



Committed to the future of rural communities.

RURAL BUSINESS-COOPERATIVE PROGRAMS

COOPERATIVES PROGRAM

The mission of USDA Rural Development is to enhance the quality of life for all rural Americans by providing leadership in building competitive businesses and cooperatives that can prosper in the global marketplace. Rural Development accomplishes this mission by investing its financial resources and/or technical assistance in businesses, cooperatives, and communities, and by building partnerships that leverage public, private, and cooperative resources to stimulate rural economic activity. This fact sheet focuses on the Cooperatives program of USDA Rural Development.

What is a Cooperative?

User-owned cooperatives process and market products, purchase production supplies or consumer goods, provide housing and credit, build and operate rural utilities, and provide other services needed by rural residents. By working together for their mutual benefit in cooperatives, rural residents are often able to reduce costs, obtain services that might otherwise be unavailable, and achieve greater returns for their products. Cooperatives, both rural and urban, have been part of the American economy for more than 100 years. By one estimate, nearly one-third of the population belongs to some type of cooperative. Application of the cooperative business structure in rural economics is virtually limitless.

How USDA Helps Rural Cooperatives

The Cooperatives Program helps rural residents form new cooperative businesses and improve the operations of existing cooperatives. To accomplish this, the Cooperatives Program provides for technical assistance, cooperative-related research, and the production of information products to promote public understanding of cooperatives.

For most of the past century, USDA's cooperative assistance has been concentrated on agricultural cooperatives. While agricultural marketing and supply cooperatives remain a primary focus of USDA's efforts, USDA plans to gradually expand the cooperative program to include assistance to all types of rural cooperatives.

Cooperative Development Assistance

The Cooperatives Program provides a wide range of assistance for people interested in forming new cooperatives. This help can range from an initial feasibility study to the creation and implementation of a business plan. Cooperatives program staff include cooperative development specialists who do everything from identifying potential cooperative functions to identifying best business and governance practices. They also provide training for cooperative directors.

Cooperatives Program staff strive to provide a realistic view of what it will take to make a new cooperative succeed. Staff members may also work in conjunction with cooperative development specialists in some of USDA Rural Development's State Offices around the Nation. Recent examples of rural cooperatives that Cooperatives Program staff have helped form include a cooperative for rural women who produce hand-crafted gift items and a vegetable growers' cooperative which provides increased market access for its members.

Technical Assistance

Cooperatives Program staff provide technical assistance to existing cooperatives facing specific problems or challenges. Technical assistance could include helping a cooperative develop a strategic marketing plan to cope with new competitive forces, helping a co-op make a crucial decision whether to merge or form a joint venture with other cooperatives, or in finding a way to turn the raw products of cooperative members into value-added products. These matters are often crucial issues not only for a cooperative, but also for the rural communities in which they operate.

Cooperatives Program staff can help improve a cooperative's business structure and operating efficiency by analyzing operations, assessing the economic feasibility of adding new facilities, new products or services. Studies cover the full range of decisions facing cooperative businesses. Technical assistance is largely designed to benefit a specific cooperative business or group. However, the results often provide business strategy for all cooperatives.

Research

Cooperatives Program staff conduct research to provide a knowledge base to help cooperatives deal with changing markets and business trends. Studies include financial, structural, managerial, policy, member governance, legal, and social issues, as well as various other economic activities of cooperatives.

Research is designed to have direct application to current and emerging requirements of cooperatives. A major challenge is to analyze industry structure and cooperative operational

practices to determine the changes required to maintain or achieve a producer-oriented marketing system. Recent research studies have focused on capitalization plans used by cooperatives, and opportunities and obstacles cooperatives face when exporting goods overseas.

Education and Information

The Cooperative Marketing Act of 1926 mandates that USDA "...promote the knowledge of cooperative principles and practices and cooperate in promoting such knowledge with educational and marketing agencies, cooperative associations, and others" To meet this goal, Cooperatives program staff provide a wide range of cooperative training programs and educational materials.

Cooperatives Program staff maintain a storehouse of information about cooperatives which it makes available to the public through more than 150 research reports, educational publications, and videos which cover all aspects of cooperative operations. A bimonthly magazine, Rural Cooperatives, reports significant achievements by cooperatives and highlights of Cooperatives program research, technical assistance, and educational activities.

History and Statistics

Cooperative statistics are collected to detect growth trends and changes in structure and operations of the Nation's farmer-owned cooperatives. Data help identify and support research and technical assistance activities. This information is used extensively by legislative and executive branches of government in formulating agricultural and cooperative-related policy.

For More Information

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