolvency became, upon entry into force, a title enabling the distraint of the debtor's property.

¹²⁹ Act No. 553/2001 Coll. Except for the guarantees uncalled for by 31.12.2001, which is deemed bank guarantees issued by the Guarantee and Development Bank.

resources.¹³⁰ SFPEAL funds had been primarily used to support the restoration of irrigation systems, building of protective structures, repair and maintenance of soil reclamation technologies and cultivation of the land left behind by bankrupt farmers. With effect from 1 January 2002, the SFPEAL was abolished. Its resources were transferred into the budget of MASR.¹³¹

Additionally, a specific role in the sector was played by the *SAPARD agency*. The SAPARD Program was approved as an instrument for pre-accession assistance by the EU in the area of agriculture and rural development, in accordance with the objectives of its common agricultural policy.¹³² The MASR is co-ordinating the implementation of the programme in Slovakia. In December 1999 the paying agency for SAPARD, the *Slovak paying agency*, was established (and later on renamed into SAPARD agency). It receives and administers pre-accession support funds made available by the EU. The agency is financed by the budget of MASR. It administers eight regional branches.¹³³

The SAPARD pre-accession fund is used to support projects in the area of agriculture and rural development.¹³⁴ Since August 2003, the SAPARD Agency has been implementing all the measures of the programme. So far eight selection rounds have been organised where 625 applications for aid were received. Hereof, 28 projects have been rejected while 377 projects have been approved. The SAPARD Agency executed 74 payments and 46 projects are already completed.¹³⁵

The SAPARD Agency was in 2003 evaluated by a FAO team, which has found that the organisation is well staffed with highly motivated employees who explore ways of improving the implementation of the programme.¹³⁶ As problems the evaluator identified that the guidelines for applicants are too long and complex. They conclude that a primary cause of the

¹³⁰ Act No. 307/1992 Coll.

¹³¹ Act No. 553/2001 Coll.

¹³² The key condition for approval of support from the SAPARD programme is to provide funding for individual measures from the private funds (provided by the applicants for support), as well as from the public funds. The portion of private funding depends on the type of measure, i.e. whether it is a profit-making or public measure. In case of profit-making measures, the project may be co-funded from the public sources up to the 50 % of total project costs. Of that, EU may provide up to 75 % of the public funding. For non-profit measures, EU budget may provide up to 75 % of co-financing for the overall project costs.

¹³³ Decree MASR Nr. 4338/1999-100

¹³⁴ SAPARD provides funding for investments in the infrastructure of agricultural holdings, improved mechanisms of veterinary and phyto-sanitary control, renovation of villages, diversification of rural activities, development of rural infrastructures, creation of new jobs and support of environmentally friendly methods of farming.

¹³⁵ MASR 2004, see also Government 2002

¹³⁶ MASR 2004c, p. 58

slower than expected progress on implementation is a “low application rate”.¹³⁷ They conclude that the time and cost involved in preparing an application for SAPARD is “excessive and could be depressing the application rate”.¹³⁸

Besides the SAPARD agency, the following bodies took part in the implementation of the SAPARD programme: as a certification body the supreme audit office, as managing authority the MASR (the section of structural policy and rural development), as well as the national monitoring committee (established and based on the partnership principle) and the national fund.¹³⁹

3.2.2.2. Structural changes since 2002

During the accession process the system of funds and agencies in the agricultural sector was harmonized with the *aquis*. This includes many institutional changes. As a first step, the Slovak government established the Agricultural Intervention Agency (AIA) at 1 January 2002.¹⁴⁰ This important tool of the government’s agricultural policy was established by transforming of the former State Fund for Market Regulation (SFMR). Its purpose was to stabilise the market for selected agricultural products and food in Slovakia, with the aim to support production, purchase and sales thereof, and to minimize the negative impact of market fluctuations. The agency shall regulate the market by state intervention purchase, by sales of products from state intervention purchase and by the quantitative regulation of production, sales and demand (quotation). The Slovak Agricultural Marketing Organisation (SAMO), which supports the marketing of agricultural commodities, was incorporated into the AIA. In May 2003, the MASR approved the plan of activities of the AIA.¹⁴¹ Under these circumstances Slovakia’s agricultural market is “regulated not only by the market forces but also by rules issued by the Ministry of Agriculture.”¹⁴²

¹³⁷ As reasons for these problems, the evaluator identified competition from the national support schemes, less financial resources of potential beneficiaries and the “unnecessarily height” of the level of financial viability that companies had to meet to be eligible for SAPARD.

