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A Review of Collective Action in Rural Ghana

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ABSTRACT

With the beginning of the new millennium and the increasing concerns with regard to wild privatization reforms, African governments, international donors and development scholars have been showing renewed interest in collective action. As a result, farmer-based organization (FBOs) and agricultural cooperatives (agri–coops) are back on the policy agenda for Africa as a preferential means to achieve a more equitable, inclusive and community-driven development of rural areas. The objective of this paper is to provide a snapshot of the patterns and determinants in the development of FBOs and agri–coops in Ghana. With the intention to fill knowledge gaps, harmonize perceptions, update and broaden public understanding of FBOs and agri–coops in Ghana, this review compiles and compares as much secondary evidence as possible and fills in missing evidence through focus group discussions and key informant interviews. The paper concludes with some implications for policy-making and for further and more empirical research.

Keywords: collective action, agricultural cooperatives, farmer-based organizations, Ghana, reviews

1. INTRODUCTION

"Whatever the elegance of five-year plans produced in the capital, higher production can only come from millions of smallholders, who may be submissive and quiescent politically, but who remain autonomous in their economic decisions on their plots." —Guy (1971; in Young, Sherman, and Tim 1981, 5)

In Sub-Saharan Africa (SSA), rural development and agricultural growth represent likely pathways out of poverty and food insecurity. This widespread perception is supported by large amounts of evidence indicating that the vast majority of the populations of SSA keep living in rural areas, under subsistence or semisubsistence regimes. How to untap such development and growth potential remains, however, an open question.

For a large part of the former century, development efforts (see the Green Revolution) were focused mainly on the intensification of agricultural production through technological innovation. Today, development efforts are increasingly directed to address the institutional and organizational shortcomings that prevent the take-up of available technology (Hayami and Otsuka 1992). This shift in the development approach for SSA is due to the difficulties faced by both the public and the private sector in dealing with a myriad of small-/micro-scale producers scattered throughout vast, remote, and degraded rural areas.

Clearly, rural smallholders in SSA face access barriers to markets, inputs, credit, and information, and their voices are often not heard in the policy fora where the decisions that affect their livelihoods are taken (World Bank 2007, 153). Many donors and policymakers regard smallholders' collective action as a necessary step toward national decentralization,devolution and privatization (Meinzen-Dick 2009; World Bank 2007, 228).[1]

According to Sandler (1992), collective action arises when people collaborate on joint action and decisions to accomplish an outcome that involves their common interest or well-being. The economic theory of collective action is concerned with the provision of public goods (meaning assets, resources and services that are collectively consumed) through the collaboration of two or more individuals and with the impact of externalities on group behavior. Although there are many instances in which individuals would be better off if they cooperated, collective action often does not emerge. Problems typically arise over imbalances among contributions to the effort and the distribution of benefits from the creation of public or collective goods, known as the free-rider problem (Kirsten et al., 2009). The foundation of modern theory on collective action was laid by Olson (1965) in the "Logic of Collective Action". This theory is essentially a tool to analyze how to overcome free-rider problems and fashion cooperative solutions for the management of common resources or the provision of public goods.

In this paper we refer to collective action undertaken in rural areas under different organizational forms, such as farmer-based organizations (FBOs) and agricultural cooperatives (agri-coops). Among other reasons, collective action in rural SSA is commonly pursued as a mean to improve credit recovery from smallholders through peer pressure; empower farmers to advocate for external support; manage common (open-access) natural resources such as forests, pastures, groundwater basins, and irrigation systems; strengthen the position of small-scale producers vis-à-vis downstream traders; reduce transaction costs of exchanging goods and information with a large number of smallholders; facilitate value addition to agricultural production (Shiferaw, Obare, and Muricho 2006); and ensure that the allocation of land property rights is done in respect of traditional local customs.

In the past two decades, Ghana has witnessed many governmental and nongovernmental projects seeking to promote collective action among rural populations. In particular, between 2000 and 2007, the

[1] Decentralization is defined as the transfer of both decision-making authority and payment responsibility to lower levels government (from the central government to local government institutions). Devolution is defined as the transfer of rights and responsibilities to user groups at the local level. Privatization broadly refers to transfer from the public sector to private groups or individuals.

World Bank alone invested more than US$9 million for the development of FBOs as part of its Agricultural Services Sub-sector Investment Project (AgSSIP 2007b).

The government of Ghana, through its recent policy documents, namely, the Growth and Poverty Reduction Strategy (2006–2009) and the Food and Agriculture Sector Development Policy (2007), places a strong emphasis on organizing both FBOs and agri–coops to improve coordination among rural smallholders (Republic of Ghana 2005, 2007).

Nongovernmental organizations (NGOs) such as Techno-Serve Ghana, Heifer Ghana, Adventist Development and Relief Agency (ADRA), Association of Church Development Projects, Private Enterprise Foundation, German Technical Corporation (GTZ), Care International, Plan Ghana, and Netherlands Development Organizations, among others, have also played a significant role in either organizing or supporting FBOs and agri–coops in the country.

The growing attention paid to rural collective action in Ghana reflects a global trend underpinned by the exacerbation of market competition and integration, the marginalization of cultural minorities, and the overexploitation of natural resources (Meinzen-Dick 2009; World Bank 2007, 154; Chaddad and Cook 2004). Ultimately, collective action is seen as a social elevator, that is, a mechanism to ensure social mobility and leverage economic inequalities.[2]

Despite growing public interest and expectations, the evidence available on collective action in SSA remains scattered, incomplete, and often contrasting (Rondot and Collion 2001). Although the amount of evidence produced on African rural institutions and organizations has increased substantially in the past decade (Dorward et al. 2009; Kirsten, Karaan, and Dorward 2009), it appears still constrained by the paradigmatic perspectives of development scholars. In particular, collective action in Africa is still commonly portrayed as either a plague to society (based on structural adjustment and trickle-down theory) or an institutional panacea (based on community-driven, participative approaches). Somehow the debate on collective action has polarized into black or white leaving out a large scale of greys and this is mainly attributable to protracted failures of development scholars in capturing institutional heterogeneity, what Elinor Ostrom (2009 Noble Prize for Economics) defined as "institutional diversity".[3]

With the intention to fill such a knowledge gap and harmonize perceptions, this review aims at digging out the complexity associated with collective action in rural Ghana. To do so it compiles and compares as much (inter)national secondary evidence as possible and it fills in missing information with primary evidence obtained through focus group discussions and key informant interviews. Based on such an analytical approach, the contents of this paper include (1) a policy review, including a historical overview of legal and governance issues associated with collective action in SSA, with specific references to Ghana; (2) a descriptive review, compiling and discussing available statistics with regard to collective action in rural Ghana; and (3) a diagnostic review, that is, a review of the underlying patterns and determinants of collective action. The paper concludes with some implications for policymaking and further research.

[2] *Social mobility* refers to the way socioeconomic opportunities are distributed within a society. It measures the likelihood that current social elites emerged from low social classes (upward mobility) as well as the probability that the poorest and the illiterate were born from socioeconomic elites (downward mobility).

[3] See the presentation by Elinor Ostrom at the World Bank annual conference on "Land Policy and Administration": http://news.capri.cgiar.org/2010/05/video-watch-elinor-ostroms-keynote.html

2. POLICY REVIEW

The description of the underlying policy framework for collective action in Ghana is based on an extensive review of secondary data, mainly retrieved from annual and progress reports from various governmental organizations and NGOs, as well as through direct interviews with various development agents and consultants. The description is broken down into three subsections presenting the history and then the current characteristics of the legal and governance frameworks adopted in SSA at large and in Ghana in particular.

2.1. History

Historical evidence suggests that farmer groups might be as old as sedentary agriculture. It is argued that since the beginning of sedentary agriculture in the Rift Valley, farmers supported each other to cope with unpredictable climatic events (Ehret 1979). There is also evidence indicating the presence of informal farmer groups in Ghana well before colonialism (deGraft-Johnson 1958; Onumah et al. 2007). These groups, popularly called *Nnoboa* (a practice that is still common in rural Ghana), were commonly formed to provide reciprocal labor support for farm work, especially for weeding (Onumah et al. 2007).[4]

Despite scattered evidence from pre-colonial history, the development of formal collective action in rural Africa is widely associated with colonialism, during which European governments actively pooled rural producers into agri–coops (Develtere 1994, cited in Wanyama, Develtere, and Pollet 2008). Since the beginning of colonialism, rural Africa has witnessed three major waves of collective actions, identified with (Develtere, Pollet, and Wanyama 2008) (1) the colonial period, (2) the postindependence period, and (3) the structural adjustment period.

Colonial Period

During colonialism, agri–coops became a means to promote the production and to facilitate the collection of cash crops such as coffee, cocoa, cotton, and so forth throughout SSA (Hussi et al. 1993). The main intention of colonial authorities in establishing agri–coops was to facilitate the implementation of their agricultural policies, to improve agricultural export flow toward the European market, and to ensure control of and maintain order in remote rural areas (Wanyama, Develtere, and Pollet 2008; Develtere, Pollet, and Wanyama 2008).

