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(на прикладі Гани)

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Дата «\_\_» \_\_\_\_\_ 2020 р.

**Науковий керівник: Пожар Артем Анатолійович, к. е. н., доцент**

Підпис \_\_\_\_\_

Дата «\_\_» \_\_\_\_\_ 2020 р.

**Рецензент Пантелеймоненко Андрій Олексійович**

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\_\_\_\_\_ O. V. Shkurupii

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**MASTER'S THESIS**

**«Cooperative movement in African countries»**

(case of Ghana)

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**Submitted by: Amoako Ishmeal**

Signature \_\_\_\_\_

Date «\_\_» \_\_\_\_\_ 2020

**Scientific Advisor: Artem Pozhat, PhD in Economics, associate  
professor**

Signature \_\_\_\_\_

Date «\_\_» \_\_\_\_\_ 2020

**Reviewer: Andriy Panteleimonenko**

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## INTRODUCTION

**Actuality of the research.** The essence of this research thesis is to analyze the cooperative movement in Africa using Ghana as a case study. Cooperative play important role in various economic activities in Africa. Cooperatives in Africa are consider as community development organization. Cooperative movement in Africa started during the colonial period where they were initiate and operated by African colonial masters. After Africans gained independent, local governments began to control cooperative activities where they gave support in aids of finances, technicians, agricultural inputs and others.

In the midst of 1980s, Africa experienced an era of structural adjustment and commercialization. It was the same period that African governments lose their power and control over cooperative. The nature and results of cooperative in African countries differ from that of Western world cooperative movement for some reasons. Cooperative facilitative development on African continent is understood by yield employment opportunities and reduce poverty. Members of cooperative in Africa provide traditional mutual support where there are cases of sickness, funerals, and unexpected expenses. African cooperative also operate by providing democratic space and experience in environment by democratic character. The story of ECOWAS movement in 1975 treaty signed in Lagos, Nigeria was the biggest African cooperative that are still under operation and providing effective teamwork between West Africa countries.

This research reviews on the types of cooperative in Ghana such as Agricultural cooperatives, Credit Unions, Consumer, Housing, Transport and others. This research also elaborate on the activities of cooperative that makes Ghana economy better. At the same time, it is review that government of Ghana give support to cooperative legally and participate in the cooperative movement. Ghana is a democratic country and the anchor for stability in West Africa. Ghana is

the first country that embraced the idea of Pan-Africanism, putting efforts to strengthen regional and supra-regional cooperation between African countries. In addition to, Ghana is also most active member state of ECOWAS and AU. Ghana steps in revising its legal framework on cooperative as easy field for employment and below relations in the country.

**Analysis of research and publications.** In the literature, the problems of cooperative movement in African countries are researched in the works of Anku [5], Asibey-Bonsu [6], Buachi [11], Kpodo [36] and others. However, the topic has not been studied enough. There is a certain lag in the field of infrastructure of national cooperative systems. Thus, all of the above led to the choice of the topic of the master's thesis and its relevance.

**The aim of the diploma project** is to study cooperatives activity in Ghana and their contribution to the development of the country's economy. According to the purpose of the diploma project, the following **tasks** are set:

- to highlight socio-economic factors for emergence and development of cooperative;
- to analyze international cooperative principles and their evolution;
- to discuss the legal foundations of cooperatives in Africa;
- to research agricultural cooperatives activity in Ghana;
- to analyze credit unions activity in Ghana;
- to discuss activity of production, housing, transport and consumer cooperatives in Ghana;
- to analyze the features of state regulation of cooperatives of Ghana.;
- to discuss the development of infrastructure of cooperative sector of Ghana;
- to determine improvement and governmental support necessary for further development cooperatives in Ghana.

The **object** of the research is cooperative movement in African countries.

The **subject** of the research is activity of cooperatives in Ghana.

**Research methods:** While writing the diploma project, the following methods were used: analysis and synthesis, comparison, research, statistical and graphical methods, logical generalization of results in the formulation of conclusion and others.

**Research's database** is a set of specialized publications, reports of cooperatives, periodical articles and Internet resources that evaluate the activities of Ghana cooperatives.

**Research results implementation.** *The significance of research for practical purposes* is confirmed with «Довідка про впровадження результатів дослідження за темою дипломної магістерської роботи» and is as follows: a) start working on promoting the initiative of Ukrainian associations of credit unions to adopt a special program by the Government of Ukraine to support and attract government funding to the Ukrainian credit cooperative sector; b) use the experience of credit cooperatives of Ghana generalized by the author of the work on strengthening relations between the administrations of cooperatives and the communities of their members;

*The significance of research for educational purposes* is that the main findings of the research are confirmed with «Довідка про рекомендації щодо впровадження та використання результатів дослідження по магістерській роботі в освітньому процесі Вищого навчального закладу Укоопспілки «Полтавський університет економіки і торгівлі» and is as follows: in teaching the discipline «International cooperative movement», the results of deep analysis of cooperative movement in African countries (mostly in Ghana) proposed by the author are taken into account; they are also used in practical classes.

**Academic programs, plans and themes correlation.** The thesis paper has been created as a part of the scientific research in «Contemporary globalization processes: driving forces, megatrends and contradictions» (0113U006220) investigated by International Economics Department. The author's contribution is

an original approach to generalization and systematization of cooperatives' experience in African countries.

**Diploma thesis results approbation.** The most significant research results were presented at scientific conference of students and young scientists majoring in «International Economic Relations» «Актуальні проблеми розвитку науки та забезпечення якості освіти у XXI столітті» (Poltava, April 7-8th, 2020).

**Publications:** 1) Amoako S. Social and economic reasons of cooperatives' origin / S. Amoako // Актуальні проблеми розвитку науки та забезпечення якості освіти у XXI столітті : матеріали міжнародної наукової студентської конференції (м. Полтава, 7-8 квітня 2020 року) – Полтава : ПУЕТ, 2020. – С. 213-214 [61]; 2) Amoako I., Pozhar A.A. Development of agricultural cooperatives in Ghana. Міжнародна наукова студентська конференція «Актуальні питання розвитку економіки, харчових технологій та товарознавства» – ПУЕТ, 26-27 березня 2019 р. – С. 59-62 [62].



## **CHAPTER 1**

### **THEORETICAL BASIS OF THE COOPERATIVE MOVEMENT**

#### **1.1. Socio-economic factors for the emergence and development of cooperative**

Cooperatives started as small organizations in Europe, North America and Asia in the XIX century. The cooperative movement began in Europe in the 19th century, primarily in Britain and France.

In the mid-eighteenth century, a group of French, English, and German social and political activists designed and initiated a number of cooperative communities. Phillipe Buchez, Etienne Cabet, and Francois Marie Charles Fourier in France experimented with cooperative communities founded mostly on utopian principles. Later Robert Owen and William Thompson, social reformers in Britain, both tried their hands at organizing cooperative communities. Hans Crüger in Germany wrote and worked on cooperative ideals with the strong conviction that society ought to be design not with self-interest as its base but with faith in the “ideal good” in human nature. In 1825, Owen established his ideal utopian community of New Harmony, Indiana, in the US. Even though New Harmony failed, probably due to financial mismanagement, the idea caught on and cooperatives were formed by the thousands [53].

In 1844, a group of 28 artists working in the cotton mills in the town of Rochdale, in the north of England, established the first modern cooperative business as the Rochdale Equitable Pioneers Society. The conditions and low wages of the weavers couldn't afford the high prices of food and household goods. They decided to pool their scarce resources and working together to access basic

goods at lower prices. They had only four items for sale in the start, thus flour, oatmeal, sugar and butter. The Rochdale Pioneer Society was the first by its kind.

The Fenwick Weavers' Association in Scotland dated back to 1769, and generally considered the first cooperative ever created. Before that, European artists' guilds of the early Renaissance approximated cooperatives and the ancient Chinese had cooperatively organized memorial societies.

The Rochdale Pioneers were successful because of their uniqueness. The founders carefully studied past attempts and constructed a set of rules, known as the "Rochdale Principles". These principles were a turning point in economic democracy, and formed the basis for the growing cooperative movement worldwide.

An independently formulated cooperative model developed in Germany by Friedrich Wilhelm Raiffeisen and Franz Hermann Schultz-Delitsch. Raiffeisen and Schultz-Delitsch originally formed credit unions in 1862. Since then, the model has grown into other sectors and inspired the growth of financial co-operatives across the world.

Cooperatives in the U.S. have a long history, including an early factory in the 1790s. In 1860s, Brigham Young started applying cooperative ideas in Utah, and by the 1880s, the Knights of Labor and the Grange promoted member-owned organizations. Energy cooperatives were found in the U.S. during the Depression and the New Deal. Diverse kinds of cooperatives were also found and have continued to perform successfully in different areas: in agriculture, wholesale purchasing, telephones, and in consumer food buying [30]. By Ontario Cooperative Association, in 1887 the Manitoba government passed legislation to allow settlers from Ontario to build their own cooperative creameries. The efforts of cooperators between 1907 and 1911 resulted in a stable cooperative farm movement in the Prairies. In fact, farmers in all regions participated in the development of the cooperative movement, but it was Prairie grain growers who first made cooperative

action work on a large scale [32].

Cooperation started in India as a means of ensuring the poor to equipped citizen advantage of which people were able to facilitate their own individual resources. There was principle of mutual aid, which is the basis of cooperative organization, and the practice of thrift and self-help to sustain it, generate a sturdy feeling of self-reliance that is of basic importance in a democratic way of life. Members of cooperative societies did not find the solutions only for individual problems but also become better citizens by sharing ideas and skills and by helping one another.

The International Cooperative Alliance was created in England on 19 August 1895 during the 1st Cooperative Congress. In attendance were delegates from cooperatives from Argentina, Australia, Belgium, England, Denmark, France, Germany, Holland, India, Italy, Switzerland, Serbia, and the USA. Representatives established the International Cooperative Alliance's aims to provide information, define and defend the Cooperative Principles and develop international trade. It was one of the only international organizations to survive after both I and II World War. Overcoming all the political differences between its members was difficult, but the ICA survived by staying committed to peace, democracy, and by remaining politically neutral [59].

Government orchestration of cooperatives is common with communist countries. Example, groups of farm families may be put together in communal villages which work several thousand acres of land under a chairman or manager who is a member of the Communist Party. The state owns all the land, equipment, and facilities, as well as everything that is produced. Communists adopt the term “cooperatives” in order to capitalize on the respect and admiration which free enterprise cooperatives had earned prior to the Russian revolution of 1917 [15]. In developing socialist countries, the cooperative often functions as an instrument of the state for carrying out economic and social programs. The cooperative system

may serve as the state trading agency by supporting various functions such as assembling and processing agricultural products, and supplying farms with seeds, feeds, petroleum, fertilizer, etc.

In the 1960s and early 1970s were mark by several waves of massive strikes in Western Europe. After the first oil crisis in 1973 and 1974, governments continued to assign high priority to full employment but began to bring unions still further into the center of policy making. This brought about a new political system known as “neocorporatism.” This approach to free-market capitalism and increasing enthusiasm for the capitalist dream tended to draw people away from cooperative participation. The number and strength of cooperatives was severely diminish during this period. During the neo-corporate phase of Western European economies, the statistics show a shrinkage in the number of cooperatives of all types between 1950 and 1990, the time of the crumbling of the Berlin wall. During these 40 years, the number of cooperatives dropped from approximately 26,000 to just under 8,000. Most, but not all, of that shrinkage can be accounted for by the consolidation of credit unions as was the US experience. Total membership during that time, however, tended to remain steady [57]. Then after, the first assembly of the European ICA (International Cooperative Alliance) met in Prague in 1994. Due largely to the work of ICA Europe, business leaders and politicians now realize the validity and importance of cooperatives in the rebuilding of a struggling economy. Lars Hillbom, president of ICA Europe from 1995 remarked at his retirement speech in 2002, “The cooperative difference has proven to be the solution to many of today’s problems. People have grown tired of an egoistic approach and want to be responsible for shaping their own future” [46].

There has been much debate about the economic efficiency of cooperatives. Some analysts question government support for cooperatives, viewing it as promotion of inefficiency, as compared to for profit corporations. Among farmers, cooperatives are perceived as not operating as efficiently as proprietary firms and

as not having higher quality management” [52]. Cooperatives are thus stabilizing regional economic cycles and can generate regional employment. The United Nations general assembly then declared 2012 as the international year of cooperatives which acknowledges their worldwide impact on economic and social development. Traditionally cooperatives have a significant impact on economic and social development also in South Tyrol. Although the population totals only about 507,000 inhabitants, South Tyrol registered at the end of 2010 922 cooperatives with 160,000 members, operating in the field of agriculture, retailing, social affairs and credit business [47].

Cooperative society possess various functions and aims according to its type.

- A. Consumer cooperative tries, to meet the needs of the consumers in good quality goods and services at an affordable price. It conduct trading and public catering services. It serve the population within the trade enterprises like shops, stalls, tents and within the catering facilities (restaurants, canteens, cafés). They produce goods, provides household and production services, including credit and insurance services.
- B. Agricultural cooperative society help its members in the rational organization of agricultural production, processing, and marketing of the cropping output as well as animal production. These joint activities contribute to strengthening the economic position of agricultural output in a market economy.
- C. Production cooperatives get an income through effective joint production. High wages and dividends allow the cooperative's members to meet the economic, social, and cultural needs better. The common types of production cooperative society are; food and non-food items production, the artisans and craftsmen.
- D. Housing cooperative society give their members shelters, cottages, garages

and its maintenance. The aims cooperative society are mostly in; house building, secondary homes-building, the housing and rental the housing stock maintenance.

- E. Citizens who primary activity is related to fishing usually organize the fishermen cooperative societies. They are engaged in fishing, processing and marketing the fish and fish products.
- F. Service cooperatives operates largely in this way for instance, mutual telephone companies, rural electrification associations, health and burial associations, and cold-storage locker service plants. But such cooperatives now, instead of assessing their members at the end of a period, generally estimate costs and make charges in advance. This provides current funds to support the organization and meet expenses as they occur. If the amount of assessments exceeds costs, the assessments for the following year are reduced, or the excess is refunded to members proportionately. Thus, these associations operate on a nonprofit basis.
- G. Marketing cooperatives operate through “pooling”. Members deliver their products to the association, which pools it with products of like grade and quality delivered by other members. After processing, the coop sells the products at the best price it can get and returns to the members their share of total proceeds, less marketing expenses. Leaders take commissions for their services on the understanding that the difference between the commissions charged and the actual cost of rendering the service returned to members in proportion to the amount of commissions they have paid.
- H. Purchasing cooperatives handling feed, seed, farm machinery, or any combination of these, and city consumers’ cooperatives work the same way. Patrons purchase goods at the prevailing retail prices. At the end of the year, the difference between sales prices and the cost of sales is paid to patrons in proportion to their purchases.

In conclusion, ever since cooperatives started in England by group of 28 artists working in the cotton mills in the town of Rochdale due to hard conditions and low wages then decided to pool their scarce resources and working together to access basic goods at lower prices. People with common aim were facing some challenges thought that co-operation can help solve their problem. This brought the idea of cooperative to many people in Europe countries like France, Germany and to the globe. As the Indian co-operation started as means of ensuring the poor to equipped citizen advantage of which people were able to facilitate their own individual resources. In all, we could see that every cooperatives started because of lack of group of people needs to deal with a kind of situation as factors that gives birth to cooperatives.

## **1.2 International cooperative principles and their evolution**

Principles are propositions or values that guide the behavior or evaluation of group of people. They are also rules that have to be followed. Organizational principles are understood by it members as the vital characteristics of the system. An organization can be obviously base on an implemented from a document of principles. Principles represent values that orient and rule the conduct of persons in a particular society. Principles are absorbed in childhood through a process of socialization. There is a presumption of liberty of individuals that is restrained. They represent a set of values that inspire the written norms that organize the life of a society submitting to the powers of an authority, generally the State. The law establishes a legal obligation, in a coercive way; it therefore acts as principle conditioning of the action that limits the liberty of the individuals. See, for examples, the territorial principle, homestead principle, and precautionary

principle [13].

Cooperatives around the world generally operate according to the same core principles and values, adopted by the International Cooperative Alliance in 1995. Cooperatives trace the roots of these principles to the first modern cooperative founded in Rochdale, England in 1844 [35].

#### a. Open and Voluntary Membership

Membership in a cooperative is free and vulnerable to those who accept its services and willing accept the responsibilities of membership, irrespective of the race, religion, gender and economic circumstances.

#### b. Democratic Member Control

Cooperative are democratic organizations control by its members, who have passion in setting up policies and making decisions. Representatives such as ‘directors or trustees’ are elect from among the membership and are accountable to the membership. In these organizations, members have equal voting rights. Cooperatives in many cases are organize in a democratic style.

#### c. Members’ Economic Participation

There is equal contribution and democratically control of their capital as members. Some parts of that capital remains the common property of the cooperative. Members allocate the rest for some activities like: developing the cooperative, setting up reserves, which benefit members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

#### d. Autonomy and Independence

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control as well as their unique identity.

#### e. Education, Training, and Information

Cooperative gives training for their members sometime educate some of them to



elect representatives as bold of directors, CEOs, in order to contribute to the development of their cooperatives. Communications about the nature and benefits of cooperatives, particularly with the general public and opinion leaders, helps boost cooperative understanding.

#### f. Cooperation Among Cooperatives

By working together through local, national, regional, and international structures, cooperatives improve services, bolster local economies, and deal more effectively with social and community needs.

#### g. Concern for Community

Cooperatives work for the sustainable development of their communities through policies supported by the membership.

Cooperative also have values that are set of six ideals that support the seven cooperative principles, which form the basis for every cooperative enterprise in the world. The cooperative values are:

##### a. Equity

Be fair and justice, not partial to a particular member(s) in sharing or providing services to the members in the cooperative.

##### b. Equality

The state of being equal, especially in status, rights, or opportunities and about ensuring that every individual has an equal opportunity to use any of the association property. It is also the belief that no one should have limited chances because of the way they look, where they come from, what they believe, or what they do.

##### c. Self-Help

The action or process of bettering oneself or overcoming one's problems without the aid of the cooperative especially; the coping with one's personal or emotional problems without professional help from the group.

##### d. Self-Responsibility

Is the process through which individual in the group understand and manage emotions, set and achieve positive goals, feel and show empathy for others, establish and maintain positive relationships, and make responsible decisions.

e. Democracy, and

The governance of the cooperation supreme power is vested in the people and exercised by them directly or indirectly through a system of representatives usually involving periodically held free elections.

f. Solidarity

The awareness of shared interests, objectives, standards, and sympathies creating a psychological sense of unity in the groups. It also the ties in the association that bind people together as one. The International Cooperative Alliance also separately lists cooperative “ethical values” of Honesty, Openness, Social Responsibility, and Caring for Others [39].

Evolution is the process of change in all forms of life over generations, and evolutionary biology is the study of how evolution occurs. Changes in socially transmitted beliefs, knowledge, customs, skills, attitudes, languages, and so on. Examples are; Convergent, Co-evolution, and Adaptive radiation. Artificial co-evolution is inspired from the interactive process that occurs between species in nature. On the one hand, species have to fight for the same resources, when they are in competition for a certain goal, and, on the other hand, different species collaborate for a specific purpose. As such, there are also two kinds of computational coevolution, distinguished from each other as follows. Cooperative Coevolution (CC) is an evolutionary computation method that divides a large problem into subcomponents and solves them independently in order to solve the large problem. In coevolution, the evaluation of an individual is determine by a set of competitions between itself and other individuals, while, in Cooperative Co-evolution, collaborations between a set of individuals are necessary in order to evaluate one complete solution. When solving a task by Cooperative Co-evolution,

a reasonable decomposition of the problem statement into components can firstly achieved. Several functions with multiple local optima and one global optimum had been considered and the cooperative co-evolutionary algorithm proved to be effective [44] (see fig. 1.1).

