

RE-EMERGENCE OF AGRICULTURAL SERVICE COOPERATIVES IN RUSSIA (WHY STATE SUPPORT DOESN'T HELP?)

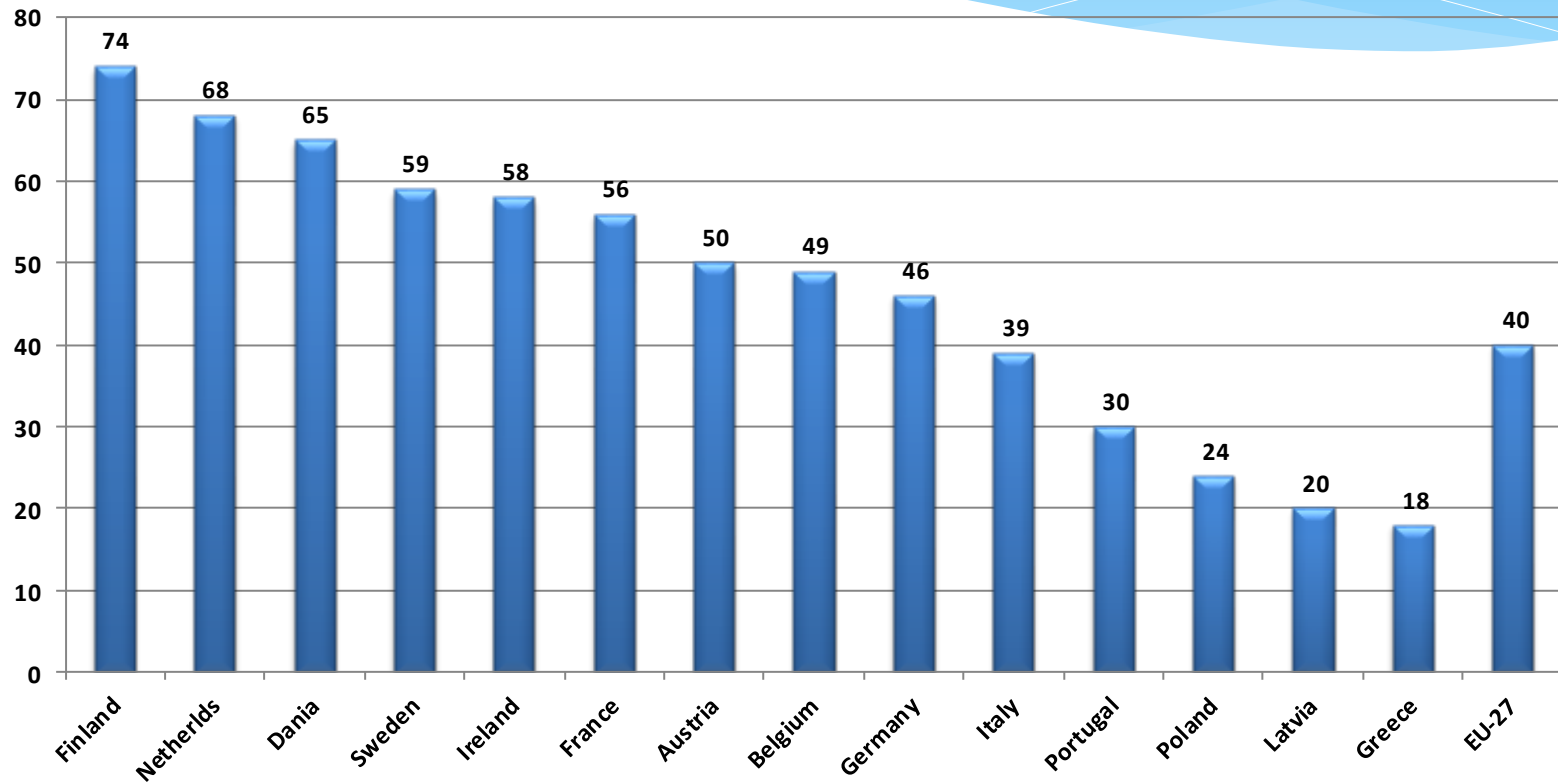
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Share of cooperative sector in European Agriculture



