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# **Establishment of Cooperatives and Capacity Building**

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# Origin of Cooperatives and Development Profile of Foreign Cooperatives

Why are cooperatives thriving? Speaking from the origin ~



(Robert Owen)

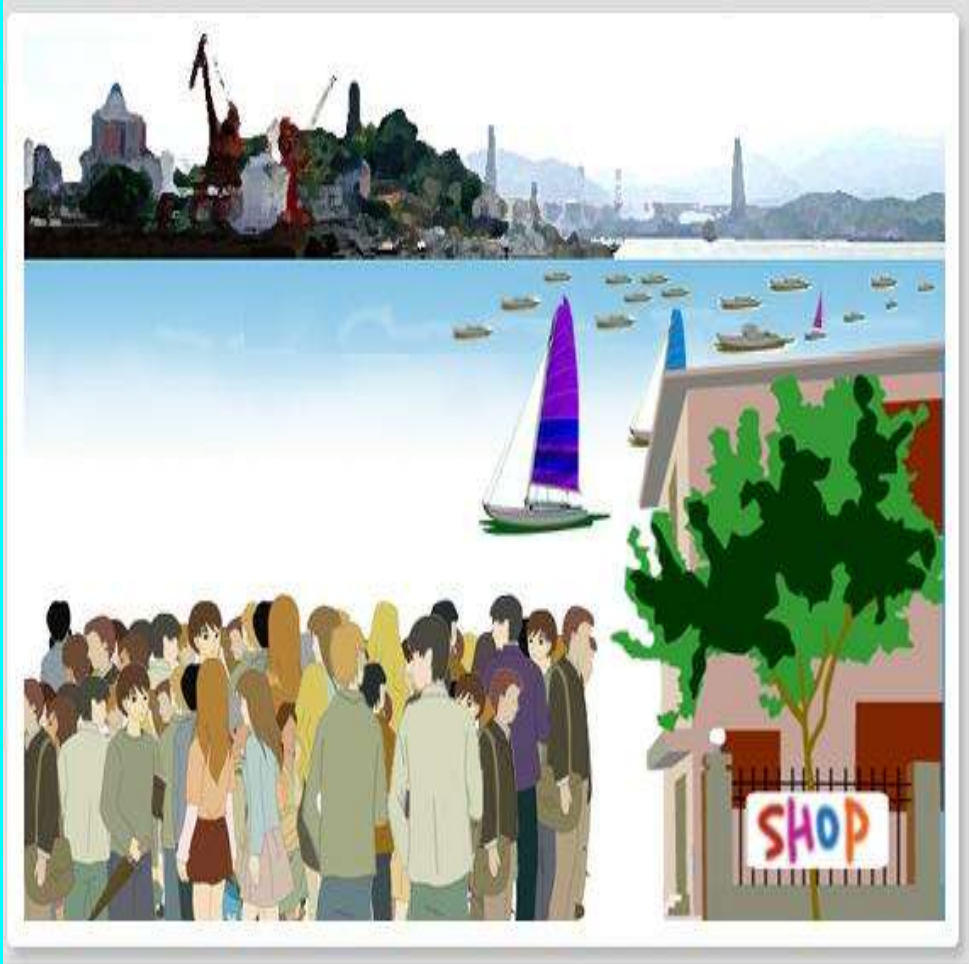


Owen's New Harmony Commune

# Origin of Cooperatives

## Principles for Rochdale Society of Equitable Pioneers

- 1) Voluntary entry and free withdrawal
- 2) One member one vote, democratic management
- 3) Cash transactions, no purchase and sales on credit
- 4) Genuine goods at reasonable prices, with adequate weight
- 5) Transactions at market prices
- 6) Surpluses returned according to turnover distribution
- 7) Emphasis on member education
- 8) Maintaining political and religious neutrality



**The Rochdale Society of Equitable Pioneers was founded in Britain in 1844.**

# Cooperatives have become a worldwide phenomenon.

The livelihoods of the world's 3 billion people rely on cooperatives, and over 800 million people worldwide participate in cooperative movement.

Total ICA Members: 239 Countries: 89

International Members: 1

ICA Members



78 in Europe: 32.6%

76 in Americas: 31.8%

64 in Asia: 26.8%

19 in Africa: 7.9%

1 International: 0.4%

## British Cooperative Group originated from Rochdale Society of Equitable Pioneers

★The Group has 80 cooperatives with 7.2 million individual members, including 48 local committees and seven regional councils. The annual turnover of the Group reaches 13.3 billion pounds, with over 1.02 million employees and over 5,000 discount stores of various kinds.

★Three main businesses: 1) Food supply; 2,801 food stores, accounting for 60% of consumer goods stores in the country; 2) banking, insurance and investment services; 3) other services such as pharmaceutical, funeral and interment, law, life plan, vehicle, online shopping, etc.



## Development of Cooperatives in the UK:

Since 2008, the GDP has fallen by 1.7%, and cooperatives  
grown by 19.6%.

# **Development of Agricultural Cooperative (ACs) in the World**

- ❑ ACs accounts for 36% of the world's all kinds of cooperatives.**
- ❑ Denmark: 98% of farmers are AC members, each farmer participating in 3.6 cooperatives on average.**
- ❑ France: Over 90% of farmers have joined ACs, and there are 1.3 million AC members in 800,000 households in the country.**

# **Development of Agricultural Cooperative (ACs) in the World**

- ❑ In the United States, each rural household participates in 2.6 cooperatives on average.**
- ❑ In Australia, New Zealand, Japan and South Korea, the farmers participating in ACs have reached over 90%.**
- ❑ In all types of cooperatives in Spain, about 50% are ACs.**

