



**Rwanda
Cooperative
Agency**



**RWANDA COOPERATIVE AGENCY
ANNUAL REPORT FISCAL YEAR
2017-2018**



REPUBLIC OF RWANDA
RWANDA COOPERATIVE AGENCY

IKIGO CY'IGIHUGU GISHINZWE GUTEZA IMBERE AMAKOPERATIVE



RWANDA COOPERATIVE AGENCY

ANNUAL REPORT 2017/2018

FOREWORD

Since the establishment of Rwanda Cooperative Agency (RCA) in 2005 as a task force and in 2008 mandated as a national regulatory body of cooperatives in charge of 1; Registration, 2; Regulation and 3; Promotion of cooperatives, a lot have been accomplished like engaging up 40% of the active population into cooperatives including women, youths, persons with disabilities (PWDS), Ex-combatants and now the new cooperative policy is accommodating Rwandan community abroad (Diaspora) to register cooperatives back home as a future prospect to promote investment through cooperatives.

In order to enrol a favourable management and legislative environment in the cooperative sector, the government will encourage the process of participative regulatory forums where cooperative members and all sector stakeholders will exchange views and discuss and agree on the appropriate cooperative legislation that enhances good governance and off course a member benefit approach at frontline.

The summary of annual achievements provides an opportunity to reflect on RCA's contribution in ensuring transformation of social economic welfare of the cooperative members in particular and all citizens as well. The achievements presented in this report reflect many efforts invested by different players who deserve recognition.

Thank you.

NINGABIRE YVES BERNARD

Chairman Board of Directors - RCA



Rwanda cooperative agency is a public institution in charge of regulation and promotion economic, Social, and other activities of the general interest of the cooperative movement members.

On behalf of Rwanda Cooperative Agency (RCA), we welcome you to visit our website and hope that you will enjoy and find useful information given out.

The policy of RCA is to highlight the importance of cooperatives, reviews their past and present, and scans through the constraints and opportunities they reflect in the national development. Further the document lays out policy, strategies and action plan aimed at orienting and ensuring that cooperatives become a viable tool for social-economic development in Rwanda.

The Government of Rwanda views cooperatives as a potential vehicle through which the cooperatives members could create employment and expand access to income-generating activities, develop their business potential, including entrepreneurial and managerial capacities through education and training; increase savings and investment, and improve social well-being with special emphasis on gender equality, housing, education, health care and community development.

Once you visit our website, you will read about the noteworthy work done by our

different Departments and cooperative activities and we hope that it will provide you useful information.

Moreover, we will be glad if you get inspired to be our Partner/Stakeholder for the development of our country, as we strive to achieve our Rwanda Vision-2020.

Should be any further information needed, do not hesitate to contact us or send us your suggestions.

I thank you!

Prof HARELIMANA Jean Bosco

Director General/RCA

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ACRONYM

CHF: Housing Federation of Canada

CCA: Canadian Co-operative Association

CMHC: Canadian Mortgage and Housing Corporation

MINICOM: Ministry of Trade and Industry

MINALOC: Ministry of Local government

MINAGRI: Ministry of Agriculture

NCBA: National Cooperative Business Association

MINECOFIN: Ministry of finance and economic planning

RCA: Rwanda Cooperative Agency

SACCO: Savings and Credit Cooperative

WEMIS: WEB Enabled Management InformationSystem

RGB: Rwanda Governance Board

U-SACCOs: Umurenge Savings and Credit Cooperative

USA: United states of America

A. INTRODUCTION.

Rwanda Cooperative Agency (RCA) is an autonomous regulatory institution established in 2008 with the task of promoting, registering, monitoring and Regulation of cooperatives in Rwanda. RCA's main responsibilities include amongst others; Implementing Government policy in matters relating to the development of cooperative organizations. The Cooperative Law N° 50/2007 of 18/09/2007 Determining the Establishment, Organization and Functioning of Cooperative Organizations in Rwanda, as amended to date provides the legal framework for promotion, registration, and development of cooperatives including Savings and Credit. RCA is responsible for the development of the Cooperative sector through policy and legal framework to facilitate attainment of the national social-economic goals in Rwanda.

To improve cooperative movement performance an inclusive financial sector and easy access to financial services, 416 U-SACCOs were established at administrative sectors and allow community in other non-financial cooperatives to access financial services. According to the survey, the establishment of U-SACCOs has significantly changed access to formal financial services in Rwanda. Fin Scope survey 2012 on Rwanda revealed that 72% of Rwandan adults (3.2 million) have, or use, financial products or mechanisms. This comes as big contrast with what was on ground five years ago where Fin Scope Rwanda survey 2008 showed that 79% of Rwandans, 18 years or older were not using formal financial institutions.

