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***A study into the organisation and structure of Agricultural Cooperatives in Rwanda***

***Cowan, C.A. 4054849***



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Coordinating Development

A study into the organisation and structure of Agricultural Cooperatives in Rwanda

by C.A. Cowan
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Student Number: 4054849

Supervisor: dr. Gery Nijenhuis

Department of Human Geography

Faculty of Geosciences

Utrecht University

Abstract

This thesis examines the organisation and structure of agricultural cooperatives in Rwanda. These organisations are formed to group small holder farmers so they can benefit from working together. The literature describes the advantages of this process for the farmers and the wider economy. The government in Rwanda has also put together a network of other organisations to help the cooperatives to develop for the purpose of making the whole agricultural sector in Rwanda more productive and efficient. The farmers benefit from cooperatives through the expertise of other institutions and working together to increase production add value to their products. The sector also benefits through more stable supply and added value through post harvesting activities. However, due to the top down implementation of this structure the farmers have less autonomy and are heavily influenced by other institutions and chain governance.

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List of Abbreviations

BoDs Board of Directors

EDPRS Economic Development and Poverty Reduction Strategy

ICA International Cooperative Association

ILO International Labour Organisation

MINAGRI Ministry of Agriculture

MINICOFIN Ministry of Finance and economic Planning

MINICOM Ministry of Commerce

NAEB National Agricultural Export Development Board

NISR National Institute of Statistics

NGO Non-governmental Organisation

PASAB Projet d'Appui à la Sécurité Alimentaire au Bugesera (Food Security Project for Bugesera)

RAB Rwanda Agriculture Board

RCA Rwanda Cooperative Agency

RDB Rwanda Development Board

RSSP Rural Sector Support Program

USAID United States Agency for International Development

Chapter 1 - Introduction

***1.1 Introduction to the research topic and the research objectives***

In the year 2000 the government of Rwanda announced its plan to raise Rwanda out of poverty and aid reliance and towards a more affluent future – it’s ‘Vision 2020’. To do this the economy would need major transformation from subsistence agriculture to a knowledge based society. In sub-Saharan Africa, small-scale agriculture is the major source of livelihood - it is estimated that 90 % of the Rwandan population is involved in subsistence agriculture.

Within Vision 2020 the government identify agrarian change as one of the six key pillars of this vision; turning the sector into “*a productive, high value, market oriented sector, with forward linkages to other sectors*” (MINECOFIN, 2000).

Since 2004 the government has put in place the legal and institutional framework to bring about this major transformation in the agricultural sector. This is has included legalising and supporting the development of many farming cooperatives that had up until that point been operating in a quasi-official form. Cooperatives are seen by the government as a key driver of agricultural intensification and increased market orientation, however there is a wide diversity in how the cooperatives are organised and how they perform. In many developing countries they were first used as an instrument of the state to control the economy via mass organisations (Bijman, 2007). Defined by the International Cooperative Association as “Businesses owned and run for their members [who] have an equal say in what the business does and have a share in its profits” (ICA, 2014) cooperatives have been around in Rwanda since colonial times but were enforced by the government mainly to facilitate policy decisions, this subjected members to state control and limited their development impact. They suffered a decline up until they were revived after the 1994 genocide through the help of NGOs and finally by strong government policy (ILO, 2009).

This study will assess the current situation of cooperatives and what role they play in the agricultural sector. On the one hand they can bring “equitable, sustainable development” (ILO, 2009) whilst on the other they have been accused of being used as an instrument of the government to control the farming sector at “arm’s length” (Huggins, 2013). What is true is the remarkable rise in the number of agricultural cooperatives in the Rwanda from 1,105 in 2004 to a figure now of over 2000 today (ILO, 2009) (RCA, 2014). With such a large movement gathering momentum from different institutions such as the government and NGOs, farming cooperatives have the potential to bring real development to Rwanda. But little research has been done to identify the structures and roles involved in the wide variety of cooperatives in different sectors of agriculture.

***1.2. Scientific and development relevance of the research***

The research, conducted as eight separate case studies on different crop cooperatives in the Musanze, Nyabihu and Bugesera regions of Rwanda, will focus on the structural and institutional elements of this subject. It will identify how cooperatives operate and what variables influence the success or failure of them. One of the underlying assumptions of this research is that because of the authoritarian nature of the government in Rwanda structural aspects are very important to the study. Policy decisions are made from a top down approach and filtered through the decentralized government system through these institutions and structures. Cooperatives can be used to insert small land holders into bigger value chains and markets. Thus by looking at how they perform and are used we can better understand how to help the government and farmers achieve development.

Many empirical studies have shown the benefits cooperative style farming can bring to small-scale farmers in economic, social or other forms (ILO, 2007). But doing so in the specific context of Rwanda is another matter. Here it is not only important how the cooperative itself is organised but how it relates to other stakeholders it works with and the government, local and central. Studies on this scale have mainly focused on individual coffee cooperatives, an established sector in Rwanda (Goff, 2006) (Ya-Bititi, 2013). Much less is known about other emerging crops varieties such as pyrethrum, rice and tea where local farmers have much less knowledge over how to organise and advance their cooperatives they can lose control of the benefits of the cooperative. These sectors are growing quickly under the governments plans to increase exports (MINECOFIN, 2011) which increases the temptation for the government to interfere with their activities (Gyllstrom, 1991).

In conducting research on different types of cooperatives it can also be shown what variables influence the success or failure of each as well as identifying the differences in the sectors themselves. This will also be assessed on three different aspects; from the farmer’s point of view, the cooperative point of view and the wider sector point of view. With this approach we can really see who the cooperatives benefit and who has control over them.

Chapter 2 - Theoretical Framework

This research will focus on two perspectives;

1. the internal institutional performance: the development of rules and interaction within the cooperatives
2. the external institutional performance: the formation of networks used by the cooperatives to interact with the broader agricultural market, government policies and practices and immediate agents and agencies involved in promoting agricultural and rural development

***2.1 Major theories and approaches related to the topic***

**The Institutionalists**

Because of the genocide in 1994 the structures and institutions of the country was left almost completely annihilated. With a focus on macroeconomics and an authoritarian, top-down style President Paul Kagame set about trying to restore the countries economy using institutions supported by good governance, turning itself into a developmental state (Kigabo, 2010). North (1989) wrote that the true cost of doing business is defined by the lack of good institutions. This lack of institutions drives up uncertainty and lack of efficiency. In order to enforce the transactions of these institutions and to avoid such problems as corruption and opportunism they must be enforced by good governance. Transaction costs can also be defined as the cost of “using the price mechanism” (Coase, 1937). After the markets of Rwanda were liberalised in 1995 the institutions of the country had to enter into the market system which meant they had to collect and process market information; and draft, enforce and monitor contracts for both buying and selling plus many other activities. This costs time and, if done badly, money. In sub-Saharan Africa small scale production and high distance friction limit more regular movements and exchange transactions to the local area. This means that the vertically linked agricultural economy can be characterised as institutionally fragmented. It operates on a low level of technological development and surplus production is limited (Gyllstrom, 1991).

To counter-act this many organisations will enter into contracts that deal with many of these activities and therefore lower transaction costs as both organisation work together more frequently and trust and familiarity are built. This is a sort of vertical integration (Williams, 1977). Centner (1988) discusses three types of market failures in relation to cooperatives. Firstly, oligopsony - meaning that farmers may have few choices for marketing their products and little control over the prices they receive for their product. Cooperatives may contribute to alleviating this by securing market access to farmers. The second failure is asymmetric information, which occurs when producers cannot differentiate between quality and non-quality products. Though the ownership of the processing or merchant they are supplying the farmers can reduce this risk. Thirdly, he points out that farmers are in a restricted bargaining position when their products are ready for the market as they need to sell them and so may need to accept low prices. Again the collective action of farmers through a cooperative may help solve this problem. In conclusion, cooperatives can help solve major market problems, for the farmers and other stakeholders, by lowering the transaction costs of doing business.

This also lends itself to the economic progress of the country because as it becomes cheaper to buy basic products because of lower transaction costs and therefore more efficient markets it makes more sense for an individual to specialise in a profession in order to make money to buy these goods as well as others, thus moving the economy away from subsistence based agriculture (Cypher and Dietz, 2009). In agriculture more direct forms of intervention are also common such as land reform, extension services, and the establishment of institutionalised constructs intended to influence more directly critical commodity and service linkages between the national economy and the smallholder sector (Gyllstrom, 1991).

The cooperatives are one example of an institution the Rwandan government has focused on to help them achieve their goals in a particular fashion. By creating a legal framework from which they can work the cooperatives are seen as a way to better increase the efficiency of the agricultural sector and link the small holder farmers to national and international markets by being more market-orientated (MINAGRI, 2007).

Having said this, the crop that the smallholders are producing is also very important determinant of how much benefit a cooperative will give them. The advantages in joining a cooperative for a smallholder include lowering their transaction costs because many of the activities can be done cheaper and more effectively by the collective organisation - such as marketing, price negotiating or upgrading the quality of the product by processing it. For example it is very beneficial for coffee farmers to join a cooperative because they can collectively buy and run a washing station and therefore sell their produce at higher prices (Ya-Bititi, 2013) (Goff, 2006). They can also become part of certification schemes and which better market the product such as the Fair Trade initiative (Ya-Bititi, 2013). Another important factor within the context of a developing country is that there to be expected higher transaction costs related to the growing of a non-traditional export product. Carletto et al., (1999) found that this was due to complex contractual arrangements, high start-up costs, high production and marketing risks, and high labour supervision costs. They went on to find that cooperatives were three times as quick to adopt the product and far less likely to withdraw from production as individual smallholders. In the context of Rwanda’s focus on new export crops such as pyrethrum in ‘Vision 2020’ this is an important factor to note. On the other hand if the smallholders are producing a product where the cooperative cannot provide such tangible benefits in comparison to working individually the smallholder will incur more problems than benefits and will remain outside the cooperative or risk leaking profits. Such an example could be for milk producers who need to sell their product on the spot or producers where their market is extremely competitive (Berdegue, 2001).

**Collective Action - *Ubudehe***

Collective action refers to voluntary action taken by a group to pursue common interests or achieve common objectives (Devaux et al., 2008). This is mostly done through an organisation run by its members but sometimes with the support of outside agencies such as NGOs. The benefits of this include; economic advantages such as economies of scale, institutional development, re-enforcement of social capital and better marketing (Devaux et al., 2008) (Ostrom, 1999). There are certain factors which have been identified that need to be in place for the collective action to succeed, these can be categorised into four broad groups; characteristics of the resource, characteristics of the group, institutional arrangements, and the external environment (Gibson et al, 2005).

In terms of this working in cooperatives the International Labour Organisation (ILO) has a few key principles that guide them;

|  |  |
| --- | --- |
| **Principle** | **Description** |
| **Voluntary and open membership** | Cooperatives are voluntary organizations,open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination. |
| **Democratic member control** | Cooperatives are democratic organizationscontrolled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives members have equal voting rights (one member, one vote) and cooperatives at other levels are also organized in a democratic manner. |
| **Member economic participation** | Members contribute equitably to, and democratically control the capital of their cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes:i. Developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible;ii. Benefiting members in proportion to their transactions with the cooperative;iii. Supporting other activities approved by the membership. |
| **Autonomy and independence** | Cooperatives are autonomous, self-helporganizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy. |
| **Education, training and performance** | Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives. They inform the general public, particularly young people and opinion leaders, about the nature and benefits of cooperation. |
| **Cooperation among cooperatives** | Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures. |
| **Concern for the community** | Cooperatives work for the sustainable development of their communities through policies approved by their members. |

*Table 2.1 – Cooperative Principles*

As part of a decentralisation process brought on by the Rwandan government which gave more power to local government and initiations over local issues and resources the concept of collective action (or Ubudehe in Kinyarwandan) was promoted as a way for local people to overcome problems themselves by working together (Niringiye and Ayebale, 2012). Ubudehe or ‘togetherness’ is part deep-rooted in the culture of the Rwandans who are a very social people. Part of project was to promote the use of farming cooperatives so that collective knowledge and resources could be used by smallholder farmers to connect them to markets or to increase the value of their crops (for example by increased use of fertilisers or coffee washing stations).

However some reports have noted the lack of autonomy in the cooperatives. One example is Huggins (2013) article on Pyrethrum cooperatives. These are run by Horizon SOPYRWA, a private company, who directly own the land that is farmed by its members and dictate the production and decision making of the cooperatives. This has resulted in many farmers complaining of poor prices and even forced labour beatings if the requirements of the cooperatives are not adhered to. Autonomy is important because the interests of the non-farmer members may differ from other interests. The ongoing success and development of the smallholder farmers is the most important factor in the running of the cooperative. Thus it is important for the on-going success of all cooperative stakeholders to involve the farmers in the decision making process at all times (van Bukkum, 2001). The monopoly position of any cooperative seems to solve the problem of member defection but in reality it normally perpetuates deficiencies in efficiency and service quality and thus negatively affects farm outputs (Gyllstrom, 1991).