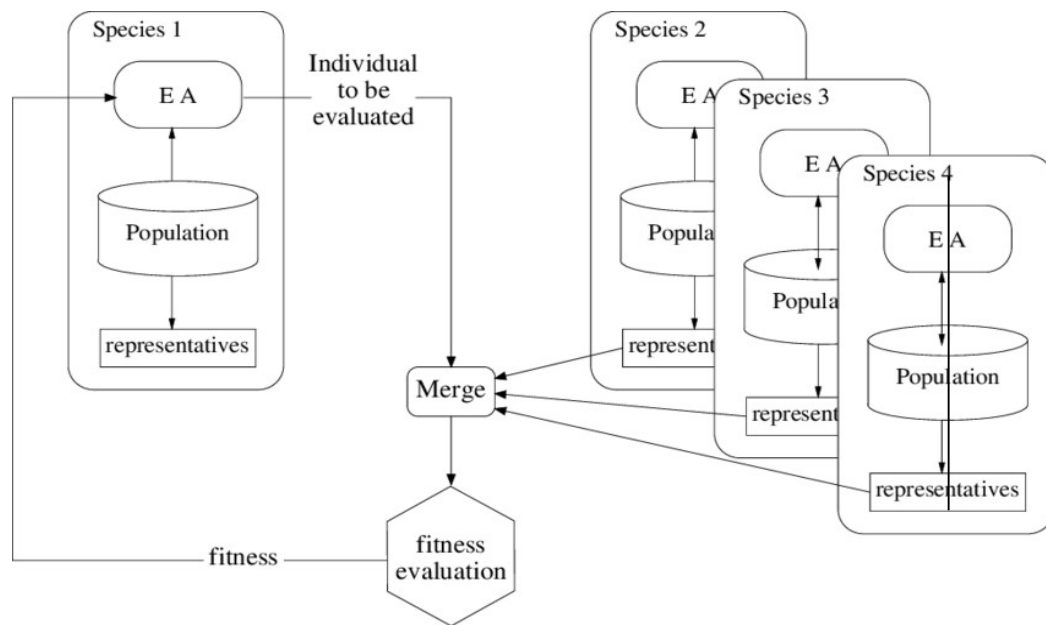


Figure 1.1 – The framework of Potter cooperative coevolution

Source: [45].

Potter's cooperative coevolutionary system. The figure shows the evolutionary process from the perspective of Species 1. The individual being evaluated is combined with one or more representatives of the other species so as to construct several solutions which are tested on the problem. The individual's fitness depends on the quality of these solutions [16].

The cooperative coevolution framework has been apply to real world problems such as pedestrian detection systems, large-scale function optimization and neural network training. It has also be further extended into another method, called Constructive cooperative coevolution [58]. In practice, it is common that different subcomponents of a large-scale problem have imbalanced contributions to

the global fitness. Thus how to utilize such imbalance and concentrate efforts on optimizing important subcomponents becomes an important issue for improving performance of cooperative co-evolutionary algorithm, especially in distributed computing environment [49].

Industrial capitalism spread across Europe during nineteenth century, workers adopted various associational forms to defend their interests. The earliest and most important of them was the cooperative society, symptomatic of the search for new sources of community life in the context of increasing social fragmentation and individualism. Workers were exploit as consumers as well as producers, and early factory masters frequently established truck shops that invariably sold overpriced and adulterated food and led to widespread debt and dependency.

British cooperators took the society founded in the Lancashire mill town of Rochdale in 1844 as their inspiration after midcentury. The Rochdale Society of Equitable Pioneers was highly successful at a time when many societies collapsed, and consequently its rules and practices seemed to furnish an ideal model. It divided trade surplus among members in proportion to their purchases (the dividend); strongly condemned the practice of credit trading; insisted that each member could only have one vote in running the affairs of the society, regardless of the number of shares held; and favored religious and political neutrality. After decades of bitter conflict within the movement between profit sharers and those who prioritized the consumer, the latter finally won out by the early 1890s.

In France, cooperative ideas can traced back to Charles Fourier's associationism, but then again there was little practical experiment before midcentury. State-sponsored cooperative production advocated by the republican socialist Louis Blanc, before and during the 1848 revolution, but real growth came much later. The Rochdale model of consumer cooperation was supported enthusiastically by the political economist Charles Gide, and a national organization was founded in 1885 to coordinate the activities of a burgeoning movement; there were more than two thousand cooperatives

by 1906, though these tended to be much smaller on the whole than their British counterparts.

Similar classes were apparent in other national contexts. Middle-class liberal intellectuals, for example, sponsored cooperatives in Italy and Sweden after midcentury.

German unique contribution to cooperative development took the form of credit societies, designed specifically to provide capital for the lower middle class or *Mittlestand*, a social group threatened by capitalist industry that played an important ideological role within liberalism. The main character was the jurist and progressive deputy Hermann Schultz-Delitzsch, who championed credit cooperatives in particular from the 1860s. There were 1,122 credit cooperatives and 250 consumer cooperatives in Germany in 1867, many of which affiliated to a federation, the *Allgemeine Verband*. The leaders of the German movement typically regarded these forms as productive of moral qualities such as thrift, respectability, and self-reliance among the artisanate.

Ukrainian cooperative movement originated in Galicia, a western Ukrainian region that was part of Austria-Hungary. Ukrainian *Prosvita* society dedicated to educational and cultural attempted to organize credit unions, stores and warehouses. The ability to do so was limited by lack of experience in economic matters. Ukrainian Galician architect, public figure and experienced organizer, Vasyl Nahirny organized *Narodna Torhivlia* ("People's Trade"), whose goal was to buy and sell products in large quantities, eliminate middlemen, and pass the savings on to the Ukrainian villagers in 1883. The first consumer associations in Ukraine were officially registered (approved by the Charter) in Kharkiv on October 6, 1866. Public figures Mykola Ballin, professor Beketov, professor Gordienko and others were the founder and Professor Garnich-Garnitsky as chairperson of the association with 356 united members. On July 30, 2013, at the XXII (extraordinary) Congress of Consumer Cooperatives of Ukraine, a decision was set

to reform the consumer cooperation of Ukraine through restructuring, namely the creation of a representative body of consumer cooperation of Ukraine to Ukrainian Central Union of Consumer Societies.

Cooperatives Europe is European regional office of the International Cooperative Alliance and acts for cooperative enterprises in Europe. It represent 83 member organizations from 33 European countries, across all business sectors (data from 2014). Cooperatives Europe promotes the cooperative business model in Europe and advocates for a level playing field between cooperatives and other forms of enterprise. Its members represent 123 million individual member cooperators owning 160.000 cooperative enterprises and providing jobs to 5.4 million European citizens. As part of the International Cooperative Alliance, Cooperatives Europe maintains the internationally recognized definition of a cooperative in the Statement on the Cooperative Identity, which defines seven cooperative principles. Over time, the international cooperative movement has made small readjustments to this first set of principles of the Rochdale cooperative. Most recent adjustment was made in 1995 at the Centennial Congress of the International Cooperative Alliance, when the seven cooperative principles were approve; voluntary and open membership, democratic member control, member economic participation, autonomy and independence, education, training and information, cooperation among cooperatives, and concern for the community. The new principles, while building on and refining the previously accepted ones, firmly positioned cooperatives as jointly owned and democratically controlled enterprises based on the values of self-help, self-responsibility, democracy, equality and solidarity [23]. Every first Saturday of July each year, Cooperatives Europe celebrates International Cooperative Day. For example, in December 2009, the United Nations declared 2012 as the International Year of Cooperatives.

In America, this was particular expression of the social economy grown from north to south. The United States of America, example, there were

29,000 cooperatives in 2009, with 80 million members. In Argentina, there were nearly 18,000 cooperatives with some nine million members, according to the International Cooperative Alliance (ICA) [23].

Mexicans involvement in cooperatives was due to lack of support. “There was few resources, the very little start-up capital and it is difficult to buy supplies and acquire infrastructure,” Alma Ortega told IPS. Two cooperatives founded by Ortega in Mexico City in the 1990s, in transportation and marketing of goods. Both were self-supporting and had 22 members. The law that regulates cooperatives, in force in Mexico since 1994, defines them as organizations based on “common interests and the principles of solidarity, self-help and mutual aid, in order to meet individual and collective needs, through the economic activities of production, distribution and consumption of goods and services. Far from being poor or representing a marginalized economy, cooperatives in Mexico have total assets of over 8.3 billion dollars, and need a law to stimulate them as well as provide them with legal security as pointed out by Ocejó. There are no exact figures for the share of GDP attributable to cooperatives, the 2007 study showed that in 17 of Mexico’s 32 states, 200 worker-managed businesses played a significant role in regional development.

“Cooperatives are a good way of creating jobs and fighting the food crisis,” said Ortega, who is a member of the independent Mexican Institute for Cooperative Development (IMDECOOP), founded in 1996. “That’s why we are working for the formation of more cooperatives, and for them to have projects with real impact [23]. The first known Cooperative in United State of America was the mutual fire insurance company founded in 1752 by Benjamin Franklin. The first dairy cooperative was found in 1810 with small locals found nationwide in 1866. The first known consumer cooperative in 1845 was Boston's Workingman's Protective Union. The country's first organization to promote cooperative values and the Rochdale Principles was the Order of the Patrons of Husbandry, known as

the Grange that started after the Civil War. The cooperative movement grew during the 1890's in response to the expansion of large corporate monopolies. The country's first credit unions were in Massachusetts, while the cooperative League of the United States of America, known today as the National Cooperative Business Association was organized in 1916 to promote cooperatives.

In the late 1960's cooperative movement entered a new phase with Food cooperatives and Food Conspiracies as an alternative to corporate agriculture that linked organic farmers to urban consumers. The cooperative model has a long history in the U.S., including a factory in the 1790s, the Knights of Labor, and the Grange. In Colorado, (USA) the Meadowlark cooperative administers the only private free land program in the United States, providing many services to its members who buy and sell together. In United States, cooperative association found in 1920. Recently there are over 29,000 cooperatives employing 2 million people with over 652 billion USD in annual revenue. To address the need for an organization oriented to newer and smaller cooperatives, the States Federation of Worker Cooperatives found after 2000 as an alternative method of employee-ownership. Employee Stock Ownership Plan (ESOP), was develop in the U.S. by Louis Kelso and advocated by Senator Russell Long to be encouraged in the ERISA law of 1974. Example, a large Southeastern US supermarket chain a California manufacturer, and a furniture-maker with earnings of more than 2 billion USD, are employee-owned. Employee-owned trusts have also developed more or less independently [28].

Industrialization led to the emergence of large centralized factory systems in urban centers. These systems disrupted the existing crafts system and many Canadian craft-men lost their power in the market very quickly. As consequence of many craft-men became poor or lost their jobs. This made craft-men to start to unite in small cooperative enterprises to provide themselves power to control their business and products they were not able to afford. This is how cooperative



movement began in Canada. Canadians went through big events in its history in the middle of the 19th century. After a sequence of rebellions, the British government by the Act of Union in 1840 united the Lower and Upper Canada into the United Province of Canada. After eight years, Canada achieved a responsible government. British ideas of cooperatives flowed into Canada and the first attempts of establishing new marketing cooperatives occurred around the 1840s. However, most of them were unstable and failed. The first recorded consumer cooperative was organized at Stellarton, Nova Scotia, in 1864. There are records that, the first cooperative bank was formed in the same year by Prince Edward Island in North Rustico. During the 1880s with the support of Knights of Labor trade union, some worker cooperatives emerged. These early attempts took place before there were any specific cooperative legislation or accepted international principles. This allowed cooperative members to create their own agile company law to follow, which was very important in the early stages of development. Rural cooperatives had a huge influence in political area. Among the main movements were the Patrons of Husbandry (1870s), the Patrons of Industry (1890s), Progressive movement (1914-1930), the western branches of the Cooperative Commonwealth Federation and Social Credit Party of Canada (both in the 1930s). During World War I rural cooperatives expanded rapidly due to consumer demand for cheaper food. Moreover, farmers explored new ways of marketing and cooperative ways of saving and borrowing money. Cooperatives who experienced bigger growth included the new multipurpose Cooperative Fédérée (established 1910 in Québec), and United Farmers' Cooperative (established 1914 in Ontario). By 1919, farmers wanted to control the marketing of their products more than they were drawn in a system so called "cooperative pooling". The principle of the system was to sign contracts with cooperative members to sell all their products through their cooperative. In return members would receive dividends. According to these principles farmers of Prairies organized wheat pools in the 1920s.

Early consumer cooperatives were created by immigrants from Europe who brought new economic ideas with them. They were British, Finnish, Italian, and Ukrainian workers, most commonly in the mining towns of Cape Breton, Northern Ontario, the Rocky Mountains and Vancouver Island. British consumer theory of cooperation dominated. The consumer movement was supported by the Cooperative Union of Canada that was organized in 1909 and particularly by its General Secretary, George Keen.

In 1900 Alphonse Desjardins founded a banking cooperative or his first cuisse popularize in Québec now known as Desjardins Group. Using connections within the Roman Catholic Church and with key political figures Alphonse created a foundation for this movement before his death in 1920. During the 1930s financial cooperatives in particular the credit unions gained huge support from the Antigonish movement through Jimmy Tompkins. In 1931 he made Roy Bergengren of the Credit Union National Association to present the value of cooperative credit societies. Within one year a credit union act passed. From 1933 with the first appearance of credit unions in Nova Scotia the wave of cooperative banking spread over Maritimes [28]. By 1939 there were 148 credit unions in Nova Scotia, 68 in New Brunswick, and 37 in Prince Edward Island. The Nova Scotian League with many other credit union leagues emerged in the late 1930s. It later joined the Credit Union National Association in the United States, and as a response to that, the nationalist group from Acadians soon developed their own credit union central and insurance company. The movement got even more power with the appearance of insurance and trust companies in the 1940s and 1950s in Québec, Ontario and Saskatchewan. Ideas of cooperative housing were emerging in the minds of movement leaders before World War I. Governed by high principles and inspired by a 1910 speaking tour of Henry Vivian, a cooperative leader from Britain invited by Earl Grey, George Keen.

After World War II, some citizens of the biggest cities in Canada started to

independently organize housing cooperatives and sometimes, living communities. Cooperatives continued to develop during 1960 and 1970s by the same way. In the 1960s and 1970s, worker cooperatives began to appear in Montréal, Toronto, Vancouver and Victoria. They helped to develop similar coops in many areas of industry including energy, bakeries, tourism, crafts, restaurants and some social services. It was common in Canada for proper health services, especially in lands with low population density. This caused most rural cooperatives to make arrangements with doctors for their members as early as the 1920s. In the 1960s, inspired by the Beveridge report that British government started to implement after World War II, the Canadian government introduced universal health care in Saskatchewan. Which led to strikes of the province's doctors, and cooperatives health clinics started to appear in Saskatoon [55]. The first known cooperative in Australia was establish in Brisbane in 1859 for consumers. Interest in cooperatives in Australia over the years, rises and fall. Many cooperatives have not survived due to a number of reasons, including pressure from non-cooperatives, changes in economic conditions, internal turmoil and changing government and trade union support [31]. Some cooperatives managed to adapt and transform themselves to fit in the changing environment. The Cobargo Cooperative Society on the NSW far south coast began in 1900 as a butter factory but today sells rural supplies, hardware and fuel. The Adelaide Cooperative Society, a Rochdale style consumer cooperative, was establish in 1868 and operated successfully for almost a century. It have been important for the economic vitality of many urban and rural communities in Australia.

Consumer cooperatives declined in 1940s, with internal division and little support from the political and industrial arms of the labor movement. Perhaps the most notable collapse was of the Newcastle and Suburban Cooperative, which went from having 98,000 members, 1450 employees, 15 retail stores and 11 service stations in 1974 to closing seven years later.

Australia's first agricultural cooperatives were formed in NSW and Victoria in the 1880s among dairy farmers to bypass agents, sell their products for a better return and raise capital to build factories for processing milk products. Since then, agricultural cooperatives have helped rural farmers process and market their products, improving profits for their members. Asian societies adapted the cooperative model, including some of the most successful in the world. Crises were generated by traditional inequalities and the shareholder model continues to require civil society and entrepreneurial responses, like the Citizens Coalition for Economic Justice in South Korea, the Seikatsu Club Consumer Cooperative in Japan, and the Self-Employed Women's Association in India. Other noteworthy efforts include Sophon Suphapong's efforts as governor in Thailand with agricultural co-ops and Antonio Yapsutco Fortich's contributions in helping the Philippines formulate a cooperative strategy with sugar workers [53].

So, organizational principles are understood by members of cooperatives as the vital characteristics of the system. Co-operation co-evolution brought change in socially transmitted beliefs, knowledge, customs, skills, attitudes, languages, and others contribute to the global fitness. European cooperatives spread faster and all of them have the first cooperative established in Britain by the pioneers in 1825 as proto-type. On the American continent, there were different kinds of cooperative undertaken by members depending on the kind of activity. Many cooperatives faced challenges such as the Mexicans who were mostly facing lack of support from their government. British ideas of cooperatives flowed into Canada and the first attempts of establishing new marketing cooperatives occurred in the 1840s. Australia and Asia also adapted the co-operative movement to help their agricultural sector move in fast pace which brought positive change in their economy.

### 1.3. Legal foundation of cooperatives in Africa

European colonial settlers formed many of the earliest African agricultural cooperatives in the formal, institutional sense of the word in cash crop markets as they attempted to make their colonies' production processes more efficient and profitable.

Upon independence, African governments saw these groups as the key to spurring broader economic growth, and began devoting more and more attention to them. This attention soon, however, turned stifling. In many cases, farmers were forced to join cooperatives and were not allowed to market their products outside of the institutions. The groups had strict price controls that were designed to limit farmer profits and maximize government earnings. Unsurprisingly, farmers began to lose interest in cooperatives as their ownership over them diminished, and the groups, now effectively run by the government, grew to become mismanaged, inefficient and corrupt.

African governments began to loosen their grip on cooperatives in the 1990s, allowing them more autonomy and once again became user owned and user controlled. The shift was complicated as many cooperative leaders took advantage of their new autonomy to defraud the organizations, and without the government propping up these inefficient institutions many had no real chance of survival. Cooperatives are now enjoying a renaissance and significant increase in popularity. Cash crop markets in particular have seen many of these groups emerge, due to the fact that the value chains for such crops tend to be more organized, and because farmers have a lot to gain from the ability to play a larger role in the marketing of their goods [4].

The stages of Africa cooperative movement are described as:

- I. Colonial Period experienced the evolution and development, which described

as a Top-down Approach cooperative Movement, which left behind relics of British, French and Belgian cooperative traditions. (i) The British promoted a unified cooperative model which saw cooperatives grow into powerful business ventures that, through vertical structures, controlled much of agricultural production, marketing and processing in rural areas, in particular with regard to export crops. (ii) The French introduced so-called "Sociétés Indigènes (which became Africaines) de Prévoyance" in the early 1920s as semi-public organizations officially formed to foster rural development, but in practice used to dominate the rural populations and collect taxes, with little economic and societal importance. (iii) The Belgian and Portuguese Africa did not experience Cooperative development activities during the colonial period.

