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**EUROPEAN AND INTERNATIONAL EXPERIENCE
OF COOPERATIVE CREATION: LEGAL AND
ORGANIZATIONAL APPROACHES**

**ЄВРОПЕЙСЬКИЙ ТА МІЖНАРОДНИЙ
ДОСВІД СТВОРЕННЯ КООПЕРАТИВІВ:
ПРАВОВІ ТА ОРГАНІЗАЦІЙНІ ПІДХОДИ**

Summary. Introduction. Agricultural credit cooperatives are an essential part of supporting the agricultural sector in various countries. The procedure for their creation, regulation, and organization varies depending on national legal systems, leading to the formation of different models of financial cooperatives. Studying international experience allows for assessing the effectiveness of these models and their impact on the development of agriculture.

Objective. The aim of the study is to compare the procedures for creating agricultural credit cooperatives in different countries and identify the main approaches to their organization, management, and regulation.

Materials and Methods. The research is based on an analysis of cooperative legislation in countries such as Germany, the USA, France, Sweden, China, and Japan. The study evaluates cooperative creation options, including declarative, permissive, and non-registration models. Additionally, it examines the legal status of membership, conditions for participation of individuals and legal entities, and the peculiarities of management structures.

Results. The study revealed that there are three main models for creating agricultural credit cooperatives: the declarative model (Germany, the USA, Finland), the permissive model (France, China), and the non-registration model (Sweden). The management structures in cooperatives typically include general meetings, boards, and supervisory bodies. In some countries, additional oversight is implemented through auditing unions or specialized committees. Particular attention is given to the membership structure of agricultural credit cooperatives. Members can be both individuals and legal entities, which helps attract a larger number of participants. The minimum number of members also varies across countries.

Prospects. The prospects for the development of agricultural credit cooperatives involve adapting international experience to national economic conditions. It is important to improve the legal framework to expand access to financial resources for agricultural producers. Cooperatives could become a powerful tool for enhancing economic stability in the agricultural sector.

Key words: credit cooperative, regulation, licensing, cooperative bank, management, membership.

Анотація. Вступ. Сільськогосподарські кредитні кооперативи є важливою складовою підтримки аграрного сектору в різних країнах. Процедура їх створення, регулювання та організації варіюється в залежності від національних правових систем, що спричиняє формування різних моделей фінансових кооперативів. Вивчення міжнародного досвіду дозволяє оцінити ефективність цих моделей та їх вплив на розвиток сільського господарства.

Мета. Метою дослідження є порівняння процедур створення сільськогосподарських кредитних кооперативів у різних країнах світу та виявлення основних підходів до їх організації, управління та регулювання.

Матеріали і методи. В основу дослідження покладено аналіз кооперативного законодавства таких країн, як Німеччина, США, Франція, Швеція, Китай та Японія. Оцінено варіанти створення кооперативів, зокрема явочний, дозвільний та без реєстрації. Окремо розглянуто правовий статус членства, умови участі фізичних та юридичних осіб, а також особливості управлінської структури.

Результати. Дослідження показало, що існують три основні моделі створення сільськогосподарських кредитних кооперативів: явочний порядок (Німеччина, США, Фінляндія), дозвільний порядок (Франція, Китай) і відсутність обов'язкової реєстрації (Швеція). Структури управління в кооперативах зазвичай включають загальні збори, правління та контрольні органи. У деяких країнах діє додатковий нагляд за діяльністю кооперативів через ревізійні союзи чи спеціалізовані комітети. Особливу увагу приділено структурі членства в сільськогосподарських кредитних кооперативах. Членами кооперативів можуть бути як фізичні особи, так і юридичні, що сприяє залученню більшої кількості учасників. Важливими є також вимоги щодо мінімальної кількості членів кооперативу, що варіюється в залежності від країни.

Перспективи. Перспективи розвитку сільськогосподарських кредитних кооперативів передбачають адаптацію міжнародного досвіду до умов національних економік. Важливо вдосконалювати правову базу, розширюючи доступ до фінансових ресурсів для сільськогосподарських виробників. Кооперативи можуть стати потужним інструментом для покращення економічної стабільності в аграрному секторі.

Ключові слова: кредитний кооператив, регулювання, ліцензування, кооперативний банк, управління, членство.