¹³⁸ MASR 2004c, p. 59

¹³⁹ The National Fund has to report to the National Authorising Officer (NAO), who has financial and legal responsibility for the funds. This is the contact place for financial information exchanged between the EC and the Slovak government. The National Fund issues, monitors and recalls the accreditation of the SAPARD agency.

¹⁴⁰ Its scope of activities and corporate structure is stipulated by the Articles of Association approved by the Decision of the Government No 330/2002 of 3. April 2002 (Statute of the Agency).

¹⁴¹ Entitled Outline of Activities for the Promotion, Sale and Consumption of Selected Products in 2003 (SAMO activities)

¹⁴² Kollár 2004, p. 451

Secondly, with a remarkable delay¹⁴³ and under strong pressure of the EC, the National Council adopted the legislative framework for the Agricultural Paying Agency (APA) at the end of 2003.¹⁴⁴ The legislation was necessary in order to be able to adopt the tools of the CAP after integration of Slovakia into the EU. In addition to the disbursement and control of direct payments, the newly established Paying Agency shall also carry out the tasks of Intervention Agency and shall become a “central point for disbursement of national support”.¹⁴⁵ Also, as part of the new distribution of powers, a number of structural changes took place at the Ministry of Agriculture (see 3.2.2.1).

The APA started its work de facto on December 1, 2003 and de jure on January 1, 2004 and got its temporary accreditation from MASR on June 15, 2004.¹⁴⁶ The temporary accreditation has been issued for granting supports of the EAGGF Guarantee Section and Guidance Section, FIGG, as well as funds from the national budget. After this date APA was able to carry out all the tasks as specified in respective legislation of the EC as well as of Slovakia, including issuing export licences or applying intervention measures.¹⁴⁷

APA consists of the former Intervention Agency (which before was merged with the SAPARD Agency)¹⁴⁸ and the former Section of Agricultural Paying Agency within the MASR. This way was chosen because the SAPARD Agency already obtained full accreditation. The proposed organisational structure of APA consists of five sections and an operative office: the section of payments,¹⁴⁹ of direct supports, of market organisation,¹⁵⁰ as well as the sections for SAPARD, for the Sectoral Operative Plan (SOP)/Rural Development Plan (RDP) and for technical control.¹⁵¹ It's staff consists primarily of the current personnel of the implementation unit of the SAPARD Agency and of the Agricultural Paying Agency Section of the MASR.¹⁵²

APA shall have the following responsibilities:

¹⁴³ In comparison with the other accession states but also with the original plans

¹⁴⁴ Act No 473/2003 Coll. on Agricultural Paying Agency

¹⁴⁵ See MASR/Research Institute of Agriculture and Food Economics 2003

¹⁴⁶ The MASR will monitor complying with the accreditation criteria by the Agricultural Paying Agency and can withdraw the accreditation in the case of any shortcomings. See Press release of MASR, <http://www.mpsr.sk/english/index.htm>

¹⁴⁷ The accreditation has been granted on the basis of the Pre-Accreditation Report submitted by the company performing the pre-accreditation audit. It is furthermore conditioned by fulfilling all the tasks specified in the Action Plan so as to eliminate the shortcomings mentioned in the audit report in compliance with fixed deadlines. Press release MASR 17.6.2004 <http://www.mpsr.sk/english/index.htm>

¹⁴⁸ Act No 473/2003 Coll. on the Agricultural Paying Agency, on support to farming in agriculture and on amending and supplementing certain laws.

¹⁴⁹ The section is dealing with domestic supports and supports provided by the European Agricultural Guarantee and Guidance Fund (EAGGF).

¹⁵⁰ The section (current AIA) is dealing with market measures by individual commodities

¹⁵¹ See MASR/Research Institute of Agriculture and Food Economics 2003

¹⁵² EC 2003a, p. 44

- Calls for the submission of applications and provision of information on the project selection criteria,
- Selection of projects according to the selection criteria,
- Checking of applications against eligibility criteria,
- Inspections before and after project approval;
- Submission of reports on the measures taken according to specific indicators,
- Information of final beneficiaries on the approval of support,
- Provision of information on SOP “Agriculture and Rural Development” to general public.¹⁵³

However, by the end of March 2004 APA was already able to carry out the payment of farmers subsidies amounting to as much as approx. 57 million Euros.

