

# Farmer Based Organizations in Ghana

## Note 1. How Are They Established and What Do They Do?

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### 1. Introduction

Cooperation has always been fundamental for human society, and plays a prominent role in rural and agricultural development. Farmers in Ghana engaged in collective activities long before the introduction of formal farmer groups and cooperatives. Collective activities among farmers are traced back to the pre-colonial period during which neighboring farmers (usually relatives and friends) provided each other with reciprocal labor support on their fields, especially weeding (deGraft-Johnson 1958; Onumah et al. 2007). In the late 1920s, the British colonial administration in Ghana introduced formal farmer organizations in the form of cooperatives to improve the quality and marketing of cocoa as well as provide loan facilities to farmers (deGraft-Johnson 1958; Wanyama et al. 2008). Early success in cooperative development stimulated a rapid expansion of cooperatives first in the cocoa sector which subsequently expanded to other crops. The Department of Cooperatives (DOC) was established in 1944 specifically for overseeing cooperative development in Ghana (Dadson 1988).

After independence, various governments of Ghana viewed cooperatives as key instruments for agricultural and rural development, although cooperative development during this period underwent frequent and major changes in direction (Dadson 1988). During the late 1980s, state-controlled cooperatives started to dissolve perhaps due to growing global pressure for structural reforms towards market liberalization. Subsequent governments in Ghana therefore adopted a liberal approach to the development of cooperatives, allowing other types of rural and farmers' self-help organizations for income-generating activities to be formed, all of which are commonly referred to as farmer-based organizations (FBOs).

In the past two decades, Ghana has witnessed many governmental and nongovernmental projects (see Salifu et al. 2010) seeking to promote FBO development. In particular, between 2000 and 2007, the World Bank alone invested more than US\$9 million for the development of FBOs as part of AgSSIP (AgSSIP 2007). In 2007, the Millennium Challenge Corporation (MCC) also approved a five-year US\$547 million anti-poverty compact with the Government of Ghana and a significant proportion of this amount has been used in the development FBOs. Salifu *et al* (2010) estimated the number of FBOs in Ghana to be around 10,000 and noted that the rapid rise of FBOs is partly due to NGOs, government agencies, and private investors who increasingly see rural collective action as one important means to achieve agri-business development objectives.

Despite growing public interest and expectations of FBOs to promote smallholder agriculture, there is limited evidence on their characteristics, activities, and performance. With the intention

to fill such knowledge gaps, IFPRI's Ghana Strategy Support Program (GSSP) conducted a survey in March/April of 2010 across six administrative regions in Ghana: Northern, Brong Ahafo, Central, Eastern, Volta and Greater Accra Regions to understand how FBOs are started and what do they do as well as the factors associated with their performance and how to strengthen them to promote smallholder agricultural development in the country.

### *Background*

Collective action occurs when more than one individual is required to contribute to an effort in order to achieve an outcome (Ostrom 2004). In collective action, members can act directly on their own or through an organization; they may act independently or with the encouragement or support of external agents from governmental bodies, non-governmental organizations (NGOs) or development projects (Meinzen-Dick and Di Gregorio 2004). Farmers in many African countries have a long tradition of performing certain agricultural productive activities as a group rather as individuals (Onumah et al. 2007). As was noted previously, in Ghana there have long existed informal labor grouping and customary arrangements that provided reciprocal labor exchange for farm work (mainly for weeding fields). This form of arrangement is called *nnoboa* among the *Akan* speaking communities in Southern Ghana.<sup>1</sup>

Dadson (1998) described the *nnoboa* as a traditional form of cooperation in Ghana involving group action and mutual aid based on social, ethnic and family factors in the area. This system is not only voluntary and informal but also it is temporary with the group dissolving on completion of the task. The *nnoboa* system was used widely in traditional farming as well as social projects, such as the construction of feeder roads, health centers, and wells (Dadson 1988). In the 1970s, the Ghanaian government adopted the traditional practice of mutual assistance in farming, the *nnoboa* system, as a model for rural development. Survey results showed that the most popular reasons for joining *nnoboa* groups were: (a) exchange of labor (87%); (b) to gain access to credit (65%); and (c) to procure mechanization and other services (33%) (Dadson 1984, cited in Dadson 1988).

In addition to the existence of informal labor exchange groups, Adjetey (1978) mentioned the longstanding existence of local credit schemes in Ghana, which are commonly known as *susu* groups<sup>2</sup> (Adjetey 1978, cited in Aryeetey 2004). *Susu* is a system in which any number of people may agree among themselves to contribute individual sums of money regularly into a pool, which are then handed to a participant at an appointed time. Under this system, participants in effect repay their loans by continuing to make their regular contributions to the group (Aryeetey 2004). He indicated that such groups were widespread throughout the country, especially in towns, and that they were popular among market women and small traders.

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<sup>1</sup> *Nnoboa* is a twi word which literally means mutual assistance in weeding

<sup>2</sup> *Susu* is a twi word which literally means saving money

The above practices are still undertaken by present day agricultural cooperatives and FBOs in Ghana (Salifu et al. 2010). Today, FBOs are involved in an increasingly diverse range of collective activities; the Ministry of Food and Agriculture (MoFA) currently distinguishes between production, processing, marketing and multipurpose FBOs (Salifu et al. 2010).

FBOs have attracted interest as vehicles for providing an array of collective services including common property management, technology development and testing, design, financing and management of rural infrastructure, and marketing of key production inputs or farm outputs (Tinsley 2004). The rationale for many projects supporting the development of FBOs in Africa is to facilitate access to access credit, farm inputs, extension services and markets for their produce, given the decidedly smallholder nature of agriculture on the continent (Bernard et al. 2008; Bernard and Spielman 2009; Barham and Chitemi 2009).

In spite of the above available pieces of information, there is much to learn on how farmers use FBOs to engage in collective action on a daily basis such as: a) planting and harvesting together on the farm land; b) pooling labor on fields; c) using a common facility for marketing their products; d) supporting each other financially through saving and credit schemes as well as to acquire credit from organizations; and e) procuring agricultural inputs.

## **2. Objective and Data**

The primary objective of this paper is to find answers to the following broad questions:

1. What are the key characteristics of FBOs and their members?
2. Who initiates the establishment of FBOs and how is membership selected?
3. What collective activities do FBOs undertake?
4. Does the level of collective activity in FBOs depend on who started/initiated them?
5. Does support to FBOs depend on who started them?

As noted already, the source of data for analysis in this paper is derived from survey data of 501 FBOs. In this survey, detailed quantitative and qualitative data on the history and current characteristics of FBOs were obtained through group level interviews. The survey used three main instruments to collect data from each of the 501 FBOs: (a) first, there was an open group discussion with at least 6 representatives of each FBO to collect qualitative information<sup>3</sup>. Under this process, FBO representatives were given the opportunity to freely tell a full story about the how the group has evolved overtime. To guide the open discussion, the following questions were often posed to FBO representatives: who started the FBO and why did it emerge in the first place; how are members selected to the group; what kind of support has the group received; and what do members do collectively? This paper largely draws from this session of the interview for its analysis; (b) the open discussion was followed by a structured digital questionnaire uploaded onto PDAs designed to collect quantitative information from at least 6 representatives from each

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<sup>3</sup> The 6 representatives include 3 executives (leaders) and 3 ordinary members of in the FBOs

of the 501 FBOs. Since this was a structured questionnaire answers to the questions were based on majority decision; (c) a game was played with 3 representatives per FBO randomly selected from the 6 representatives who participated from each group in the 2 sessions described above. The games were conducted with the objective of understanding members' perceptions, motivations and preferences.