- II. Post-Independence Era (1960-1985) the newly independent governments employed Cooperatives to champion the concept of African socialism. In some countries Cooperatives received massive state support, both financial and technical; they were given marketing and supply monopolies for agricultural inputs and produce, carrying out government functions such as the management of the strategic grain reserve.
- III. Era of Liberalization Starting mid 1980s Africa experienced an era of structural adjustment, democratization, and commercialization, marking the end of government hold on and control of the cooperative movement. The state assumed facilitative role instead, restructuring the cooperative legal framework, and opening up Cooperative dominated sectors to other actors [37].

Africa cooperatives is still exhibit enormous potential for transformation. Value addition is an essential part of transforming Africa cooperatives. Areas of developing include;

- Development of industry to provide employment to the unemployed/under employed youth and marginalized.
- Sustainability and productivity management in farm produce and value chain

management.

- Processing of produce to ensure marketing as well as maintaining price levels.
- Capital formation in promotion of a savings and investment culture.
- Decent work.
- Financial literacy and financial inclusion.
- Democracy and capacity building by way of good governance and education.
- Increased social cohesion.

The focus within the African cooperatives scholarship, in contrast, has been to investigate the cooperative development nexus with utmost attention placed on tendering strategies to better equip African cooperatives with their assignment of stimulating development. Although success stories like that of Mondragon are still absent within the African context, cooperatives in Africa have also recorded impressive strides and can boast of their many contributions. Among the observable figures come from Schwettman, who noted that over 40% of African households are part of a cooperative enterprise [37]. Although large part were disregarded by many development practitioners and agencies, the contributions of cooperatives in various African national economies, particularly in employment generation (i.e. salaried jobs, self-employment opportunities), certainly deserves more praise. For instance, 63% of the Kenyan population earns their livelihoods from co-operatives [37].

Another example of the job creation ability of cooperatives can be found in Ethiopia where the cooperative sector produced employment for about 82,074 Ethiopians and generated over half a billion Ethiopian Birr in income from this employment in 2007 [31].

In acknowledging their relevance, it is also important to note that expectations of cooperatives and the context in which they emerge vary across regions. Indeed, the nature and outcomes of cooperatives in African countries significantly differ from that of Western cooperative

movement for various reasons.

Williams gives us insights into the origins of the cooperative movement in the West. As it becomes apparent, the Western cooperative movement emerged as a tool to ameliorate social ills. Example, in Europe we witness the rise of cooperatives at the onset of the Industrial Revolution and in the Midwest United States, cooperatives were formed to counteract the negative impact of the banking crises on family farmers in the 1980s [37].

By comparing the history of cooperative development in Africa, reveals a very different trajectory. Although African mutual support groups predate the Western cooperative movement and existed during pre-colonial times, the introduction of formal cooperatives in Africa was undertaken by the British, French, Portuguese, Spanish, German, Belgian colonial administrations [37].

Since, the cooperative sector was a product of colonial socio-economic design, Africans perceived formalized and institutionalized cooperatives as foreign and alien organizations. Following the independence of African states, cooperatives were then introduced under state control. Structural Adjustment Programs predicated on the assumption that African economies needed to be transformed from a state subject to a market-oriented economy. Expectedly, the inauguration of Structural Adjustment Programs induced organizational and operational changes for African cooperatives [37].

With the renaissance of African cooperatives, international institutions like the UN and ILO have come to regard cooperatives as the primary apparatus for development. Therefore, the various initiations of cooperatives in Africa always occurred as a top-down project. In the absence of organic or a grassroots character, typical for a social movement, analysts must desist from characterizing African cooperatives as movements and rather see them, as did Develtere, as a "cooperative sector" [37].

Observers and analysts with the questions, whether cooperatives can



facilitate development on the continent is largely understood in terms of their capability to yield employment opportunities and reduce poverty as a result. The discussing of employment creation by the ability of cooperatives must be note that availability of gathering of new and old data is link with severe obstacles. Distinct from Western cooperatives, African cooperatives remain rather informal and consequently poorly documented.

Nevertheless, Schwettman is convinced that cooperatives can be an engine for poverty reduction and employment creation. He emphasizes the fact that cooperatives provide members with economic services and sees their greatest potential in creating self-employment opportunities. Pollet statistics confirm Schwettman's optimism. His data shows that an estimate of 79433 people working in cooperatives in Uganda, 66252 in Zambia and 1,803,455 in Kenya in 2009 [40]. In addition, Develtere et al also gives us examples of profitable African cooperatives and allude to their employment creation and poverty reduction capacity. Mwalimu Savings and Credit Cooperative Society comprising of 44,400 members, for instance, is one of the most profitable cooperatives in Kenya with an annual revenue of Kshs. 711,562,812 (98,828,816 USD). Likewise small cooperatives can demonstrate commercially viability and offer sustainable livelihood as the example of Rooibos Tea Cooperative in South Africa reveals. The 36 members corporative generates a yearly income of 1,250,000 South African Rands (198,413 USD) [37].

Aside job creation, cooperatives equally feature other relevant elements that are often disregard in the cooperative discourse. African cooperatives have furnish with a developmental mandate, many scholars in the cooperative literature fail to critically engage with the concept of development. The dominant approach has been to interpret development mainly as economic growth, rather than applying a more comprehensive definition of development. As a result, the study on African cooperatives has been limited. With the nucleus on the economic outputs, the

intrinsic democratic and cultural values of African cooperatives are largely neglected. Yet these immanent values play a significant role in the development process as it shall become evident.

Develtere explores the reasons for the rapid growth of cooperatives in developing countries despite their colonial history. One of the answers can be found in the nature of cooperatives and the way in which it harmonizes with indigenous culture. The distinctiveness of cooperatives compared to other modes of economic organizations, stems from their adherence to the seven principles [37].

In the same manner, Schwettman refers to an existing socio-cultural base for the promotion of cooperatives. According to him, self-help groups that embodied virtues of cooperation, mutuality, reciprocity and solidarity were prevalent in pre-colonial African societies and to that effect these virtues are not new to Africans. Tontines and susu (African terms for rotating savings and credit associations) as well as burial societies and mutual working sharing schemes for large, labor intensive ventures are among some of the examples of traditional voluntary and ethnic associations that provided services for the collective interests [8]. Many of these mutual assistance associations have persisted (particularly in rural areas) and evolved with time but still managed to retain their essential features and values. It is clear, therefore, that Africans are not alien to the concept of cooperatives. Accordingly, theoretically speaking, cooperatives form a more favorable and familiar business model over other types of business associations that are often rooted in Western philosophical thought.

Very true that, cooperatives are primarily businesses. To personalize cooperatives is to limit our scope of analysis and deny the politics surrounding cooperatives in African environment. For instant, the inauguration of formalized cooperatives first by colonial powers and later by African governments clearly reveals a history of politic as previously elaborated.

In addition, cooperatives have been rendering some social welfare services

that are usually regard as the function of the public sector. In many African countries, the provision of social services like health insurance by the government is marginal to non-existent. Cooperatives, therefore, represent a valuable substitute for these lacking services. Members of cooperatives provide traditional mutual support where there are instances of sickness, funerals, unexpected business expenses and other urgent life matters [8].

In Ethiopia for example, cooperatives offer social protection to their members by lending money in the case of financial difficulties. As a result of these financial services, members abstain from selling their productive assets [37].

Neo-liberal model was put inside economies of developing countries into the global capitalist system and in so doing serve the financial interests of transnational corporations. Considering their democratic and ethical nature, cooperatives certainly present an alternative economic variant to the neoliberal developmental approach promoted by the IMF and World Bank. Unlike the individualistic profit centered business model advocated by neoliberals, cooperatives present multiple benefits including job creation and advocacy opportunities and social integration and protection. The importance of cooperatives in African nations can hardly be dismiss but nonetheless, they also exhibit some shortcomings and deficiencies.

Given the weak democratic institutions and practices in various African countries, the question of whether cooperatives can create a democratic space in a non-democratic environment translates into a critical matter. In her article *Workers' Cooperatives and Social Enterprise: A Forgotten Route to Social Equity and Democracy* Rothschild challenges the notion of interpreting democracy in a strictly political sense. Instead she suggests the inseparable interrelation between political democracy and economic democracy [37]. To Rothschild, democracy can only be meaningful, if it interfuses the political, social and economic sphere of people's lives rather than the political domain exclusively. Rothschild does not

stand alone in the democracy in economic institutions academic tradition. As we learn from Hill, Colander equally made a case for the democracy in the workplace argument [37].

Additionally, Ake suggests a more extensive perspective on the democracy and development linkage and holds that Africans do not excrete political democracy from economic democracy [37]. In other words, the demand for economic development is paired with the cry for political democracy and as such the anticipation is that cooperatives will meet both expectations. In transferring Colander, Rothschild and Ake's argument into the African context, what can be said is that cooperatives presumably lack the capacity to transform the entire political arena (many of them are perceptible corrupt) of African countries.

Notwithstanding, cooperatives can provide their members with a democratic space and experience in an undemocratic environment by virtue of their democratic character. It is widely accepted among critical development thinkers that the neo-liberal framework suffers from universalism, Eurocentrism and ideological bias.

Emana tells us that cooperatives in Ethiopia encounter immense obstacles. For though their role and responsibilities in the Ethiopian economy is rapidly increasing, their limited policy advocacy capacity impede their ability to assume new scope of engagements.

To add to this, Ethiopian cooperatives are struggling to design an effective internal governance mechanisms and a system of decision making that will allow them to respond to external priorities, market opportunities and the changing Ethiopian socio economic environment. Emana, alludes to the need for human resource development to counteract the technical skills confinement (i.e. cooperative management skills) various Ethiopian cooperatives encounter [37].

Another challenge with African cooperatives is that they can easily be abused for political purposes. Develtere et al. 2009 teach us about the detriment of excessive government involvement in cooperative activities [37]. During the

period of state controlled cooperative development, which stretched from post-independence era to the liberalization years in 1980s, African cooperatives lost their autonomy and built a dependency on government. For example, membership in rural cooperatives became mandatory in Tanzania following the transition to socialism in 1967. In Burkina Faso, arable state land was only given to a person upon accepting the membership of a cooperative.

As Develtere explain cooperatives enjoyed a monopolistic status and received extensive support from the state, especially financial support. As a result, formidable growth occurred in the cooperative sector including increased membership and numbers of registered cooperatives [24].

Some members of cooperatives saw it not to be their own establishment but rather an instrument of the government and their motivation to manage cooperatives dropped. Government saw it as their duty to assume this task of preserving the functioning of cooperatives that lead to decline of member's morale in the management of their organization. Its' end gave way to the practice of nepotism, corruption, mismanagement and financial indiscipline.

Some cooperatives in Africa are not only vulnerable to politics from outside but they are equally susceptible to politics from within as the Senegalese group cases (Senegalese term for association or collective group) shows. I got to know from Kah, between 1985 and 2005 over 50 groups were formed in the town of Gossas. Women make up the majority of the membership. Essentially, these associations are seen as way to reach greater economies of scale, augment one's political power, and realize greater opportunities and profits.

The growth and profitability of the group was accompany with an increasing political voice for the women. It was observe that women, especially microcredit founders and leaders, had connected with the Senegalese government to build their social capital. These political affiliations were strategically form to gain access to funding from NGOs, government financing, and grants. In approaching the

government, the woman group leader would offer the votes of her group members in exchange for more funding.

Aside the above mention internal flaws, cooperatives can experience tension between their value commitment and their aspiration to internationalize while maintaining economic viability. In their examination of cooperatives that are expanding their markets across the board. Carruthers, discovered that global cooperatives apply strategies and organizational reforms that are in conflict with the ICA values and principles [27].

As cooperative society in Nigeria started in the 30's of the previous century after the legislative unit passed the bill about the creation of this movement. It took a couple of years for the real birth of cooperatives, but from the very beginning, such strategy appeared to be very effective. It was very hard for old-time farmers to cultivate and till the land. Before coops, each farmer was responsible for his part of the land, and only the rich ones could afford hiring additional hands. Others had to rely only on the help of their families, and it was clearly not enough. As a result, we had a situation, where the huge pieces of land were forbidden. The cooperative movement changed the rules.

People in West Africa started to group up against the hard situation. These societies were quite small and closed, so they could not beat all the challenges of those times. Not forgetting about conflicts, brought on African continent during the Second World War. These events certainly threw back in development each African country. With West Africa region in general, before and after the war it was more like the separate states with its own economic experience, left after the colonial period.

In addition to linguistic differences, we had huge cultural and political gaps between each country in West Africa.

The tendency became different right after the end of the war in 1945. The first efforts were made, when the CFA franc was created. This organization had

brought all the francophone countries into one single currency union. In 1964, the president of Liberia, William Tubman came forward with the proposal of the new union creation. This led to the agreement between Cote d'Ivoire, Guinea, Liberia and Sierra Leone, which was sign in 1965.

Talking about the real cooperative movement in West Africa after the events which occurred in 1972 was the year Nigerian head of state Yakubu Gowon and his Togolese counterpart Gnassingbe Eyadema started their campaign for the idea of integration. Their huge efforts led to the creation of the progressive cooperative unit. In 1975, the treaty of Lagos was sign.

At first, it was an economic initiative only, but it became much bigger. This agreement made a birth of one of the biggest African coop organizations ECOWAS (Economic Community of West African States).

This unit is still operating, and its main mission is to provide effective teamwork between each country in West Africa.

Nowadays leaders of ECOWAS take responsibility for improvement of living conditions for the people, ensuring the economic growth and further development of this part of Africa.

The main idea of cooperative movement is simple and quite logical. It is very difficult to survive by oneself, regardless of whether it is a question of growing crops or providing political programs [27].

Therefore, analysis of African cooperatives taught us how cooperatives were treat as the solution to development nor should they be completely disregard. Now cooperatives is view as one viable solution among many other possible solutions. Since development is a comprehensive and complex process encompassing cultural, environmental, political, economic and social ingredients, it demands for the involvement of various actors.

## Conclusions for chapter 1

In conclusion, cooperatives have been born due to low resources and hard conditions. Some group of people with common aim were facing and thought of it that only co-operation can help solve their problem.

Examples are Rochdale Pioneer Society, which was the first by its kind and Indian co-operation started as means of ensuring the poor to equipped citizen advantage of which people were able to facilitate their own individual resources.

In all, we could see that every cooperatives started because of lack of group of people needs to deal with a kind of situation as factors that gives birth to cooperatives.

Organizational principles are understood by its members as the vital characteristics of the system. Co-operation co-evolution brought change in socially transmitted beliefs, knowledge, customs, skills, attitudes, languages, and others contribute to the global fitness.

European cooperatives spread faster and all of them have the first cooperative established in Britain by the pioneers in 1825 as proto-type. On the American continent, there were different kind of cooperative undertaken by members depending on the kind of activity.

Many cooperative faced challenges such the Mexicans who were mostly facing lack of support from their government. British ideas of cooperatives flowed into Canada and the first attempts of establishing new marketing cooperatives occurred in the 1840s. Australia and Asian also adapted the co-operative movement to help their agricultural sector move in fast pace which brought positive change in their economy.

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cooperatives is view as one viable solution among many other possible solutions. Since development is a comprehensive and complex process encompassing cultural, environmental, political, economic and social ingredients, it demands for the involvement of various actors.

## CHAPTER 2

### COOPERATIVE SECTOR OF THE ECONOMY OF GHANA

#### 2.1. Agricultural cooperatives in Ghana

The structure of Ghana Agricultural Cooperative consist of production and marketing which have under them yields, efficiency of tech, and revenue.

- With production, members are giving assistance to get access to technology such as farm tractors, water irrigation machines, spraying machines, and others in order to make their work easier for them. Also they give their members farm inputs such as fertilizer, seeds, insecticides, pesticides and many others. By these provisions, farmers are able to produce more every seasons unlike the olding days or individual farmers does not join any cooperative.
- Marketing, members get support from the association to taking them through a right channel to the market with little or no charges. These activities are normally perform by the cooperation or sometimes their partners who charges them reasonable fees. They help them to sell their product with much product where the cooperative also take small part of the money as their revenue (see fig. 2.1).

An asset is a resource with economic value that an individual, corporation or country owns or controls with the expectation that it will provide future benefit.

Production and marketing challenges facing small-scale farmers in Ghana resulted in renewed interests of governments, donor agencies and private agribusiness companies in form farmer groups to help address these challenges. Using recent survey data of 412 small-scale rice farmers from northern Ghana, we examine the role of farmer groups in improving yield and technical efficiency.

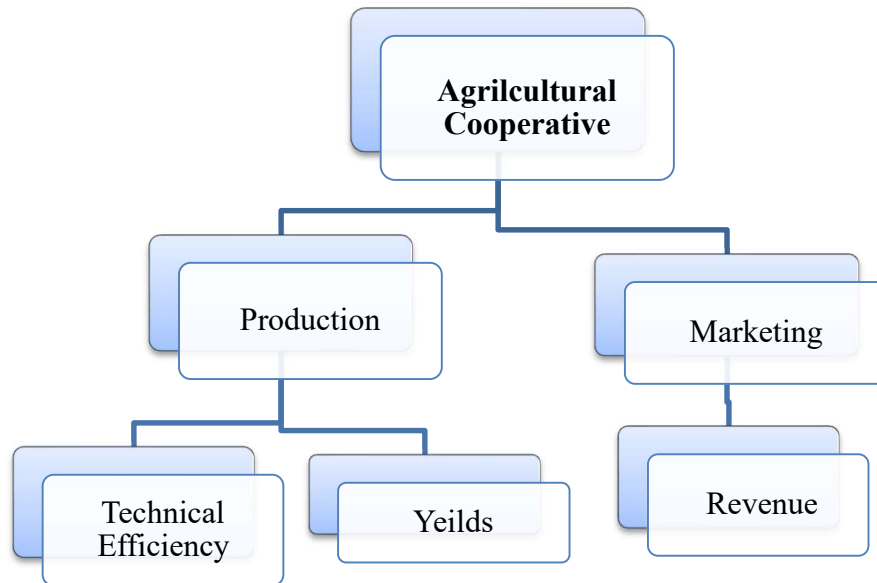


Figure 2.1 – Structure of Ghana Agricultural Cooperative

Source: created by the author.

Due to self-selection into farmer groups, I use a sample selection stochastic production frontier model to account for potential selection bias arising from observed and unobserved attributes. The empirical results reveal that participation in farmer groups is associated with increased yield and technical efficiency, relative to farmers who produce and market price individually. The results indicate that production affect farmers' participation constraints and argue that a diversification of contract offers might increase the willingness of farmers to participate in farm organizations. This has implications for cooperatives who aim at develop stable long-term relationships with farmers.

Transportation and communication networks are effect on farmers' choice of market channels for vegetables and cereals, and subsequently on the prices they receive from these channels. Small-scale farmers sell more to informal channels thus local traders and input dealers, and typically receive lower prices from them compared to the government-set minimum support prices. Economic results show that farmers' access to transportation and information enables them to obtain better

price terms from informal as well as formal channels. The effect of information is relatively stronger, implying that farmers' access to transportation itself is not sufficient but is effective when combined with provision of market information. Despite a positive impact of the improved market access on price realization from informal traders, farmer-trader relations are unlikely to undergo a meaningful change because of the tied transactions involving inputs, credit and outputs.