An other crucial problem of sectoral harmonisation to the *aquis* was the implementation of an Integrated Administration and Control System (IACS). It keeps a central database on financial aid applicants, the form of aid provided, and how it is used. It requires uniform systems for the registration and identification of land and of animals, and the necessary institutional and administrative structures, including a technical framework.

The MASR approved the framework strategy for IACS implementation on July 9, 2001, the government decided on its implementation on December 6, 2001. The original deadline of implementing IACS could not be met, because the Public Procurement Office abolished two public tenders citing an excessive distance between the prices bid and some wrongly set quality criteria.¹⁵⁴ In January 2003, the MASR assigned the firm AXA to supply the IACS. A steering committee was set up.¹⁵⁵ In October 2003 the establishment of a functioning IACS was according to the EC “still seriously delayed from both a technical and an organisational point of view. Most of the preparations are still at the planning stage, except for the setting up of the land parcel identification system.”¹⁵⁶ At the time, there was no system in Slovakia for the administration and control of payments from the EU as comprehensive as the IACS. However, certain elements compatible with this system are used in the domestic system of

¹⁵³ Ibid.

¹⁵⁴ Nyserova 2003, p. 496

¹⁵⁵ Kollár 2004, p. 454

¹⁵⁶ EC 2003b: 23

subsidies. For the completion of an IACS system that is fully compatible with the rules applied in the EU, Slovakia requested during the negotiation a three-year transitional period until 31 December 2006.

4. Excursion: The Role of Interest Groups in Agriculture

Concerning the representation of agricultural interests in the political system, Slovakia is a specific case within the CEEC since no specific rural party appeared. The Slovak party system is divided into a group of parties having their electoral base in towns or with the rural population respectively. The latter won the elections in 1992 and 1994, the former the elections in 1998 and 2002. Thus, the rural cleavage is in fact “not institutionally expressed by any important agrarian formation”, but it “contributed significantly to the proliferation of the Slovak agrarian system”.¹⁵⁷

Therefore, the significant role in the process of transformation of Slovak agriculture is played by some of the more than 100 non-governmental rural organisations.¹⁵⁸ They embark on a strategy to assert the interests of their clients, especially the co-operatives.¹⁵⁹ In contrast to other sectors, in Slovakia a well-functioning clientelistic network exists, which is able to accomplish the interests of their members. On the one hand, this network is playing a decisive role in formulating agricultural policy. On the other hand, it helps the government in the process of achieving this policy. A specific role in the formation of the network, which started under communist rule, is played by the specific agricultural universities, which have an 80 year long tradition in Czechoslovakia, like the Slovak University of Agriculture in Nitra.¹⁶⁰

The *Slovak Chamber for Agriculture and Food* (SCAF) can be characterized as the very centre of this network. According to Bezemer, it is playing a “significant role” among the rural NGOs.¹⁶¹ As non-state, public-administrative and self-administrative public service institution it is independent of the state.¹⁶² It works as an “umbrella-group” of different kinds of organisations of the agricultural sector, working together voluntarily within the chamber.¹⁶³ The structure of the organisation is hierarchic.¹⁶⁴ Its mission is – according to its self-portrayal

¹⁵⁷ Blazek/Kubalek 2002, p. 548

¹⁵⁸ See the AgroRegister on the homepage of MASR

<http://www.mpsr.sk/english/info/agroreg/menu.htm>

¹⁵⁹ More on the strength of lobby groups in agriculture see Keeler, J. T. S. 1999

¹⁶⁰ For example, the current minister studied at the University of Agriculture (Brno, now Czech Republic) and one of the state secretaries at the Slovak University of Agriculture (Nitra).

¹⁶¹ See Bezemer 2001, p. 146

¹⁶² Act No. 30/1992 Coll. about Slovak Chamber of Agriculture and Food.

¹⁶³ At 31 December 2000 the chamber had 2481 members with settled membership and additionally 53 associations, unions, corporations and alliances of products and interests. Among them 340 companies of food industry, 241 companies of biological and technical services, 1791 agricultural companies and also 109 voluntary members. Additionally, SCAF is co-ordinating the activities of 45 regional chambers of Agriculture and Food.

