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# International Receptivity to Cooperatives

Amy E. Colbert, Ph.D.  
Professor and Leonard A. Hadley Chair in Leadership  
Department of Management & Entrepreneurship  
Tippie College of Business  
University of Iowa  
[amy-colbert@uiowa.edu](mailto:amy-colbert@uiowa.edu)

Anand Patel  
Research Assistant  
Tippie College of Business  
University of Iowa  
[anand-patel@uiowa.edu](mailto:anand-patel@uiowa.edu)

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## Executive Summary

The purpose of this study was to review existing research on cooperatives to identify the factors that influence receptivity to cooperatives in particular countries. The research was commissioned and sponsored by Frontier Co-op, a cooperative founded in 1976 that sources spices, herbs, and botanical products from around the world. Frontier Co-op is committed to sustainability, operating in a way that allows the cooperative to do good for its people and the planet.

Based on our research, we propose a framework of five factors that likely influence receptivity to the cooperative organizing form in particular countries. These include:

- **Political-economic context:** The political and economic context shapes the resources and support that are available to cooperatives. We provide an overview of the ways that the political-economic context may impact cooperative development in each country.
- **Legal environment:** The legislation that governs the formation and operation of cooperatives varies in its support for cooperatives. We rely on analysis done by #coops4dev, a partnership of the International Cooperative Association and the European Union, to provide an assessment of the supportiveness of the legal environment for cooperatives.
- **National culture:** A country's culture – the predominant values, norms, and perspectives of a country – influences attitudes, behavior, and decisions. We use Hofstede's cultural dimensions to assess the extent to which a country's predominant values are aligned with the principles and values of cooperatives.
- **Social capital:** Social capital refers to the network of relationships or bonds between people that contribute to the effective functioning of organizations, communities, and societies. Social capital provides informal resources, like trust and cohesion, that can promote receptivity to and effectiveness of cooperatives.
- **Specific needs:** Cooperatives are well-suited to fulfill a broad range of needs, including job creation, economic development, community support, and sustainability. Based on our analysis, we identify the needs in each country that cooperatives might be best suited to address.

Using this framework, we provide an in-depth analysis of the receptivity to cooperatives in six countries and links to information about nine additional countries. In addition to shaping receptivity to cooperatives, we believe these factors also will influence the effectiveness of cooperatives. Thus, this analysis may be used to identify resources and strengths that cooperatives may leverage to achieve their goals, as well as challenges and deficits that cooperatives must address to be successful.

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## A Note about the Research

This report is based on a review of the information available in published sources. The conclusions drawn should be validated through direct data collection to better understand the ways in which national characteristics impact receptivity to cooperatives in specific areas. In addition, the authors of this report reviewed the existing research through the lens of their general management expertise. International development and legal experts should be engaged to further inform decisions made based on this research.

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## What is a Cooperative?

A cooperative is an organization that is owned and controlled by members to meet shared economic, social, and cultural needs through collaborative efforts and democratic governance. Cooperatives are most common in agriculture, insurance, financial services, grocery, healthcare, utilities, housing, and education.<sup>1</sup> Cooperatives are a popular organizing form. The International Cooperative Alliance (ICA) reports that there are more than 3 million cooperatives globally and more than 12% of people are a part of these cooperatives. Cooperatives employ 10% of the world's employed population.<sup>2</sup> In the United States, one out of every three people is a member of one of 65,000 cooperatives.<sup>1</sup>

Cooperatives take a variety of forms. Consumer cooperatives are made up of members who want to buy goods or services from the cooperative. Worker cooperatives are owned by employees who typically receive a salary as well as a share of the cooperative's net earnings. Producer cooperatives are owned by members who produce the same type of goods. Purchasing and marketing cooperatives allow businesses to take advantage of economies of scale with regard to purchasing and marketing.

Cooperatives are distinct from other operating forms because they are democratic organizations that are owned and controlled by their members. The economics literature often focuses on the structural differences between cooperatives and corporations in identifying the role of cooperatives in market economies. However, cooperatives may also be distinguished from other types of organizations based on their values and operating principles.

The core values of cooperatives, as delineated by the ICA, are self-help, self-responsibility, democracy, equality, equity, and solidarity. Cooperative members value honesty, openness, social responsibility, and caring for others.<sup>3</sup> Further, the ICA has established seven cooperative principles to guide the operation of cooperatives.<sup>4</sup> These principles include:

1. Voluntary and open membership
2. Democratic member control
3. Member economic participation
4. Autonomy and independence
5. Education, training, and information
6. Cooperation among cooperatives
7. Concern for community

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<sup>1</sup> <https://ncbaclusa.coop/resources/what-is-a-co-op/>

<sup>2</sup> <https://www.ica.coop/en/cooperatives/facts-and-figures>

<sup>3</sup> <https://www.ica.coop/en/cooperatives/cooperative-identity>

<sup>4</sup> <https://www.ica.coop/en/cooperatives/cooperative-identity>; Other organizational types with similar principles include farmers' associations and producer groups/farmer groups.

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## Benefits and Challenges of Cooperatives

The cooperative organizing form has several benefits. First, forming a cooperative can help individuals and smaller enterprises compete with larger corporations. Like corporations, cooperatives are for-profit entities that typically pay dividends to their members. By pooling capital and other resources, smaller enterprises can gain access to equipment and expertise that they might not otherwise be able to leverage. Cooperative members can take advantage of economies of scale while limiting personal liability.

Second, cooperatives can help promote an inclusive economy. Because of their commitment to voluntary and open membership, cooperatives may be more representative of the demographics of their communities than other types of organizations. The principle of democratic member control promotes inclusive decision-making as well. As noted by The Policy Institute, cooperatives are well-suited to generate financial security and advancement for members and to provide access to high-quality products and services for consumers who may not be served through other market mechanisms.<sup>5</sup>

Third, cooperatives are designed to meet multiple needs and aspirations. Rather than focusing solely on profit, cooperatives help to meet economic, social, and cultural needs and aspirations of the cooperative's members and its surrounding community. Cooperatives consider the impact of their operations on the communities in which they operate, ensuring that growth does not negatively impact the community. For example, cooperatives are more likely than other firms to internalize market externalities (e.g., environmental impacts), costs that are often passed along to communities.<sup>6</sup>

Fourth, the democratic organizational structure coupled with the community focus increase the likelihood that cooperatives promote social innovation and social entrepreneurship to address societal challenges. In this way, cooperatives may provide a service that is not provided by either the private sector or government. Cooperatives also provide access to products and services in areas that may not be well-served. As a result, cooperatives can promote local economic growth and provide stability during economically volatile times.

However, for cooperatives to perform effectively, they need to proactively address some of the potential challenges of the cooperative organizational form.

First, as noted above, cooperatives may incur costs that other businesses pass along to communities (e.g., environmental impacts). Internalizing these costs is not a requirement of the cooperative

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<sup>5</sup> <https://ncbaclusa.coop/content/uploads/2020/10/Policy-Strategies-for-an-Inclusive-Economy-Oct-2020.pdf>

<sup>6</sup> Novkovic, S. (2008). Defining the co-operative difference. *The Journal of Socio-Economics*, 37, 2168-2177.

organizing form, but it is consistent with the community-focused principles that guide the operations of cooperatives. These costs reduce profit margins, which may be especially detrimental in industries that have thin profit margins. Unless cooperatives receive benefits to offset these costs (e.g., tax advantages, protected markets, goodwill from the public), cooperatives will struggle to compete with corporations.

Second, cooperatives may be inefficient because members have no individual ownership right to unallocated equity capital. Members own their shares, which are normally redeemable at par value, but the residual capital is managed collectively. Additionally, members do not have access to the assets they have contributed when they leave the cooperative. Unless the cooperative is financed from shares that are transferable at a market price (a financing strategy used by some cooperatives), members may be unwilling to invest more resources resulting in low capital growth.<sup>7</sup> Undercapitalization can result in cooperative members taking on more tasks themselves and can limit the growth of the cooperative.<sup>8</sup>

Third, as with any organization, a cooperative must be run well to be successful. Cooperative members may not have access to formal management and technical training. In order to be successful, new cooperatives may need financial, management, and technical support. This support may be provided by international organizations, such as the U. S. Agency for International Development (USAID), which has a Cooperative Development Program that is focused on improving cooperative enabling environments, enhancing support to cooperatives, and improving the overall health of cooperatives.

Fourth, cooperatives are run using democratic principles. This is a strength of cooperatives, as it ensures that the members' interests are represented in the operations of the cooperative and promotes social innovation. However, democratic control poses coordination challenges and can be inefficient. Reconciling competing interests, such as the cooperative's long-term financial health and the members' short-term financial needs, can be difficult in a democratic process. Cooperatives may be most effective when the interests of members are aligned and members trust one another.

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<sup>7</sup> Fulton, M. E., & Hueth, B. (2009). Cooperative conversions, failures and restructurings: An overview. *Journal of Cooperatives*, 23, i-xi.

<sup>8</sup> Nilsson, J. (2001). Organisational principles of co-operative firms. *Scandinavian Journal of Management*, 329-356.

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## International Receptivity to Cooperatives

The primary purpose of our research is to identify the factors that may influence the receptivity to cooperatives in particular countries. Receptivity to cooperatives is likely influenced by perceptions about their ultimate success in meeting the needs of members and the community. We expect that receptivity to the cooperative organizing form will vary from country to country depending on several factors, including the political-economic context, legal environment, national culture, social capital, and need. We describe each of these factors in more detail below.

### Political-Economic Context

The political and economic context has the potential to impact receptivity to cooperatives and their ultimate success through shaping the resources that are available, the support that cooperatives receive, and the ways in which they are governed. The political context is shaped by the political parties that hold positions of power in the country as well as by informal influence networks. The government makes the laws that govern cooperatives (discussed more fully in the Legal Environment section), but it also shapes the ways in which they are enforced. The government may choose to centralize control over cooperatives or delegate control to local authorities. Further, certain types of organizations (e.g., large multinational firms) may have significant influence over the government, impacting the favorability of treatment of cooperatives.

In our political-economic context analysis, we rely on information provided by the World Bank about each country. We also use the GINI index, a tool used by the World Bank to estimate income inequality within a country. The GINI index can range from 0 to 100 with 0 representing perfect equality and 100 representing perfect inequality. Scores over 40 are typically interpreted as indicating large income gaps while scores in the 30-40 range indicate moderate income gaps. Only 15 countries in the world have a GINI index greater than 50.<sup>9</sup>

Political and economic contexts may shift rapidly. In this report, we summarize existing high-level research on the ways in which political and economic contexts have impacted cooperative development in the past. Further direct research will be needed to assess the current and projected future context and its impact on cooperatives in each of the countries of interest.

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<sup>9</sup> <https://data.worldbank.org/indicator/SI.POV.GINI>; <https://www.investopedia.com/terms/g/gini-index.asp>

## Legal Environment

The legislation that governs the formation and operation of cooperatives differs from country to country and has the potential to significantly impact receptivity to cooperatives and their ultimate success. We rely heavily on research and analysis done by #coops4dev, a partnership between the ICA and the European Commission in March 2016 with the goal of strengthening the cooperative movement.<sup>10</sup>

As a part of this partnership, ICA has analyzed the legal frameworks governing cooperative operations in many countries around the world.<sup>11</sup> Their research focuses on legislation that impacts the identity of cooperatives and its distinction from other types of organizations, especially for-profit corporations. Our analysis of a country's receptivity to cooperatives is based on the analysis of the extent to which national legislation supports or hampers the development of cooperatives, not on our own analysis of the laws of each country.

## National Culture

A country's culture describes the predominant values, norms, and perspectives of a country. Although national culture is likely rich and varied within any given country, frameworks for describing national culture based on a few key dimensions help us to compare culture across nations and understand the potential impact on the values of individuals.

In this report, we use Hofstede's cultural dimensions, which describe national culture using six key values – power distance, masculinity, individualism, long-term orientation, uncertainty avoidance, and indulgence.<sup>12</sup> We chose this framework because it is supported by extensive empirical evidence and widely used by practitioners and academics alike. Although all frameworks are necessarily simplifications of reality, we believe that Hofstede's cultural dimensions provide a lens into the ways in which culture may influence receptivity to cooperatives.

Of the values used by Hofstede to describe national culture, we believe that power distance and masculinity are most likely to impact receptivity to cooperatives. Individualism and long-term orientation may have a small influence on receptivity to cooperatives. Uncertainty avoidance and indulgence are unlikely to impact receptivity to cooperatives. Our reasoning is as follows:

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<sup>10</sup> <https://coops4dev.coop/en/coops4dev#coops4dev>

<sup>11</sup> <https://coops4dev.coop/en/world>

<sup>12</sup> <https://www.hofstede-insights.com/models/national-culture/>

- Power distance – Power distance captures the extent to which less powerful members of organizations accept that power is distributed unevenly. Countries with lower levels of power distance are more likely to be comfortable with an equal distribution of power, which is consistent with the democratic member control that characterizes cooperatives.
- Masculinity – A masculine society is driven by competition, achievement, and success. In contrast, a feminine society values caring for others and quality of life. In feminine countries, managers tend to strive for consensus, and people value equality and solidarity. These characteristics of feminine countries align with the principles of cooperatives.
- Individualism – Individualism represents the extent to which people perceive themselves as independent individuals as opposed to being interdependent members of a collective. The core values of cooperative members, which include social responsibility and caring for others, are likely to be more prevalent in countries with lower levels of individualism (higher levels of interdependence). However, cooperatives are also built on the principles of self-help and self-responsibility, which align with individualism. Even so, we expect that countries higher in interdependence may be slightly more receptive to cooperatives because of cooperatives' underlying principle of concern for community.
- Long-term orientation – In a culture with a long-term orientation, the world is seen as always changing, yielding a need to continually prepare for the future. With a short-term orientation, the past provides a moral compass, and stable norms guide behavior. Receptivity to cooperatives may be slightly higher in a culture with a long-term orientation because the need to continually prepare for the future may drive individuals and small enterprises to seek the expanded resources and expertise that can come from joining a cooperative.
- Uncertainty avoidance – Uncertainty avoidance represents the extent to which people feel uncomfortable with uncertainty and ambiguity. In countries with high uncertainty avoidance, rigid codes of beliefs and behavior are used to try to exert control over the future. We do not see a strong reason for uncertainty avoidance to impact receptivity to cooperatives.
- Indulgence – A society with a high level of indulgence allows people relative freedom to satisfy basic human needs related to enjoying life and having fun. In contrast, lower levels of indulgence (or higher levels of restraint) are associated with stricter social norms that restrict individual gratification. We do not see a strong reason for indulgence to impact receptivity to cooperatives.

In our analysis of each country, we rely primarily on the Hofstede Country Comparison tool<sup>13</sup> to provide an assessment of the six cultural values for each country. In cases in which the Hofstede Country Comparison tool does not provide an assessment of one or more of the values, we have provided data from other sources when available.

## Social Capital

Social capital refers to the network of relationships or bonds between people that contribute to the effective functioning of organizations, communities, and societies. Territories with high levels of social capital benefit from the information sharing, influence, and solidarity that are generated through relationships.<sup>14</sup> Territories with high levels of social capital have resources that are consistent with the principles of cooperatives. For example, trust in others, an important driver of effective democratic decision-making, is associated with higher levels of social capital. Further, the solidarity that is characteristic of territories with higher levels of social capital is consistent with cooperatives' focus on the needs of the community.<sup>15</sup>

One example of a cooperative that built and leveraged social capital effectively is La Paranza, a social cooperative based in Rione Sanità, a neighborhood in Naples, Italy. Rione Sanità has a number of structural socioeconomic disadvantages, including high levels of unemployment and scarce public services. In an effort to promote development in Rione Sanità, La Paranza works to support new businesses and promote hope. The founders of La Paranza were residents of Rione Sanità and members of the local Catholic parish. Leveraging their relationships in the area and their connection to social Catholicism, they gained permission to work on reopening the Catacombs, a unique cultural resource in the community. The trust that the community had in the founders and the legitimacy that came from their connection between the Catholic church provided them with the goodwill that was necessary to gain support for the project. Through the successful completion of the project, La Paranza strengthened its social capital and expanded its network of local collaborations and partnerships. The solidarity of this network promoted a shared purpose and enabled the exchange of formal and informal resources that were necessary to accomplish shared goals.<sup>16</sup>

Social capital is comprised of dimensions that are hard to measure (like trust), but social capital has been assessed using a variety of methods at the individual, organizational, community, or national

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<sup>13</sup> <https://www.hofstede-insights.com/product/compare-countries/>

<sup>14</sup> Adler, P. S., & Kwon, S-W. (2002). Social capital: Prospects for a new concept. *Academy of Management Review*, 27, 17-40.