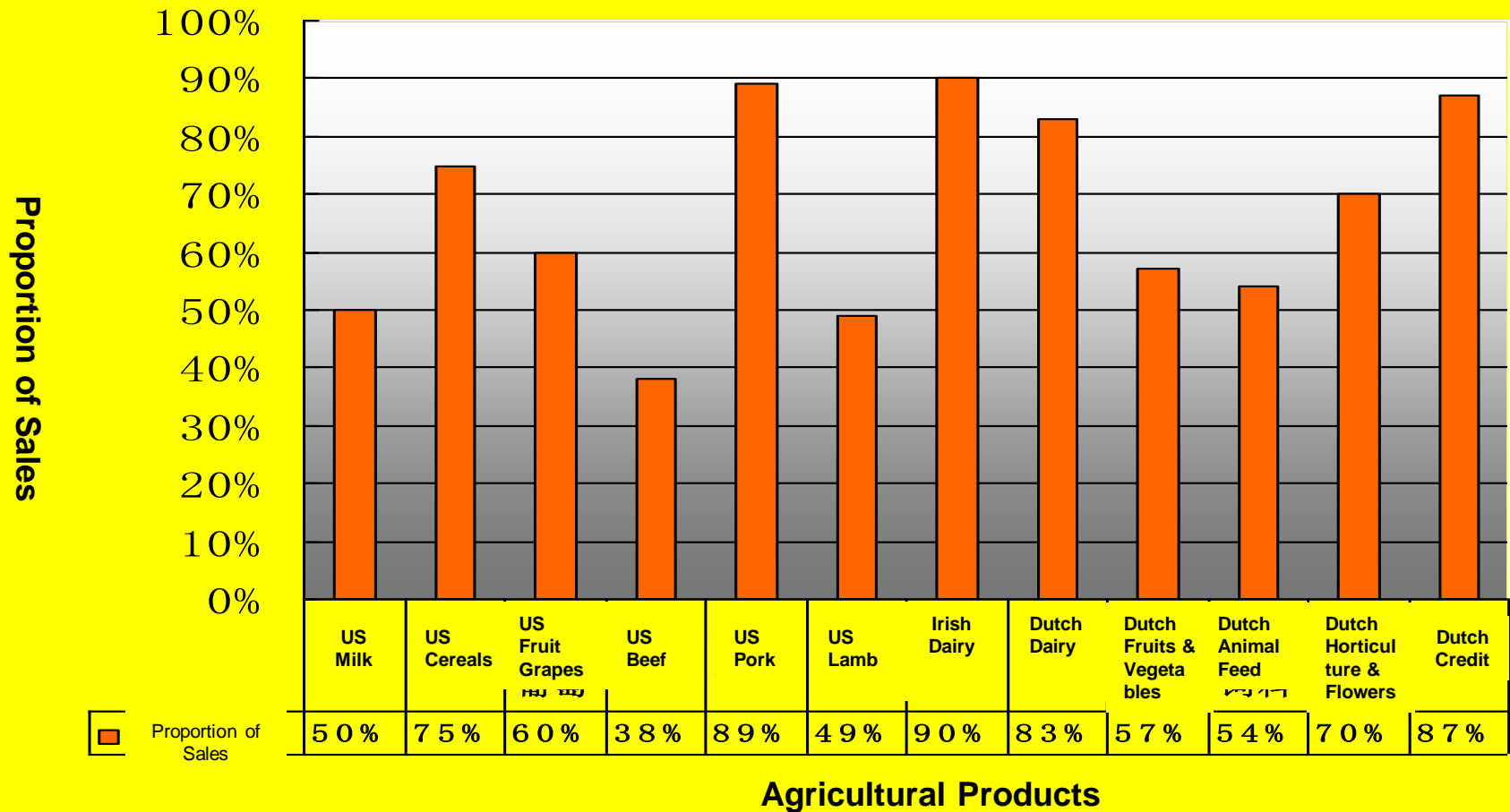


# **Development of Agricultural Cooperative (ACs) in the World**

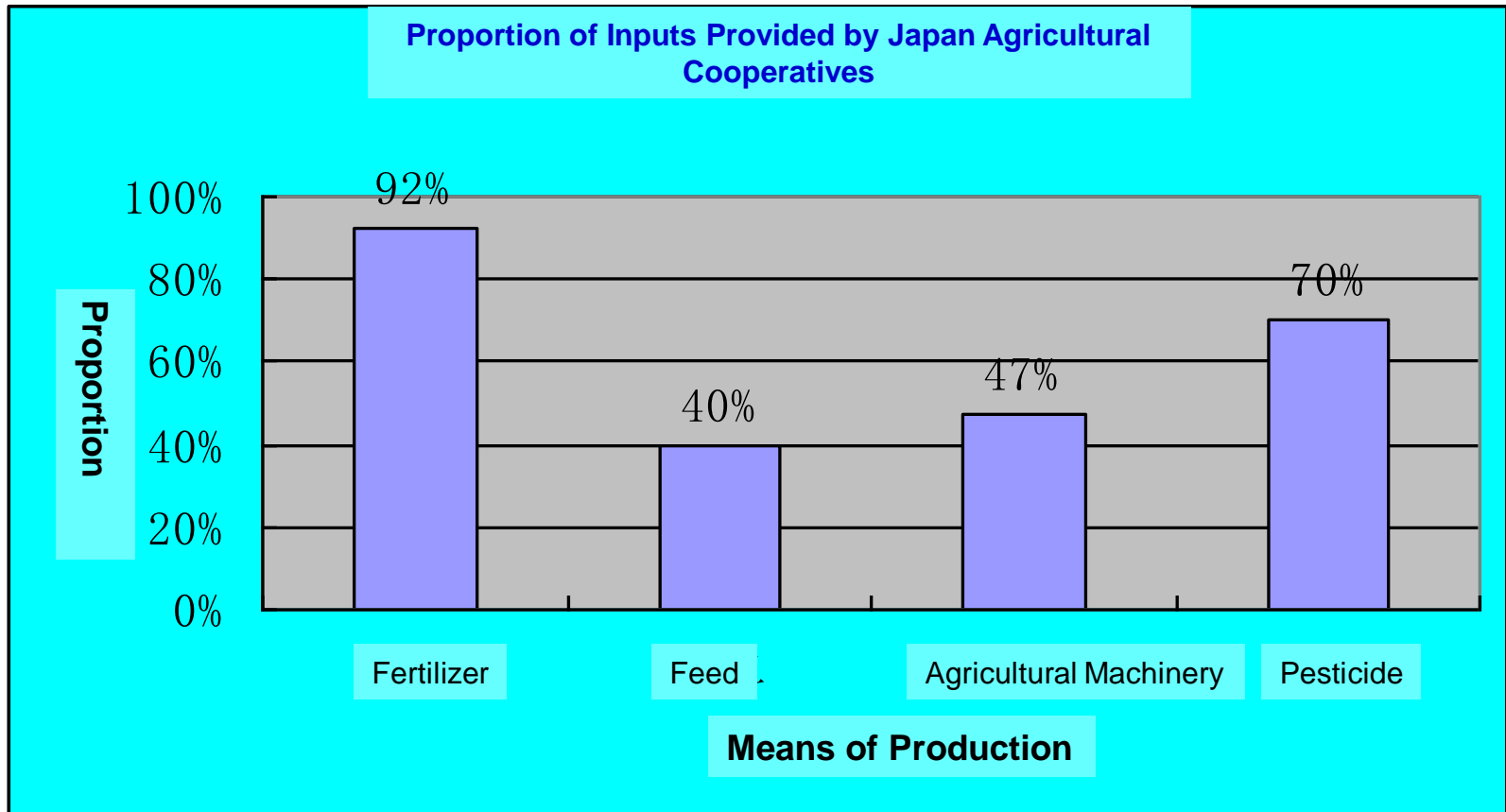
- ❑ In Brazil and Chile of South America, about 80% of rural households are members of cooperatives;**
- ❑ In Asian countries, such as India, Bangladesh, Sri Lanka and Thailand, participant farmers account for 30% -60%.**
- ❑ In some African countries, such as Kenya, Tanzania, Mauritius and Uganda, participant farmers have also reached 10% -30%.**