¹⁶⁴ According to the Rules of Procedure of the SFAC, the relations to the *National Council* and to the government are exclusively administered by the chairman. Other members of the Board and heads of departments are authorised to negotiate with the committees of the National Council.

on the internet - “to apply members' rightful interest in creation and realisation of state economic and social policy, to support and protect their economic, social as well as business interests.”¹⁶⁵

SCAF is a strong organisation in representing the interests of its members in the formulation of the agricultural policy. But it is focusing on co-operative farms; individual farmers “play practically no role”.¹⁶⁶ SCAF co-operates with appropriate state administrative bodies in creating development conceptions and general valid orders and measures in agricultural and food enterprise. To relationship between SCAF and the MASR is based on a co-operation agreement signed in 1999. In this document an exchange of information is fixed, especially in the field of trade policy.¹⁶⁷ Furthermore, the agreement includes the implementation of joint measures to support market-orientation of agriculture. Members of the SCAF Board of Directors are often delegated to the different consultation boards of the government, of the MASR or of other public institutions, to participate in the implementation of agricultural policy.

Among them, the *Slovak Association of Agricultural Co-operatives* has the strongest negotiating position. It established more effective political representation and gained more political support. Thus it was able to realise much more of the survival strategy of co-operatives, “based on payment arrears, soft state budget, and bad debts”.¹⁶⁸ This association was mentioned during the interviews in the MASR as most important partner. In contrast, the *Association of Landowners and Private Farmers* is in a weaker position, because private farmers were not as well organised as co-operatives.

A good example for the co-operation between public institutions and NGOs in the agricultural sector is the working group, which has been set up by the MASR to elaborate the Sectoral Operational Programme “Agriculture and Rural Development”. This group consists of a representative sample of socio-economic partners. (See table 15)

¹⁶⁵ <http://www.sppk.sk/index.php?jazyk=engl&do=zakladne>

¹⁶⁶ Bezemer 2001, p. 147

¹⁶⁷ In the framework of this agreement SCAF is responsible for extracting information on the export and import of agricultural products and the economic situation on foreign markets.

¹⁶⁸ Bezemer 2001, p. 147f.

Table 15 Socio-economic partners in the working group

<ul style="list-style-type: none"> + Slovak Agricultural and Food Chamber + Profession associations (Association of Land-owners and Agro-entrepreneurs, Association of Farmers and Agro-entrepreneurs, Association of Fish-farmers), + The entrepreneurs' sector (Slovryb, Inc.), + Non-profit organizations (Board of the third sector, Rural Parliament, Daphne), + Association of Towns and Villages of Slovakia and other institutions (Research Institute of Agricultural and Food-industry Economics, advisory firm PIAS, Slovak Agency of the Environment, Slovak Water-management holding)

Source: MASR 2004b

The working group met since 2002 to discuss the support frameworks, priorities and measures, eligible investments and beneficiaries.¹⁶⁹ The basic proposal, which was negotiated by the working group, had been elaborated on the basis of the results of a survey conducted through 36 regional offices of the MASR, which addressed regional economic, self-government and non-profit organizations. Draft versions of the SOP were regularly consulted with socio-economic partners as well as outside the working group and their comments or proposals for amendments were incorporated into the SOP where the relevant legislation enabled it.¹⁷⁰

¹⁶⁹ MASR 2004b

¹⁷⁰ Among them (outside the working group) the Slovak Association of Bee-farmers, Slovak Association of Millers, Association of Cooperative Farms and Commercial Companies of the SR, Union of Poultry Producers of Slovakia, Mills and Bakeries Krupina.

5. Conclusions

Both, Slovak agricultural policy and administration are determined by two processes: transformation and Europeanization. Until 1998, the former was prevailing, since the change in government in October 1998 the latter is getting stronger. The specific transformation path of Slovakia left deep marks on agricultural policy. The sector in Slovakia is still dominated by transformed agricultural co-operatives, which is a unique situation in all new EU member states. Agricultural policy is marked by legacies of the socialist past such as heavy government interventions, a less transparent subsidies policy and a persistent bias against small private farmers. Certainly, the situation is improving since 1998, but these legacies are not yet overcome. Therefore, the pace of policy and institutional reforms in Slovak agriculture since 1992 has been relatively slow, reflecting a “lack of political resolve”¹⁷¹ to facilitate the transition towards market-based agriculture. The transition agenda in agriculture is not completely fulfilled: farm privatisation remains largely uncompleted, the restructuring of management and operation adjustments in many co-operatives failed and their economic transformation into viable business is hampered. Therefore, the restructuring of the sector is lagging behind the rest of the economy. The legacies mentioned above constitute the main obstacle to improving the performance of Slovakia’s agricultural sector.