<sup>15</sup> Bianchi, M., & Vieta, M. (2020). Co-operatives, territories and social capital: Reconsidering a theoretical framework. *International Journal of Social Economics*, 47, 1599-1617.

<sup>16</sup> Bianchi & Vieta (2020).

level. It is likely the social capital of a community, as in the example of La Paranza, that most strongly influences receptivity to and success of cooperatives. In our analysis, we provide indicators of the social capital present in local communities within the countries we analyzed if such information is available. However, primary research will be needed to fully assess the social capital of specific regions. Because our analysis is at the country level, we also provide data on the social capital index of each country using the 2021 social capital rankings developed by SolAbility, a sustainable intelligence think-tank and consultancy.<sup>17</sup> At a national level, social capital represents the sum of social stability and the well-being of the entire population. Freedom of expression and freedom from fear, income and asset equality, low crime rates, effective healthcare systems, and individual happiness are indicators of high levels of social capital within a country. National social capital generates social cohesion, which provides a stable environment for economic growth and may influence the nation's overarching receptivity to cooperatives. SolAbility's social capital index has a possible range from 0 to 100. Based on the 2021 social capital ranking, the global average social capital score is 44, and the range is 29.7 (Iraq) to 64.1 (Iceland).

## Need

Finally, receptivity to cooperatives may be influenced by the perception that the cooperative organizing form can address specific needs being experienced in the country. Cooperatives are designed to fulfill a broad range of needs – from economic to social and cultural. Countries may be more receptive to cooperatives when they have specific needs that cooperatives are uniquely suited to address. For example, countries that feel as though they have been left behind by the global economy may be especially receptive to cooperatives, which allow individuals and small enterprises to compete with corporations.<sup>18</sup> Further, when a country is experiencing a significant social problem, such as economic inequality or damaging impacts of climate change, cooperatives may be seen as a mechanism to address that need. In our analysis, we identify needs in each country that cooperatives might be best suited to address.

## Country-Level Analysis

We used our framework of factors that impact the receptivity to cooperatives to evaluate receptivity in fifteen countries. We worked with Alicia Simmons, sustainability manager at Frontier Co-op, to identify

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<sup>17</sup> <https://solability.com/the-global-sustainable-competitiveness-index/the-index/social-capital>

<sup>18</sup> Restakis, J. (2010). *Humanizing the Economy*. British Columbia, Canada: New Society Publishers.

a diverse group of countries around the world. In the appendix to this report, we provide detailed information about the political-economic context, legal environment, national culture, social capital, and need in two African countries (Uganda and Madagascar), three countries in the Asia-Pacific region (India, Vietnam, and Indonesia), and one country in Central America (Guatemala). We also provide brief data and links to resources for nine other countries, including two African countries (Ethiopia and Senegal), three countries in the Asia-Pacific region (Papua New Guinea, Sri Lanka, and Turkey), one country in Europe (Bulgaria), one country in Central America (Haiti), and two countries in South America (Peru and Paraguay).

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## Conclusions and Next Steps

In this report, we summarize our findings about the factors that influence international receptivity to cooperatives based on a review of publicly available data and published research on international cooperatives. Using this framework, we provide in-depth analysis of the receptivity to cooperatives of six countries and high-level analysis of nine additional countries. In addition to shaping receptivity to cooperatives, we also believe these factors will influence the effectiveness of cooperatives. Thus, this analysis may be used to identify resources and strengths that cooperatives may leverage to achieve their goals, as well as challenges and deficits that cooperatives must address to be successful.

To fully evaluate the receptivity of specific regions to the cooperative organizing form, additional primary research is needed. Using interviews or surveys, primary research might investigate the ways in which national laws, political-economic systems, and cultures are experienced in specific locations. Primary research might also assess the sources of social capital and other capacity-building resources available in specific locations. Finally, primary research might identify other potential barriers to effective cooperatives in specific locations and industries.

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# Appendix

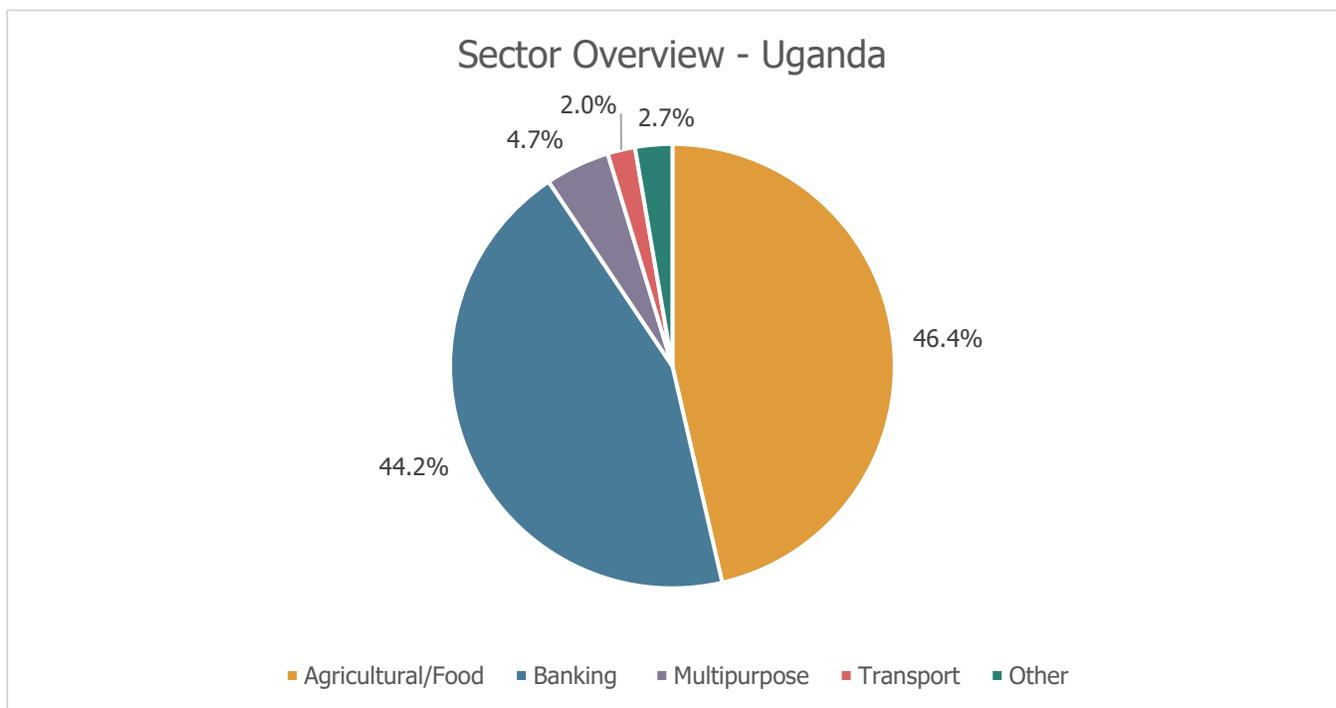
Analysis of Receptivity to Cooperatives in Fifteen Countries

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## Uganda

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<b>Number of Cooperatives</b>	21,346 <sup>19</sup>
<b>Number of Members</b>	5,600,000
<b>Population of Uganda</b>	45,740,000



## Political-Economic Context

Uganda gained its independence from Great Britain in 1962. In the post-independence period, Uganda experienced despotism and near economic collapse. Political interference in the 1970s damaged internal governance to the detriment of the whole economy. It was not until President Museveni came

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<sup>19</sup> <https://coops4dev.coop/en/4devafrica/uganda>

to power in 1986 that Uganda began to experience political stability and an improved economy.<sup>20</sup> Uganda experienced strong economic growth in the early 2000s, but economic growth has since slowed due to reduced reform momentum, a less supportive external environment, and exogenous shocks, such as droughts, the COVID-19 pandemic, and the war in Ukraine. In the five years prior to the COVID-19 pandemic, per capita real GDP growth fell to 1.1 percent on average per year.<sup>21</sup>

Inequality is also relatively high in Uganda as indicated by their recent GINI index (2019) of 42.7.<sup>22</sup> Uganda also has high population growth, with the population expected to at least double between 2020 and 2060, reaching 104 million people.<sup>23</sup>

Within this context, cooperatives have a long history in Uganda. The Cooperative Ordinance of 1946 and the Cooperative Societies Act of 1962 formalized existing cooperatives, and cooperatives (especially agricultural cooperatives) exhibited impressive performance following Uganda's independence in 1962. However, the political interference in the 1970s was detrimental to cooperatives. With increasing levels of debt, many cooperatives were unable to provide services to members. Even as new economic liberalization policies were implemented in the late 1980s, agricultural cooperatives were unprepared, and their performance continued to decline.<sup>24</sup>

Despite these challenges, the cooperative movement continues in Uganda. The government has delegated supervisory, monitoring, and control roles to local governments, and other agencies, including the Uganda Cooperative Alliance (UCA), have also taken up these roles. UCA is recognized as the incubator of cooperation in Uganda. In an effort to revive agricultural cooperatives, the UCA created Area Cooperative Enterprises (ACE), which grouped together ten agricultural cooperatives into a mini union. This helped members obtain quality seeds, share information, and obtain better prices. However, UCA has struggled to achieve many of its objectives because of inadequate funding.

Another potential strategy to increase the effectiveness of agricultural cooperatives in Uganda is the use of Land Shareholding Cooperatives (LSCs), which convert small plots of lands into shares and utilize centralized management techniques. Francesconi and Wouterse (2022) speculate that traditional agricultural cooperatives in Africa may struggle because of the limited capital available from African smallholders, as well as the absence of complete market information, formal contractual agreements, and adequate infrastructure. LSCs help focus the cooperative on the provision of commercial services to committed members and introduces centralized management, which creates economies of scale in

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<sup>20</sup> <https://www.state.gov/u-s-relations-with-uganda/>

<sup>21</sup> <https://www.worldbank.org/en/country/uganda/overview>

<sup>22</sup> <https://data.worldbank.org/indicator/SI.POV.GINI>; Scores from 30-40 represent moderate income inequality; scores above 40 represent high income inequality.

<sup>23</sup> <https://blogs.worldbank.org/african/demographic-boom-explainer-ugandas-population-trends>

<sup>24</sup> [https://www2019.ilo.org/wcmsp5/groups/public/---ed\\_emp/---emp\\_ent/---coop/documents/publication/wcms\\_672871.pdf](https://www2019.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---coop/documents/publication/wcms_672871.pdf)

contexts in which the size of individual farms is below that which is commercially viable. While LSCs have been successful in mainland China, their potential has not yet been fully realized in African countries. However, a case study of oil palm plantations on Lake Victoria shows the potential of this organizational strategy. While one oil palm plantation on Lake Victoria was managed by a foreign investor-owned firm, the remaining 4,700 hectares were leased to a preexisting association of 1,770 households that had been farming on the island for decades. The formation of the LSC required significant investments geared toward land devolution, but this allowed centralized management over the previously fragmented farmland. Infrastructure developments, reduction in overfishing, increased household income, and reduced on-farm workload were among the indicators of the commercial success of this LSC. Analysis of larger-scale datasets of LSCs in Uganda and other African countries (including Malawi, Madagascar, Rwanda, Kenya, and Senegal) provides further evidence that the centralized management associated with LSCs is associated with a higher probability of engaging in collective commercialization.<sup>25</sup>

## Legal Environment

Cooperatives in Uganda are regulated by the Cooperative Societies Act Cap 112. Analysis by the ICA evaluates the friendliness of the legal environment as follows:

Generally, the Cooperative Societies Act is more cooperative friendly than not, fairly balanced and it allows members to take charge of their affairs with less government interference. Equally, it allows cooperatives to grow by giving them space to thrive, allowing tax exemptions and making it mandatory for societies to apply the cooperative principles.<sup>26</sup>

However, Savings and Credit Cooperative Societies (SACCOs) in Uganda are regulated by the Tier 4 Microfinance and Money Lenders Act, 2016. The licensing of SACCOs is fragmented to three separate legal regimes and as a result SACCOs are practically unregulated. This is an obstacle to cooperative development in Uganda.

As noted above, cooperatives in Uganda are supported by Uganda Cooperative Alliance (UCA), an umbrella organization for all cooperatives in Uganda. UCA is mandated by the Cooperative Societies Act to make policy recommendations and to carry out arbitration in disputes within the cooperative movement. UCA also does capacity building and provides advisory services to advance cooperatives in Uganda.

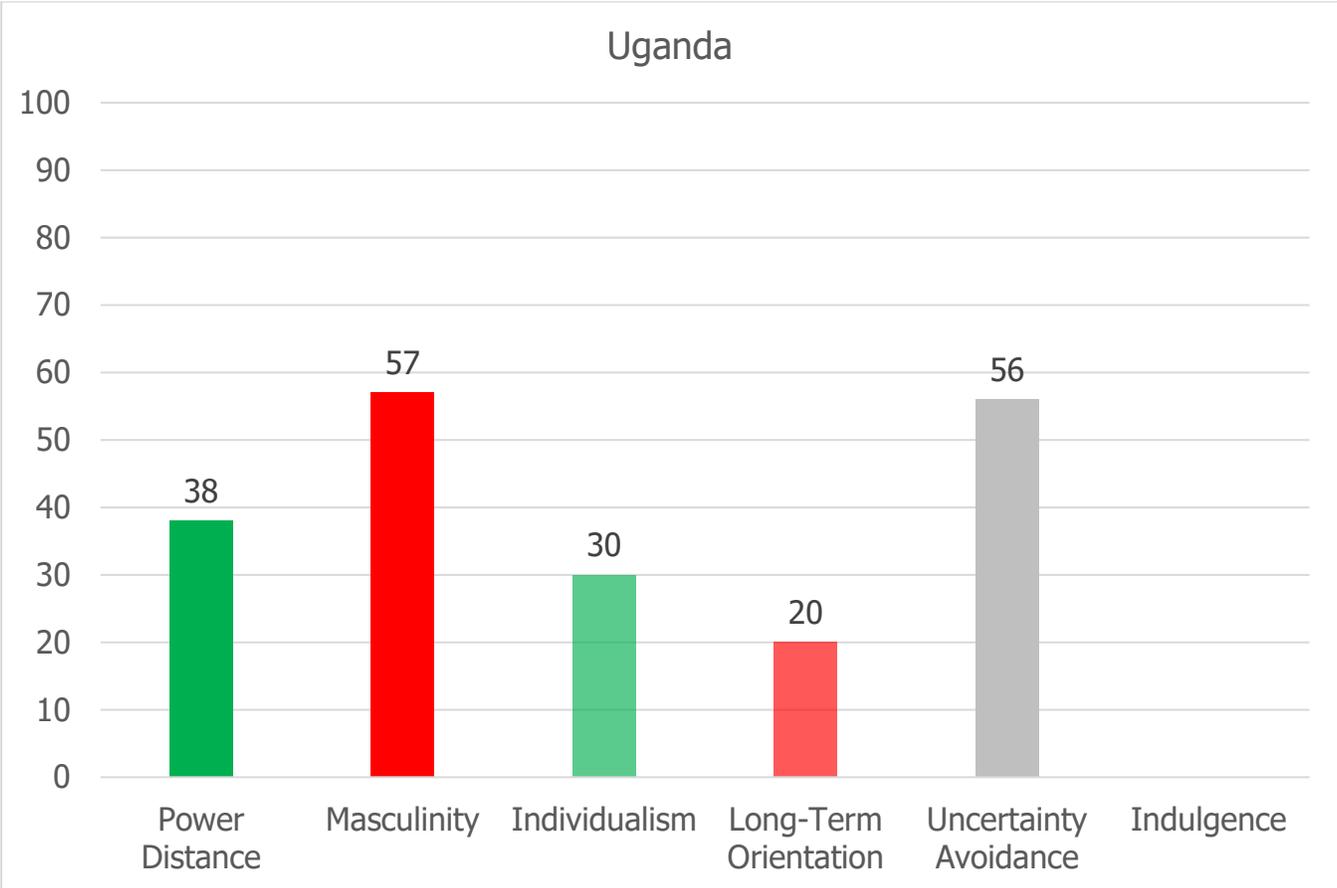
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<sup>25</sup> Francesconi, G. N., & Wouterse, F. (2022). The potential of land shareholding cooperatives for inclusive agribusiness development in Africa. *Annals of Public and Cooperative Economics*, 93, 161-176.