Farm Based Organizations (FBOs) are set up by government agencies, NGOs, and private organizations and individuals. In Ghana, agricultural extension agents (AEAs) play a very important role in the establishment of FBOs, especially when FBOs are set up through government projects. The survey shows that a variety of people initiate FBOs including individual farmers, officials from government ministries and agencies (usually AEAs), NGOs, chiefs and opinion leaders. We used opinion leaders in the survey to include teachers, assembly men and women, members of parliament, retired public officers, and some elders of the communities. For analysis purposes, we have differentiated between FBOs that are started by farmers themselves and those started by external agents. In the subsequent analysis, we will refer to those groups initiated by farmers themselves as "self started" FBOs and those started by AEAs, NGOs, chiefs and opinion leaders as "externally started" FBOs [11]. Dr. Fialor says though cooperatives in Agriculture play very significant roles worldwide, they should not be seen as ends in themselves in the fight against food insecurity. He says cooperatives become relevant in developing countries where the individual farmers have small means and are not adequately empowered to cultivate large acreages, cooperatives become relevant in helping them acquire credit and knowledge to maximize production [21].

Busunya Cashew Farmers' Cooperative (BCFC) in central Ghana's 'Brong Ahafo' is a perfect example of how the strengthening of organizations positively impacts leadership in farming communities. The BCFC group was established in

2010 by the African Cashew Initiative (ACI) with the objective of improving farmers' competitiveness through training, integrating a farm management approach, and increasing cashew profit. The BCFC leadership knew little about how to manage a group and the association faced challenges such as a lack of a constitution, no clear direction, no understanding of officer duties and responsibilities, no records, and no sustainable structure or established system for member fees and dues collection. During May 30-June 15, 2014, Quartermen taught BCFC members about leadership roles and responsibilities. She helped the group develop bylaws and a simple system of manual record keeping through easy-to-understand training documents. This included journals, income statements, and daily time and production schedules to guide the group's activities. They have already sold about 36,200 kg of cashew (equivalent to approximately 28,960 USD) to the company, and Akuafo Adamfo is willing to buy their produce twice per week [43].

National cocoa farmers cooperative was launched in Kumasi by the Ghana Cocoa Board (COCOBOD) with support from the Ministry of Agriculture to influence farmers' perception about cocoa farming and encourage them to approach it as a business. The aims behind the formation of the national cooperative is to facilitate the registration of farmer associations into sustainable societies that would work on behalf of their members for their mutual benefit.

Currently, 1,342 cooperatives have been identified by the Cocoa Health and Extension Division, out of which 512 are cooperatives fully registered with the Department of Cooperatives. A total number of 146,764 farmers comprising 101,796 cooperative members and 45,068 farmers belong to associations which are yet to be registered as cooperatives. Addressing farmers and other dignitaries at the launch, the Chief Executive of COCOBOD, Mr Joseph Boahen Aidoo, enumerated COCOBOD's plans for the farmers and the cocoa sector, including plans to distribute motorised slashers for weeding through the cooperatives to the farmers

and other productivity enhancement programmes.

Mr Aidoo said COCOBOD would promote the establishment of individual service providers who would provide pruning, slashing and other essential farming services to farmers to make farming much easier. COCOBOD had plans to improve on the economic fortunes of farmers as they sought increment in producing prices at the world market [43].

In 18 sessions across all 61 districts of Ghana's Cocoa Health & Extension Division (CHED) of the Ghana Cocoa Board (COCOBOD), the Cocoa Research Institute of Ghana (CRIG) Ghana Quality Innovations (GQI) team trained 494 extension agents, regional and district officers on the impact of harvest and post-harvest practices on cocoa flavour development. The GQI team provided samples of liquor made from cocoa that had been properly harvested, fermented and dried to compare with samples made from under-fermented, over-fermented and diseased cocoa. Participants were able to taste for themselves how important each of the harvest and post-harvest steps is to producing a high quality high value product. This was the first time participants had received training on this important component of cocoa production, and the training connected existing COCOBOD training content with the specific impact on the resulting cocoa. And it was all made possible with the implementation of the World Cocoa Foundation African Cocoa Initiative (WCF/ACI) Participants expressed a profound appreciation of the unique perspective the experiential training offered and a collective agreement that the tasting component is an innovation and will enhance farmers' appreciation of the importance of the recommended harvest and post-harvest practices by COCOBOD. This new flavor based curriculum and experiential learning by tasting will continue to be offered after the project by extension agents and farmers in COCOBOD's Bunso Cocoa College; a prime example of WCF/ACI's institutional capacity building mandate in action [4].

Ghana boasts of some shining examples of cooperative success. In

particular, Kuapa Kokoo Limited, which was founded in 1993 in the wake of market liberalization, has become a major force in the cocoa industry. The organization now has 5 subsidiaries with over 50,000 members in 1,650 villages that supply over 10 percent of Ghana's cocoa. The organization has successfully increased profits and boosted the status of its members. Kuapa Kokoo has an excellent organizational structure, which seamlessly and transparently connects different levels of the organization with each other and with the broader economy. Kuapa also embraced value-adding strategies that make its products both more desirable and provide higher incomes for the collective. In addition to achieving fair trade certification, Kuapa and several partners established the Day Chocolate Company (now Divine Chocolate Company, DDC) in 1998 in the UK. The chocolate products sold by DDC are derived from the finest beans and are sold in over 10 countries worldwide. Kuapa Kokoo has a 46 percent stake in the venture.

Kuapa Kokoo owes much of its success to its well developed organizational structure, which can be described as “a mix of a cooperative, a limited liability company and a trust.” The collective has a 3 tier structure of elected officers at village, area, and national levels. Seven elected members from the village level elect three amongst themselves to the area council. And then one member from each of the 28 area councils is in turn elected to the national executive council. From there, four members are voted to the board of Kuapa Kokoo Limited and another four to Kuapa Kokoo Farmers Trust. Farmers in every village can therefore have a direct impact on board membership. It has also done a commendable job of reinvesting into its communities. The company works to improve the living conditions in farmers' communities by developing sanitation facilities, increasing access to potable water, and establishing schools. The collective has even helped farmers earn incomes beyond the harvest season by investing in maize mills, palm oil extractors, and soap making training [54].

ABOCFA is a farmer cooperative based in Suhum, Ghana, known for

producing the highest quality traceable cacao in the region. This cacao provides the classic rich, fudgy flavor that many of us grew up coming to know and love in chocolate. Organic certified in 2009 and Fair Trade certified in 2010. ABOCFA is one of four Organic/Fair Trade farmer cooperatives in Ghana. A total of 679 farmers and 166 female farmers work within the ABOCFA network, from 13 “hamlets” or communities. Every one of the 13 hamlets has 3 representatives that report directly to the ABOCFA cooperative leadership, which has annual general meetings once per year, in July. ABOCFA is unique in that not only do they use a bean tracker system to trace beans from the farmer to export (something not currently done in Ghana, since COCOBOD, the Ghanaian export body, technically owns the cacao once it’s harvested) but they also democratically decide where quality and Fair Trade premiums go every year [10].

Currently, the farmers voted that at least 50% of premiums go directly to farmers, while the remainder spent on cooperative management, certification maintenance, and community projects. Much focus and investment is also put toward quality at ABOCFA; for example, while the cacao is not centrally fermented and farmers use heap fermentation, ABOCFA trains farmers to use their approved 7 day fermentation, and raised drying processes, and evaluates each batch when it is purchased. Because it is Organic certified, the cacao is kept in a warehouse with only 3 other cooperative’s beans before export, as opposed to conventional cacao warehouses, that house hundreds of cooperatives’ beans. ABOCFA has partnered with the International Cocoa Initiative, a non profit that promotes child well-being in cocoa growing communities. Their focus on child labor issues in the cacao supply chain is an important step in enfranchising communities to eradicate the instances of child slavery and labor that have plagued the cacao supply chain in West Africa.

District Assemblies and the Ministry of Food and Agriculture District directorates survey included poverty or marginality hotspot mapping using a



Global Positioning System (GPS), a collection of primary data on household and farm level factors, and agro-ecological variables using structured questionnaires . Key informant and expert interviews were conducted. In all, 402 smallholder farmers were interviewed for the study. This comprised 139 respondents from the forest zone, 156 from the transition zone, and 107 from the savannah zone. The proportion of the respondents from the various zones (see fig. 2.2 and 2.3).

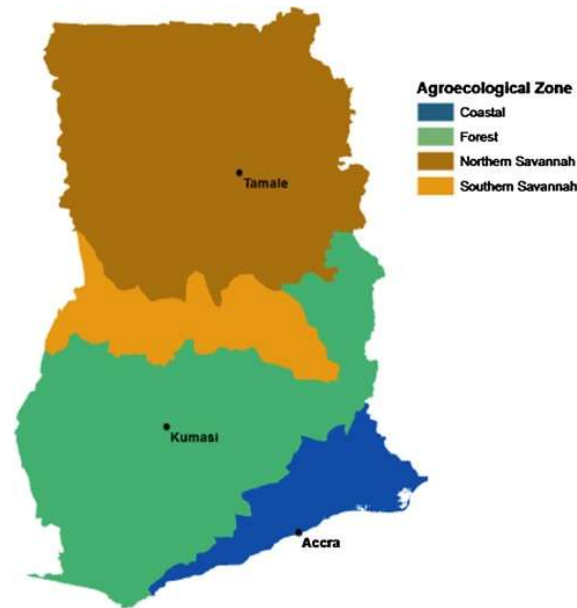


Figure 2.2 – Agroecological zone map of Ghana

Source: [20].

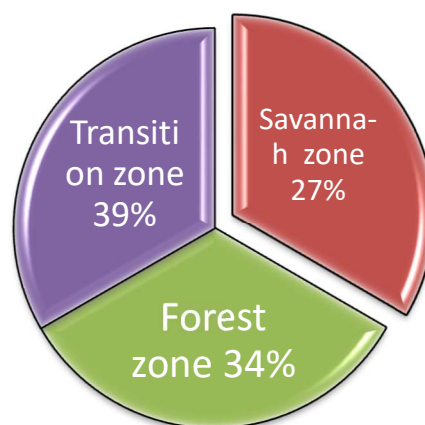


Figure 2.3 – Agroecological zone chart in percentage

Source: created by the author.

The results of the potential adoption rate (PAR) of the technologies are shown in the table below. The table presents the four farmer categories, very poor, poor, rich and very rich, aggregate value of the production goals index (G), and the production environment (E) for each of the farmer categories. From the results, the PAR for the forest zone is 23.3 %. This means that, other things remaining constant, the rate at which the technologies in the forest zone will be adopted or diffused is 23.3 %. This is, however, different from maximum adoption, which is the percentage of farmers who will adopt the technology. Predicted adoption rate for the transition and savannah zones are 22.5 % and 18.0 %, respectively. Due to the help the agric cooperatives, farmer in across the country are able to farm through out the whole year. Their performance ranked as very poor, poor, rich and very rich in all the agroecological zones in Ghana.

The table belwo show the performance and the activities farmer undertake in the three zones (see table 2.1).

**Table 2.1 – Performance and farmer activities in the three agro-ecological zones**

	Forest Zone				Transition zone				Savannah zone			
Farmer categories	V.p	P	R	V.r	V.p	P	R	V.r	V.p	P	R	V.r
Farmer categories (%)	14.4	14.4	14.4	14.4	14.4	14.4	14.4	14.4	14.4	14.4	14.4	14.4
Production goals (%)	50.6	50.6	50.6	50.6	50.6	50.6	50.6	50.6	50.6	50.6	50.6	50.6
Production environment (%)	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0
PAR (Zone)	23.3				23.3				23.3			

Source: created by the author using [38]

Where: V.r = Very poor, P = Poor, R = Rich, V.r = Very rich

The table below shows the income effect of the recommended crop technologies for the study locations. The results of the t-test showed significant differences in income between adopters and non-adopters of the technologies, except for the Kintampo South District. This insignificant difference may be due to the small sample size of adopters. The results further indicate income change from 8.6 % to 552.7 % for adopters of the various technologies. The analysis of Farm Based organizations in Ashanti region and the effect on their income. The table below gives the data of access to technology and their income effect in some selected districts in Ghana (see table 2.2).

Dominant technologies that have the potential to reduce smallholder farmers' level of poverty and marginality are: inorganic fertilizers for Afigya-Kwabre; zero tillage for Amansie-West; storage facilities for Atebubu-Amantin; marketing facilities for Kintampo South; improved varieties for Gonja East; and pesticides for the Tolon Districts. Potential adoption rate varied among the various poverty segments. The technologies have significant effects on the incomes of adopters. Fish and seafood consumption in Ghana is always higher than the global average of 17 kg/capita/year, with current annual estimates at 25-30 kg/capita equivalent to 60 % of the dietary animal protein consumed. Fish are thus crucial for Ghana's food security, which raises concerns about the sufficiency of fish production in the country. Sea fish catches constitute to the bulk of domestic fish production in Ghana, decline 2 % yearly from a base of 400,000 metric tons (MT) in 1995, whereas inland catches have flattened at about 85,000 MT since the early 2000s [20]. Statistic shows that the contribution of aquaculture to domestic fish production has overcome its historic fits and starts. Reaching about 30,000 MT in 2013, domestic aquaculture has been growing at an exponential rate of 50 % year for the past 10 years, stabilizing the deficit between domestic production and consumption.

**Table 2.2 – Technology access in different districts in Ghana and its income effect**

District	Technology	N	Per capita expenditure	Mean difference	df	t	Income effect (%)
Afigya Kwabre	Inorganic fertilizers	55 A	1171.12 Adopters	914.18	66	3.420	355.8
		13 N	256.95 Non Adopters				
Amansie-West	Zero tillage	13 A	2313.32 Adopters	1046.13	69	2.169	82.6
		58 N	1267.19 Non Adopters				
Atebubu-Amantin	Storage	47 A	7390.29 Adopters	6258.03	65	1.917	552.7
		20 N	1132.26 Non Adopters				
Kintampo South	Marketing	2 A	891.65 Adopters	70.85	87	.154	8.6
		87 N	820.80 Non Adopters				
Gonja East	Improved seeds	8 A	1018.67 Adopters	660.85	55	3.388	184.7
		49 N	357.82 Non Adopters				
Tolon	Pesticides	17 A	513.42 Adopters	173.64	48	1.701	51.1
		33 N	339.78 Non Adopters				

Source: created by the author using [38].

The figure below is the consumption of fish in Ghana from the year 2000 to the year 2020 and expected to rise more higher in the near future. It is calculated in every 5 years (see fig. 2.4).

The gap stabilized at its highest point of almost 60 % between 2011 and 2012, and is now narrowing (fig. 2.5). The growth of fish farming in Ghana has urged by many positive developments, including domestic strategic planning for the sector, improving governance and an enabling business environment that has encouraged the establishment of at least one major fish feed mill in the country and

the continuing development of a genetically improved strain of Nile tilapia.

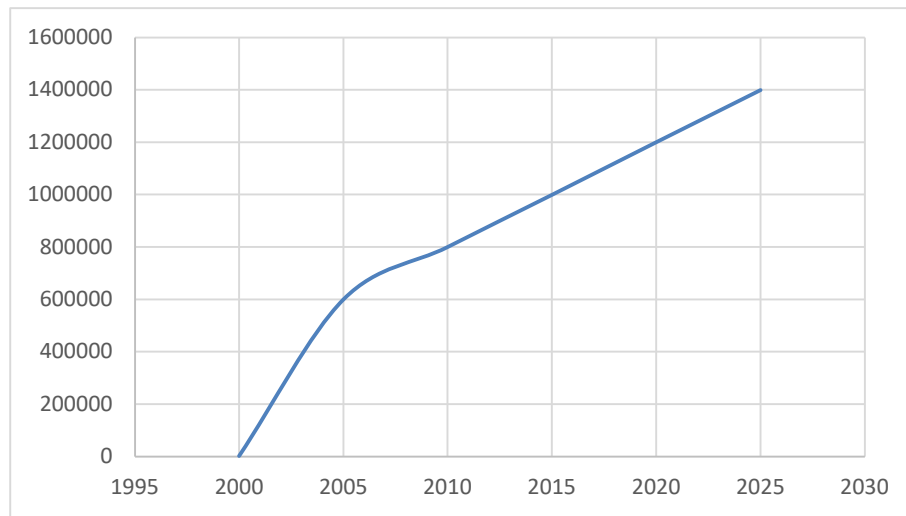


Figure 2.4 – Fish consumption in Ghana in every 5 years, 2000-2025

Source: created by the author using [38].

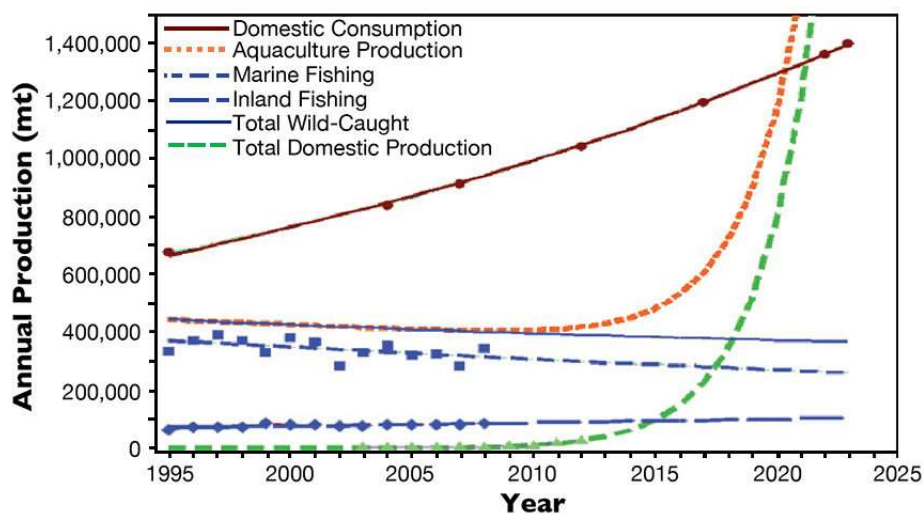


Figure 2.5 – The rate of Tilapia aquaculture in Ghana, 1995-2025

Source: [60].

About 95 % of all domestic aquaculture production reported to the Food and Agriculture Organization (FAO) of the United Nations is Nile tilapia, the rest being mostly African catfish produced in tanks or in ponds as polyculture with tilapia. Of

the tilapia production, upwards of 90 % of the total volume reported in Ghana was from cage systems, with ponds contributing only 1,000 to 1,500 MT in 2013 [26].

There are currently between 70 and 100 cage farms in Ghana. Of these, the top several farms appear to account for most of the 27,000 MT of tilapia produced in 2013. Estimated number of pond-based farms in Ghana is 4,000 to 6,000, with a total area of 600 to 1,000 ha. These numbers have not been updated since 2006, although a study published in 2008 reported an annual rate of growth in pond-based fish farms at 16 %.

About 80 % of the fish ponds in the Ghana were constructed manually, and in many parts of the country, levees are narrow and poorly compacted, and ponds may be only knee deep. While there are exemplary ponds in the country, the widespread presence of these lesser ponds indicates a lack of knowledge of pond construction or technical support from extension services, or both. And some of the causes of low productivity learned from research include the use of mostly farm-made sinking feeds or just food residues; continuing widespread use of wild, unknown and mixed strains of tilapia due to inadequate dissemination of improved strains to farmers and the hatcheries that serve them; and limited and imperfect use of sex-reversal technology.