In Ghana, agri–coops were formally introduced by the colonial government in the 1920s. Wary of agrarian capitalism, the colonial administration searched for an alternative form of agricultural production. Such a search ended up embracing the socialist cooperative model (see Buell 1928/1965; McPhee 1926/1971). The colonial authority viewed this approach as a way for guiding Ghanaians through a "critical stage of mental and spiritual growth" without producing "destructive individualism" or "tearing the social fabric" (Strickland 1933, 163). Cooperative agriculture appeared capable of guiding Ghanaians from tribe to nation without producing market anarchism and Western individualism.

Soon, agri–coops became dominant in the cocoa sector, serving as major instruments to assist and control farmers in their activities (deGraft-Johnson 1958) as well as to channel cocoa more efficiently toward the United Kingdom (Miracle and Seidman 1968). The development of agri–coops continued throughout the 1950s when it was then extended to other production sectors such as rice, maize, peanuts, and tomatoes (Miracle and Seidman 1968).

Post-independence Period

The second generation of agri–coops appeared in SSA with independence from colonial powers. In line with their foreign predecessors, the governments of the new sovereign states accorded an essential role to agri–coops and looked on them as key instruments for rural development. However, in many cases agri–

[4] Nnoboa is a word in the Ghanaian Twi language that means "working together for the common good."

coops degenerated into political tools (Wanyama, Develtere, and Pollet 2008; Hussi et al. 1993). The new governments were directly and actively involved in establishing cooperatives and endorsed legislation that tied agri–coops to the centralized, state-led, input/output marketing systems. In some cases (for example, in Tanzania, Ghana, and Zambia) postindependence governments even formally integrated agri–coops into governmental institutions (Onumah et al. 2007).

Postindependence governments used agri–coops as preferential channels for the provision of credit, often linked to the distribution of agricultural inputs (Hussi et al. 1993; Debrah and Nederlof 2002). Farmers were often coerced or, at best induced, to join agri–coops, and membership in agri–coops was usually a prerequisite for obtaining credit from the government (Holmen 1990). In many cases, governments' loans were repaid by agri–coops through political support (votes) instead of money. In return, governments kept agri–coops on a tight leash, preventing them from obtaining sufficient profit margins to evolve into private and viable enterprises (Wanyama, Develtere, and Pollet 2008).

In Ghana, following independence in 1957, the new sovereign government continued to promote agri–coops, and by 1960 the latter were marketing about 40 percent of the total cocoa produced. However, it is recorded that the first president of the country, Kwame Nkrumah, developed distrust in agri–coops, which were subsequently dissolved in 1961 and their assets confiscated in favor of an organ of the ruling party, the Convention People's Party (Young, Sherman, and Tim 1981; Taylor 2003, cited in Tsekpo 2008).

The remnants of Ghana's agri–coops then rose from their ashes after the fall of the Nkrumah regime in 1966, under the new military government led by the Provisional National Defence Council (PNDC) (Young, Sherman, and Tim 1981). However, despite encouraging premises the expected public support did not materialize under the PNDC, and by 1985 the number of agri–coops began to decline once again.

Structural Adjustment Period

Structural adjustment reforms in the 1980s and 1990s in SSA ushered in a third wave of rural collective action in the effort to move away from traditional agri–coops to more spontaneous, autonomous, and business-oriented FBOs (Onumah et al. 2007; Hussi et al. 1993). The realization of the need to replace inefficient parastatal cooperatives with private, profit-making organizations resulted in various attempts, not always successful, to reform rural governance and legislation across SSA (Hussi et al. 1993).

In its 1994 annual report, the Department of Cooperatives (DOC) noted that a major problem associated with agri–coops in Ghana during the post-independence period was that farmers saw them mainly as a means to obtain public support rather than to promote competitive agribusiness.[5] However, like in many other parts of SSA, traditional agri–coops remained dominant in Ghana until the end of the 1990s when the need for more independent forms of collective action finally appeared in official policy documents (for example, Growth and Poverty Reduction Strategy and Food and Agriculture Sector Development Policy; see Develtere, Pollet, and Wanyama 2008).

It is only with the beginning of the new millennium that Ghana witnessed a rapid emergence of both governmental and nongovernmental projects seeking to promote the development of FBOs and to liberalize existing agri–coops (see Appendix Table B.1). Yet policy reforms seem to have mainly generated a shift in the terminology (from agri–coops to FBOs) rather than tangible innovations at the level of rural communities and agricultural production systems.

2.2. Legal Framework

Few countries in SSA have up-to-date legal frameworks that take into consideration the challenges of collective action in an increasingly market-driven scenario (Hussi et al. 1993). In many African countries,

5 The Department of Cooperatives was established in 1994 with the mission to register, monitor, and support cooperative organizations.

agri–coops have been operating under legal frameworks developed in the mid 1990s, through which management is made accountable to the state rather than to membership (USAID 2006).

Ghana's first cooperative legislation dates back to 1929. Following the cooperative model in other British colonies in Africa and Asia, consecutive legislations were made in 1931, 1937, and 1968. The latter, that is, the Cooperative Societies Decree (1968), National Liberation Council Decree or NLCD 252, is the extant legislation for all formal cooperatives operating in the country (USAID 2006).

The 1968 decree allows the head of DOC to retain considerable control over cooperative organizations to the detriment of members' decision rights:

- Paragraph 17 indicates that DOC must approve the granting of loans to members of cooperatives.
- Paragraph 28 specifies that no decisions about the use of production surplus can be made without the approval of DOC.
- Paragraph 46 indicates that DOC has to approve and countersign any payment issued by a cooperative.
- According to paragraph 53, DOC is entitled to dissolve the board of directors of a cooperative and appoint a caretaker to govern the business.

The 1968 decree also imposes binding financial regulations that contribute to discouraging collective investments and entrepreneurship. In particular the members of Ghanaian cooperatives are not free to buy or sell their property rights and thus to define the most suitable financial structure:

- Paragraph 37 indicates that no single member of a primary cooperative shall hold more than one-fifth share of the collective endowment.
- According to paragraph 40, members are not allowed to transfer any of their shares of the collective endowment unless they have held such shares for not less than a year, and transfers can be made only to the cooperative as a whole or to another member of the cooperative.

The need for a new and more liberal cooperative legislation has long been recognized (since the 1980s) in Ghana. However, it is only recently that a new cooperative bill has been drafted by DOC, with contributions from relevant stakeholders (the Cooperative Council, the Cooperative College, and some representatives of national agri–coops) to replace the Cooperative Societies Decree from 1968.

Although the cooperative bill is still in draft form, inaccessible to the public, the drafters of the bill revealed that it has the primary objective to enhance the autonomy and independence of cooperatives, thereby reducing the power of DOC to intervene in cooperative decisionmaking (Tsekpo 2008). The bill also includes a proposal for the establishment of a Cooperative Development Fund to sponsor education and training of cooperative members and to promote cooperative activities (Tsekpo 2008).

2.3. Governance Regime

In SSA, FBOs and agri–coops are commonly governed through both regular extension services and ad-hoc development projects. Extension services are defined as the daily activities undertaken by the Ministry of Food and Agriculture's (MoFA) at the level of rural communities to promote agricultural production and commercialization.[6] As such, extension services are more or less constant over time and are supposed to have a nationwide coverage. Rural development projects are instead time and space bounded, but they usually have more specific objectives.

Extension Services

A research project on agricultural and rural service provision was conducted in 2008 by the Institute for Statistical, Social and Economic Research (ISSER) in collaboration with the International Food Policy

[6] For details see MoFA website: http://www.mofa.gov.gh/agricultural_extension_services.html

Research Institute (IFPRI).[7] Preliminary descriptive statistics from the ISSER-IFPRI survey show that 48 percent of the FBOs/agri–coops surveyed had visited a MoFA office during the previous 12 months.[8] Approximately half of the FBOs and agri–coops declared their leaders had visited MoFA offices more than once in the previous year. Interestingly, in half of the cases recalled by this study, the visits were conducted by the chairperson of the FBO/agri–coop. Requests of assistance for crop and livestock production were the most frequent reasons for visiting the MoFA offices (ISSER-IFPRI 2009).

Almost all the groups interviewed indicated that they were very satisfied with their interaction with MoFA. On average, a visit to a MoFA office implies a trip of 20 kilometers and a meeting of less than two hours. More than 70 percent of the FBO representatives use public transport to visit MoFA offices (with an average transportation cost of 2.6 GHC per visit). However, only 11 percent of the groups interviewed declared to have lost income opportunities while visiting MoFA offices, which indicates that the opportunity cost to obtain extension services might be low (ISSER-IFPRI 2009).

Overall, this evidence suggests that the interaction between FBOs/agri–coops and MoFA's extension services involves low transport and opportunity costs, with high satisfaction levels.

Development Projects

In SSA, a significant number of FBOs and agri–coops have been and are still created or supported through development projects undertaken by either governmental or nongovernmental agencies. In this section, we examine the major projects that have been engaging Ghanaian FBOs and agri–coops for the past two decades.

Appendix Table B.1 through B.3 provide detailed information about these projects.[9] In particular, Appendix Table B.1 shows that a total of 7,748 FBOs and agri–coops have been either created or supported since the 1990s by these projects. This is a significant number, and it could be significantly higher if all development projects (not only the major ones) were taken into account. Appendix Table B.1 shows also that the Northern and Volta regions have been the major target areas of development projects, while the Western region has been neglected the most.

The remainder of this section elaborates the bits and pieces of information displayed in Appendix Tables B.1 and B.2, distinguishing between start-up and strengthening regimes and discussing the impacts reported for two major development projects.

