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**The use of Co-operatives as a vehicle for youth employment and fair trade – the
experience of Rwanda**

Presented by

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1. GENERAL INTRODUCTION

From the end of 1950's through the early 1990's, Rwanda came into international focus for a host of reasons including on-going conflict, a record of severe human and the actions of successive governments that seriously violated the rights of citizens within impunity.

The Rwandan 1994 genocide against the Tutsi did a lot of harms up to the level of leaving a country collapsed. Very many people were killed – over one million, very many things were destroyed, very many people were displaced and very many people off all sorts are still suffering the consequences of those horrible acts.

Therefore, all these negative effects required a forward-looking reconstruction efforts and the will of Rwanda's people to bring back peace and security, re-shape and redefine reconciliation and social reconstruction, from a perspective that emphasizes bottom-up

approaches and development from within the country. This is why Vision 2020 was developed.

As a way of implementing our Vision 2020, economic development and poverty reduction policies and programs that focus on rural economic transformation, human resource development, development and promotion of the private sector and poverty reduction were put in place to guide the socio-economic development plans underway.

All these policies and programs target young people in particular because, according to the 3rd Integrated Household Living Conditions Survey (EICV3, 2011), the majority of the Rwandan population is young with 78.7% under 35 years of age. The youth (population aged 14-35 years) constitute 61.5% of the total active population of 5.9 million which is 3.6 million.

The widespread economic, social and political disruption of its past, Rwanda continues to face many vulnerable youth as a result of forced migration, traumatic childhood experiences, and lost or interrupted schooling and therefore needed support. Therefore, no plan and/or strategy can succeed without addressing the challenges facing the youth.

Under this experience therefore, Co-operatives were regarded by the Government and the people of Rwanda, as being among the core pillars of socio-economic development since among other social benefits, they would contribute to the achievement of Vision 2020, and increase the ability of people to meet or achieve the basic means of subsistence, self esteem and social freedom. They would contribute not only to rapid economic development to the nationals but also play a great role in the development of peace, reconciliation and stability in the country.

2. ROLE OF CO-OPERATIVES IN JOB CREATION

The definition of co-operatives is built on four major catch words; first, they are formed by groups of people, who have a specified need or problem. Second, the organization is formed freely by members after contributing to its assets. Thirdly, the organization formed, is governed democratically in order to achieve desired objectives on equitable norms, and fourth, it is an independent enterprise promoted, owned and controlled by people to meet their needs. It is about peoples' organization to capture different opportunities in the economy where they can address their socio- economic needs and aspirations. When people realized their weak individual economic position in the market, they decided to join forces and initiate economic cooperation, so that they can strengthen their position in the market and jointly benefit.

In Rwanda, co-operatives unite people of common economic and social interests. Being promoted from sectors in which they operate, co-operatives enable the people to obtain services such as marketing of agricultural produce, supply of inputs and consumer goods, savings and credit services; services they cannot otherwise get at a reasonable cost from alternative business enterprises. Hence, millions of men and women, young and old have secured for themselves and their dependents; a life of dignity, economic and social well-being and expanding opportunities by joining their efforts and energy together in co-operative ventures.

Although in many respects co-operatives perform all the activities of other forms of business enterprises, they are distinctively different. Some differences are found in the co-operative's purpose, ownership, control, and distribution of benefits. They also follow principles that define or identify their distinctive characteristics which are; user-owned, user-controlled, and user-benefited.

In Rwanda, we believe that Co-operatives should be service oriented, community oriented, people are oriented, owned, managed and patronized by their members. They should also develop through self – help and mutual help and answer the real and felt needs of their members.

3. HISTORY OF CO-OPERATIVES IN RWANDA

Traditionally, Rwanda had its own self-help forms that conform to the principles of self-help and self responsibility. Some of these forms such as Ubudehe (working together), umubyizi (assisting each other) and Umuganda (community work) have survived to the present day. What is true is that to date, some efforts have been again made to consolidate this traditional philosophy of mutual assistance into economically oriented development initiatives through Co-operatives.

The 1994 genocide in Rwanda was significant not just in terms of the loss of lives and the ensuing economic and social devastation but also in terms of the fate of the co-operative movement. This period saw the co-operative movement disintegrate with many members being murdered, forced to flee or taking part in the violence. To address this, in 2005, the Government of Rwanda recognized co-operatives as a tool for alleviating poverty and co-operative development became a central feature of the first Economic Development and Poverty Reduction Strategy. This necessitated the formulation of a comprehensive policy and updating the laws governing Co-operative Societies in the country.

4. ACTUAL GENERAL ORIENTATION

The co-operative sector in Rwanda is large and diverse. It consists of Co-operatives from the sectors of savings and credit, agriculture, livestock, small processing and marketing, fishery, Consumers, workers, handicraft and artisanal, housing and the potential for other activities are many.

This fundamental change resulted into the current situation as follows;

1. The current policy on Co-operatives promotion was formulated and approved in 2006;
2. Rwanda Co-operative Agency was established in 2008;

3. The new law governing Co-operative Societies was promulgated in 2007 and amended in 2011 ;
4. 4,377 primary Co-operatives in place by the end of 2011, with 2,191,904 (over 70% are youth and 48% are women) members and 18,902,985,915 Frw (30,736,562.46 USD) share capital, and
5. Co-operative Unions (114), Federations (12), Confederation (APEX) (1) were established.