<sup>26</sup> <https://coops4dev.coop/en/4devafrica/uganda>

# National Culture

The national culture of Uganda is not included in the Hofstede country comparison database. We were able to obtain scores for five of the six cultural values from another source.<sup>27</sup>



As noted in the body of the report, lower levels of power distance and masculinity are expected to be associated with receptivity to cooperatives. Uganda has a relatively low power distance score (38), indicating that members of society are comfortable with an equal distribution of power across hierarchical levels, which is consistent with the democratic member control that characterizes cooperatives. However, Uganda has a higher masculinity score (57), which may be inconsistent with the collaborative values underlying cooperatives.

<sup>27</sup> Rarick, C., Winter, G., Nickerson, I., Falk, G., Barczyk, C., & Asea, P. K. (2013). An investigation of Ugandan cultural values and implications for managerial behavior. *Global Journal of Management and Business Research*, 13(9), 1-10.

Low levels of individualism and high levels of long-term orientation may have a small association with receptivity to cooperatives. Uganda has a relatively low individualism score (30). The more interdependent culture of Uganda is consistent with the concern for community embodied by cooperatives. However, Uganda scores low on long-term orientation (20). The short-term orientation in Uganda may not provide the drive necessary for individuals and small enterprises to seek the resources and expertise that can come from joining a cooperative.

Overall, some of Uganda's cultural values are consistent with the principles of cooperatives, while others are not.

## Social Capital

Based on the national social capital rankings developed by SolAbility, Uganda's social capital score was 37.2 (out of 100), and it was ranked 140 out of 180 countries.<sup>28</sup> The relatively low level of national social capital may prove to be a barrier to cooperative development in Uganda. Cooperatives may need to leverage social capital at the community level or develop social capital in their communities to be successful. Thus, more information about the social capital in specific communities across Uganda is needed to fully assess the influence of social capital on receptivity to and effectiveness of cooperatives in Uganda.

## Need

Cooperatives have the potential to create employment opportunities. The Ugandan government is one of the largest employers in Uganda, but decentralization and restructuring has reduced the number of jobs available. Although data suggest that cooperatives do not directly employ a large number of people in Uganda, they have the potential for significant job creation. This may be especially important given the high population growth projected for Uganda. Cooperatives may also contribute to economic development through generating income for their members, potentially reducing inequality.<sup>29</sup>

Cooperatives may also help address other societal challenges in Uganda. For example, cooperatives have helped educate members about prevention of HIV/AIDS. The UCA has also focused on women

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<sup>28</sup> <https://solability.com/the-global-sustainable-competitiveness-index/the-index/social-capital/>; The global average social capital score is 44 (range = 29.7 to 64.1).

<sup>29</sup> [https://www2019.ilo.org/wcmsp5/groups/public/---ed\\_emp/---emp\\_ent/---coop/documents/publication/wcms\\_672871.pdf](https://www2019.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---coop/documents/publication/wcms_672871.pdf)

and youth development. Finally, innovative cooperative enterprises have worked to enhance development in rural Uganda.<sup>30</sup>

## Example Cooperative

Mobuku Moringa Vanilla Farmers Association (MMVFA) is an organization of 14 vanilla-producing cooperatives with a total 1,255 members in Western Uganda. The total area farmed by MMVFA members is 3,000 hectares, and the average member farms 1.6 hectares. Although vanilla is a labor-intensive crop, most of the labor is provided by family members. Western Uganda has ideal conditions for vanilla farming, but living standards are low. MMVFA ensures that farmers receive the fairtrade minimum price for their vanilla. They also invest a portion of profits back into the community to improve education, infrastructure development, and capacity building of members.<sup>31</sup>

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<sup>30</sup> [https://www2019.ilo.org/wcmsp5/groups/public/---ed\\_emp/---emp\\_ent/---coop/documents/publication/wcms\\_672871.pdf](https://www2019.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---coop/documents/publication/wcms_672871.pdf)

<sup>31</sup> <https://www.fairtrade.org.uk/farmers-and-workers/farmers-and-workers-for-other-fairtrade-products/mobuku-moringa-vanilla-farmers-association-uganda/>

# India

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<b>Number of Cooperatives</b>	854,355 <sup>32</sup>
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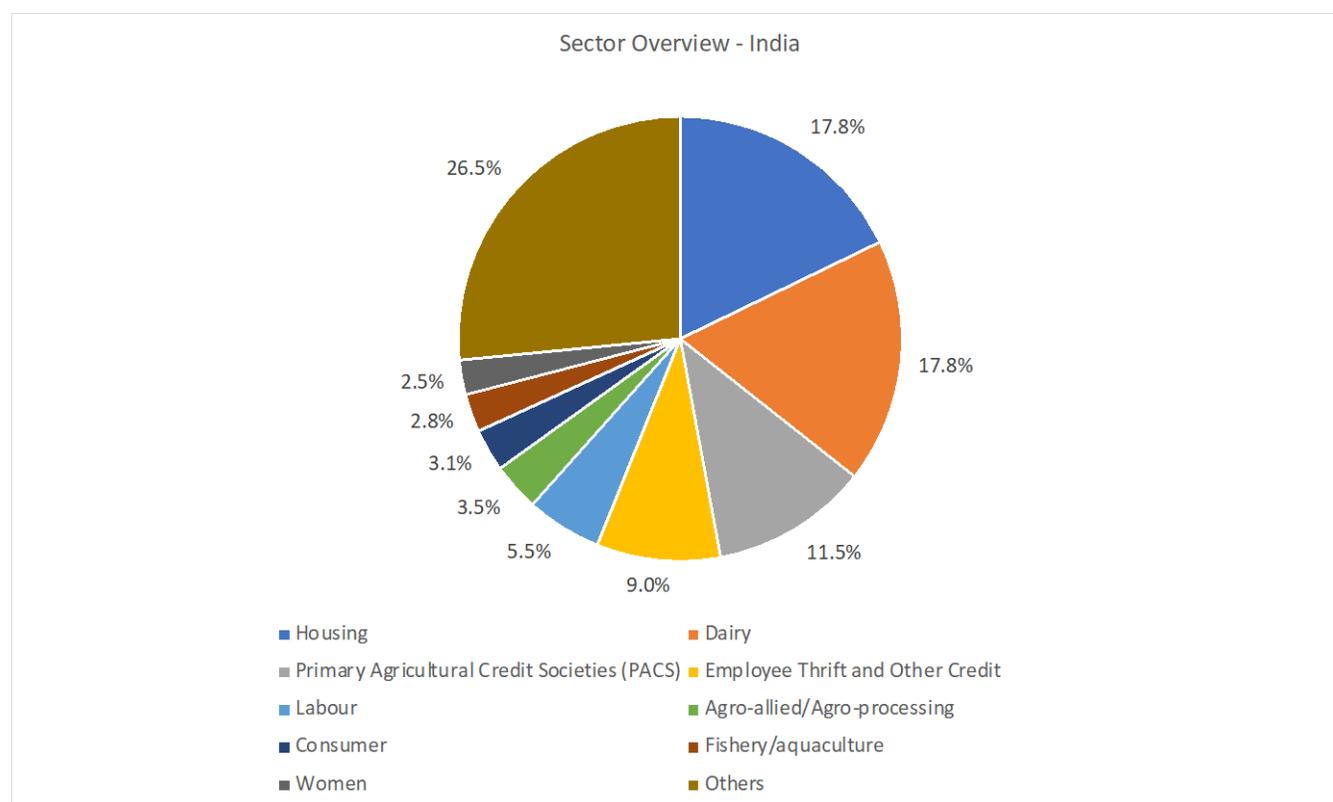
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<b>Number of Members</b>	290,060,000
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<b>Population of India</b>	1.4 billion
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<sup>32</sup> <https://coops4dev.coop/en/4devasia/india>; In India, the data collected was for the year 2018.

## Political-Economic Context

India is a large and diverse country. With a population of 1.4 billion people, India is expected to overtake China as the world's most populous country by 2024. India's economy had been growing at high rates for several years. This growth had begun to slow even before the COVID-19 pandemic. In FY21, the economy contracted by 7.3%.<sup>33</sup> Although India has made significant progress reducing poverty, almost 25% of the population lives below the poverty line. The richest 1% of the population owns 53% of the country's wealth. India's most recent GINI index (2011) was 35.7, which is consistent with a moderate income gap.<sup>34</sup> There are significant disparities between urban and rural India.

The majority of India's labor force is employed in the informal sector, which has been particularly affected by the COVID-19 pandemic. This puts traditionally excluded groups, such as youth, women, and migrants, in a precarious situation.<sup>35</sup>

Cooperatives have a long history in India. The first national legislation, the Cooperative Credit Societies Act, was passed in 1904. The legal environment in India (described more fully below) strongly influences the political and economic context within which cooperatives operate.

The National Cooperative Union of India (NCUI) serves as the apex organization representing India's cooperatives. Its objectives include promoting and developing the cooperative movement in India and expressing opinion on matters of cooperative policy and acts as the accredited representative of the Indian Cooperative Movement in the national and international spheres.<sup>36</sup>

Cooperatives have been especially prevalent in the dairy industry in India. India is one of the largest producers of milk in the world, producing about 20% of the total milk production in the world. Intentional development in the dairy industry through programs labeled Operation Flood I, II, and III strengthened the dairy industry in India and garnered attention of international markets contributing to the success of dairy cooperatives. Analysis of Indian dairy cooperatives by Neha Christie, a development professional at the Tata Institute of Social Sciences in Mumbai, highlights the potential for dairy cooperatives to provide security to small and marginal farmers, but also points to need for strong support systems if dairy cooperatives are to achieve this potential and provides suggestions for developing cooperative sensitive systems.<sup>37</sup>

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<sup>33</sup> <https://www.worldbank.org/en/country/india/overview>

<sup>34</sup> <https://data.worldbank.org/indicator/SI.POV.GINI>; Scores from 30-40 represent moderate income inequality; scores above 40 represent high income inequality.

<sup>35</sup> <https://www.worldbank.org/en/country/india/overview>

<sup>36</sup> <https://ncui.coop/>

<sup>37</sup> Christie, N. (2021). Rethinking local institutional development in India: Theoretical perspectives and analysis of dairy cooperatives. *Journal of Public Affairs*, 21, 1-8.

# Legal Environment

In India, national cooperatives and cooperatives that operate in more than one state are governed by the Central Act for national cooperatives. Cooperatives that operate within one of India's 29 states are governed by the Cooperative Societies Act in that state. Analysis by the ICA evaluates the friendliness of the legal environment as follows:

The cooperative legal environment of India is 'only limitedly cooperative friendly' to cooperative development. . . The governments have created a huge bureaucratic set up to handle the large co-operative sector, which now ensures that the governments continue to have their say on co-operatives, for the bureaucracy can survive only with the status quo. The situation that exists now is that of mutuality of interest on the part of the state and the co-operative sector where governments want co-operatives to serve as their agents – to dispense credit, to distribute goods under PDS [public distribution system] and to deliver any state-sponsored service that the state may seek to do from time to time and the co-operatives need government money and patronage businesses for the ease of survival. The co-operative leaders need government co-operative mutual dependence, for the benefit of finding political shelters. These forces have ensured that despite changes in the legal regime, the situation on the ground remains the same. It is more politics and less economics in the dynamics of the state-co-operative relationship in India.<sup>38</sup>

The current legal environment in India presents barriers to cooperative development. Currently, cooperatives have little autonomy. Some cooperatives operate as agents of the state, serving the needs of the government rather than the needs of their members. Since the 1990s, attempts have been made to increase the autonomy and independence of cooperatives in India. In 2002, a new National Cooperative Policy was introduced by the central government to empower cooperatives while also retaining a regulatory role for timely elections, auditing, and safeguarding members' interests, but many cooperatives remain under control of state laws.<sup>39</sup>

The state laws that govern cooperatives that operate within one of India's 29 states contain much variation. In 2012, the 97<sup>th</sup> amendment of the Indian Constitution was passed in favor of the cooperative movement. This amendment mandated state governments to make a conducive legal environment for cooperatives. However, some states challenged this amendment and in 2021, the Supreme Court of India struck down parts of this amendment. Analysis by the ICA concluded that while states should adopt enabling provisions governing cooperative operation in the State Cooperative

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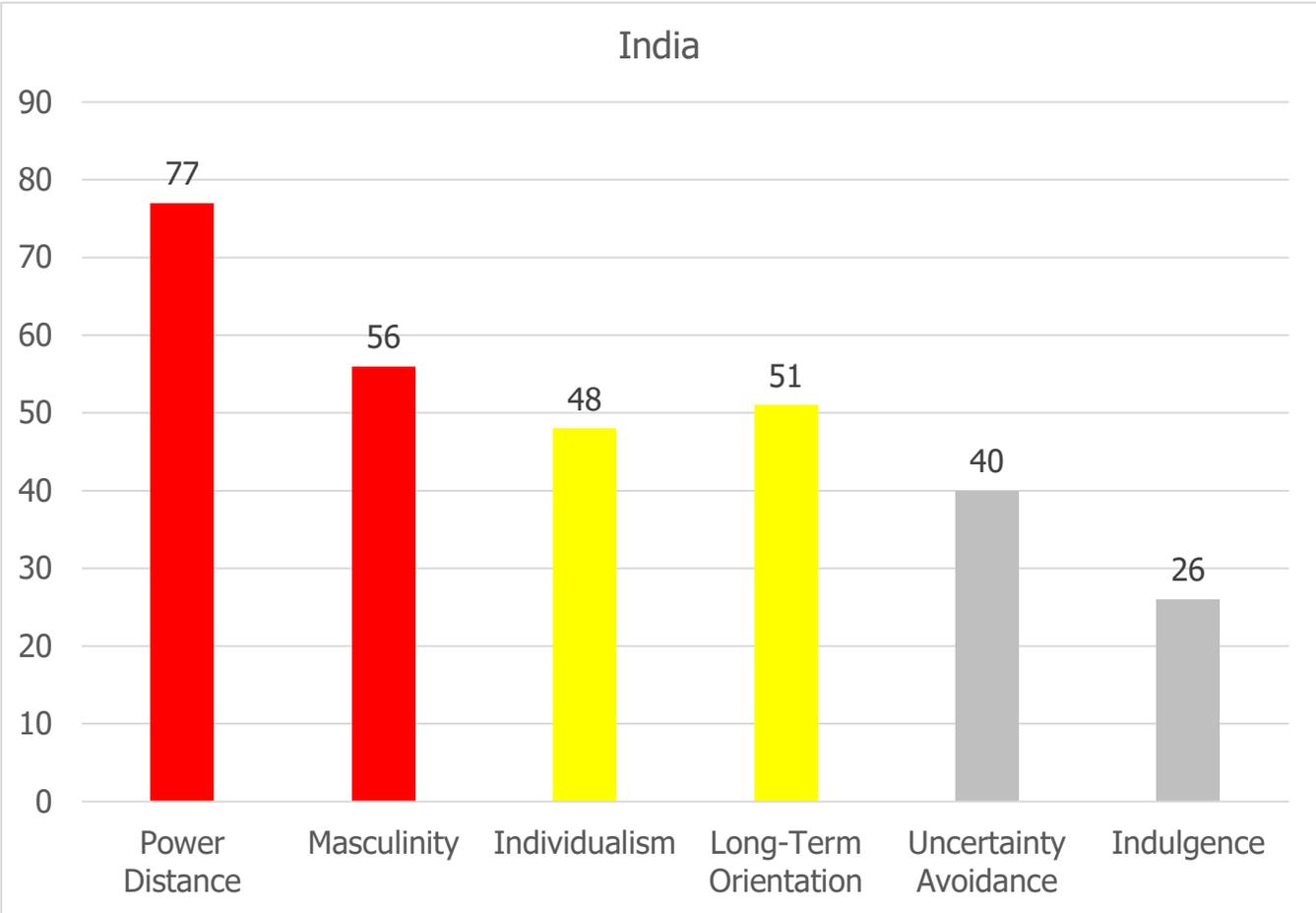
<sup>38</sup> <https://coops4dev.coop/en/4devasia/india>

<sup>39</sup> <https://coops4dev.coop/en/4devasia/india>

Societies Acts, India should not pursue a uniform law governing cooperatives across states because of regional variations in the cooperative environment.<sup>40</sup>

## National Culture

The national culture of India based on scores from the Hofstede country comparison database<sup>41</sup> is as follows:



As noted in the body of the report, lower levels of power distance and masculinity are expected to be associated with receptivity to cooperatives. India has a relatively high power distance score (77), indicating that members of society have a high acceptance of inequality across hierarchical levels. Thus, on average, Indian citizens are more comfortable with a hierarchical distribution of power, which

<sup>40</sup> <https://coops4dev.coop/en/4devasia/india>  
<sup>41</sup> <https://www.hofstede-insights.com/country-comparison/>

is inconsistent with the democratic member control that characterizes cooperatives. India also has a relatively high masculinity score (56), which may be inconsistent with the collaborative values underlying cooperatives.