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[7] The survey was conducted in the Northern, Brong Ahafo and Western Regions of Ghana. The project included a survey of 6 districts (Wassa West, Amenfi East, Kintampo South, Wenchi, Tolon/Kumbungu, and West Gonja), 231 communities, 70 Agricultural Extension Agents, 45 FBOs/agri–co-ops, and 1,168 households.

[8] In the ISSER-IFPRI survey, *FBO* refers to both registered and unregistered farmer organizations.

[9] The sources of information include Agricultural Services Subsector Investment Project, Implementation Completion and Result Report, 2007, Republic of Ghana; Agricultural Services Sub-sector Investment Program, Report on Evaluation and Impact Study of the Farmer-based Organizations Development Fund, Republic of Ghana 2007; Agricultural Services Subsector Investment Program, Farmer-based Organizations Component, Progress Report, January 2007, Ministry of Food and Agriculture (MoFA); Association of Church Development Projects, available online at http://www.acdep.org/; Projects of Private Enterprise Foundation (PEF) Ghana, Farmer-based Organizations, available online at http://www.pefghana.org/mainsite/projects/?read=10; PEF, Capacity Building for Grassroots Advocacy, Presentation by the Director-General of the Private Enterprise Foundation; Cashew Development Project, Progress Report for the period October–December 2008, MoFA; Care Ghana, Country Office; Fair Trade Fruits, project information available online at http://care.org/careworks/projects/GHA033.asp; Adventist Development and Relief Agency (ADRA)/Ghana's Title II Food Security Program, Mid Term Evaluation, October 2004; ADRA/Ghana's Title II Food Security Program, Impact Evaluation, 2006; ADRA/Ghana's Title II Food Security Program, 2006 Results Report; ADRA/Ghana's Title II Food Security Program, 2005 Results Report; Heifer International, Projects Profiles, 2006, available online at http://www.heifer.org/atf/cf/%7BE384D2DB-8638-47F3-A6DB-68BE45A16EDC%7D/PROJECT_PROFILES_06.PDF; Millennium Challenge Compact, 2006, Republic of Ghana; Ghana's Millennium Development Authority quarterly reports from 2007 to 2009; Millennium Development Authority farmer-based organization (FBO) database, available online at www.mida.gov.gh; Kofi Adade Debrah, Processes Underlying Accessibility to Irrigation Dam Facilities Utilization, Plan Ghana, 2007; Plan Ghana Irrigation Dams Fact Sheet; Shea Butter Processing Project, List of Groups, MoFA; Netherlands Development Organizations (SNV) FBO Project Profiles; USAID/Ghana, Trade and Investment Program for a Competitive Export Economy, Semi-Annual Progress Report, October 2005–March 2006; F. Hicks, TechnoServe's Inventory Credit Programme in Ghana, available online at http://www.unctad.org/infocomm/comm_docs/docs/meetings/lyon/hicks.pdf.

Start-up Projects

A handbook produced by the Ghanaian MoFA and GTZ (2008) identifies the following strategy to promote the formation of FBOs:

- Create awareness about the purpose of the envisaged collective action and its potential benefits.
- Hold group discussions with persons who are interested in participating to identify their needs and problems and how the FBO can contribute to addressing them.
- Make a list of potential members who are eager to join the FBO, making sure that they all understand and agree on the objectives set for the group and the level of commitment required from their side.
  – Facilitate the group of potential members in the process of identifying a name for the FBO.
- Form an interim management committee selected by the group of potential members.
- Support the interim management committee in drafting a constitution for the FBO.
- Finalize a membership list based on the payment of a registration fee, other financial commitment, or both.
- Facilitate the election of the FBO's leaders based on members' preference and the rules identified in the constitution.
- Register the FBO as a legal entity with the Registrar's General Department, DOC, the district assemblies, or MoFA.

TechnoServe's Inventory Credit Programme also provides valuable information about how FBOs and agri–coops are established in Ghana.[10] Under this programme TechnoServe formed new FBOs and reorganized existing ones. All FBOs (re)established under this programme were required to have 20 to 50 members. Only business-oriented FBOs were considered for this programme (that is, FBOs willing and able to produce surplus, collect it, store it, and sell it in the market at competitive prices). Each FBO was also required to sign a formal management assistance agreement with TechnoServe and pay a fee for TechnoServe's services. Groups were assisted in drafting a formal constitution and democratically electing their leaders. To qualify for technical assistance each FBO was then required to open a bank account. Finally each FBO was required to collect contributions from the members to be used as a buffer in times of economic downturn.

Strengthening Projects

As shown in Appendix Table B.2, support to existing FBOs and agri–coops takes different forms:

Training. The leaders and members of agri–coops and FBOs are often trained on managerial techniques, leadership skills, and record keeping. They can also be trained on how to use new technology, such as new equipment, seed varieties, and other production inputs. Under AgSSIP (2007a, 2007b, 2007c), for example, representatives of FBOs were trained at the Cooperative College in Kumasi to improve their managerial leadership skills. Also, AgSSIP purchased *gari* (ground cassava) and palm oil processing equipment for some FBOs, and their members were trained on how to use them. Most projects provide training free of charge.

Grants/Subsidies. These can be provided either in cash or in kind. The latter form includes mainly agricultural inputs (for example, fertilizer, pesticides), livestock, storage facilities (for example, silos, warehouses) and different kinds of equipment (for example, mills, tractors, containers, vehicles). For example, Heifer Ghana provided cows, goats, sheep, and so forth to farmer groups in the Brong Ahafo

[10] http://www.ruralfinance.org/servlet/CDSServlet?status=ND0xMDMwLjExOTk3JjY9ZW4mMzM9ZG9jdW1lbnRzJjM3PWluZm8~.

and Eastern regions of Ghana. Also, Ghana's Millennium Challenge Account Program is supporting members of some selected FBOs and agri–coops with improved seed varieties, fertilizer and insecticides, and money to rent in tractors.[11] Usually cash grants are also tied to the purchase of agricultural inputs or specific equipment.

Credit. Loans to FBOs/agri–coops are also commonly tied to specific inputs or goods. For example, under the ADRA project (2004–2006), tractors were hired on credit to assist members of FBOs in their land preparation. Where animal traction was practiced ADRA provided credit for the purchase of oxen. The ADRA project also provided agricultural inputs (for example, fertilizers, pesticides) on credit. Besides cash, ADRA accepted agricultural output as repayment for the loan. In a few cases, credit was provided in cash, such as in the case of the Cashew Development Project. It is important to note that the recovery rates of cash loans under ADRA are heterogeneous, ranging from a minimum of 9 percent to a maximum of 80 percent. Many members of FBOs attribute their inability to repay loans to poor yields, which relates mainly to unfavorable weather conditions.

Certifications. A recent trend is for an FBO or agri–coop to receive a package including training, direct investments, and brokerage services (to establish contracts with buyers and sellers), mainly by NGOs accredited to release fair-trade, organic/biologic, quality, origin, and/or other certifications.

Common Resources. Some projects support FBOs, agri–coops, and communities through the rehabilitation of forests or pastures; the construction of terraces to fight soil erosion; the construction of wells, dams, and irrigations systems; and so forth. Under Plan Ghana's Livelihood Improvement Programme, eight dams were constructed in the Sisala district of the Upper West region. The communities benefiting from the dams formed Water Users Associations to manage the dams according to local needs.

Projects' Impact: Despite the large number of development projects involving Ghanaian FBOs and agri–coops, we found only two studies assessing the impact of related interventions. These two studies, respectively, evaluate the impact of the AgSSIP and ADRA projects. It is also important to note that no impact analyses were found on projects promoting the establishment of new FBOs or agri–coops.

AgSSIP supported FBOs in three broad areas: (1) provision of agroprocessing equipment as well as technical and financial support for crops and animal production, (2) training of members and leaders to improve their managerial skills, and (3) construction of storage facilities.

By the end of AgSSIP in November 2007, 1,300 executives (48 percent were women) from 326 FBOs had been trained in group development and business management at the Cooperative College. Training activities accounted for 30 percent of the funds available to AgSSIP. Over 70 percent of the support provided through AgSSIP to FBOs was financed and went into agroprocessing activities.[12]

In particular, the study indicated that the project had generated a significant and positive impact on the livelihoods of the members of the FBOs as well as on their communities. The provision of processing equipment to FBOs had a significant effect in terms of value addition to agricultural production. The construction and improvement of storage facilities contributed instead to reducing postharvest losses. The study also indicated that over 90 percent of the FBOs interviewed reported a significant improvement in their record keeping due to the training they received from the project (AgSSIP 2007c).

Discussions with participants revealed also that the training was well received, contributing to broadening the understanding and appreciation of collective entrepreneurship. According to the evaluation performed, the training sessions created an opportunity for FBOs' leaders to meet and exchange information, leading to the formation of four apex bodies in the form of district-level agricultural unions (AgSSIP 2007b).

[11] For details see www.mida.gov.gh/documents.

[12] For more details see Report on evaluation and impact study of the Farmer-based Organizations Development Fund (AgSSIP 2007c).