Collective action is often part of a bigger effort of a community and thus often collective action has benefits outwith purely economic development. These benefits are often externalities that result from processes that benefit the cooperative but also the wider community. An example of this would be the upgrading of a road to facilitate easier transportation of produce that then also helps the mobility of others in the community. Other benefits may include increased employment, repair of roads, access to finance, higher social capital and building individual capabilities (Berdegue, 2001).

**Freedoms and Unfreedoms**

A bottom-up, people-centred development is synonymous with the theories of Amartya Sen. In his book ‘Development as Freedom’ (1999) he wrote that the more control a person has over his/her life to pursue a life that they feel is worth living the more developed they are. Through the principles of collective action in an institution such as a farming cooperative people can remove barriers to freedom (such as access to markets) and therefore give themselves more opportunities to lead the lives they want. The very making of a cooperative provides job and creates a job market - freeing people from the ‘slavery of poverty’ (Sen, 1999). However, this presumes that the cooperative members have autonomy over the cooperative, if this is not the case then the institution will just function as another political and economic ‘unfreedom’ and thus limit the opportunities for development (Sen, 1999, ILO 2009).

**Global Value Chain**

The global value chain is the sequence of businesses that link a product to a consumer worldwide. By inserting your company in the global value chain you gain two main advantages; 1. increased market size and 2. increased levels of expertise. But for the small scale farmer at one end of the global value chain it is hard to have much influence because of the presence of much more powerful businesses. Chain governance means that some businesses set parameters and others follow them. In order to strengthen the ability of local enterprises to compete on the global stage governments around the world are creating industrial clusters (Humphrey and Schmitz, 2008). This research will not focus on international aspects of this chain but some features need to be understood to gain an insight into why cooperatives are formed and what they can or should do to become successful in this aspect. Other forms of governance come from outside the value chain, from governments and other external influences such as NGOs (Humphrey and Schmitz, 2008). These can be setting of standards, or regulations on organisations or environmental standards. Humphrey and Schmitz (2008) note that the importance for the national economy of integrating into global value chains has led to much policy being brought in to facilitate it. To do this the government must look at what local organisations are good at - their competitive advantage- and then work out how that global value chain is organised. Then the government can help in shaping a market-orientated approach from the producers so as to fit into that chain.

By embracing neoliberal policies such as reducing trade barriers the Rwandan government opened up the economy of Rwanda to the global market. But this does not immediately facilitate entry onto the global market. To do this they need to have access to the lead firms in any market and this is very difficult to do as solitary actor. In terms of agriculture a few large supermarkets in the west normally exert much control over the producers in developing countries and demand quality standards, labour rules as well as quantity and varieties (Humphrey and Schmitz, 2008). This means that the smallholder farmers need to group together not only enter into these markets but to satisfy them as well.

**Governance**The governance aspect of this research is encompassed by many of the institutional, collective action, and value chain aspects of mentioned above - but it is worth elaborating on here. As mentioned before the style in which the government is run in Rwanda has a big impact on the organisation and running of the cooperatives. In favouring a top-down, technocratic, authoritarian style the autonomy of the cooperatives is always under threat. The government sets targets for many of the cooperatives and expects the local authorities to make sure these are kept to (Huggins, 2009). They have also introduced a ‘mono-cropping’ policy to the smallholders that dictates they must only plant one variety of crop (chosen at a district level by politicians) and forego their traditional subsistence crops (Ansoms, 2013). These factors have encouraged farmers to create cooperatives but this cannot be said to be a ‘voluntary’ reason to do so. Other examples of lack of autonomy are through the new private companies that are buying up both land and factories, vital to some sectors - such as the case of the pyrethrum cooperatives above - or the running of cooperatives solely by the local authorities (Huggins, 2013). These situations would contradict much of the basic criteria for cooperatives as well as nullifying their benefits, especially to the farmers who either don't need to be in cooperatives or who don't gain the benefits from it. The sheer fact that cooperatives are run in a democratic-participative way makes them both a very useful agent in local development but also very easy to manipulate by outside institutions such as the local and central government (Gyllstrom, 1991).

The position of the farmers on the government's current policies is of vital importance to their success, but the way they have been formed and implemented has put their commitment in doubt. According to Pritchard’s (2013) study the rapid, technocratic changes have left smallholders ‘at risk’ - especially because of their lack of diversification due to the mono-cropping policy, and because of the rapid speed at which these policies have been rolled out without proper trial. The author also notes that due to the lack of participation or use of local knowledge the smallholders are resigned to the failure of the current set of policies and are already preparing for this eventuality (Pritchard, 2013). This lack of buy-in at the very basic level must have a detrimental effect on the outcomes of any of the government projects, especially the cooperatives which are reliant on collective trust and effort (Huggins, 2009). The design and implementation of cooperatives in sub-Saharan Africa rest on several assumptions which, if not met, result in inefficiencies which undermine their benefits to all stakeholders. The volatility of the environments in which cooperatives work in - due to vagaries of weather, world market prices and the performance of external institutions means they need to be flexible and adaptable to change. But with a prescribed format of organisation and institutional dependencies this becomes an impossibility (Gyllstrom, 1991).

In conclusion if cooperatives cannot provide the economic and social services they promise then they will only serve to constitute an institution which revives or perpetuates parochial social networks, both locally and between the community level and the political and administrative structure.

***2.2 Conceptual Framework***

The conceptual framework is drawn from the major theories and approaches given above. The framework takes advantage of several themes to create a broad but detailed look at the how cooperatives are organised and operate in Rwanda. The framework is organised to show the flows of influence between the external environment and the cooperatives and vice versa.

The research will focus on three areas as shown in the conceptual model, namely; the external environment, the internal environment and the external influences. The external environment is the structure and institutions of the country that directly affect the cooperatives; policy, local power relations (especially the local governmental authorities, NGO’s, other cooperatives et cetera). They are presumed to have a great influence on the creation and/or running of the cooperatives. The internal environment is the basic make-up and functioning of the cooperatives, defined by five factors. These five different categories that define the cooperatives have been taken from the literature to represent the areas that will be looked at in the study. Finally, the study will look at how the cooperative influence other outside bodies such as other local farmers who are not members of the cooperatives, national/international agribusiness and the local community/area. Because of the nature of cooperatives - cooperatives have to create coherence between their internal organisational structure and their business strategy - it would be impossible to see them as stand alone institutions and not look at the environment they operate in (van Bekkum, 2001).

As this is a theoretical framework it is open to other factors and influences which may be found in the actual research.

***2.3 Conceptual Model***

*Figure 2.3 – Conceptual Model*

***2.4 Research Questions***

The research questions reflect the overall aim of the study which is to explore the organisation and structure of cooperatives in Rwanda. An important aspect in all the questions will be addressing the local context of each case study cooperative.

**Main Question:** What is the internal and external structure and impact of the specific cooperatives in the specific research areas of Rwanda?

**Sub Questions:**

1. What are the main characteristics of the structure, activities and members of the cooperatives?
2. How do the members of the cooperatives perceive the organisation in terms of how they are structured and what activities they provide?
3. What role do the cooperatives fulfil in commercial agriculture nationally and internationally?
4. What structures and institutions influence the cooperatives and how?

*2.5 Structure of Thesis*

This thesis contains nine chapters starting with the Introduction and Theoretical Framework. It will next move onto the Regional Thematic Framework and Methodology before reaching the three empirical chapters. The empirical chapters will set out and discuss the findings of the research conducted on the subject of agricultural cooperatives in Rwanda resulting from with case studies on eight cooperatives as well as in-depth interviews with the main stakeholders in the cooperative movement.

The empirical chapters will begin by presenting the Institutional Framework that has been implemented by the Government of Rwanda to try to increase the productivity and efficiency of the agricultural sector by introducing cooperative farms. According to the literature better institutions allow the economy to have more efficient transactions whilst also allowing smallholder farmers the chance to gain from economies of scale. This chapter will give detailed descriptions on how this has been attempted in Rwanda.

Chapter six will constitute the research findings on the Cooperative from the Farmers Perspective. This chapter will analyse the how the farmers themselves see the cooperatives and what they are affected by them. The literature tells us that there is a great need for the farmers to take control of their lives and their cooperatives specifically to aid their own development. This chapter will detail some of their experiences.

Next, chapter seven will assess how the value chain and chain governance impacts the cooperatives. It will show how the cooperatives are positioned in specific value chains and what barriers and/or opportunities they have and can use. This chapter will also focus heavily on the role of agribusiness and NGOs as part of a wider look at the role of the cooperatives in the agricultural sector in Rwanda.

Finally, before the References section, the information from these three empirical chapters (as well as from the review of the literature) will be used in the Conclusions chapter which will bring together the main outcomes of the research. Here recommendations for policy changes outline the need to align the positions of the main actors in the cooperative movement so they can better work together.

3. Regional thematic framework

***3.1 History of Cooperatives in Rwanda***

As with other East African countries the history of cooperation between farmers in Rwanda was borne out of cultural togetherness (Ubudehe in Kinyrwanda) and necessity. This unorganized practice between neighbours and family members known as ‘ibimina’ was for mutual benefit but had no leadership or structure (ILO, 2007). The first organised farming cooperatives in the country were introduced by the Belgian colonists in an effort to control large amounts of people through arms length methods. These cooperatives were based around the export products such as coffee and tea as well as mining activities. Aggressive policies were introduced such as mono-cropping through the cooperatives which were controlled by the government. Due to these restrictive controls the cooperative movement grew little in this time (Goff, 2006). However, after independence the movement grew quickly increasing from 4 cooperatives in 1963 to over 1500 twenty years later through support from the new government (ILO, 2009). Government intervention and control of these cooperatives was high though, sometimes with little or no input from their members (ILO, 2007). This was also the period where NGOs started to become involved with cooperatives.

Due to the 1994 genocide the country was left without infrastructure and working institutions. However the cooperatives quickly came back in the following years, possibly as a safety net in the war torn country where grouping together meant less risk (ILO, 2009). There was also encouragement from humanitarian aid, appropriated by NGOs to help the set-up and running of cooperative - however this did bring with it financial dependence (ILO, 2007). But most of these associates were not legally cooperatives, so in 2005 as part of Vision 2020 the Rwandan government set up the legal and structural conditions to create legal cooperative entities (MINICOM, 2005). This, along with many other initiatives such as training, have led to a huge increase in these legal cooperative from under 400 in 2005 to over 2000 in 2008, 43% of which are in the agricultural sector (RCA, 2008). The governments role in cooperatives remains strong with some going so far as to say they directly control some sectors (Huggins, 2013) (Ansoms, 2012) but the rhetoric of official sources has been one of decreasing state intervention (GoR, 2000, 2007, 2012).

***3.2 National Context of Rwanda***

Rwanda is a small, landlocked country that comprises one of the five countries of east Africa. It borders the Democratic Republic of Congo to the west, Burundi to the south, Tanzania to the east and Uganda to the north with a total surface area of 26 338 km2. With a population of 12.1 million this makes it the most densely populated country in Africa with over 450 people per square kilometre and average land holdings of 0.76 ha (MINAGRI, 2012) (CIA, 2014). Rwanda is a mountainous country with its highest point being 4519 m above sea level and its lowest being 950m. Being close to the equator the country has an annual average temperature of between 24oc and 27oc with abundant, yet variable, rainfall throughout. The terrain is mostly dominated by savannah grasslands, with steep volcanic slopes and marshland - nearly 47% of the land is arable. The country has a string of volcanic mountains to the north and lower lying land to the south (CIA, 2014).



 *Figure 3.1 - Map of Rwanda Source: CIA, 2014*

**Politics**

The 1994 genocide was finally stopped by the Rwandan Patriotic Front (RPF) at the command of Paul Kagame who is now president (with 93.1% of the vote). Fought between the two major ethnic tribes - the Hutus and the Tutsis - over 800,000 people were killed and many millions more became refugees. Since that time Kagame - a Tutsi - has installed a togetherness to the country, favouring forgiveness rather than revenge (Goff, 2006). As part of this a Rwandan identity has taken the place of the ethnic identities so that the country can work together and move forward. The style of government employed by Kagame is authoritarian and technocratic, preferring experts to create policies delivered in a top-down fashion (Huggins, 2013). Since 2000 the RPF government has been involved in bringing wide ranging changes to the country through a strategy called ‘Vision 2020’ (GoR, 2000). The country has, post-1994, been generally peaceful although periodic fighting on the border with the Democratic Republic of Congo and a border dispute with Burundi have broken the peace. There have also been several grenade attacks with in the country - the most recent being in September 2013 (CIA, 2014).

**Economy**

Around 90% of Rwandans are involved in subsistence farming in the country which constitutes around 40% of national GDP. The main crops are coffee, tea, pyrethrum (an insecticide made from chrysanthemums), bananas, beans and potatoes as well as some livestock. The other major exports are from mining activities, selling hides and a growing tourist industry. The 1994 genocide severely affected the economy of the country and weakened the countries ability to attract investment. However since that time the country has stabilized and returned an average annual GDP growth of 7-8%. The countries economic improvement since the genocide has been marked by being placed at number forty-nine on Forbes’ list of ‘Best countries to do business’ 2013 (Forbes, 2013).

