

Yilong Practice: Transforming peasant associations into modern cattle-raising cooperative union¹

Established in 1996, the Sichuan Yilong County Rural Development Association was the executive agency of the "UNDP Poverty alleviation and Sustainable Development Program". It specializes in providing microfinance services to the poor. In dozens of UNDP project counties across the country, similar organizations have gradually disappeared over the past 20 years. Unlike its vanishing peers, Yilong Association has endured and prospered over the years. In response to the national strategy of rural revitalization launched in 2020, this former public welfare organization has transformed into a professional cattle-raising cooperative union uniting village cooperatives and farmers to realize sustainable development in the local communities. The cooperative drives the modernization and all-around industrial chain development of the cattle-raising industry while bridging the cooperation between large-scale farmers and small household peasants.

Three transformations, one step at a time

In its early stage, Yilong Association mainly adopted the poverty alleviation model of Yunus in Bangladesh, providing similar micro-finance and education services to the local peasant community. In the beginning of the 21st century, however, peasants' migration to cities caused the demand for small loans to decline. This change led to the first transformation of the association's business and organizational model. Instead of providing fixed location services in counties and townships, which correspond directly to scattered small peasants, the Association incubated village-level mutual fund cooperatives, which allowed the peasants to use their own credit advantages to organize and develop together in order to rid themselves of poverty. By 2006, the Association had established 21 village-level mutual fund cooperatives covering 80% of farmers in 10 townships in the county.

The Association went through a second transformation when they discovered that many villages were in crisis due to poor fund management and irregular fund outflows. Between 2012 and 2015, the association's staff checked each cooperative's assets, capital, went door to door to check accounts, and promoted trusteeship of financial management. In the end, 12 village cooperatives adopted the trusteeship services and re-registered in accordance with the Farmers' Professional Cooperative Law. A standardized financial management and evaluation system for the trusteeship and a centralized key personnel training system has been established based on the Ministry of Agriculture's cooperative financial management method. So far, the operation of mutual fund cooperatives has embarked on a formalized and institutionalized track. At the end of 2020, the total initial share capital of these 12 villages increased from 1.4873 million yuan to 5.6751 million yuan. In the 14 years from 2006 to 2020, 12 village cooperatives issued 54,866,800 yuan of loans, accumulated 3,892,700 yuan in interest, and accumulated 1,162,700 yuan in dividends for their member farmers.

The third transformation of the association is to transition from a public welfare microfinance organization into a county-level cooperative union and a non-profit industry management organization. Yilong Association invested 500,000 yuan along with more than 90 large cattle farmers to create the Yilong county Cattle-raising Professional Cooperative Union in July 2020. The three transformations all made significant progress in terms of local capacity building and industry development.

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Creating a union allows small and large households to cooperate

In 2012, the Yilong Association discovered that, with the changes in the external market business environment, a group of young migrant workers have returned to their hometowns to invest in the cattle breeding industry. As part of its efforts to support these farmers, Yilong Association provided credit and technology services. During that period, Yilong Association recognized that both large and small households would benefit from cooperation and division of labor in the cattle industry. That is the small households raise cows and provide calves for fattening to large households. The association believes that facilitating such cooperation and union between large and small farmers will create a modernized cattle-farming industry. Thus, the Association raised funds and initiated the establishment of the county-level cooperative union. The council of the union is composed of representatives from the association, large cattle farmers and 12 the village cooperatives. In order to convert the association into a collective body that enables farmers to gain market access, all the agricultural-related cadres joined the union.

After the association was transformed into a county cooperative union, the business model was completely altered. By promoting the cooperative member service system, they help grow the county cooperative union and its member families. They divided the county into 4 districts and formed a full-time team for each district to carry out unified comprehensive services. Knowledge and services on management, education, family finance, joint purchase and sale, home counseling and evaluation are provided to members and farmers through these regional platforms. For new technology promotion, they promote the use of frozen semen and pedigree management systems to improve cattle breeds. Moreover, the union provides farmers with high-quality and low-cost concentrate feed through customized production and joint purchase and sales.

In order to protect disadvantaged small farmers, the union provides cattle raising funds for villages to support small households to buy cows. The prices of buying and selling calves within the county is regulated by the union to protect small farmers. In addition, the union urges villages to sanitize small households' cattle raising environment and provide services for epidemic prevention and control. To promote the effective cooperation between large and small households, the Union assembles large and experienced farmers into a technical service teams to teach and support small households. Each large household teach 30~40 small households the farming techniques hand-by-hand. Supported by the large households, the small households grow very well. The small households that only raised 1 to 2 cows in the past have upscaled to a dozen cows in three to five years.

To comprehensively improve the modernization level of the cattle-farming industry in Yilong, the union has also cooperated with external professional forces to build a big data platform for the cattle raising industry and an online shopping mall. Through these technology applications, the local cattle industry is advancing towards a traceable data management direction.

By the end of 2021, the number of cattle-farming households in the union has grown to nearly 4,000, with 54,000 cattle. The union sold 15,000 cattle throughout the year, with a sales output value of 270 million yuan, accounting for 85% of the cattle and sales output value of the county's overall cattle industry.

The Yilong Association has transformed into a county union and has built a cattle-farming industry chain in which large and small cattle farmers are united through multi-layered operations among villages, counties, districts and outlets. The union has established close ties with the local government, various NGOs and technology companies. It has developed into a new social and economic entity connecting farmers with villages, townships, counties and even the external market to revitalize rural industries and establish rural-urban cooperation through solidarity and cooperation.