The above achievements notwithstanding, AgSSIP also had some shortcomings (AgSSIP 2007a). First, due to the high number of FBOs involved, the training of FBO executives at the Cooperative College in Kumasi in the Ashanti region was reduced from five weeks to two weeks per session, and this translated into overcrowded classes and rushed learning modules. Second, the disbursement of funds to FBOs was largely insufficient and often delayed. Last but not least, the project approach was commonly described as too hasty and patronizing, making little effort to listen to the concerns of the FBOs and guide them through the development of viable business plans (AgSSIP 2007c).

At the end of 2006 the ADRA project had assisted about 1,632 FBOs in the preparation of farming land, the provision of agricultural technical assistance, the development of improved storage facilities, and the supply of agricultural inputs and agro-processing equipment (ADRA 2004, 2005, 2006a, 2006b). The impact evaluation report concluded that the support provided to FBOs resulted in (1) increased yields as a result of new and improved cropping technology; (2) reduced storage losses due to improved storage units; (3) reduced months of household food shortage through increased production of annual and tree crops; and (4) increased agricultural revenues for FBO members.

The report pointed out that ADRA's beneficiaries faced only 1.3 months of food shortage at the end of the project against the original 4.0 months. Interestingly, the report also showed that the program's beneficiaries were producing an average yield of 10 bags per acre (2.5 tons/hectare) of improved varieties, while similar farmers who did not participate in the project continued to grow an average of 3 bags of local varieties per acre (0.8 tons/hectare).

Beneficiaries reported that the program had also contributed to reintroducing tree crops (for example, citrus, mango) that will improve livelihood sustainability in the long term. Interestingly, they also reported that project assistance in preparing plots for farming was the most useful of ADRA's interventions. However, the report also noted several delays in land preparation, which led to late planting and low yields, thereby resulting in scarce repayment of the loans disbursed.

3. DESCRIPTIVE REVIEW

In this section we present a description of the major trends associated with collective action throughout rural Ghana. In doing so, we compare four sources of data: (1) DOC's database; (2) the proceedings of the 2006 and 2007 performance annual review workshops by MoFA; (3) a recent database built by MoFA based on the voluntary registration process of FBOs and agri–coops; and (4) the survey conducted in 2008 by the International Food Policy Research Institute and the Institute for Statistical, Social and Economic Research.

3.1. Data Source I

DOC is a source of insightful statistics on the number of registered agri–coops. The statistics produced by DOC (Table 1) suggest that 4,777 registered cooperatives existed in Ghana in 2008, of which about 64 percent (3,069) were agri–coops.

Table 1 reveals also that from 1998 to 2008 the number of registered cooperatives grew more than threefold. Unfortunately, disaggregated figures distinguishing agri–coops from other cooperatives are available only from 2002 onward. It is evident however that agri–coops consistently represented the majority of Ghanaian cooperatives between 2002 and 2008. In this latter period the number of agri–coops grew from 874 to 3,069, which corresponds to an increase of about 251 percent.

Table 1. Ghana's registered cooperatives

Year	Agricultural Coops	Financial Coops	Industrial Coops	Service Coops	Total
1998	—	—	—	—	1,020
1999	—	—	—	—	1,197
2000	—	—	—	—	1,406
2001	—	—	—	—	1,613
2002	874	223	731	203	2,031
2004	1,080	241	740	205	2,266
2005	1,463	277	815	297	2,852
2008	3,069	382	822	504	4,777

Source: Authors compilations of statistics from Ghana's Department of Cooperatives.

Note: Dashes indicate that disaggregated figures are not available for those categories

3.2. Data Source II

In 2007 and 2008 MoFA organized a workshop to review the performance of its departments, agencies, and units for 2006 and 2007, respectively. During these two workshops, the country's 10 Regional Agricultural Development Units provided estimations of the total number of FBOs and agri–coops operating in each region. These estimations are reported in Table 2.

Table 2. Ghana's regional distribution of farmer-based organizations (FBOs) and agricultural coops (agri–coops)

Region	Number of FBOs/agri–coops 2006	Number of FBOs/agri–coops 2007
Ashanti	1,017	440
Brong Ahafo	1,368	892
Central	78*	216*
Eastern	203	896
Greater Accra	82*	400
Northern	1,588	1,520
Upper East	1,098	856
Upper West	17*	596
Volta	1,966	2,067
Western	868	868
Total	8,285	8,751

Sources: Authors compilations of figures from presentations of the Ministry of Food and Agriculture's 2006 and 2007 performance annual review workshops.

Note: asterisks indicate that the figures represent only new FBOs/agri–coops formed during the year and not the total number of FBOs in the regions

It is important to note that some of these estimations report not the total number of FBOs and agri–coops existing in each region but only the number of new FBOs and agri–coops established in the year under review (for example, the Central region for 2006 and 2007, Greater Accra region for 2006, and Western region for 2006). Regardless of this measurement error, Table 2 shows that the total numbers of Ghanaian FBOs and agri–coops in 2006 and 2007 were, respectively, 8,285 and 8,751.

3.3. Data Source III

The most recent effort to provide a database of FBOs and agri–coops in the country was made by MoFA in 2008. Through the Directorate of Agricultural Extension Services and its district offices, MoFA made an announcement inviting FBOs and agri–coops to register with the District Agricultural Development Units.

Table 3. Eligibility of farmer-based organizations and agricultural coops in Ghana

Region	Operation Status	
	Eligible	Ineligible
Ashanti	243	0
Brong Ahafo	268	0
Central	238	0
Eastern	299	365
Greater Accra	92	70
Northern	389	51
Upper East	234	67
Upper West	89	18
Volta	293	157
Western	179	0
Total	2,324	728

Source: Authors compilation of Ministry of Food and Agriculture's validation and clustering of farmer-based organizations in Ghana in April 2009.

Such a voluntary registration process included a questionnaire to be filled out by the representatives of FBOs and agri–coops and to be validated by external consultants. Consequently, the consultants distinguished the FBOs and agri–coops depending on whether they were formally registered, eligible to receive support, and had declared having production, processing, marketing, or multiple purposes (as shown in Tables 3 and 4).

Also, of the 3,052 FBOs and agri–coops, 2,324 were identified as eligible, and 728 were identified as ineligible for public support.[13] Eligibility was defined based on a combination of several criteria, including

- proof of formal registration with a public institution (DOC, MoFA, Registrar General's Department, District Assembly, and so on),
- existence of a collective bank account,
- existence of written rules (constitutions or by-laws),
- evidence of regular internal gatherings (open to all members),
- evidence of regular financial contributions (made by the members), and
- evidence of active leadership.

Table 4 provides instead a breakdown based on the collective activities undertaken or envisaged by the FBOs and agri–coops, further disaggregated by region. It is evident in Table 4 that the majority of these are classified as production organizations, while the marketing category has the lowest number of FBOs and agri–coops.

Table 4. Distribution of farmer-based organizations (FBOs) and agricultural coops according to region and activity, Ghana

Region	Number of FBOs, by activity			
	Production	Processing	Marketing	Multipurpose
Ashanti	167	25	13	38
Brong Ahafo	220	29	13	6
Central	128	34	14	62
Eastern	552	21	8	83
Greater Accra	122	6	1	33
Northern	280	31	8	121
Upper East	124	15	7	155
Upper West	66	9	3	29
Volta	291	28	11	120
Western	127	20	14	18
Total	2,077	218	92	665

Source: Authors compilation of Ministry of Food and Agriculture's validation and clustering of farmer-based organizations in Ghana in April 2009

The handbook developed by MoFA and GTZ (2008) explains the above categorization as follows:

Production FBOs. These are formed mainly to facilitate members' access to credit and agricultural inputs. Production FBOs are not necessarily created to do collective or group farming. Most often, the members

13 Note that in the case of Central and Western Regions no distinction was made between eligible and ineligible FBOs and agri–co-ops but for the sake of presentation, we assume that they were all eligible.

of these FBOs produce at the individual level on their own farms and come together only to cut the costs and share the risks associated with training, credit, and inputs procurement.

Processing FBOs. These are usually formed to support the processing of agricultural output. A classic example is given by dairy processing groups collecting milk and transforming it into butter, yogurt, and/or cheese. Other examples observed in Ghana are shea butter processing groups, palm oil processing groups, gari (ground cassava) processing groups, smoked fish processing groups, and so forth.

Marketing FBOs. These are formed to facilitate agrifood commercialization. These FBOs typically purchase agricultural output from farmers to sell it to traders or directly to final consumers. An example of a marketing FBO is a fruit and vegetable marketing association that purchases from farmers in irrigated rural areas and sells to regional traders or urban consumers.

Multipurpose FBOs. These can be involved in one or more of the activities mentioned above and engage at the same time in livelihood protection activities (such as external fund-raising, community work, or mutual support in case of illnesses, funerals, weddings, and so on), environmental management (to regulate the use of common natural resources such as forests, groundwater basins, irrigation schemes, pastures, fish stocks, and so on), or both.

3.4. Data Source IV

As already mentioned, the ISSER-IFPRI survey in 2008 was designed with the primary objective of collecting new information about rural governance and agricultural services in Ghana.