However, much of the country still lives below the poverty line and substantial amounts of food imports are required to feed the population, despite the country's fertile ecosystem. The country also depends heavily on foreign aid and the work of NGOs to keep it functioning. Due to its landlocked nature Rwanda trades mainly with neighbouring countries and in 2009 joined with the East African Community - aligning its trade, budget and immigration policies with its regional neighbours. Barriers to economic development include; energy shortages, instability in the region, and lack of adequate transportation linkages to other countries (CIA, 2014)

***3.3 Host Organisation***

**University of Rwanda**

The University of Rwanda , based in Kigali, was established in 2013 as a result of the merger of all 11 public universities in the country. The main campus is the former National University of Rwanda in Butare. The aim of the NUR is to “advance knowledge, promote teaching and research, and help society discover innovative solutions to overcome its most pressing problems” (NUR, 2014). The NUR has a Faculty of Agriculture, home to the Department of Economics and Agribusiness who could have useful help or advice for my research as well as available data sets.

**Rurban Africa Project**

The Rurban Africa Project aims to understand the connections between agricultural transformation, mobility, and urbanisation processes and understand how these relate to the problems of poverty in sub-Saharan Africa. To do this it has three separate work packages that focus on; agricultural transformation, rural livelihoods, city dynamics, and access to services. The research is carried out in four different countries; Ghana, Cameroon, Tanzania and Rwanda. It combines knowledge and expertise from European academics and researchers from sub-Saharan Africa and aims to challenge some well known ‘truths’ about rural and city development (Rurban Africa Project, 2014)

My research will contribute to work package 1 - ‘Rural Transformations’ which aims to provide an understanding of agricultural transformation and the socioeconomic dynamics taking place marked by different forms of commoditization of production.

Chapter 4 - Methodology

***4.1 Operationalisation of variables***

The operationalisation of variables refers to the process of determining how to measure the pre-defined variables. In social sciences this is very important as many variables are hard or ambiguous to assess and so need to be defined accurately. This research which looks to understand the organisation and structure of cooperatives and their environment has a focus on the internal factors involved in a cooperative. To measure these there are 5 different categories;

|  |  |
| --- | --- |
| **Internal Factor** | **Measurable Aspect** |
| Cooperative Principles | -Ownership of cooperative-Role of government-Organisational Structure |
| Participation and Decision Making | -Decision making process-Benefit-sharing mechanism-Gender, Age, Education levels of participants-Membership requirements |
| Internal and External Communications | -Regularity of communication between board members and members-Feedback/complaint/punishment procedures-Regularity of contact/communication with NGOs, government, agribusiness or other organisations? |
| Capacity Building  | -Types of training-Regularity of training-Long-term plans of development |
| Duties and Relationships | -Who are on the board, managers?-What are the transparency procedures? |
| Influence of outside institutions | -Legislation from government-Training, support from NGOs-Level of communications/influence from local government-Targets set by outside institutions-Member of federation or union-Adherence to demands of suppliers and buyers-Use of credit lending agencies-Connections with other cooperatives |
| Influence on outside groups | -Percentage of local farmers involved in cooperative-Reasons for non-members not joining-Power relations with agribusiness with regard to prices, quality-Influence on local community; infrastructure, politics |

*Table 4.1 – Operationalisation of Variables*

***4.2 Discussion of methods and techniques used***

To collect the primary data needed for my research I will use eight case studies of different cooperatives. In view of the research questions and the state of research on this topic an exploratory approach using case studies is better than a statistical or econometric method. Using qualitative and quantitative data will insure I get the best picture of the situation. Six of the cooperatives will be in the agricultural heartland of the Northern Provence. Here farming is more established and the ground more conducive to agriculture. The two others will be in the Bugesera region in the south of the country where farming is harder because of the climate. Along with this distinction I will also at different crop cooperatives, spreading the studies over export crops, such as tea and pyrethrum, and staple crops, such as potatoes, cassava and rice.

My main technique will be to use semi-structured interviews in a case study framework; this will allow me to gain the best insight to my questions. As I am not looking for statistically relevant data there is no need to collect hundreds of questionnaires - these interviews will allow me to get factual information on the details of the cooperatives. Sterns, Schweikhardt and Peterson (1998) emphasize in relation to the use of case studies in agribusiness research that it is “capable of generating a robust, comprehensive array of ‘knowledge’ about a complex, highly interdependent and dynamic economic phenomena.”

I will interview members of the cooperatives as well as interviews with management and/or board members of the cooperatives, local government employees, agribusiness representatives and other stakeholders such as NGO employees. This will allow me to gain a broad perspective of the subject and also triangulate data from different sources. The interviews for different stakeholders were broadly similar but differed in length, style and content depending on the interviewee this will mean I am able to compare much of the data. The case study cooperatives, from which the research will centre around, were be chosen with help from local sources and from there a random sample of interviewees were selected to take part in the study. I conducted the interviews mostly in English but if certain interviewees (namely the farmers) do not speak English I will need the help of a translator. I was be aided in this through the collaboration with the University of Rwanda who will assigned bachelor students working on a similar project to assist me in the translation of the questions and answers. Having translators who understand the project helped in getting the best results from the research without having to spend much time training them.

*4.3 Limitations*

This research was carried out with the acknowledgement of several limitations:

1. The research carried out only has a direct relevance to the 69 farmers interviewed and the 13 members of other institutions. Due to time and money constraints it was not possible to sample the whole country so the results can only represent the eight cooperatives in a more general sense.
2. Although all care was taken to chose interpreters who had experience of this subject matter and were trained to translate in as best a way as possible it can only be assumed that the research collected is true to what the respondents have answered.
3. Social desirability bias theory indicates that even though all due care was taken to ask questions in as neutral a way as possible some respondents will still give answers which they believe to be wanted rather than what is actually true.
4. Finally, a potential limitation was in sampling the respondents as we could only interview the farmers who were available at the time and sometimes only ones chosen by the manager of the cooperative. This was somewhat lessened by returning to cooperatives several times and also by acquiring lists of farmers who we could then sample more scientifically.

Chapter 5 - Institutional Framework

In this chapter cooperatives working in the agricultural sector of Rwanda will be analysed using an institutional approach. By showing how the institutions are formed and work in Rwanda we are able to see the different influences that affect the success of the cooperatives. Examining the framework of institutions in Rwanda will help to show the internal and external structure of agricultural cooperatives in Rwanda and the environment they operate in. This chapter will answer the question “How are agricultural cooperatives structured and who are the main actors in the sector?” as well as contributing to answer “What structures and institutions influence the cooperatives and how?”

The farmers, government, NGOs and agribusiness all have a part to play in the agricultural sector, specifically cooperatives, and are dependent on each other to fulfil their goals. Government policies, expertise and trainings are coupled with those from NGOs and agribusiness in an effort to support and enhance the agricultural sector. Agribusiness is very important as they buy the products from the farmers and often supply inputs (along with the government).

When looking at how the farmers have organised (or been organised) into cooperatives it is useful to look at the Institutionalist theory on how organisation can be put together to help increase the efficiency of the system as a whole. North (1989) reasoned that the true cost of doing business is defined by the lack of good institutions. This drives up uncertainty and lack of efficiency. In order to enforce the transactions of these institutions and to avoid such problems as corruption and opportunism they must be enforced by good governance. The cooperatives are one example of an institution the Rwandan government has focused on to help them achieve their goals in a particular fashion. By creating a legal framework from which they can work the cooperatives are seen as a way to increase the efficiency of the agricultural sector and link the small holder farmers to national and international markets by being more market-orientated (MINAGRI, 2007).

***5.1 Agriculture in Rwanda***

Agriculture in Rwanda constitutes around one third of the nation’s economy and nearly 80% of the workforce’s main income (RDB, 2014). It is also very important for the country’s exports, with around 70% of export revenues coming from the agricultural sector. The country’s Economic Development and Poverty Reduction Strategy (EDPRS) defines a large number of programs in the agriculture sector including: the intensification of sustainable production systems in crop cultivation and animal husbandry; building the technical and organizational capacity of farmers; promoting commodity chains and agribusiness, and strengthening the institutional framework of the sector at central and local level (RDB, 2014).

Rwanda is still trying to combat conditions of food insecurity whilst also being exposed to the world commodity prices and the free market. To tackle this the Rwandan government has designated the Rwanda Agricultural Board (RAB) to concentrate on prority crops (beans ,maize, wheat, cassava, rice, Irish potato and bananas which are mainly sold in Rwanda and contribute heavily to the food securty situation), and the National Agricultural Export Board (NAEB) to put its efforts towards export crops (such as coffee, tea and pyrethrum which are mainly sold outside Rwanda on the world market).

*Figure 5.1 – Production Quantiy of Bananas, Beans, Cassava, Potatoes and Maize*

*Figure 5.2 – Production Quantity of Coffee and Tea*

They each work on factors such as productivity increase, value chain improvement, accessing bigger markets and governance. As can be seen in Figures 5.1 and 5.2 this has resulted in 50% increase in productivity over a ten year period fromm 2002-2012 as well as increases in most other major crops in Rwanda. As can be seen from figure 5.3 land use in Rwanda is increasing at a rate which means lack of available land is becoming a real issue, the graph showing a leap from 34% land use to 74% in the last 10 years. This means that the productivity of each piece of land needs to increase for the agricultural sector to continue to grow. RAB officials who were interviewed said that because there were many smallholders there is a need to consolidate them (in cooperatives) to make the most of the land. The RAB then identify crops that have the maximum capacity to do well on four factors: ability to react well to intensification; responsiveness to fertilisers; available markets; and ability to process to add value. An example given to show the improvement this has made was maize where the production in 2013-2014 has increased from 3 metric tonnes to 4 metric tonnes, mostly attributed to the use of fertilisers. This is seen as win-win situation because the people have more food to eat and the farmers have more food to sell.



*Figure 5.3 – Scarcity of land in Rwanda (Source CountrySTAT.org)*

***5.2 The Cooperatives***

This thesis is based on the data collected as part of a three month field research trip in Rwanda. The data consists of 60 interviews with representatives of eight different agricultural cooperatives in Rwanda and 13 interviews with government, agribusiness and NGOs as well as nine interviews with non-member farmers.

The first six cooperatives were found in the ‘Musanze – Gisenyi’ corridor in the Northern Provence of Rwanda. This area has excellent soils, including volcanic soil which is necessary for growing pyrethrum. The cooperatives found here were involved in pyrethrum, potatoes, maize and tea. One of the cooperatives also had the objective of finding employment for their members so they could work part-time as paid labourers on bigger farms.

The other two cooperatives were found in Bugesera in the south of the country. The climate and soils are not so well suited to farming here as in the north but there are extensive paddy fields where much rice is grown. The cooperatives here were concerned with cassava and rice production. The cassava cooperative also invested in a storage facility so they could control when and where to sell their produce more effectively.

***5.3 Characteristics of the cooperatives***

Table 5.1 below shows the main characteristics of the structure of each cooperative. It also details the number of Board of Directors (BoDs) and farmer members (members) interviewed along with the reasons why non-members did not join. In terms of the age of each cooperative all eight are founded in their current form in the last 12 years. This gives some insight into relative stages of development a lot of cooperatives in Rwanda are in and also the influence of the year 2000 policy document ‘Vision 2020’ must have had on the cooperative movement.

Also striking is the differences in size and joining fees between cooperatives either working in similar areas or with the same crops with seemingly little correlation. This shows the wide variety of cooperatives in the country and indicates other factors influencing their success, such as stage of development and leadership qualities.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Attribute** | **Location** | **Founded**  | **Members; Reason for non-members** | **Crops** | **Joining Fee** |
| **Cooperative** |
| ABAKUNDIBIRETI (Pyrethrum):2 BoDs, 7 members | Kinigi, Musanze | 2009 | 148 Full members (83 male, 65 female) 88 non-full members; Ignorance of benefits, Money | Pyrethrum | 10,000RWF |
| COBIMU (Pyrethrum, Potatoes):2 BoDs, 4 Members | Byangabo | 1975 but stopped in 1994 and restarted in 2010 | 41 (29 male, 12 female); Money | Pyrethrum, Potatoes | 30,000RWF |
| COIMU (Potatoes)**:** 2 BoDs, 6 Members | Jenda | 2002 | 365 (325 male, 40 female); Too expensive | Potatoes | 300,000RWF |
| COOPTHEGA (Tea):2 BoDs**,** 8 Members | Karago | 2000 | 322 (142 male, 180 female); N/A | Tea | 10,000RWF |
| CORINYABURIBA (Rice):3 BoDs, 3 members | Bugesera | 2007 | 491(257 male, 234 female); N/A | Rice | 150,000RWF |
| COVAPANYA (Storage):2 BoDs, 4 members | Nyamata | 2007 | 98 (68 male, 30 female); Ignorance of benefits, Money | Storage (Cassava, maize) | 86,000RWF |
| JYAMBERE SHYA (Pyrethrum): 2 BoDs, 6 members | Kinigi | 2010 | 479; Ignorance of benefits, Money | Pyrethrum | 5,000RWF |
| TWIVANEMUBUKENE (Employment):3 BoDs, 4 members | Kinigi | 2010 | 196 (96 male, 100 female); Money | Employment (Potatoes, Maize) | 60,000RWF |

*Table 5.1 – Characteristics of the cooperatives*

**Internal Factors and Activities**

Table 5.2 shows the internal factors and activities of each cooperative. The benefits and services gained by the farmers are the most important factors considered by the farmers. Many of the main benefits claimed by the farmers are actually non-farming related, such as health insurance, access to loans and school fees. This is similar across all the cooperatives and points to the different perspectives of what the cooperative is for different parties, which will be analysed at the end of this chapter. To assess why a cooperative is successful or not must include the views and wants of farmers so these categories should be high on any list of what makes a cooperative work for the farmers.