The basic institutional structure (both formal and informal) of Slovak agricultural administration was established during the early phase of transformation (1990-1993). The MASR was able to achieve its strong position in the sector besides fundamental changes. Until 2001, other influential actors were the state funds. Agricultural administration is characterised by a strong centralisation attitude and the high influence of a clientelistic network, combining parts of the sectoral state administration with the managers of co-operatives in particular and thus establishing rent-seeking opportunities.

With pre-accession and increasingly since 2001, a “second wave” of reforming the institutional structure of Slovak agricultural started and is still going on. For the time being this is mostly concentrating on formal institutions. Within a learning process, the MASR changed its internal structure for several times to better fulfil the requirements of the EU *aquis*. The MASR decided to establish the new agencies within the ministry, finance them from the ministries budget and steering them directly.

¹⁷¹ Csaki et al. 2003, p. 313

Whether this wave will eventually change basic features of the current Slovak agricultural policy and its informal institutions will depend on the further general political strategy of the government regarding the economy and agriculture after the formal accession to the EU. Two different ways seem to be possible:

- Within a conservation scenario, the government could make use of the welfare-bureaucratic regime, which is connected with the EU's CAP, to preserve the structure of the sector especially by the help of the additional financial resources,
- Within a modernization scenario, the government could use the implementation process of the CAP to speed up farm restructuring, finishing privatisation of land and redirecting support policies towards the CAP format to increase the competitiveness of its agriculture.

In general, both scenarios are possible within the EU CAP. It will depend on the general political objectives of the Slovak government which of these alternative scenarios will finally be adopted, or – as politicians often do – to opt for something in-between. However, the combination of the welfare-bureaucratic regime of CAP with the above mentioned legacies of Slovak agricultural policy is to augur badly.

In any case, the process to fully implement the CAP in the next years, will help the agricultural administration (and especially the MASR) – despite the actual delay in implementing the new institutional design - to strengthen its position within the central state administration and the government. On the one hand, the national agricultural bureaucracy will win more independence from decisions of the National Council; on the other hand, it will become more and more an object of control by the European institutions.¹⁷²

¹⁷² Ibid., p. 297

List of Abbreviations

AIA	Agricultural Intervention Agency
CAP	Common Agricultural Policy
CEEC	Central Eastern European Countries
CSFR	Czechoslovak Socialist Federal Republic
CSSR	Czechoslovak Socialist Republic
Coll.	Collection of laws
DFG	German Research Foundation
EC	European Commission
EU	European Union
FAO	UN for the nutrition and agriculture
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
HZDS	Movement for Democratic Slovakia
IACS	Integrated Administrative and Control System
MASR	Ministry of Agriculture
NDS	National Democratic Party
NPAA	National Programme for the Adoption of the Acquis Communautaire
OECD	Organisation for Economic Cooperation and Development
PHARE	Programme for reconstruction of economies of the countries of the Central and Eastern Europe
PSE	Production Subsidy Equivalent
SAMO	Slovak Agrarian Marketing Organization
SAPARD	Special Assistance Programme for Agriculture and Rural Development
SCAF	Slovak Chamber of Agriculture and Food
SDK	Slovak Democratic Coalition

SDKÚ	Slovak Democratic and Christian Union
SDL	Party of Democratic Left
SFLPI	State Fund for Land Protection and Improvement
SFMR S	State Fund for Market Regulation
SKK	Slovak Crown
SMK	Hungarian Coalition Party
SPA	Slovak Paying Agency
SSFAFI	State Support Fund for Agriculture and Food Industry
WTO	World Trade Organization

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Universität Potsdam
Lehrstuhl für Politikwissenschaft, Verwaltung und Organisation
Hochschuldozent Dr. habil Jochen Franzke
PSF 900 327, D 14439 Potsdam
Tel.: +49/(0)331/ 977- 3414
Fax: +49/(0)331/ 977- 3302
franzke@uni-potsdam.de