

MINISTRY OF LABOUR, JOBS AND EMPLOYMENT



REPUBLIC OF GHANA

Strengthening the Cooperatives Sector Through the Passage of the Ghana Cooperative Draft Bill into Law

Concept Note

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1. Introduction

Cooperative businesses are community-owned enterprises that combine consumers with owners, and buyers with sellers in a democratic governance structure. Cooperatives solve the general economic problem of under or over production, business uncertainty, and excessive costs. Cooperatives address market failure and fill gaps that other private businesses ignore. Recent international review and evaluation of the performance of Co-operatives indicate that the Co-operative form of private enterprise is very significant in many national economics, given certain conditions. It has also been found that Co-operatives offer ideal and sustainable institutional structures that could help improve the economic conditions of the citizen especially the needy one in our communities. Co-operative societies are basically organized for mutual self-help of its members. They are organized to solve social and economic problems and can be considered as instruments for poverty reduction. Most co-operative societies apply the principles and values of co-operative societies to business. In most developing countries, Co-operatives form the backbone of their economy.

Co-operative societies were introduced into Ghana in 1928 in an attempt to improve the quality of cocoa for export. They were successful in the 1960s during which period they marketed about forty percent of the entire cocoa crop. Co-operative societies have now been extended to almost every economic activity including the agricultural sector, industrial sector, financial sector and the services sector. The role of co-operative societies in the socio-economic development of the nation has continually been recognized by successive governments. Unfortunately, co-operatives in Ghana like other small-scale businesses in the informal sector have not been able to perform satisfactorily due to unfavorable legislations.

2. Background

The first co-operative legislation in Ghana, the Co-operative Societies Ordinance (No. 4), 1931 was passed in 1931 to regulate the activities of the cocoa marketing societies that were being formed in the then Gold Coast. In 1935 several experts in cooperatives visited the country to assess the growth of the new cooperatives. The experts identified the weakness and made several recommendations for consideration, which one of the recommendations had to do with the fact that the first Law did not allow for the registration of secondary societies.

A new Co-operative Societies Ordinance (No. 15), 1937 was passed in 1937 to allow for the registration of secondary societies. This Ordinance (No.15) of 1937 governed cooperatives until 1944 when it was amended to allow for the establishment of the Department of Cooperatives. In 1968, following the restoration of the cooperatives after they had been disbanded in 1960, a new National Liberation Council Decree 252 of 1968 (N.L.C.D 252) was promulgated and has governed the operations of cooperatives since 1968 and therefore has been too regulative without any significant change over the years.

This Decree was enacted by the military Government to regulate activities of cooperatives; by ensuring full government control over cooperatives by appointing a government official as the regulator and Promote of cooperatives.

The current Decree is not abreast with the changing trends in cooperative development worldwide. It is acutely skewed towards control of the cooperatives rather than their development. The current Decree grants the Registrar of Co-operatives Societies sweeping powers of control over the affairs of the cooperatives, the Registrar has however voluntarily relinquished the exercise of some of these powers due to some resolutions made by the Ghana Co-operatives Council. The Decree does

not create a conducive environment for the growth and development of cooperatives many of the provision in the Decree are inconsistent with the provisions of our 1992 constitution.

It is undoubtedly evident that this Decree is outdated and there is therefore the need to formulate a new legislation to regulate the diversified activities of co-operative societies to meet the needs of contemporary developments. To meet this objectives a National Co-operative Development Policy framework was prepared by the then Ministry Employment and Labour Reations with the active participation of the Ghana Cooperatives Council and Department of Cooperatives, stakeholders and approved by Cabinet in 2000. This policy brought into focus the need to review the legislative framework governing co-operatives in the country. After several attempts from 2000 to formulate a new Co-operative Bill, a Draft Co-operative Bill was finalized in 2020.

3. Objective For the passage of the New Ghana Cooperative Draft Bill

The overall objective is to drive systemic changes to catalyze the development of cooperatives in Ghana for job creation, economic growth and the achievement of the sustainable development goals.

Specific objectives are:

- To create an environment that will enable co-operative societies to engineer a private sector-led development in their various economic activities.
- To strengthen the financial avenues to improve the operations and activities of co-operative societies.

