

REGISTERING A COOPERATIVE SOCIETY IN LAGOS STATE

Introduction

Cooperative societies are a useful tool for promoting economic growth, improving social welfare, and fostering community development. It creates an avenue for groups of people brought together by a common interest and mutual trust to: collectively save money; obtain loans at minimal interest rates; and gain returns on their savings. Unlike many financial institutions, the members of the cooperative can collectively determine the use of the monies saved.

Cooperative societies may be used by companies to incentivise their employees, by creating a platform for them to save a portion of their income and obtain loans for their capital-intensive obligations. In addition, persons with common investment interests may use cooperatives to pool their funds together to achieve their investment goals. [Please see our previous article on establishing a cooperative society for investment purposes in Nigeria.](#) Cooperatives have also harnessed technology as a tool to extend the reach of their offerings and create more opportunities for members.

Establishing and operating a successful cooperative society requires a strong foundation which starts with proper registration. In this newsletter we will discuss the various types of cooperative societies and the procedure for registering a cooperative in Lagos State.

Types of Cooperative Societies

Cooperative societies can be either company-based or community-based. A cooperative society will be deemed as company-based where the members of the cooperative are employees of the same company or group of companies, while a community-based cooperative is one in which the members are brought together by a common factor irrespective of their employment status eg profession, social affiliations etc.

Cooperative societies are categorised based on their objectives. The major types of cooperative societies include:

1. *Multipurpose Cooperative Societies*-These are cooperatives that undertake a variety of activities including agricultural production, financial services, exports, etc;
2. *Thrift and Credit Cooperative Societies*- These are financial cooperatives formed solely for the purpose of providing savings and credit facilities to their members; and
3. *Agricultural Multipurpose Cooperative Societies*- these are cooperatives formed by farmers to jointly undertake a variety of agricultural activities.

It is important to note that Multipurpose Cooperative Societies are most desirable in view of their unlimited scope.

Eligibility Criteria for the Registration of a Cooperative Society

For a cooperative society to be eligible for registration, it must consist of at least 20 members who are 18 (eighteen) years old and above. The members of the cooperative society are also required to be persons with good character and of sound mind.

Procedure for Registering a Cooperative Society in Lagos State

1. The applicant is required to submit an application letter to the Permanent Secretary, Ministry of Commerce, Industry and Cooperatives ("Ministry"). The application is required to include: a letter of intent to create the cooperative society; an application for registration of the society with the Ministry; an invitation to the inaugural meeting of the cooperative society; the objectives of the cooperative; and a copy of its by-laws.
2. Upon submission of the written application, the cooperative will be required to hold its inaugural meeting, with a representative of the Ministry in attendance. The minutes of the inaugural meeting will be required as proof of the meeting and is to be submitted to the Ministry.
3. The cooperative society will thereafter be required to pay the applicable fees for the registration of the cooperative and the training of the board of trustees of the cooperative.
4. After payment is made, the trustees of the cooperative society ie, the president, treasurer, and secretary will be required to attend an induction course at the Lagos State Cooperative College.
5. Subsequently, the cooperative will be monitored for a period of 3 months by the Ministry, after which, (where satisfied) a certificate of registration will be issued to the cooperative society.

Upon receipt of the certificate of registration, the cooperative will be required to:

- a) keep statutory books of accounts e.g cash book, general ledger, etc; b) prepare its annual Statement of Accounts and Returns; and c) conduct regular meetings and annual general meetings.

Conclusion

Cooperative societies present a simple means for like-minded persons to save and invest their funds. It is, however, important to note that a cooperative society certificate is limited in its application. Where holders of a cooperative society certificate intends to provide loan facilities to non- members; or foreign exchange-related services, we advise that such person obtains the requisite license from the Central Bank of Nigeria.