5 cooperative laws

- * **ON COOPERATION (1988)**
- * **ON CONSUMER COOPERATION (1992)**
- * **ON AGRICULTURAL COOPERATION (1995)**
- * **ON PRODUCTION COOPERATION (1998)**
- * **ON CREDIT COOPERATION (2009)**

Grouping of cooperatives by organizational-functional form in 2016

Source: Rosstat (EMISS data base)

	Registered cooperatives		Cooperatives filing financial reports for 2016			
			Total		Designated as 'agricultural cooperative' in their name	
Production cooperatives	13690	13.9	7076	51.7	4903	56.5
Agricultural production cooperatives	9972	10.1	5436	54.5	4886	56.3
Other production cooperatives	3718	3.8	1640	44.1	17	0.2
Consumer cooperatives	84951	86.1	36486	50.8	3776	43.5
Housing cooperatives	65175	66.1	27350	42.0	3	0
Credit cooperatives	3424	3.5	1468	42.9	90	1.0
Consumer societies	6308	6.4	3855	61.1	43	0.5
Agricultural service cooperatives	5973	6.1	3298	55.2	3185	36.7
Dacha cooperatives	4071	4.1	515	12.7	455	5.2
Total	98641	100	43562	44.2	8679	100

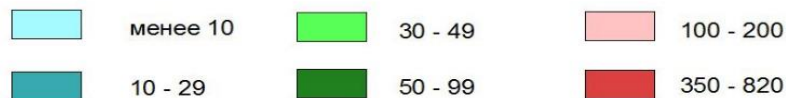
Number of agricultural cooperatives by regions

Source: Russian MoA



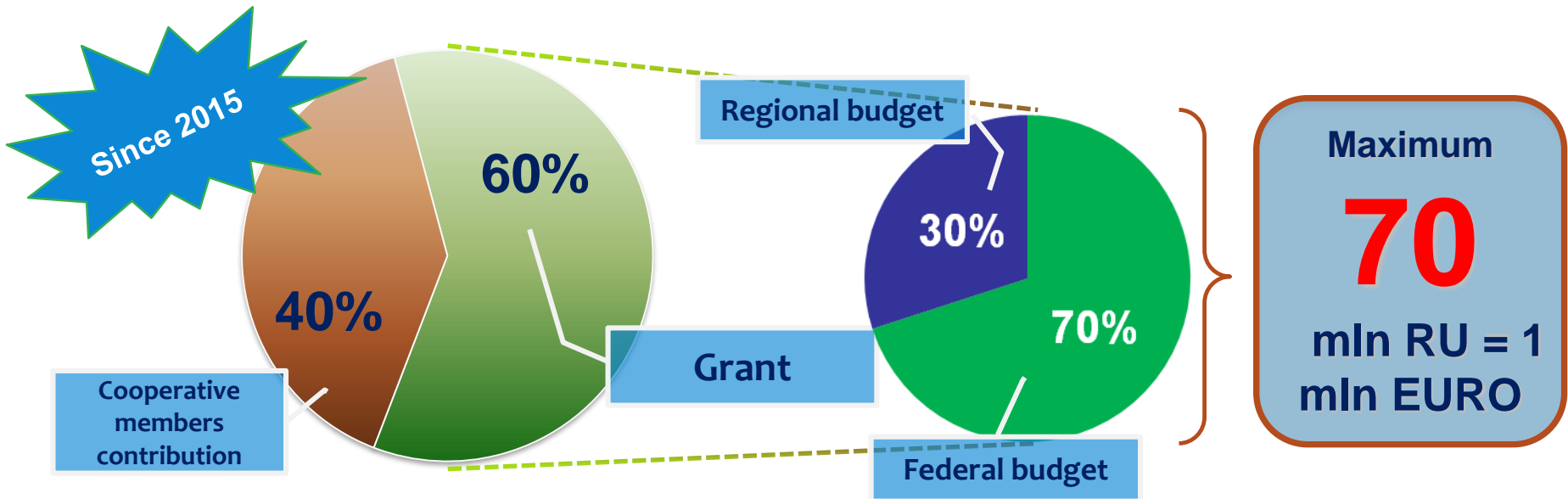
Условные обозначения:

Число зарегистрированных
сельскохозяйственных потребительских кооперативов, 2018 г.