4. Rationale for Proposed Changes in the Law

- To correct the weaknesses in the current Law reduce over-regulation.
- To allow adequate space for the operation of cooperatives.
- To strengthen the financial and Managerial competence of cooperatives.
- To accelerate the pace of cooperative growth and development.
- To define the roles of the Department of Cooperatives and the Ghana Cooperatives Council in the development of cooperatives.

5. Milestone in Preparation of the Draft Bill:

- **2005:** Sensitization of Parliamentary Select Committee on Social Welfare and stakeholders at the Coconut Grove Hotel sponsored by BUSAC Fund.
- **2007:** Document recalled for decentralization
- **2009:** Stakeholders workshop held in Dodowa to review the N.L.C.D 252
- **2012:** Stakeholders Engagement for drafting new Cooperative Bill
- **2015 and 2016:** Sensitization of Parliamentary Select Committee on Social Welfare and stakeholders at the Forest Hotel sponsored by ILO.
- **2017:** Stakeholders Engagement for drafting another new Cooperative Bill
- **2018:** Sensitization of Parliamentary Select Committee on Employment and stakeholders at the Esubeth Hotel sponsored by ILO.
- **2020:** Stakeholder engagement to finalized the draft Cooperative Bill
- **2021-2023:** Support from IMCC to for stakeholder engagements and review draft Co-operatives Bill

6. Key Activities

Key Activities expected to be carried out are as follows:

1. Technical meetings with MELR Management and other key stakeholders
2. Review and finalization of Cabinet Memo and draft Co-operatives Bill for submission to Cabinet
3. Advocacy engagement with some Committees in Parliament
4. Advocacy engagement with Parliamentary Select Committee on Employment towards the passage of the Bill
5. Print and disseminate 1,500 copies of the new Co-operatives Bill
6. Engage media to create awareness on the Bill

7. Proposed Budget:

NO	ACTIVITY	2025										2026				ESTIMATED COST GHS
		JUN	JUL	AUG	SEP	OCT	NOV	DEC	Q1	Q2	Q3	Q4				
1.	Technical meetings with MELR Management and other key stakeholders													650,000.00		
2.	Review and finalization of Cabinet Memo and draft Co-operatives Bill for submission to Cabinet													400,000.00		
3.	Advocacy engagement with some Committees in Parliament													800,000.00		
4.	Advocacy engagement with Parliamentary Select Committee on Employment towards the passage of the Bill													800,000.00		
5.	Print and disseminate 1,500 copies of the new Co-operatives Bill													600,000.00		
6.	Engage media to create awareness on the Bill													500,000.00		
	TOTAL COST													3,750,000.00		

Conclusion

The current cooperative law in Ghana does not conform to some basic international cooperatives standards such as autonomy and independence, member control and limits the ability to create an enabling environment for cooperatives to thrive. The existing legislation regulating co-operative activities in Ghana was excessively regulatory in nature and restrictive to the development of co-operatives in the country. There was also a concern that the current law fails to address adequately the peculiar needs of co-operatives. It also does not reflect the current microeconomic environment and hence does not promote growth within the co-operative movement. It was therefore the view of Ghana Cooperatives Council, that in the wake of reforms in co-operative legislations and systems in most parts of the world, Ghana should follow the trend by engaging in holistic reforms to take advantage of the pivotal roles that co-operatives play in the socio-economic development of the country.

Cooperatives have the potential to improve livelihoods and thrive millions out of poverty in Ghana. It is against this backdrop that the Ministry of Employment and Labour Relations, Ghana Cooperatives Council, Department of Cooperatives and social partners have put together a new Ghana Cooperative Drift Bill which will place cooperatives in the right perspective to enable small business formation and accelerate a private sector-led business development agenda.

The future of co-operative societies in Ghana will not be bright if effort is not made to keep them abreast with the reforms of co-operative systems in most parts of the world. The commitment to the process of reform cannot be overlooked considering the pivotal role co-operative societies play in the socio-economic development of the country. This reform will help strategically position co-operative societies in Ghana to effectively contribute to the growth of the economy through

employment creation, income generation and saving through their macro-economic finance activities. Once the N.L.C.D 252 is changed the cooperative will be able

- Grow and expand.
- Improve on the economic wellbeing of its members.
- Be free from external interference
- Be more businesslike in outlook.
- Contribute to the development of their communities.
- Take their proper place in the national economy