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AGRICULTURAL CREDIT COOPERATIVES IN TURKEY

**DR. HASIM OZUDOGRU
DR. ALI FUAT ERSOY
DR. NURETTIN PARILTI**



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Cooperative;

- Individuals' joining economic powers together through solidarity in order to perform jobs

Purpose of cooperatives;

- to improve the economic status of individuals



In Turkey;

- ➡ For farmers having small size establishments to receive credits from banks ➡ **Difficult**

incapable of providing collateral

Agricultural Credit Cooperatives (ACC)

- ✓ Stands out as the single organization that can satisfy the credit needs of farmers.



COOPERATIVE CONCEPT AND PURPOSES OF AGRICULTURAL CREDIT COOPERATIVES

- Autonomous organizations,
- voluntarily get together
- satisfy the common economic, social and cultural needs and demands
- commonly owned and democratically controlled establishment



Cooperatives are based on an unique model;

➡ Features

- ✓ Ownership of the partners, serving to the partners and being managed by the partners,
- ✓ Self sufficiency, self responsibility, democracy, equality, justice and solidarity, unity and entrepreneurship based on principles.



The Cooperative business principles; *(General Assembly Meeting)*

1. Voluntary and open membership
2. Democratic control realized by members
3. Economic participation of members
4. Autonomy and independence
5. Education, Teaching and information
6. Cooperation between cooperatives
7. Responsibility against the society



Purposes of agricultural credit cooperatives


1. Collecting deposits,
2. Extending credits,
3. Lowering interest rates,
4. Providing recommendations to partners about credit,
5. Contributing to the improvement of agricultural production by ensuring that the credits received are used for production purposes,
6. Providing agricultural inputs and other needs in a quality, affordable and timely manner.

HISTORICAL DEVELOPMENT OF AGRICULTURAL CREDIT COOPERATIVES IN TURKEY AND IN THE WORLD

- Europe (Rochdale Consumption Cooperative established in England in 1844)
- Robert OWEN and Dr. William KING
- Charles FOURIER, Lois BLANC and Philippe BUCHER in France
- The idea of production cooperatives developed by Ferdinand LASSALLE in Germany
- Frederich Wilhelm Raiffeisen, rural cooperative system covering credit, buying and marketing areas in Germany RAIFFEISEN

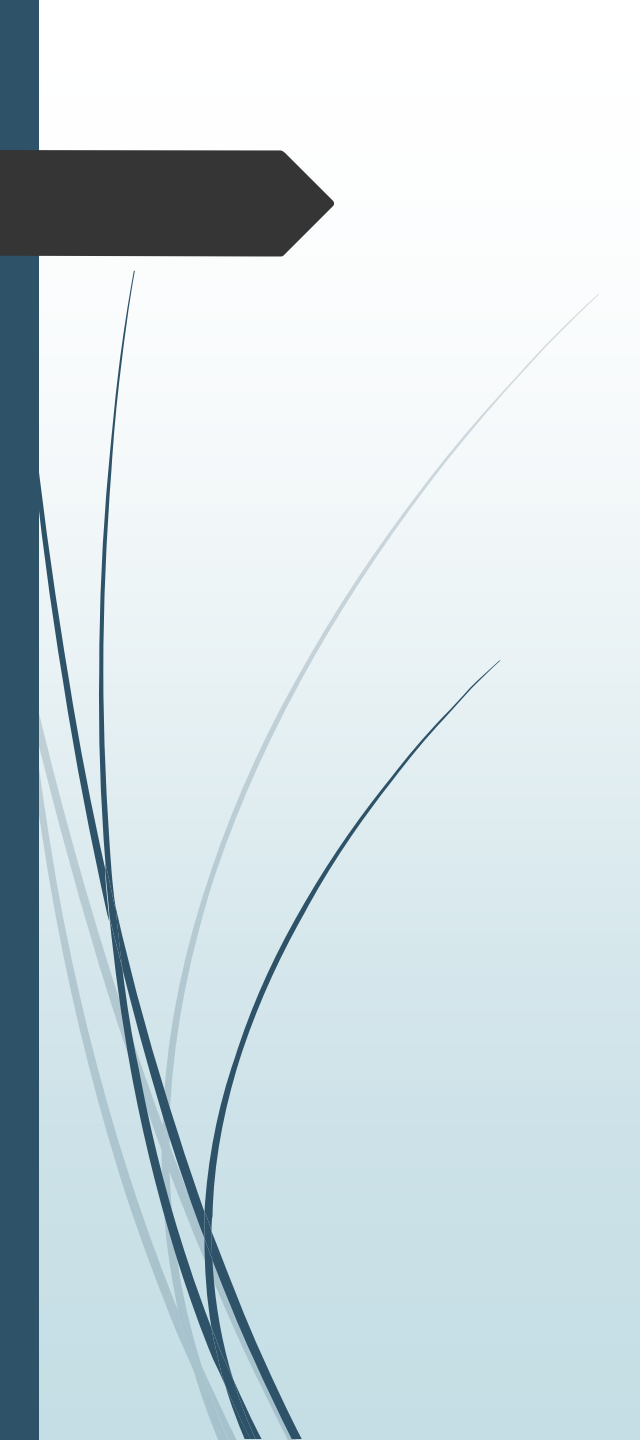
TURKEY

- Memleket Sandıkları” (Land Funds) established in 1863,
- “Menafi Sandıkları” (Beneficial Funds) Ottoman Empire,
- Before 1863 “imece”
- “Ahi” organizations