In most of the cooperatives researched profits were not distributed as money, either being reinvested into the cooperative or given out as animals and other useful gifts such as machetes. This is somewhat explained by the legislation demanding 20% of all profits to be reinvested but the rest could still be given as money to the members. It seems to be the case that cooperatives set up through heavy influence of the government (i.e. the pyrethrum, rice and tea cooperatives) do not share profits as money whereas the others do.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Attribute** | **Benefits** | **Services** | **Profits** | **Connected Institutions** | **Manager** |
| **Cooperative** |
| **ABAKUNDIBIRETI (Pyrethrum)**  | Health Insurance, Small Animals, Funeral Fees | Fertilisers, Free seeds, Loans, Production technique, | Don’t share moneyBuy land or small animals | Horizon SOPYRWA (Buyers), RAB (Production technique and land)RPP and RCA (Help with starting)NAEB (Seeds) | Yes, hired from outside cooperative |
| **COBIMU (Pyrethrum, Potatoes)** | Cooperative Yield, Access to, Help from neighbours, School Fees, Funeral Expenses | Fertilisers, Training, New Seeds, Small animals,  | 80% Shared, 20% Reinvested | SOPYRWA, URUGAGA IMBARAGA (Federation – training)Local Government (Training), RCA | President is manager |
| **COIMU (Potatoes)**  | School Fees | Seeds, fertilisers, Marketing,  | Yes, as bonuses  | Union and Federation, RSSP, ACDI-VOCA, USAID | Manager not in cooperative |
| **COOPTHEGA (Tea)** | Safety of cooperative, Control over production, 10% share of NTF, Small animals | Fertilisers, Marketing, Seeds, School Fees, Health insurance | No, saving for investment | NAEB (training, set price) NTF (Buyer), Union and Federation, Local Government, RCA | Manager not in cooperative |
| **CORINYABURIBA (Rice)** | Increase of knowledge and production | Inputs, Marketing, School fees, Funeral Expenses, Bonuses’, Loans | No, Can’t afford to share | Union (UCOPRIBU), RSSP, JICA, MRF (Buyers) | Manager not in cooperative (Part-funded by government) |
| **COVAPANYA (Storage)** | Higher production, better prices | Loan, Marketing, Processing, Storage | Yes, 1/3 shared 2/3 reinvested | Union, PASAB (CARITAS), RCA, Local Government | Yes, also a member |
| **JYAMBERE SHYA (Pyrethrum)** | Small animals, School fees | Health insurance, Marketing, Inputs, Loans, Employment | Yes, but given as small animals | SOPYRWA (buyers), RAB (employment), Local government, RCA, USAID | Yes, not a member |
| **TWIVANEMUBUKENE (Employment)** | Health insurance, small animals, Funeral Expenses*Table 5.2 – Internal Factors and Activities* | Loans, Marketing, Employment | Yes, but never as money, as small animals | RCA, RAB, Local Government | President is manager |

***5.4 Structure and Legislation***

**Textbox: Law No. 50/2007, Article 3 - Cooperative Principles**

1. Voluntary membership and openness;

2. Democratic control, one member one vote;

3. Member economic participation;

4. Autonomy and independence of each

Cooperative Organization;

5. Education, training and information of the members;

6. Ensuring co-operation among Cooperative Organizations;

7. Concern for development of the community where the Cooperative Organization is located.

*Source: Government of Rwanda (2007)*

In 2005 the Government of Rwanda created a taskforce in order to find a way to achieve its goals of ‘Vision 2020’by creating a network of cooperatives. In September 2007 legislation was passed to establish a legal base for the structure and organisation of cooperatives in Rwanda (RCA, 2007). This document set out the basic standards and format that a cooperative must abide by to become and function as a cooperative. Included in this was the process for registering a cooperative, the role of government bodies in the cooperative movement, the structure of the cooperative movement and the structure of each individual cooperative amongst other directives. The Cooperative Principles (see Textbox, right), which provide the basis for each cooperative, are enshrined in this document and follow the ILO principles exactly. These principles are designed to create collective involvement so that local organisations can have the advantages of large scale enterprises.

Finally, in 2009 the cooperative taskforce was replaced by the Rwanda Cooperative Agency (RCA) to promote, build capacity, inspect and regulate the cooperatives. It is the RCA’s job to make sure the cooperative legislation is upheld in each organisation and therefore is very active in the running of the cooperatives.

***5.5 Structure of a cooperative***

The cooperative legislation and subsequent backing by the RCA means that many aspects of the cooperative studied are homogenous. Because it is the Government of Rwanda that has been the driving force behind the cooperative movement they have had to go for the “institutional school” of thought. This approach assumes that a successful cooperative lies within the presence of a basic design. According to it “once a good blue print is ready, the rise of good leadership itself would be a product of design; stable alliances too will forge themselves as credible opportunities for a beneficial organization become evident” (Nabar, 2006).

From the legislation passed in 2007 we can see the blueprint for the cooperatives. In terms of its main ‘organs’ the cooperative must consist of: the general assembly; a board of directors; the supervisory committee (see table 5).

The **general assembly** is the biggest and technically most powerful body in the cooperative. Comprised of, normally, nearly all the members it has the final decision on any decision that is being brought to motion. Members can air their views here and veto or accept any plans put forward by the BoDs. Every member has the right to be in the general assembly and every member has one vote which they can use when the cooperative is making a decision. Also enshrined in the legislation is the requirement for general assembly meetings to be held twice a year; in March and October.

The **Board of Directors (BoDs)** consists of between five and nine members who are voted there by the general assembly. This board normally includes the positions of President, Vice-President, Treasurer and Secretary. The main job of the BoDs is to create a plan for the next interim period for the cooperative. This plan is then either accepted or rejected by the general assembly. The BoDs also oversee most of the day-to-day decisions of the cooperative as well as organise inputs, outputs, marketing and any interaction with outside institutions. The BoDs can only serve a maximum of two three year terms before being replaced.

The **Supervisory Committee** (sometimes also known as the audit council) consists of between two and five members who are re-elected every two years. They should convene every three months to oversee the workings of the organisation. This committee normally works closely with the RCA to make sure the principles of the cooperative are being upheld.

Also included in the structure is a **manager.** This must be an outside expert who is not a member of the cooperative but who earns a salary. They normally have technical expertise and help impart their knowledge onto the farmers as well as dealing with much of the everyday decision making of the cooperative.

All eight of the cooperatives studied complied with this structure almost exactly. Especially prominent in the research were the BoDs who were the first points of contact when researching the cooperative which meant that not only did they have control over the cooperative but a certain degree of control over the research. For example only by gaining the trust and cooperation of the President or the Vice-President was it possible to gain lists and therefore access to the members.

Although the wording of the general assembly does not explicitly state what members must attend, it does mention that “*voting cannot be done by proxy”.*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Attribute** | **Membership Entry** | **Positions** | **Meetings** | **Activities** |
| **Organ** |
| **General Assembly** | All members have right apart from in big cooperatives where members have to be voted in by zone assembly.  | Everyone has equal standing. | Twice-yearly (March and October) plus special meetings if needed. | Voting on plans. Airing views. |
| **BoD** | 5-9 members voted by general assembly. | President, Vice-President, Secretary, Treasurer | Once every three months. | Planning, advocacy, marketing, day-to-day decisions |
| **Supervisory Committee** | 2-5 members voted by general assembly. | Secretary  | Once every three months | Working with RCA, overseeing rules and regulations |



 *Table 5.3 – Organs of a Cooperative*

***5.6 Umbrella Cooperative Organisations***

To promote principle 6 of the cooperative principles the government of Rwanda has set up an ‘Umbrella’ structure for the cooperatives (Figure 5.4). This means that if three or more cooperatives are working in the same area they can form a Union together which should help the cooperative carry out their activities and further their efforts. Three or more similar Unions can form a Federation which should operate on a national level as should a Confederation which comprises three or more Federations. This national level organisation would have the power to interact with national level business, government and NGO organisations to promote the activities of their cooperative members.

Of the eight cooperatives studied, seven reported to be engaged in a Union. COOPTHEGA (Tea) are a member of a four cooperative tea union who are also linked to the FERWACOTHE tea federation who “[*Put] forces together for inputs and outputs and give advice and training”.* The pyrethrum cooperatives did not have much to say on their union apart from the fact that “*All pyrethrum cooperatives collaborate together [because] there are some who bring better quality pyrethrum than others so they work together so all can have same, good quality” –*Florence (ABAKUNDIBIRETI NSYA, Rice). This collaboration seemed to be encouraged by their collective buyer Horizon SOPYRWA who wanted a better standard of supply.

*Figure 5.4 - Umbrella Structure*

COVAPANYA (Storage) were advised to enter into a union of six cooperative by the NGO CARITAS as the NGOs project to oversee them – PASSAB – was ending. This newly formed union has the intention of taking an advice and communication role so the cooperative can interact with each other as well as government institutions.

COABU (Potatoes) and COBIMU (Potatoes) both belonged to the URUGAGA IMBARAGA federation of potato cooperatives, as well as their respective unions, and received training and advice on production techniques as well as the latest seeds. They also use the organisation as an “*Ambassador to the government”* in terms of advocacy and communication. Mayso is a member of the COBIMU (Potatoes) cooperative who was appointed to the board of their union, IABINYA. He stated that the purpose of the union was to better organise the potato cooperative in the area. By grouping together over 1500 farmers between Musanze and Gisenyi they can now set the price of potatoes in this area to artificially raise it. The unions training has also meant that productivity has risen and plans are afoot to construct a processing plant that will enable the union to move up the value chain. Mayso also felt that the union had shifted the mindset of the farmers and that they now “*felt like entrepreneurs”.* His cooperative, COBIMU (Potatoes), was very successful and now commanded a share price of 300,000RWF – higher than any of the other cooperatives studied. Its members were also business men in the local community and could be found inspecting their shops and business rather than working in the fields. This does however, contrast dramatically with their fellow potato cooperative – COABU (Potatoes) – who are part of the same federation but can only command a share price of 30,000RWF and had far smaller average plots of land with no other income. This raises questions over the equality aspect of the cooperative structure when two near neighbours cannot both benefit from being in the same federation.

The rice cooperative, CORINYABURIBA (Rice), gave an insight into their union by saying that although they are part of a union, UCOPRIBU, they had not done any activities in it. They have been told by the RCA that because they were in a group of nine rice cooperatives in their area that they *must* form a union and had done so but that the union had *“no real influence” –* Emmanuel (CORINYABURIBA President). In the wording of the legislation it says that the cooperatives “*may”* join together if there are three or more but clearly here we can see in some cases (and explicitly in this one) that the cooperatives feel they *must* join together to appease the law. Clearly the rice farmers would not have joined together at this time had it not been for this and it seems evident that they feel it has no value – only “*contribut[ing] to union in line with the law but nothing else” -*Emmanuel (CORINYABURIBA President).

***5.7 Outside Institutions***

Outside institutions play an important role in the cooperative movement in many different roles and at different levels. One such example of this comes from the CARITAS Rwanda project PASSAB which aims to provide food security and raise farmers out of poverty through the use of cooperatives. In charge of this operation in Nyamata was Francois Gakuru who explained how different parties were involved in the process (Figure 5.7).



Figure 5.7 -

The cooperatives in this research were asked which outside institutions they had contact with and what this interaction entailed as can be seen from Table 4 above. From this information I then went on to interview some of the institutions named to access their intervention from their own point of view.

At the **National Level** there are major government departments such as the RCA, RAB and NAEB as well as the national policy makers in government. NGOs also operate at this level as well with the headquarters of bodies such as CARITAS Rwanda and the United States Agency for International Development (USAID) conducting business at the national level. Finally agribusiness can come together to either form bodies that operate at national level, or if they are big enough, have national level headquarters.

At the **District/sector** level the district and sector government officials have a large role to play. Being closer to the cooperatives and farmers but still wielding a lot of power these officials (such as the official for cooperatives, agronomist or executive secretary) are the ones who come face to face with the cooperatives and try to carry out the wishes of the government and help them. Also now very present on this level are the RCA and RAB after their recent decentralisation process which was specifically intended to get their employees closer to the people they are working with. As part of this it is intended to be easier for the farmers to give feedback to these bodies in order to create a cycle of information, beneficial to all.

