

The Role of Coffee Cooperative Membership to Improve Livelihoods of Rural Farmers in Ruhango District: A Case Study Southern Province in Rwanda

Bernard Habimana¹, Dr. Patrick Mulyungi²

¹Student, Jomo Kenyatta University of Agriculture and Technology

²Lecturer, Jomo Kenyatta University of Agriculture and Technology

Abstract: Rural farmers are engaged coffee farming and their livelihood depend on and the sector directly and indirectly supports over 6 million people, making it one of the leading sources of livelihood in the country. In fact of the importance of coffee farming sector to the economy of Rwanda and availability of government policies and initiatives to promote and support coffee farmers. The sector is a top foreign exchange earner coming fourth after tourism, tea and horticulture. This study therefore assessed the role of coffee cooperative membership to improve Livelihoods of Rural farmers in Ruhango district, Rwanda. The Study has guided by four objectives; to find out the extent to which the coffee cooperative membership is improving the rural farmer's livelihoods, examination of the socio-economic and demographic profiles of the cooperative members. Analysis the challenge facing of rural coffee cooperatives and their members to elaborate the recommendations. The study used both quantitative and qualitative methodologies. The research design used was a probability sampling that giving to all equal chance to be selected and represented which covered 51 respondents included 40 rural farmers who is cooperative members and 11 keys informants and a focus group discussions composed by 15 peoples were conducted for better understanding of their views. Data was collected through questionnaires, interviews, direct field observation and document analysis. The data was analyzed using descriptive statistics involving frequencies and percentages by an appropriated statistical software namely SPSS and excel pivot tables. The study analysis revealed that 66.9 % of farmers agreed that a cooperative helped them to be employed and their income has been improved and 33.1% of members has been improved their meal status and some members could earn at least 60 USD per month. With this amount, they can pay for food, school fees for their children and health service. Regarding to this, 72.7% they have family health insurance (Mutuelle de santé), and 27.3 % of respondents are able to pay the insurance of their children. The researcher realized that medical insurance assistance have been improved to the members after joined to cooperative. Despite the various challenges and low adherence membership, cooperative has a significant influence in improving the livelihoods of rural famers by generating employment, health services and access to income.

1. Background of the Study

The Republic of Rwanda, a country of 12 million people in just over 26,000 km², sits in east and central Africa. It is a small and landlocked between Uganda, Burundi, Tanzania and the Democratic Republic of Congo (DRC) and situated in the central part of Africa. The country has the highest population density in Africa, with over 300 people/sq km. With a high fertility rate of approximately 4.11 children per woman, its population has been increasing at an average annual rate of approximately 2.37 per cent per annum (World Bank, 2017). It has an area of 2.6 million hectares of which 1.4 are suitable for cultivation. The country is characterized by an uneven mountainous land with an average height of 1,500 m above the sea level. This topography has led Rwanda to be given the name "Land of a Thousand Hills". The country lies at latitude between 1° and 3° south and at longitude 29 –31° east and has a mountainous tropical climate. Despite its proximity to the Equator, the climate in Rwanda is cooled by the high altitude.

In fact, Rwanda has made remarkable transition from genocide to peace and development. Between 2000 and 2012, GDP growth averaged 8.1% per year and the poverty line from 57% in 2005 to 39.1% in 2015 and observed the sustained trend in per capita GDP growth from US\$ 211 to US\$ 718. Consequently, Rwanda remains a low-income