# Promotion of Cooperatives in Sales of Agricultural Products

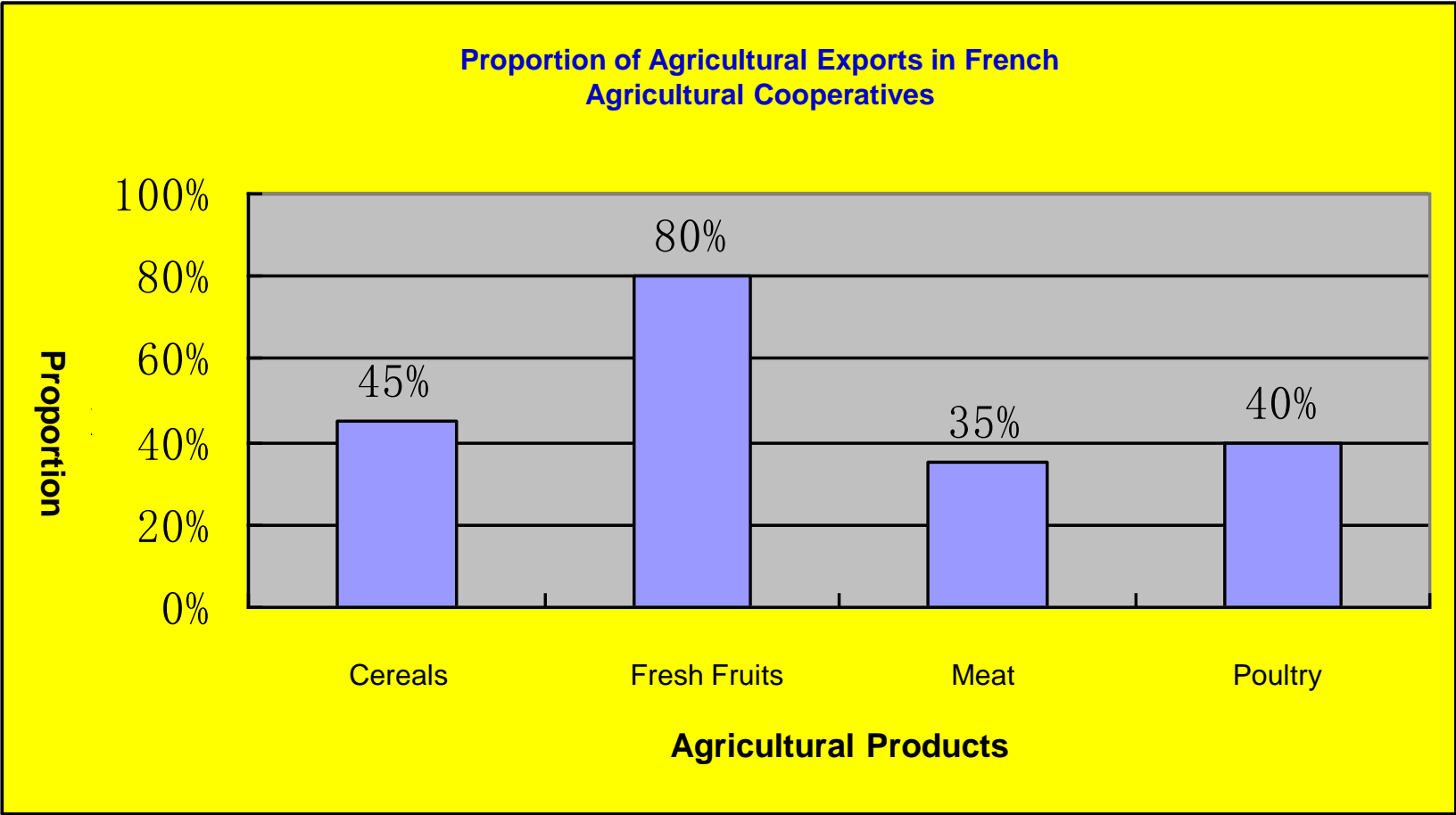
Proportion of Sales



# Unified Supply of Agricultural Inputs and Implementation of Standardized Production



# Export Processing to Increase the Value Added



# The Latest Developments of Cooperatives in China

**Quantity:** As of the end of June 2016, the legally registered farmer cooperatives (FCs) reached nearly 1.669 million in China, of which participant rural households accounted for 42.7% of the total number of Chinese rural households.