To maximize the sample's heterogeneity, the survey was conducted in 40 districts drawn from 6 regions (see Table 1 below). A map of Ghana showing the distribution of the study areas is shown in the Appendix. The 6 regions were purposefully selected to cover 4 different agro-ecological zones: the coastal zone, the forest zone, the northern savanna zone and southern savannah zone. The sample was drawn from a database of FBOs compiled by the Ministry of Food and Agriculture (MoFA) through a nationwide voluntary registration process in 2008. The selection of FBOs took into account the type of collective activities (e.g production, processing and marketing), membership size, and gender distribution as well as their degree of eligibility for support as reported in the MoFA's FBO database.

**Table 1 – Number of Surveyed FBOs**

<b>Region</b>	<b>No. of Districts</b>	<b>No. of FBOs</b>
<b>Brong Ahafo</b>	8	61
<b>Central</b>	6	51
<b>Eastern</b>	9	143
<b>Greater Accra</b>	4	43
<b>Northern</b>	8	93
<b>Volta</b>	5	110
<b>Total</b>	40	501

For analysis in the paper, the data is often analyzed separately for Northern and Southern Ghana to understand the differences in these two regions of the country. This paper uses the Savannah Accelerated Development Authority's (SADA) definition of Northern Ghana (what SADA called, the Northern Savannah Ecological Zone). SADA is an independent agency mandated by Act 805 of 2010 of Ghana to coordinate a comprehensive development agenda for the northern savannah ecological zone in Ghana. The area comprises Upper East, Upper West and the Northern Regions, and stretches to include 10 districts contiguous to the Northern Region that are located north of Brong-Ahafo and north of the Volta Region.<sup>4</sup> Based on SADA's definition, 12 out of 40 surveyed districts fall in Northern Ghana. Of the 501 FBOs in the survey, 123 are located in Northern Ghana and 378 are in Southern Ghana.

<sup>4</sup> The 10 districts include Kintampo Municipality, Kintampo South, Atebubu-Amantin, Pru, Sene and Tain in Brong Ahafo as well as Krachi East and West, Nkwanta North and South districts of Volta Region.

### **3. Key Characteristics of FBOs and Members**

The surveyed FBOs were established between the years 1960 and 2010. More than half of the FBOs were established after 2004. Of the 501 surveyed FBOs, 55 percent are composed of more than half smallholder farmers, which we called smallholder-dominated FBOs. Our definition of a smallholder includes any member of an FBO with 1-5 acres of land. We classified all other members with more than 5 acres of land as largeholders. In this respect, we categorized the 501 FBOs into smallholder-dominated (280) and largeholder-dominated (221) groups. About 52% and 57% of FBOs are smallholder-dominated in Northern and Southern Ghana, respectively.

There were 26 FBOs that were solely comprised of male members and 20 with solely female members. About 80% of the female-only FBOs are smallholder-dominated. At the time of establishment, the surveyed FBOs had 26 members, on average. The mean number of members currently registered with the surveyed FBOs is approximately 36. This suggests that, on average, the FBOs grow in membership over time. Approximately 42% of registered members are female for all surveyed FBOs. Smallholder-dominated FBOs have about 45% female membership, while largeholder-dominated FBOs have only 38% female members.

Approximately 79% of the FBOs were registered with at least one of the following: the Department of Cooperative, the District Assembly, MoFA, Registrar Generals Department, and Farmer Union. About 85% of the FBOs in the Southern Ghana were registered, as compared with only 60% in the North. About 57% of the FBOs that were registered are smallholder-dominated.

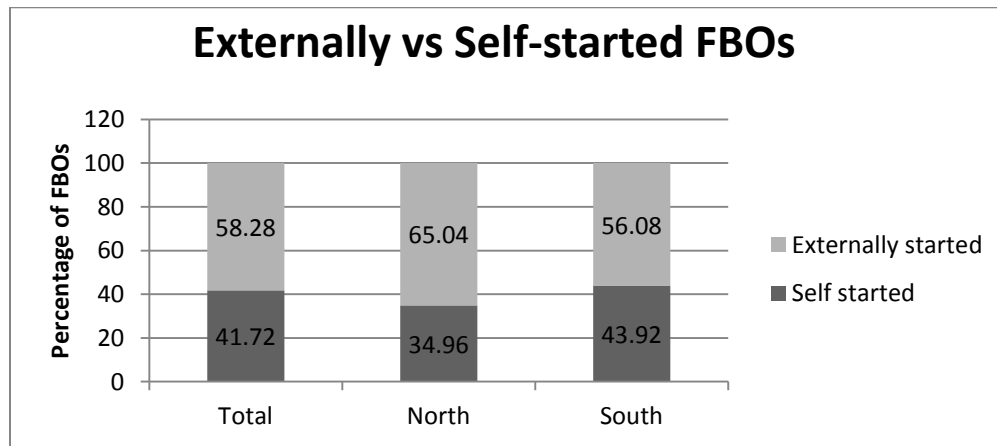
### **4. The Establishment of FBOs**

FBOs are set up by government agencies, NGOs, and private organizations and individuals. In Ghana, agricultural extension agents (AEAs) play a very important role in the establishment of FBOs, especially when FBOs are set up through government projects. The survey shows that a variety of people initiate FBOs including individual farmers, officials from government ministries and agencies (usually AEAs), NGOs, chiefs and opinion leaders. We used opinion leaders in the survey to include teachers, assembly men and women, members of parliament, retired public officers, and some elders of the communities. For analysis purposes, we have differentiated between FBOs that are started by farmers themselves and those started by external agents. In the subsequent analysis, we will refer to those groups initiated by farmers themselves as “self started” FBOs and those started by AEAs, NGOs, chiefs and opinion leaders as “externally started” FBOs.

In Figure 1, we show the percentages of the FBOs that were self started (42%) and externally started (58%). Farmers who initiate the establishment of FBOs often live within the community where the FBO is set up; however, in the majority of these cases, the initiators reported that they established the FBO because they observed that other FBOs were receiving benefits, usually

from government and NGOs. We observed that farmers who led the formation of FBOs typically became leaders of the groups after they were established.