country with a per capita GDP of approximately US\$ 718. Currently it is estimated that 56.9 per cent live below a national poverty line. About one in four rural households live in extreme poverty on less than \$1.25 a day/person as defined by the World Bank. Despite the agriculture sector is identified as a key sector and a significant engine of growth in the strategy, Over 90% of the population live on subsistence agriculture in rural areas, on which virtually all of the rural dwellers depend for their livelihoods. It is in this context that cooperatives are expected to play a key role in mobilizing rural farmers to improve their Livelihoods by joining the Agricultural cooperatives. Rwanda produces the most exquisite Arabica Bourbon coffee, highly sought after in specialty coffee markets world over. Coffee was introduced to the country in 1904 and was first exported in 1917, quickly establishing itself not only as a major source of income for nearly half a million smallholder coffee farmers, but also a key source of foreign currency for Rwanda. Coffee remains one of the main export products in Rwanda, representing over 40% of the total value of exports the country trades every year. Due to its national importance, the government is looking to put in place a policy that will further increase the export volume of its premium coffee and closely involved in all stages of the coffee chain: production, marketing and dry milling. Rwanda exported coffee worth USD 64 million or 60 per cent of total exports in 2015. Coffee is grown in all the provinces of Rwanda by around 400,000 smallholder

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farmers, on an estimated 42,000ha of land. Among these farmers, only 20% are organized into cooperatives, a situation that limits coffee aggregation for collective processing and marketing.

The current market demands coffee of high quality that is graded 80% out of 100 in cupping taste and Rwanda has the capacity to produce it because of its favourable agro-ecological zone. But the quantity of Rwanda's coffee is very small in the international market compared to countries with large scale producers. However, it is among the best in taste. To increase quantity of Rwandan coffee in the international market, Rwandan coffee stakeholders' are trying to target specialty coffee markets that provide price premiums. To achieve this, the Government of Rwanda issued a national coffee strategy that outlined a plan for capturing a larger share of the specialty coffee sector through motivating smallholder farmers to form and join cooperatives in 2002, this is because; farmers within cooperatives can easily obtain extension services, technical assistance, increase their bargaining power and earn higher prices for their coffee. In addition, cooperatives establish coffee washing stations for the purpose of producing competitive coffee at the international markets. For instance, in 2010 the targeted production was 44,000 tons; 63% of which would be fully washed. However, this production targets have not been met due to small number of coffee farmers who have joined cooperatives (Boudreaux, 2011). Referring to the recent coffee census of 2009 and 2012, only 21% of farmers were in cooperatives. This adversely affects the vertical integration of the farmers in the chain. So it is in this context that this research attempted to find out the socio-economic factors that affected farmers in Huye District of Rwanda to participate in vertical integration (cooperatives) activities of the coffee value chain and the socio-economic factors that influence the decision to join and if not what were the limiting factors and constraints in coffee production. Rwanda's strategy of fighting poverty, like in most African countries, is through the establishment of cooperatives, which is seen as a means to empower citizens economically (Nambi 2008). Formation of coffee cooperatives in Rwanda is promoted by the government as a means to improve the performance of the coffee sector and to improve farmers' social well-being to create employment and expand access to income-generating activities. There are about 80 active producer cooperatives in Rwanda. However, only about 20 percent of the 390,000 coffee farmers have joined cooperatives. This is the main reason which inspired the researcher to determine the factors that influence membership in coffee cooperatives and find out on how the membership is affecting to their social well-being and economic development in rural Rwandan areas.

2. Statement of the Problem

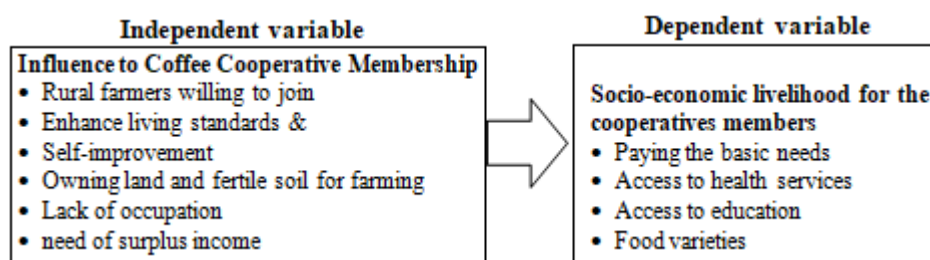
Coffee is a cash crop for about 450,000 families and export receipts over the last decade have averaged US\$58 million. In the 2000s, price falls led farmers to neglect coffee plantations and cooperatives enrollment, but coordinated efforts of value chain stakeholders have prompted dramatic growth since 2002, with receipts growing at an average of 30 percent per year, although that has come mainly from higher prices and a higher-value product (World Bank 2014).