50% of the cooperatives achieved integration of production and marketing, 50,000 cooperatives registered their trademarks, and over 30,000 passed the organic certification of pollution-free green products.

Cooperatives play an important role in promoting the upgrading and restructuring of agriculture, increasing farmers' income and improve the rural social governance.



# The Latest Developments of Cooperatives

## **Difficulties and Problems -**

### **✓ Small coverage:**

**Covering less than half of the farmers.**

### **✓ Weak strength:**

**Low annual sales revenue**

### **✓ Non-standard development:**

**Undemocratic management, non-standard operation**

### **✓ Inadequate support policies:**



# **The Latest Developments of Cooperatives**

**Keywords of development** - The meeting in Harbin on September 30, 2015

## **✓ Specification:**

Shell, dormant and variant cooperatives; how to manage a cooperative by law?

How to coordinate the relationship between capital and labor and between core and ordinary members?

## **✓ Innovation:**

Innovation of organizational form, industrial business format, operational mechanism and support pattern

What is the innovation apart from regulatory policies? Members, voting, surplus distribution, etc.

# Formation of Cooperatives

In China, the formation of cooperatives should register in industrial and commercial administrative departments.

## **Legal Basis for Establishment:**

*Law of the People's Republic of China on Specialized Farmers Cooperatives*

*Regulation on Registration and Administration of Specialized Farmers Cooperatives*

The particulars for the registration of specialized FCs include:

**Name, address, total investment of members, business scope, name of legal representative.**

All specialized FC members may contribute currency, or material object, intellectual property rights and other non-monetary properties that can be appraised as capital and transferred by law. The members with non-monetary contribution should have the properties appraised by all members. Any member shall not contribute labor, credit, name of natural person, goodwill, franchise or property of guarantee as capital.



# Formation of Cooperatives

**To apply for the establishment of a specialized FC, the following documents should be submitted to the registration authority by the representative designated by all founders or entrusted agent:**

- (A) Registration application;**
- (B) Minutes of the establishment meeting with signatures and sales of all founders;**
- (C) Constitution with signatures and sales of all founders;**
- (D) Inaugural documents and proof of identity of legal representative and director;**
- (E) List of investment specified with the names of members, ways of contribution, amount and total amount of investment, as well as signatures and seals of all members for confirmation;**
- (F) Roster of members specified with the names of members, citizenship number or registration certificate number and residence, as well as proof of membership;**
- (G) Proof of residence use able to demonstrate that specialized FC enjoys the right to use its domicile;**
- (H) Proof of the representative designated of all founders or entrusted agent.**

# Core Competence Identification and Capacity Building

- According to the interpretation of "capacity" in the Modern Chinese Dictionary (the fifth edition) published in June 2005, "capacity" means the "subjective conditions capable of performing a task". Capacity is subjective, which can be acquired and increased by exercises. The acquisition of capacity aims to be competent in a task.
- Therefore, this study define that **the capabilities for a FC** refer to the subjective conditions that the FC needs to acquire in solving problems or competence in tasks in its development. **The FC core competences** refer to the subjective conditions that the FC needs to acquire in solving core problems or competence in key tasks in its development. **The FC capacity building** refers to the work required to help the FC acquire the subjective conditions needed in solving core problems or competence in tasks in its development, including both internal and external work.

# Core Competence Identification of Cooperatives

- Through questionnaire survey and individual interviews on 115 standard FCs in 28 provinces (autonomous regions and municipalities), a panoramic description was made on the status of FC capacity building in China; at the same time, the FC counselors of 63 counties in 28 provinces (autonomous regions and municipalities) received interviews, to understand their views on the various aspects of FC capacity building.
- The studies suggest that FC capacity building is faced with many challenges, such as **weak development and economic foundation and abilities in various aspects, scattered distribution and generally low cultural quality of members, the relative lack of management personnel, fierce competition in the market of agricultural products at the establishment of a cooperative, immature policy environment, inadequate government support, etc.**

**Table 1 Survey of the Most Important Competences for Cooperatives**

<b>Option</b>	<b>Selection Results of 63 Surveyed County-level Counselors</b>
<b>Unselected</b>	<b>5</b>
<b>Cooperation of members</b>	<b>32</b>
<b>Market competitiveness</b>	<b>44</b>
<b>Unified services</b>	<b>16</b>
<b>Democratic management</b>	<b>17</b>
<b>Standardized operation</b>	<b>38</b>
<b>Capital operation</b>	<b>13</b>
<b>Public relations handling</b>	<b>4</b>

# Core Competence Identification of Cooperatives

- It can be seen from the questionnaire survey that both director generals of cooperatives and county-level counselors generally agree the core competences of cooperatives are mainly market competitiveness, standardized operational capability and cooperative ability of members.
- According to the typical surveys of the author in recent years, the cooperatives with better development generally have some similarities, which is one or more strong capabilities in cooperation of members, market competition, standardized operation, financing and public relations handling. To some extent, it can be said that the acquisition of the above capabilities is an inevitable course for the development of cooperatives, therefore, to strengthen the building of the capacities has become the core of cooperatives in the development process.
- This study suggests that the core competences of FCs in China at this stage mainly include **cooperative ability of members, market competitiveness, standardized operational capacity and financing capacity.**