**Figure 1 – Establishment of FBOs**



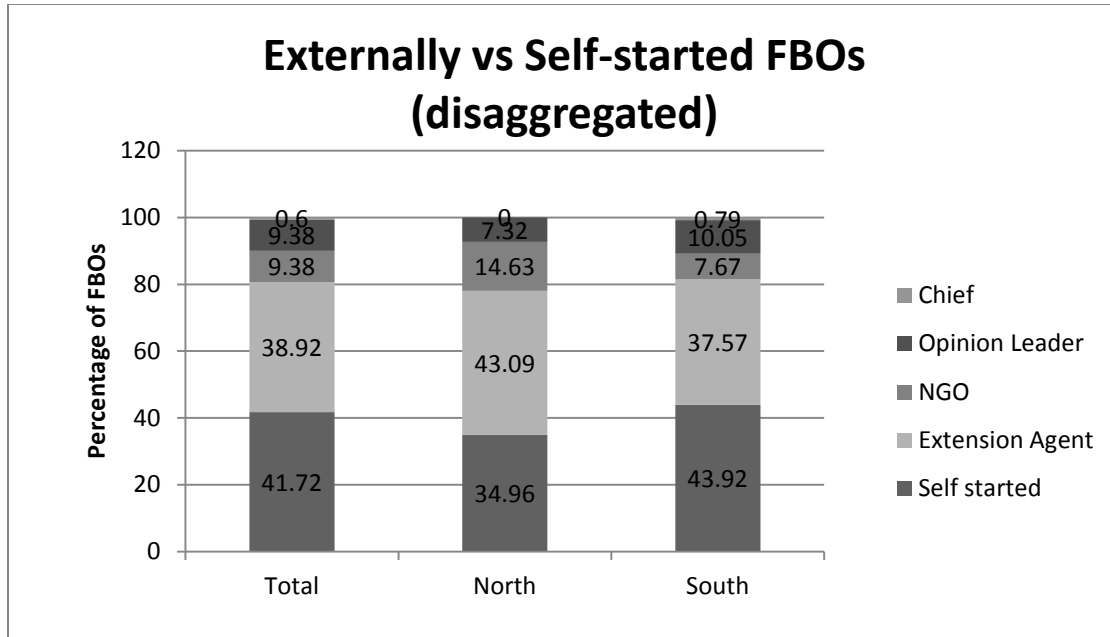
**Source: Author’s calculation of field data**

In the figure, we also show initiation of FBO by Northern and Southern Ghana. It suggests that more FBOs are externally started in the Northern Ghana, compared with Southern Ghana. Whether in Northern or Southern Ghana, the figure shows that majority of FBOs are externally started. Among the externally started FBOs, AEAs play a major role – of the 58% of externally started FBOs, about 39% of them were initiated by AEAs (see Figure 2 below). Our survey found that AEAs mentioned two main reasons why it is important for farmers to set up FBOs: (a) FBOs would serve as an effective medium for AEAs and others to transmit technologies and best farming practices rather than providing these services on an individual basis (i.e. AEAs will use a group based approach to extension if FBOs are formed); (b) members of FBOs are more likely to benefit from government and NGOs’ projects that provide support in the form of grants, credit, training and inputs because they prefer to provide support to groups rather than individuals.

As shown in Figure 2, about 9% of the surveyed FBOs were directly initiated by NGOs and another 9% were initiated by opinion leaders. Figure 2 also suggests that the role of traditional rulers (chiefs) in the establishment of FBOs in Ghana is minimal – less than 1% of the FBOs in the survey were initiated by traditional leaders. Figure 2 also shows that the percentage of FBOs that are self-started in Southern Ghana (44%) is higher than in Northern Ghana (35%).

In Northern Ghana we found that about 47% of smallholder-dominated FBOs were self started and 53% were externally started. We also observed that with largeholder-dominated FBOs in Northern Ghana, 78% of them were externally started and 22% were self started (see Figure 3a). This suggests that largeholder farmers hardly see the need to initiate FBOs as compare to smallholder farmers.

**Figure 2 – Establishment of FBOs by Type**

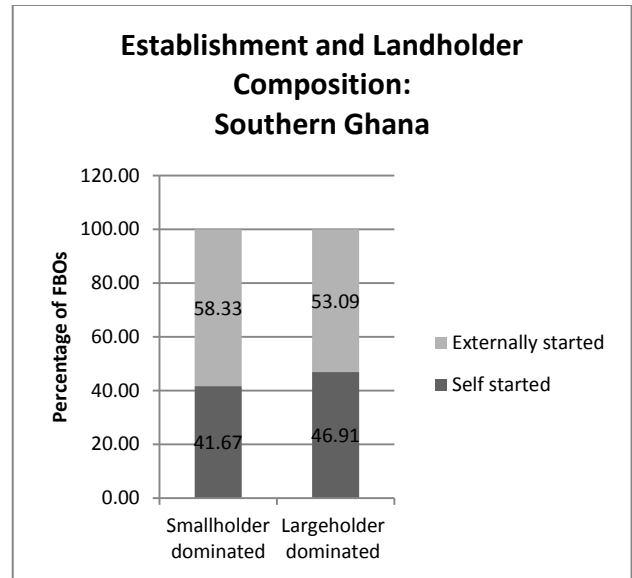
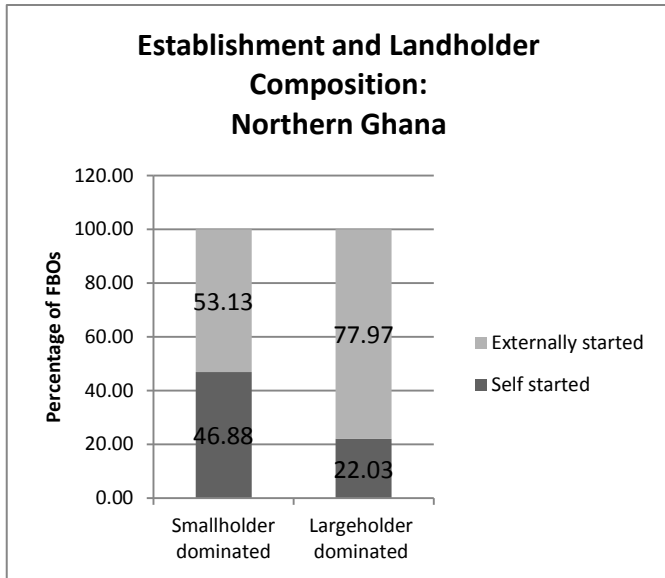


**Source: Author’s calculation of field data**

In Southern Ghana however, we did not observe any significant difference between who initiates FBOs and whether the FBO is smallholder-dominated or largeholder-dominated as shown in the Figure 3b below.

**Figure 3a – Establishment Northern Ghana**

**Figure 3b – Establishment Southern Ghana**



Source: Author's calculation of field data

### Searching and screening FBO members

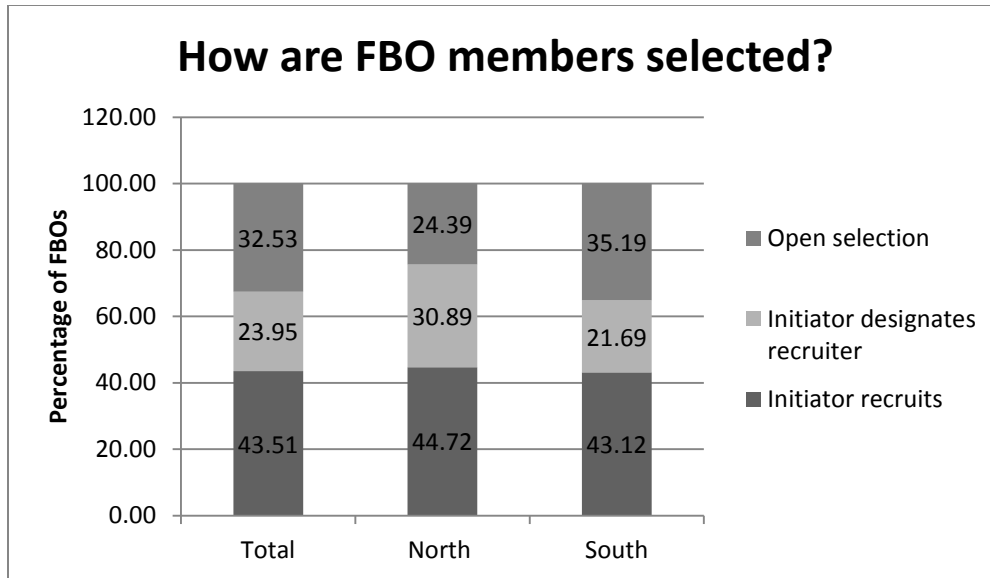
The search and screening of members to FBOs is done in three main ways: (a) the initiator of the FBO searches and screen members; (b) the initiator designates someone to select members for the FBO – often farmer(s) in the community; and (c) open selection – this means that the initiator of the FBO does not recruit members but only make an announcement for people who are interested to join voluntarily. Thus, the people who initiate the establishment of FBOs may not necessarily be responsible for the search and screening of their members.