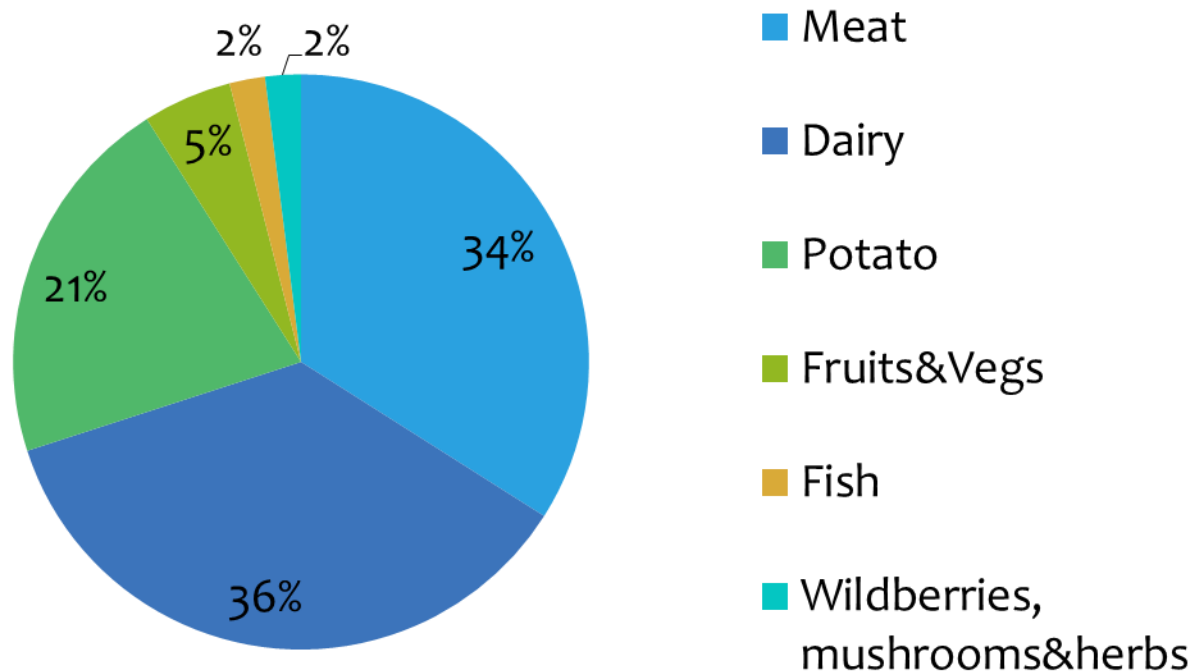
GRANTS for AG SERVICE COOPERATIVES

Plans – 1500 coops over 2 forthcoming years



Grants: 252 in 2015-2017

(rent-seeking behavior?)



Number of agricultural service cooperatives on their creditability in different classes