Problem Statement. The development of agricultural credit cooperatives is a crucial element in supporting the economic stability of rural areas and the growth of the agricultural sector in many countries worldwide. However, for their effective implementation in Ukraine, it is essential to consider international experiences in the establishment and functioning of such cooperatives, as well as the issues arising during their organization, management, and financing. Analyzing cooperative models from different countries reveals various approaches to legal regulation, which impact the efficiency of these organizations. European experience is of significant interest for research as it combines effective legal frameworks with a well-established cooperative culture. An important issue is determining the optimal approach for Ukraine, taking into account the national peculiarities of the economy, agricultural sector, and legal system, which will ensure the stable development of agricultural credit cooperatives.

Analysis of Recent Research and Publications. Research in the field of credit cooperation focuses on various aspects of the creation and development

of agricultural credit cooperatives, particularly in the context of legal approaches and economic efficiency. Studies conducted in Europe emphasize the adaptation of cooperative models to changing economic conditions and national peculiarities, focusing on the analysis of European cooperative models such as the default and permissive registration procedures in Germany and France. These models demonstrate the effectiveness of their legal structures in stimulating local economic development. Overall, recent research shows a wide range of approaches to credit cooperation development, highlighting the importance of comparative analysis of international experiences for creating effective financial models in countries with diverse economic traditions.

Scientific works in the field of credit cooperation in Ukraine have also gained significant importance, particularly in the context of agricultural financing and rural development. Special attention is paid to the improvement of legislative initiatives, the creation of legal and economic conditions for the operation of agricultural credit cooperatives, and the search for

mechanisms to ensure the financial stability of these institutions.

Among prominent Ukrainian researchers are V. Honcharenko [1; 3], S. Kasian [3], A. Milka [1], A. Pozhar [4], A. Panteleymonenko [3], and others. Overall, recent publications on this topic in Ukraine and Europe demonstrate the importance of integrating the experiences of various countries to create favorable conditions for the development of agricultural credit cooperatives and enhance their financial stability in the context of globalization and economic instability.

Formulation of the article's objectives. The main objective of this study is to analyze the process of establishing and operating agricultural credit cooperatives in various countries around the world, particularly in Europe, with a focus on comparing different legal approaches and models.

Main Content Presentation. The analysis of cooperative legislation leads to the conclusion that there are three possible procedures for establishing agricultural credit cooperatives worldwide [5, p. 241]:

- notification procedure (Germany, Finland, the USA, Japan);
- authorization procedure (France, China);
- no mandatory state registration of credit cooperatives (Sweden).

In the first stage, a general meeting is convened, where the founding documents are approved. In most cooperative laws of the countries studied, the only founding document is the charter (Germany, France, Sweden, China). In the USA, in addition to the charter, a founding agreement is also mandatory. In Finland, the founders' meeting adopts a memorandum, part of which includes the charter. The information that must be included in the founding documents is defined either by cooperative legislation or by law and the model charter, although model charters are not provided in all countries.

In the second stage, the founding documents, the registration application, a list of cooperative members (Germany, USA), minutes from the first general meeting, and, in some cases, a report from the audit union about joining the union (Germany) are submitted to the registration authority. In different countries, the function of state registration of legal entities is assigned to various state bodies [8]:

- national administrative bodies (e.g., the prefect or the Minister of Agriculture in France, the Minister of Finance in Finland);
- regional authorities (e.g., state administrations in the USA);
- judicial bodies (as in Germany).

In the third stage, a legal review of the founding documents is conducted. If the documents comply with the legal requirements, a decision is made to register the cooperative and record the relevant information in the registers. This marks the moment when all the examined countries' legislation links the acquisition

of legal capacity by the agricultural credit cooperative. The state registration concludes with a notification to the cooperative about the registration.

State registration is not mandatory for credit cooperatives in Sweden, according to cooperative law. In such cases, the cooperative does not acquire legal personality but instead becomes a simple partnership, with founders personally liable for any losses incurred by the cooperative.

The establishment of cooperative banks has specific features, particularly the requirement for dual state registration. For example, in Germany, cooperative banks first register as cooperatives by recording their creation in the cooperative enterprise register, after which they acquire legal status. Subsequently, they must register as credit institutions with the Federal Financial Supervisory Authority.