As shown in Figure 4, of the total surveyed FBOs, 44% of them had their initial members recruited by the initiator. This is not surprising as 41% of the total surveyed FBOs (see Figure 1) were initiated by farmers themselves, who in most cases recruited the initial members often from family relations and people from within the same community. In some cases the initiator recruits members from pre-existing informal groups like the *nnoboa*.

Nonetheless there appears to be a high degree of freedom to join or participate in FBOs as about 33% of them reported using the open selection to get their members. While both farmers and AEAs are major players in initiating the formation of FBOs (see Figure 2), the involvement of the latter in membership selection is minimal.

Figure 4 – Membership Selection





**Source: Author’s calculation of field data**

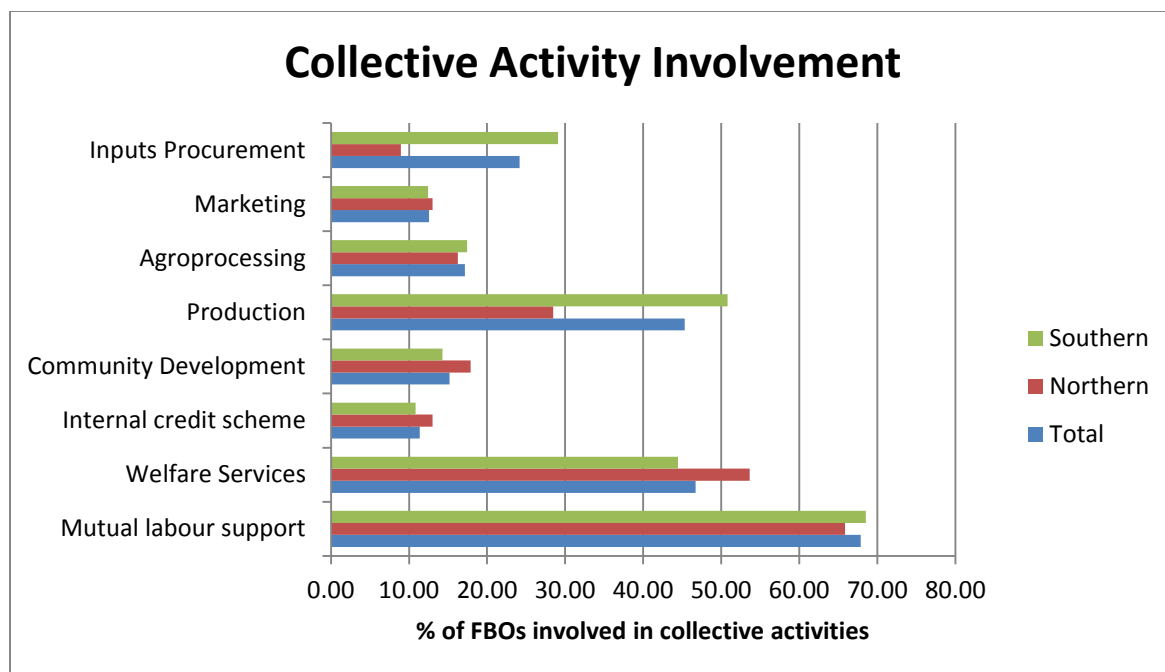
Figure 4 also suggest open selection of members is much more common in FBOs in Southern Ghana than in Northern Ghana. In Northern Ghana, the initiators of FBOs appear to designate the selection of members more than those of the Southern Ghana.

### 5. What activities do FBOs do collectively?

The primary objective of this section is to define clearly and discuss in detail the range of collective activities FBOs engage in. We identified and categorized collective activities in FBOs as follows: production, agro-processing, marketing, internal credit schemes, input procurement, mutual labor support, welfare services, and community development. The percentages of the surveyed FBOs that engaged in each of the collective activities mentioned above are illustrated in Figure 5. The figure also shows differences between Northern and Southern Ghana.

Many FBOs could best be described as multipurpose groups; that is, they are not set up to exclusively undertake one type of activity. As we will show later in this section, FBOs usually engage in more than one collective activity.

**Figure 5 – Collective Activities Undertaken by FBOs**



**Source: Author's calculation of field data**

### *Production*

Production here refers to a situation where members of an FBO collectively engaged in animal and/or crop production, including bee keeping, nursery farming, food crops and horticultural production as well as animal production. As shown in figure 5, close to half of the total FBOs (45%) engaged in collective production. Among the various forms of production, food crop production was the most common collective activity that FBOs engaged in. Typically, with food crop production, there is a common farm or field (usually ranging from 1 to 3 acres) on which all members of the FBO are expected to contribute labor (from land preparation to harvesting). In most cases, FBO members also acquire inputs collectively for the group farm. A few groups do not purchase inputs for their group farm as they depend solely on the fertility of the soil. Often to purchase farm inputs such as seeds, fertilizers and herbicides for the group farm, money will either be taken from the group's bank account (if there is money in it) or members contribute equal amounts.

In most cases, a single crop is cultivated on the group farm. Produce from collective production, as one would expect, are often sold collectively and the money is then shared among members or deposited in the group's bank account. In a few cases, the produce is shared among the members for consumption.

Figure 5 suggests the collective production in FBOs is more common in Southern Ghana (51% of FBOs here engage in production) than Northern Ghana (only 28% of FBOs here engage in production collectively). The data seems to suggest that external support focuses on the provision

of training, equipment, grants and loans rather than encouraging them to establish group farms. Nonetheless, we noticed that external agencies (especially AEAs) encourage FBOs to engage in collective production. In many cases, the group farms are also used as demonstration fields by AEAs.

### *Agro-processing*

Agro-processing simply means transforming raw agricultural products into other forms for the market. Unlike production, not many FBOs are engaged in agro-processing. Only 17% of the surveyed FBOs were involved in agro-processing. One possible explanation is that agro-processing is capital intensive and requires machinery and other processing equipment. We observed in our survey that agro-processing machinery and equipment are often provided to groups by government agencies and/or NGOs.

We did not observe any significant differences between Northern and Southern regions in terms of the percentages of FBOs that engage in agro-processing (see Figure 5). We came across four types of agro-processing among the FBOs: (a) transforming cassava to “gari”<sup>5</sup>; (b) processing oil palm to palm oil; (c) processing shea nut to shea butter<sup>6</sup>; and (d) rice milling, which involves processing paddy rice to grain rice. Among these activities, cassava and gari processing are the most common form of agro-processing we observed.

Agro-processing arrangements vary from one FBO to another. In some FBOs, inputs for agro-processing are purchased collectively, while in others, each member brings his/her inputs to the processing plant. Where each member brings inputs to the processing center, members may only pull labor for processing and may also sell the processed commodities collectively. In some situations, members of FBOs have group farms/fields (for example, cassava, oil palm) and production from the farms is used for agro-processing. With this arrangement, production from agro-processing activities would often be sold collectively.