Therefore, Ghanaian agricultural co-operatives started with cocoa farmers, with colonialists organizing labor to make production more efficient in the 1920s. With 14 primary firms in control of the cocoa industry begun to establish a set price to pay Ghanaian farmers, as to maximize their portion of end profits. In response, Ghanaian farmers began pooling their efforts and power to negotiate increased land rights and higher prices. Despite impressive growth, Agricultural cooperatives have struggled to overcome a number of hurdles and have been only modestly successful in boosting production. One major reason for this is poor linkages: farmers' links to larger, secondary cooperatives is weak, leaving them with reduced bargaining power. Although success has been modest, the social

solidarity offered by cooperatives does have intrinsic value and helps keep systems intact.

## **2.2. Loan cooperatives and credit unions in Ghana**

Credit union as a financial cooperative which is made up of a group of persons who joined together to make certain financial services available to themselves the members of the credit union. The major services offered by a credit union is to provide a facility to save money and to make loans available to members at a rate of interest lower than the commercial rate.

Globally, the system of credit union is a member owned financial cooperative that operate and controlled by its members. The concept is such that people with a common interest come together in a society, mobilize funds regularly so that after six months, when a needy member applies for a credit facility he/she would be offered with a minimum interest rate payable within a period of time. All members of every cooperative have something in common. They all fall under common bond of the cooperative, before they can become eligible to join that particular cooperative. The bond could be, for example, that the people all live in the same Parish or community or that they are involved in the same activity or profession.

To join a credit union, the members must invest a sum of money. This sum is broken down into units called shares. Under the principles and practices governing co-operatives, this investment allows the members to become owners of the credit union. Regardless of the number of shares held in the credit union, each member has only one vote.

In September 1955, the first credit union in Africa was formed at Jirapa in

the North–West now the Upper West Region. The idea was introduced by Rev.Father John McNulty an Irish Canadian. In 1960, when Pope John XXIII appointed Bishop Dery as the Bishop of Wa he encouraged the formation of Credit Unions in all the Parishes. Among them were Nandom, Kaleo, Ko, Daffiama, Wa, Lawra and Tumu. The Bishop gathered courage at that time and met the President Dr. Francis Kwame Nkrumah to discuss issues relating to the Credit Unions movement in Ghana. The President of the first Republic finally said. You are doing a good service to Ghana and I encourage you to continue and its from here that Credit Unions began to develop throughout Ghana. Memberships were consider as honour and privilege that aimost everybody wanted to be a member.

In 1967, the Credit Unions in the North were united in a chapter because the White Fathers had been advisors to all of them and Credit Unions in the south also felt a need for joining together for training programs and an exchange of experience. Following a meeting sponsored by CUMA International in Lesotho in January, 1968 the idea of a National Association in Ghana was conceived. A follow-up conference was held in April in Tamale the same year giving birth to the Ghana National Union and Thrift Association, the forerunner of the Ghana Cooperative Credit Unions Association (CUA) Limited. The duties of CUA limited were to promote, educate, organize and support the Credit Union Movement nationally and internationally [42].

Credit unions in Ghana operate with five tools namely; education, promotion strategies, obligations and members. They are explained as the following.

Education is very important in the Credit Union Movement such that it teaches the Board of Directors, Loan Committee, Supervisory Committee and the Education Committee what they could do to let the Credit Union function properly and also teaches Management about good customer care services, preparing the monthly statically reported for the Board to know whether the Credit Union is okay or not. The Credit Union members and the general public are taught how Credit



Unions are formed and types, Operations of the credit union that touches on the concept, structure and networks, Importance of the credit unions at workplaces, communities and churches. Benefits of the credit unions when you become a member.

Members and the public become aware of Credit Unions interest rate on loans is the lowest in the Financial market. The Board of Directors show free and fair attitude towards members of the Credit Unions. Staff ensure that good receptive attitude and good customer care is practiced. Always make funds available for loans to members with reference to the by- laws. Members are educate on the concept and operations of the Credit Unions. Promote the Credit Unions business and reduce the administrative cost as much as possible. Suggestion boxes are created for members to air their views about the Credit Unions operations. Dividend and interest on members shares and savings are paid.

#### Obligations:

- All Credit Unions should buy shares at CUA at GHC 500.00 per society.
- Payment of CUA dues at GHC 3.00 per member and chapter dues at GHC 2.00 per member.
- 5% CUA Central Facility Fund Deposit on Total Assets.
- Participating in CUA Risk Management Programme.
- Participating in CUA CCUPP.
- Participating in CUA Training Programme.
- Receive Auditors from CUA/DOC at every financial year.
- Organising Annual General meeting and account for their stewardship to members.
- Elect officers to serve at the society level during their AGM, officers for the chapter in their AGM and officers at CUA level during the biennial conference scheduled every two years.

Members join the credit union for Financial security that is to able to have access to funds in times of need. Secondly, owning affordable houses, the credit union assist members acquire land, building materials and putting up houses so that when they retire they may have a place to stay. The benefits are very real and reasonable such that people really need to become members to upgrade their living conditions. Members attend the Annual General Meeting of their Credit Unions listen and deliberate on the account of their stewardship. Credit unions are democratically controlled with each member of the credit union having a vote. Credit Unions are non-profit organizations. All profits are reinvested into the credit union and its community. A share of the profit is also given back to each member in the form of an annual dividend.

CUA as the apex body of all cooperatives seeks to promote credit unions development through services provided by personnel and programs by the movement. Regional branches of the National Association known as “chapters” at the moment are eleven in number, were established to promote coordination with the primary societies. CUA is affiliated with the African Confederation of Cooperative Savings and Credit Association (ACCOCSA), which in turn is affiliated to the World Council of Credit Unions (WOCCU). CUA is the umbrella body of all Cooperative Credit Unions in Ghana. It provides an enabling environment for financial and other technical services to its members and also ensuring that the Credit Union concept is promoted properly to become a household word. CUA is to regulate and supervise all the Credit Unions in the country on behalf of the Bank of Ghana and other interested groups for sanity to prevail in the market. CUA provides services to all the Credit Unions in Ghana that is examining premises and equipments for provision of licence to commence business. Secondly, providing materials to all the Credit Unions for administrative purposes. Auditing accounts of the credit unions in accordance to the law of Auditing just to ensure that there is fairness and justice in the administration of

funds in the credit unions in Ghana. Similarly, all the credit unions are requested to deposit some percentage of funds into statutory reserves and deposit guarantee schemes so that in times of difficulties, CUA provides all the financial assistance to the credit union in trouble.

CUA also meets with stakeholders in the formulation of rules and regulations of the credit unions in the country. CUA is member of the Ghana Microfinance Institutions Network (GHAMFIN) and cooperates with the Department of Cooperatives of the Ministry of Employment and Social Welfare and the Ghana Cooperative Council.

On March 2, 2009 the Black Star Line Cooperative Credit Union (BSLCCU) was born in Accra, Ghana. This for me marks the third advent of the Black Star Line with the objective of Garvey which was the economic emancipation of the African which was echoed by Kwame Nkrumah when he established the Black Star Line Shipping Company in Ghana. On the occasion of the launch of the BSLCCU at the Ghana International Press Centre, speaking as the President of the Rastafari Council of Ghana I noted, “Action they say, speaks louder than words so the Rastafari Council will work diligently for the achievement of Garvey’s dream of the economic emancipation of the African people. In that regard, Rastafari Council, Ghana will among other economic ventures, set up a Credit Union for member houses and sympathizers of the cause. This Credit Union will form the basis of an economic regeneration of Rastafari in Ghana.... Just spend a few moments and do the calculations. For a union of 300 members with minimum savings of GHC 2 each, (now GHC 10 or 3 USD) every month as suggested by the Credit Union of Ghana, how much would that be?” Those figures are from 2009, now imagine the possibilities at even a minimum saving of 20 USD per month for 500 members or more. The economic muscle that can be created would be awesome [18].

With the credit union regulations in Ghana, the CUA Limited asked the

government of Ghana to pass a law that will govern the operations of all the credit unions in order to empower them in the provision of a sustainable financial services that will improve the lives of people. The legislative instrument will facilitate monitoring of credit unions as central bank's desire and also help discourage unauthorized formation of credit unions by quacks. The CUA is the umbrella body of all credit unions in Ghana and it creates an enabling environment for technical and financial services to the members. It supervises all the credit unions in Ghana on behalf of interest groups and the Bank of Ghana in order to ensure sanity prevails in the market. It also provides services to the credit unions which involve examining equipment and premises in relation to the provision of license to start business. The CUA audits the accounts of all credit unions as per the law of auditing so as to ensure there is justice and fairness in the provision of funds by all the credit unions. Finally, the credit unions' co-operative nature provides an opportunity for the members to unite in fostering peace among themselves, while the financial nature enables them develop a habit of saving and using the finances in a wise manner [51].

The product and services of CUA are classified as the following. Deposit guarantee scheme as life get rough sometimes by internal issues or influences from the outside make our life difficult and meaningless. The same counts for Credit Unions. There might be times and dynamics that a society comes into a moment when it needs help most. A critical financial situation not only brings this Credit Union in extreme difficulties but also harms the life of its members and causes a poor image of the whole movement. CUA introduced the Credit Unions' Deposit Guarantee Scheme (DGS) to strengthen all Credit Unions and to protect the hard worked savings of their members. As a means to achieve, funds are being mobilized from all Credit Unions to the Stabilization Fund. Secondly, the DGS plans to take off fully by July this year.

How the credit unions' deposit guarantee scheme works.

- Credit Unions affiliated to CUA are automatically part of the scheme.
- At June every year 0.15% of members savings are contributed to the Stabilization Fund.
- Credit Unions make their operations transparent to CUA, the DGS and subsequently to their members.
- The DGS reviews the Credit Unions' affairs and draws strategies to address any shortcomings as soon as they are observed.
- Assures Credit Unions' members of full protection of their savings.
- Strengthens the public confidence in the Credit Unions.
- Builds up a credible image of Credit Unions in Ghana.
- The Stabilization Fund which has been established since the Biennial Conference at Ho in the year 2000, will offer security and protection for Credit Union members' savings and deposits.
- The Deposit Guarantee Scheme implements safe and sound business standards in Credit Unions' operations through monitoring and supporting services.

All ensures and uphold the integrity, sustainability and viability of the Credit Unions.

Supporting members in case of need. The Credit Union collaborates to reverse negative trends within the shortest possible time. Together with the DGS puts measures in place to safeguard further occurrence, such as business plan adjustments, budgetary controls, structural changes and financial support. The Credit Union receives support and guidance from DGS to consolidate and diversify its services by education, counseling and others means. The DGS will monitor the performance of the Credit Union to identify the inherent problems militating against its smooth operations with a view to offering corrective solutions to it.

The last thing is their future plan. They try to expand their operations and

adopt improved technological and operational methods of doing business and confidence of their members are boost by this effort and more benefits are receive from the services of the Credit Union.

There are five departments in CUA with different functions as:

1. The department of gender that ensures gender equity among its staff, members in management positions and members of the various credit union. It refers to the attribute and opportunities associated with being male or female and relationship between men and female and girls and boys. This is determine by the roles attributed to men and women in society, in public and private life. Gender issues means a lot than targeting women and recognizing the position of women in relation to men in the society.

The table below (table 2.3) is the age group with gender in percentage of their members in Ashanti region.

**Table 2.3 – Gender and Age group of Credit Union Members in Percentage**

Age Group Years	Gender		Total, %
	Male, %	Female, %	
20 - 29	17 %	5 %	22 %
30 - 39	67 %	20 %	87 %
40 - 49	51 %	6 %	57 %
59 - 60	55 %	17 %	72 %
60 and above	12 %	5 %	17 %

Source: created by the author using [38].

2. The risk management department that brings out a policy on loan and savings being safeguarded against risk in the Credit Unions operations in Ghana. The Loan Protection Plan (LPP) protects the Credit Union, Credit Union members and families of the Credit Unions members against financial loses and difficulties when Credit Union member die, or suffer disabilities

with unpaid Credit Union loans. The Life Savings Plan (LSP) insures the savings made by Credit Union members against death and disability and provides additional benefits to members' beneficiaries.

3. The department of field service reminds all individual members of Credit Union, their friends and relatives of the need to stay healthy and strong so that they enjoy their investments. They advise their members that they will not fall victim of disease, for CUA needs you and Ghana needs you. The services performed by personnel of CUA at the Head Office, that is Credit Unions assigned to them for an oversight responsibility in line with CUA's operational procedure without Audit. They work on inflows and outflows with other obligations by the Credit Unions.
4. The new department in the Ghana Cooperative Credit Union Association (CUA) Limited is the marketing or public relations department. Its oversight responsibility is to increase the level of publicity at CUA / CUs functions. They execute market research and assessments of the demand of CUs clients. They develop and implement a Public Relations strategy for CUA / CUs. Develop new products /services of CUA / CUs and publicizes them. This is done to ensure that, clients of all CUs have good customer care services and staff behave well and motivated. There is the need of members of CUs to be increased leading to an increase in the deposits in the CUs.
5. The last department is the auditing department that express an independent opinion of financial statements based on the audit. The Credit Union prepare their financial statement in the year and audit in accordance with general accepted auditing standard. This is to obtain reasonable assurance whether financial statements are free of material misstatement. It examines on text basis evidence supporting the amounts and disclosure in the financial statement.

Statistics shows that the number of registered credit unions in Ghana is 480

with more than 617,412 members in all the regions of Ghana. Among all the regions, Greater Accra is the highest represent then followed by Ashanti which also have and lowest one is Upper West having 6% in the total. The members are expected to contribute to the CUA dues and ensure that they do not fail to attend the annual general meeting during which accounts of stewardship is deliberated.

The table and chart below gives the list of credit unions registered in Ghana in all the ten regions and one city (Tema) and their percentage with values of registered credit unions in the ten region from the highest which is Greater Accra with 118 values and 87 % to the lowest of 12 values and 6 %, thus Upper West region (see table 2.4 and fig. 2.6).

**Table 2.4 – List of co-operative credit union in Ghana**

Region/City	No. of Credit Unions	Type(s)
Ashanti	76	W-work place, C-community, P-parish
BrongAhafo	35	W-work place, C-community, P-parish
Central	37	W-work place, C-community, P-parish
Eastern	35	W-work place, C-community, P-parish
GreaterAccra	161	W-work place, C-community, P-parish
Northern	21	W-work place, C-community, P-parish
Upper East	14	W-work place, C-community, P-parish
Upper West	12	W-work place, C-community, P-parish
Volta	20	W-work place, C-community, P-parish
Western	26	W-work place, C-community, P-parish
Tema	43	W-work place, C-community, P-parish

Source: created by the author using [38].



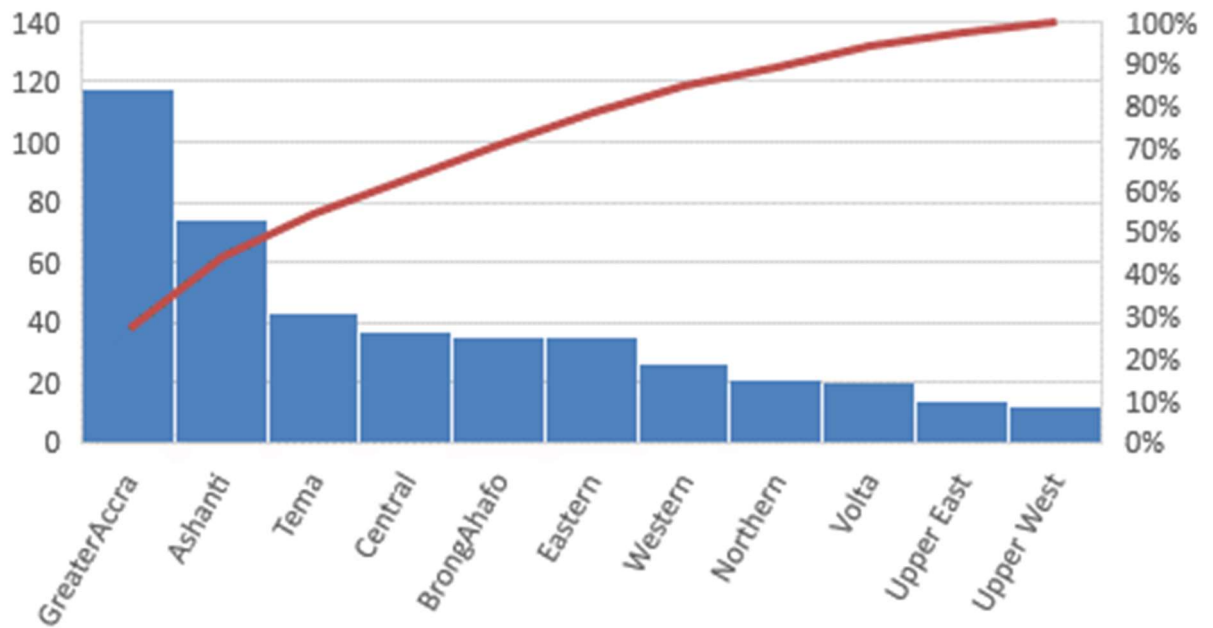


Figure 2.6 – Level and percentage of credit unions

Source: created by the author using [38].

Example of active credit union is the Teachers Credit Union in Ghana (TATCU) which have been showing strong performance since its formation. In 2011, TATCU posted 211578.55 which was an increase from GHC. 143368.86 in 2010. The surplus of the union increased from GHC 25008.42 to GHC 54307.72, which is 117.16 per cent. In the same year they had total assets of increased from GHC 657437.95 to GHC 1052577.63 which represented 60%. The members' deposits, shares reserves and liabilities stood at GH¢ 1052577.63. Membership of the union increased from 2,500 to 2,853 and at the same time the savings increased from GHC 574234.30 in 2010 to GHC 912, 221.74. Within the year, the union granted loans which brought to a total of GHC 632, 701.12 to more than 1,200 members. It is the most active operation of credit unions in Ghana since the introduction of the credit unions in Ghana. They significantly contributed to the creation of a saving culture and also provide people in the society with access to various investment opportunities to improve their lives. The unions are striving to

eradicate poverty in the society by creating wealth. The union has managed to achieve credit management, saving mobilization, service delivery, and product development [14].

So, since life sometime gets rough by internal issues or influences from the outside make our life difficult for individuals. People join credit unions for financial security to be able to have access to funds in times of need. Credit unions always make funds available for loans to members with reference to their by-laws. Profits are reinvested into the credit union and its community. A share of the profit is given back to members in the form of an annual dividend. CUA promotes credit unions development through services provided by personnel and programs by the movement. Regional branches of the National Association known as “chapters” are established to promote coordination with the primary societies. Credit unions are expanding their operations to improve technological and operational methods of doing business and confidence of their members are boosted by this effort and more benefits are received from the services of the credit union.

### **2.3. Other types of cooperatives in Ghana**

In Ghana, we have other types of cooperatives in two different forms of cooperative which are:

A. Credit cooperatives, Insurance cooperative, Housing cooperative and Housing cooperative. The number of members of these cooperatives are not limited. Members get good services from the cooperative. Members are not employed in and by the cooperatives. The value of the property share capital is relatively low. Because of large number of their members divided by relatively smaller fixed assets value is equally low value of property share capital.

B. Cooperatives where ‘members are not users’ include Production cooperative, Transport cooperative, and Construction cooperative. The number of membership is not limited to the number of existing employment in these cooperatives. Members get from these cooperatives employment and income. Members are employed in and by the cooperatives. The value of their property share capital is relatively high. Relatively high value of capital fixed assets divided by smaller number of members is of high value of property share capital.