Low levels of individualism and high levels of long-term orientation may have a small association with receptivity to cooperatives. India's individualism score (48) and long-term orientation score (51) are both near the midpoint of the scale. Thus, these values are unlikely to impact receptivity to cooperatives in India.

Overall, the two cultural values that are most likely to impact receptivity to cooperatives – power distance and masculinity – are inconsistent with the principles of cooperatives. Cooperatives may need to overcome the impact of cultural values by focusing on other factors that promote receptivity to cooperatives.

## Social Capital

Based on the national social capital rankings developed by SolAbility, India's social capital score was 38.6 (out of 100), and it was ranked 123 out of 180 countries.<sup>42</sup> An article in *Foreign Policy* magazine suggests that trust and a sense of belonging may be decreasing in India due to divisive politics and the marginalization of minorities.<sup>43</sup> The relatively low level of national social capital may prove to be a barrier to cooperative development in India. Cooperatives may need to leverage social capital at the community level or develop social capital in their communities in order to be successful. Thus, more information about the social capital in specific communities across India is needed to fully assess the influence of social capital on receptivity to and effectiveness of cooperatives in India.

## Need

One significant need in India is to continue to reduce poverty and disparity in incomes between urban and rural India. Cooperatives may play a key role in addressing this disparity. Cooperatives already play an important role in the rural economy in India, with cooperatives currently having 98% coverage in rural India. Given the ability of cooperatives to benefit small farmers, workers, and retailers, cooperatives may help to increase the standard of living in rural areas. In a recent speech, the Managing Director of Gujarat Cooperative Milk Marketing Federation (GCMMF), R. S. Sodhi, noted that

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<sup>42</sup> <https://solability.com/the-global-sustainable-competitiveness-index/the-index/social-capital/>; The global average social capital score is 44 (range = 29.7 to 64.1).

<sup>43</sup> <https://foreignpolicy.com/2020/02/21/india-economic-problems-politics-citizenship-law/>

the cooperative business model has advantages over corporations in promoting development in rural areas. However, he also noted that the mindset around cooperatives in India needs to shift from regulation to development if cooperatives are to be successful.<sup>44</sup>

## Example Cooperative

Frontier Co-op partners with Swani Spice Mills in Rajasthan, India. Swani Spice produces high quality, organic cumin seed. To keep the cumin seed organic, it cannot come into contact with any pesticides. Frontier Co-op provided funding to help Swani Spice purchase two threshing machines dedicated to organic cumin to ensure that the cumin met organic standards.<sup>45</sup>

Another representative cooperative in India is the Spice Farmers Cooperative. This cooperative brings together 3,000 farmers in the Karnataka State of India. Spices are grown organically by smallholders. The cooperative also devotes time and resources to environmental initiatives designed to benefit the community, including harvesting rainwater and caring for endangered plants.<sup>46</sup>

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<sup>44</sup> <https://economictimes.indiatimes.com/industry/cons-products/food/rural-india-can-only-develop-through-cooperative-business-model-says-amul-md-r-s-sodhi/articleshow/89948352.cms>

<sup>45</sup> <https://www.frontiercoop.com/well-earth-partnership-cumin-india>

<sup>46</sup> <https://gatheringplacetrading.com/spice-farmers-cooperative/>

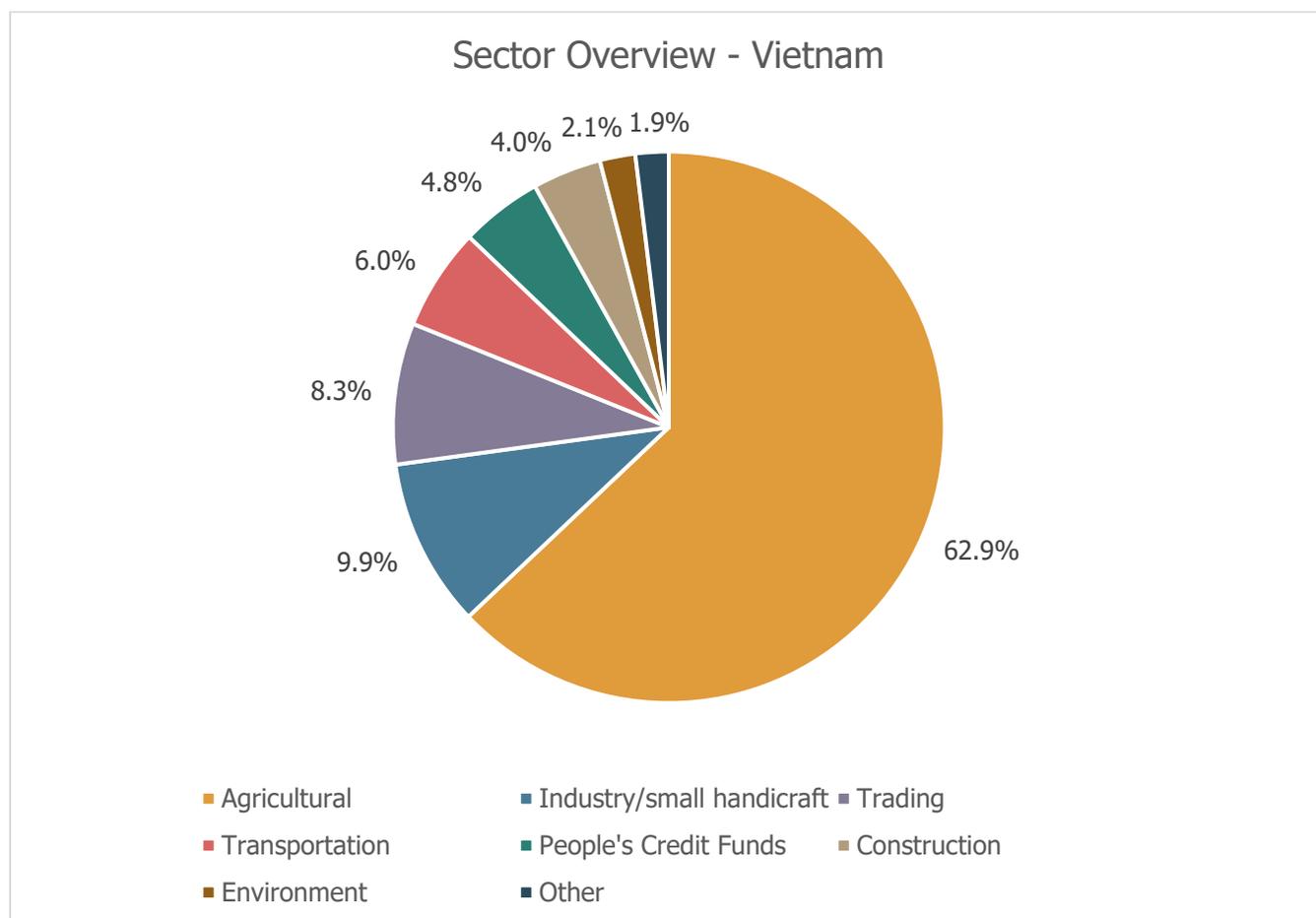
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## Vietnam

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<b>Number of Cooperatives</b>	24,618 <sup>47</sup>
<b>Number of Employees</b>	4,563,000
<b>Number of Members</b>	7,015,000
<b>Population of Vietnam</b>	97,340,000

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<sup>47</sup> <https://coops4dev.coop/en/4devasia/vietnam>; data from the Annual Report of the Vietnam Cooperative Alliance for the year 2019

## Political-Economic Context

Overall, Vietnam is experiencing significant economic growth, moving from being one of the poorest countries in the world to a middle-income economy in just one generation.<sup>48</sup> Growth of 7.2% in 2019 represented a 10-year high, and although the COVID-19 pandemic slowed growth in 2020 and 2021, the economy is expected to rebound in 2022. Vietnam's growth is partly due to labor shifting from agriculture to manufacturing and services. Vietnam also has a strong tourist sector. The economy is also bolstered by exports. Poverty rates have declined from over 32% in 2011 to 2%. Vietnam's most recent GINI Index (2018) is 35.7, indicating moderate levels of inequality.<sup>49</sup> Health outcomes and access to infrastructure services have improved as the economy has grown.

Cooperatives have played an important role in the Vietnam economy, especially in rural economic development, since Vietnam's independence in 1945. In recent years, the Vietnamese government has actively promoted cooperatives for the purposes of rural development and promoting economies of scale.

The Ministry of Agriculture and Rural Development and the Vietnam Cooperative Alliance (VCA) work collaboratively to provide training and support to cooperatives in Vietnam. International partnerships with the Network of Agricultural Cooperative Development Partners and Agriterria are also being leveraged to encourage sustainable economic growth and promote the prosperity of farmers.<sup>50</sup>

Recently, a new type of agricultural cooperative, specialized cooperatives, has emerged with the goal of providing innovative development solutions to revamp the agricultural sector and its scale of operations. Specialized cooperatives are being piloted in the Mekong River Delta region, one of the biggest agricultural production regions in Vietnam.<sup>51</sup>

The German Cooperative and Raiffeisen Confederation (DGRV), which is the national apex organization and top-level auditing confederation of the cooperative sector in Germany, is also partnering with VCA to improve cooperatives in Vietnam.<sup>52</sup> DGRV notes that the early history of cooperatives in Vietnam includes compulsory membership for all farmers. These cooperatives were a part of a centrally planned economy by the state. Current legislation (described in more detail below) has clarified that membership in cooperatives today is on a voluntary basis; however, according to DGRV, trust in

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<sup>48</sup> <https://international.groupecreditagricole.com/en/international-support/vietnam/economic-overview>;  
<https://www.worldbank.org/en/country/vietnam/overview>

<sup>49</sup> <https://data.worldbank.org/indicator/SI.POV.GINI>; Scores from 30-40 represent moderate income inequality; scores above 40 represent high income inequality.

<sup>50</sup> <https://coops4dev.coop/en/4devasia/vietnam>

<sup>51</sup> <https://coops4dev.coop/sites/default/files/2021-02/Vietnam%20Key%20Figures%20National%20Report.pdf>

<sup>52</sup> <https://www.dgrv.coop/project/dgrv-in-vietnam/>

cooperatives among Vietnamese citizens may still be low. DGRV is helping to support the establishment of a cooperative audit system in Vietnam to bolster trust in cooperatives. They are also partnering with VCA to provide important training resources to cooperatives in Vietnam.

## Legal Environment

Vietnamese cooperatives are governed by the Cooperative Law No. 23/2012/QH13. This law updates the first legislation on cooperatives, which was enacted in 1997, and the 2003 amendment. It includes seven principles that are similar to the seven principles of cooperatives developed by the ICA. The 2012 law, which governs all types of cooperatives in Vietnam, is considered an advancement from previous legislation.

Analysis of the legal environment in Vietnam by the ICA concludes, "The research has highlighted that Vietnam's cooperative law is certainly not perfect (no legislation is), but it contains several elements that reflect good practices and measures that could be useful in the current context." Specifically, they note that the 2012 law has improved awareness of the role of cooperatives in development.

ICA's recommendations for improvement include:

- The minimum number of members to establish cooperatives should be reduced to five.
- Provisions should be made to allow the joining of private enterprises as an official member of a cooperative.
- A dedicated chapter for the operation of Cooperative Unions and Cooperative Alliances should be added.<sup>53</sup>

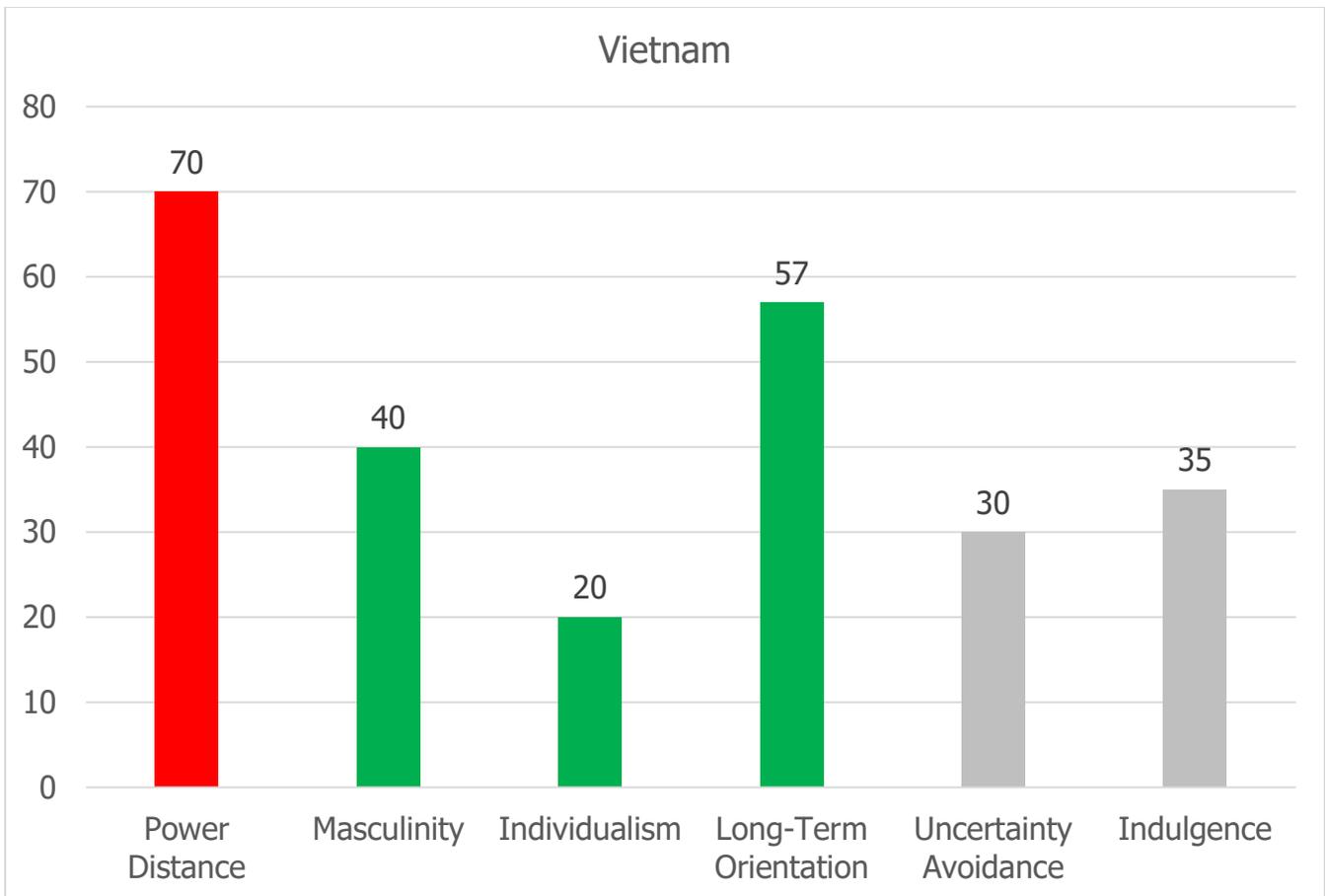
## National Culture

The national culture of Vietnam based on scores from the Hofstede country comparison database<sup>54</sup> is as follows:

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<sup>53</sup> <https://coops4dev.coop/sites/default/files/2021-06/Vietnam%20Legal%20Framework%20Analysis%20National%20Report.pdf>

<sup>54</sup> <https://www.hofstede-insights.com/country-comparison/>



As noted in the body of the report, lower levels of power distance and masculinity are expected to be associated with receptivity to cooperatives. Vietnam has a relatively high power distance score (70), indicating that members of society have a high acceptance of inequality across hierarchical levels. Thus, on average, Vietnamese citizens are less comfortable with an equal distribution of power, which is inconsistent with the democratic member control that characterizes cooperatives. However, Vietnam has a lower masculinity score (40), which may be consistent with the collaborative values underlying cooperatives.