Global cooperative movement perspective

Cooperative movement, series of organized activities that began in the 19th century. in Great Britain and later spread to most countries of the world, whereby people organize themselves around a common goal, usually economic.

The development of the cooperative system was accompanied by the improvement of organizational forms and the establishment of nationwide cooperative

organizations. (For example, in Great Britain the Cooperative Wholesale Society was established in 1863, the Cooperative Wholesale Society of Scotland in 1868, and the British Cooperative Union in 1869; in Sweden, the Swedish Wholesale Cooperative was founded in 1869; in the USA, the Cooperative League of the United States was founded in 1916.)

The contemporary cooperative movement is strong and diverse. Cooperatives exist all over Canada and the United States. Some of the larger cooperatives have an annual income of several billion dollars. In addition to rural electric co-ops, credit unions, and agricultural co-ops, there are cooperatives to serve almost every need: food co-ops, automotive co-ops, insurance co-ops, housing co-ops, book co-ops... the list goes on.

THE INTERNATIONAL COOPERATIVE ALLIANCE.

The International Cooperative Alliance (ICA) is an organization representing cooperatives and the cooperative movement worldwide with Head Office located in Brussels, Belgium. It was founded in 1895 to unite, represent and serve co-operatives worldwide. The Alliance maintains the internationally recognized definition of a co-operative in the Statement on the Co-operative Identity. The ICA represents 313 co-operative federations and organizations in 109 countries.

The members of the Alliance are international and national co-operative organizations from all sectors of the economy, including agriculture, banking, consumer, fisheries, health, housing, insurance, and workers. It is against this background that National Cooperative confederation of Rwanda (NCCR) which represents the Rwandan cooperative movement at ICA Africa and ICA global at large.

1. Vision and Mission of Rwanda Co-operative Agency.

1.0. VISION

Rwanda Co-operative Agency (RCA) for the Co-operative sector is to promote an autonomous and economically viable Co-operative movement found on the Co-operative values and principles and is able to enhance social integration and uplifting the standard of living of its members.

1.1. MISSION:

To develop the cooperative sector such as it serves its members equitably, efficiently and empowers them economically.

1.3 RESPONSIBILITIES OF RCA

The following are mandated responsibilities of RCA that are designed to help cooperative movement to increase, improve and managed sustainably towards the development:

- 1° implementing Government policy in matters relating to cooperative organizations;
- 2° registering cooperative organizations and assigning to them legal personality;
- 3° regulating and supervising cooperative organizations including the national cooperative unions, federations and confederations;
- 4° setting standards and formulate professional ethics for prudent management of cooperative organizations;
- 5° supervising of implementation of laws and instructions governing cooperatives;
- 6° promoting the cooperative organizations sector;
- 7° assisting cooperative organizations in their capacity building through training and seminars of its members and managers;
- 8° promoting business entrepreneurship in the cooperative organizations sector;
- 9° encouraging the cooperative movement to take advantage of investment opportunities at national, regional and international levels;

10° carrying out research and studies on cooperative organizations matters and ensuring their publication;

11° advising the Government on elaborating the national policies and strategies in relation with cooperative organizations;

12° ensuring the application of laws governing cooperative organizations and other laws that cooperative organizations are requested to observe;

13° developing good relations and collaborating with other agencies carrying out similar missions at both regional and international levels.

1.1 Laws and Regulations

Rwanda Co-operatives Agency (RCA) is an autonomous regulatory body established by the Law n°48/2013 of 28 June 2013. This law also determines its responsibilities, organization and its functioning. Its main responsibilities consist of promoting, registering and regulating (monitoring and supervising) Co-operatives in Rwanda.

The Co-operative Law n°50/2007 of 18/09/2007 providing for the establishment, Organization and Functioning of Co-operative organizations in Rwanda has been amended and complemented to date. It provides the legal framework for the promotion, registration, regulation and development of all types of Co-operative organizations.

1.5 main activities of Rwanda cooperative agency (RCA)

Main activities of RCA that are to be accomplished by the Unit of Registration and Legal Affairs are the following:

- 1°. Register cooperatives that fulfill the legal requirements,

- 2°. arbitrate/settle conflicts/disputes that involve cooperatives themselves, cooperatives and their members, or and third parties,
- 3°. Assist legally, judicially and technically Co-operative organizations.