Consumer and retail cooperatives helps in creating retail stores to benefit the consumers making the retail “our store”. They allow consumers the opportunity to supply their own needs, gain bargaining power, and share earnings. They are organized as communities, or other “local groups”, owning their own retail stores. Retail cooperatives are often found in small communities where local businesses have shut down. Examples: hardware, food, agriculture products, and even movie theaters.

In Ghana, almost every farmer cooperatives or FBO are also consider as consumers cooperative. The role played by these cooperative are not only about production of food but they also by chemicals, fertilizers, cutlasses, and others. Most of times few number of farmer like 2 or 3 comes together and purchase farming products and resale them with little profit to other famers where they serve as retailers. Kente cloth weavers are also consider as consumer cooperative and the same time as production cooperatives. They mostly buy treads in huge quantity and then share among themselves for easy and affordable prices to the materials they use in weaving the Kente cloth. Example is Ntonso village craft.

Producers cooperative are created by producers and own and operated by producers. Producers can decide to work together or as seperate entities to help increase marketing possibilities and production efficiency. They organize to process, market, and distribute their own products. This helps lessen costs and strains in each area with a mutual benefit to each producer. Examples: agricultural

products, lumber, carpentry and crafts.

Market-oriented agricultural development is a way to empower small-scale farmers in Ghana who are increasingly getting involved in commodity value chains. The position of small-scale farmers in commodity value chains is improve by enhancing their distinctive competencies. Entrepreneurs in the northern Ghana tomato industry are taking advantage of recent government policies to promote agribusiness. The competitiveness of the industry was assess and possible pathways to empower smallholder farmers to grow from supply chain actors into value chain integrators and possibly co-owners of the tomato value chain discussed.

A three days Participatory Rural Appraisal (PRA) was conducted at Veia among the 2856 inhabitants living in 625 houses in 2004. The farming systems and market opportunities of tomato growing communities situated on an irrigation site were studied. The staff of the Irrigation Company of Upper Region (ICOUR) Limited who manages the irrigation site was also engaged in the focus group discussions during the PRA. Tomato production, despite being capital intensive was the main enterprise of the communities situated on the Veia irrigable lands. This typifies the other irrigation sites in northern Ghana [1]. The root causes of the reduced levels of capital investment in tomato production were found to be the non-observance of right production techniques and absence of processing facilities in the proximity of the irrigation project. The northern Ghana tomato industry now has the potential to become competitive, and develop into a network of value chains after the former Pwalugu Tomato Factory, closed in 1990 was reopened in 2007 under new management and a new name Northern Star Tomato Company. This anticipated competitiveness of the revamped tomato industry in the northern part of the country was analyzed based on the Porter's Diamond and the typologies of value chains were proposed. It is also of the view that development workers should get farmers engaged in a few more chain activities that can enhance their

position in the tomato chain to improve their livelihood.

The content of the Farmer Field School concept for technology transfer could be improved to enhance the business skills of farmers and entire rural communities. This may diversify their activities into related enterprises upstream and downstream of the predominant primary production.

Kuapa Kokoo Cooperative Cocoa Farmers and Marketing Union Limited (KKFU) formerly known as Kuapa Kokoo Farmers Union is Ghana's pioneer and the leading producer of ethical cocoa beans. KKFU is a cocoa farmers' cooperative organization registered under the Cooperative Societies decree of 1968 (NLCD 252) and Cooperative Societies Regulations, 1968 (L.I. 604) as a cooperative union in Ghana. The Union has over 100,000 registered members who are primarily smallholder cocoa farmers organized into about 1,300 communities in 57 primary Societies (District) in six cocoa growing regions [48]. KKFU gained Fairtrade certification in 1995, to supply ethically produced cocoa beans to the certified market. This made Kuapa Kokoo the first Fairtrade Certified small-scale farmers' organization in West Africa. Additionally, the organisation has gained both UTZ and Rainforest Alliance certification status enabling it to sell certified cocoa beans under these two schemes.

Cocoa production in Ghana have contributed much the socio-economic development the country. Cocoa production has been continuously increasing over the past 40 years. Up to 87% of cocoa beans are traded on global commodity markets. The cocoa market is prone to trends and fluctuations between chaotic booms and busts triggered by political instabilities, weather-related production deficits and overproduction. Ghana is the second highest of cocoa production in the world since 2000 to 2020 (fig. 2.7).

Service cooperatives are a type of "consumer cooperative" which help to fill a need in the community. They allow consumers the opportunity to supply their own needs, gain bargaining power, and share earnings. They give members more

control over the services they offer. Examples of service cooperatives are insurance companies associations, transport associations and others.

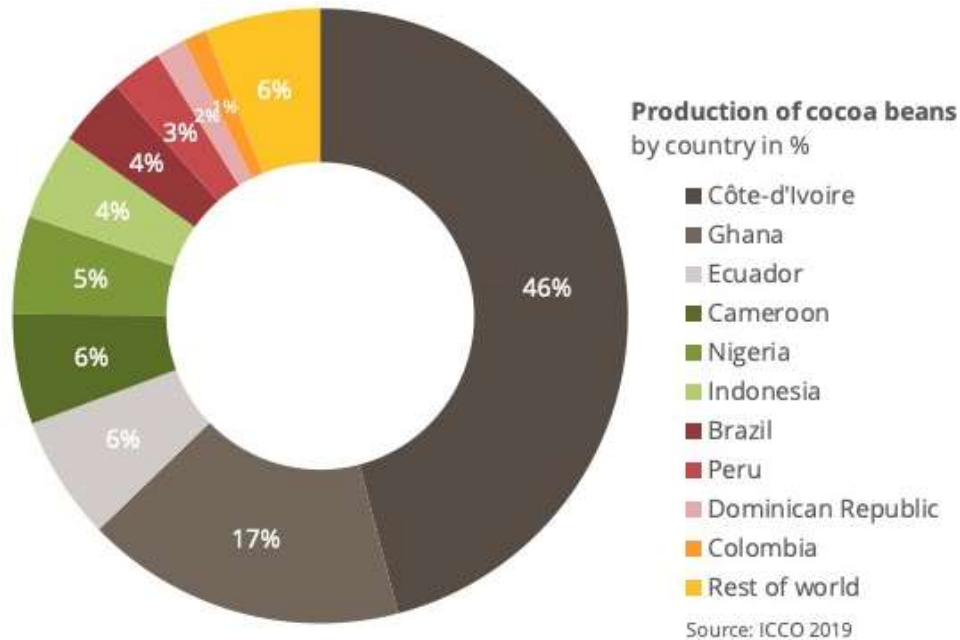


Figure 2.7 – Main countries-producer of cocoa

Source: [33].

Ghana Insurers Association (GIA) is the trade Association for all companies licensed and registered to transact insurance and reinsurance business in Ghana. Ghana Insurance Industry traces its root to the colonial era when insurance business was transact through foreign trading companies who acted as chief agents of insurance companies in the United Kingdom and elsewhere.

In 1924 Royal Exchange Assurance Corporation which was then represented by its Chief Agent, Barclays Bank, opened its branch in the Gold Coast. It then became the first insurance company to operate in Ghana. Now known as Enterprise Insurance Company after going through a series of changes. The Gold Coast Insurance Company was the first local insurance company established in the Gold

Coast in 1955. It was then name as Ghana Insurance Company when Ghana gained its independence. It traded mainly life assurance policies targeted at Gold Coasters and other Africans in the Gold Coast.

In 1958 a second local company, Ghana General Insurance Company was established with Ghanaian and American shareholders to underwrite fire and motor insurance business. The State Insurance Corporation was incorporate in 1962 by an Executive Instrument (EI 17), when three existing insurance companies (Gold Coast Insurance Company, Ghana General Insurance Company and Cooperatives Insurance Company) were merge by the Government to form the State Insurance Corporation. The year 1972 was a significant year for the development of insurance in Ghana. A number of insurance related legislations were pass. There was degree, which made it compulsory for all insurance companies operating in the country to incorporate in Ghana with their head offices also located in Ghana, with 40% of the shares owned by Ghanaians [33].

The Ghana Insurers Association (GIA) was registered under the companies' code, 1963 Act 179 on May 24th 1988 and was inaugurated by the PNDC Member responsible for Finance and Economic Planning, Alhaji Mahama Iddrisu on 7th October 1988. The Association was christen Ghana Insurance Association at inception but the name was later change to Ghana Insurers Association in January 1997 to reflect the membership as insurance and reinsurance underwriting companies. In line with the need to make the Association responsive to the changing needs of the industry, a new constitution was promulgate in 2009. The Association was establish with the aim to bring together the insurers transacting insurance business in Ghana for the purpose protecting, promoting and advancing their common interest [9].

Since formation of the association, it has contributed significantly to the development of insurance education and capacity building in Ghana. It was instrumental in the introduction of B.sc Administration (insurance option) at the

School of Administration, University of Ghana. It also contributed significantly to the formation of the Ghana Insurance College. The Fire Service Maintenance Fund that was recently established is another role the Association is playing in the management of risk in the country. The Association is also on the board of National Road Safety Commission and makes very significant financial contribution toward the programs of the Commission aim at improving road safety in Ghana. Establishment of insurance clubs in schools is very important in the socio-economic development of nations and people. The Board of the Association believed that inculcating insurance knowledge and benefits in our children who are the future at an early age would ensure that insurance becomes a way of life in Ghana in few years to come. This is a sure way of developing the interest of children in insurance and making them insurance ambassadors and influencers even of their parents and communities about matters relating to insurance. The first Insurance club for schools was established and inaugurated at the Kanda Cluster of Schools in July 2016 as the hope of the Board of the Association that, the model would be replicated in other schools all over the country [22].

Top ten insurance players had 72.72% of the total gross written premium for 2018 underwriting the year with the remaining 19 companies having 27.28% of the market share. The top ten had GHC 904,186,959.28 (USD 173,882,107.55) in gross written premium with the other 19 companies having GHC 339,159,030.06 (USD 65,222,890.39). The breakdown and graphical representation of the top 10 players of Ghana Insurance Association is shown in the table 2.5 and fig. 2.8. [22].

Complaint Management and Advice Bureau is way of addressing misconceptions and inducing the interest of the Ghanaian populace in insurance. With clear objectives of promoting self-regulation, making insurance services better, building consumer confidence as well as increasing insurance penetration in Ghana, CMAB was officially launched on 1st June, 2018. Since its inception in

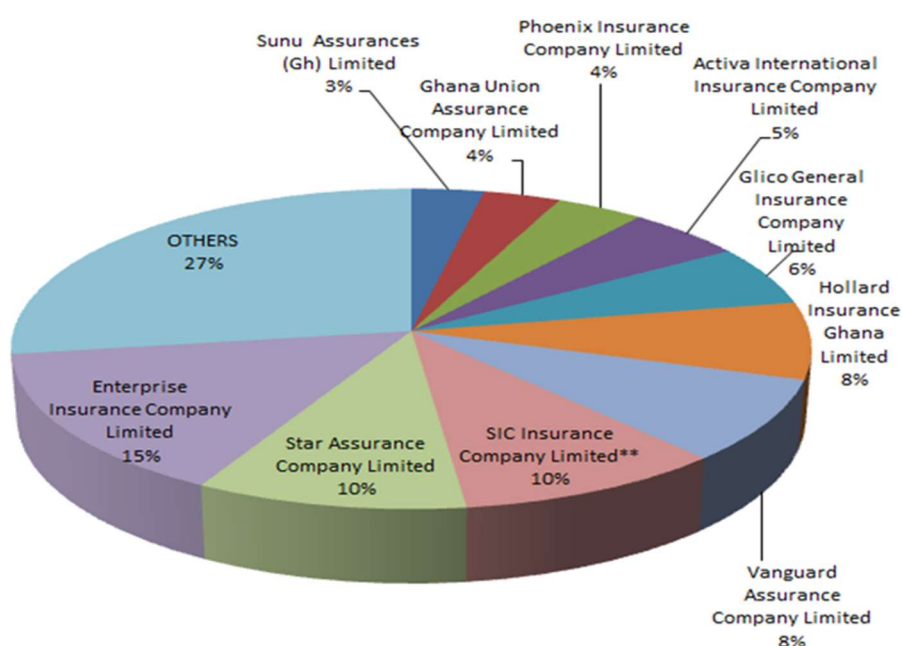


2018 to date (Nov. 2019), CMAB has assisted over three hundred (300) clients of GIA member companies in addressing their complaints as well as providing professional advisory services at no cost to clients [29].

**Table 2.5 – The gross premium of Insurance companies in Ghana**

Company	Gross Prem (GHC)	Gross Prem (USD)
Sunu Assurance (Gh) Limited	40,490,891.90	7,786,709.98
Ghana Union Assurance Company Limited	43,164,998.00	8,300,961.15
Phoenix Insurance Company Limited	49,107,975.00	9,443,841.35
Activa International Insurance Company Limited	66,241,212.00	12,738,694,.62
Glico General Insurance Company Limited	74,913,380.38	14,406,419.30
Hollard Insurance Ghana Limited	96,819,681.00	18,619,169.42
Vanguard Assurance Company Limited	104,303,128.00	20,058,293.85
SIC Insurance Company Limited	122,052,926.00	23,471,716.54
Star Assurance Company Limited	122,811,363.00	23,617,569.81
Enterprise Insurance Company Limited	184,281,404.00	35,438,731.54
OTHERS	339,159,030.06	65,222,890.40
<b>Total</b>	<b>1,243,345,989.34</b>	<b>239,104,997.95</b>

Source: [22].



**Figure 2.8 – Graphical representation of the top 10 players of Ghana Insurance Association**

Source: [33].

In the 1950s, trunk roads in Ghana were not in good condition and majority of them were not tar, making travelling an unpleasant pastime. The trucks had wooden planks seats with nickname boneshakers because they shook your entire body when travelling on the rough roads. There were accidents involving the wooden trucks which many people got injured by the broken woods and in the early 1980s a ban was placed by the Government on the use of wooden trucks for transporting passengers. The wooden trucks gradually phased off and replaced by metal trucks called in local language as “Watonkyene” for carrying passengers on long journeys.

Road Transport Operators are made up of Government and private Transport companies as well as various Transport Unions in the road transport industry. The state owned companies include the Inter-City STC, the Metro Mass Transit and the more recent BRT Aayalolo whose operations are currently limited to 3 routes within Greater Accra. Metro Mass Transit services were initially involved in providing this service but now it has shifted majority of its services to the intercity.

The private road transport unions are the Ghana Private Road Transport Union of TUC (GPRTU of TUC) which controls quite a large percentage of the transportation business, and about 24 Unions and 6 Companies under the umbrella of the Ghana Road Transport Coordinating Council (GRTCC). Under the GRTCC, the Progressive Transport Owners Association (PROTOA) and the Ghana Cooperative Transport Association (GCTA) are the oldest unions that have most branches. Ghanaian adventure seekers who returned from Nigeria under an aliens’ expulsion order brought in some Urban mini buses to operate Tro-tro services within the major cities. Before the emergence of the mini buses to operate tro-tro services the OSA was operating an efficient intra-city bus services that has been unrivalled up to now. From their Opera Bus Terminal in Accra Central the OSA operated scheduled numbered buses to reach every suburb of Accra, which had by then not widened to its present size [29].

Currently, road transport in Ghana carries over 95% of all passenger and freight traffic. Most remote areas can be accessed by roads, some of which are in very deplorable state, clearly noticeable during rainy seasons. The modes of passenger transportation in Ghana are public and private. With public transportation, you choose to join a shared taxi or bus or tro-tro from a terminal or at a designated stop along a route and pay for the service which is relatively lower while private you may travel in your own vehicle or hire one at a higher fee to travel at your own convenience. Operation of the passenger services are done by Transport Unions and Companies. Unions are made-up of vehicle owners, owner-drivers and drivers but significantly the last two. Most passenger preference shifted from mini-buses to high occupancy buses for more comfort and safety. Videos and feature films are shown to passengers on route. It is also a fact that drivers of big buses have more training by their employers, hence are more cautious on the roads. In the major cities commuters to and from work rely on transportation services popularly known as tro-tro, operated by the private road transport Unions.

Government provides logistics and financial support to assist the transport Unions to acquire vehicles and other inputs to boost their business to provide affordable means of transportation for the citizens and also to reach remotest parts of the country with their services. The Ministry with oversight responsibility for transport is the Ministry of Transport (MoT), the GPRTU of TUC and the GRTCC have a modality in place for fare fixing for the Unions and is reviewed annually. Prices of petroleum products, spare parts and other components determine the cost of operations and are considered when revising fares. Companies in membership of the GRTCC are not bound by the fares fixed and have their own way to determine flexible fares. They are not influenced much by directives from the GRTCC [50].

There is real competition among the Unions to get more stations and members. In the more recent past the GPRTU enjoyed some kind of monopoly in the industry and would attack any other Union for opening a station. Due to this

there were fierce clashes between the GPRTU and PROTOA in the Ashanti and Brong Ahafo regions and between GPRTU and Cooperatives in the Greater Accra region. Government run its own passenger transportation service with lower fares to let the people know it cares about them. Therefore, government is in competition with the traditional road transport organizations to provide transportation services to the people through the three Companies already mentioned, and quite recently through the BRT system. Big bus operators compete with the acquisition of new and comfortable air-conditioned buses with videos to entice passengers. The central point in Accra for the operation of the business is around the Kwame Nkrumah Interchange (Circle) area where most of them are concentrated.

Housing cooperatives are a type of service cooperative which provide a unique form of home ownership. They allow house owners opportunity to share costs of home ownership (or building). They are organized as an incorporated business formed by people who wish to provide and jointly own their housing. The units in a housing coop are owned by the cooperatives and cannot be sold for profit. Examples include condominiums, rentals, single family homes, market rate, and limited equity.

The Ghanaian society's penchant for communitarian relationships known as social ethos manifests in so many cooperatives and associations that form around virtually uncountable rationale. The principal ones being ethnicity, trades, professions and vocations, and neighborhoods. Most of these groups are involved in welfare related activities with one of the rituals being financial contributions towards land acquisition for housing. A survey conducted in 2019 of 18 groups in Accra found a collective land holding of 760 hectares at the peripheries of the city in various stages of development, laid out according to an inefficient land subdivision. This is significant potential capacity for affordable housing, albeit under-utilized and it beggars belief that to date they have been ignored in policy. This situation will be correct if they really mean to solve the affordable

housing crisis [50].

Ghana has experienced growth in the real estate development sector over the last three decades as more and more actors enter the fray. The sector has both local and international developers involved. Virtually all the developers and their developments are base in the metropolitan area of the capital, Accra. Unfortunately, most of these actors focus exclusively on upscale developments where margins are higher and have lower risk. At the peak, the obvious targets were resident non-Ghanaians and non-resident Ghanaians with high purchasing power from employment with international organizations. The penchant of wealthy West Africans, especially Nigerians making Accra their weekend and short-stay destination fuel the upscale housing boom [50].

The real estate businesses faces an existential threat in the lower income classes or die. They are making effort to provide affordable housing and more players are need to meet the needs. This is taking the craft of innovations as well as the use of combinations of the elements alluded to earlier to drive developers successfully towards housing for lower income households successfully. Dialogue platforms, housing data, partnerships with local housing departments, and an enabling regime of housing policy and programs are the only way to go. The responsibility for affordable housing is a shared one central and local government, the private sector, the local research and academic community, civil society and traditional authorities, and all must engage and engage properly. This is no time to fiddle around [50].