Low levels of individualism and high levels of long-term orientation may have a small association with receptivity to cooperatives. Vietnam has a relatively low individualism score (20). The more interdependent culture of Vietnam is consistent with the concern for community embodied by cooperatives. Vietnam also scores relatively high on long-term orientation (57). The long-term orientation in Vietnam may provide the drive necessary for individuals and small enterprises to seek the resources and expertise that can come from joining a cooperative.

Overall, most of Vietnam’s cultural values are consistent with the principles of cooperatives. This may provide cooperatives with an advantage in Vietnam.

## Social Capital

Based on the national social capital rankings developed by SolAbility, Vietnam’s social capital score was 44.9 (out of 100), and it was ranked 78 out of 180 countries.<sup>55</sup> The social capital that is present in Vietnam provides resources of trust and cohesion on which cooperatives may draw. More information about the social capital in specific communities across Vietnam is needed to fully assess the influence of social capital on receptivity to and effectiveness of cooperatives in Vietnam.

## Need

One need that cooperatives may help to address in Vietnam is the need to address environmental degradation and the impact of climate change. This especially impacts the Mekong Delta.<sup>56</sup> According to the World Bank, the Mekong Delta loses approximately 500 hectares of land per year to erosion. Through the Mekong Delta Integrated Climate Resilience and Sustainable Livelihoods Project, the World Bank has supported efforts to help more than one million farmers transition into ways of living that are more resilient to climate change and reduce the use of resources. Cooperatives, with their focus on operating in a way that shows concern for the community, may be able to help address the challenges of climate change in the Mekong Delta and throughout Vietnam.

Cooperatives can also play an important role in helping to maintain Vietnam’s economic growth. Vietnam has negotiated a number of free trade agreements,<sup>57</sup> in an effort to boost exports. This may open new markets for cooperatives. Specifically, agriculture, forestry, and fisheries is one industry with significant export turnover that may benefit from Vietnam’s free trade agreements.

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<sup>55</sup> <https://solability.com/the-global-sustainable-competitiveness-index/the-index/social-capital/>; The global average social capital score is 44 (range = 29.7 to 64.1).

<sup>56</sup> <https://www.worldbank.org/en/news/feature/2021/10/21/for-mekong-delta-farmers-diversification-is-the-key-to-climate-resilience>

<sup>57</sup> <https://www.vietnam-briefing.com/news/why-vietnams-free-trade-agreements-will-play-an-important-role-in-2022.html/>

## Example Cooperative

We were unable to find detailed information about specific cooperatives in Vietnam. However, a notable development project was completed by SNV, an international development organization, in 2013-2016. This project benefited 12,000 minority smaller farmers in Northern Vietnam and was sponsored by Cordaid and the Swiss Agency for Development and Cooperation. SNV helped to identify and develop new markets, introduce sustainable production methods, and improve cooperation between the public and private sectors. As a result, 210 Farmer Production Groups have been established and supported with 10,162 spice production households participating.<sup>58</sup>

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<sup>58</sup> <https://snv.org/project/spice-life-leveraging-spice-sector-poverty-reduction-northern-vietnam>

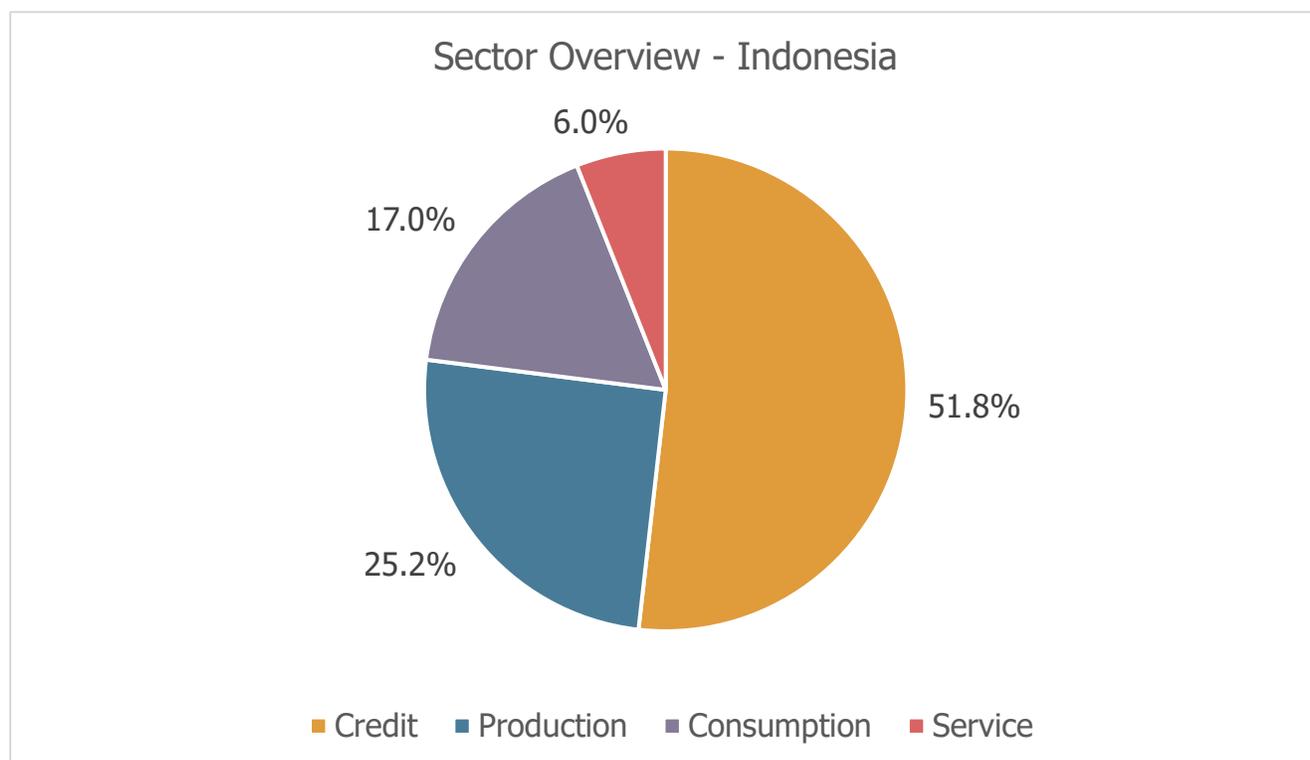
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## Indonesia

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<b>Number of Cooperatives</b>	212,135 <sup>59</sup>
<b>Number of Employees</b>	574,451
<b>Number of Members</b>	37,783,160
<b>Population of Indonesia</b>	273,500,000

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<sup>59</sup> <https://coops4dev.coop/en/4devasia/indonesia#general>; In Indonesia, the research questionnaire was distributed to and completed by 1 ICA member organization in the country. The data collected was for the reference year 2016.

## Political-Economic Context

Indonesia is a diverse nation with more than 300 ethnic groups. Prior to the COVID-19 pandemic, it was classified as an upper-middle income nation with a history of growth. The poverty rate has been cut in half since 1999 and is currently below 10%. Indonesia's most recent Gini Index (2021) is 37.3, indicating moderate levels of inequality.<sup>60</sup> Although Indonesia's economy was negatively impacted by the pandemic, they are recovering, and GDP growth is projected at 5.1 percent in 2022.<sup>61</sup>

Indonesia is an archipelago nation, and climate change is likely to significantly impact water availability, health and nutrition, disaster risk management, and urban development. One resource that may help to mitigate the effects of climate change is Indonesia's tropical rainforest, the third largest in the world. Indonesia has also implemented carbon pricing instruments and other mitigation strategies.<sup>62</sup>

Cooperatives play a significant role in the Indonesian economy. The first cooperative was established in 1896 during the Dutch occupation. The 1945 Constitution codified the idea of cooperatives. The number of agricultural cooperatives grew quickly between 1970 and 1990, supported by government policy, but declined during the late 1990s due to the Asian financial crisis and a national reform movement. In the 2000s, non-agricultural cooperatives have become more prevalent. These cooperatives are more profit oriented, rather than being supported by government programs. They have focused on improving management to ensure sustainability and have played an important role in reducing youth unemployment.<sup>63</sup>

Indonesia has two ICA member organizations – DEKOPIN (The Indonesian Cooperative Council) and the National Federation of People-based Cooperative Enterprises (INKUR). DEKOPIN is the national cooperative apex organization in Indonesia. As noted in ICA's report on cooperatives in Indonesia, DEKOPIN has the following vision for the future of cooperatives in Indonesia:

DEKOPIN's Cooperative Vision 2045 strategy (prepared in 2014-15) aims at developing cooperatives in phases by improving agro-forestry business and food production, developing alternative energy sector, and creating employment and entrepreneurship opportunities for youth.<sup>64</sup>

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<sup>60</sup> <https://data.worldbank.org/indicator/SI.POV.GINI>; Scores from 30-40 represent moderate income inequality; scores above 40 represent high income inequality.

<sup>61</sup> <https://www.worldbank.org/en/country/indonesia/overview>

<sup>62</sup> <https://www.worldbank.org/en/country/indonesia/overview>

<sup>63</sup> <https://coops4dev.coop/sites/default/files/2020-07/Indonesia%20Key%20Figures%20National%20Report.pdf>

<sup>64</sup> <https://coops4dev.coop/sites/default/files/2020-07/Indonesia%20Key%20Figures%20National%20Report.pdf>

## Legal Environment

Cooperatives in Indonesia are governed by Co-operative Law no. 25/1992 passed in the year 1992. According to a legal analysis by the ICA, the ways that cooperatives are characterized in this law is inconsistent with the ICA Cooperative Identity Statement. Further, some of the Articles in the law are inconsistent with cooperative principles. Given this, the Indonesia Legal Framework Analysis report assesses the cooperative friendliness as “more cooperative unfriendly than friendly,” and explains this assessment as follows:

Co-operatives are subordinated, discriminated and even eliminated in most legislations dealing with economic and societal affairs in the country. This also pertains to national policies dealing with economic and social issues. In many legislative and policy frameworks, co-operatives are considered legal bodies which need direction from the government and become instruments of government programs. One of the most obvious legislations which discriminates and trivializes cooperatives is namely the National Law on Capital Investment, which only permits Investment Oriented Firms (or private enterprises) to partake, apart from the Hospital Law and the Law on Public Enterprises. Cooperatives are also subject to the general taxation regime for business enterprises and given no distinction in provisions of the Tax Law.<sup>65</sup>

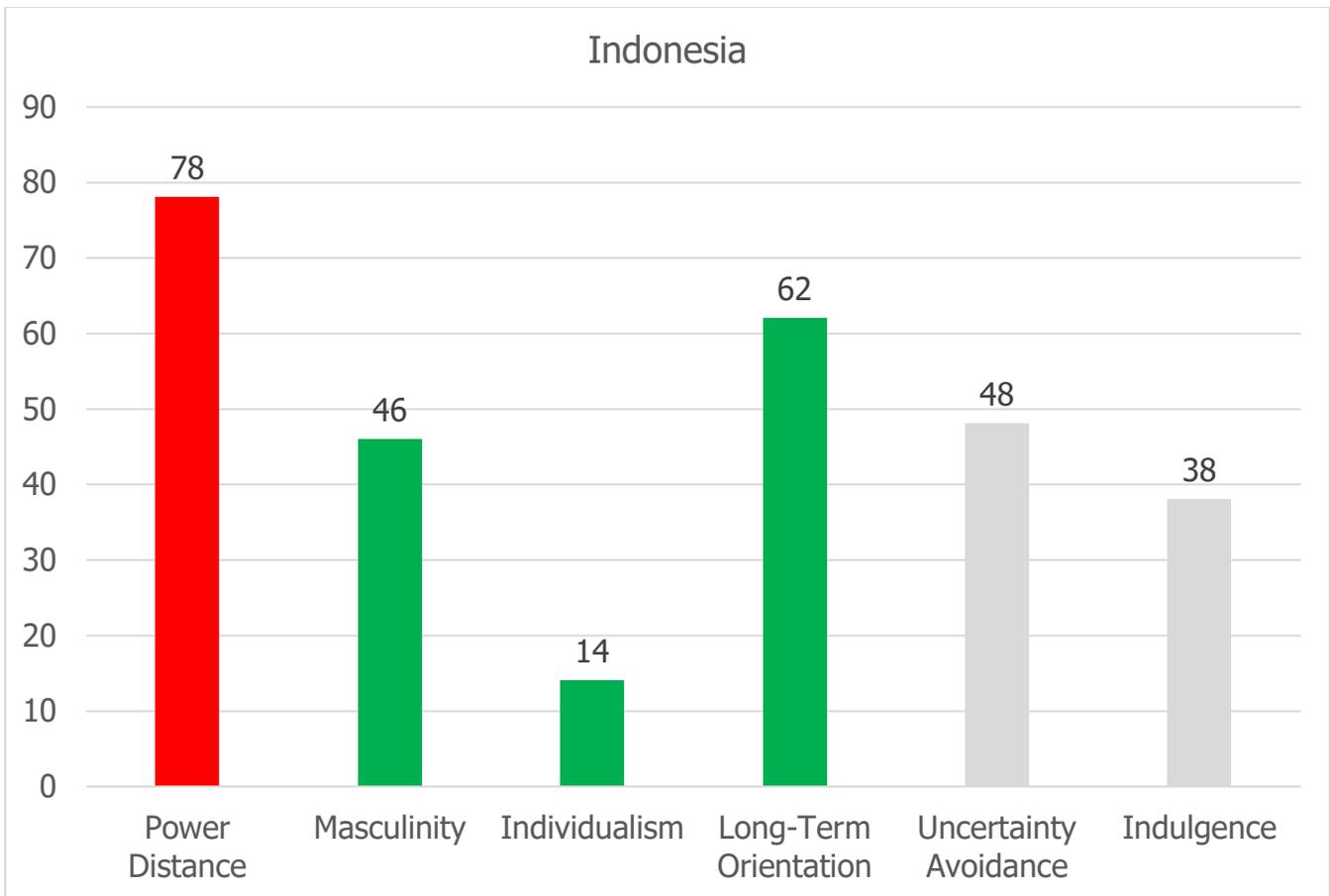
## National Culture

The national culture of Indonesia based on scores from the Hofstede country comparison database<sup>66</sup> is as follows:

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<sup>65</sup> <https://coops4dev.coop/sites/default/files/2021-06/Indonesia%20Legal%20Framework%20Analysis%20National%20Report.pdf>

<sup>66</sup> <https://www.hofstede-insights.com/product/compare-countries/>



As noted in the body of the report, lower levels of power distance and masculinity are expected to be associated with receptivity to cooperatives. Indonesia has a relatively high power distance score (78), indicating that members of society have a high acceptance of inequality across hierarchical levels. Thus, on average, Indonesian citizens are less comfortable with an equal distribution of power, which may cause some resistance to the democratic member control that characterizes cooperatives. Indonesia has a moderate masculinity score (46), which is associated with at least some emphasis on the collaborative values that are consistent with cooperatives.

Low levels of individualism and high levels of long-term orientation may have a small association with receptivity to cooperatives. Indonesia has a very low individualism score (14). The more collectivistic culture of Indonesia is consistent with the concern for community embodied by cooperatives. Additionally, Indonesia scores relatively high on long-term orientation (62). The long-term orientation in Indonesia may provide the drive necessary for individuals and small enterprises to seek the resources and expertise that can come from joining a cooperative.