# Capacity Building - Cooperative Capacity of Members

- The cooperative capacity of members, namely the capacity of members for cooperating in cooperative establishment, management, profiting, sharing and development, reflecting the collaborative nature of a cooperative, which is an important institutional arrangement different from other main market players.
- To strengthen the building of cooperative capacity of members, priority should be given to the following aspects.
- **First, examine the entry of members.** Although it is the right of a cooperative to choose any kinds of members, the preparatory group must, at the preparation, consider well what kind of members its cooperative need and unsuitable one. This step decides whether the participant members can be united as one and make efforts towards the same goal, which is essential for future cooperation.
- **Second, design a sound mechanism of democratic operation.** One of the principles of a cooperative is "equal membership and democratic management". To achieve good cooperation among members and to play effects of " $1 + 1 > 2$ ", it is necessary to ensure the legitimate rights of each member in the cooperative, so that each member, who can fully exercise his/her rights, with the benefits protected, will naturally support the decision-makings of the cooperative, and jointly promote its development.
- **Third, timely adjust the cooperation mechanism.** Things are a process of development, and the external environment is also changing. The cooperation mechanism in the beginning of establishment may not be appropriate after a period of development, which needs to make prompt adjustment, such as reducing number of members, improving the management system and reforming the operation mechanism. The timely adjustment of the cooperation mechanism is conducive to giving full play to the enthusiasm of each member.



# Typical Case: Longzhu Livestock Specialized Cooperative in Longyou County



The tea cooperative was signing with Hong Kong's businessman.



◆ Cooperative Products Fair



Year-end Bonus



Year-end Rebates for the Pig Cooperative

# Capacity Building - Market Competitiveness

- Market competitiveness is the capability that a cooperative lead its members to sell products, explore new markets and make profits, which determines the survival or extinction of the cooperative.
- To strengthen the building of market competitiveness, priority should be given to the following aspects.
- **First, establish awareness of market competition.** All members of the cooperative should establish awareness of the market economy, produce products according to market demand, ensure their quality and safety, and realize super quality and competitive price. The cooperative needs to constantly train market awareness of its members, provide a variety of "unified services" for them, and require its members to produce according to standards.
- **Second, choose a leader rich in awareness of the market economy.** The leader is critical to the development of a cooperative. Currently most of the director generals in China are responsible for product sales, who should study hard, be good at practicing, and constantly enhance their awareness and skills of market competitiveness. Qualified cooperatives may hire professional managers in charge of sales, making their marketing bigger and stronger.
- **Third, establish the market-oriented production mechanism.** It is necessary to establish a production mechanism and management system to ensure that each member can produce and manage according to the requirements of the market economy, and at the same time, increase efforts in marketing, and constantly expand product distribution channels, to improve the market competitiveness of the cooperative in an all-round way.



# Typical Case: Xiaoxi Red Citrus Specialized Cooperative in Yichang City



# Capacity Building - Standardized Operational Capability

- **The standardized operational capacity, namely whether a cooperative establishes its constitution and system, set up member accounts, return surplus according to the volume of transactions, which determines the formalization and specialization of the cooperative.**
- The standardized operation means the operation of the cooperative should comply with the relevant national regulations and policies, as well as the provisions of the constitution. The standardization requires the cooperative to follow some principles of operation of its own, implement democratic management, provide various services for its members, and lead them to affluence.
- In the past, in view of a small number of cooperatives, more attention is paid to development than standardization. However, the current number of cooperatives has reached a certain level, so development and standardization are put in a equally important position. In case of emphasizing on development only, the cooperative will be easily alienated into a general business; in case of emphasizing on standardization only, the cooperative will be eliminated by the market for its rigidities.
- **The strength of standardized operational capacity determines whether the cooperative can maintain the its own nature and whether it can truly become an organization of its members, seeking benefits and development for them.** If the standardized operational capacity is weak, it may have little effect in a short time, but will reduce the attractiveness to its members for a long run, and gradually the cooperative will lose its basis for development, and be alienated into a general business or eliminated by the market .

# Capacity Building - Standardized Operational Capability

- To strengthen the capacity building of standardized operation, the following aspects should be given priority to.
- **First, establish rules and regulations.** In the beginning of its establishment, a cooperative should establish its own constitutions and institutions according to the requirements of regulations and policies, which all members must abide by, so as to prevent implementation under systems only.
- **Second, strengthen the implementation.** A cooperative should establish an effective enforcement mechanism to ensure each member to observe the provisions.
- **Third, deal with the relationship between development and norms.** Development and norms are not contradictory. Sound development needs to be established on effective norms. We should make full use of the power generated by norms to promote development, take advantages of democratic management, close contact with members and vigorous support of the government, to achieve rapid development of cooperatives.



# Problems on Standardized Development of Cooperatives

Ministry of Agriculture and other eight authorities

*Opinions about Guiding and Promoting the Standardized Development of Cooperatives*

- August 27, 2014.

Some cooperatives pay more attention to quantity than quality in their development, which is merely nominal and formalistic, restricting the full play of the role of FCs. Therefore, from present to the near future, **we should put the FC standardized construction in a more prominent position**, and take effective measures to improve the quality of FC development.

农业部  
国家发展和改革委员会  
财政部  
水利部  
国家税务总局  
国家工商行政管理总局  
国家林业局  
中国银行业监督管理委员会  
中华全国供销合作总社

文件

农经发〔2014〕7号

## 关于引导和促进农民合作社规范发展的意见

各省、自治区、直辖市、计划单列市、新疆生产建设兵团农业(农牧、农村经济)厅(委、办、局),发展改革委,财政厅(局),水利厅(局),国家税务局、地方税务局,工商行政管理局,市场监督管理部门,林业厅(局),各银监局,供销合作社:

近年来,农民合作社快速发展,在建设现代农业、促进农民增收、建设社会主义新农村中发挥了重要作用。但在发展中,一些地方重数

- ❑ Five parts, including 25 articles. Highlight the orientation of problems, adhere to the bottom line of the rule of law, and respect the will of farmers, with regulations as the key.
- ❑ The tasks of standardization construction include 12 aspects, i.e. formulation of regulations, registration, annual report, clear property rights, organization, financial management, member accounts and income distribution, open social affairs, integrity management, credit cooperation and information construction.
- ❑ Emphasizing on six key areas: improved rules and regulations, legal registration, clear property relations, smooth institutional framework, reasonable income distribution, honest and trustworthy business.