By the year 2017/2018 RCA achieved different activities with help of 5 departments

- i. SACCO coordination Unit
- ii. Cooperative coordination Unit
- iii. Administration and Finance
- iv. Planning and cooperative promotion unit
- v. Legal unit

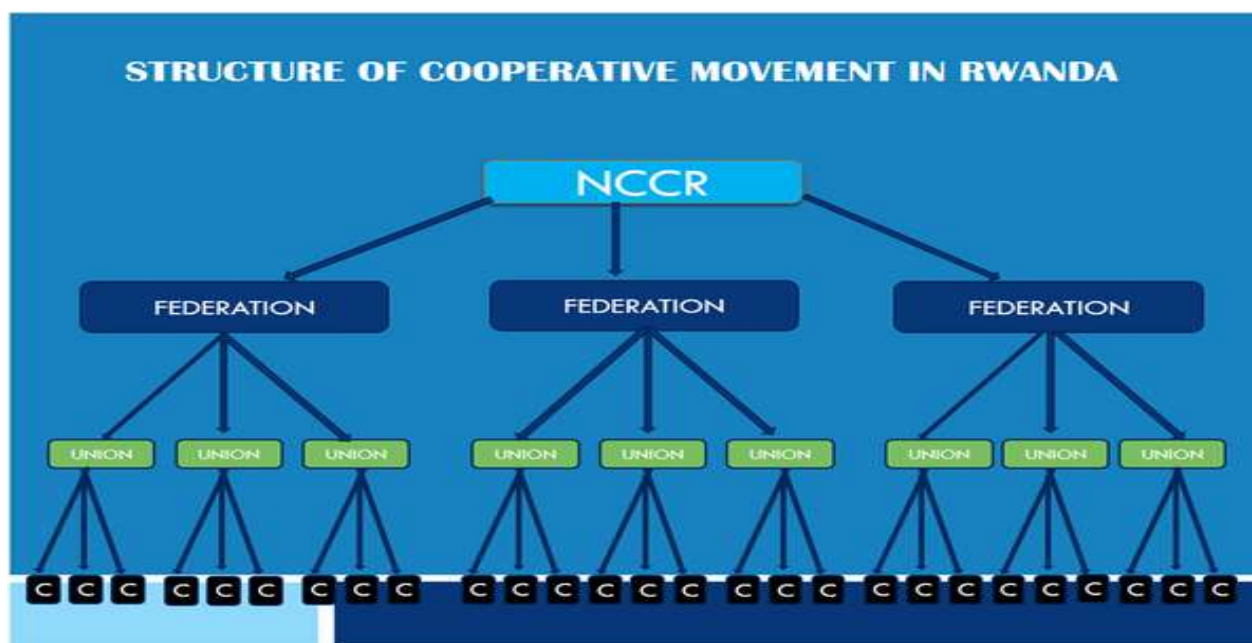
Where all these units collaborated to improve cooperative movement sustainably

2. COOPERATIVE REGISTRATION

2.1 COOPERATIVE ORGANIZATION STRUCTURE

For a cooperative to be registered by RCA, it called primary cooperative and later joins a union of which 3 or more unions can join together to form a federation

The cooperative organizations may constitute among themselves unions, federations and confederation for the better management of their property and the defense of their common interests.



2.2 Registration of cooperatives organizations

During the year starting from 1st July 2017 and ending 30th June 2018, Rwanda Cooperative Agency (RCA) registered 623 cooperatives, among them 615 primary Co-operative organizations, which fulfilled the legal requirements; 7 Unions and One (1) SACCO.

TABLE 1. Registration of primary cooperatives per month is as follows:

Province	July 2017	Aug.2017	Sept. 2017	Oct. 2017	Nov. 2017	Dec. 2017	TOTAL
MVK	9	5	4	7	8	9	42
NORTH	5	9	11	9	8	6	48
SOUTH	5	1	15	14	15	15	65
EAST	4	14	7	9	6	9	49
WEST	19	19	17	13	8	0	76

S/TOTAL	42	48	54	52	45	39	280
Province	Jan. 2018	Feb. 2018	March 2018	April 2018	May 2018	June 2018	TOTAL
MVK	12	4	7	5	14	7	49
NORTH	18	4	19	7	21	5	74
SOUTH	4	8	3	13	17	17	62
EAST	21	3	13	7	15	6	65
WEST	29	7	1	8	26	14	85
S/ Total	84	26	43	40	93	49	335
GD TOTAL	126	74	97	92	138	88	615

Here below is the summary about the number of registered cooperatives in each activity, membership and the investment done in every sector of activity identified here.