### *Marketing*

Marketing here refers to the collective sale of farm produce. With this form of marketing, members of an FBO do not necessarily engage in collective production or agro-processing but only decide to use a common means to transport their product to market centers. In most cases, one or two members accompany the product to sell on behalf of the group. Marketing is also used to embrace FBOs that have some sort of certification to sell their product on the international market (for example EURO-Gap).<sup>7</sup> FBOs that have a certification of some sort

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<sup>5</sup> *Gari* is a creamy-white, granular flour with a slightly fermented flavor and a slightly sour taste made from fermented, gelatinized fresh cassava tubers.

<sup>6</sup> Shea butter is a slightly yellowish or ivory-colored natural fat extracted from the nut of the African shea tree by crushing, boiling and stirring.

<sup>7</sup> EUROGAP is a process of group certification to allow smallholders to join together to be certified to export and sell to the European Union Market.

often do not engage in collective production but only sell their produce collectively to a certified dealer. About 13% of the surveyed FBOs were involved in marketing (see Figure 5). Two main reasons why members of FBOs engaged in marketing are: first, to minimize the cost of transportation; and second, to give members of the group collective bargaining power so as to get reasonable market prices for their product. The latter reason is true for FBOs that transport their product to the market and also sell collectively.

#### *Internal credit scheme*

We use “internal credit scheme” to either refer to situations: a) where members of an FBO borrow money available in the group’s bank account often with no interest; or b) where members contribute equal amount of money at regular intervals (e.g. monthly) and the total amount is passed on to one member at every contribution until each and every member receives his/her share of the contribution. This was observed in about 12% of the surveyed FBOs (see Figure 5). As shown in Figure 5, this practice is slightly more prevalent among FBOs in Northern Ghana (13%) than in Southern Ghana (11%). As we discussed in the introduction of this paper, the practice of groups making monthly contributions and passing on to one member at a time has been a common practice among Ghanaians for a very long time and should not be considered as an innovation among FBOs.

#### *Input procurement*

Members of some FBOs procure inputs such fertilizers, insecticides, herbicides, implements and equipment as well as raw materials for agro-processing. Some FBOs acquire the services of tractors for their members. We referred to all the above as “input procurement”. It is important to mention that this does not include purchases for collective production and agro-processing. At least one of the above forms of input procurement was observed in 24% of the surveyed FBOs (see Figure 5). Again, Figure 5 indicates that this practice is much more common in FBOs in Southern Ghana (29%) than in Northern Ghana (9%). It appeared that the majority of the FBOs in this collective activity paid cash for their inputs with very few FBOs obtaining inputs on credit from dealers that they would usually pay back after harvesting. The three main reasons why FBOs collectively procure inputs are: (a) to minimize transportation costs especially when members of an FBO are located far away from input dealers; and (b) to enjoy discounts that come with bulk purchases or service provision; (c) input dealers prefer selling on a credit basis to groups rather than individuals.

#### *Community development*

We used “community development” to refer to social services that FBOs provide to their communities, which are often an attempt to mitigate a particular social problem. The most common services that FBOs provide to their communities include weeding and sweeping around their environment; planting trees in and around the community; and lobbying and contributing money or labor for the construction of schools, hospitals, boreholes, wells, and electricity. As shown in Figure 5, 15% of the FBOs in our sample said they provide at least one of the above

mentioned social services to their communities. Community development is slightly more common in Northern Ghana (18%) than in Southern Ghana (14%).

#### *Welfare services*

“Welfare services” refers to kind or monetary contributions made by members of an FBO to other members who are confronted with particular social issues or problems. While “community development” is to the benefit of the entire community, “welfare services” are done for the benefits of FBO members. Welfare services embrace a wide range of activities including giving support (usually money) to group members who are, for instance, admitted to a health center; they may also assist a member who is in need of money to pay his/her ward school fee; give money or gifts to members who have funerals, weddings, naming ceremonies for new born babies, and so forth. To provide welfare services for members of the FBO, money is either taken from the group’s bank account or each member is asked to contribute money. About 47% of the FBOs provide welfare services for their members. Similarly to community development, Figure 5 suggests that welfare services are slightly more prevalent in Northern Ghana (54%) than in Southern Ghana (44%). Although empirical evidence on gifting in Ghana is not available, this practice is not new among FBOs.

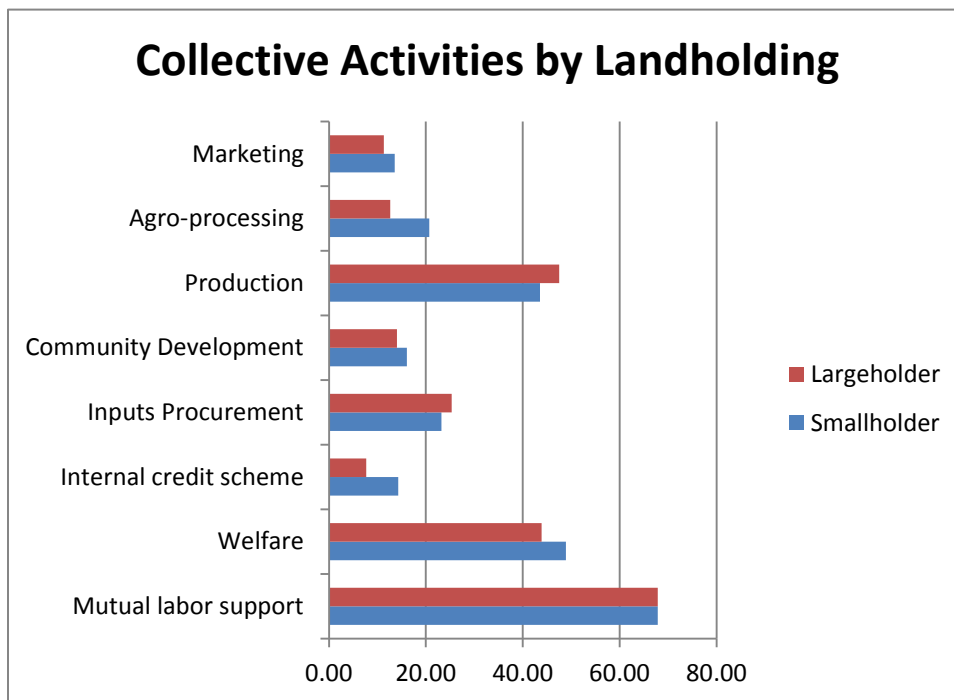
#### *Mutual labor support*

Labor pooling is very a common activity among FBOs, which we called “mutual labor support” (MLS). This is widely practiced among members of Ghanaian FBOs especially when seasonal labor requirements are at a peak. MLS refers to a situation where members of an FBO pool labor to work on each member’s farm in rotation. Labor support in this sense embraces a wide range of farm activities such as clearing the land, tilling the land, sowing, transplanting, raising seedlings, weeding, pruning, agro-processing, and harvesting. Among these activities, weeding was the most common activity that members of FBOs engaged in. Often, members of an FBO will have a timetable in place so that each member of the group benefits from the labor support on his farm. MLS was observed in about 68% of the FBOs we studied (see Figure 5). Figure 5 also suggests that this practice has no regional boundaries; it is almost equally prevalent among Northern (66%) and Southern FBOs (69%). As discussed in the introduction of this paper, this form of collective activity has its roots in pre-colonial Ghanaian society. One would suggest that MLS is common among FBOs because it has long been practiced in Ghana among informal groups before the advent of formal farmer organizations but an interesting question is whether non-members practice it to the extent that FBO members do. Unfortunately our survey data cannot address this question.