Overall, with the exception of power distance, Indonesia's cultural values are consistent with the principles of cooperatives.

## Social Capital

Based on the national social capital rankings developed by SolAbility, Indonesia's social capital score was 46.1 (out of 100), and it was ranked 74 out of 180 countries.<sup>67</sup> Indonesia's social capital score is higher than the global average. The social capital that is present in Indonesia provides resources of trust and cohesion that may help to support the operations of cooperatives. More information about the social capital in specific communities across Indonesia is needed to fully assess the influence of social capital on receptivity to and effectiveness of cooperatives in Indonesia.

## Need

As noted earlier, Indonesia is an archipelago nation and will likely experience significant impacts of climate change. Cooperatives, with their focus on the good of the community, may play an important role in mitigating the effects of climate change in Indonesia. For example, the National Cooperative Business Association (NCBA) just completed a USAID-funded project called Feed the Future. In addition to supporting smallholders in eastern Indonesia, this project focused on supporting sustainable production of crops like vanilla, pepper, and other agroforestry crops. Improving the standard of living for farmers may also benefit the environment by reducing illegal log extraction.<sup>68</sup>

Additionally, Indonesia's economy was significantly impacted by the COVID-19 pandemic. Although the economy appears to be recovering, it is likely that Indonesia (and countries all over the world) will need to prepare for the impact of future disruptive events. Research by Indrawati Yuhertiana and colleagues suggests that cooperatives in Indonesia and Malaysia may have been relatively resilient during the pandemic due to government support and the collaborative value of gotong royong, or a spirit of mutual assistance and cohesiveness. Gotong royong is an underlying value in Indonesian society, but also a characteristic of the cooperative movement. Because of this, members of cooperatives are likely to support each other throughout disruptions in ways that leads to resilience.<sup>69</sup> Cooperatives may be an especially important mechanism for supporting the most vulnerable members of society, who may be hardest hit by disruptions. As Heira Hardiyanti of the Institute for Indonesian Cooperative Development (LSP2I) notes in a video about the role of cooperatives in creating

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<sup>67</sup> <https://solability.com/the-global-sustainable-competitiveness-index/the-index/social-capital/>; The global average social capital score is 44 (range = 29.7 to 64.1).

<sup>68</sup> <https://ncbaclusa.coop/project/indonesia-feed-the-future-sustainable-cooperative-agribusiness-alliance-scaa/>

<sup>69</sup> Yuhertiana, I., Zakaria, M., Suhartini, D., & Sukiswo, H. W. (2022). Cooperative resilience during the pandemic: Indonesia and Malaysia evidence. *Sustainability*, 14, 5839.

opportunities for women and young people in Indonesia, “Jobs are not easy to get, but very possible to create.”<sup>70</sup>

## Example Cooperative

Klasik Beans is a coffee cooperative in West Java, Indonesia. It has 2,000 members and operates five processing facilities. Klasik Beans produces coffee through a community-based plantation approach. Farmers typically lease land from the government and sell their beans to a processing facility that serves as a wet mill and storage facility. Klasik Beans is committed to producing excellent coffee while also caring for the land and each other.<sup>71</sup>

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<sup>70</sup> <https://medium.com/postgrowth/how-cooperatives-are-building-solidarity-and-resilience-in-indonesia-3a9fc2a761a3>

<sup>71</sup> <http://icaap.coop/sites/ica-ap.coop/files/2019%20Indonesia%20country%20snapshot.pdf>;  
<https://www.stumptowncoffee.com/pages/producers-klasik-beans>

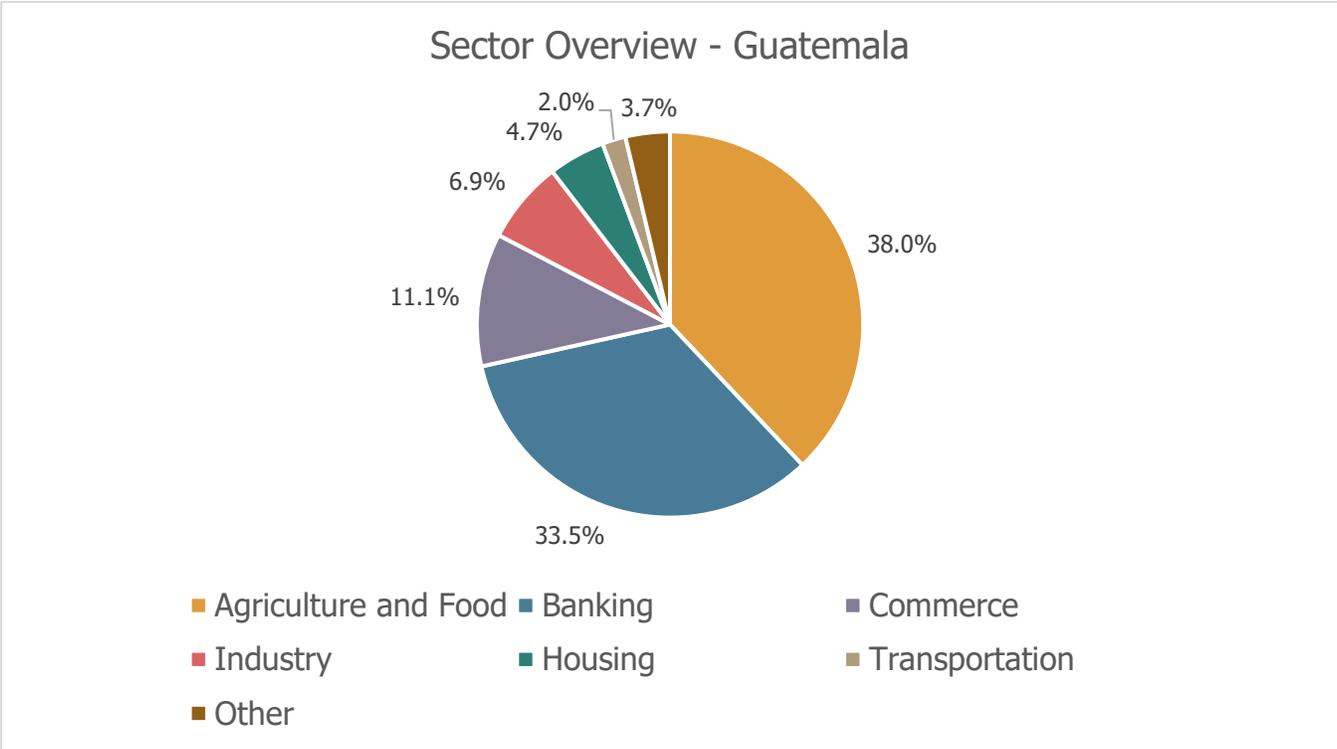
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# Guatemala

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<b>Number of Cooperatives</b>	969 <sup>72</sup>
<b>Number of Employees</b>	89,323
<b>Number of Members</b>	2,232,738
<b>Population of Guatemala</b>	16,860,000

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<sup>72</sup> <https://coops4dev.coop/en/4devamericas/guatemala>

## Political-Economic Context

Guatemala is considered an upper middle-income country based on its GDP per capita (US\$4,603 in 2020). Over the past few years, Guatemala's economy has experienced steady growth. Although the COVID-19 pandemic resulted in a small economic contraction in 2020 (-1.5 percent), Guatemala experienced a strong recovery, with GDP growth of 8 percent in 2021. Overall, Guatemala is considered one of the strongest economic performers in Latin America.<sup>73</sup>

Despite their economic stability, Guatemala has high levels of poverty, with a poverty rate of 52.4% in 2021. Inequality is also high. Guatemala's most recent GINI index (2014) was 48.3, which indicates high income inequality.<sup>74</sup> Guatemala also has the 4<sup>th</sup> highest rate of malnutrition in the world, with rural and Indigenous populations being disproportionately affected. Low central government revenues have limited public investment, which contributes to the inequalities.<sup>75</sup>

Cooperatives have a long history in Guatemala, dating back to 1903 with the Law of Cooperative Societies. The goal was to increase the well-being of the working class and contribute to national progress. However, the cooperative form of organizing was not widely utilized until the 1944 constitution declared cooperatives (and the legislation to support them) to be of great social utility and committed to support from the State. The Cooperative Development Department was created in 1945. In 1978, three additional agencies were founded - the Federation of Savings and Credit Cooperatives (FENACOAC), the National Institute of Cooperatives (INACOP), and the General Inspection of Cooperatives (INGECOP). Since that time, the growth of cooperatives in Guatemala has become stronger. Currently, the Confederación Guatemalteca de Federaciones Cooperativas R.L. (CONFECOOP) is the apex organization for cooperatives in Guatemala and an ICA member.

## Legal Environment

Cooperatives are governed by the General Law of Cooperatives, Decree No. 82-78 of the Congress of the Republic, which was approved on December 7, 1978. This law applies to all types of cooperatives. In their analysis of the legal environment for cooperatives in Guatemala, ICA notes several concerns. First, the processes for the registration and recognition of the legal condition of cooperatives is bureaucratic and cumbersome. They recommend simplifying the procedures for the establishment of a cooperative. Second, cooperatives qualify for a number of tax exemptions; however, due to a

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<sup>73</sup> <https://www.worldbank.org/en/country/guatemala/overview>

<sup>74</sup> <https://data.worldbank.org/indicator/SI.POV.GINI>; Scores from 30-40 represent moderate income inequality; scores above 40 represent high income inequality.

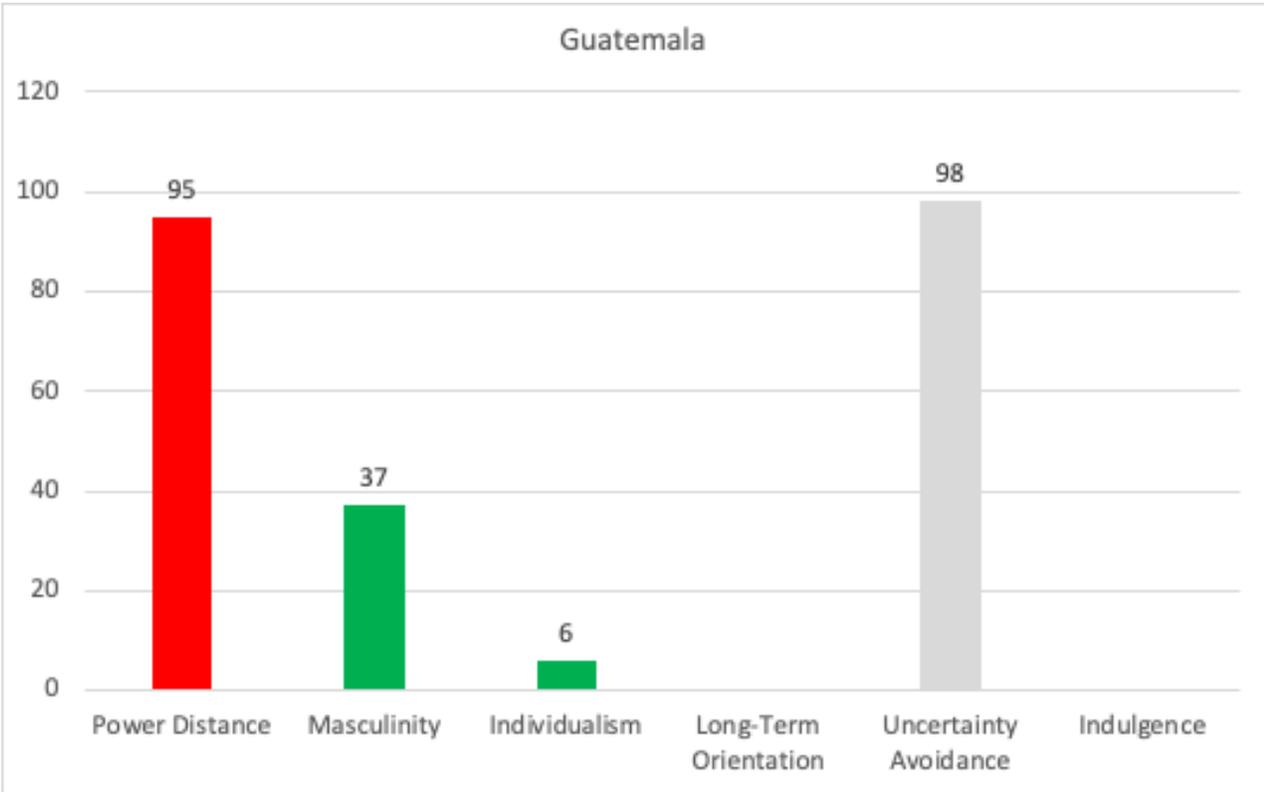
<sup>75</sup> <https://www.worldbank.org/en/country/guatemala/overview>

subsequent legal provision, cooperatives may not receive these tax exemptions. Finally, tax laws do not sufficiently differentiate between cooperatives and other organizational types, undermining the state’s commitment to promoting the cooperative movement. In sum, ICA concludes their assessment of the cooperative friendliness of the legal environment as follows:

Tax laws do not recognize the nature of cooperatives. . . even though the Political Constitution of the Republic and LGC itself determines the obligation of the State of Guatemala to protect cooperatives and promote the cooperative movement.<sup>76</sup>

## National Culture

The national culture of Guatemala based on scores from the Hofstede country comparison database<sup>77</sup> is as follows:



As noted in the body of the report, lower levels of power distance and masculinity are expected to be associated with receptivity to cooperatives. Guatemala has a very high power distance score (95),

<sup>76</sup> <https://coops4dev.coop/en/4devamericas/guatemala>

<sup>77</sup> <https://www.hofstede-insights.com/product/compare-countries/>; No scores were available for long-term orientation and indulgence.

indicating that members of society have a high acceptance of inequality across hierarchical levels. Thus, on average, Guatemalan citizens accept an unequal distribution of power, which is inconsistent with the democratic member control that characterizes cooperatives. However, Guatemala has a relatively low masculinity score (37), which is consistent with the collaborative values underlying cooperatives.

Low levels of individualism and high levels of long-term orientation may have a small association with receptivity to cooperatives. Guatemala has a very low individualism score (6). The collectivistic culture of Guatemala is consistent with the concern for community embodied by cooperatives. Scores were not available for long-term orientation.

Overall, Guatemala's cultural values are consistent with the principles of cooperatives except for the high power distance present in the culture. Cooperatives may need to be intentional about infusing an equal distribution of power within their organizational cultures.

## Social Capital

Based on the national social capital rankings developed by SolAbility, Guatemala's social capital score was 32.7 (out of 100), and they were ranked 170 out of 180 countries.<sup>78</sup> Thus, cooperatives will likely need to rely on the social capital in communities for the social resources and cohesion that are needed to support cooperative development. It is also possible that steps will need to be taken to build social capital in order for cooperatives to thrive.

More information about the social capital in specific communities across Guatemala is needed to fully assess the influence of social capital on receptivity to and effectiveness of cooperatives in Guatemala.

## Need

A significant need in Guatemala is to reduce poverty levels and income inequality. As noted in the section on the political and economic context, the poverty rate in 2021 was over 50%. Malnutrition is a significant issue. Cooperatives may help to address this issue given their potential to provide access to markets to individuals and raise standards of living in the communities they serve.