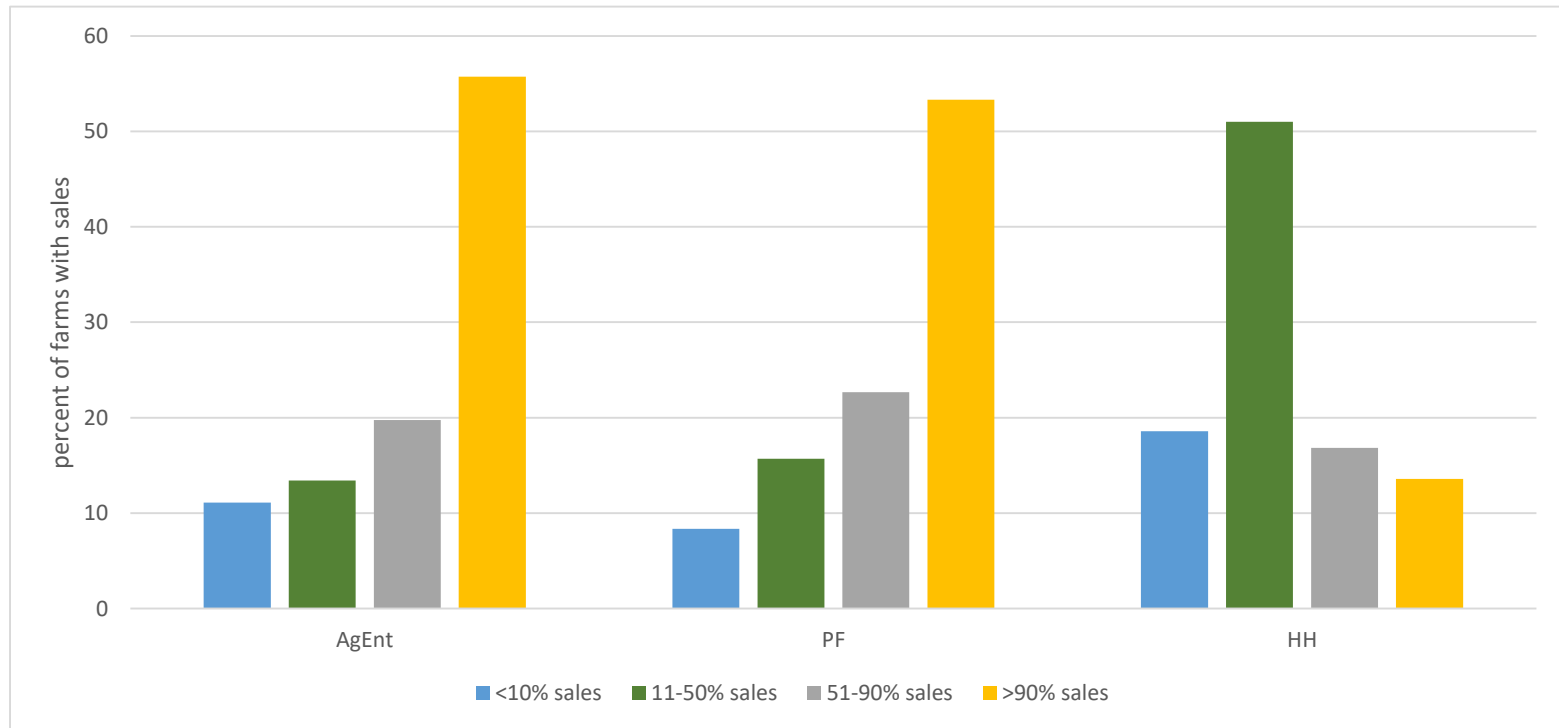
	Total	According to classes of creditability		
		1	2	3
Ceased to exist (closed)	596	14	305	277
Newly organized (opened)	458	17	271	170
The sum of closed and opened	1054	31	576	447
Existed in 2013 and 2015 (constant)	614	2	182	200
Relation of closed and organized to constant	1,7	15,5	3,2	2,2