First, the IFPRI/ISSER survey revealed the presence of agri–coops/FBOs in 39 percent of the communities surveyed. Second, in response to the question, what is the main purpose of your agri–coop/FBO? the survey reported the following sets of answers:

- Livelihood-oriented answers: “To bring farmers under one umbrella for cooperation,” “To provide general support to the community,” “To obtain external support,” “To improve social welfare”
- Production-oriented answers: “To unite and increase productivity and income,” “To help one another with farm work,” “To improve access to credit and inputs,” “To help acquire farming land”
- Market-oriented answers: “To find market outlets,” “To embark on collective marketing”
- Environment-oriented answers: “To protect and regenerate fish stocks”

3.5. Comparing Data Sources

This section compares the four sources of information described above on the basis of their strengths and weaknesses to harmonize and broaden the current understanding of the trends and characteristics of collective action across rural Ghana.

The census of cooperative organizations provided by DOC appears reliable and accurate, providing also valuable insights on the growth patterns described by Ghanaian cooperatives over time. However, a major weakness of this source is that it includes only registered cooperatives, leaving out all unregistered FBOs.

The data from MoFA’s performance annual review workshops appear to be the most reliable in measuring the total national and regional population of rural organizations, including both FBOs and agri–coops. It is, however, important to note that the census reported by this source for 2006 and 2007 provides a likely (but not substantial) underestimation of the total number of FBOs and agri–coops in Ghana. This is due to the fact that three Regional Agricultural Development Units have reported only the number of newly established FBOs and agri–coops instead of the total stock. This source provides also a fairly reliable growth rate in the number of FBOs and agri–coops between 2006 and 2007.

Unlike the previous sources, the database built by MoFA through voluntary registration in 2008 does not provide reliable or accurate figures about population size and growth, but it adds information about the characteristics of Ghanaian agri–coops and FBOs. Since the registration process adopted by MoFA was voluntary (that is, FBOs and agri–coops were asked to come forward and register themselves), self-selection bias is expected to have affected the representativeness of the data collected. This means that the total population of FBOs and agri–coops reported by this source (3,052) is a likely underestimation of the real population. However, this source provides useful insights about the performance of Ghanaian FBOs and agri–coops.

Similarly, the IFPRI/ISSER survey does not add any relevant information with regard to the number and growth of Ghanaian FBOs and agri–coops, but it brings useful insights about the density and type of collective action across rural communities.

The comparison of these sources of information emphasizes both inconsistencies and complementarities in the available evidence. For instance, the comparison of the growth rates reported by the first two sources shows highly diverging figures. While DOC reports a yearly growth rate of 28 percent for the period between 2005 and 2008, MoFA's annual workshops report an annual growth rate of 6 percent between 2006 and 2007. Although DOC's growth estimate refers only to agri–coops, it is unreasonable to conclude that agri–coops are growing so much faster than FBOs.

On the contrary, given the historical evidence discussed above we expect FBOs to be growing at a faster pace than agri–coops. Although it is clear that the number of FBOs and agri–coops is growing in rural Ghana, the growth rate remains unclear. The total number of Ghanaian FBOs and agri–coops is also found to diverge. However, all the representative data sources (I, II, and III) are consistent in indicating underestimation problems, suggesting that the total population can be expected to correspond to 10,000 units, of which approximately one-third are agri–coops and the rest are expected to be FBOs.

On the other hand, the available data converge (see Tables 2, 3, and 4) on the spatial distribution of FBOs and agri–coops, which appear to be particularly concentrated in the Volta and Eastern regions. Not surprisingly, the latter are also the two regions that have historically received most development projects aiming to either start up or support rural collective action (see the Governance Regimes section above).

Substantial overlapping is observed also between the classifications of agri–coops and FBOs, proposed by MoFA (source III) and the collective purposes/activities recorded by IFPRI/ISSER. Both classifications distinguish organizational typologies production oriented or market oriented. However, the answers recorded by the IFPRI/ISSER further emphasize environmental and livelihood purposes, which are somehow implicit in the MoFA classification, under the multipurpose category.

The figures presented in Table 4 indicate also that Ghana's FBOs and agri–coops are expected to be mostly production oriented. Livelihood and environmental protection are expected to represent the second most popular domain of collective action, while collective marketing and processing are the least likely activities/purposes. Yet these classifications inevitably wipe out gray areas between organizational forms, as well as intraorganization complexity, adding few insights about national FBOs and agri–coops, which thus remain nothing more than black boxes.

Finally, Table 3 shows that one-third of the agri–coops and FBOs that decided to register with MoFA were defined as ineligible for further public support. Although the criteria used by MoFA to define organizational eligibility are extremely vague (for example, what is active leadership?), and even if the cutoff point between eligible and ineligible organizations might have been influenced also by factors other than organizational attributes (such as the availability of funds for follow-up interventions), this classification adds an interesting dimension to the description of FBOs and agri–coops.

While the classification presented in the previous paragraph aims to capture the collective domain—the array of collective activities of an organization (that is, the number and type of activities that are carried out collectively)—institutional and organizational studies are nowadays paying an increasing amount of attention to assessing the level, extent, or intensity of collective action. Regardless of their underlying purpose, often agri–coops and FBOs appear to be dormant, engaging in little or negligible

collective action (Meizen-Dick 2009; Cook and Chambers 2007; Varughese and Ostrom 2001), especially in SSA (Francesconi and Ruben 2008; Bernard et al. 2008; Bernard, Taffesse, and Gabre-Madhin 2008).

As put by Meizen-Dick (2009, 327), having an organization in place does not automatically imply collective action: Too often organizations are just like electric systems without electricity. As put by Cook and Chambers (2007, 75), collective action depends on "how much skin is put in the game" by each and every member of the group to pursue their common interests.

4. DIAGNOSTIC REVIEW

In this section we identify and discuss the major potential determinants of collective action in rural Ghana. We do so contrasting primary information collected by the authors in 2009 with state-of-the-art theory and recent evidence from institutional and organizational literature. The primary information available were obtained through rapid participative appraisals (focus groups) with the leaders and ordinary members of 18 national FBOs and agri–coops from six regions (Upper East, Northern, Brong Ahafo, Ashanti, Greater Accra, and Eastern Regions).[14]

So far, this paper has presented policy and descriptive reviews of FBOs and agri–coops in Ghana. Such a compilation of secondary evidence was thought to provide a broad (macro) introduction to FBOs and agri–coops in rural Ghana. In this section we try instead to go more into detail, presenting direct micro-level observations and contrasting them with major organizational and institutional theories. To do so, we structured the following diagnostic analysis into three interrelated trade-offs reflecting some of the most common dilemmas faced by FBOs and agri–coops in Africa at large and in Ghana in particular.

4.1. Defensive or Offensive?

Surprisingly, none of the FBOs and agri–coops involved in the focus group discussions was older than 9.0 years of age (see Appendix Table B.4). The average age of the 18 groups considered is just 4.5 years old. Since historical evidence (see Section 2.1) indicates that FBOs and agri–coops are not at all recent phenomena in Ghana, we conclude that these organizational forms might be short-lived. Similar conclusions can be derived based on the data obtained from the (ISSER-IFPRI 2009). Why is that so?

In their pioneering work on organizational life cycle, Cook and Chambers (2007) suggest that agri–coops and FBOs are likely to be short-lived, especially when they are formed to pursue "defensive" purposes. In other words, Cook and Chambers distinguish FBOs and agri–coops into defensive and offensive organizations. According to these authors, offensive organizations rely more heavily on internal investments (made by the members themselves) and are usually more sustainable in the long run due to active engagement in the market. By contrast, defensive organizations require fewer internal contributions and receive more external support (subsidies, aid, and so on), but their life is also more precarious since external support is inherently unaccountable and volatile.

This explanation seems to fit well in the Ghanaian context. The focus groups revealed that indeed the most important reason to create or participate in FBOs and agri–coops in Ghana is to gain access to external support from either governmental organizations or NGOs. To a large extent, FBOs and agri–coops are regarded as mere conveyor belts for loans, grants, investments, and training. Similar observations are made by Tsekpo (2008), who stated that in Ghana the formation of cooperatives is regarded as a mean of securing patronage from the government and the donors.

The evidence collected through the focus groups reveals that most Ghanaian FBOs may indeed fall into the category of defensive organizations. A similar situation is observed in many other Sub-Saharan countries (see Francesconi and Ruben 2008; Francesconi and Heerink 2009; Hoff and Stiglitz 1993; World Bank 2007, 154–155) where external governance (enforced by either governmental or nongovernmental development agencies) appears to be rather invasive, rewarding shirking and inducing dependency at the community level and thus compromising organizational sustainability over time (Cook and Chambers 2007; Hoff and Stiglitz 1993; World Bank 2007, 154–155).

As a result, some (especially the NGOs) believe that more offensive organizations driven by collective entrepreneurship need to emerge spontaneously, in the absence of external interference of any kind. However, the evidence found in the literature does not lead to the conclusion that individuals will always, or even usually, self-organize in the absence of external support (see Varughese and Ostrom 2001). On the contrary, it leads to the conclusion that in the absence of external interventions, collective action may as well not emerge at all.

[14] For a detailed list of the FBOs and agri–co-ops selected for the focus groups see Appendix Table B.4.

First of all, the literature suggests that regardless of governance regimes, there are specific conditions at the market, social, or environmental level that need to be in place for collective action to emerge spontaneously. Twentieth-century business scholars have generally agreed that "producer-organizations" emerge naturally to confront market imperfections associated with monopoly/monopsony power and asymmetric information (Staatz 1987a, 1987b; Sexton 1986; Sexton and Iskow 1988). It follows that investor-owned firms (individual entrepreneurship) are expected to proliferate as market competition increases, while collective entrepreneurship is expected to emerge under suboptimal or transitional market conditions.

