

RURAL COOPERATIVES

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Thesis

- Cooperative organizational entities at this stage of the economic development of the country, served as a buffer and an accelerator of the organizational restructuring of rural areas.
- In their present Bulgarian version they include various multipurpose cooperative organizational structures, some of which are temporary. Their future development and improvement will be based on accelerated implementation of network organizational relationships and interactions with other regional and national business structures.

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Types of cooperatives structures administered in rural areas

- Most widely administered and common are the agricultural production cooperatives (APC), some of which are members of the National Union of Agricultural Cooperatives and its regional alliances. They carry out collective agrarian business, results of which are distributed among the members of the cooperative based on individual participation, paid-in capital and land, rented for use in the cooperative.

Types of cooperatives structures administered in rural areas - 2

- Limited distribution in certain areas of the country have the servicing cooperatives with status of agricultural service cooperative. They implement common activities as their clients and members are family farms and agricultural production cooperatives - representatives of small and medium agricultural business.

The main purpose is to support the activities of the members of the cooperative by carrying out the joint procurement of raw materials and conducting specialized service activities such as machinery, veterinary care, plant-protection, amelioration and ect.

Types of cooperatives structures administered in rural areas - 3

- Previously in Bulgaria had widespread commercial cooperatives with business activity supplying farmers and trading of agricultural products.
- Limited applicability in Bulgaria also have the credit cooperatives, mainly as mutual associations of farmers.

Main advantages and possibilities of cooperative organizations for development of agricultural business in rural areas

Cooperative business is a tool that allows owners of family farms and other types of agricultural holdings to overcome many of the traditional weaknesses and successfully adapt to the dynamic changes in the business environment by:

- Reducing the market failures due to their small size and their weak competitive opportunities;
- Improving the number of technological processes and business activities in the production, preparation, storage, marketing, etc... based on elevations of the technological level, the production efficiency and product quality;

Main advantages and possibilities of cooperative organizations for development of agricultural business in rural areas

- 2

- Decreasing the permanent expenditure associated with servicing equipment, scientific, information, veterinary services, plant protection, etc.. Which are not affordable of individual producers;
- The implemented economies of scale of the business is transformed into benefits for the members of the cooperatives by applying suitable distribution mechanisms for economic realization of the property of the cooperative;
- Increasing the financial capacity of the farmers through the implementation of monetary operations for using the financial resources of the members of the cooperative.

State and Disadvantages defining functioning of cooperative organizations

- In production cooperatives the issues and the difficulties are related to the large number of members who are not involved with their work in cooperatives and do not live in the settlement.
- When creating the necessary links and proportions between the production factors associated with size changes and the way of using the agricultural land, access to highly advanced technology, turnover in the membership of cooperatives and ect.
- When using the distributing financial mechanisms and economic realization of the ownership of the cooperatives as well as meeting the social needs of cooperative members;
- Insufficient financial security and providing a sufficient number of specialists with a suitable expertise;
- The existing possibilities for access to basic production factors because of the small dimensions and competitive opportunities for the farms;
- Legislative and administrative difficulties concerning the construction and the functioning of different types of cooperative associations and organizations.

State and Disadvantages defining functioning of cooperative organizations

- 2

- Lack of government support in terms of creating conditions for the modernization and expansion of production, processing and marketing of individual priority sector industries;
- Implementing distributing mechanisms that could stimulate networking integration structures in the rural areas linked to integration of agricultural business with other traditional industries and activities;
- Providing the necessary capital resources of cooperative credit associations with normative law to limit the their activities;
- Considering the characteristics of the agricultural production process and natural risk in the results and opportunities to reduce losses associated with overdue loans and establishing mechanisms to cover the risks of natural disasters, including and creating special guarantee funds.

Development opportunities for of the cooperative organizational structures in terms of integrating the agrarian business with other sectors and activities in rural areas

- By improving the cooperative of status of the organizations, based on:
 - A. differentiation of the right out loud in the General Assembly of the cooperative according to the way of participation (with labor, capital, land);
 - B. switching to managerial type of management (selecting Executive Director of the Board);
 - C. reducing turnover in the membership and limiting the conflict situations to the annual rent payments to provide land for common use;
 - D. creating legal preconditions for voluntary participation of the cooperatives into other businesses by providing part of the authorized capital of the cooperative or participation in raw materials in processing activities of other organizations;
 - E. building of own cooperatives and development of service the activities of capital principle and vertical merging of production, processing and marketing of agricultural products in a single reproduction process.

Development opportunities for of the cooperative organizational structures- 2

- By strengthening the integration relations of cooperatives on territorial principle with business organizations from other sectors and activities;
 - A. accelerating the development of horizontal cooperative integrated structures as the producer organizations to govern the relations existing on the occasion of resource use and implementing progressive technological practices;
 - B. implementation of contract farming as an agreement built on a contractual basis between farmers, cooperatives and companies in connection in organizing marketing, market, production, resource supply and other activities of general interest to the association;
 - C. creating associations of cluster type as a model for rural development and regional development based on horizontal and vertical links between cooperative, companies and other organizations and tourist activities related the agribusiness.

Development opportunities of the cooperative organizational structures- 3

- By creating opportunities for regional cooperative synergies and cooperation between national agricultural cooperatives and cooperative unions and other organizations based on:
 - A. Establishing non-profit organizations;
 - B. Strengthening the integration relations and collaboration with national and European cooperative unions;
 - C. Participation in international projects for building regional cooperative centers;
 - D. Association of the local cooperatives with civil communities and NGOs for common economic activities on project development, consulting and more;
 - E. Establishing regional systems of different types of cooperatives, which serve as basis for comprehensive production infrastructure for farmers