

# Rwanda's Recovery:

## Building Strong Business-Oriented Cooperatives

By Suzanne Berkey



Rwanda is the most densely populated country in Africa and one of the poorest countries in the world. Per capita income is \$210 with at least 60 percent of the total population living below the poverty line. Most rural households depend on small land holdings for subsistence survival. Production is furthermore declining due to decreased fertility as a result of continuous cultivation and soil erosion and due to limited access to inputs and to high-yielding varieties of key crops.

Rwanda is also still recovering from years of civil strife culminating in the 1994 genocide that resulted in 800,000 deaths. Technically trained people were lost either to the massacre or to migration. Ten years later Rwanda continues to face significant challenges and has a large population of vulnerable widows, orphans, refugees and returnees. Furthermore, HIV/AIDS has infected an estimated 11 percent of the general population, among the highest rates in the world.

ACDI/VOCA's USAID-funded Title II food security program in Rwanda has been operating since February 2000. This program was designed to address natural resource management, agricultural productivity and agribusiness development as well as to promote improved market access. These activities are funded through the sale of U.S.-donated Vitamin A fortified vegetable oil. ACDI/VOCA sells small lots through a sealed bid auction, thereby reaching numerous small traders and promoting entrepreneurship, price discovery and transparency.

The program has had significant success. One of the strongest components of the program is the provision of grants to local associations and cooperatives. These groups submit proposals based on what the members determine to be their needs as well as what the expected impact is intended to be, ensuring buy-in and commitment from members. If approved, ACDI/VOCA not only provides funding and technical assistance, but also works to create market linkages and to develop sustainable business strategies which will benefit the cooperatives in the long term.

The case of the Abahuzamugambi Cooperative in Maraba District, Butare Province, is illustrative of the kind of profits attainable by a



Coffee-washing stations like this one above allow cooperatives to produce higher-quality products.

cooperative. In 2001 and 2002, ACDI/VOCA joined with Michigan State University and Texas A&M University in the USAID-funded Partnership to Enhance Agriculture in Rwanda Project (PEARL) to assist the cooperative in the construction of a coffee-washing station for the production of fully washed coffee for the specialty market. PEARL and ACDI/VOCA helped the cooperative obtain Fair Trade status for its coffee. The cooperative members worked hard to produce high-quality coffee and when they marketed their first year's product, it received \$1.33/lb. for 13 tons from a London specialty roaster and \$1.36/lb. for 18 tons from Community Coffee, a Baton Rouge-based coffee wholesaler. During its first year, the co-op generated a net profit of \$32,000. Now, after their second year of operation, the cooperative is expecting to net a profit of \$50,000. One of the cooperative members, Mrs. Mukanalnoye, a genocide widow, reported to CNN journalists in May 2003:

"This cooperative has helped us greatly, because after joining it, many things have changed. For example, it was not easy to have this coffee and then we had to take it to the valley to wash it and carry it back to the mountain and dry it in the sun. Now we harvest and take it to the cooperative, and we get high prices, so now we are able to pay our children's school fees, our medical care, and we have food. We are much better off."

ACDI/VOCA also helped develop a relationship between the Cooperative for the Promotion of Rice in the District of Bugarama and the Rwanda Development Bank (BRD). ACDI/VOCA provided a grant for inputs while BRD provided \$90,000 for the purchase of equipment. BRD has primary responsibility for oversight while ACDI/VOCA provides technical support. The cooperative has now begun to repay its loan to the BRD. The co-op, which has not missed a payment yet, has a relationship and a credit history with a local financial institution on which to build.

ACDI/VOCA's efforts in Rwanda will continue to promote food security and the reduction of poverty through long-term business development strategies.

Suzanne Berkey is the assistant vice president for the Food for Development division.