Also operating at this level is the more hands-on department of the NGOs. As in the CARITAS Rwanda example (Figure 5.7) these employees work directly with the cooperatives and the other institutions to work towards their goals. This level is also where the bigger agribusinesses work at, communicating with government officials and entering in joint investments with NGOs to try and strengthening cooperatives by training them or investing in processing facilities.

At the **cell level** the cell officials are the first line of communication with the farmers and normally work on the instruction of the sector officials to create a coherent implementation programme for working with the cooperatives. The RAB give specially selected seeds, fertilisers and training to best help each cooperative. The RCA audits and gives training on a cooperative by cooperative basis and accesses the performance of each (giving out awards for the best cooperatives in July each year). NGOs try to help specific cooperatives with the individual problems they face. Agribusinesses set out plans and targets with the cooperatives so their relationship can be mutually beneficial. All three (government, NGO and agribusiness) sit in on meetings with each other and the cooperatives to try to assess how best their individual goals can be achieved by their collective skills and resources.

***5.8 Perspectives of the Cooperatives***

Although the different parties involved in working with cooperatives try to work together for a common goal there are inevitability different interests for each. In taking a look at these we can find out why an institution works in a certain way and what it means for the other institutions. This section will appear at the end of each chapter detailing the five main perspectives on cooperatives, namely: Government; Farmers; BoDs; NGOs; and Agribusiness.

**1. Government Perspective**

Having interviewed government officials of different levels it can be seen that they think of the cooperatives as a long term project. From the top level (for instance the Director of Tea for NAEB - Jean Gasarabwe) cooperatives are seen as a way to easier develop the entire industry in a homogenous way. For Gasarabwe his main objective is to increase the productivity and surface area of all the tea farms in Rwanda. Thus his remit is to create a bigger and more productive tea industry, with the hope that the benefits of this will be passed onto the individual farmers. He does this by training and advising the cooperative leaders through the decentralised structure the NAEB has specifically implemented to oversee cooperative development. For him the better organisation of farmers via cooperatives means it is easier to do this; he also believes that the farmers working together will create economies of scale for them which will give them better profits.

In the Rice sector Esdras Byiringiro (Head of Monitoring for RSSP) looks for potential benefactors in rice land areas who they then put into cooperatives as this makes it easier to give them training and support. Once these farmers are organised like this they can then encourage them to be autonomous, but only after the RSSP has connected them with buyers and suppliers and given them the training to be able to do the marketing, capacity building and negotiating (amongst other activities) needed to be successful in line with the policies of the Rwandan government.

For both these influential departments, the cooperatives are seen as long-term projects. Mr Chadli (Head of RCA Northern Division) describes them as *“…tools of vision, of increasing the economy. If cooperation increases the economy increases.”* In the early stages he describes cooperatives as “***Small Cooperatives***”; they need help starting, capacity building, tax breaks and constant governance training. From there they move onto being “***Middle Cooperatives”*** and finally ***“High Cooperatives”***; who are tax payers and almost completely autonomous (although can still request help.

***5.9 Conclusion***

The cooperative structure laid out by the Rwandan government in the Cooperative legislation document is the driving force behind the cooperative movement in Rwanda. Using the ILO’s principles the government has implemented a plan based on the Institutional School perspective which predicts that good cooperatives and their leaders will rise from a good structure. As part of this structure they created a network of institutions such as the RCA, RAB, NGOs and agribusinesses to work together to help the cooperatives in a way which will help each party achieve it goals. In using each actor’s expertise they can be more efficient and get the cooperatives from the early stages of creation to operating at a high level much quicker. For instance the use of NGOs who have international experience in working with cooperatives and certain crop chains are welcomed by the government rather than them trying to do everything themselves. The Government of Rwanda sees this institutional efficiency as the way to create a more productive agricultural sector that will increase food security and exports in the country. They see this as also being mutually beneficial for the farmers as well because they will gain from expert advice which will increase their profits.

This top-down approach brings a homogeneous form to the cooperatives with many of them having similar characteristics – no matter the differences in membership, crops or other circumstances. This indicates a lack of autonomy from the farmers themselves who do not have a choice in many of the processes carried out by the cooperative. This point will be analysed in more depth in the next chapter from the farmers’ point of view.

Chapter 6 – Cooperatives from the farmers’ perspective

 In this chapter we will look at the level of the farmer and how they operate within the structure set out by the Government of Rwanda. Looking from the perspective of freedoms and unfreedoms as described by Armartya Sen as well as using the agency theory we can gain an insight into what it is to be a farmer in the cooperatives *from the farmer’s point of view.* Sen wrote that the more control a person has over his/her life to pursue a life that they feel is worth living the more developed they are. Through the principles of collective action in an institution such as a farming cooperative people can remove barriers to freedom (such as access to markets) and therefore give themselves more opportunities to lead the lives they want (Sen 1999).

This perspective is important to analyse because of the heavy government and structural influences described in the previous chapter will have a strong bearing on how the farmers act within the cooperatives.

This chapter will answer the question; “How do the members of the cooperatives perceive the organisation in terms of how they are structured and what activities they provide?” as well as adding to “What structures and institutions influence the cooperatives and how?” To do this the chapter will focus on how the farmers see the cooperative themselves, this may or may not concur with how other parties such as the government, NGOs or agribusiness see them.

The ILO’s guidelines on cooperatives suggest that*“…cooperatives have specific values, including self-help, self-responsibility, democracy, equality, equity and solidarity.”* The focus here being on the input and self-reliance of all members within the cooperative, this input being thought of by the international cooperative movement as one of the pillars of success for cooperatives. The ILO also suggest that the cooperatives can improve the living conditions of their farmers through a number of benefits as well as providing equitable development for many people, presenting a rare opportunity for vulnerable and excluded groups such as women and the uneducated amongst others. (ILO,2009)

***6.1 The Farmers***

The farmers interviewed for this research were an eclectic group, ranging from 16 years old to over 80 years old. They were also a mix of men and women as 39.7% of the cooperatives’ members were female. Almost all had small plots of land around ½-1 hectare in size from which to provide for themselves and their family.

Farmers in Rwanda comprise 80% of the workforce and nearly 30% of the economy as a whole. Even if it is not the main activity carried out by the person almost all of the population will still have some farmland from which they grow some crops or keep small animals. Many of the farmers interviewed used their fields for some degree of subsistence farming, selling on the excess to the cooperative. The houses they lived in were simple with little or no furniture and most did not have clean, running water nearby. Some of them have never travelled the journey from where they live to the main town in their area (often less than a 30 minutes bus ride). Most of these farmers (especially in the Northern Province) had been smallholder subsistence farmers on the same land all their lives and plan to be until they pass it onto their children. For them farming is a way of life and whatever other benefits a cooperative may bring them, for many being able to carry on this life is a big reason for joining.

Although the education system in Rwanda now boasts a 98.7% primary school attendance (UNICEF , 2011) many of the farmers interviewed have lived though harder times where this was not the case. This became evident when ask if they vote then many would answer “*Yes, by Indian file*”. This meant that because they could not read or write they were allowed to line up behind the candidate they wished to vote for.

***6.2 The Cooperative Principles***

The cooperative principles (Table 2.1, above) are designed by the ILO to make the most of collective action. According to this theory if many small scale individuals work together they can benefit from each others hard work and create an organisation which is more than the sum of its parts. Thus, a group of small scale farmers can function and compete with larger businesses (ILO, 2009). However this theory depends on different factors such as the environment it is carried out in and the actors that affect it.

The research carried out was designed around the principles set out in Table 2.1 as the cooperative movement in Rwanda is designed around these ideas. By asking the farmers questions based on these principles we are able to find out how they work in reality and also how the farmers understand them to be. Bellow is the analyses of the principles in action in Rwanda.

**1. Voluntary and Open membership**

Of the eight cooperatives studied six of them were set up under heavy influence of an outside party. This could either be agribusiness (pyrethrum and tea cooperatives), NGO (COVAPANYA, Storage) or government agencies (TWIVANEMUBUKENE – Pyrethrum, CORINYABURIBA - Rice). Of itself this statistic is not inherently a negative; many non-members questioned said they would like to be in a cooperative but felt they did not have the necessary skills to create one themselves (Figure 6.2). They said that it was hard to do because of “*Lack of motivation of other farmers”* and that it was “*too hard to organise without governments help”* – Etienne (individual potato farmer in Rambura), so the government intervention to help create the cooperatives could be said to be helping farmers who, if they could, would have created a cooperative themselves.

However, at the same time over 50% of non-members asked (Figure 6.1) said they did not want to join a cooperative. So it can also be said that many members of cooperatives may have been forced to join a cooperative against their wishes. This furthers the statement that government intervention is risking breaking the principle of voluntary membership.

Figure 6.1 - Non-members desire to join Figure 6.2 - Reasons for not being member

 cooperative

Members of the tea cooperative studied stated that you needed to be in the cooperative to sell tea leaves to the only tea factory in the area. Thus there were no non-members in the area that grew tea. When consulted the Director of the tea factory stated that they had no involvement in the founding of the cooperative which had been spontaneously created by the farmers themselves at the same time as the tea factory was privatised in 2006. When the farmers were questioned they replied that the government had “*insisted”* they join: “*I had no choice I was forced by the government*” said COOPTHEGA (Tea) member Kabarata, “*Members were grouped together by the government after they had visited the tea farms to make sure you have land”.* Kabarata went on to say that he doesn’t think he receives any benefits from the cooperative but can’t leave because “*…I can’t create my own factory to sell my yields”.* Although not all members had as strong feelings about the cooperative this clearly shows that voluntary membership is an issue in some cooperatives in Rwanda. The basis of joining any organisation or group should be because one can see the benefit in doing so and will thus expend energies in the group to achieve these benefits. If, as in Kabarata’s case, the membership is not voluntary there will be many members who do not add to the group and thus render it ineffective.

In the case of the CORINYABURIBA (Rice) cooperative in the south of the country membership is compulsory to not only growing rice but also to gaining the land to grow rice as all rice land in Rwanda belongs to the government. Although this means the farmers were not rice growers before (unlike the tea farmers who have mostly always been tea farmers), as the rice land was mostly created by the government, there are other problems with this setup. For instance a CORINYABURIBA (Rice) member, Betty, complained that because the government had flooded another part of the valley which had destroyed farmland her rice cooperative was forced to take on those farmers to be cooperative members at reduced share prices. One of the principles of cooperatives in Rwanda is open membership but being told by the government to accept members at reduced rates does not fulfil the purpose of this principle. The member in question seemed very perturbed by this development as she took lengths to describe the events and seemed demotivated by it.

Again by these examples we can see the need for government intervention in the cooperatives to make them functional but these very interventions also undermine the principles they are trying to uphold. In Sen’s theory of Freedoms and unfreedoms forced membership and non-autonomy would be seen as blocks to the development of the farmers as they do not have control over the decisions in their lives. It is again important to note that all members of the cooperative studied said they would definitely stay in the cooperative (although many, such as the tea farmers, really had no other choice if they wanted to continue farming).

**2. Democratic member control**

The democratic element of cooperatives and the cooperative structure are enshrined in the cooperative legislation. Key elements such as ‘One member, one vote’; attendance at meetings; participation in the cooperative umbrella structure; and setting their own agenda were found in all eight cooperatives studied. The voting process is in place to harness the power of every member to make the cooperative greater than the sum of its parts, to let every member have an in put and have a say in the decisions of their cooperative. But the reality of the situation and the reasons behind why the members know this process so well are different than the intended reasons, which should be the self-reliance and autonomy of the cooperative.

In terms of voting everyone did so. This was because if they did not attend the meetings (where the members vote) they could be fined; “*If someone doesn’t attend general assembly he pays fine of 1,000RWF, if he comes late he pays fine of 100RWF” –* Emmanuel (CORINYABURIBA, Rice). This was also the case in the COVAPANYA (Storage) Cooperative as well. Similarly Fidele from the ABAKUNDIBIRETI (Pyrethrum) Cooperative stated that “*Small members who do not take decisions only need to attend meetings so there are no rules to break”.* So it is the case that the most basic rule in the cooperatives is to attend the meetings and vote on the plans or proposals. But the focus of attending does not seem to be on the fact that the member *wants to* go to the meeting or to make an impact on the decision making but that they *have to* or else face a fine.