Economic Activity	No. of coops.	Membership					Share Capital
		Male	%	Female	%	Total	
Agriculture	169	8,212	52	7,477	48	15,689	336,258,485
Livestock	89	1,509	47	1,669	53	3,178	239,011,850
Trading	96	2,400	57	1,832	43	4,232	289,032,240
Service	86	3,409	78	978	22	4,387	656,287,904
Transport	35	1,213	91	127	9	1,340	88,407,995
Handicraft	92	1,088	39	1,689	61	2,777	162,958,820
Transformation	10	105	49	108	51	213	83,740,001
Mining	10	365	87	55	13	420	31,540,000
Fishing	1	32	84	6	16	38	760,000
Housing	17	469	57	348	43	817	201,333,000
Other	10	144	50	146	50	290	12,623,800
SubTotal	615	18,946	57	14,435	43	33,381	2,101,954,095
Union	9						28,366,675
Grand Total	624	18,946	57	14,435	43	33,381	2,130,320,770

2.3 Registered Unions of cooperatives from July 2017 to 30th June 2018:

During the year 2017-2018, Rwanda Cooperative Agency registered seven (7)

Unions of cooperatives as follows:

	Provi nce	District	Union name	Activity	Coops' members	Reg. Date
1	East	Rwamag ana	RMEU	Transport Motos	4	19.05.2018
2	East	Ngoma	UCTMN	Transport Motos	5	19.05.2018
3	East	Kayonza	KDUM	Transport Motos	12	19.05.2018
4	East	Kirehe	UCOTAMOKI RUSUMO	Transport Motos	12	17.05.2018
5	MV K	Kicukiro	ICYEREKEZO GISHYA	Serivisi (Gupakira	4	16.05.2018

				no gupakurura		
6	East	Kayonza	EKABU	Ubworozzi (Inzuki)	3	31.01.2018
7	East	Rwamag ana	TWUNGUBU MWE	Ubworozzi (Ingurube)	9	13.11.2017

2.4 Registered SACCOs from 1 July 2017 to 30 June 2018:

	Provin ce	District	SACCO's name	Activity	Coops' members	Reg. Date
1	MVK	Gasabo	UBAKA	Sacco	368	31/05/2018

3. LEGAL TECHNICAL ASSISTANCE PROVIDED TO COOPERATIVES

3.1 Arbitration of disputes/conflicts

Twenty-five (25) serious cases that arose between Co-operative members or Co-operatives and their members and among Co-operatives themselves were settled/arbitrated.

The arbitration Officer, in whatever he did, was always assisted by the whole team (LU and all CCIs). This contributed a lot to the improvement of the administrative and financial management of the concerned cooperatives.

When considering disputes, RCA assists Cooperative members and their leaders to differentiate issues to be channelled to the General Assembly from those to be channelled to Competent Courts. Most of those issues are in connection with *misinterpretation of the provisions of the Law, mismanagement of cooperative property, ignorance of members' rights, ignorance of members' obligations, personal interests of Cooperative leader and arbitrary dismissals of members and employees, and embezzlement cases especially in SACCOs and dissolution/liquidation.*

3.2 Technical, Legal and /or Judicial Assistance to Cooperatives:

Technical/ Legal Assistance was given to some primary cooperatives such as **TUGANEHEZA (Nyarugenge), COTAMARU (Gakenke)**, some SACCOS other than U-SACCOS (**COOPEC INZIRA VILLE DE BUTARE**) to transform themselves into Companies.

Quitus was also issued to each and every cooperative wishing to become a Company only after it has fulfilled all legal requirements.

It is very interesting to observe that Cooperatives applying for the permission to transform themselves into companies, are those that are growing big necessitating bigger investments that members individually cannot afford.

Assistance was also given to primary cooperatives to form their respective Unions as follows:

	Provi nce	District	Union name	Activity	Coops' memb ers	Reg.Date
1	East	Rwama gana	RMEU	Transport Motos	4	19.05.201 8
2	East	Ngoma	UCTMN	Transport Motos	5	19.05.201 8
3	East	Kayonz a	KDUM	Transport Motos	12	19.05.201 8
4	East	Kirehe	UCOTAMOKI RUSUMO	Transport Motos	12	17.05.201 8
5	MVK	Kicukir o	ICYEREKEZO GISHYA	Serivisi (Gupakira no gupakurura	4	16.05.201 8
6	East	Kayonz a	EKABU	Ubworozi (Inzuki)	3	31.01.201 8
7	East	Rwama gana	TWUNGUBU MWE	Ubworozi (Ingurube)	9	13.11.201 7

3.3 Drafting Laws and Issuance of Instructions:

In addition to the above-mentioned activities, the Registration and Legal Affairs Unit has accomplished the followings:

- On decision of the High-Level Ministerial Meeting (MINICOM, MINALOC, MINAGRI, RCA, RURA, RGB) of 20 October 2017, the existing Cooperative Policy has been reviewed in order to address the existing gaps that are hampering the performance of the cooperative movement. The d cooperative Policy has been approved by MINICOM, the Sector Working Group and the Economic Cluster Meeting chaired by MINECOFIN. *Waiting for the approval of the Cabinet.*
- RCA, through Registration and Legal Affairs Unit, has also reviewed the *Law for the establishment, Organization and Functioning of Co-operative organizations* in Rwanda.