# Demonstration Cooperative Construction

- The Ministry of Agriculture, with demonstration cooperative construction as an important starting point of standardized development of cooperatives, has assessed 7,000 national demonstration cooperatives jointly with members of the national joint session, and **will assess about 1,000 national demonstration cooperatives this year.**
- Various forms of activities of demonstration cooperative construction have also been carried out throughout the country. There are 135,000 demonstration cooperatives at all levels at present.

# Typical Case: Sandu Saffron Specialized Cooperative in Jiande City



Fruits and Vegetables Cooperative Standard Base



Cooperative Standardized Barn



表一 苗种放养记录表

日期	苗种名称	苗种规格	放养数量	放养地点	放养人
2006.5.24	罗氏沼虾	1.5cm	10000	旭北镇兴南村	李大喜
2006.5.25	罗氏沼虾	1.5cm	10000	旭北镇兴南村	李大喜
2006.5.26	罗氏沼虾	1.5cm	10000	旭北镇兴南村	李大喜
2006.5.27	罗氏沼虾	1.5cm	10000	旭北镇兴南村	李大喜
2006.5.28	罗氏沼虾	1.5cm	10000	旭北镇兴南村	李大喜
2006.5.29	罗氏沼虾	1.5cm	10000	旭北镇兴南村	李大喜
2006.5.30	罗氏沼虾	1.5cm	10000	旭北镇兴南村	李大喜
2006.5.31	罗氏沼虾	1.5cm	10000	旭北镇兴南村	李大喜
2006.6.1	罗氏沼虾	1.5cm	10000	旭北镇兴南村	李大喜
2006.6.2	罗氏沼虾	1.5cm	10000	旭北镇兴南村	李大喜
2006.6.3	罗氏沼虾	1.5cm	10000	旭北镇兴南村	李大喜
2006.6.4	罗氏沼虾	1.5cm	10000	旭北镇兴南村	李大喜
2006.6.5	罗氏沼虾	1.5cm	10000	旭北镇兴南村	李大喜
2006.6.6	罗氏沼虾	1.5cm	10000	旭北镇兴南村	李大喜
2006.6.7	罗氏沼虾	1.5cm	10000	旭北镇兴南村	李大喜
2006.6.8	罗氏沼虾	1.5cm	10000	旭北镇兴南村	李大喜
2006.6.9	罗氏沼虾	1.5cm	10000	旭北镇兴南村	李大喜
2006.6.10	罗氏沼虾	1.5cm	10000	旭北镇兴南村	李大喜
2006.6.11	罗氏沼虾	1.5cm	10000	旭北镇兴南村	李大喜
2006.6.12	罗氏沼虾	1.5cm	10000	旭北镇兴南村	李大喜
2006.6.13	罗氏沼虾	1.5cm	10000	旭北镇兴南村	李大喜
2006.6.14	罗氏沼虾	1.5cm	10000	旭北镇兴南村	李大喜
2006.6.15	罗氏沼虾	1.5cm	10000	旭北镇兴南村	李大喜
2006.6.16	罗氏沼虾	1.5cm	10000	旭北镇兴南村	李大喜
2006.6.17	罗氏沼虾	1.5cm	10000	旭北镇兴南村	李大喜
2006.6.18	罗氏沼虾	1.5cm	10000	旭北镇兴南村	李大喜
2006.6.19	罗氏沼虾	1.5cm	10000	旭北镇兴南村	李大喜
2006.6.20	罗氏沼虾	1.5cm	10000	旭北镇兴南村	李大喜
2006.6.21	罗氏沼虾	1.5cm	10000	旭北镇兴南村	李大喜
2006.6.22	罗氏沼虾	1.5cm	10000	旭北镇兴南村	李大喜
2006.6.23	罗氏沼虾	1.5cm	10000	旭北镇兴南村	李大喜
2006.6.24	罗氏沼虾	1.5cm	10000	旭北镇兴南村	李大喜
2006.6.25	罗氏沼虾	1.5cm	10000	旭北镇兴南村	李大喜
2006.6.26	罗氏沼虾	1.5cm	10000	旭北镇兴南村	李大喜
2006.6.27	罗氏沼虾	1.5cm	10000	旭北镇兴南村	李大喜
2006.6.28	罗氏沼虾	1.5cm	10000	旭北镇兴南村	李大喜
2006.6.29	罗氏沼虾	1.5cm	10000	旭北镇兴南村	李大喜
2006.6.30	罗氏沼虾	1.5cm	10000	旭北镇兴南村	李大喜