*Figure 6.3 – Views Represented*

Figure 6.3 shows the results of whether members felt if their views would be listened to and represented in the cooperative. Most members still feel their views on the decision making of the cooperative are represented. This perception is a strong one so it can be said that the members believe overwhelmingly that the cooperative is working for them. Many members back up this claim by saying that they feel this way because they get to decide on plans together and vote on them as a group. Others also feel that they have the opportunity to take to managers or board members outside the meetings and can air views or grievances at that point. This was especially true in the smaller cooperatives such as TWIVANEMUBUKENE (Pyrethrum) where a member, Manismwime, thought because “*The president works in Kinigi and the Vice President in Musanze…they can be accessed to give views to”* whilst also feeling that her views were represented but she, Manismwime, “*is the youngest member so she waits for others to give views. I could give views but I am not confident enough [to do so].”* This last point represents another side to this topic – namely that some members feel quite happy to not get truly involved in the decision making process because they feel that their leaders are doing a good enough job. Lazar from the COBIMU (Potatoes) Cooperative emphasised this saying he “*doesn’t take part in decision making because they have leaders”.*

It is clear that all members of the cooperative take part in the decision making process and that the vast majority feel their views are represented but it may also be the case that this is because they want to put in as little effort as possible into the process or because they feel the leaders either should be the ones to do it or that they themselves cant help with it. This passiveness is not a huge problem in the short term as the current leaders can take most of the burden of decision making but it becomes a bigger problem in the long-term as Francois Gakura from CARITAS explains: “*After period of management (2 or 3 years) must hand over control. But next people who take job are never good. Not everyone has same intelligence to run cooperative or get involved in decisions*.” This, Gakura says, is a big problem – because members fail to get involved in the running of the cooperative it runs into difficulty when the law insists the BoDs change. The cooperative management then goes on a downswing performance wise only to recover in time for the next change. So even if the members feel the cooperative decision making is in good health in the short-term, the long-term effect could be damaging to its continuing progress.

**3. Training**

Training is seen by the government and NGOs as a major benefit of cooperative movement in Rwanda. As has been noted in the previous chapter the RCA focuses on governance training and the RAB focuses on the more technical aspects of farming. Other institutions also participate in training of inputs, production, processing and marketing. Cooperatives are seen by these bodies as an easier vehicle to conduct training in comparison with trying to educate individual farmers: “*Through cooperatives you can channel information to a large amount of people”* - Jean Claude Izamuhaye (RAB Head of Northern Agricultural Zone Division).

In terms of the numbers of members interviewed there were 20 who had been part of a training session and also 20 who had not. Much of this training was second hand, i.e. the leaders are taught by an NGO or government agency and then in turn teach the farmers. As the BoDs get limited training and have relatively poor educational backgrounds it can be assumed that the quality of second hand training the normal members receive is poor. For this reason the training can be seen as a factor in explaining the misunderstandings or discrepancies in the perspectives of the farmers over the functions of the cooperatives in comparison to other bodies. If the government wants to take a lead and show the farmers how a cooperative should be run they must give better training to the farmer members of each cooperative, not take shortcuts and expecting the BoDs to fulfil this function. It seems to be a problem of capacity for the government in getting the right quality and quantity of training to the farmers.

*Textbox: Future thinking*

When asked about future plans the Rwandan farmers would answer in terms of the near future (i.e. the next harvest) or in terms of the span of their lifetime. For instance when asked how long they expect to stay in their cooperative many, if not most, farmers replied they would be a member until they died and then their children would take over. On the other hand asked about the plans of the cooperative the answer would relate to an improvement in technique or crop in the next harvest cycle.

This mindset meant that it was hard for the cooperative (or institutions that worked with them) to set up medium-term plans such as investment in facilities that would cover a 1-5 year period as the farmers do not think in these terms.

From the farmers perspective there seems to be a desire for more training, although possibly not the type they will receive. According to the President of the CORINYABURIBA (Rice) “*The training is not really for farmer members,* [it is about] *how to control the cooperative and how to run cooperative – given to some members (not all) by RSSP and RCA.”* So the focus of a large part of the training is to the BoDs only and is orientate towards the governance of the cooperative. He goes on to say that “*It is good to get training but can’t do it for all the members – need more training as current training is not enough”.* So in the opinion of these farmers they would like more training, focused on the normal farmer members – this would imply production technique training but possibly training to gain insight into the cooperative governance as well. From the point of view of the other institutions they see the governance aspect as the main problem of the cooperatives – in the opinion of the NAEB “*Poor management of cooperatives. NAEB try to strengthen cooperative and help conduct audit to know what is the problems. Use training to improve management.”;* the RCA “*Bad governance, need to build leadership of country and cooperatives.”;* CARITAS Rwanda “*To get the organisation of cooperative, the management of the cooperatives. This is the main objective of PASAB – to make sure of the management of activities”.* So for them this is the area they naturally focus on. They see the cooperatives in an early stage of development, one that must be nurtured. Whereas the farmers do not see this long-term plan, they (like most Rwandans) focus on the present and near future (see Textbox: Future Thinking) so if they do not benefit from the cooperative now they see no point in investing their time into making it something in the long-term future. This is clearly a problem for the whole cooperative movement if this gap between visions is not filled. In the case of the rice farmers it becomes a much bigger and more immediate problem due to the power the government has to remove any farmer who does not learn quickly enough.

**4. Concern for the community and cooperation amongst cooperatives**

The eight cooperatives studied in this research are at different stages in terms of their performance and development. Two of the easiest categories to see these differences in are ‘Concern for the Community’ and ‘Cooperation amongst Cooperatives’. The COIMU (Potatoes) cooperative in Jenda has by far the highest share price at 300,000 RWF. The cooperative has been very successful and has now started to get involved in projects that help less well off people in their community. The farmer members interviewed described projects for local road construction, giving cows to their poorest neighbours and the facility for local non-members to gain a loan for school fees. Not only was there a variety to these projects but out of the eight cooperatives interviewed this was the only cooperative who did any such projects at all. In terms of cooperation amongst cooperatives the members knew that the cooperative was heavily involved in a union and federation for the purposes of price collusion and advocacy. This saw this as one of the main reasons to be in the cooperative as they benefited from higher prices and high-level influence and help from other institutions. Again, although other cooperative were involved in similar unions the farmer members did not see the real benefit of this. The COIMU (Potatoes) cooperative is clearly at a further stage of development than most of the other cooperatives studied in this research and as part of this the awareness of the normal members is also at a high level. This means they are more willing to invest time and money into the cooperative as they can see the personal gains they will receive as a result of it.

***6.3 Perspectives of the Cooperatives***

Following on from the section focusing on the governments’ perspectives on the cooperative, here we will analyse at how the BoDs and farmer members see them.

**2. Farmer Member Perspective**

Members in five of the eight cooperatives had little or no choice in joining the cooperatives due to the monopoly status afforded to the buyers they were selling to. This means that many of the farmers interviewed were likely to want immediate benefits or at least returns in the near future to be happy.

However, for many of them it was just an inconvenience, hence Lazar, member of COBIMU (Potatoes), saying he doesn’t take part in decision making “*because that’s what they have leaders for”.* For these older farmers (Lazar was in excess of 80 years old according to his grandson) they have always worked for themselves and have managed this way so they try to oppose any extra work in their already busy schedules. As has been oft noted by the government officials and NGOs the mind set of the farmers is of growing enough food for themselves and their families. If they have extra they will sell it to the market for money. Thus many don’t understand the benefits of having a cooperative if they are already managing this themselves.

When asked why they were not part of a cooperative many non-members (such as Mr Haet) replied that there are no returns on the shares they have to buy or that the share is too expensive. This is probably because they did not see the other ‘new’ benefits of being in a cooperatives apart from being able to grow food for your family.

Similarly other members saw the cooperative as an easier way to get to such things as inputs, credit and health insurance. For them joining a cooperative means farming the same way as before plus getting these benefits for the cost of attending a few meetings.

However, once part of the cooperative, all members said they would never leave, possibly because they had realised other benefits or opportunities that are available to them that they could never dream of having as an individual farmer.

**3. BoDs**

The BoDs in each cooperative studied were understandably more knowledgeable and enthusiastic about the cooperative than the average member. This seemed to be for a number of reasons; one, they had been exposed to the trainings of the RCA and NAEB/RAB as well as having the opportunities to visit other cooperatives. This exposed them to the possibilities that they could achieve with the cooperative. Secondly it could be said that had more immediate influence over their futures, having to conceive of the cooperatives plans and being privy to its dealings with other institutions. Whatever the reason the most of the members of the BoDs could give examples of what the cooperative wanted to achieve in the medium to long term as apposed to the farmers who mainly thought of the immediate.

***6.4 Conclusion***

There is an obvious gap between how the farmers see and treat the cooperatives and how the government and other institutions envision them. For many of the farmers that were interviewed the cooperatives were created for them and for some farmers there was no choice but to join them. Thus when procedures are set out for them they seem more motivated to carry them out by the threat of a fine that through motivation to work for the cooperative. This is evident when asked about rules and regulations of the cooperative when the farmers are most knowledgeable about issues that relate to fines. At the same time they are not willing to spend more time than is necessary with the cooperative, many see the leaders and government (or NGO depending on the cooperative) as in charge of the decision making and future plans rather than themselves.

Another effect the intervention of outside parties having in the cooperatives is the differences in opinion over what the main benefits of the cooperative are. For many farmers they are non-farming related; such as school fees, loans and health insurance rather than a platform for investment or way to empower groups of people. Much of this may have to do with the ‘mindset’ of the people in Rwanda who are not used to this type of thinking in the medium to long term, this means that they fail to recognise and take action on opportunities that may be there.

Differences in cooperatives also have an impact on the input from farmers. In cooperatives that can sell to the open market, specifically the potato and storage cooperatives in this research, have made more investments and been more successful in developing the cooperative than the cooperatives who have to sell to a monopoly buyer. This is possibly because the benefits of making extra effort in the cooperative are more tangible and immediate, i.e. higher prices for processed crops, rather than for the cooperatives further down the scale who are still working on problems of governance and organisation. For the other cooperatives, especially those who are less developed, it may be an issue of needing more training. Not many of the farmers interviewed had had first-hand training about the cooperatives. Teaching the benefits of the cooperatives by outside institutions such as NGOs and government would entice more participation in the running of the cooperatives from the farmers. However, instead of doing this the government often tells farmers that rules which are only suggestions in the legislation are actually laws punishable by fines. This further takes control of the cooperative away from the farmers and to the government.

Chapter 7 – Chain Dynamics and Opportunities

By entering into more formal institutions such as the cooperatives farmers can build up relationships with agribusiness and other organisations to buy from and sell to. These chains are an important way to move from subsistence to modern farming by linking into bigger markets, some even outside Rwanda. Since Rwanda entered into the free market in 1995 the opportunity has arisen for cooperatives to get the maximum possible value for their produce by seeking out new markets and opportunities. Also, by grouping together the cooperative can access more credit facilities with which they can invest in equipment and expertise that will increase value to their product.

This Chapter will answer the questions “What role do the cooperatives fulfil in commercial agriculture nationally and internationally?” as well as adding to “What structures and institutions influence the cooperatives and how?”

***7.1 A new institutional vision***

After the genocide in 1994 the entire structural and institutional backbone of Rwanda was torn out. With no basis for investment there was no confidence in doing anything other than fending for ones self through subsistence farming. This issue was borne out in the statistic that was so prevalent by the time the Government of Rwanda announced its ‘Vision 2020’ – 90% of the population was involved in subsistence farming.

By creating the cooperatives and linking them with businesses and other institutions in and around Rwanda the government was creating a value chain. In doing this the cooperatives are able to get better access to markets and expertise. However because they are small and almost all completely new start-ups the cooperatives will inevitably be dictated to by the bigger, more powerful business they deal with.

According to the literature, some large actors have control over an entire chain and therefore on the producers (Humphrey & Schmitz, 2008). Gere emphasised that many chains are characterised by a dominant party that influences the chain as a whole. These lead firms become responsible for the upgrading of individual links and the coordination between links (Gere, 1999).

When a countries economy evolves around subsistence farming it becomes stagnant and one-dimensional as there is not enough free-flowing capital to incentivise entrepreneurs into creating other areas of industry. The lack of money exchanges means people are forced to continue subsistence farming with no option of changing there main source of income or to invest in improving it.

*Figure 7.1 – Value Adding by Sector*

When creating the cooperatives in Rwanda the Government also intended them to be a basis for investment and diversity in their operations (coupled with the improvement of the institutional framework in the rest of the country). As can be seen from *Figure 7.1* crop and animal production in Rwanda can be an industry that can use investments to diversify the portfolio of products and create added value for the farmers. These opportunities have been taken advantage of in recent years with an almost tripling in value associated with value adding activities since the year 2000, with steady rises since the RCA was created in 2007.

***7.2 Chain Governance***

Chain governance shows how power is distributed throughout a series of organisations that interact with each other through transactions. Below is an analysis of how three different situations and circumstances affect different chains and how these impact on the success of the cooperatives.

As can be seen from Table 7.1 (below) out of the eight cooperatives studied in this research only four of them do not sell to a monopoly buyer (i.e. a only four have a choice in who to sell their produce to). Thus only these four have a realistic chance to climb up the value chain and increase the value of their product in their own vision. These firms are also normally responsible for other important transactions such as procuring seeds, fertilisers and marketing the product, this further strengthens the buyers’ power in the chain.