Despite of the fact that agriculture policy identifies coffee as a priority commodity, the coffee subsector is still facing various challenges, namely; poor infrastructure, low quality and low quantity loop per year due to a combination of several factors including high crop losses, aging trees and low global prices for coffee, inadequate income diversification, lack of professionalism and poor cooperative governance of farmer cooperatives. This has led some farmers to evade cooperatives, choosing instead to directly sell their coffee to middlemen, and this has further undermined the capacity of the cooperatives involved in the coffee industry. Small land holding and general poverty among coffee farmers hinder their access to required inputs to invest in improving quality and quantity of coffee. In addition, a variety of cooperatives management concerns implies the low level of membership. Despite the cooperatives are being promoted through the Government policy does not guarantee immediate and satisfactory membership. This low level of membership weakens the farmers' cooperatives and hinders coffee sector training and monitoring initiatives (Chemonics International, 2010). However, the Government of Rwanda has developed a new policy and created an agency called Rwanda Cooperative Agency whose purpose is to facilitate all round development of the cooperatives in the country in order to make a significant contribution to the national economy (RCA, 2010). The fact that, this study is being undertaken to assess and assess the role of coffee cooperative membership to improve Livelihoods of Rural farmers in Ruhango district, Rwanda.

3. Objective of the study

To assess the role of coffee cooperative membership to improve Livelihoods of Rural farmers in Ruhango district, Rwanda.

4. Conceptual Framework



4.1 Research Design

Research design is the way by which a researcher organizes the work and particularly plans how study will be done. It combines the type of data needed and the way used to collect them (Nieswiadomy, 1993). Research design refers to overall research plan to be followed while answering research questions. The type of research questions to be used should be determined as well as the answers to them and the better way to put together the data required for the research. The study used both quantitative and qualitative data collection and analyses and carried out in Ruhango district, southern province of Rwanda. This area was chosen by the researcher because of its history as an agrarian powerhouse with a long history of the cooperative movement. Ruhango district has long been a model of how the cooperative movement can influence social-economic development in the rural areas.

The population of Ruhango is district is 304,000 and 50% are aged 19 years or younger. People aged 65 years and above make up 3% of the population. More than a half (54%) of the population is constituted by female individuals and the majority is young, with 78% still under 40 years of age and It shows that a half of households' income is driven by agriculture (55%), followed by wage income (22%), while rents and private transfers account for 12% and 9% respectively. (EICV3 2014).With regard to Poverty and economic activities, Ruhango district is ranked among the least developed and poorly in south province and nationally. The district is among of one of the highest populations living below the poverty index line. Agriculture, and Livestock farming are the main economic activities. The main agricultural products are maize, beans, potatoes, coffee. Farmers keep cattle, goats, sheep and poultry; few in zero grazing while most in traditional non-economic mindset.

4.2 Population of the Study

The target population was the farmers, cooperative member's, beneficiaries selected randomly in Ruhango district out of which a sample and they are interviewed depending on the pre-set questions. These were chosen randomly. Thus, for the case of this study, the study population includes top cooperative officials and members. The study population was 139 among which 51 respondents were selected.

4.3 Sample Size and sampling techniques

A sample is a sub set of a large population when conducting a study. In selecting the sample size, probability sampling was applied. This study used probability sampling techniques where every coffee farmer in the sample has the same chance to be chosen based on the respondents socio-economic and demographic factors, namely as age, sex, household size, experience in coffee farming cooperative, access to education, health services and financial products.