From this discussion, it is evident that the four most popular collective activities among the surveyed FBOs are MLS, input procurement, welfare services, and production. Interestingly, MLS and welfare services, as discussed, are traditional collective activities that have been observed since pre-colonial times and mainly geared towards food security and social welfare.

While these two activities may not be seen as entirely new innovations among Ghanaian farmers, collective production and input procurement appear to be more recent initiatives within FBOs.

**Figure 6 – Collective Activities**



**Source: Author’s calculation of field data**

Although collective production, agro-processing and marketing may be seen as major innovations among Ghanaian FBOs, we should be mindful that these activities are done on a very small scale. As we noted, the field use for production usually ranges from 1 to 3 acres. Also note that the average size of an FBO is about 36 members and one would expect their field sizes to be far more than 3 acres if indeed they were truly organizations whose objectives were to undertake collective production so as to enjoy economies of scale.

It is also obvious from the above discussion that FBOS engage in more than one activity. Apart from MLS and welfare services, which appear as multiple collective activities in many FBOs, we also observed that FBOs that engage in collective production tend to also engage in input procurement and agro-processing. 65% of FBOs that engaged in production were also procuring inputs collectively and 53% of them that engaged in production also engaged in agro-processing.

*Collective activities by landholdings*

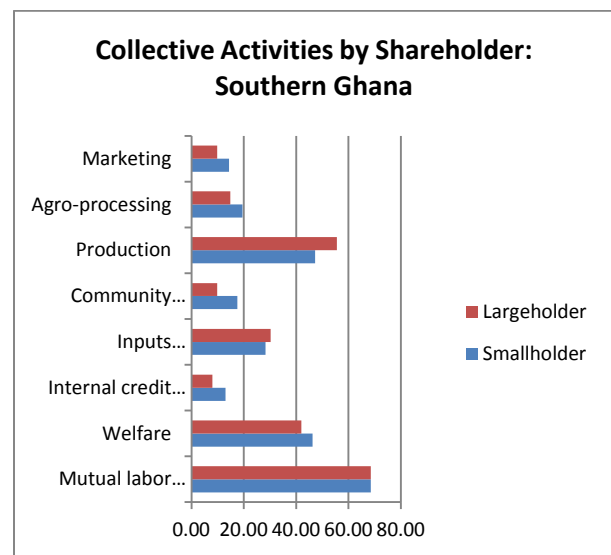
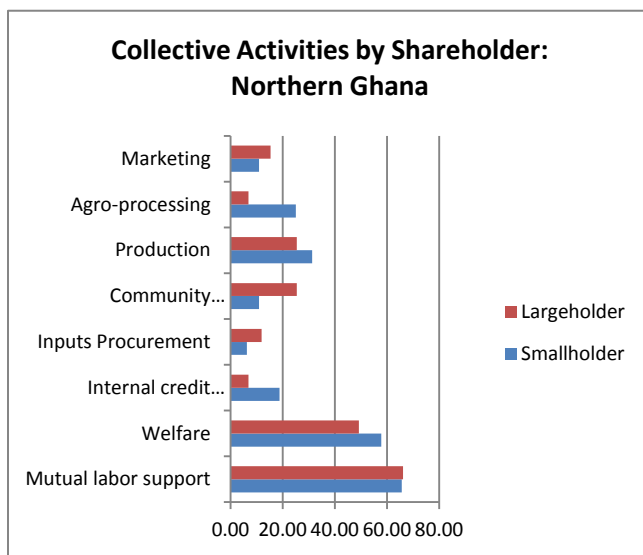
Apart from agro-processing and internal credit schemes, we did not observe any significant differences between smallholder-dominated FBOs and largeholder-dominated FBOs in terms of

the collective activities they engage in. Figure 6 suggests that smallholder-dominated FBOs engaged more in agro-processing and internal credit schemes than largeholder-dominated FBOs.

However, when the data is disaggregated by Northern and Southern there appears to be some variation (See Figure 7a and Figure 7b). In Figures 7a and 7b, it is evident that agro-processing and internal credit schemes are more prevalent in smallholder-dominated FBOs than largeholder-dominated FBOs in both Northern and Southern Ghana. While community development, marketing are prevalent among largeholder-dominated FBOs in Northern Ghana, they are more prevalent in the smallholder-dominated FBOs in Southern Ghana.

**Figure 7a – Activities Northern Ghana**

**Figure 7b – Activities Southern Ghana**



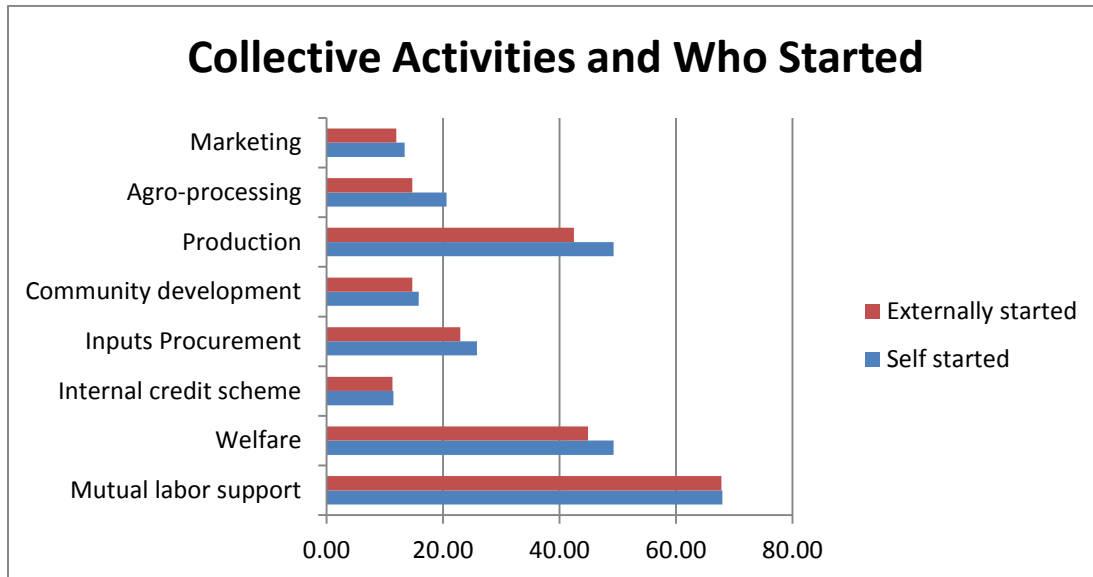
Source: Author’s calculation of field data

## 6. Does the type of collective activity in FBOs depend on who initiated them?

As we discussed already, FBOs may be self started or externally started. In this section, we explore the relationship between initiators of FBOs and the collective activities associated with the FBOs. Figure 8 shows that FBOs that are self started engage in more collective activities than those that are externally started (this is true for both Northern and Southern Ghana). In the FBOs that engaged in marketing, agro-processing, production, community development, input procurement and welfare services, the majority of them were self started (see Figure 8). One possible explanation for this is that externally started FBOs are often seen as a mechanism for carrying out projects and programs rather than as a way of encouraging farmers to work collectively. However, groups organized by farmers themselves often do not receive any external benefits immediately and may undertake some collective activities to keep the group active in anticipation of future external support.