表二 投入品来源及质量

投入品名称	来源	质量	投入量	投入时间
罗氏沼虾苗种	旭北镇兴南村	1.5cm	10000	2006.5.24
罗氏沼虾苗种	旭北镇兴南村	1.5cm	10000	2006.5.25
罗氏沼虾苗种	旭北镇兴南村	1.5cm	10000	2006.5.26
罗氏沼虾苗种	旭北镇兴南村	1.5cm	10000	2006.5.27
罗氏沼虾苗种	旭北镇兴南村	1.5cm	10000	2006.5.28
罗氏沼虾苗种	旭北镇兴南村	1.5cm	10000	2006.5.29
罗氏沼虾苗种	旭北镇兴南村	1.5cm	10000	2006.5.30
罗氏沼虾苗种	旭北镇兴南村	1.5cm	10000	2006.5.31
罗氏沼虾苗种	旭北镇兴南村	1.5cm	10000	2006.6.1
罗氏沼虾苗种	旭北镇兴南村	1.5cm	10000	2006.6.2
罗氏沼虾苗种	旭北镇兴南村	1.5cm	10000	2006.6.3
罗氏沼虾苗种	旭北镇兴南村	1.5cm	10000	2006.6.4
罗氏沼虾苗种	旭北镇兴南村	1.5cm	10000	2006.6.5
罗氏沼虾苗种	旭北镇兴南村	1.5cm	10000	2006.6.6
罗氏沼虾苗种	旭北镇兴南村	1.5cm	10000	2006.6.7
罗氏沼虾苗种	旭北镇兴南村	1.5cm	10000	2006.6.8
罗氏沼虾苗种	旭北镇兴南村	1.5cm	10000	2006.6.9
罗氏沼虾苗种	旭北镇兴南村	1.5cm	10000	2006.6.10
罗氏沼虾苗种	旭北镇兴南村	1.5cm	10000	2006.6.11
罗氏沼虾苗种	旭北镇兴南村	1.5cm	10000	2006.6.12
罗氏沼虾苗种	旭北镇兴南村	1.5cm	10000	2006.6.13
罗氏沼虾苗种	旭北镇兴南村	1.5cm	10000	2006.6.14
罗氏沼虾苗种	旭北镇兴南村	1.5cm	10000	2006.6.15
罗氏沼虾苗种	旭北镇兴南村	1.5cm	10000	2006.6.16
罗氏沼虾苗种	旭北镇兴南村	1.5cm	10000	2006.6.17
罗氏沼虾苗种	旭北镇兴南村	1.5cm	10000	2006.6.18
罗氏沼虾苗种	旭北镇兴南村	1.5cm	10000	2006.6.19
罗氏沼虾苗种	旭北镇兴南村	1.5cm	10000	2006.6.20
罗氏沼虾苗种	旭北镇兴南村	1.5cm	10000	2006.6.21
罗氏沼虾苗种	旭北镇兴南村	1.5cm	10000	2006.6.22
罗氏沼虾苗种	旭北镇兴南村	1.5cm	10000	2006.6.23
罗氏沼虾苗种	旭北镇兴南村	1.5cm	10000	2006.6.24
罗氏沼虾苗种	旭北镇兴南村	1.5cm	10000	2006.6.25
罗氏沼虾苗种	旭北镇兴南村	1.5cm	10000	2006.6.26
罗氏沼虾苗种	旭北镇兴南村	1.5cm	10000	2006.6.27
罗氏沼虾苗种	旭北镇兴南村	1.5cm	10000	2006.6.28
罗氏沼虾苗种	旭北镇兴南村	1.5cm	10000	2006.6.29
罗氏沼虾苗种	旭北镇兴南村	1.5cm	10000	2006.6.30

Production Records of Fishery Cooperative



Cultivation Standards of Watermelon Cooperative

# Capacity Building - Financing Capacity

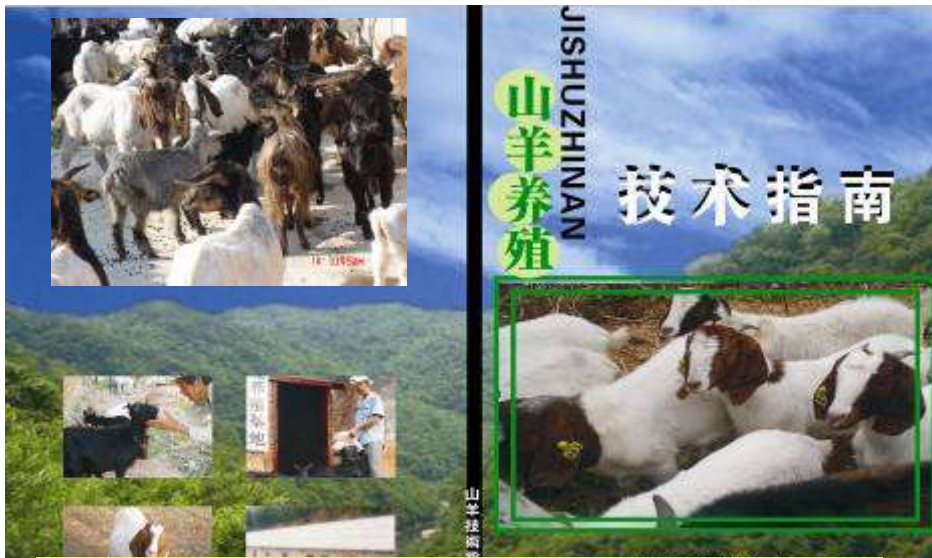
- The financing capacity, namely the financing capacity of a cooperative to promote its rapid development, determines the pace of development and strength of a cooperative.
- To strengthen the building of financing capacity, the following aspects should be given priority to.
- **First, explore the internal potential.** The cooperative should increase capital investment relying on the strength of its members in the form of shares, or internal credit cooperation or fund cooperation, to regulate the fund surplus and deficiency between members, improve the efficiency in the use of funds, and secure more funds for the development of the cooperative.
- **Second, seek external funds.** A cooperative with collateral can make mortgage loan, and the one without collateral can seek credit loan, which should make good use of the financial support policies of the government, and actively communicate with banking institutions. In rural areas, land is an important means of production of farmers and cooperatives. It is suggested that the relevant government departments and financial institutions should achieve mortgage loan of rural land contract rights, to ease the funding pressures of cooperatives.
- **Third, pay attention to risks prevention.** Although funds are important, improper handling may bring great risks. While carrying out financing, the cooperative should do according to its own abilities, and prevent blind financing, which may result in capital chain rupture and bring financial risks.



# Typical Case: Fuyang Fuchunshanju Specialized Cooperative of Agricultural Products Production and Marketing



**Big Change after 6 Years**



# Capacity Building of Cooperatives

- The four core competencies analyzed above is very important for the development of cooperatives in general, which is the focus of cooperative construction. **But this does not mean that other capabilities are not important**, on the contrary, the capabilities such as unified services, democratic management, public relations handling and financial management are also very important.
- Meanwhile, the four core competencies start only from the perspective of generality and common sense, while for tens of thousands of individual cooperatives, their level of development and specific conditions vary widely, as well as their capacity building, **therefore, the cooperatives must proceed from their own reality, to choose the building of capacities that are suitable in the most urgent need.**
- **The key to enhance the core competencies of a cooperative is the cooperative itself. The cooperative should be clearly aware of its own actual situations, to enhance the relevant core competencies in a planned way, combining with its own characteristics.** To strengthen the core competence building of a cooperative, the government should create a favorable external environment, provide guidance to accelerate the pace of building, make it form the core competitiveness as soon as possible, and also specifically consider to formulate and introduce the core competence building planning, integrate resources together to promote the core competence building, and increase the efforts in personnel training.