It is worthwhile to note that sectors that attract the youth most, are from Services like transport (motorcyclists), ICT, handcraft (carpentry, welding, etc), tourism, commercial (retail and wholesale) and agro-processing sectors respectively. This is because many of these activities and services are carried out within towns and cities.

Although many co-operatives in Rwanda are still young, they have already proved that they are able to play the following roles;

1. **Employment generation.** Every co-operative that is established in Rwanda, at least employs a manager and a cashier. **Employment generation is direct, indirect and self employment.** There is also a spill over employment emerging from existence of demand for professional services such as auditing, book keeping and other forms of professional advisory services to co-operatives.
2. **Unity, Reconciliation and social cohesion.** All Rwandese joined co-operatives for economic and social interests regardless of their origin. This unity and reconciliation in Co-operatives in Rwanda is fostered by the fact that all Rwandese share the same culture, norms, language, religions and even share poverty as being their major enemy. There is no Co-operative in Rwanda that is founded on an ethnic group. We have been and still witness situations in Co-operatives when relatives and genocide survivors are in the same co-operative with relatives and those convicted for killings that have asked for forgiveness. Even some of these reconciliation activities take place in co-operative General Assemblies and other co-operatives' meetings.

3. **Production and productivity enhancement:** Co-operatives play an important role in delivery of agricultural inputs so that they are easily accessed by the producers. They also link farmers to input dealers and the market.
4. **Financial intermediation:** Availability of financial services helps farmers to get inputs in time through the available credit services. Equally, Savings and Credit Co-operatives encourage local resource mobilization through savings and provide easy loans to their members for investments.
5. **Human resources development:** All round training is always provided to membership, staff and leaders for skills development and capacity building purposes.
6. **Social services provision:** Co-operatives in Rwanda have been able to provide a variety of social services like formal and non-formal education, vocational training, medical and health care services, environment protection activities, house construction, as well as the participation and contribution to rural welfare programs.
7. **Fair trade:** It is practiced in tea and coffee sectors, where Co-operatives have Fair Trade certificates since 2009. It has benefited them in networking for the market and also ensures that individual members benefit from their activities. Example, in tea sector, members earn 40 million francs from Fair trade. Certainly, Fair Trade has helped Co-operatives in environment protection, democratization, decent work employment and decision-making systems.

5. SPECIFIC AREAS OF FOCUS – WAY FORWARD

- Continue with sensitization, mobilization and promotion of new Co-operatives;
- Encourage active participation of the youth, women and other special groups in the co-operative movement;
 - a. Youth, through the Ministry of Youth and the National Youth Council
 - b. Women through the Ministry of Gender and Family promotion and National Women Council
- Ensure that Co-operatives benefit from regional and International integration;

- Reinforce Co-operatives' capacity building programs;
- Establish a Co-operative college and Bank,
- Reinforce and strengthen the umbrella and Apex Co-operative organizations;
- Facilitate Co-operatives for their engagement in specialization, value addition, processing and marketing styles of their goods and services and
- Increase the number of Co-operatives that benefit from Fair Trade movement; and
- Continue with regulation activities on the working and structure of all Co-operatives and the whole Co-operative Movement.

6. ROLES OF INTERVENING PARTNERS IN CO-OPERATIVES

Intervening partners need to put in place to create the right enabling environments such that Co-operatives are able to answer their members' needs. It would be necessary to define the roles and responsibilities of the stakeholders at various levels.

Government

The major role of the Government is to formulate appropriate laws and Policies that facilitate Co-operatives to achieve their objectives, ensure that there is a conducive and political environment to promote and sustain Co-operatives and provide back up support and guidance in terms of technical resources and offer a platform for planning and evaluating the progress of the movement.

Exceptionally, the overall role of the Rwandan Government in relation to the co-operative sector is a typical one - it is responsible for their registration, regulation, promotion, and monitoring and conflict settlement. There are ambitious plans for co-operative development and growth. However, the government, for example, not only plays a central role in co-operative promotion but also privileges the co-operative model over other forms of association. This has led to a rapid and continuing growth in the number of new co-operatives as well as membership.

Development partners

Development partners continue to support Co-operatives and fully comply with the existing policies and laws that govern the sector. Such environment would further provide the practitioners with improved access to the economies of scale, insuring against unforeseen risks, safeguarding them against market imperfections and bestowing the advantages of co-operative collective action. In Rwanda, the co-operative movement is increasingly being supported by international development organizations as a means for participatory development.

7. CONCLUSION

It has been proven in Rwanda Co-operatives can professionalize and democratize the operations and facilitate the development of their members as self-reliant, member-owned, member-controlled, social responsive and economically viable organizations.

It is equally important to underline that a combination of effort between the private sector, government and development partners is paramount to build a more viable and vibrant co-operative movement that generates employment, caters for all Rwandese with a special emphasis to the young, and be full responsive to their members' socio-economic development needs.

Finally, in order to achieve the above, co-operatives need appropriate policies and laws that govern the sector, backed by good governance and the support of the top leadership in the country.