More recent work (Varughese and Ostrom 2001; Meinzen-Dick 2009) suggests also that "user-organizations" emerge mainly to protect social welfare, to better manage scarce or rapidly and evidently depleting common (open-access) natural resources (such as forests, pastures, groundwater basins, irrigation schemes, fish stocks), or both. Given these preconditions, the development of producer or user organizations then depends on the benefits and costs of changing institutional rules as perceived by the local leaders as well as on the autonomy and financial capacity of the latter in taking the necessary initiatives (Varughese and Ostrom 2001).

Therefore, governance regimes aiming to strengthen and empower local leadership may be necessary to trigger and sustain collective action given that the market, social, and/or environmental preconditions are in place. It is still unclear, however, where to draw the line between conducive and invasive governance in the process of building or developing rural leadership. In few cases, the rural leaders we encountered in Ghana have received some leadership and managerial training, were invested with some degree of authority (that is, decisional and economic power), or both by external development agencies. In many other cases they received promises of future support that did not materialize. Finally there are also cases in which group leaders are literally bypassed and decisions are made by NGOs or government extension agents.

4.2. Inclusive or Exclusive?

Focus group discussions emphasized that memberships are often small and pretty homogeneous in Ghanaian FBOs and agri–coops. For 16 out of the 18 groups interviewed, membership size is less than 70 members.[15] In only 2 cases we did encounter larger memberships (192 and 720). Often FBOs and agri–coops were formed by members from the same community or from neighboring areas. Finally, almost all the FBOs and agri–coops encountered appeared to emerge from a preexisting and well-defined social cluster or network (that is, kinship).

For example, in the Eastern region we interviewed an agri–coop that was composed entirely of the students and teachers of a local school for adults. In an FBO located close to Kumasi, all members belonged to the same group of immigrants, who fled together from a village in the north of the country some 10 years ago. Appendix Table B.4 shows that many FBOs and agri–coops are gender biased in the sense that they tend to be dominated by either men or women. In particular, among the 18 groups interviewed we found 2 women's groups.

It follows that kinship, broadly defined as nonprofessional ties (such as an ethnic-, religious-, gender-, tribal-, and/or family-based relationship) appears to be a major reason for participation in FBOs and agri–coops. Membership appeared greatly homogeneous also in terms of income and assets (land, livestock, and so on) owned. Small and homogeneous FBOs and agri–coops are as common in Ghana as in many other Sub-Saharan countries. Francesconi and Heerink (2009), Bernard and Spielman (2009), and Bernard, Taffesse, and Gabre-Madhin (2008) show that Ethiopian agri–coops usually have less than 100 members who are typically "better-off" (from a socioeconomic point of view) and live in rural areas with high potential for agricultural production and commercialization. In other words, these authors suggest that Ethiopian agri–coops tend to institutionalize peri-urban elites and marginalize the "poorest of the poor".

[15] For more details about membership size and composition of all 18 cases see Appendix Table B.4D.

Considering that collective action was initially defined as a social elevator (see introduction), the latter findings, describing African FBOs and agri–coops as exclusive circles of trust may seem a contradiction in terms. However, social networks theory explains that not all organizations are based on exclusive memberships. In particular, exclusive membership is expected to be a prerogative of FBOs and agri–coops emerging in traditional communities dominated by subsistence or semi-subsistence farm households.

According to the father of social positivism, Emile Durkheim (1893), social networks can be distinguished into two types: those based on "mechanical solidarity" and those based on "organic solidarity." The author stresses further that social networks based on mechanical solidarity tend to be smaller and more homogeneous in their memberships as well as simpler and more traditional in their level of organization.

Mechanical solidarity is typically based on kinship, while organic solidarity comes from the interdependence that arises from specialization of work and professional complementarities between people. In large, modern, and industrial networks, individuals often have heterogeneous values, interests, and backgrounds; nonetheless the internal order is ensured by individual needs to rely on others to achieve individual objectives (for example, farmers produce the food to feed the factory workers who produce the tractors that allow the farmer to produce the food).

Mechanical solidarity is what typically prevails in Africa, where populations are still largely fragmented into small and cohesive tribes. Organic solidarity can instead be seen as the binding element of melting pots like the United States. Similar to the latter, large and heterogeneous FBOs and agri–coops based on organic solidarity have intrinsic advantages in terms of economies of scale and scope. However, small, simple, and traditional FBOs and agri–coops are characterized by stronger and more direct mutual support among members (that is, they are more cohesive and protective).

As stated by the father of organizational theory, Olson (1965), collective action can exist only when a group is small and homogeneous or when it has "special devices" that make individuals act in their common interest, where *special devices* stands for enforceable institutional arrangements that allow for the satisfaction of individual socioeconomic preferences even in large and heterogeneous groups (see also Cook and Chambers 2007; Varughese and Ostrom 2001).

Modern institutional economists (see Varughese and Ostrom 2001) recognize that membership expansion and diversification can be achieved through simultaneous progress in the degree of sophistication and enforcement of the "rules of the game," that is, the institutional arrangements regulating and enforcing the allocation of property and decision rights. And the degree of sophistication and enforcement of property and control rights depend on leadership capacity, given membership's size and characteristics. In other words, leadership is the catalyst that allows the different elements in the pot to melt together into a harmonious whole.

Since leadership skills are usually limited in rural Africa, FBOs and agri–coops have no other choice than to stay small and homogeneous. Leadership shortcomings emerged also in the context of rural Ghana (see Appendix A for a description of local leadership). Although most of the Ghanaian FBOs and agri–coops interviewed were able to show us their written constitutions (or any other proof of written by-laws, rules of conduct, and so forth), the constitutions appeared to be either extremely vague in defining the property and decision rights of the members or largely incomplete. In particular, these constitutions typically missed addressing key issues related to exit or entry procedures (that is, the rights and duties of quitting and new members, respectively).

These findings are in line with modern organizational theory (Cook and Chambers 2007; Sykuta and Cook 2001; Chaddad and Cook 2004), which emphasizes that the major problem associated with collective action is indeed that members' property and decision rights tend to be vaguely defined.[16] As a result, residual claims and control over the common endowment tend to be allocated ad hoc, creating uncertainty and thus tension within the group.

As an example, to the question, "What is your policy if a member decides to quit the group?" some leaders of Ghanaian FBOs and agri–coops replied that nobody among the members has ever expressed the intention of quitting while others simply did not know what to say and a few declared that they would or did impose sanctions to quitting members. Clearly, the members of Ghanaian FBOs and agri–coops must be facing very few incentives to invest in collective assets knowing that whenever they decide to quit the group they may not get anything back or that they may even be punished (the horizon problem).

4.3. Equity or Efficiency?

In Ghana, like in many other parts of Africa (see Bernard et al. 2008; Francesconi 2009, Introduction), FBOs and agri–coops are ruled largely on the egalitarian principles of "one member one vote" and "and one member one share," meaning that most decisions are made democratically and that economic contributions and benefits are equally distributed within the group. Although strict egalitarian principles may at first appear just (or fair), they often represent major constraints to individual initiative and therefore to collective entrepreneurship.

When equity principles prevail, active (progressive) members inevitably end up subsidizing other, more opportunistic members (the free rider problem), fueling social tensions within the group. Alternatively, equity principles may end up causing progressive members to refrain from investing (time or money) in the group, which would then suffer from underinvestment (the portfolio problem). In addition to this, when internal decisions regarding FBOs and agri–coops are systematically made through general assemblies and democratic processes, decision-making tends to become lengthy and costly (agency costs problem).

As put by Cook and Chambers (2007: 151) in their pioneering study on the organizational life cycle, "Whenever the degree of homogeneity of members' socio-economic preferences is not aligned with the organizational framework, inefficiencies result in suboptimal performance and eventually the sustainable competitive advantage is forfeited." Internal socioeconomic preferences can diverge as new members enter the group (change through bargaining) as well as due to the natural evolution of individuals, households, markets, and communities over time (change through evolution).

By contrast, as the allocation of property and control rights become more efficient, collective action looses significance, and FBOs/agri–coops gradually turn into investor-owned firms. However, excessive efficiency is seldom a problem for African FBOs and agri–coops. Such a perception is based on the high incidence of internal disagreements and conflicts reported from focus group discussions in Ghana as well as evidence from an International Food Policy Research Institute (ESSP/MTID cooperative survey, 2006) survey of Ethiopian agri–coops.

As explained by Karantininis and Zago (2001), inefficiency in the allocation of property and control rights fuels internal conflicts, which in the absence of resolute leadership can drag on, eventually inducing the most progressive members to desert the group. This in turn affects the collective performance, confronting the group with three major options: exit, tinker, or reinvent (Cook and Chambers 2007). The exit option implies the dissolution of the group, tinkering means that no major decisions are made (procrastination) and that the organizations enters a dormant phase, and the reinvent option stands for a radical reshuffle in terms of both membership and rules (fresh start).

[16] Residual rights of control are the rights to make any decision regarding the use of an asset that is not explicitly attenuated by law or assigned to other parties by contract. Residual claims are the rights to the net income generated by the firm/organization, that is, the amount left over after all promised payments to fixed claim holders (for example, employees/members) (Chaddad and Cook 2004).