Figure 8 also suggests that FBO involvement in mutual labor support and internal credit schemes does not necessarily depend on who initiated them. This reinforces our argument that mutual labor support and internal credit schemes have long been part of Ghanaian culture and are not necessarily new activities among FBOs.

**Figure 8 – Collective Activities Undertaken**



Source: Author’s calculation of field data

### 7. Does support to FBOs depend on who started them?

Governmental, nongovernmental, and private organizations provide a myriad of support to FBOs. We observed that FBOs receive four main types of support: (a) credit/grants; (b) technical training c) managerial training; and d) inputs.

#### *Credit/grants*

Credit and grants are provided to FBOs either in cash and/or in kind. Often, credit/grants to farmers come in the form of cash but when it is in kind, it could take any of these forms: land preparation (plowing), inputs (fertilizer, herbicides), equipment, and storage facilities. As shown in Figure 9, about 41% of the FBOs in the study reported to have received at least one form of credit or grant. Credit/grants are often provided by government agencies and NGOs; we also observed in very few cases that FBOs sought credit from financial institutions such as banks.

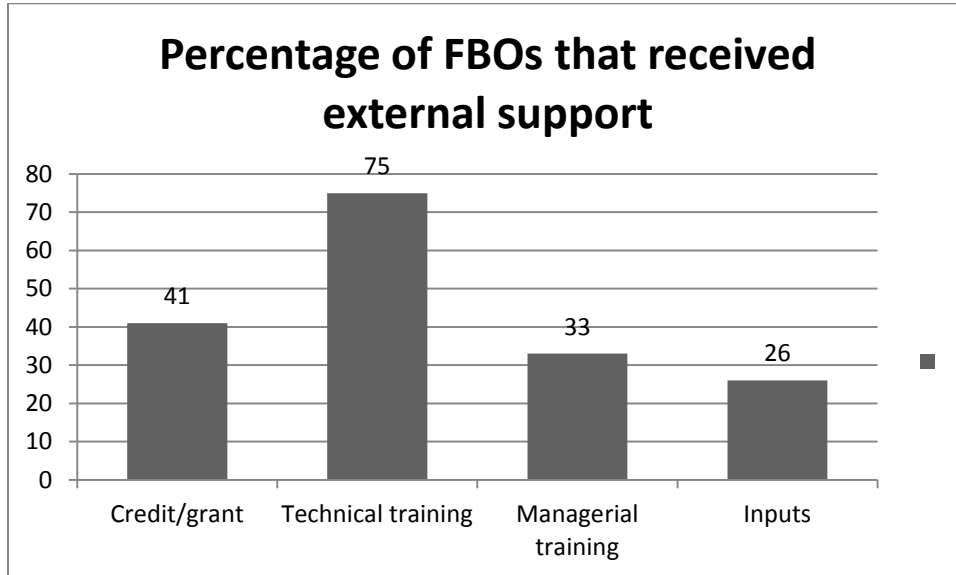
#### *Technical training*

More than one third of the sample received technical training, as shown in Figure 9. Technical training is the most common form of support FBOs receive once they are established. Technical training involves teaching farmers modern and best farming practices as well as training farmers



on the use of inputs, farm implements and equipment. We observed that AEAs are the people providing provide technical training to FBOs in most cases.

**Figure 9 – External Support**



**Source: Author's calculation of field data**

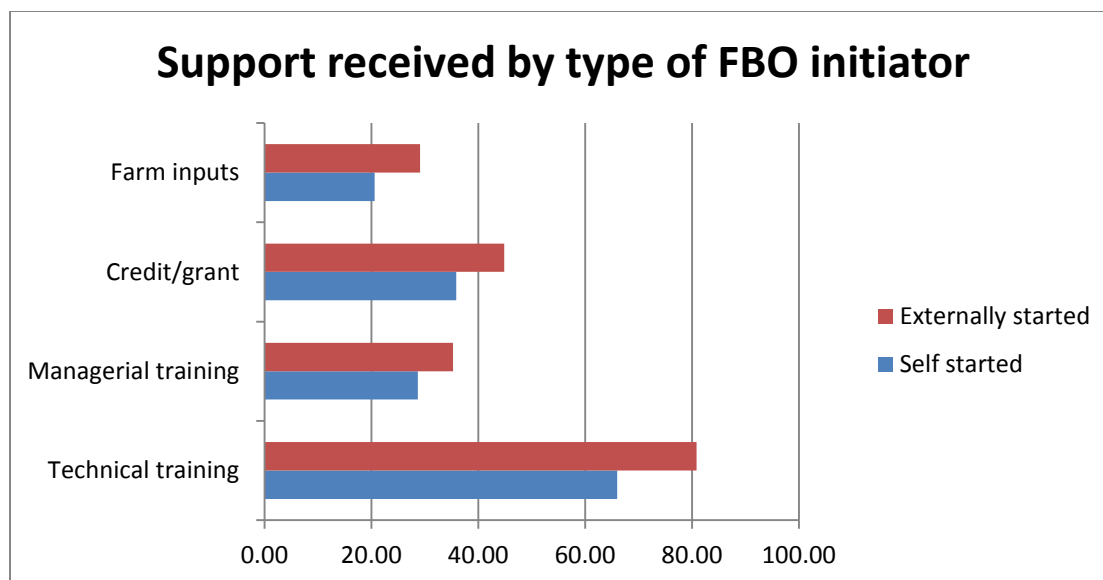
#### *Managerial training*

With managerial training, some FBO members are trained on group management skills, business management (how to develop a business plan), record keeping, and leadership skills. About 33% of the FBOs received this form of training. The fact that almost half of the surveyed FBOs were initiated by farmers themselves, it is not surprising that only a third of total surveyed FBOs received managerial training.

#### *Inputs*

Inputs here should not be confused with grants. While we use grants to refer to cash being given to members free of charge, inputs are not cash and often include basic items, such as seeds, watering cans, herbicides, wellington boots, and snap sacks, that are given to a group and not necessarily to a specific member of the group. Inputs are also given to FBOs free of charge. About 26% of the surveyed FBOs received at least one form of inputs (see Figure 9 above).

**Figure 10 – External Support Received**



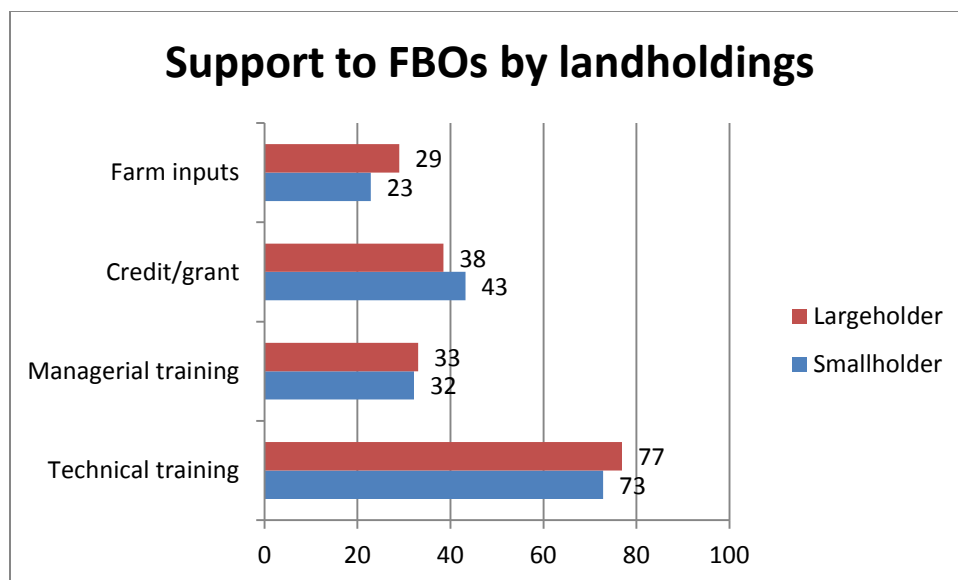
**Source: Author’s calculation of field data**