Thus, consumer cooperative helps in creating retail stores to benefit the consumers. They allow consumers the opportunity to supply their own needs, gain bargaining power, and share earnings. Is often organize by communities, or groups of people owning their own retail stores. Examples are such as Kente weavers and cocoa farmers association. Same as producer cooperative creat by producers and operated by producers. They decide to work together or as seperate entities to help

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## **Conclusions for chapter 2**

Ghanaian Agric co-operative started with cocoa farmers, with colonialists organizing labor to make production more efficient in the 1920s. With 14 primary firms in control of the cocoa industry begun to establish a set price to pay Ghanaian farmers, as to maximize their portion of end profits. In response, Ghanaian farmers began pooling their efforts and power to negotiate increased land rights and higher prices. Despite impressive growth, agricultural cooperatives have struggled to overcome a number of hurdles and have been only modestly successful in boosting production. One major reason for this is poor linkages:

farmers' links to larger, secondary cooperatives is weak, leaving them with reduced bargaining power. Although success has been modest, the social solidarity offered by cooperatives does have intrinsic value and helps keep systems intact.

Life sometime gets rough by internal issues or influences from the outside make our life difficult for individuals. People join credit unions for financial security to be able to have access to funds in times of need. Credit unions always make funds available for loans to members with reference to their by-laws. Profits are reinvested into the credit union and its community. A share of the profit is given back to members in the form of an annual dividend. CUA promotes credit unions development through services provided by personnel and programs by the movement. Regional branches of the National Association known as "chapters" are established to promote coordination with the primary societies. Credit unions are expanding their operations to improve technological and operational methods of doing business and confidence of their members are boosted by this effort and more benefits are received from the services of the credit union.

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## **CHAPTER 3**

### **CHALLENGES AND PROSPECTS FOR THE DEVELOPMENT OF COOPERATIVE SECTOR OF GHANA'S ECONOMY**

#### **3.1. Features of state regulation of the cooperative sector in Ghana**

Cooperatives unlike in Europe, where the emergence of cooperatives was an eminently bottom-up phenomenon. Ghana cooperative was introduced by colonial government to increase cash crop production and to control economic activity in rural areas. Ghana government directed and managed the affairs of cooperatives after independence contributing to the development of an inefficient, state controlled cooperative movement that failed to meet member needs. The structural adjustment of various African economies in the 1980s and 1990s and their dependence on the socioeconomic model of capitalist countries rejected the idea of a cooperative sector. International and national policies denied the distinctive characteristics of cooperatives and mostly treated them as any other business [56].

Taxation of Cooperatives just like any business requires finance to operate. The main source of funding is contributions of its members. The NLCD does not prescribe the minimum share capital to be contributed by each member of a cooperative. The law does not define share capital and does not detail out specific criteria for capitalising and recapitalising cooperatives. Section 37 of the Decree on shareholding states that “no member other than a registered society shall hold more than 1/5 of the share capital of any cooperative society”. That is, no member shall have hold more than 20% of the share capital. Financing in a cooperative is largely regulated by the bye-laws of the cooperative which, among other things, set out minimum share capital. Contributions towards share capital vary based on the

economic activities that are pursued by a cooperative. In some cooperatives, members contribute equally towards the capital base, while others demand varied contributions from members. Contributions are made proportional to the volume of transactions within the cooperative. When a member exits a cooperative the share capital and returns are paid to the member after deductions of all charges and fees that have accrued at the time of the exit as specified in Section 22 of the Decree. The Decree however restricts the transfer of a member's share capital. Section 40(2) sets conditions for the transfer of shares by members by positing that.

In the event a cooperative ceases to exist, the Decree states in section 57 that the Registrar shall appoint a liquidator who shall decide on what share contribution is to pay to members after considering issues for all creditors of the cooperative. Profits made from operations of a cooperative are not prohibited from being distributed to members of the society. However, distribution of profit is restricted until the balance sheet of the society has been certified by an auditor and the scheme for distributing part of the society's net surplus is approved by the Registrar. This is stated in section 28 of the Decree. Furthermore, the Decree in Section 29 requires cooperative societies to contribute not less than 25% of their net surplus disclosed in the profit and loss account for the year, to a fund this is called the reserved fund. Again, the Registrar has the power to decide how the reserve fund will be invested or deposited. After deducting the reserve fund contribution, the remainder of the net surplus can then be distributed to members as dividend or reinvested based on provisions in the bye-laws of the society as set out in section 29(2) of the Decree [56].

The scheme for distributing dividends or bonuses is set out in the bye-laws of the societies. The Decree prioritises transactions among members limiting non-member transactions to instances after the demands of members are served. Distinction between profits accumulated from transactions with members and transactions with non-members are relevant because it helps the cooperatives to

know where their profits were derived from. The Decree does not provide for patronage refunds and as such draws no distinction from dividends or bonuses. Cooperative societies that provide patronage refunds make a clear distinction between patronage refunds from dividends in their bye-laws. Cooperatives may issue financial instruments with the approval of the Registrar. The Decree permits investments by other cooperative societies into a society issuing the instruments. It however prohibits investment from non-cooperative members. Again, government may assist a cooperative through loans or take shares in the cooperative [56]. The Decree permits cooperatives to borrow or take deposits from non-members but sets instructions on borrowing from minors. Section 19 of the Decree on restrictions on borrowing stipulates that. Subject to the provisions of paragraph 20 of this Decree, a registered society shall receive deposits and loans from persons who are not members only to such extent and under such conditions as may be prescribed, by regulations or its bye-laws. Cooperatives are prohibited from giving loans to non-members. Section 16 of the Decree provides for restrictions on loans [38].

Land Ownership: Constitution of Ghana Chapter 20 Clause 257 (1-5) Vestment of public lands in President All public land in Ghana is vest in the President on behalf of and in trust for, the people of Ghana. Public land includes any land which has been vested in the Government of Ghana for the public service of Ghana, and any other land acquired in the public interest. All vested lands in the Northern, Upper East and Upper West Regions revert to the original owners. Constitution of Ghana Chapter 20 Clause 266 (1-5) Exclusion of foreigners from freehold leases Non-Ghanaians are excluded from freehold interest in land in Ghana and any existing freehold held by non-Ghanaians is deemed to be a leasehold for fifty years from 1969 reverting to the state upon the expiry of the lease. Non-Ghanaians cannot hold leases of land beyond fifty years. Constitution of Ghana Chapter 20 Clause 267 (1-9). Stool and Skin Lands and Property all land belongs to the indigenous settlers and is vested in the appropriate stool or skin on

behalf of, and in trust for the subjects of the stool in accordance with customary law and usage. No stool or skin land can be disposed off unless the intended development is in compliance with the development plan of the area. No person(s) shall hold a freehold interest in, or right over, any stool land in Ghana. The Office of the Administrator of Stool Lands shall be responsible for safe administration of rents, dues, and royalties. revenues or other payments and their disbursement as follows; 10% to the office of the Administrator of Stool Lands to cover administrative expenses, and of the remaining amount, 25% to the stool, 20% to the traditional authority; and 55% to the District Assembly [41].

Property Rights / Inheritance PNDCL 111 Intestate Succession Act, 1985 / Intestate Succession Amendment law, 1991 (PNDC Law 264) This law establishes the hierarchy of succession for the distribution of property in the event of the death of a property owner without a will, largely in favour of the nuclear family. In the first instance, the entire estate of the deceased devolves to the next of kin with the compulsory beneficiaries being the children, spouse(s) and parents of the deceased. The surviving spouse and or children are entitled to all the household chattels of the deceased. If the estate includes one house, the surviving spouse(s) and children are entitled to own it. If the estate includes more than one house, the surviving spouse and children must decide how the houses are devolve, and they own the houses as tenants in common. If there is disagreement, then the High Court can determine which of the houses devolves to the spouse and children. Gift, Tax, VAT Act 546, 1998 Section 13 All gifts, including building materials, are subject to tax. However fully developed houses are not subject to VAT. Furthermore, the benefactor must register with VAT to be eligible to deduct the VAT on the gift at source before transfer [34].

Credit unions in Ghana are plagued with certain challenges that have negatively affected their growth. Some of the challenges identified by the study were of a regulatory and institutional nature. For instance, it was observe that the

need to become members of CUA before being registered as a cooperative society delays the registration process and frustrates the founding members. This also increases the initial cost of incorporating the union as monies had to be expended on conducting feasibility studies and meeting other financial obligations before being admitted into membership of CUA. Additionally, the cost of obtaining a membership status with CUA and maintaining membership pose financial drain on credit unions, particularly, those with small membership. In addition, some of the credit unions were observed to have no efficient record keeping system, thus making keeping both financial and non-financial data of members difficult. Whereas some mostly keep paper records in files, a few others have complete computerized systems with paper files as backups. In furtherance, majority of the unions have no proper management systems and most of their management staff do not have the requisite qualification and expertise in managing savings and loan portfolios. For instance, it was observed that most of the credit officers who were also part of management had Higher National Diplomas and First Degrees, with no expertise or experience in any relevant field. These findings seem to be consistent with the works of Taimni (1997) who contends that cooperatives face one or more crises, including the crisis of ideology, capital, credibility and management [5].

According to the Registrar of Cooperative Societies, upon the submission of an application to register as a cooperative society, an applicant is required to register with the Ghana Cooperative Credit Unions Association (CUA) Limited, before a certificate of registration could be issued to that applicant as a cooperative society. It should be noted that CUA is a cooperative association of credit unions and not a regulatory agency of the state. It is also worth noting that CUA appears to have been registered as a limited liability company, thus has the character of a profit making entity. Other private entities in Ghana with similar objects are being compelled to become members of CUA before being issued with the requisite licenses to carry on their business. A respondent at CUA confirmed this and

indicate that the Registrar of the Cooperative Society of Ghana, a regulatory agency responsible for regulating the activities of cooperative societies, including those operating as credit unions, would not register any credit union unless that union or society is registered as a member of CUA. Explaining that this position is sanctioned by the admission rules of CUA, which empowers CUA to conduct economic survey on such societies before recommending them to the Registrar of cooperatives for registration. This would ensure that such unions are financially ready and can remain sustainable to support their members [5].

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Small-scale farmers representing bulk of 80% in agricultural production in the country made development of grassroots farmer organizations and the

encouragement of a larger number of these small producers to be part of it is the most credible option for the economy. This will contribute to achieve economies of scale and improve access to essential services. In this paradigm of privatization, FBOs will be most effective with the marketing of agricultural inputs and products as well as in providing cohesive groups to work with and through in delivery of extension and other relevant services. FBOs could be very helpful in strategies for mobilization of savings.

Strengthen capacities of farmers/FBOs to save and invest: Groups like the Osudoku and Ashaiman Cooperatives need their capacities to be strengthened in areas such as financial literacy, savings and investment. The FBO Secretariat at the Ministry of Food and Agriculture and any other programmes seeking to support FBO development in Ghana should also consider FBOs' savings and investment portfolios as requirement for attracting corresponding support. Proof of dues payment and of mobilization of sales commission etc should become equally important. Credit unions as operated by ROAA and Kuapa, implementation of savings "susu" clubs and cooperative banking should be support and promote [6].

Another regulation is that, cooperative members require to sell their cocoa through the society. The Department of Agriculture considered quantities of illicit cocoa sales to be substantial pointing to the large number of society members selling no cocoa at all through their society (the frequency ranged between 20 and 30% in the period under study) and assuming that other members only marketed a portion of their crops cooperatively. Average cocoa bean production per farmer was estimated at one ton [19]. Selling to other buyers is a breach of society rules; members could be expelled from the society and faced a financial penalty for every load of cocoa sold illicitly. However, shirking is not easily observable. In line with the literature on collective action, we hypothesise that group size plays a role: smaller cooperatives may have an information advantage, in that it is more difficult to hide illicit cocoa sales from fellow members.

However, the remain number of challenges that need to be overcome with suggestions are:

Weak capacities of FBOs to participate and take full advantage of the opportunities in the CAADP must be addressed urgently. Government agencies (MOFA-DAES, METASIP Secretariat, Department of Cooperatives), GFAP and NGOs with support of development partners must upgrade the knowledge base and capacities of the FBOs to enable them to meet most of the expectations under the CAADP and the METASIP. Commercialization and social responsibility of farmers participation in research and development, partnership with government to enforce laws and regulations, developing FBOs must be balanced. On the three tier structure from primary to tertiary level at the district level, establishing the mentoring system for developing new out-grower schemes, value chain concept, facilitating the development of FBOs to the level of input and service providers and facilitate linkages to credit sources and industry.

Open membership may impede capital accumulation by exacerbating free-rider problems: existing members cannot appropriate the full value of the benefits deriving from the investments they have funded (Iliopoulos, 2005: 16). This problem may become more serious, the larger the society is. Moreover, lack of a market for ownership rights, combined with equally distributed voting rights, may give rise to horizon problems. Because members cannot sell their ownership rights, they find it unprofitable to invest in long term projects that generate returns over a period that is longer than the investor's own time horizon (Furubotn & Pejovic, 1970). Heterogeneity in membership characteristics and preferences with respect to investments is likely to increase with the size of the society [12]. For example, it may reflect a particular pattern of membership expansion, where larger, wealthier farmers join first, and smaller farmers follow later on. Large farmers may have sufficient liquidity to pay the membership fee and to purchase shares, and may arguably be less risk averse than smaller farmers who shy away from this new



business form. This story is backed by reports that many cocoa farmers were indebted. Thus, one way for cooperative societies to keep expanding their capital base may have been to allow in also smaller farmers, in spite of the fact that they would be able to subscribe fewer shares only.

Strengthen marketing and processing for agricultural products by FBOs: training and infrastructural capacity development are necessary for the FBOs to undertake bulking of their members' produce and to compete with the local buying companies used for instance by NAFCO. Facilitating this may require assisting FBOs to set up Bulking centres and warehouses to store or hold produce, add value and negotiate for better prices. This will however work for FBOs where members are engaged in the production of the same kind of products, that is, product associations, particularly those producing rice, maize, sorghum, cowpea and soya. FBOs should cover production, marketing, transport and credit and get actively involved in the value chain [3].

The activity by type of cooperative has a social impact on Ghanas' economy, such as reducing unemployment rate, working conditions for women and providing helps rural communities. The chart below show the types of sooperative and their activities (see fig. 3.1).

In conclusion, agriculture cooperative are considered quantities of illicit cocoa sales to be substantial pointing to the large number of society members selling no cocoa at all through their society and assuming that other members only marketed a portion of their crops cooperatively. But selling to other buyers is a breach of society rules and members could be expel from the society and faced a financial penalty for every load of cocoa sold illicitly.

Lack of a market for ownership rights, combined with equally distributed voting rights may give rise to horizon problems. Taxation of Cooperatives just like any business requires finance to operate. The main source of funding is contributions of its members.

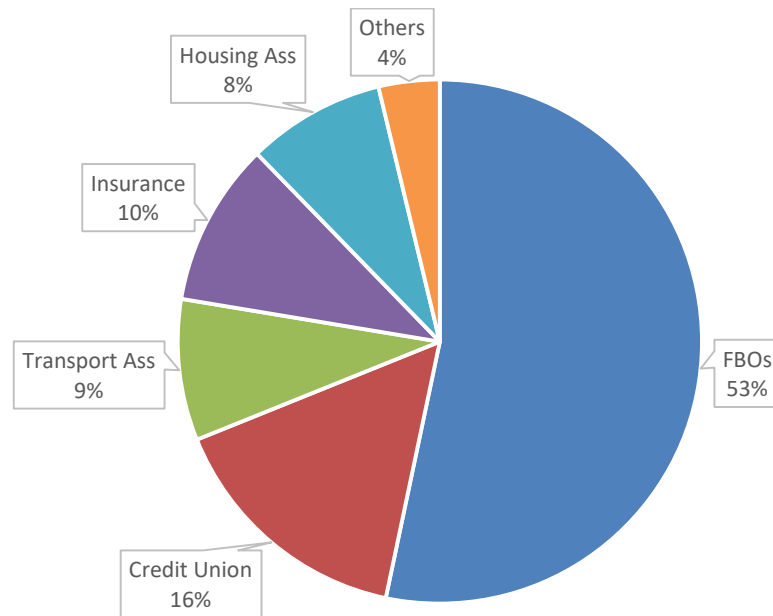


Figure 3.1 – Cooperative activity by sector in Ghana

Source: created by the author using [38].

Financing in a cooperative is largely regulated by the bye-laws of the cooperative which, among other things, set out minimum share capital. The need to become members of CUA before registered as a cooperative society delays the registration process and frustrates the founding members. The degree that distinct between profits accumulated from transactions with members and transactions with non-members are relevant because it helps the cooperatives to know where their profits were derive from.

### **3.2. Development of the infrastructure of the cooperatives sector of Ghana**

Cooperative Organizations play a significant role in provision of services that enhances agricultural development. Flannery (1994) described Cooperative

Organizations as a medium through which services like provision of farm inputs, farm implements, farm mechanization, agricultural loans, agricultural extension, member's education, marketing of members farm produce, and other economic activities and services rendered to members [2]. Cooperative organizations combine the two approaches for increasing their efficacy to reduce poverty. In essence, Cooperative organizations function on both the supply and the demand sides and even forge the linkages between the two sides. The latter is emphasized by Ibrahim (2001) by arguing that it is necessary for Cooperative organizations to make a linkage between micro-tasks consisting of provision of goods, of social and of financial services, capacity building, process facilitation, and fostering linkages, and macro-tasks consisting of policy advocacy, lobbying, public education and mobilization, monitoring compliance, and reconciliation and mediation [7]. Cooperative organizations are a significant tool for the creation of decent jobs and mobilization of resources for income generation and also provide opportunities for their employees to upgrade their skills through workshops and courses.

It was revealed a myriad of policies, strategies and funds which have worked as frameworks within which direct, indirect and induced jobs have to be generate. Analysis showed significant potentials to create more employment. They include:

- Local Content Policy is to ensure that over time, 70% of all government projects and procurement are to be undertaken by local contractors to enhance job creation through value addition and skills improvement.
- Labour-intensive Public Works Policy has the potential to create more employment opportunities but without clear-cut strategies that satisfy the social dialogue pillar of decent work.
- National Road Fund, the Ghana Infrastructural Investment Fund and the National Investment Plan which constitute a source of funds for the expansion of infrastructural development to engender more employment.
- The National Housing Policies and Programme which provides a framework

for indigenous ownership of infrastructure projects to enhance employment generation.

Further, the expansionary works in the infrastructure sector in the last three decades have accounted for a rise in the proportion of the workers in the construction sub-sector. Between 1987 and 2013, the proportion of employees in the construction sub-sector to the total labour force increased from 1.2 % in 1987 to 2.25 in 2013 even though the proportion had plunged to 0.95% in 1991. The data gathered indicated high degrees of work vulnerability across both sexes. Throughout the periods under consideration (1999-2013) workers in the construction sub-sector were found to have endured working conditions below the ILO standards of decent work. Much of this is inextricably linked with the high levels of informality that characterizes the construction sub-sector [7].

Cooperatives play a key role in stabilizing the economy, especially in sectors characterized by considerable uncertainty and price volatility, such as agriculture and finance [7]. This stabilizing role is crucial during times of crises and, more broadly, in improving the capacity of societies to respond to uncertainty and shocks. Moreover, historical evidence demonstrates that, compared with investor owned enterprises, cooperative solutions are more inclusive and more oriented toward the promotion of general interest goals, with a beneficial impact on wellbeing. Financial cooperatives often aim to overcome financial exclusion where consumer cooperatives guarantee the supply of basic commodities thus ensuring the survival of entire households. Agricultural cooperatives are also the main institutional tool whereby independent farmers respond to the market power held by big distributors and seek to maintain their roles as the producers and protectors of local economies [36].