Interestingly, of the 18 agri–coops and FBOs appraised, 13 have declared they have been dormant or inactive for at least one year. This finding supports the theory of "dormant organizations" advanced by Meinzen-Dick (2009) and Varughese and Ostrom (2001) (see section 3.2) and suggests that tinkering is the natural option for the leaders of Ghanaian FBOs and agri–coops.

It is also important to emphasize that although the opposite of procrastination is anticipation, good leaders are not necessarily those who are able to anticipate internal changes and cyclical downturns. Anticipation implies a certain degree of authoritarianism since it is unlikely for a group to agree in suggesting or endorsing organizational changes in the absence of clear internal disagreements or open conflicts. Finally, anticipation strategies imply substantial risks since decisions based on forecasts and predictions are inevitably more subject to errors than those made in response to actual situations.

5. CONCLUSIONS AND IMPLICATIONS

The review compiled in this paper suggests that Ghana is witnessing a return to collective action as a mean to promote governance decentralization and business development in the rural areas. Today, approximately 10,000 FBOs and agri–coops can be found in rural Ghana, and the number is expected to keep growing. We perceive both consensus and commitment from international donors and national policymakers about the importance of developing effective and sustainable FBOs and agri–coops to mobilize and elevate rural smallholders out of poverty.

However, this review shows that little is known about FBOs and agri–coops, which remain nothing more than black boxes. FBOs especially are nowadays advocated by many as a means to resolving all kinds of rural problems, but in practice nobody seems to be able to make them work as expected. It follows that the major conclusion of this review is that further research is needed to improve current understanding about what FBOs and agri–coops can actually do, where, when, and how. To do so, however, development research needs to move beyond its paradigmatic boundaries and adopt new approaches and analytical tools.

Industrial/organizational theory is the key starting point to look inside, disentangle, and model FBOs and agri–coops. However, this theory has been so far neglected in development studies, especially in Africa, as if it were the exclusive domain of the industrialized, Western world. Industrial/organizational theory needs to be imported to Africa if we want African organizations to participate and compete in the global market, but not without some fine-tuning.

A strong understanding of anthropological theory is necessary to transfer organizational models from North to South. In particular, any organizational model imported to Africa, including Ghana, needs to take into account the importance of kinship in driving local behaviors, especially at the level of rural villages and communities. However, development researchers, and especially development economists, have so far neglected the study of collective behavior to a large extent.

In the past two decades, development research has been focusing mainly on the developments of quantitative methods, which remain valid for capturing the effects of exogenous events (associated with environmental, demographic, infrastructural, market, and policy factors), but have failed to capture endogenous determinants of development, such as choices, preferences, motivations, abilities, customs, habits, and so forth. To respond to this pressing call for new analytical approaches, a great deal of attention ought to be paid to modern experimental and game theory and its practical applications, that is, real-life experiments (pilots or trials) and simulation games.

These new approaches and methods are necessary to advance the current understanding of collective action as a mean to promote governance decentralization and agribusiness in rural Ghana. However, any progress made through research needs to have an audience capable of learning and acting on it. In this particular case, such an audience is represented by actual and potential rural leaders.

Throughout the past century, the policies of colonial authorities, postindependent governments, and international donors have consistently enforced the vested order in Ghana's rural communities (Appendix A for a description of traditional leadership in rural Ghana). Despite frequent and radical changes in formal governance regimes, traditional hierarchies have been rigidly preserved over time in most Ghanaian rural communities to ensure political stability, a condition that seems to constrain the rise of educated, entrepreneurial, and innovative rural leaders.

Therefore, as further research efforts are made, new rural leadership has to be developed. The new leadership should be of the sort that (1) envisions and actively pursues common interests (autonomous, proactive, and visionary); (2) monitors, understands, and addresses members' preferences (aware, democratic, and committed); (3) aligns the needs of large and heterogeneous masses (influential); (4) confronts and copes with eventual changes taking place either inside or outside the organization (responsive and innovative); and (5) ponders and minimizes the coordination and transaction costs associated with organizational development (cost-effective).

In conclusion, the message that emerges from this review of FBOs and agri–coops in Ghana is that more and better evidence needs to be created to fully understand the heterogeneity of these organizational forms and that simultaneous efforts have to be made to build up and strengthen rural leadership. In particular, long-term learning-by-doing programs involving actual or potential rural leaders could provide an ideal setting for researchers to monitor real-life choices, evaluate corresponding impacts, and inform/guide subsequent decisions, much like in a laboratory.

An interesting example of a long-term learning-by-doing program is provided by the School of Leaders developed by a union of Senegalese FBOs. Here, Senegalese rural leaders meet three to four times a year to share and discuss their experiences and receive feedback to improve the performance of their FBOs. With the injection of external, independent, and robust empirical research, simple initiatives such as the School of Leaders have the potential to become central institutions for guiding rural policy in Africa.

APPENDIX A: TRADITIONAL LEADERSHIP IN RURAL GHANA

In Ghana, there are two main typologies of leadership: traditional/informal and modern/formal. Traditional leadership emerged from the tribal system that dominated the country in precolonial times. Modern leadership is instead traceable to the beginning of British colonialism. Today, these two typologies of leadership coexist in Ghana, especially in the rural areas where tribal traditions have not been affected by urbanization and related changes in lifestyle.

Ghana is a multiethnic country; the major ethnic groupings include the Akan, Ewe, Ga-Adangme, Guan, and Mole-Dogbane. In Ghana, the role of traditional leadership may vary among ethnic groups, but the hierarchical structure behind traditional leadership tends to be similar throughout the country. The lowest leadership position is the clan head. Above the clan head is the village chief. The next in the hierarchy is the paramount or divisional chief, who oversees several villages. At the very top is the head of a tribal group, usually known as the king or overlord. Leaders at each level of the hierarchy have specified roles to perform, but the common thread is that they are all the custodians of culture and customary laws.

They are the custodians of ancestral and natural resources, especially land; they play a lead role in fighting for the social welfare of their people; and they maintain law and order including presiding over and settling disputes. It is common today to see traditional leaders, especially the educated ones, institute projects aimed at promoting local development. The Asantehene (the king of the Ashantis) Otumfuo Osei Tutu II, for instance, has established the Educational Trust Fund to cover basic senior secondary school and tertiary education for students with poor financial backgrounds.

Among traditional leaders, chiefs are perhaps the most important. The methods of identifying and installing chiefs vary from one ethnic group to another and from one tribe to another. Nonetheless they are largely based on customary laws. Once chiefs are installed, they are allowed to rule until they die (this is true also for other traditional leaders). However, on very rare occasions, traditional leaders can be asked to resign on grounds of gross misconduct. Chiefs do not rule alone; they are assisted by a council that is usually appointed on the basis of lineage. We should also note that the participation of women in traditional leadership is negligible, especially in Northern Ghana.

Although chapter 22 of the 1992 constitution of the Republic of Ghana recognizes the importance of chiefs and other traditional rulers in promoting political, social, and economic development in the country, it appears that traditional leadership is declining steadily as formal government structure becomes increasingly decentralized. Nonetheless a key function of traditional leaders that seems to remain intact over time is providing spiritual guidance.

There are several reasons that explain the decline of traditional leadership in the country. First, formal government decentralization appears to be a top-down (or core-periphery) process, in which traditional leaders play the part of obsolete institutions to be gradually undermined and replaced. However, traditional authorities are still often consulted by governmental authorities on issues related to land titling and propaganda. In Ghana, news about political leaders' visiting traditional chiefs is regularly broadcast via radio and television.

There also have been many local disputes over traditional leadership and traditional property rights (land), which have created factions and weakened the traditional system from inside. A classic example is the dispute in Northern Ghana between the royal gates of Dagbon, the Abudu and Andani, which led to the assassination of the overlord of Dagbon, Ya-Na Adani II, and the killing of 30 others in March 2002.

APPENDIX B: SUPPLEMENTARY TABLES

Appendix Table B.1. Number and distribution of FBOs and agri–coops, according to project

Organization/Project Name	Location of Project										Number of FBOs/Agri–coops Involved
	AR	BAR	CR	ER	GAR	NR	UER	UWR	VR	WR	
MoFA—Agriculture Services Sub-sector Investment Project	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	326
Association of Church Development Projects						✓	✓	✓			367
Private Enterprise Foundation—Business Law Review and Agribusiness Advocacy			✓	✓					✓		90
MoFA—Cashew Development Project		✓			✓	✓		✓	✓		3,251
Care Ghana—Fair Trade Fruits Project				✓	✓	✓					9
Adventist Development Relief Agency—Food Security Program	✓	✓	✓	✓	✓	✓	✓	✓	✓		1,632
Heifer—Kintampo Livestock and Beekeeping Project		✓									8
Ghana Millennium Challenge Account Program	✓		✓	✓	✓	✓			✓		646
Heifer—Nkwanta Livestock, Beekeeping and HIV/AIDS Project									✓		10
Plan Ghana's Livelihood Program								✓			8
Sampa Jimini Cooperative Cashew Processing Society projects		✓									5
MoFA—Shea Butter Processing Projects						✓	✓	✓			80
Netherlands Development Organizations FBO Projects			✓		✓				✓		6
Heifer—Techiman-Nkoranza Livestock and Beekeeping Project		✓									10
Trade and Investment Program for a Competitive Export Economy	✓	✓	✓	✓	✓	✓	✓		✓	✓	1,200
TechnoServe—Warehouse Receipts Systems for Inventory Credit	✓	✓	✓	✓			✓	✓	✓		100
Total number of FBOs/agri–coops per region	469	1,034	501	502	1,110	1,257	510	1,035	1,161	166	7,748

Source: Authors compilations of various FBO projects in Ghana; see footnote 11 for details.
Note: AR = Ashanti Region, BAR = Brong Ahafo Region, CR = Central Region, ER = Eastern Region, GAR = Greater Accra Region, NR = Northern Region, UER = Upper East Region, UWR = Upper West Region, VR = Volta Region, WR = Western Region, MoFA = Ministry of Food and Agriculture.