As the World Bank notes, Guatemala needs to focus on inclusive and sustainable growth. With their democratic values, cooperatives may be able to promote inclusive growth that raises the standard of

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<sup>78</sup> <https://solability.com/the-global-sustainable-competitiveness-index/the-index/social-capital>; The global average social capital score is 44 (range = 29.7 to 64.1).

living for women and indigenous populations. For example, indigenous women in the town of Santiago Zamora run the successful cooperative Trabajando Juntas (or Working Together). In addition to selling a variety of woven goods, they also encourage tourists to visit their community to learn more about life in a local indigenous community. Not only does this provide income for cooperative members, but Trabajando Juntas also invests money back into their community and local schools to help address societal challenges.<sup>79</sup>

## Example Cooperative

Fedecovera is a cardamom cooperative group made up of 36 smaller cooperatives with a total of approximately 60,000 members. Guatemala is the top producer of cardamom in the world, providing about 60% of the global stock in 2019. Fedecovera also provides other spices, including allspice and turmeric, along with coffee, cocoa, and essential oils. Fedecovera provides small-scale farmers with access to markets and a fair price for their crops. Fedecovera serves as a bridge between small-scale farmers and international markets.<sup>80</sup> Frontier Co-op has supported Fedecovera through facility and process improvements, as well as support for community programs.<sup>81</sup>

Another cooperative in Guatemala is APECAFORM (the Maya-Mam Association of Smallholder Organic Coffee Farmers). APECAFORM was founded in 1992 and has approximately 400 members. The members have a deep connection to their Mayan roots. They use organic and holistic farming procedures and are preserving their culture and language. APECAFORM has five community centers across the region where coffee is collected for further processing or warehousing. These centers also provide a place for APECAFORM members to receive training and provide input regarding the cooperative. APECAFORM works with Manos Campesinas, an umbrella organization that handles the logistics of contracting and exporting.<sup>82</sup>

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<sup>79</sup> <https://theculturetrip.com/central-america/guatemala/articles/a-women-only-indigenous-co-op-in-guatemala-is-weaving-to-protect-its-community/>

<sup>80</sup> <https://onedegreeorganics.com/farmers/fedecovera/>

<sup>81</sup> <https://www.frontiercoop.com/well-earth-partnership-cardamom-guatemala>

<sup>82</sup> <https://coopcoffees.coop/apeciform/>

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## Madagascar

Madagascar is not included in the #coops4dev analysis completed by the ICA and co-funded by the European Union. Therefore, we do not have data on the number of cooperatives or a complete analysis of the legal environment.

### Political-Economic Context

Madagascar is an island nation off the coast of southern Africa. Madagascar has significant natural resources, including minerals, arable land, forests, and fish. The country held a presidential election in 2019, the first since its independence in 1960, and the president and prime minister are working toward strengthening the economy and reducing poverty.<sup>83</sup>

Despite its natural resources, Madagascar's economic development has been slow. Economic growth averaged 3.5% from 2012 to 2020, but the recession caused by the COVID-19 pandemic impacted Madagascar more strongly than other Sub-Saharan African nations. This erased the progress that had been made over the past decade and resulted in a record high poverty rate of 81%. Droughts in Southern Madagascar compounded the situation, leading to increased food insecurity and internal migration.<sup>84</sup>

As Madagascar began to recover from the economic impact of the COVID-19 pandemic, two additional disruptions impacted its recovery. The war in Ukraine has had a detrimental impact on the economy of Madagascar due to increased global energy and food prices and disruptions in the economy of the European Union, Madagascar's main trading partner. In addition, the island has been hit by four tropical storms in 2022. The storms, coupled with the recent droughts, are examples of the impact of climate change on Madagascar. In fact, Madagascar is nearing what may be the first "climate change famine."<sup>85</sup>

Projected economic growth in 2023 and 2024 is 4-5 percent, but even so, poverty rates will remain above pre-COVID levels. Madagascar's most recent GINI index (42.6 in 2012) is consistent with high levels of inequality as well.<sup>86</sup> To accomplish a significant reduction in poverty, government reforms to

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<sup>83</sup> <https://www.worldbank.org/en/country/madagascar/overview>

<sup>84</sup> <https://www.worldbank.org/en/country/madagascar/overview>

<sup>85</sup> <https://www.worldbank.org/en/country/madagascar/overview>

<sup>86</sup> <https://data.worldbank.org/indicator/SI.POV.GINI>; Scores from 30-40 represent moderate income inequality; scores above 40 represent high income inequality.

encourage new investments and improve access to infrastructure and basic services are needed. Another factor that needs to be addressed is human capital. Malnutrition, illiteracy, and poor living conditions plague much of Madagascar's population.<sup>87</sup>

Amidst this political and economic backdrop, cooperatives have the potential to play an important role in Madagascar's economy. Following the presidential transition in 2019, the Ministry of Industry, Commerce, and Artisanry (MICA) has begun the process of refining Madagascar's cooperative laws (described more fully below) and provided other indicators of support for cooperatives. Irène Andriamaneho, MICA's Director of Entrepreneurship Promotion, said, "Cooperatives are an integral and significant part of the country's economic landscape and participate in its development through the creation of jobs and added value. Cooperatives deserve to have a well-developed, well-studied legislative framework to enable them to develop, cope with, and adapt to market realities."

Another element of Madagascar's political-economic context that may impact cooperatives is the newly established corporation-cooperative arrangements in Madagascar's vanilla sector. In a 2021 paper in the *Journal of Agricultural Economics*, Tsilavo Ralandison, a faculty member in economics at Kyoto University, notes that corporation-cooperative arrangements are "primarily driven by downstream lead firms [corporations] seeking to secure access to high quality produce. These arrangements are part of corporations' interests in developing new sourcing channels and pursuing explicit coordination strategies by integrating farmers into their value chains." In addition to reducing risk in the value chain, partnering with cooperatives is desirable because consumers are increasingly rewarding corporations that consider the broader impact of their operations on communities and the environment. However, Ralandison cautions that these arrangements deserve further study due to the differences in power relations and uneven distribution of risks in these arrangements.<sup>88</sup>

## Legal Environment

Although we do not have a complete analysis of the legal environment from the ICA, some indication of the legal environment for cooperatives comes from the National Cooperative Business Association (NCBA). In 2021, NCBA launched a project to help advance cooperative law reforms in Madagascar. Through the USAID-funded Cooperative Development Program, NCBA held a three-day training in Madagascar to provide information about the cooperative business model and cooperative law basics. A follow-up workshop brought together stakeholders and built consensus about most articles in the bill. The Ministry of Industry, Commerce and Artisanry (MICA) co-hosted these sessions and expressed

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<sup>87</sup> <https://www.worldbank.org/en/country/madagascar/overview>

<sup>88</sup> Ralandison, T. (2021). Exploring corporation-cooperative arrangements in agricultural value chains: The case of Madagascar vanilla. *Journal of Agricultural Economics*, 23, 113-118.

optimism that legal reform will help “promote and develop cooperatives in all sections and in all regions of the country.”<sup>89</sup>

## National Culture

Cultural values for Madagascar are not included in the Hofstede Cultural Comparison database.

## Social Capital

Based on the national social capital rankings developed by SolAbility, Madagascar’s social capital score was 32.1 (out of 100), and it was ranked 175 out of 180 countries.<sup>90</sup> The extremely low level of national social capital may prove to be a barrier to cooperative development in Madagascar.

Cooperatives may need to leverage social capital at the community level or develop social capital in their communities in order to be successful. Thus, more information about the social capital in specific communities across Madagascar is needed to fully assess the influence of social capital on receptivity to and effectiveness of cooperatives in Madagascar.

## Need

As noted above, climate change is having a significant impact on Madagascar. The country experienced droughts in 2021 and four major tropical storms in 2022. Food insecurity and internal migration resulted. Madagascar is nearing what may be the first “climate change famine.”<sup>91</sup> At the same time, in an effort to make a living, vanilla farmers face pressure to clear forests to grow more vanilla.

Cooperatives may play a role in helping to introduce sustainable farming practices. In one example, USAID worked with five vanilla cooperatives in Madagascar to help them become certified by the Rainforest Alliance, a certification that requires products to meet demanding sustainability standards in four areas – biodiversity conservation, improved livelihoods and human well-being, natural resource management, and effective planning and farm management systems. Not only do the practices required by the certification help to improve the sustainability of farming operations, but the 1,791

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<sup>89</sup> <https://ncbaclusa.coop/blog/a-step-forward-for-cooperative-legal-reform-in-madagascar/>

<sup>90</sup> <https://solability.com/the-global-sustainable-competitiveness-index/the-index/social-capital/>; The global average social capital score is 44 (range = 29.7 to 64.1).

<sup>91</sup> <https://www.worldbank.org/en/country/madagascar/overview>

vanilla farmers who are members of the cooperatives will receive higher prices for their vanilla, helping to address the low standard of living in Madagascar as well.<sup>92</sup>

## Example Cooperative

Tsaborose Cooperative is a pink peppercorn cooperative. Members of Tsaborose have worked with NCBA's Cooperative Development Program to improve the quality of their pink peppercorn. As a result, their product meets market standards, and the cooperative has increased its number of buyers from 1 to 13. Members of Tsaborose also provide important financial support to their community through the Village Support Mutual Aid Group.<sup>93</sup>

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<sup>92</sup> <https://www.usaid.gov/madagascar/news/madagascar-vanilla-cooperatives-awarded-rainforest-alliance-certification>

<sup>93</sup> <https://ncbaclusa.coop/blog/farmers-in-madagascar-put-the-7-cooperative-principles-in-action/>

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## Ethiopia

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<b>Number of Cooperatives</b>	92,755 <sup>94</sup>
<b>Number of Employees</b>	1,987,379
<b>Number of Members</b>	21,043,370
<b>Population of Ethiopia</b>	115,000,000

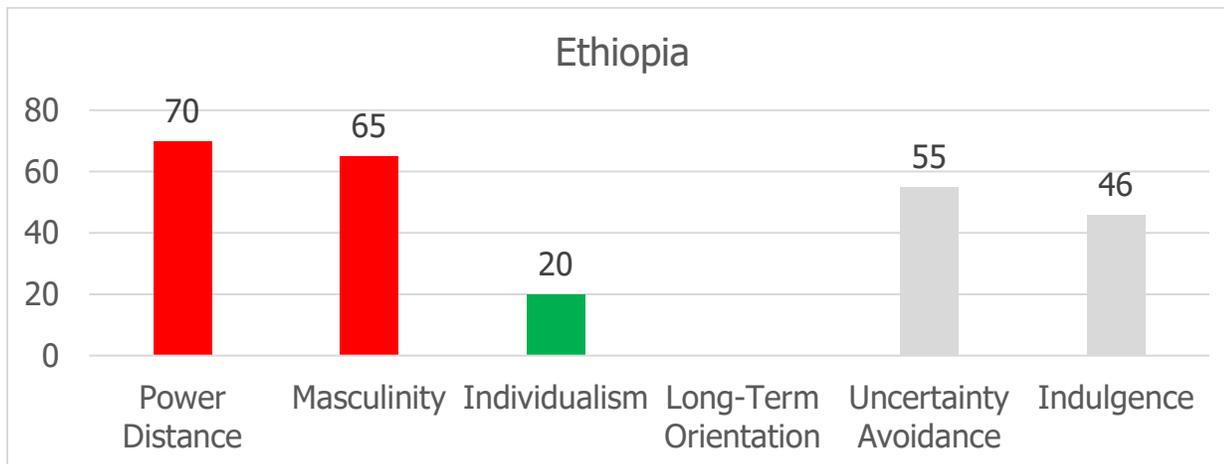
Cooperative Overview: <https://coops4dev.coop/en/4devafrica/ethiopia>

Political-Economic Context: <https://www.worldbank.org/en/country/ethiopia/overview>

Most recent GINI Index (2015): 35.0<sup>95</sup>

Legal Environment: <https://coops4dev.coop/en/4devafrica/ethiopia>

National Culture<sup>96</sup>:



Social Capital: SolAbility Score = 40.7 (ranked 110 out of 180)<sup>97</sup>

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<sup>94</sup> <https://coops4dev.coop/en/4devafrica/ethiopia>

<sup>95</sup> <https://data.worldbank.org/indicator/SI.POV.GINI>; Scores from 30-40 represent moderate income inequality; scores above 40 represent high income inequality.

<sup>96</sup> <https://www.hofstede-insights.com/product/compare-countries/>

<sup>97</sup> <https://solability.com/the-global-sustainable-competitiveness-index/the-index/social-capital/>; The global average social capital score is 44 (range = 29.7 to 64.1).

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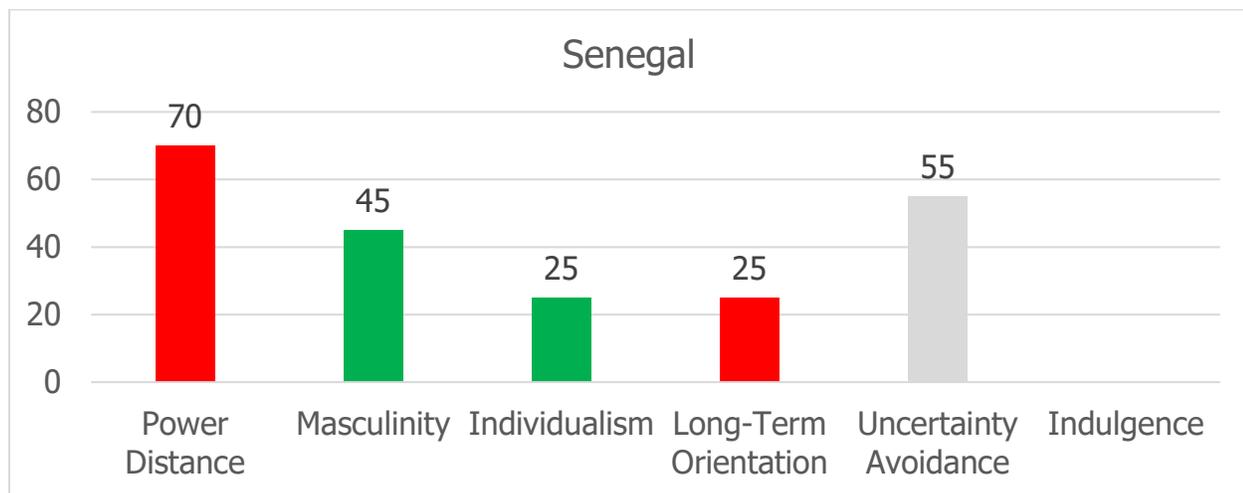
## Senegal

Senegal is not included in the #coops4dev analysis. Therefore, we do not have data on the number of cooperatives or an analysis of the legal environment.

Political-Economic Context: <https://www.worldbank.org/en/country/senegal/overview>

Most recent GINI Index (2018): 38.1<sup>98</sup>

National Culture<sup>99</sup>:



Social Capital: SolAbility Score = 43.5 (ranked 89 out of 180)<sup>100</sup>

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<sup>98</sup> <https://data.worldbank.org/indicator/SI.POV.GINI>; Scores from 30-40 represent moderate income inequality; scores above 40 represent high income inequality.

<sup>99</sup> <https://www.hofstede-insights.com/product/compare-countries/>

<sup>100</sup> <https://solability.com/the-global-sustainable-competitiveness-index/the-index/social-capital/>; The global average social capital score is 44 (range = 29.7 to 64.1).

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## Papua New Guinea

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<b>Number of Cooperatives</b>	6,000 <sup>101</sup>
<b>Number of Members</b>	319,412
<b>Population of PNG</b>	8,947,000

Cooperative Overview: <https://coops4dev.coop/en/4devasia/papua-new-guinea>

Political-Economic Context: <https://www.worldbank.org/en/country/png/overview>

Most recent GINI Index (2009): 41.9<sup>102</sup>

Legal Environment: <https://coops4dev.coop/en/4devasia/papua-new-guinea>

National Culture: Cultural values for Papua New Guinea are not included in the Hofstede Cultural Comparison database.

Social Capital: SolAbility Score = 38.2 (ranked 127 out of 180)<sup>103</sup>

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<sup>101</sup> <https://coops4dev.coop/en/4devasia/papua-new-guinea>

<sup>102</sup> <https://data.worldbank.org/indicator/SI.POV.GINI>; Scores from 30-40 represent moderate income inequality; scores above 40 represent high income inequality.

<sup>103</sup> <https://solability.com/the-global-sustainable-competitiveness-index/the-index/social-capital>; The global average social capital score is 44 (range = 29.7 to 64.1).

