



USAID
FROM THE AMERICAN PEOPLE

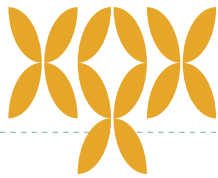
LAND O'LAKES
VENTURE 37



Learning Agenda Summary

COOPERATIVE DEVELOPMENT ACTIVITY 4 RWANDA AND MALAWI

June 2023



CD4 is advancing the competitiveness of cooperatives via research on locally defined learning agenda questions and through local and global dissemination of these findings.

Forward

Cooperative enterprises are a powerful mechanism for driving economic growth and social mobility. Since 2018, Land O'Lakes Venture37 has implemented the USAID-funded Cooperative Development Activity 4 (CD4) to strengthen the enabling environment for cooperative organizations in Rwanda and Malawi. CD4 provides tailored support to apex organizations to strengthen their business performance and self-reliance, enabling them to become a more powerful force for long-term sustainable development.

CD4 also transitioned the established cooperative learning platform to local ownership, driving both local and international research on the Rwandan and Malawian cooperative sectors. In 2019, Venture37 engaged TANGO International to conduct a qualitative baseline assessment for the project, including aggregating concerns from local actors on the broader topic of cooperative development. These concerns resulted in a priority list of questions – the learning agenda – to be answered through various research protocols and assessments. This report will highlight the key findings and recommendations for each question in the learning agenda.

Venture37 extends its gratitude to TANGO International, the research teams, and the international advisors and teams in Malawi and Rwanda for their contributions to this learning agenda.

We hope that this learning agenda can inform and improve cooperative development efforts to achieve global sustainability goals.



Local Context

Venture37 strategically selected Rwanda and Malawi for CD4 activities for several reasons. Apex organizations already existed in Rwanda, and both countries already hosted many established cooperatives with unrealized potential. Rwanda and Malawi's respective governments also expressed desire to support cooperative growth.

RWANDA

Over the past two decades, cooperatives in Rwanda have flourished. In 2008, there were already more than 2,500 registered cooperatives and 10,000+ pre-cooperative community organizations. That same year, the Government of Rwanda (GoR) established the Rwanda Cooperative Agency (RCA) to manage the registration and promotion of cooperatives. In 2010, the National Cooperatives Confederation of Rwanda (NCCR) was established as the national apex organization to oversee national-level federations, district-level unions, and primary societies. Today, there are more than 9,000 registered cooperatives within the country, comprised of nearly 4 million cooperative members.

MALAWI

In contrast, Malawi only had 681 registered cooperatives in 2013, and the Department of Cooperatives (DOC) within the Ministry of Industry and Trade reported that only 234 of these were active. In 2011, new legislation encouraged the establishment of new cooperatives in several sectors. However, the DOC has limited capacity to translate policy into specific actions. Furthermore, the national apex organization, Malawi Federation of Cooperatives (MAFECO), remains challenged with low membership and limited power to advocate for the broader sector.

Against this backdrop, CD4 is advancing the competitiveness of cooperatives in both countries via research on locally defined learning agenda questions and through local and global dissemination of these findings.

The learning agenda was developed using an iterative approach.

First, the activity hosted a full-day workshop wherein stakeholders identified key topics for the learning agenda. Stakeholders then proposed research questions for each identified theme. Participants were enthusiastic and engaged during the workshop: they identified 64 questions for the initial draft.

From this initial draft, criteria were set to narrow down the list. Potential research questions were eliminated if they: (1) were not specific to CD4 cooperatives or could be applied more broadly to the private sector or (2) did not require research but could be answered with pre-existing information. After the learning agenda was reviewed using these criteria, it was sent to participants for additional feedback and review, resulting in five final topics:

1. **Effective apex service provision, approaches, and modalities;**
2. **Youth and gender-based participation in cooperatives;**
3. **Role of the public sector in supporting cooperatives;**
4. **Primary cooperative service provision and decision making; and**
5. **Primary cooperative financial system.**

Key Findings



Which revenue models are cooperative apex organizations using to offer value to their members? Which revenue models generate enough revenue to sustainably support the existence of the apex organization? How can these models be applied in Rwanda and/or Malawi?