The Slovin's formula, the required sample survey size equals $n = N \div (1 + Ne^2)$ farmers:
 $n = 139 \div (1 + 139 \times 0.05 \times 0.05) = 51$, the survey therefore investigated to 40 farmers 11 key informants. The sampling

technique for sample selected was a simple random sampling where a sampling frame was required to ensure that each farmer had equal chance of being selected.

5. Results of Major Findings

The role of coffee cooperative membership to improve Livelihoods of Rural farmers in Ruhango district, Rwanda

Table 1: The reasons why famers join to COCARU-ABISHYIZEHAMWE cooperative

Reason for joining	Frequency	Percentage
unemployment	16	28.8
need of surplus income	3	9.5
For enhancing my living standards	21	61.7
Total	40	100

Source: Primary Data, 2018

Table 1, that 61.7% of respondent joined cooperative for enhancing their living standard living standards, and 9.5% of respondents joined for need of surplus income, and 28.8% of respondent joined for facing unemployment for looking for occupation. This shows that the member of COCARU-ABISHYIZEHAMWE cooperative have the shared responsibility and they have joined the cooperative in order to resolve the problems, 61.7% of respondents for enhancing living standards, it implies that the main reason for joining cooperative is to increase the income of its members.

Table2: The major economic benefits gained from joining the cooperative

Major benefits gained	Frequency	Percentage
Employment creation and income improvement	26	66.9
Family food security	14	33.1
Total	40	100

Source: Primary Data, 2018

As it shown by the table above, 66.9 % of respondent agreed that a cooperative helped them to be employed and their income has been improved and 33.1% of respondent gain the access to family food security.

Table 3: Monthly Income earned by members in cooperative

Monthly income	Frequency	Percentage
35,000-50,000	32	76.9
above 50,000	8	13.1
Total	40	100

Source: Primary Data, 2018

From Table 3, the respondents that correspondent with 76.9% agreed that monthly income is between 35000-50000, where 13.1% of respondent confirm that their source of income earned in the cooperative is above 50000 this implies that most of respondents confirm that COCARU-ABISHYIZEHAMWE cooperative contribute to their livelihoods, where the culture of saving has started by the members.

Wellbeing condition improvement and Livelihoods analysis

The social welfare entails the role played the COCARU-ABISHYZEHAMWE cooperative towards the betterment of members in the area where the cooperative is located. It is basically focused on the social necessities that are intended to improve the income of its members.

It is equally important that the social wellbeing is granted and the ultimate social economic development of its member's. Therefore, the following indicates in perspective of bank account, meal, and pay children's school fees.

How many of members have an access on bank account?

The researcher was interested to know if, members of COCARU-ABISHYZEHAMWE cooperative have a bank account which helps them to save for future and investment.

Table 4: How many of members have an account?

	Frequency	Percentage
Yes	31	82.3
No	9	17.7
Total	40	100

Source: Primary Data, 2018

From the above table 68.2 % of respondents agreed that, they save and 31.7 % said that they didn't save. And the analysis made on that, the numbers who save still few because they are not accustomed of culture of saving which resulted from negligence and fear of losing their money.

Table 5: Benefit you get in health

Health benefit	Frequency	Percentage
Family's health insurance (Mutuelle de santé) and a pansion scheme	30	72.7
The payment of insurance of my children	10	27.3
Total	40	100

Source: Primary, 2018

From the table 5, Indicate that 72.7% they have family health insurance (Mutuelle de santé), and 27.3 % of respondents are able to pay the insurance of their children. The researcher realized that medical insurance assistance have been improved to the members after joined to cooperative.

A large and increasing numbers of members of COCARU-ABISHYZEHAMWE cooperative insured nutrition food security, where by members declared to have the intention of satisfying their families and children in terms of food consumptions after becoming a cooperative member.

Table 6: Food security

Food	Frequency	Percentage
2 meals	33	80.6
Greater than 2 meal	7	19.4
Total	40	100

Source: Primary

From the table 6, the 80.6% of respondent are able to afford meals twice per day and 19.4 % have the capacity to have 3 meals per day. The researcher analyzed that members are satisfied related to food security because none has the meal problem after joined to cooperative.