Source: authors' calculations based on financial data from Rosstat base

State support to agricultural service cooperatives

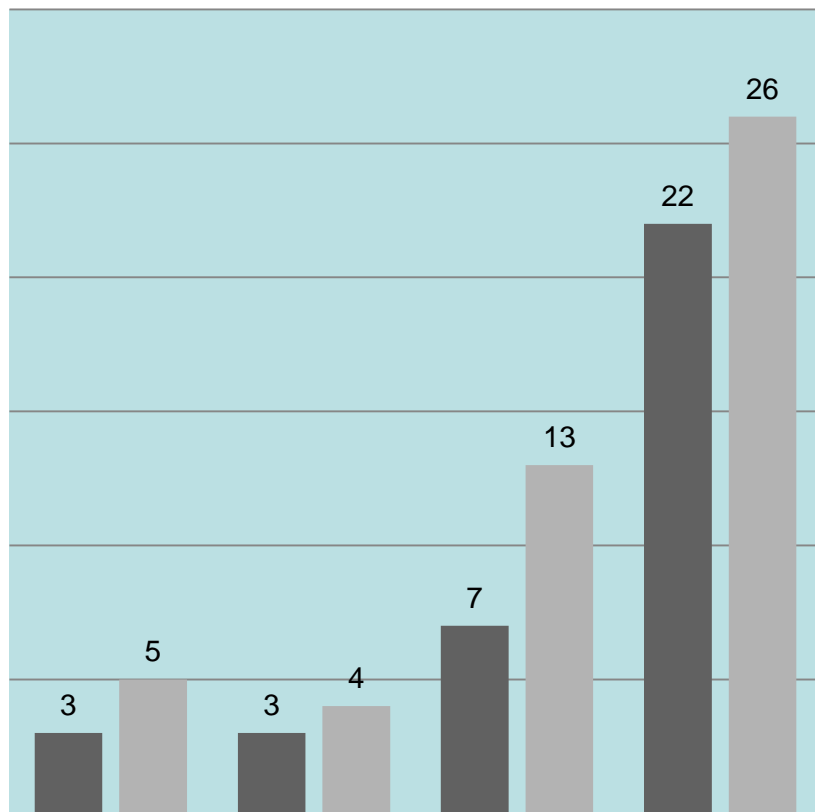
		Number of cooperatives			State support, million rubles				State support per 1 cooperative, thousand rubles			
		Total in 2013	Only in 2013	Coops existed in 2013 and 2015	Total	Only in 2013	Coops existed both in 2013 and in 2015		per total	Per existed in 2013 only	Per coops existed both in 2013 and 2015	
							2013	2015			2013	2015
Without main assets	1 class	9	7	2	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
	2 class	235	131	104	23,8	0,1	23,8	20,1	101,5	0,5	228,7	193,7
	3 class	113	62	51	12,2	11,4	0,8	4,2	108,2	183,5	16,5	82,1
	Total	357	200	157	36,1	11,4	24,6	24,3	101,0	57,2	156,8	155,0
With main assets	1 class	12	7	5	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
	2 class	363	174	189	1583,2	279,2	1303,9	1761,1	4361,3	1604,8	6899,1	9318,0
	3 class	478	215	263	995,6	268,4	727,3	505,9	2082,9	1248,1	2765,3	1923,6
	Total	853	396	457	2578,8	547,6	2031,2	2267,0	3023,2	1382,8	4444,7	4960,7
Total		1210	596	614	2614,9	559,0	2055,8	2291,3	2161,0	938,0	3348,3	3731,8

Distribution of farms by share of output sold. Source: AgCensus 2016



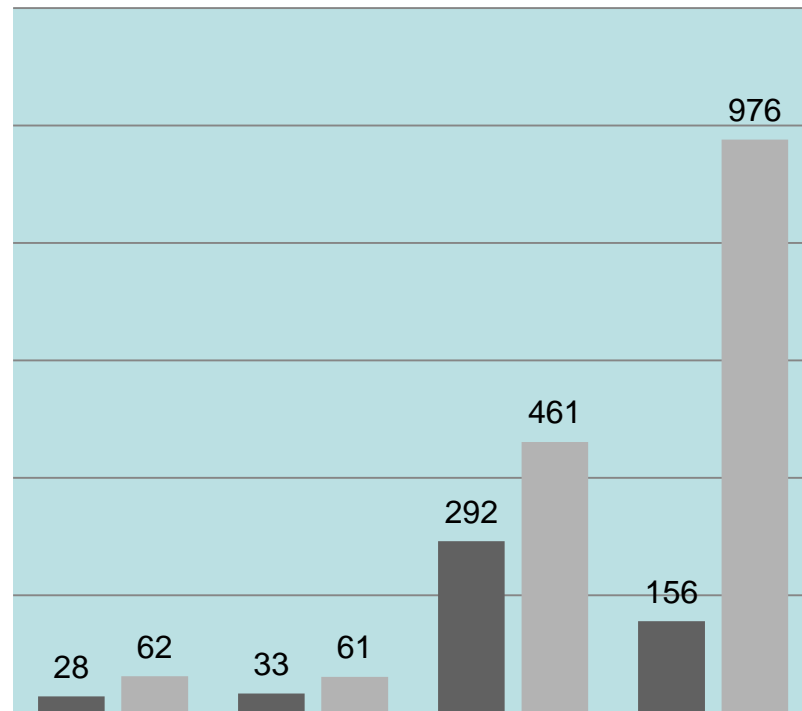
Cows, sheep, hogs, poultry: Changes between AgCensus 2006 and 2016

Households



■ BCXP-2006 r. ■ BCXP-2016 r.

Private Farms



■ BCXP-2006 r. ■ BCXP-2016 r.