A mandatory condition for the operation of cooperative banks is licensing. For example, the German law On Credit Affairs clearly defines the priority of obtaining a banking license before other formalities. Licensing of banking activities has its own specificities in each country. In France, for instance, a cooperative bank can only obtain a license for credit services to farmers if it provides them with cheaper loans at preferential interest rates and has a good business reputation.

An analysis of cooperative legislation in foreign countries allows the identification of several categories of individuals who are members of agricultural credit cooperatives. First and foremost, these are individuals — agricultural producers. They make up the majority of members in rural credit cooperatives. For instance, in France, individuals engaged in agriculture account for 96.5% of all producers. In the USA, agricultural activity is also closely tied to farmers: the Farm Credit System serves 75% of individual farmers and only 25% of corporations composed of 2–3 farmers. Similar trends are observed in Germany, the Netherlands, Finland, Israel, Japan, and Scandinavian countries [7].

Legal entities, which are agricultural producers, also actively participate in the activities of rural credit cooperatives. However, in some countries, they cannot be members of credit cooperatives. For example, in the USA, membership in such cooperatives is exclusively for individuals. In Germany, Sweden, Finland, and China, legal entities are actively involved in the operations of credit cooperatives, significantly expanding the scope, volume, and quality of financial services offered.

The participation of legal entities in the activities of cooperative banks is addressed in a highly specific manner in France. The concept of associated membership was introduced by the French "Agricultural Cooperation Act" of 1972. "Third parties — non-members" are allowed to make share contributions, receive a fixed dividend, and participate in management [6, p. 465]. However, their voting rights are limited to no

more than 20%, and they can hold only one seat on the board of directors. They are also liable only within the scope of their shares. Despite these limitations, the list of entities eligible for associated membership is quite broad.

A third group of members in credit cooperatives consists of individuals who are not agricultural producers. Cooperative legislation in some countries does not permit non-agricultural producers to participate in the activities of rural credit cooperatives. However, in countries such as France, China, Japan, the United States, and Scandinavian countries, non-agricultural individuals can join rural credit cooperatives, but only if they reside permanently in rural areas within the financial cooperative's operational territory.

One of the most important legal aspects of membership is the regulation of the minimum number of members in a credit cooperative, although not all countries' legislation includes such a mandatory requirement. For instance, cooperative laws in Finland, Germany, Sweden, Italy, and Japan stipulate minimum membership. In Finland and Sweden, the minimum number of individual members is five, while in Germany, it is seven (§ § 1, 4 of the 1889 Law), and in Italy, it is nine [1]. In Japan, the minimum number is 15. Similar provisions exist in the credit union laws of Ireland. If the founders are legal entities, the minimum membership requirement is reduced. For example, in Finland and Sweden, a credit cooperative can be established by three legal entities.

The maximum number of members in an agricultural credit cooperative is generally not regulated by law. However, due to the localized nature of the cooperative's operations, the maximum membership is often limited by the number of residents or individuals involved in agriculture within the cooperative's operational area.

In Germany, the Netherlands, and Finland, cooperative laws prohibit membership in multiple cooperatives of the same type that operate in the same region and compete with each other. Worldwide cooperative practice has developed two main approaches to managing cooperatives and overseeing their leadership and employees: the English approach and the German approach.

The English approach involves managing the cooperative through two primary bodies: the general assembly of cooperative members and the management board. The German approach, on the other hand, in-

cludes an additional supervisory body: the supervisory board (or audit committee), which monitors the activities of the board, checks reports and budgets. Additionally, at the local level, audit unions operate, which inspect the financial reporting of cooperatives within the union and provide recommendations on operational activities.

The management structure of a rural credit cooperative includes the highest governing body: the general assembly of members (Japan, Netherlands, USA, Scandinavian countries); the general assembly of members and associated members (France); and the general assembly of members or their representatives (China, Germany, if the cooperative has more than 3,000 members). This system ensures democratic control and transparency in the cooperative's activities. All the powers of the general assembly can be divided into two groups depending on the procedure for making decisions (Table 1).

Qualified majority is determined differently depending on the country: in Germany, it is 50% plus one vote of the total number of cooperative members; in Finland, it requires two-thirds of the votes from the members present at two consecutive general meetings [3, p. 111].

The executive body of the credit cooperative is represented in various forms depending on the country: board of Directors (Finland, Denmark); board (China, Japan, Sweden); administrative Board or Directorate (France); management Board with Directors (Germany, Ireland); board of Directors or President, not part of the management board (Netherlands, USA).