Having discussed what we mean by support to FBOs, we now want to examine whether the initiators of FBOs determine the support they would receive. In Figure 10, it is obvious that regardless of the type of support that is received, externally started FBOs in general receive more support than self started ones. Specifically, we observed in the data that of the total number of FBOs that were initiated by NGOs, 60% received credit/grants; 38% received managerial training; 85% received technical training and 29% received inputs. On the other hand, we observed that of the total number of FBOs that were self started, 36% received credit/grants, 29% received managerial training, 66% received technical training, and 21% received inputs. Unlike FBOs initiated by farmers, those initiated by AEAs often benefit from government projects and programs, such as fertilizer or hybrid seed programs, agro-processing, credit access and training. Disaggregated data also showed that FBOs initiated by NGOs receive significantly more credit/grants than those initiated by AEAs. Similarly, groups initiated by AEAs receive more support in the form of inputs than those initiated by NGOs. The story that emerges is that FBOs started by NGOs appear to be recipients of more credit/grants and less inputs. Figure 10 also suggests that regardless of who initiates FBOs, they serve as platforms for transmitting technical training to farmers. The above trend remains the same when the data is disaggregated by regions.

*Support to FBOs by landholdings*

Figure 11 shows the distribution of support in smallholder-dominated FBOs and largeholder-dominated FBOs. With the exception of credit/grants, the data suggests that largeholder-dominated FBOs get more support than smallholder-dominated ones. Similar results are obtained if the data is disaggregated by region.

**Figure 11 – External Support Received By Landholdings**



**Source: Author's calculation of field data**

## 8. Key findings

**a)** Analysis in this report has shown that the bulk of Ghanaian FBOs are externally started with AEAs being the major players in this. The role of traditional rulers (chiefs) in the establishment of FBOs in Ghana is minimal. More of the largeholder-dominated FBOs are externally started, as compared with smallholder-dominated FBOs. Although the initiators of FBOs often select the groups' members, in about one third of the cases, people are asked to join freely.

**b)** FBOs engage in more than one activity. The four most common collective activities among FBOs are mutual labor support, production, welfare services and input procurement. However, mutual labor support and welfare services are traditional collective activities that have been observed since pre-colonial times and are mainly geared towards food security and social welfare. While production and input procurement are recent initiatives in FBOs, they are done on very small scale. FBOs that engage in production tend to also engage in input procurement.

**c)** FBOs that are self started engage in more collective activities than externally started ones.

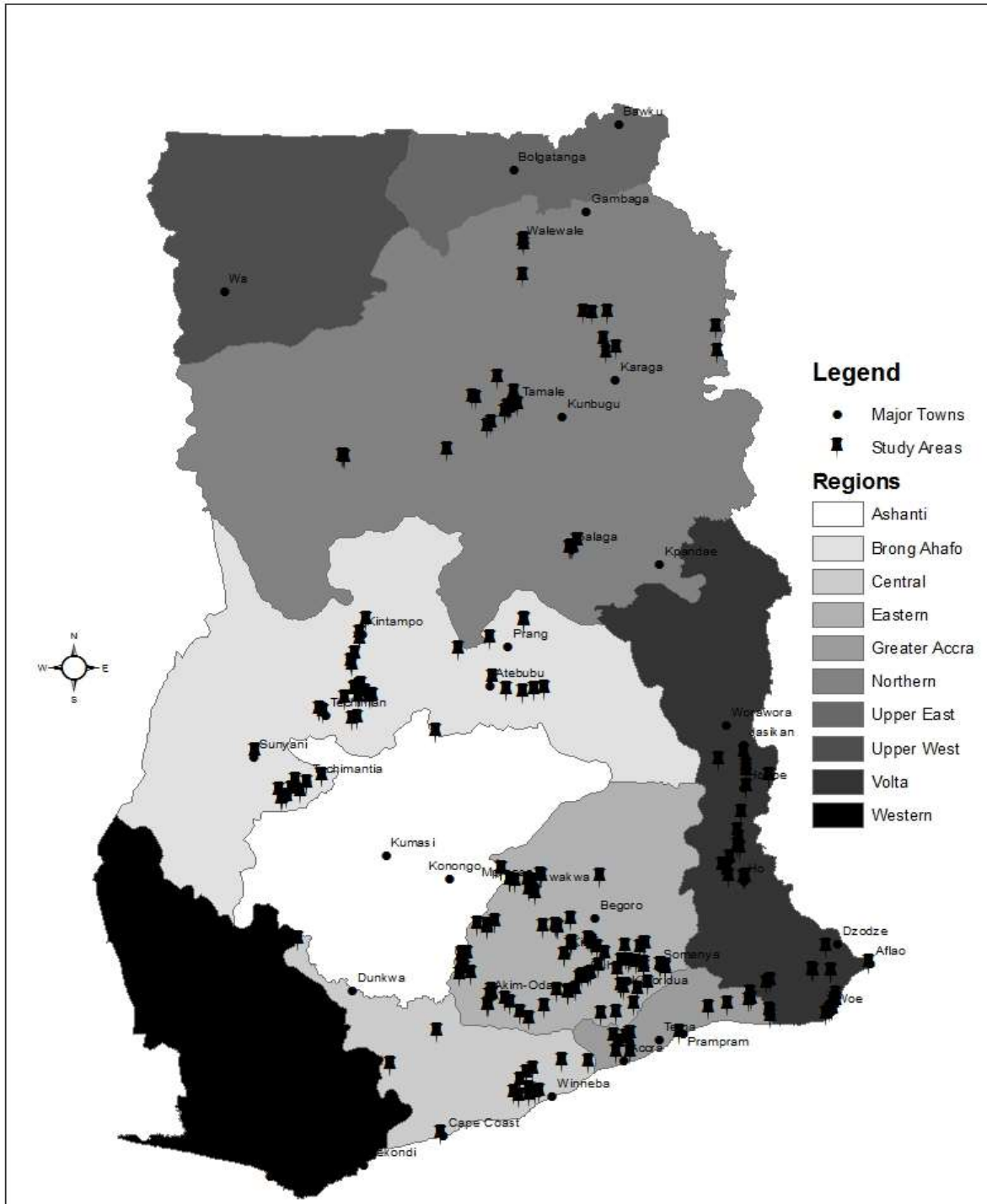
**d)** The most common form of support FBOs receive is technical training since they serve as platforms through which AEAs and other agencies transmit technical training. Whether FBOs are self started or externally started, they seem guaranteed some technical training from AEAs. Regardless of the type of support, externally started FBOs receive more support than self started ones. Also, largeholder-dominated FBOs receive more support than smallholder-dominated ones.

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## Appendix: Sample Distribution



**Source:** Coordinates from the field survey