Alternative estimates of potential cooperators

Farm grouping	Mln	Estimation source
Commercial farms	3.8	2006 AgCensus
Commercial and subsistence family farms	7.5	2006 AgCensus
Household plots that sell some of their surplus	13.8	2016 AgCensus
Household plots engaged in agricultural production	18.8	2016 AgCensus

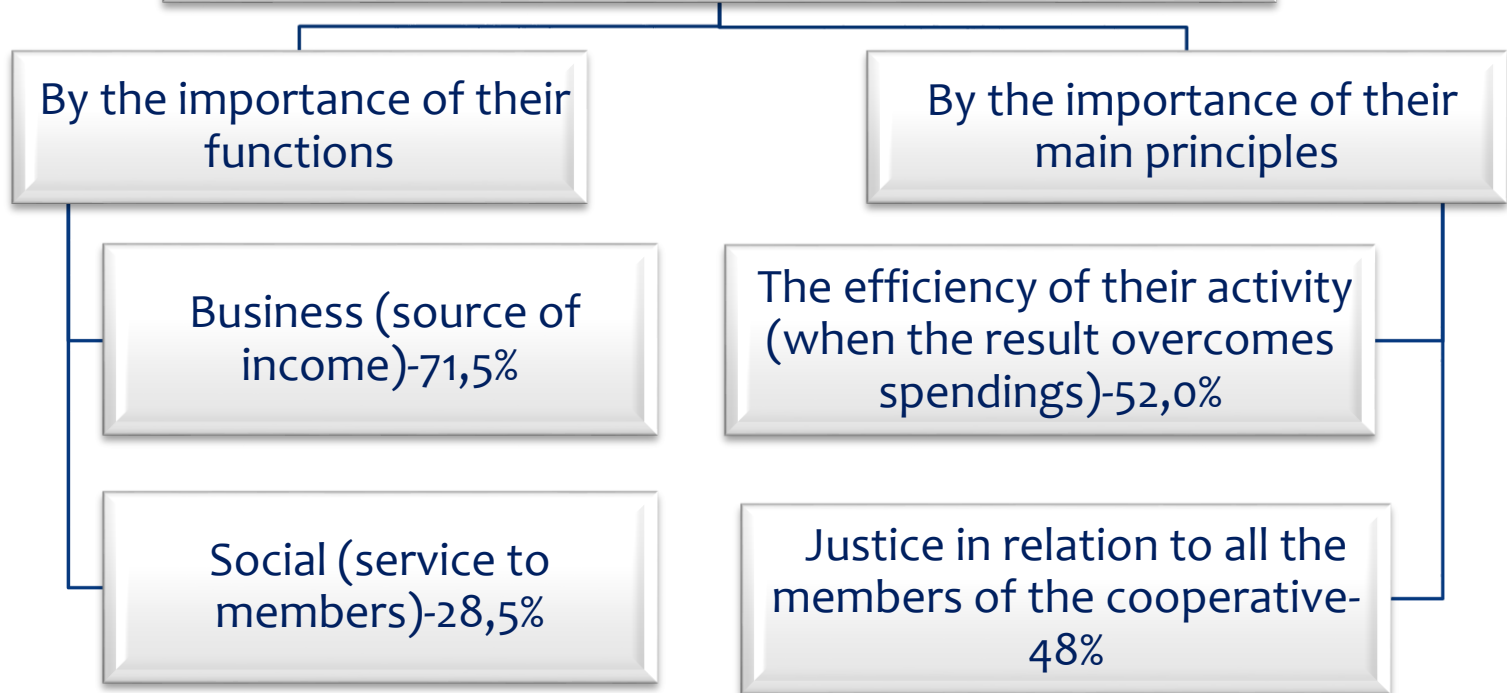
Expression of interest to join a cooperative: percent of peasant farmers surveyed

Type of cooperative	% of respondents
Processing	48.0
Purchasing, supply	39.4
Sales and marketing	53.7
Credit	41.3
Other	6.4

3 Regions – Kostromskaya, Penzenskaya, Ulyanovskaya oblasts

Hypothesis: Formal and/or informal rules which regulate interaction of members during operations between them and the cooperative and also which solve conflicts and arguments do exist in successful cooperatives. Finding a compromise in arguments is the main problem in the functioning of cooperatives.