# **Optimal Construction of the Cooperative Business Model**

**(What is the optimal model of development for a cooperative?)**

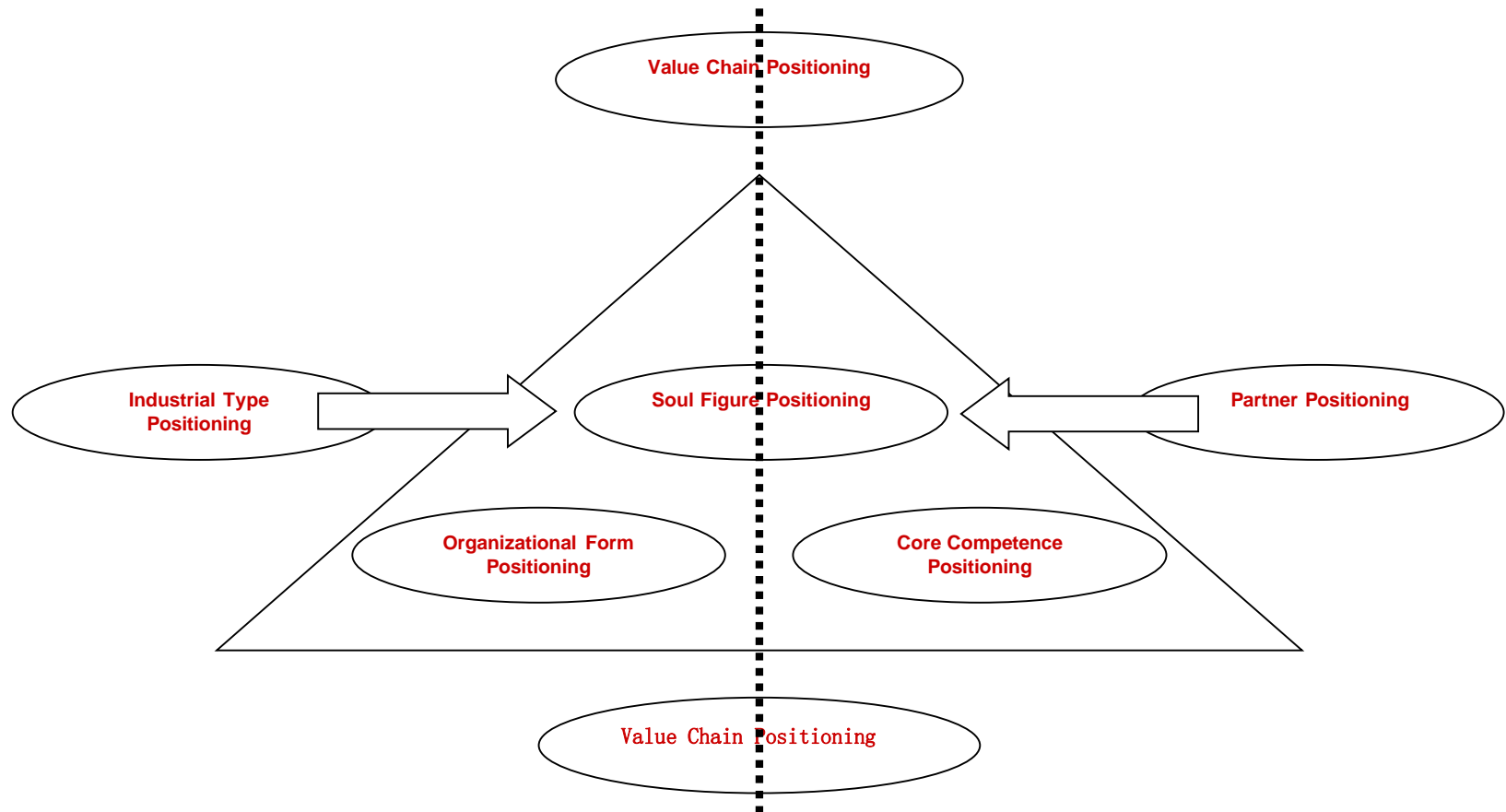
**Classification of the current cooperative development model:**

**First, a cooperative can be divided into transactions-oriented, capital-oriented and administration resource-oriented from the perspective of residual control rights;**

**Second, a cooperative can be divided into types of pursuing value-added of agricultural products, standardized production and cost saving from the perspective of service function.**

# FC Development Model

## Construction of the Model of Optimal Path Selection



# **It should be noted that:**

**A cooperative at an early stage of development, or the one facing difficulties and confusion in its development, may learn from the ideas provided in the model, and conduct self-examination on the existing problems by comparison, to find its strengths and weaknesses, and then explore its own development path at the next step.**

**The model of optimal path selection in this study is proposed based on the overall development of cooperatives. Of course, each cooperative has its own characteristics, so more detailed analysis is also needed according to the specific circumstances.**

# **Conclusion - To believe the development of cooperatives without borders**

**Regardless of capacity building or operation mode,**

**The key is how to achieve better development of a cooperative.**

- **Bottom-line thinking: how to understand?**
- **Grasp present situation: Ambitious goal and a down-to-earth attitude**
- **Good at learning good examples: Two heads are always better than one.**
- **Seek benefits for members: Stay true to the initial determination**
- **Adhere to put market first: The path of survival and vigorous growth**
- **Make bold innovations: The secret of sustainable development**





Thank you!

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# **Establishment of Cooperatives and Capacity Building**

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