Research Insight for Learning (RIL)

RIL designed a practical application study, based on existing literature reviews, to identify and determine revenue models that could sustainably support cooperative apex organizations in Rwanda and Malawi. The study found that apex organizations in both countries are struggling to remain afloat, largely due to the fact that their activities are mostly project based and rely too heavily on donor funds. RIL recommends the adoption of innovative business models, such as joint business ventures, monetization of donor funds, or establishing commercial arms to engage in business activities to boost the capacity of cooperatives and generate revenue.

Participation of youth in agricultural cooperatives is low relative to the percentage of Rwanda’s and Malawi’s population classified as youth. How can youth involvement in agricultural cooperatives be increased?

Frank Andrew Associates (FAA)

Frank Andrew Associates examined the factors that contribute to youth participation in agriculture cooperatives in Malawi. Ultimately, findings indicate that many youths lack the financial resources to pay entry fees for cooperatives. FAA suggests that partners who work with cooperatives should consider lobbying for reduced entry fees for youth into cooperatives or consider subsidizing entry fees. Furthermore, a coordinated effort should be implemented by the government, private sector, and donor agencies to increase access to information and expose young people to cooperatives. This could be done by embedding cooperative education in academic curricula, improving market systems, and addressing the structural barriers that prevent youth participation in cooperatives.



apex organizations are struggling to remain afloat, largely due to project based activities that rely too heavily on donor funds



How do cooperatives use financial reports to make decisions?

Adventist University of Central Africa (AUCA)

Cooperatives that have adequate financial reporting systems are more likely to make informed operational, investment, and financial decisions. Research from the AUCA sought to understand how financial reports and systems are used by cooperatives in their decision-making processes. AUCA found that while cooperatives that have adequate financial reporting systems are more likely to make informed operational, investment, and financial decisions, financial reporting in agricultural cooperatives in Rwanda and Malawi is generally low and cannot provide useful or reliable financial information. This is because cooperatives' operational, investment, and financing decisions are rarely based on accurate financial reports. The University recommends that cooperatives focus on the recruitment of competent staff with robust academic backgrounds in financial management, accounting investment and operational decision.

How are cooperative policy, legal, and regulatory frameworks facilitating or hindering the development and effectiveness of cooperatives?

KiSS Investments Ltd.

KiSS Investment Ltd. sought to understand how the legal, policy, and regulatory frameworks guiding cooperatives play a role in developing an enabling environment, creating employment opportunities, building capacity, strengthening governance, and contributing to the overall function of cooperative organizations and their individual members. The research illustrated that existing frameworks in Malawi and Rwanda are sometimes helpful in facilitating the establishment of cooperatives but are for the most part, not practical enough to enhance cooperative organization's performance or overall development. In Rwanda, findings suggest that cooperative umbrella organizations assume certain legal and regulatory duties from national agencies, such as audits and approval of elected cooperatives leaders, in addition to adopting policies to govern value addition for their members' produce. In Malawi, KiSS recommends that the government remove restrictions on legal entities joining cooperatives to aid in capitalization of organizations, as well as greater backing from the national Registrar of Cooperatives to support continuous training and technical services to cooperatives.



Why are associations relatively stronger than cooperative organizations in Malawi? What policies, laws and regulations lead to this outcome?

Malawi University of Business and Applied Sciences (MUBAS)

Historically, associations in Malawi have seen greater sustainability and success than cooperative organizations. MUBAS completed a review of national, regional, and local policies, laws, and regulations to better understand how they factor into the success of associations. MUBAS found that while associations are typically stronger, members actually find cooperatives more impactful and rewarding, if they are professionally managed. However, poverty, illiteracy, access to finances, poor governance, lack of regulation, and poor coordination were found to be barriers to the growth of both cooperatives and associations in Malawi. MUBAS suggests that the Cooperative Development Department of the Ministry of Trade and Industry should consider increasing the provision of training for cooperatives to support organizations and the private sector. Additionally, governments should prioritize coordination between agencies working towards cooperative development, to better maintain and encourage the success of cooperatives and associations.

How did cooperatives and conventional firms differ in their approach towards resiliency during the COVID-19 pandemic?