Table 7: Education and children's school fees payment

	Frequency	Percentage
Yes	28	72.3
No	12	27.7
Total	40	100

Source: Primary Data

From the table 7, 72.3% of respondent are able to pay school fees of their children, while for 27.7 % it's still difficulty to pay school fees of their children because income getting from cooperative still not enough instead of many cooperative members having more than 2 children

6. Conclusion

This research carried out on COCARU-ABISHYZEHAMWE, its purpose was to find out the role of coffee cooperatives in improving farmers livelihoods and therefore, to find out if there is any improvement to standards living of its members. The methodological approach used in this study was a mixed quantitative and qualitative data through the use of questionnaires, libraries, observation and interviews. A sample of respondents was selected from officials and members and it was composed of members and the staff. In this research, stratified sampling has been used to select the groups of respondents and simple random sampling to select respondents from respective Groups. During data collection process, the researcher used self-administered questionnaires, interview and libraries as means of getting information from Respondents.

The study found out that cooperative contribute to its members livelihoods in terms of to getting access to basic needs and increasing income in their families, able to solve their family problem without depend on agriculture only, by joining farmers become self-confidence, and become self-reliant and cooperative also help members to build a striving of self-reliance. It was also evidenced that members who engaged in cooperatives their life condition are improved compared to those who do not adhere. This implies that the cooperative as to be particular answerable for environment protection, poverty elimination, discrimination against women, and solution to rural development. The study findings shown that the respondents largely agreed on the positive impact of coffee cooperatives in improving their livelihoods in rural setting. Furthermore, the study showed that rural coffee cooperatives provide some benefits to their members, i), government recognizes cooperatives as tool for improving household food production and tries to help them through lobbying for sponsors, financial help, providing advice through cooperative officers and offering agricultural inputs as well as other subsidies. Ii), cooperatives provide employment and education that raises the level of agricultural skills among cooperative members through different kinds of training. These benefits make it possible for cooperative members to increase production and access markets which bring in some income for the cooperative and for the members. iii), working together in an organized group creates social benefits. However, cooperatives also face challenges that include poor infrastructure such as rural roads and markets, seasonality low quantity and inadequate income

diversification and Insufficient training program and Poor cooperative governance. Despite those challenges the research identified a number of benefits obtained from cooperative by their members.

7. Recommendations

In regard to the study findings and the above conclusion, the researcher makes the following recommendations: COCARU-ABISHYZEHAMWE has to increase the spirit of working in cooperative in the framework in the promotion of socio-economic development towards its members. This will be implemented in the following strategies at cooperative level such as training and retraining of members can solve the problem of inadequate skill of portfolio management, training and retraining of leaders can solve the problem of Inexperience leaders, Regular meetings among members of many cooperative societies and sponsoring of bills at local, state and national assemblies can solve the problem of little or no say in policy formulation of governments, Employment of well-trained accountant as secretary can solve the problem of Poor Book-Keeping, Aids. Grants and Financial Assistance from corporate bodies, NGOs and government can reduce the problem of small size of capital and budget failure.

-Policy level institutions such as Ministry of Trade and Industry and Ministry of Finance and Economic Planning must provide the policy awareness in term of campaign in rural areas, it is also revealed that the Government of Rwanda must facilitate rural farmers to join the cooperative members to have access on loan with lower interest rate. Policy should be designed to ensure adequate support the cooperatives in all part of country especially in rural areas, Furthermore, the government has to reinforce and promote the rural cooperative especially in urban areas by providing the financial support and to establish the infrastructures in rural areas. Organization of the workshop about the cooperative management. The government should increase the search many supporters to reinforce the financial and technical capacities for the cooperatives. Promote cooperative marketing through big market exhibition at national, regional, and international level and to provide a supply market of cooperative's product in Rwanda and regional areas.

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