**1. Monopoly Chains**

***Pyrethrum Sector***

When one company is in control of all its suppliers in a monopoly situation there is a strong power dynamic at the heart of the relationship. The pyrethrum sector and Horizon SOPYRWA is one such example of this. Three of the cooperatives studied deal with this company, who also have a construction and logistics wing. Created in 2007 out of an arm of the Rwandan Ministry of Defence their aim is to “*To pursue self sustaining and profitable business ventures in various sectors that support Rwanda’s development and the East African Region.”* They have gained a certain amount of notoriety in Rwanda amid claims of abuses of power and overzealous tactics, including reported physical violence against pyrethrum farmers (Higgins, 2013). On the other hand the state-owned newspaper The Rwandan Times credits Horizon with being “*a good ambassador of the military to the civilian population”* and bringing prosperity to people who work in the pyrethrum sector(Rwandan Times, Supplement 156, 2011).

|  |  |  |  |
| --- | --- | --- | --- |
| **Cooperative:** | **Main Buyers:** | **Monopoly** | **Relationship** |
| **ABAKUNDIBIRETI (Pyrethrum)** | Horizon SOPYRWA | Yes | Good |
| **COBIMU (Potatoes, Pyrethrum)** | Horizon SOPYRWA (Pyrethrum),Open Market (Potatoes) | Yes (Pyrethrum), No (Potatoes) | Bad (Pyrethrum), N/A (Potatoes) |
| **COIMU (Potatoes)** | Open Market | No | Good |
| **COOPTHEGA (Tea)** | Nyabihu Tea Factory | Yes | Good |
| **CORINYABURIBA (Rice)** | Mayange Rice Factory | Yes | Bad |
| **COVAPANYA (Storage)** | Open Market | No | Good |
| **JYAMBERE SHYA (Pyrethrum)** | Horizon SOPYRWA | Yes | Good |
| **TWIVANEMUBUKENE (Employment)** | RAB (Employment), Open Market (Crops) | No | Good |

*Table 7.1 - Cooperative Relationship with Buyers*

Their reputation aside the company has certainly been a major player in the pyrethrum sector since 2007 when they took over the running of previously nationalised pyrethrum factory in Musanze (the only pyrethrum factory in Rwanda). In the words of USAID Agribusiness Specialist Fina Kayisanabo *“…before Horizon the factory was mismanaged - it was a mess. [Since they took over the] price has increased from 600RWF to 1048RWF per kg”.* They have also invested in facilities at the factory to meet new international quality demands as well as helping the farmers in projects to improve their yields. These include buying them drying tables in a joint project with a group called the ‘Global Development Alliance’. These tables allow the cooperative to sell dried pyrethrum which increases the quality and resulted in a small increase in price. Although this seems like a move that would increase the profits of the cooperative it is actually not that clear cut – before it was the factory who conducted this process so they have just passed on the problem to the cooperatives. Also, as the cooperatives cannot sell the pyrethrum to anyone else the investment in the tables doesn’t move them further up the value chain as the factory are still in control of prices the processed product is sold at.

When the COBIMU (Potatoes, Pyrethrum) cooperative complained about these developments and wanted a price increase Horizon SOPYRWA finally relented and gave them an extra 32 RWF per kg. This increase was seen as paltry as their other crops (potatoes) deliver a far higher yield for the same area planted. When asked none of the three cooperatives involved in the pyrethrum sector had any future plans that involved any sort of investment that would increase the value of their product. Their main aims were to increase yields, pay for health insurance or increase the size of membership or land.

As can be seen from Table 7.1 two of these three pyrethrum cooperatives do say they have a ‘good’ relationship with the factory. They mention the fact that Horizon SOPYRWA are in regular contact with them and have been part of the projects to build them facilities such as drying tables and storage sheds as well as giving them inputs and training. However they also said that the price they were given was still not good enough – even though it has risen in the previous years. The other cooperative, COBIMU (Potatoes, Pyrethrum), complained that the relationship was bad. This was because of the refusal to give them what they thought was a fair price for their yield, it was also noted that Horizon SOPYRWA had not invested in any facilities for this cooperative.

From these cooperatives’ point of view they have no opportunities to move up the value chain in the pyrethrum sector because of the power of governance afforded to the factory due to its monopoly position. They are even now resigned to poor prices being paid for their yields as past requests for increases of 1% would not have even beaten the inflation rate of about 5% the country for 2013 (NISR, 2013). At the same time the situation will not change in the near future because of the improvements the company has brought to the pyrethrum sector as a whole. Increases in production and the need for their expertise to meet international standards gives them a favourable standing with the government and NGOs who work with them. This is evidenced by USAIDs approval for Horizon SOPYRWA by working extensively with the company.

***Tea Sector***

The tea industry has been organised by NAEB so that there is one tea factory for each region so the tea farmers have no choice over who to sell tea to. In the case of COOPTHEGA (Tea) this was the Nyabihu Tea Factory who are part of the Rwanda Mountain Tea company, one of the biggest tea groups in Rwanda. Not only do the farmers have no option but to sell to this factory but they must also be a member of the COOPTHEGA (Tea) cooperative to do so. Much like the pyrethrum factory this tea factory was privatised in 2006, at which point the government told the farmers to group into a cooperative and sell their produce to it. The cooperative own 10% of the factory which means they get a share of the profits and have a seat on the Nyabihu Tea Factory’s BoDs. However apart from this there is not much the cooperative farmers can do to move up the value chain. International standards determine the price and quality of the tea leaves which means tea is a commodity product that the cooperative cannot do much with to increase its price or diversify their product - “*It stops at the factory level*” is a summation of the situation given by Aimable Sibomana, a member of the BoDs.

Again this cooperative reports that they have a good relationship with the tea factory. This is backed up by the Director of the tea factory, Jean Claude Murenzi, who said they work very closely together to create the maximum possible benefit for each. This incudes discussing targets, giving inputs and quality so that both *“can gain from the relationship”.* So the factory and the farmers both realise the benefits of working together, they have increase production and create a stable and friendly relationship where each can benefit from the others hard work. At the same time there does not seem to be any other avenues of diversifying products or investing for the future. In terms of future plans they focus on increasing land and production.

***Rice Sector***

Rice farming in Rwanda positions itself differently than any other crop due to its specific circumstances - it is a staple crop not focused for export yet it is very much controlled like one that is. This is because all farmland used to grow rice in Rwanda is owned by the government who are actively trying to increase its size and productivity through the Rural Sector Support Program (RSSP project). This is because rice is seen as a way to further secure food security in Rwanda and can be grown on the otherwise unproductive marshlands in this land scarce country. Also because of the need to process the rice and the lack of competing factories to do so there is normally a monopoly buyer, as is the case for the CORINYABURIBA (Rice) Cooperative in Bugesera. Members of this cooperative complain that the factory owner is “*corrupt and stole money from the cooperative… The government brought the factory here*”, Betty (Member of CORINYABURIBA, then goes on to say that she can “… *see the cooperative cant change this situation itself”.* A member on the BoD, Emerence, also complained that the prices from the factory were not good enough, something which they have no control over.

The inputs they receive come from the RAB who want them to increase production to help increase the food security of the country. This body of institutions helping the cooperative also serve to limit the opportunities for the cooperative to diversify and move along a value chain. However, at this stage of the cooperatives development it would most likely collapse without them as the membership is not strong or experienced enough to survive on its own.

**2. Open Market Chains**

***Potato Sector***

Potatoes, like rice, are a staple crop in Rwanda and the backbone to the country’s food security. When the price went up too much in 2013 it caused such acute problems for the population that the Northern Province (where most potatoes are grown) Director for the RAB was almost dismissed. Part of the reason for this is the success of some potato cooperatives in the area. The COIMU (Potatoes) cooperative in Jenda, for example, sell potatoes on the open market. In order to maximise the price they can get for their potatoes they are part of a union numbering more than 1500 farmers in the Northern Provence. This allows them to gain control over the price of potatoes by forcing all members to only sell at an agreed above market price. It also allows them to sell to markets in further afield parts of Rwanda than usual because of the economies of scale of such a large group of farmers has allowed them to buy a truck for transportation. Now that COIMU (Potatoes) has made many profits they have started investing in facilities such as a processing plant and storage, this has resulted in the share price rising from 10,000 RWF to 300,000 RWF.

Tellingly previous president of the cooperative Mayso said the cooperative were now trying to grow their own seeds as the RAB were the only ones who sold seeds at present. This, along with plans to build a plant that processes the potatoes into chips, are clear examples of the cooperative trying to move up a value chain and diversify a product without the hindrance of a monopoly buyer. The cooperative, worth its active participation in the union, is a clear example of how a cooperative should and could help make a real difference in the profits of the farmers and food security of the local population if given the right conditions.

**3. Value Chain Orientation**

The COVAPANYA (Storage) cooperative in Nyamata in the south of Rwanda was created specifically to provide a basis to improve the position of the farmers in the value chain of their crop sectors. Before the cooperative agribusiness would come to buy the crops at harvest time when the supply was plentiful, meaning the price was low. The farmers had no power to bargaining as the produce would perish if not sold quickly. This is the poor bargaining position stipulated by Centner (1988) *“…when their products are ready for the market as they need to sell them and so may need to accept low prices*.” With help from CARTITAS Rwanda they built a storage facility so the farmers’ crops could be stored well after harvest time without perishing. This meant they could sell them when the price was at its highest, often well after they used to.

In this cooperative one of the main tasks of the BoDs is to find information on the best place to sell the cooperatives products and to keep expanding the areas across Rwanda they are selling to. According to the president of COVAPANYA (Storage), Mr Droser, this means they now “*Do not have a limit on how much they can sell”* because of the amount of buyers they are in contact with. By focusing on the marketing element of the farming process the cooperative is using the free market to its advantage, using the ability to store the potatoes and the knowledge of where the best prices are to gain the most favourable terms of sale.

The COVAPANYA (Storage) cooperative has also invested in processing facilities for its cassava crop. By buying drying tables and a processing machine the farmers can now diversify their produce by selling the paste which is used to make ‘Buddy’ (a traditional Rwandan meal). This paste can be sold for more than the unprocessed cassava and also enables the farmers to have another income source. Such has been the success of this processing facility that they are looking into ways of processing other crops such as potatoes.

CARITAS Rwanda, who work with the COVAPANYA (Storage) cooperative, say that helping the farmers with crop production is not their main focus. They believe that the farmers are good at that aspect of the business, it is the marketing of the crops and governance of the cooperative that are the main issues.

***7.3 Perspectives of the Cooperatives***

**4. NGO Perspective**

CARITAS Rwanda - who work on a similar, if more hands on level as the government departments – see cooperatives in a more direct way as benefitting the entire population. Their main objectives are to reduce poverty and insure food security and they see the cooperatives as the best way of doing that. Like the RSSP and NAEB they feel the need to create the cooperatives themselves, after identifying a group of farmers they can help. Once the cooperatives are founded they concentrate on governance and organisation aspects and only once they are pleased with these they move onto more technical aspects of training (which they see as a lesser problem). Unlike the government departments they focus on the success (or lack of) of each individual cooperative; however they are also happy to work with the government departments. They believe that better access to inputs and buyers leads to bigger and sustainable profits for farmers who *“…can develop together with their neighbours”.*

USAID work in a different, more hands-off way. They are mostly bureaucratic and work with other institutions such as private businesses and other NGOs to try and reduce poverty in the country. They see cooperatives as providing a more stable and productive supply of products for the country in terms of food security and providing for other markets – in the words of Fina Kayisanabo (USAID Agribusiness Specialist); “*[in many cases] the market is already there – just need to increase the capacity of the farmers”.* By selecting a few value chains (such as pyrethrum, coffee and potatoes) USAID believes it can build the capacity of cooperatives and connect them to other institutions. From the perspective of USAID the cooperatives are the missing link in the success of value chains in the country.

Both these NGOs focus more on the post-harvest activities such as marketing and processing. For USAID they see available markets that need a steady supply from farmers and work towards creating cooperatives that can do this. They help with any issues in the chain such as communication with other organisations and with making sure the crop is processed to international standards. CARITAS Rwanda recognises that the farmers already have expertise in the production side of the process, and have help from government institutions to improve it, so focus on the marketing of the crop. As they work with non-export crops the markets are often not as formal yet, they help the farmers build relationships with different and bigger markets so they can get the best possible price or their crop. As well as this they try to add value by encouraging investments in processing and storage facilities.

**5. Agribusiness Perspective**

The two agribusinesses that took part in this research – Horizon SOPYRWA (Pyrethrum) and Nyabihu Tea Factory – both had a similar perspective on the cooperatives. They felt that the cooperatives would supply them with a more stable level of quality and quantity. For Horizon SOPYRWA this means that the production of pyrethrum they receive *“…has quadrupled in the last four years”* – Jerome Mureramanzi (Crop Production Manager, Horizon SOPYRWA). It also means that the company can more easily be in contact with its 37,000 farmers and pass down innovations and inputs to them. From their point of view the cooperatives represent more formal suppliers that they can have more constructive interaction with. They do not go as far as to call them a workforce (pointing out that all decisions are kept to the cooperative), but the relationship is more effective than before.

In the case of the Nyabihu Tea Factory the cooperative they work with is actually a partner of theirs, owning 10% of the factory, and describe them on their website as “*Outgrowers”* (Rwanda Mountain Tea Website, 2014). This means that the cooperative have a member on the factories board. This, coupled with a need for more and better quality tea, means that the factory has a big interest in making the cooperative successful. The formalisation of the relationship means they can better communicate with the cooperative and help them get better inputs, which in the end benefits both parties.