University of Illinois Urbana-Champaign (UIUC), GENEX Cooperative, Overseas Cooperative Development Council (OCDC)

A consortium of research partners including UIUC, GENEX, and OCDC sought to identify the comparative advantages and disadvantages between cooperatives and conventional firms and understand how they impacted the resilience of each type of organization during the COVID-19 pandemic. Findings revealed that while conventional firms have consolidated decision-making structures in which CEOs delegate authority, allowing quick decision making, cooperatives often rely on community power and the commitment of their membership base to weather crises. Despite these comparative advantages, both cooperatives and conventional firms responded slowly to the pandemic and focused on adapting to daily challenges including lockdowns, curfews, and fluctuations in supply and demand, without making system-wide forward-looking changes that may have improved long-term resilience. Moving forward, cooperatives and service providers should focus on greater collaboration with each other during periods of stability as a means of improving their overall resiliency and continuity of services during challenges.



poverty, illiteracy, access to finances, poor governance, lack of regulation, and poor coordination were found to be barriers to the growth of both cooperatives and associations



How do gender and entrepreneurship intersect in rural Rwanda and what role does gender transformational work play in either hindering or accelerating women’s entrepreneurial success?

Picture Impact, Katie Carlson LLC and Paper Crown Rwanda

A consortium of researchers, led by Picture Impact, sought to understand the factors that contribute to or limit the success of women’s entrepreneurship. They evaluated whether learners who completed CD4-facilitated adult experiential learning sessions on entrepreneurial and business skills would have greater capability and opportunity to enact the entrepreneurship curriculum than those who had not. Despite initial assumptions, the research indicated that many of the gender norms faced by women entrepreneurs including male fragility, time poverty, and structural barriers were relatively similar across the intervention and control groups. However, the study also revealed that the gender transformative work was successful in helping women recognize gender norms as a barrier to success, while improving their confidence and eagerness to participate in future activities. This finding is significant given that a lack of confidence is a key limiting factor in women’s entrepreneurship. The study recommends that gender transformative approaches, supported through external pressure, resources, and opportunities must be scaled, sustained, and intersectional to achieve widespread changes in gender norms. Additionally, interventions should support women in growing their confidence, connections, and business skills through multi-pronged approaches, while continuing grassroots work related to gender-based violence.



the study revealed that the gender transformative work was successful in helping women recognize gender norms as a barrier to success

Overlapping Themes

These research findings encompass several overlapping themes that are both organic and curated, given the parameters outlined in the learning agenda. These themes include:

- Effective apex service provision, approaches, and modalities;
- Youth and gender-based participation in cooperatives;
- Public sector support of cooperatives;
- Primary cooperative service provision and decision-making; and
- Primary cooperative financial systems.

Apex organizations heavily contribute to the development and success of cooperatives.

In Rwanda, apex bodies like the NCCR generate some revenue through agricultural product sales, while their counterparts in Malawi rely largely on membership fees. However, RIL found that overall, **apex organizations in both countries struggle because the bulk of their activities rely too heavily on donor funds**. Innovative business models such as joint business ventures, monetization of donor funds, or the establishment of commercial funds can be used to generate revenue, but risk running into several financial systems issues. KiSS Investment observed that financial reporting in cooperatives operates at a relatively low-level across the board, and cannot adequately support operations, investment, or financial decision-making.

Cooperatives with adequate financial reporting systems are better equipped to make informed decisions regarding operations and investments.

Our research found that cooperatives should recruit staff with robust academic backgrounds and competencies in these areas. To this end, Frank Andrew Associates and KiSS Investment both suggest that the government, private sector, and donor agencies **engage in coordinated efforts to increase information and exposure to cooperatives among youth** by embedding related coursework into the curricula of schools and colleges. In addition to introducing and providing training on cooperatives among youth, stakeholders should also work towards reducing or subsidizing entry fees into cooperatives, because many young people lack the financial resources to pay these fees.

These findings also reveal the importance of the public sector's role in strengthening cooperatives.

In both Rwanda and Malawi, the **policy, legal, and regulatory frameworks guiding cooperatives were found to be impractical**. Rwanda has a huge number of cooperatives, which means that national-level approval processes for newly elected cooperative leaders are often delayed. Instead, it may be necessary to assign approval functions to smaller cooperative umbrella organizations to facilitate greater cooperative independence and autonomy. In Malawi, KiSS Investment has suggested that pre-registration trainings for cooperatives are decentralized to district councils to ease the burden of the registration processes and reduce approval times. It is imperative that governments strengthen coordination between agencies to support and encourage the success of cooperative organizations without hindering their growth.