Appendix Table B.2. Major projects concerning FBOs and agri-coops in Ghana

Project Name	Project Components	Source of Funding	Proposed Amount (US$)	Time Frame
Agricultural Services Sub-sector Investment Project	1. Reforming and strengthening agricultural technology generation diffusion 2. Institutional reform and strengthening of MoFA 3. Development of FBO 4. Strengthening agriculture education and training	World Bank and others	123.73 million	2001–2007
Association of Church Development Projects		Association of Church Development Projects		
Business Law Review and Agribusiness Advocacy—Private Enterprise Foundation	1. Agribusiness Advocacy 2. Business Law Review	Center for International Private Enterprise		2006 to date
Cashew Development Project	1. Project management 2. Production development 3. Credit component 4. Extension and training	African Development Foundation, Government of Ghana	15.54 million	2001–2009
Fair Trade Fruits Project	FBO	Care International		2006–2009
Food Security Program—Adventist Development and Relief Agency	1. Agriculture and natural resource management 2. Health, nutrition, water, and sanitation	United States Agency for International Development	5 million from 2002 to 2006	1997–2006
Kintampo Livestock and Beekeeping Project	FBO	Send a Cow	246,997	January 2006–January 2010
Ghana Millennium Challenge Account Program	1. Agriculture project 2. Transportation project 3. Rural development project	Millennium Challenge Corporation, USA	547 million for the entire program but 241 million for the agricultural component	2007–2012
Nkwanta Livestock, Beekeeping and HIV/AIDS Project	1. Livestock and beekeeping 2. HIV/AIDS	Heifer	253,898	2005–2009
Plan Ghana's Livelihood Program (Agric)	1. Education 2. Water and sanitation 3. Food security	Plan Ghana and partners	30 million	2006–present
Sampa Jimini Cooperative Cashew Processing Society Project	FBO	United States Agency for International Development		1994–present
Shea Butter Processing Projects		MoFA and other		1990–present
SNV FBO Projects	FBO	SNV		2003–2008
Techiman-Nkoranza Livestock and Beekeeping Project	FBO	Heifer	269,817	2005–2009

Table B.2. Continued

Project Name	Project Components	Source of Funding	Proposed Amount (US$)	Time Frame
Trade and Investment Program for a Competitive Export Economy	1. Export business development 2. Enabling environment component	United States Agency for International Development	30 million	2005–2009
Warehouse Receipts Systems for Inventory Credit	FBO	TechnoServe, World Bank		2001–2007

Source: Authors compilations of various FBO projects in Ghana; see footnote 11 for details.
Note: SNV = Netherlands Development Organizations, MoFA = Ministry of Food and Agriculture.

Appendix Table B.3. Reasons for supporting FBOs and agri-coops

Project Name	Reason for Organizing FBOs/Agri–coops	Type of Support to FBOs/Agri–coops
Agricultural Services Sub-sector Investment Project—MoFA	To strengthen the capacity of FBOs to play an enhanced role in priority setting and decisionmaking in agricultural and community development programs and facilitate input distribution, credit, processing, and output marketing services	Provide processing and storage equipment, provide training, facilitate inputs supply and credit
Association of Church Development Projects' Agricultural Program	To build strong FBOs so as to improve the living conditions of rural farmers as well as improve their bargaining power for better policies and market	Training on best farming practices
Business Law Review and Agribusiness Advocacy—Private Enterprise Foundation	To enhance the capabilities of FBOs to play a critical role in policy formulation in agribusiness and community development programs at the local level	A two-day training—advocacy capacity building
Cashew Development Project—MoFA	To develop strong producers, processors, and exporters associations that would promote the development of the cashew industry	Training on production and processing techniques, provision of credit, and inputs
Fair Trade Fruits Project—CARE Ghana	To develop strong producers and exporters through certification, for example, Euro-Retailer Produce Working Group-Good Agriculture Practices	Training, certification of farmers
Food Security Program—Adventist Development and Relief Agency	To increase agricultural production levels, easy access to agric inputs, and market and to increase natural resources management	Training and provision of technical assistance, supply of agro-inputs and equipment, and assisting in land preparation, linking farmers to marketing centers
Kintampo Livestock and Beekeeping Project—Heifer	To provide alternative income sources to rural households by distributing materials to groups for beekeeping and animal husbandry	Training in beekeeping and animal husbandry, distribution of beehives and honey-harvesting equipment, sheep, goats, and chicken
Ghana Millennium Challenge Account Ghana Program	To accelerate the development of commercial skills and capacity among smallholder farmers	Training, farm inputs, credit, equipment and infrastructural development
Nkwanta Livestock, Beekeeping and HIV/AIDS Project—Heifer	To ensure food security and increased household incomes	Equipment and animals
Plan Ghana's Livelihood Program	To promote collective use of irrigation facilities by community members so as to improve food security and rural incomes	Provide training, inputs, marketing information, and construction of irrigation dams
Sampa Jimini Cooperative Cashew Processing Society project—TechnoServe	To provide training and equipment for the processing of cashews	Training and equipment
Shea Butter Processing Projects—MoFA	To provide business management skills and equipment to women in household shea butter processing to make shea butter processing a commercial activity	Capacity building, training, equipment, and credit
Netherlands Development Organizations FBO Project	To build the capacities of farmers in beekeeping, mango production, and pineapple production with the ultimate objective of increasing production	Training on management skills, crop planting, and postharvesting techniques, training on beekeeping, procurement of beekeeping equipment
Techiman-Nkoranza Livestock and Beekeeping Project—Heifer	To improve the income and nutrition of farmer groups	Training, equipment, and provision of animals

Table B. 3. Continued

Project Name	Reason for Organizing FBOs/Agri–coops	Type of Support to FBOs/Agri–coops
Trade and Investment Program for a Competitive Export Economy	To achieve exponential growth in sales of agricultural exports and an improved governance over the Ghanaian private-sector environment	Training, provision of market information, certification
Warehouse Receipts Systems for Inventory Credit—TechnoServe	To assist farmers in selling their produce at good market prices	Assist farmers to dry, clean, and store farm produce; supply critical market information on prices; train the groups on tracking local market trends themselves

Source: Authors compilations of various FBO projects in Ghana; see footnote 11 for details.
Note: MoFA = Ministry of Food and Agriculture.

Appendix Table B.4.Case Studies

Region	District	Town/ Community	Name of Farmer-based Organization/Agricultural Coop	Year Created	Membership			Activity
					Male	Female	Total	
Northern	Tolon-Kumbungu	Tolon	Liman Fong Bukurusung Women's Group	2005	1	30	30	Processing
		Tolon	Yobzeri Tiyumtaba Farmers Group	2007	33	17	50	Production
	West Mampru	Gbimsi	Civic Union Cooperative Sheanut Processing	2001	1	48	49	Processing Marketing
		Gbimsi	Tiningya Farmer-based Organization	2007	27	23	50	Production
Upper East	Bolgatanga	Kulbia	Kulbia Water Users Association	2006	24	1	25	Production Marketing
		Bolga	Bolgatanga Tomato Farmers Cooperatives	2001	49	4	53	Production Marketing
Brong Ahafo	Kintampo North	Kintampo	Kintampo Yam Farmers Association	2004	600	120	720	Production Marketing
		Kintampo	Nanakani East Asong Taba Women group	2003	0	45	45	Marketing
		Kintampo	Kintampo Mango Farmers Association	2005	147	45	192	Production Marketing
	Jaman	Bibiani	Bibianiha Action Agro-processing Association	2002			24	Processing
Ashanti	Ejisu-Juaben	Kubease	Kubease Corn Growers Association	2006	11	4	15	Production
Greater Accra	Dangme East	Big Ada	Dangme Fish Farmers Association	2006	40	30	70	Production processing Marketing
	Dangme East	Korluedor	Koluedor Vegetables and Beekeepers Association	2005	35	15	50	Production Marketing
Eastern	Akwapim South	Aburi	Food and Vegetable Growers Society	2005	37	7	44	Production
		Aburi	Aburi Pineapple Cooperative	2003	14	0	14	Production Marketing
		Nsawam	Nsawam Agric Producers Council	2003	24	32	56	Processing
	Suhum/Kraboa	Suhum	S.K.C. Heifer Producer Association	2005	25	10	35	Production Marketing
	Suhum/Kraboa	Dokorchwa Kraboa	Insha Allahu Cooperative Society	2007	24	11	35	Production processing

Source: Authors selected FBOs from Ministry of Food and Agriculture for focus group discussions.

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