## Sri Lanka

<b>Number of Cooperatives</b>	16,000 <sup>104</sup>
<b>Number of Employees</b>	65,000
<b>Number of Members</b>	8,100,000
<b>Population of Sri Lanka</b>	115,000,000

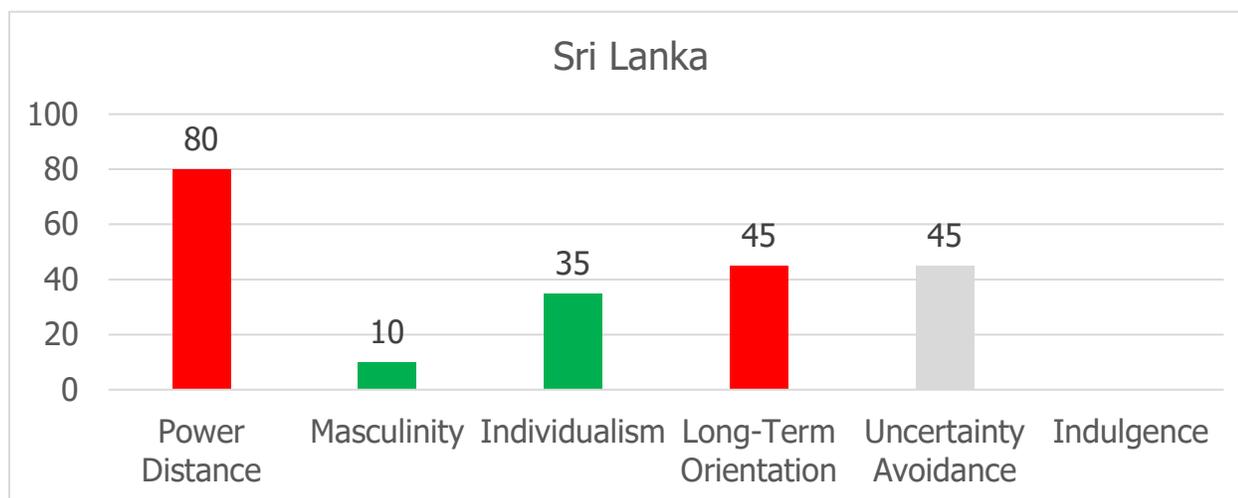
Cooperative Overview: <https://coops4dev.coop/en/4devasia/sri-lanka>

Political-Economic Context: <https://www.worldbank.org/en/country/srilanka/overview>

Most recent GINI Index (2016): 39.3<sup>105</sup>

Legal Environment: <https://coops4dev.coop/en/4devasia/sri-lanka>

National Culture<sup>106</sup>:



Social Capital: SolAbility Score = 49.0 (ranked 57 out of 180)<sup>107</sup>

<sup>104</sup> <https://coops4dev.coop/en/4devasia/sri-lanka>

<sup>105</sup> <https://data.worldbank.org/indicator/SI.POV.GINI>; Scores from 30-40 represent moderate income inequality; scores above 40 represent high income inequality.

<sup>106</sup> <https://www.hofstede-insights.com/product/compare-countries/>

<sup>107</sup> <https://solability.com/the-global-sustainable-competitiveness-index/the-index/social-capital/>; The global average social capital score is 44 (range = 29.7 to 64.1).

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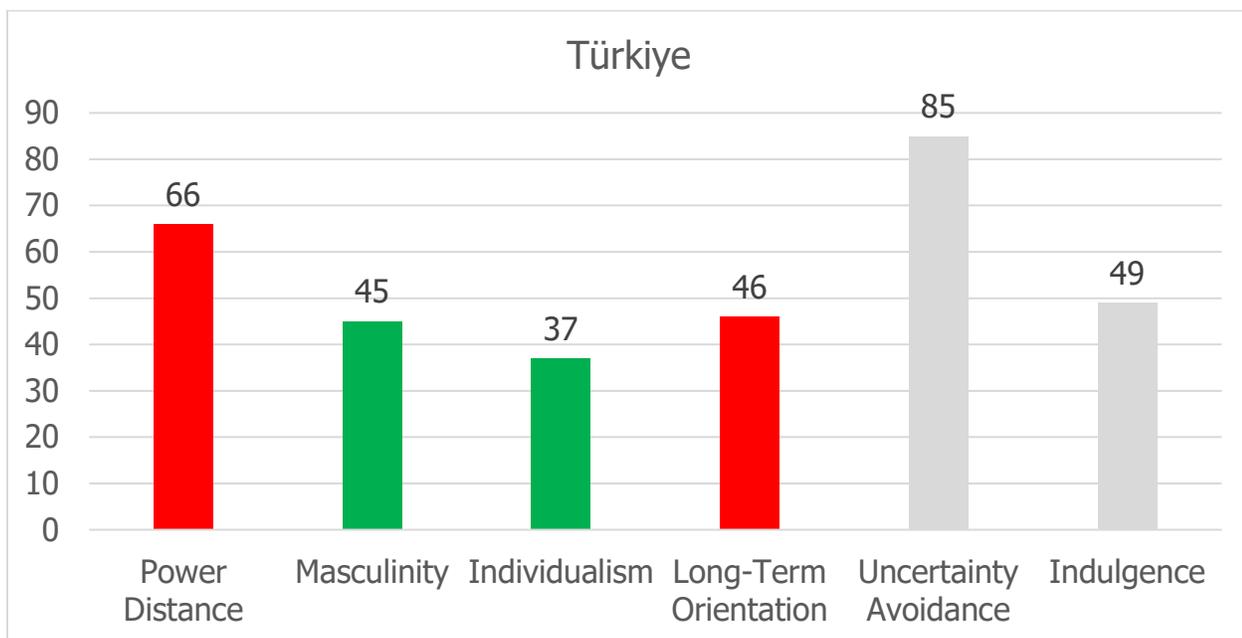
## Türkiye (formerly Turkey)

Türkiye is not included in the #coops4dev analysis. Therefore, we do not have data on the number of cooperatives or an analysis of the legal environment.

Political-Economic Context: <https://www.worldbank.org/en/country/turkey/overview>

Most recent GINI Index (2019): 41.9<sup>108</sup>

National Culture<sup>109</sup>:



Social Capital: SolAbility Score = 43.2 (ranked 91 out of 180)<sup>110</sup>

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<sup>108</sup> <https://data.worldbank.org/indicator/SI.POV.GINI>; Scores from 30-40 represent moderate income inequality; scores above 40 represent high income inequality.

<sup>109</sup> <https://www.hofstede-insights.com/product/compare-countries/>

<sup>110</sup> <https://solability.com/the-global-sustainable-competitiveness-index/the-index/social-capital/>; The global average social capital score is 44 (range = 29.7 to 64.1).

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## Bulgaria

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<b>Number of Cooperatives</b>	1,932 <sup>111</sup>
<b>Number of Employees</b>	24,007
<b>Number of Members</b>	149,528
<b>Population of Bulgaria</b>	6,927,000

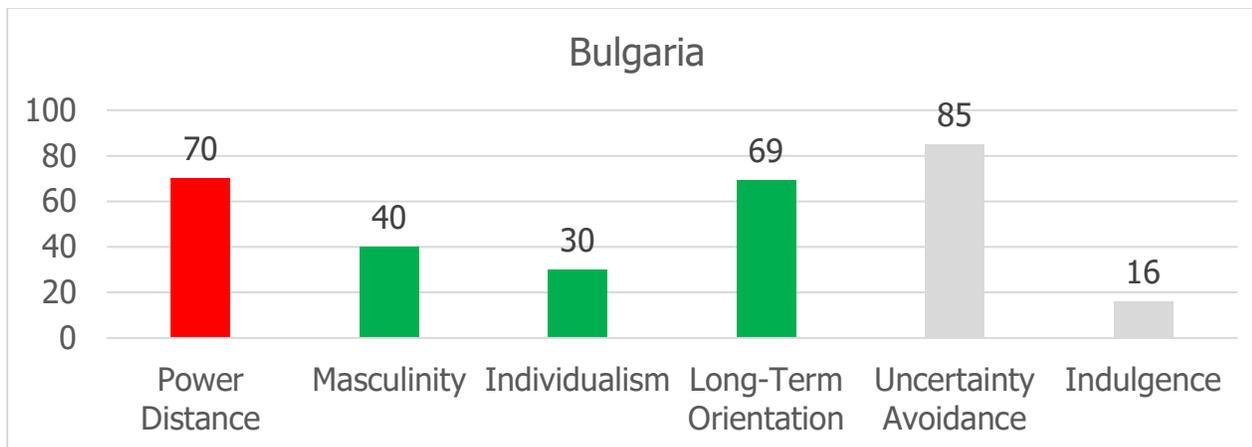
Cooperative Overview: <https://coops4dev.coop/en/4deveurope/bulgaria>

Political-Economic Context: <https://www.worldbank.org/en/country/bulgaria/overview>

Most recent GINI Index (2019): 40.3<sup>112</sup>

Legal Environment: <https://coops4dev.coop/en/4deveurope/bulgaria>

National Culture<sup>113</sup>:



Social Capital: SolAbility Score = 49.0 (ranked 56 out of 180)<sup>114</sup>

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<sup>111</sup> <https://coops4dev.coop/en/4deveurope/bulgaria>

<sup>112</sup> <https://data.worldbank.org/indicator/SI.POV.GINI>; Scores from 30-40 represent moderate income inequality; scores above 40 represent high income inequality.

<sup>113</sup> <https://www.hofstede-insights.com/product/compare-countries/>

<sup>114</sup> <https://solability.com/the-global-sustainable-competitiveness-index/the-index/social-capital/>; The global average social capital score is 44 (range = 29.7 to 64.1).

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## Haiti

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<b>Number of Cooperatives</b>	1,300 <sup>115</sup>
<b>Number of Employees</b>	529
<b>Number of Members</b>	529,209
<b>Population of Haiti</b>	11,400,000

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Cooperative Overview: <https://coops4dev.coop/en/4devamericas/haiti>

Political-Economic Context: <https://www.worldbank.org/en/country/haiti/overview>

Most recent GINI Index (2012): 41.1<sup>116</sup>

Legal Environment: <https://coops4dev.coop/en/4devamericas/haiti>

National Culture: Cultural values for Haiti are not included in the Hofstede Cultural Comparison database.

Social Capital: SolAbility Score = 33.8 (ranked 160 out of 180)<sup>117</sup>

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<sup>115</sup> <https://coops4dev.coop/en/4devamericas/haiti>

<sup>116</sup> <https://data.worldbank.org/indicator/SI.POV.GINI>; Scores from 30-40 represent moderate income inequality; scores above 40 represent high income inequality.

<sup>117</sup> <https://solability.com/the-global-sustainable-competitiveness-index/the-index/social-capital>; The global average social capital score is 44 (range = 29.7 to 64.1).

## Peru

<b>Number of Cooperatives</b>	1,245 <sup>118</sup>
<b>Number of Employees</b>	16,723
<b>Number of Members</b>	19,972,671
<b>Population of Peru</b>	32,970,000

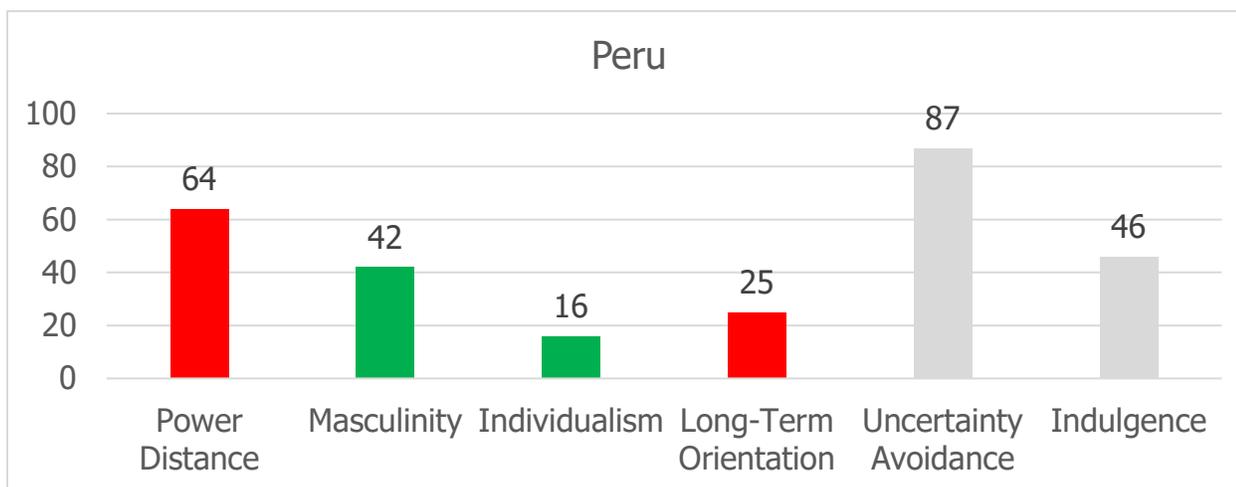
Cooperative Overview: <https://coops4dev.coop/en/4devamericas/peru>

Political-Economic Context: <https://www.worldbank.org/en/country/peru/overview>

Most recent GINI Index (2020): 43.8<sup>119</sup>

Legal Environment: <https://coops4dev.coop/en/4devamericas/peru>

National Culture<sup>120</sup>:



Social Capital: SolAbility Score = 46.2 (ranked 71 out of 180)<sup>121</sup>

<sup>118</sup> <https://coops4dev.coop/en/4devamericas/peru>

<sup>119</sup> <https://data.worldbank.org/indicator/SI.POV.GINI>; Scores from 30-40 represent moderate income inequality; scores above 40 represent high income inequality.

<sup>120</sup> <https://www.hofstede-insights.com/product/compare-countries/>

<sup>121</sup> <https://solability.com/the-global-sustainable-competitiveness-index/the-index/social-capital/>; The global average social capital score is 44 (range = 29.7 to 64.1).

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## Paraguay

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<b>Number of Cooperatives</b>	450 <sup>122</sup>
<b>Number of Employees</b>	35,858
<b>Number of Members</b>	1,410,313
<b>Population of Paraguay</b>	7,133,000

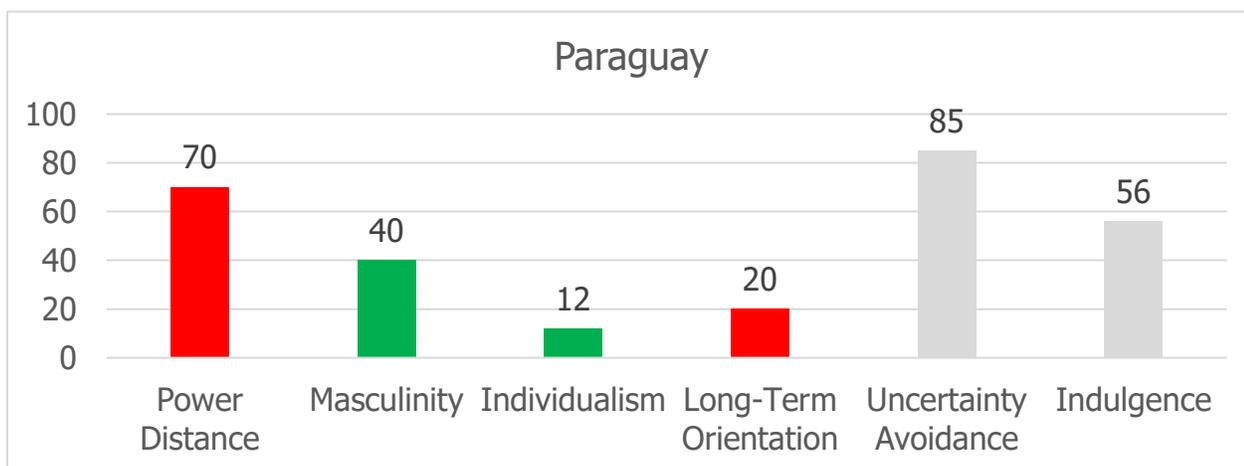
Cooperative Overview: <https://coops4dev.coop/en/4devamericas/paraguay>

Political-Economic Context: <https://www.worldbank.org/en/country/paraguay/overview>

Most recent GINI Index (2020): 43.5<sup>123</sup>

Legal Environment: <https://coops4dev.coop/en/4devamericas/paraguay>

National Culture<sup>124</sup>:



Social Capital: SolAbility Score = 42.2 (ranked 97 out of 180)<sup>125</sup>

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<sup>122</sup> <https://coops4dev.coop/en/4devamericas/paraguay>

<sup>123</sup> <https://data.worldbank.org/indicator/SI.POV.GINI>; Scores from 30-40 represent moderate income inequality; scores above 40 represent high income inequality.

<sup>124</sup> <https://www.hofstede-insights.com/product/compare-countries/>

<sup>125</sup> <https://solability.com/the-global-sustainable-competitiveness-index/the-index/social-capital/>; The global average social capital score is 44 (range = 29.7 to 64.1).