CD4 is already implementing several activities that run concurrent to the recommendations outlined in the learning agenda.

To support informed decision-making and effective service provision by apex organizations and cooperatives, CD4 provides proximity coaching on financial management, governance, and business development services to primary cooperatives in Rwanda and Malawi. CD4 also hosts local and national Cooperative Learning Platform (CLP) events to convene cooperative organization and other stakeholders including peer organizations, donors, investors, and policy makers, thereby strengthening the enabling environment for cooperatives.



Recommendations for developing a learning agenda

1. Make it an iterative process.

We started this learning agenda process with a highly participatory workshop to define research questions but after the initial workshop, the activity staff led implementation with local research institutions. To improve the process, we should have had annual or at least bi-annual meetings with the initial design participants to:

- a. Re-validate the interest in research questions,
- b. Further define the research scope, and
- c. Recommend further adaptations as required (ex: how to respond to COVID-19)

Although these recurring meetings may have increased costs, they may also have resulted in better ownership of the research results.

2. Connect academic researchers directly to local researchers.

The CD4 activity staff often acted as an intermediary between the academic advisors and the Rwandan and Malawian-based research firms and academic institutions. We recommend linking local researchers directly with academic advisors and planning for international travel to support research implementation and relationship development. CD4 had planned to send academic advisors to support research implementation, but COVID-19 halted many of those plans.

3. Ask stakeholders to define the research questions, scope, and audience.

Although stakeholders thoroughly discussed and agreed on the research questions, they did not agree on the scope of the research. The CD4 activity team was often left trying to define questions such as: Who should be surveyed? What value chains should the research focus? Should only CD4 activity cooperatives participate? The stakeholders involved in defining these questions could have also clearly defined the scope, aligning it closely with the core audience of each specific research question and ensuring costs are reasonable.

4. Develop the research deliverable with the end audience in mind.

The end deliverable or research does not always have to be a lengthy research report. In some situations, a PowerPoint presentation or a summary brief may suffice. Ultimately, the end deliverable should be crafted for the end audience. For example, if the end goal of the research is to get published in an academic journal (ex: cooperative resilience research with GENEX and UIUC), a report may be necessary. Meanwhile, in other scenarios where the end audience is local cooperative membership, a shorter, more illustrated deliverable is often preferred.

5. Build in time for multiple reviews of deliverables.

Despite clear expectation setting during the inception phase of each research assignment, the Venture37 team still spent significant time refining end deliverables to ensure each deliverable was accessible to its intended audience. For each research deliverable, it took anywhere between one-to-two months to finalize a product. The activity recommends building in time for both the research team and reviewers to iterate and produce a high-quality final deliverable.



Acknowledgements

The CD4 learning agenda would not be possible without support from the following research teams and advisory committee members. Thanks to each of you for your commitment to advancing cooperatives globally.

RESEARCH TEAMS



U.S. Overseas
Cooperative
Development
Council



ADVENTIST UNIVERSITY
OF CENTRAL AFRICA



RESEARCH ADVISORY COMMITTEE

Dr. Sarah Aildred

Head of International Programs
The Co-operative College, United
Kingdom

Scott Loveridge, Ph. D.

Professor, Department of Agricultural,
Food, and Resource Economics
Michigan State University, U.S.A.

Michael Boland, Ph.D.

Professor of Agricultural Economics
E. Fred Koller Endowed Professorship
in Agribusiness Management and
Information Technology
University of Minnesota, U.S.A.

Isaac Minde, Ph.D.

Professor, Department of Agricultural,
Food, and Resource Economics
Michigan State University, U.S.A.

Anne Cafer, Ph.D.

Director, Center for Population Studies
Assistant Professor of Sociology, The
University of Mississippi, U.S.A.

Dr. Milu Muyanga

Associate Professor, International
Development
Department of Agricultural, Food, and
Resource Economics
Michigan State University, U.S.A.

Dr. Keri L. Jacobs

Associate Professor, Agricultural and
Applied Economics
Executive Director, Graduate Institute of
Cooperative Leadership
University of Missouri, U.S.A.

John Vreyens, Ph.D.

Director, Global Initiatives
The University of Minnesota Extension,
U.S.A.

www.landlakesventure37.org

For more information about this report, contact:

Kari Onyancha, Chief of Party | KMonyancha@LandOLakes.com