- 
- Proliferation of modern cooperative perception and its acquiring the basic legal norms came true during the first years of the Republic with “Cooperative Unions Law” issued in 1924,
 - “Agricultural Credit Cooperatives Law” numbered 1470 issued in 1929 and
 - “Agricultural Credit Cooperatives and Unions Law” issued in 1935
 - The law numbered 2836
 - *(preventing the partners, improving domestic and international competitive power, increase and value production realized by the partners)*
 - Law numbered 1581 issued in 1972
 - Decree In The Force of Law numbered 237
 - Law numbered 5330

MANAGEMENT MODULE FOR TURKISH AGRICULTURAL CREDIT COOPERATIVES

- Triple organization model composed of,
 - cooperatives,
 - regional unions and
 - central union,
- End of 2014, ACC is organized as;
 - 1625 cooperatives,
 - 16 regional unions (*Tekirdağ, Balıkesir, Sakarya, İzmir, Kütahya, Antalya, Konya, Ankara, Kayseri, Sivas, Samsun, Trabzon, Erzurum, Malatya, Gaziantep and Mersin provinces and the Central Union in Ankara.*)
 - Total number of personnel is 4829 3815 (*employed at cooperatives, 705 of which at regional unions and 309 of which at the Central Union*)

- 
- Three types of organs;
 - General assembly,
 - Board of directors and
 - Inspectors
 - ACCU's administrative structure is a ternary pyramid;
 - Cooperative Directorate,
 - Regional Union Directorate and
 - Central Union General Directorate

Number of cooperatives, affiliated villages and partners by years

Number of Cooperatives					Number of Dependent Settlement units	Number of Partnership
Years	Province	Adm. District	Town village	Total		
2011	61	655	974	1690	35.366	1.080.314
2012	61	649	949	1659	35.362	1.074.146
2013	61	643	937	1641	35.375	1.056.097
2014	53	844	728	1625	35.333	1.053.751



PURPPoses AND FIELDS OF ACTIVITY OF AGRICULTURAL CREDIT COOPERATIVES AND UNIONS IN TURKEY

A) Cooperatives:

- For Partners;
- For Partners and Other Producers When Necessary;

B) For Regional Unions:

C) For Central Union:



TYPES OF CREDIT PROVIDED BY AGRICULTURAL CREDIT COOPERATIVES AND CREDIT AMOUNTS BY YEARS

► Short Term Operating Loans

- credits extended for a maximum maturity of 1 year (up to 18 months for production of aquaculture products)

- ✓ General Consumer Loan,
- ✓ Seed Loan,
- ✓ Chemical Fertilizer Loan,
- ✓ Agricultural Combat Loan,
- ✓ Animal Husbandry Loan,
- ✓ Petroleum Products Loan,
- ✓ Aquaculture Products Loan,
- ✓ Insurance Premium Loan,
- ✓ Interest Free Loan,
- ✓ Seedling Loan,
- ✓ Soil Analysis Loan,
- ✓ Bambus Bee Loan,
- ✓ Agricultural Equipment Loan,
- ✓ Consumption Loan and
- ✓ Other Operating Loans.



Medium Term Loans

- may have a maximum maturity of 5 years
- Agricultural Equipment and Machinery Loan,
- Agricultural Mechanization Loan,
- Animal Acquiring Loan,
- Greenhouse Loan,
- Sapling Loan,
- Improvement Loan,
- Agricultural Irrigation Loan and Other Investment Loans.

Loans Allocated To Partners

partners should commit 5% of the loan to be allocated to them as equity stake.

Amounts of capital committed and paid up by cooperative partners and amounts of loans allocated to partners

Years	Committed capital (TL)	Paid up capital (TL)	Allocated loan (TL)
2011	381.853.462	268.050.799	6.690.034.672
2012	436.177.166	303.536.354	7.840.561.584
2013	495.487.046	343.017.137	9.000.672.562
2014	564.671.179	390.912.476	10.257.420.394



Balances of the loans extended to partners

Years	Operating loans (TL)	Investment loans (TL)	Deferred installment loan (TL)	Loans in arrear (TL)	Total loan balance (TL)
2011	2.535.442.859	845.083.398	52.689.936	293.199.943	3.726.416.137
2012	3.380.566.318	801.556.229	371.340.758	327.236.910	4.880.700.214
2013	3.903.919.707	795.556.023	177.904.229	315.615.460	5.192.995.419
2014	4.608.871.787	982.780.346	513.526.956	349.317.159	6.454.496.249



Newly extended loans

Years	Number of partners receiving loans	Total amount of extended loan (TRL)
2011	1.400.868	3.873.119.280
2012	293.431	4.325.039.044
2013	163.386	5.220.853.823
2014	206.659	5.947.587.441



Interest rates applied to loans

Maturity	Current Interest Rate (%)
Up to 1 year	8
1-4 Years	10
4 Year +	11



Amounts of collection, status of the receivables due and collection rates

Years	Past due receivables (TRL)	Amounts of collection (TRL)	Collection rate %
2011	301.181.684	3.314.360.190	91,23
2012	317.879.812	3.773.691.483	92,23
2013	314.881.414	5.019.552.105	94,10
2014	339.955.952	5.341.619.963	94,02



2014 Working Program

- TRL 7.000.000.000 new loan to partners in 2016
- improving agricultural production



CONCLUSION

- The amount of loans extended to partners increased by 73% between 2011 and 2014
- Significant increases in operating loans and investment loans extended to partners between 2011 and 2014 and also deferred loan installments and loans in arrear have decreased.
- New methods are tried to be developed
- Partners are requested to pay their old debts by taking new loans and debt waiver is no longer applied



➡ Thanks For your Interest.