The executive body is formed by the general assembly of the cooperative's members. The laws of different countries set various requirements for the size of the executive body. In Germany, the executive body consists of 2 persons; in France and Sweden, it consists of 3 persons; in Japan, it consists of 5 persons. The term of office for the executive body members ranges from 2 to 4 years. The competence of the executive body typically includes: representing the cooperative, managing current activities, preparing financial documents, and drafting profit distribution plans.

In the Netherlands, the president does not sit on the executive body and holds special competencies. His responsibilities include proposing profit distribution, preparing financial reports, and developing investment programs. The supervisory body in agricultural

Table 1

Classification of the Powers of the General Assembly

Decisions Made by a Simple Majority of Votes	Decisions Made by a Qualified Majority of Votes
<ul style="list-style-type: none"> – formation of management bodies; – distribution of profits and losses; – approval of the balance sheet; – setting interest rates for loans and deposits. 	<ul style="list-style-type: none"> – amendment of the statute; – change of the scope of activities; – reorganization or liquidation of the cooperative; – expulsion of members from the cooperative; – restriction of a member's rights to the cooperative's assets.

Source: own research

credit cooperatives is represented in different forms: supervisory boards (Finland, France, Germany), audit committees (USA), or commissions (China). In some countries, such as Denmark, the Netherlands, and Japan, supervisory bodies are absent.

The supervisory body is formed by the general assembly of the cooperative members. The number of its members varies by country, but it generally consists of three members. Supervisory board members perform their duties without remuneration, as it is considered an honorary obligation. The supervisory body primarily oversees the executive body's work, monitors transactions, and proposes improvements for the cooperative. In some countries (e.g., Germany), the supervisory body can call for an extraordinary general meeting of members.

This traditional structure of cooperative governance is typical for all cooperatives and ensures democratic control of management activities by the cooperative members. However, since credit cooperatives have their own specificities, in some countries, the cooperative management system includes bodies typical of banking institutions, such as various committees. For example, in the USA, credit unions operate two committees: the credit committee and the information committee. The credit committee makes decisions on granting loans, setting deferrals, and interest rates, and is formed by the general assembly from among the credit union members who perform their duties free of charge. The information committee ensures that union members have access to reliable information about the cooperative's financial status.

Credit unions in Ireland have far more specialized committees than those in the United States. In addition to the credit and information committees, there are committees for credit control, membership, appointments, training, and anti-money laundering. Furthermore, in the governance system of Irish credit unions, there are credit officers who oversee the use of funds, as well as a treasurer who manages the financial matters of the credit union. The experience of developing and regulating credit cooperation in foreign countries is important for taking their lessons into account when forming national models of the credit cooperative system.

Conclusions and prospects for further research. The analysis of the process of establishing agricultural credit cooperatives in various countries shows that there are several models of regulation that determine the specifics of their organization and registration. The most common are three main approaches: the notification-based procedure, the approval-based procedure, and the absence of mandatory registration, as practiced in Sweden. These approaches differ in terms of the level of state intervention and organizational requirements, which can be adapted according to national conditions. The procedure for creating agricultural credit cooperatives includes several stages, from convening the general meeting to the state registration of the cooperative. Each stage involves specific requirements for founding documents, registration bodies, and audit checks. Particular attention should be paid to the peculiarities of licensing cooperative banks, which are determined by their nature as credit institutions.

The membership institute in such cooperatives varies by country, and in many countries, not only individuals but also legal entities have the opportunity to become members. This allows for the involvement of more participants and creates a more stable financial base for the cooperative. Special attention is given to requirements regarding the minimum number of members and the maximum size of membership, which ensures a balanced operation of the cooperative within a specific area. The governance structures of agricultural credit cooperatives also vary: in some countries, there is classical management through general meetings and boards, while others have additional supervisory bodies that oversee the activities of the management. This ensures democratic control over the activities of the cooperative and promotes transparency in financial operations.

In summary, the analysis of international experience in the creation and functioning of agricultural credit cooperatives makes it possible to identify key factors for the effective development of cooperatives in Ukraine. Taking into account the experience of various countries, particularly the implementation of flexible management models and effective licensing mechanisms, will help create a more competitive and stable credit infrastructure for the country's agricultural sector.

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