In each of these cases it can be said that the NAEB and RCA have played large parts in formalising the relationship between the cooperatives and the agribusinesses. The businesses have then taken this on and worked with the other parties as a result of the first impetus.

***7.4 Mutual Benefit***

From the information presented on the five different perspectives on cooperatives from the Government, Farmers, BoDs, NGOs and Agribusiness we can see the benefits that the different parties gain from the cooperatives. The government departments want to grow the entire economy (and especially exports) to make it bigger and stronger. In doing this they need to more easily access the farmers to help and guide them and they see the cooperatives as an easier way to do this. They hope this method will also mean benefits for the farmers in the medium to long term when they become ‘High level Cooperatives’.

Agribusiness need the supply chain to be more productive and also respond to the markets needs, both in terms of quantity and quality and so want better links with the farmers. They benefit from the governments intervention in organising the farmers into more organised groups because they can more easily work with them and work on ways to fulfil often mutually beneficial needs.

The NGOs role is somewhere in between. They recognise the ability of the cooperative movement to supply sustainable, equal development to large amounts of people at the same time. By working in a more hands-on role, like CARITAS, they can make sure that individual cooperatives can work in this way. By picking beneficial value chains, like USAID, they can link farmers to ready-made markets that need them in what should be a mutually beneficial relationship.

***7.4 Conclusions***

Centner (1988) wrote that there were three types of market failures in relation to cooperatives. Firstly, oligopsony - meaning that farmers may have few choices for marketing their products and little control over the prices they receive for their product. Cooperatives may contribute to alleviating this by securing market access to farmers. The second failure is asymmetric information, which occurs when producers cannot differentiate between quality and non-quality products. Though the ownership of the processing or merchant they are supplying the farmers can reduce this risk. Thirdly, he points out that farmers are in a restricted bargaining position when their products are ready for the market as they need to sell them and so may need to accept low prices.

We have seen examples of these three problems in the research presented above. It has also been shown that in some cases these problems can be alleviated by cooperatives entering in value adding activities. At the same time it has been shown that in some circumstances the barriers not been overcome and the market failures persist, even when the farmers are organised into cooperatives.

The value chain aspect of the cooperatives has been shown to be beneficial to their development. Increases in the value of the crops the farmers are selling give a direct benefit to the farmers by providing them with more money and a more diverse portfolio of products to sell. This is helped by using the free market economy by seeking out the best markets across Rwanda and sometimes further afield. By harnessing the collateral of the cooperative they can get access to money to invest in the necessary facilities to allow them to do this as well as group together to carry out tasks such as marketing the crops. Furthermore it is easier for NGOs, agribusiness and government departments to help the farmers if they are grouped together. We have seen that it is often with the impetus outside institutions such as these that initiate the investments in the cooperatives.

However, as has been shown it is also very much down to the circumstances of each individual value chain as to whether there is an opportunity to take advantage of this. In the tea, pyrethrum and rice chains the monopoly position of the factories stops the cooperatives from accessing the market themselves. This structure of monopoly factories is supported by the government and NGOs because of the perceived need for advanced expertise and investment in processing and marketing these specific crops. As a result these cooperatives find it hard to develop past producing commodity crops and have no control over prices. For these cooperatives a close relationship, perhaps punctuated by owning shares, with the factory is the main goal.

For the other cooperatives the ability to access the free market and control over how to invest in new facilities has brought new opportunities to develop their cooperatives and increase their wealth.

Chapter 8 - Conclusions

The agricultural sector in Rwanda is very important to the country, both in terms of its economy and to the livelihoods of a large percentage of the population. But the low productivity of the sector and the scarce land available in the country means that there needs to be changes for it to reach the goals set out in the governments ‘Vision 2020’ plan to increase the country’s standard of living.

To do this the government has focused on the institutional component of the agricultural sector, because it favours a top down approach, investing in cooperative farms to organise the farmers. This allows them to help deliver the inputs and expertise to the farmers in order to create a modern farming sector.

Traditionally the farmers of Rwanda have been smallholders who have not invested in processing facilitates or other post harvest activities such as marketing. To solve this problem the government has established a network of other institutions and departments as well as inviting the expertise of agribusiness and NGOs to help the cooperatives. Part of this is the umbrella of cooperative organisations that creates a pathway from the farmer on the local level to the federation on the national level. Similarly the government departments such as the RCA and RAB and NGOs such as CARITAS Rwanda have been decentralised so they can also operate on all levels from local to national. This network is designed to create flows of information in both directions and from one chain of institutions to another.

At this early stage of the cooperative movement many of the cooperatives are still undeveloped and have major problems with governance which most of the training and expertise afforded to them focus on. But for the farmers, many of whom did not have a choice in whether to join the cooperative, the returns on the effort required to make the cooperative work are not immediate enough to entice them to have more involvement in the cooperatives’ decision making. This is especially true in cooperatives who are in a value chain were there is a monopoly buyer and thus the cooperative has little room to create added value or control the price of their produce. This has the effect of making these cooperatives largely influenced by other institutions – they are not as autonomous as they should be. In some cases they are little more than pseudo employees of a nearby factory.

A large part of the focus from government and NGOs is on connecting the supply chain to the market for the benefit of agribusiness and the farmers. Chain governance dictates that the cooperatives will not have much control in many of these situations due to other organisations in the chains having more power and expertise. However in the situations where there were opportunities to add value to the product the member of the cooperatives were far more proactive and were able to increase their profits and the help out less advantaged members of their communities. Examples like this are the optimum result for the cooperative movement – they increase the production of the farm land as well as increasing the living standards of the farmers and others in their communities.

The cooperative movement in Rwanda cannot be seen in isolation from the agricultural sector in the country. The cooperatives are just one part of the overall vision to transform this sector to increase productivity, food security and exports. Thus much of the efforts of the governments and NGOS concerned with the cooperatives go into supply chain dynamics and supporting agribusiness. The cooperatives themselves are still considered by the institutions involved with them to be in their infancy. These institutions see the cooperatives as being vulnerable and unable to survive on their own. For this reason they are trying to build up their capacity and governance aspects so that they can be more efficient but also more of a stable institution to the rest of the agricultural sector. This means that the farmers are often seen as just one component in the long term vision to transform the sector rather than their development being the focus for success.

In terms of policy implications the information presented in this thesis makes it clear that more emphasis must be placed on aligning the vision of institutions such as the government, NGOs and agribusiness with those of the average farmer member. In practical terms this means more quality (i.e. not second hand) training and explanation must be given to the farmers about medium to long term benefits of cooperatives - the post harvest opportunities. If the cooperative movement in Rwanda can get the farmers to understand these then they will be more willing to invest time and money in the cooperatives which will be a key determinant in the future success of both the farmers and the agricultural sector as a whole.

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Appendix 1 – Farmer Member Interview Questions

*Short introduction to explain who we are and why we are doing research.*

Name:

Crop(s) Grown:

Size of Farm:

Position of member:

**General Information**

**A: Cooperative Principles**

1. Which cooperative are you a member of?

- What is the purpose of the cooperative?

2. When did you join?

- Why did you decide to join?

3. Who was it founded by (members, government, NGO)?

-And how? What was the process?

4. What positions are the farmer members in (board, management)?

5. How is the cooperative organised?

- What roles are involved besides the farmers?

6. Are the board members also the managers?

7. What services do you obtain from the cooperative (input products, loans, marketing, processing)?

8. How have these services been able to help you?

9. Do you share the profits of the cooperative?
-After how long is it before they share?
-How? Proportionally? Per Farmer?
-Where is the money kept? Bank account? Safe box?

**B: Participation and Decision Making**

1. What is required to be a member (Annual Fee, Duties)?

-Do you sell your products to any other buyers?

2. How do you take part in decisions of the cooperative?

3. Where you involved in the process to decide the leadership?

-How/Why not?

4. Do you feel your views are represented?

- Why/Why not?

**C: Internal Communications**

1. How often do the board members listen to the input from members?

-In what form is this taken (meetings, informal discussion)

-How often do you participate in these discussions?

-Why/why not?

2. Is there a complaints procedure?
-Have you ever undertaken this procedure?

3. What is the disciplinary procedure for punishment of rule breaking?

4. Do you take part in any training processes?

-What are these?

-How often do they take place?

-Who leads them (NGO, cooperative, RAB, RCA…)?

5. Do you see yourself in the cooperative for the long-term?

**-**For what reasons?

**D: Influence of outside institutions**

1. Do you ever have any direct interaction with other bodies (government, NGO, agribusiness)

-What does this involve (selling, buying, training, other services)?

**E: Influence on outside groups**

1. What is the perception of the cooperative from the local community?

-Does the cooperative carry out any activities which benefit the community directly?

-What are these?

2. Do you know any farmers who are not members of the cooperative?

-What are the reasons for non-members not joining?

**F: Final**1.What have been the main benefits of you joining the cooperative?

Appendix 2 – BoDs Interview Questions

*Short introduction to explain who we are and why we are doing research.*

Name:

Position:

Cooperative:

**A: Cooperative Principles**

1. When was the cooperative founded?

2. Who was it founded by (members, government, NGO)?

-What was the process in founding it?

-Is the cooperative registered with the RCA?

-What is the size of the land owned by the cooperative?

3. How many members male/female does the cooperative have?

-How is the cooperative structured (Board Members, Managers, members)?

-How many are in each position? Board members, Managers, farmers?

- Are there members of the cooperative who are not farmers?

4. Is the cooperative associated or linked to any other cooperatives/union/federations in the area?

-What do these links involve (collective buying/selling, training ect)?

5. How are the leaders and managers chosen (procedure, )

-What are there backgrounds, education?

6. Are the board members the same as the managers?

-What roles do the board members fulfil (brokering contracts, setting targets, overseeing production etc)

-How often do the board meet together?

-How often do the board meet with the farmer members?

7. What services does the cooperative offer to farmers (input products, loans, marketing, processing)?

8. Are these services available to non-members?

- do you buy products non-members?

**B: Board Member and Managers**

1. How do board members interact with mangers?

2. How are decisions made at this level?

-How much autonomy do managers have?

3. Do board members and managers disagree over certain matters?
-If so, what?

**C: Participation and Decision Making**

1. What is required to be a member (fees, contractual obligations, Duties)?

2. How do the members take part in the decision making process (Meetings, voting, etc)?

3. . Do you share the profits of the cooperative?
-After how long is it before they share?
-How? Proportionally? Per Farmer?
-Where is the money kept? Bank account? Safe box?

4. How do the following members take part in the decision making progress; men, women, youth and older folks, educated and less educated?

**D: Internal Communications**

1. How often do the board members consult farmer members over cooperative matters?

2. What is the complaints procedure?

- How often is it used?

-Why?

3. What is the disciplinary procedure for punishment of rule breaking?

-How often is it used?

-Why?

4. Are there training programmes?

-What are these for?

-How often do these programmes take place?

- Who runs these programmes (Cooperative, NGO, agribusiness, other)?

5. What is the long-term plan for the cooperative (expansion, increase in profits, increased mechanisation)?

**E: Influence of outside institutions**

1. What is the regularity of contact/communication with NGOs, agribusiness or other organisations?

-What are the reasons for this?

-**NGO:**

-**Agribusiness:**

-**RAB:**

-**Other………..**

2. How often do you communicate with government officials (local, national)?

-What issues are they involved in?

3. Do you receive any training, or funding from NGOs?

-Examples?:

4. Do you work with other cooperatives?

5. What is the influence of the federation or union you are part of?

6. Do you have targets set by the government or other outside institutions?

7. How would you describe your relationship with your suppliers and buyers?

8. Do you use credit lending agencies (from bank, lending agency ect.) ?

**F: Influence on outside groups**

1. What percentage of local farmers would you say were involved in the cooperative?

2. What are the reasons for non-members not joining?

3. How much control do you have over the prices you buy and sell at?

4. Does being a cooperative allow you access to bigger markets?
5. What has been the result of this (quality increases, price fluctuations)?

**F: Final**

1. What are the main reasons for joining the cooperative?

Appendix 3 - General Questions for NGO/Agribusiness/Government

*Short introduction to explain who we are and why we are doing research.*

Name:

Position:

1.How long have you been in this position?

2. What are the main aims of \*\*\*\*/your job?

3 What activities are the \*\*\*\* involved in with the cooperatives?

5 What involvement do you have in the founding of cooperatives?

6 What involvement do you have in the decision making of the cooperatives?

7 What changes have been brought on by working with cooperatives?(bigger markets? Quality?)

8 Have you entered into any joint investments with them?

9. What is your communication like with them?

10. Do you deal with non-cooperative members?

12. What changes have you brought to the cooperatives?

13. What benefits do the farmers get from being on cooperatives?

14. What is the influence of other institutions (government, NGOs) like in your interaction with the cooperative?

15. Does the government set targets for the cooperatives?

16. What do you think have been the changes, if any, in Agriculture brought on by the cooperatives?

17. What are the biggest problems you face with the cooperatives at the moment?