Cooperative as a system of interactions between its members



Ratings of functions' in a business-oriented cooperative



Marketing of products 37,5%

**Business guarantees provision
26,2%**

**Supply of
resources 18,8%**

**Social support
17,5%**

Ratings of incentives in business-oriented cooperatives by the opinion of its members



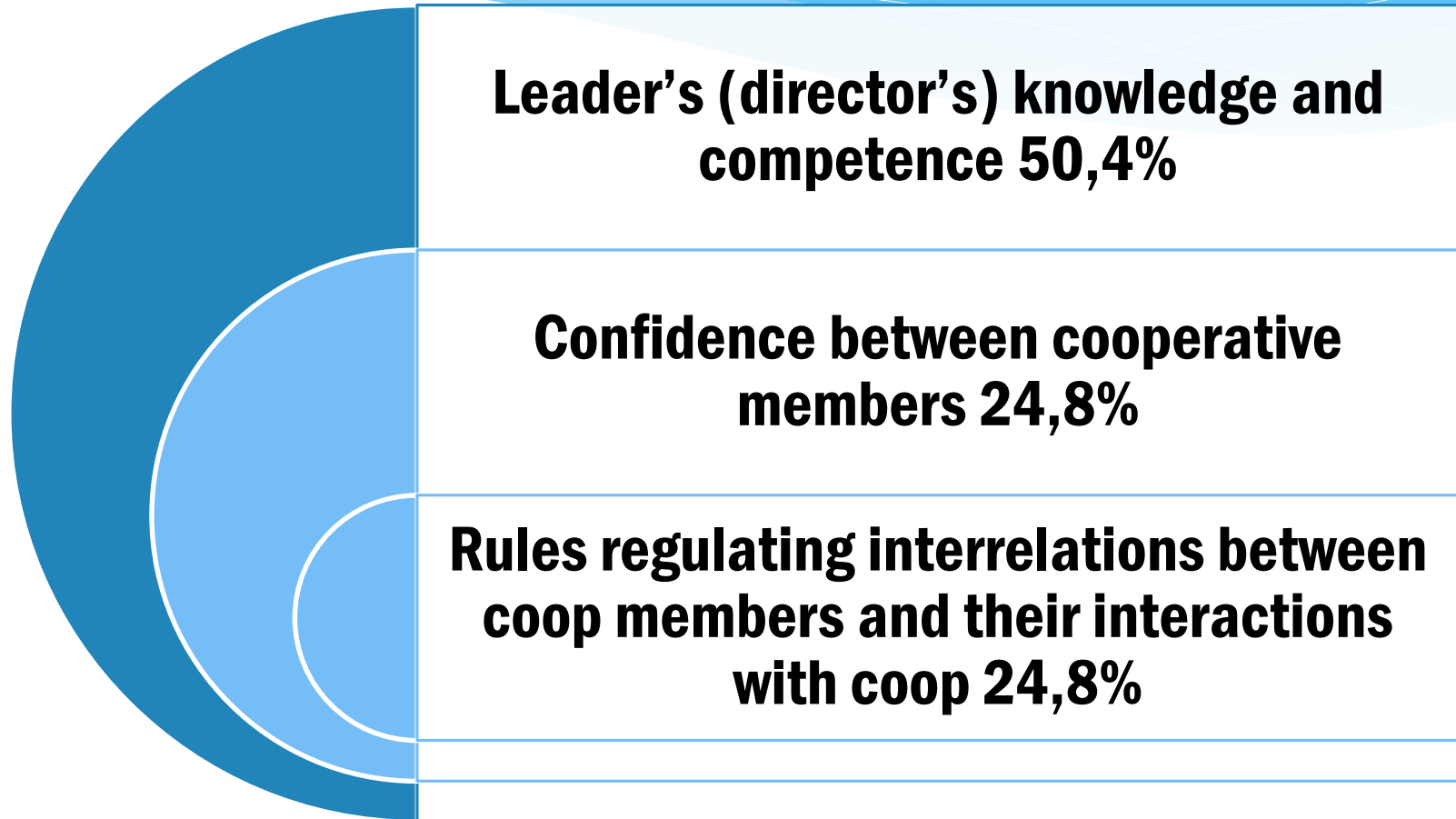
Increase in capital 36,8%

Cooperative profits 32,2%

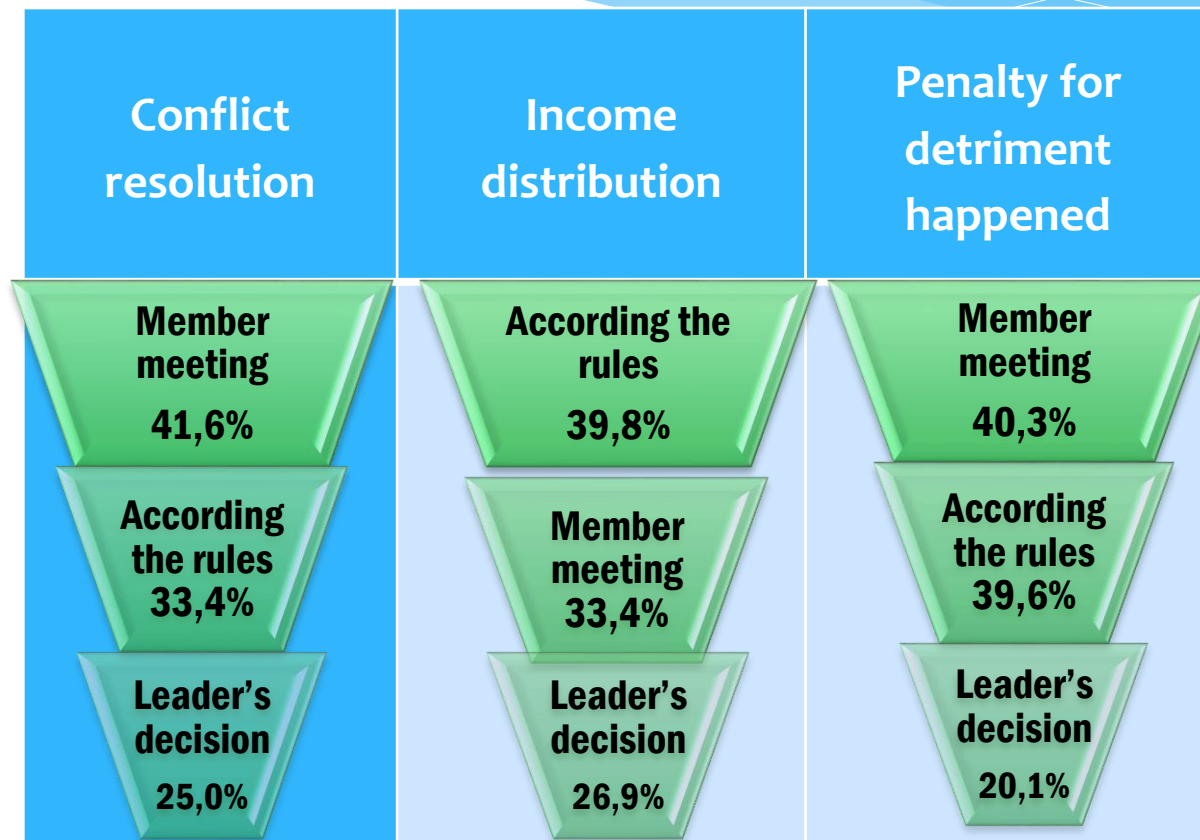
**Services provided
19,4%**

**Dividends
11,6%**

Ratings of preconditions that make cooperatives successful



Who should make decision in conflicts resolution, income distribution and penalty inducing



Some conclusions

- * Most cooperative members do not understand the difference between a cooperative and other types of collective commercial organizations, and their formal participation in management leads to a decrease in interest in the results of its activities. That leads to cooperative development termination.
- * The more the cooperation scale – the more formalization of economic transactions between members and cooperative and contract enforcement are important.
- * Socially-oriented cooperatives can exist only with constant supervision and financial assistance from the regional / district administrator.

Thank you for kind attention

Read more in:

Renata Yanbykh, Valeriy Saraikin, Zvi Lerman (2019). Cooperative tradition in Russia: A revival of agricultural service cooperatives? Journal: Post-Communist Economies (CPCE) available at the following permanent link:
<https://doi.org/10.1080/14631377.2019.1607439>