Job creation Social economy organisations play a crucial role in generating new jobs and protecting employment stability. In general, such organisations develop new activities and contribute to the creation of new employment in the

sectors wherein they operate, which in some cases (e.g. in the social and community service sectors) show a high employment potential. In their development policies, government have often underestimated the role of the social economy, and especially of cooperatives, in creating employment. Social economy organisations play a key role in this respect, as their institutional structure enables the participation of local actors in decision making on how the resources available at the local level are to be used. Through their direct influence on the management of economic and social development, social economy organisations have contribute to the reduction of unemployment rate and allocation of resources, to the advantage of the community. The chart below (fig. 3.2) is the growth of cooperative activity and their effectiveness in job creation.

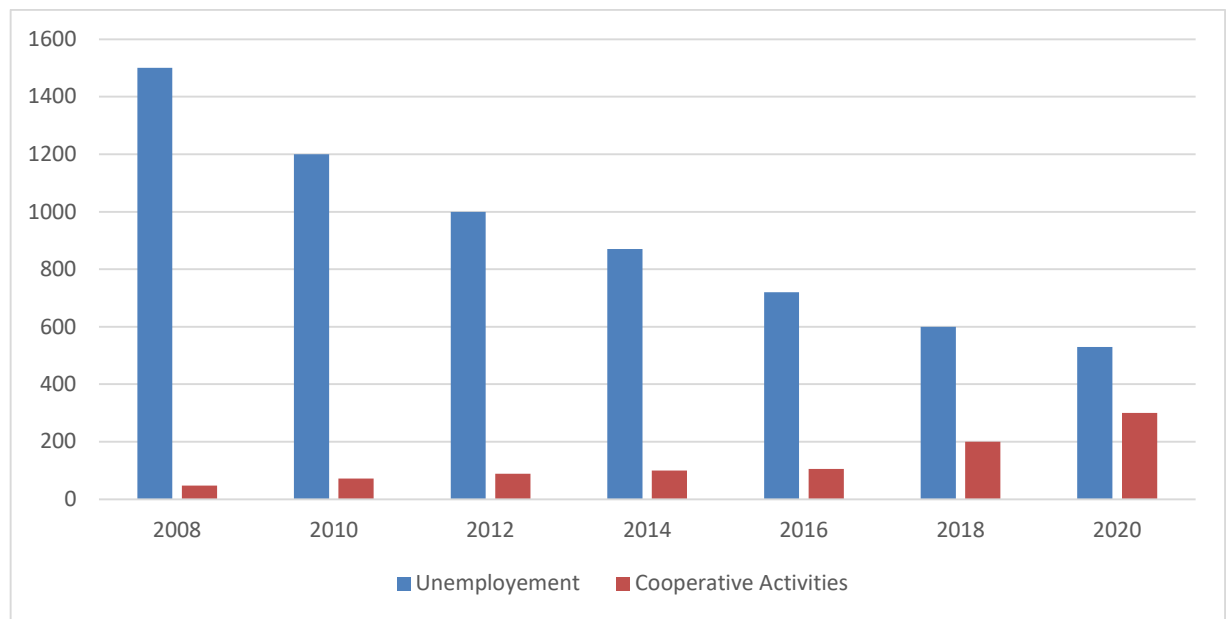


Figure 3.2 – Cooperatives contribution to the Ghana’s economy, 2008-2020

Source: created by the author using [38].

The process of executing the existing rural development and agricultural transformation policies relies heavily on agricultural cooperatives. In recent years, Ghana’s macroeconomic and fiscal instability has undermined growth. After a prolonged period of sustained and inclusive growth in 2000-13, significant external and domestic shocks, amplified by recurrent policy slippages, have created

sizeable fiscal and external imbalances, high inflation, exchange rate volatility and unfavorable debt dynamics. In 2016, the fiscal deficit reached 9.3 % of GDP, while public debt increased to 74 % of GDP. Domestic payment arrears and contingent liabilities from energy sector state-owned enterprises (SOEs) present additional debt sustainability risks. During 2016, real GDP growth decelerated to 3.5 % the lowest level in two decades. The current International Monetary Fund program 3 remains critical in anchoring policy reform and restoring investor confidence. Ghana's economy is starting to show signs of recovery. Real GDP growth is projected to rise to 5.8 % in 2017 and 8.9 percent in 2018 on the back of oil and gas production increases. Ghana's recent growth performance has benefitted from the Tweneboa-Eyenra Ntomme field coming on stream in 2016, and the Sankofa gas field, which started production in May 2017. These fields have an expected potential capacity of 200,000 barrels of oil per day and about 300 million standard cubic feet per day of natural gas, respectively, to be reached in 2019 [36].

Growth in the non-oil and gas sector continues to be hamper by ongoing fiscal consolidation and possibly some form of Dutch disease. For example, the agriculture and manufacturing sectors as a share of GDP have almost halved since 2005, while the services sector now accounts for over half of Ghana's economy. The banking system remains well capitalized, but non-performing loans rose to 21% of total gross loans in June 2017. As a result, credit to the private sector has declined and lending rates have risen. Ghana's current account deficit narrowed from 7.7 % of GDP in 2015 to 6.7 % of GDP in 2016, driven primarily by an increase in gold exports [25].

The chart below is the GDP from agriculture of Ghana economy from the fiscal year 2010 to 2020 shows that the GDP from agriculture raised high in January 2019 then fell in July 2019. In the beginning of 2020 it rises again to 9317.44 million Ghana cedis added to the GDP (see fig. 3.3).

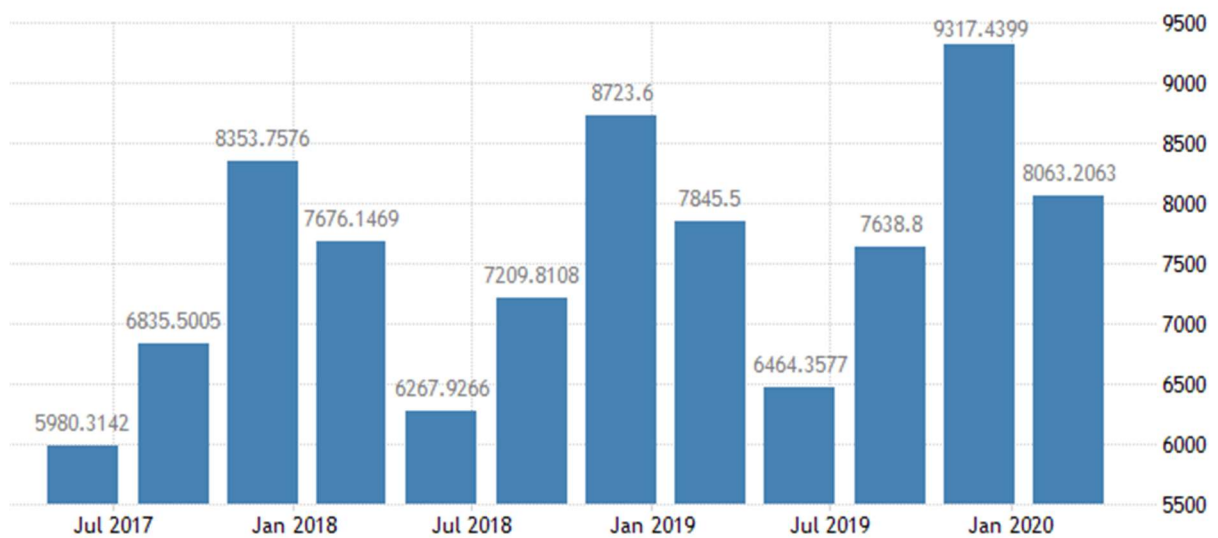


Figure 3.3 – GDP from agriculture to the GDP rate of Ghana, 2017-2020

Source: [25].

The private sector remains an important source of investment in the economy, with gross fixed capital formation at 17 % of GDP in 2016. FDI performance has been strong, with net FDI at 6.5 % of GDP in 2016. While much FDI remains concentrated in commodities such as cocoa, and oil and gas, non-traditional sectors are also attracting FDI, such as renewable energy, financial services, information and communication technology (ICT), real estate and construction, and warehousing and storage. Promoting Ghana's private sector competitiveness is a key objective in the country's National Development Strategy, and supported by targeted programs such as the National Entrepreneurship and Innovation Plan, which aims to provide integrated support for early stage start-ups and small businesses [17]. Even though, there are 36 State Owned Enterprises concentrated largely in critical sectors of the economy, such as energy, finance, and infrastructure. Many of these SOEs underperform compared with the private sector, incur financial losses, and are an increasing burden on the budget and the banking system. In the energy sector, in particular, management inefficiencies,

lack of timely utility tariff adjustment and the accumulation of arrears have translated into severe power shortage, further undermining investor confidence and compounding the economic slowdown.

The main objective of the Country Private Sector Diagnostic (CPSD) is to systematically identify opportunities for the private sector where it can have a strong development impact, based on an assessment of the desirability of growth of key sectors and the feasibility of tackling the main constraints hampering their growth. In this sense, three objectives of the CPSD are to:

- Identify the most important constraints to profitable and transformative private investments in all sectors of the economy;
- Identify priority sectors with high development impact, and where key constraints can be addressed, and;
- Inform new implementation and partnership models to help the government put in place the conditions required for the private sector to reach its full development impact.

Attaining these objectives will allow the CPSD to play a key role in operationalizing improved ways of maximizing finance for development, following the “cascade” approach principle that allows policy reforms and institution building efforts to be complemented by private sector investment. By leveraging the private sector and optimizing the use of scarce public resources, financing for development and growth can be maximized.

Other objective of the Ghana Country Private Sector Diagnostic (CPSD) is to identify the main opportunities for the private sector that will have a strong development impact in Ghana and to highlight the key constraints (both cross-cutting and sector-specific) hampering private sector growth. The CPSD consists of a systematic assessment of all of Ghana’s economic sectors along two dimensions:

- desirability: how private investments in these sectors could help Ghana to



address its development challenges; and

- expecting feasibility: how the constraints standing in the way could be removed. This sector scan led to identification seven priority sectors, of which, three were selected to conduct deep dive studies: namely agribusiness, ICT and education. Ghana's main development challenges.

After a decade of strong growth fueled by the commodities boom, which came to an end in 2010-2011, Ghana's economy remained undiversified and vulnerable to external shocks, with high levels of poverty especially in the north part of the country. About 40 % of workers work in non-wage agriculture and most urban workers are in low-productivity informal jobs. Ghana has also suffered in recent years from a self-inflicted energy crisis, leading to macroeconomic instability and a financial sector weakened by high levels of bad loans. Going forward, the current government's strategy is to achieve inclusive and sustainable growth, with the private sector as the main driver. In the words of Ghana's President, the aim is to "build the most business friendly economy in Africa" and foster the competitiveness of Ghanaian firms [17]. To achieve this, the government's agenda includes: reforming the energy sector; improving trade facilitation and the business environment; investing in infrastructure and the social sectors; and diversifying the economy beyond hydrocarbons, gold and cocoa. Key binding constraints facing private sector growth. Ghana's ability to attract sizeable (domestic or foreign) investment is hampered by constraints at four levels.

- First, domestic demand (market size) is insufficient to attract large investments that can benefit from economies of scale, unless these are export oriented.
- Second, macroeconomic instability creates uncertainty for investors.
- Third, inadequate availability and reliability of basic infrastructure, such as energy and transport, and difficult access to land, deter investment.
- Fourth, weak managerial and entrepreneurial skills reduce firms'

productivity.

Four other opportunities that exist for the private sector to make a major contribution by creating markets in Ghana are;

- First, the private sector can help to develop new high value export markets, such as horticulture and ICT enabled services, in which Ghana is already well positioned.
- Second, the private sector can leverage ICT to improve the performance of Ghana's most important sectors, including for improving government activities and services.
- Third, the private sector can help to promote efficiency and innovation in the key social sectors of education and health.
- Fourth, the private sector can play an important role in helping to address the main cross-cutting constraints, such as facilitating trade, providing competitive green energy, opening rural land markets, developing technical skills, and financing promising small and medium enterprises (SMEs) [17].

There are fewer opportunities for transformative private sector investments in the other sectors (mining, tourism, retail, construction, water and sanitation, and manufacturing). This is because it requires several years for the necessary conditions could be put in place. For example, manufacturing would require significantly improved access to competitive energy, finance, trade facilitation and skills. Alternatively, leading private sector players are already present in other sectors, such as in mining, tourism, retail and construction, or these sectors have limited forward and backward linkages, example is mining, water and sanitation. Ghana can take hold of opportunities through mix of public and private interventions.

Suggestions to the government of Ghana and its relationship with cooperative operation which will help develop the country in fast pace are include;

The government should pursue essential economic reforms to resolve the

energy crisis by reforming the regulatory framework for electricity tariffs; facilitating trade, through customs reforms and the Ghana Community Network Systems;<sup>2</sup> and improving the business environment, by passing the PPP Bill and the Company Act, providing one-stop shops, and promoting property registration and contract enforcement. This could be undertaken through, for example, sector specific reforms in high-priority industries, such as liberalizing the seed industry, removing licensing restrictions and fees on private schools, and promoting investment and competition in ICT backbone infrastructure. These reforms would pave the way for the private sector to invest in projects with a high development impact, including through large firms. Such opportunities already exist in Ghana in the three priority sectors of ICT, agribusiness and education that are reviewed in this report.

The government should also consider supporting the entry of ‘pioneer’ investors, which are often in the form of foreign direct investment (FDI). Beyond removing policy constraints, public support for these strategic first movers could be justified where they are instrumental in developing new high-value market/industries but face high entry costs and risks. Public support could take the form of fiscal incentives/de-risking, the facilitation of access to land, the provision of needed infrastructure, the facilitation of investment licensing, and by developing worker the skills of workers and capabilities of local suppliers. Such support should be provided based on the key principles of economic justification (i.e., positive externalities), transparency and a competitive process.

Supporting ‘promising’ SMEs will also be critical, especially during their acceleration phase. This could be achieved through a combination of public financing and capacity building, technical support adapted to the sector in which they operate, and risk-sharing and mezzanine finance facilities. Similar to the pioneer investors, such support should be provided in an inclusive, transparent and competitive manner. Examples of promising SMEs were found in all three

deepdive sectors [17].

In conclusion, co-operative organizations play a significant role in provision of services that enhances agricultural development and function on both the supply and the demand sides and even forge the linkages between the two sides. Cooperative significantly create decent jobs and mobilize resources for income generation in Ghana. Historical evidence demonstrates that, investor owned enterprises and cooperative solutions are more inclusive and oriented toward the promotion of general interest goals, with a beneficial impact on economical growth. Social economy organisations in Ghana contribute in keeping the production of goods and services close to the needs of the people of the country.

### **Conclusions for chapter 3**

Thus, agriculture cooperative are considered quantities of illicit cocoa sales to be substantial pointing to the large number of society members selling no cocoa at all through their society and assuming that other members only marketed a portion of their crops cooperatively. But selling to other buyers is a breach of society rules and members could be expelled from the society and faced a financial penalty for every load of cocoa sold illicitly.

Lack of a market for ownership rights, combined with equally distributed voting rights may give rise to horizon problems. Taxation of Cooperatives just like any business require finance to operate. The main source of funding is contributions of its members.

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## CONCLUSIONS AND SUGGESTIONS

*In conclusion*, International cooperative Alliance define cooperative as an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

In 1844, a group of 28 artists working in the cotton mills in the town of Rochdale, in the north of England, established the first modern cooperative business as the Rochdale Equitable Pioneers Society. The Rochdale Pioneer Society was the first by its kind.

Since the formation of cooperative in 1844, they have and still playing major roles in our communities, globally. They are important entities in the economic system, especially in agriculture sector. There is debate at the international level relative to the true nature of cooperatives. Cooperative may be consider as a form of economic system, a community development organization, or a form of business organization depending on the country.

Cooperatives significantly impact on economic and social development in over the world. Almost half the world population who are been employed are working for cooperatives, operating in the field of agriculture, retailing, social affairs and credit business.

Cooperative Co-evolution have been collaborating with a set of individual tools necessary to evaluate one problem with a complete solution. Solving a task by cooperative co-evolution has been reasonable decomposition of the problem statement into components can be achieve effortlessly by many cooperative in the world.

The formation of cooperatives in Africa by colonial masters with the aim of bringing farmers get access to cash crop markets as they attempted to make

their colonies' production processes more efficient and profitable have been effective even after Africans gained their independence, their local governors did not let cooperatives stop but rather put much attention and control their activities. Moreover, even after African governments lose their power over them and they became user owned and users control and gave chances and opportunities too many people to join and operate as a member of a cooperative.

Ghana number of organizations pursuing both social and economic objectives, which are own and controlled by the individuals using their services have been key for Ghana's social economy development. Production and marketing challenges are been address by most private organizations. Despite the positive impact on market access and price realization from informal traders, farmer-trader relations are unlikely to undergo a meaningful change because of the tied transactions involving inputs, credit and outputs. In addition, most of them are not legally recognized or registered with other national institutions.

From the above report, bulk of Ghanaians cooperative are under the legislature of GCC being the key player. The role of government in establishment of cooperative in Ghana is little. Initiators of FBOs and other production cooperatives often select the group members and sometimes asked them to join freely. Cooperatives engage in more than one activity and the most common ones are mutual labor support, welfare services, input procurement, production and marketing. Even though, mutual labor support welfare services are traditional activities observed before colonial period, which geared into social welfare. While production and marketing are recent initiatives in GCC, they are on small scale. Most of the cooperatives are engage in production and at the same time in consumption or consumers activities. Private organizations are mostly engage in different activities compared to government ones. Technical training support is the common support all coops gives to their

members, example FBOs. Also, the government organizations most of the time compete to control the activities with the private ones of its kind. Example is the Transport cooperations in the country.

***Suggestions*** for cooperatives in Ghana are as follows.

In order to be successful, training and infrastructural capacity development are very important cooperatives to undertake bulking of members' produce and to compete with foreign organizations. This will work for cooperatives where members are engaged in production of the same kind of products, that is, product associations, cocoa producers, and FBOs. Organizations must be able to act quickly in response to opportunities and barriers. Cooperatives capacities in financial literacy, savings and investment needs to be reinforce.

The Ministry of Food and Agriculture and any other programmes in Ghana should consider FBOs' savings and investment program as requirement for attracting investors to support them. Proof of dues payment and of mobilization of sales commission should be all important. Credit unions operating by savings "susu" clubs and cooperative banking should be supported and promoted. Strategic management is a highly important element of organizational success. Relevant members meeting for all active of cooperatives should be convened by GCC to enhance the concept of cooperative activities to the public.

Creating conditions with support from government and the real estate organizations for the establishment of institutionalised training, skills development and institutional capacity building aimed at strengthening individual build contractors and developing appropriate building regulations and standards for the socio-economic conditions of urbans in Ghana.

Ghana government should support private transport operator by providing guarantee for the supply of new vehicles and should reduce high interest rates



and tariffs on imported spare parts for vehicles. Majority of the executives of the unions supposed to protect and promote the welfare of drivers. Then also the authorities have to give their member professional training and examine them at the end of it. To accomplish this, the parliament must pass the new Cooperative Law and government must provide adequate support for the Department of Cooperatives and the Ghana Cooperative College.

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