It provides the legal framework for the promotion, registration, regulation and development of all types of Co-operative organizations, SCCOs included.

The draft cooperative Policy has been approved by MINICOM, the Sector Working Group and the Economic Cluster Meeting chaired by MINECOFIN. *Since May 2018, it is being considered by Rwanda Law Reform Commission.*

- The process of aligning the Law n°48/2013 of 28/06/2013 governing Rwanda Cooperative Agency (RCA) with the Organic Law n° 001/2016/OL of 20/04/2016 establishing general provisions governing public institutions is ongoing. By end of April 2018, the draft Law was presented to the Parliament for further consideration.

- Another draft on instructions establishing modalities to nominate External auditor, his/her functioning and collaboration with cooperatives is being finalized.
- Draft Amendment to the memorandum of understanding signed at Kigali on 27 October 2015 between RNP, RCA and NCCR. Waiting to be signed.
- Draft of a memorandum of understanding on Collaboration between MINICOM, MINALOC and RCA is available at the level of MINICOM.

4 E-registration of Cooperatives

In April 2018, Sector Cooperative Officers (SCOs) who are in charge of cooperative promotion in Kayonza and Gatsibo Districts have been trained on online registration through the WEB Enabled Management Information System (WEMIS), a system that facilitates an e-registration of cooperatives.

5. COOPERATIVE INSPECTION

RCA is mandated with the task of conducting inspections

5.1 DETAILED STEPS REQUIRED FOR INSPECTION

- Cooperative can request inspection or RCA may initiate inspection
- Verify governance for compliance by General Assembly, Board of directors, supervisory committee.
- Verify financial management: book keeping, stock and assets, and cash. In case of SACCO, loan management is verified.

- Present the findings to cooperative leaders the findings and recommendations
- Produce recommendation report and submit to RCA Manager
- Follow up the implementation of recommendations

By the year 2017/2018 across the country inspection was conducted not only in Non-financial cooperatives but in also in financial cooperatives where 1202 non-financial cooperatives were inspected and most of the issues found were:

Table showing non-financial inspection and Audit conducted in each respective province

PROVINCE	INSPECTION	AUDIT
EAST	250	11
WEST	215	12
SOUTH	286	13
NORTH	241	14
KIGALI C	210	11
TOTAL	1202	61

5.2 SOME OF THE CHALLENGES OBSERVED AFTER INSPECTION

1. Poor management and bad governance have been identified in SACCO where most decisions are taken not approved by the general assembly.
2. Some Challenges faced by cooperatives are mainly related to lack of reliable market for their production and price fluctuation within local market;
3. Most of them have not been trained since their establishment which has resulted in bad governance poor management associated with decisions taken that are not complying with cooperative law;

4. Some of them have invested money in collecting members' production and renting offices without approval of their general assemblies ;
5. They don't have almost all books know not how to fill all the required documents properly;
6. Lack of action plane and budget to orient their activities ;
7. Poor records of daily activities (supply of woods, selling of furniture and different expenses)
8. The employees who do not have job contracts and their duties are not defined.
9. Lack of information system in cooperative management

All of which affect daily operations of cooperatives

TYPES OF BOOKS OF ACCOUNTS

Every Cooperative Organization shall keep proper books of accounts and other books for the purpose of recording all transactions relating to its undertakings, funds, activities and properties.

These books of accounts shall be kept in such manner that truly reflects the financial status of the Cooperative Organization so that the internal or external auditor can have access to them at any time.

- 1°. Cash book
- 2°. Debtor's book
- 3°. Creditor's book
- 4°. Register of members 'shares
- 5°. Purchase book
- 6°. Seles Book

- 7°. Stock documents
- 8°. Intangible documents
- 9°. Invoice
- 10°. Delivery note
- 11°. Balance sheet
- 12°. Income Statement /Statement of Revenue and Expenditure

When conducting inspection, Auditing or coaching either in a cooperative all these books are view and explanations are given so that required guideline, advices and mentorship on how are filled can be given.

5 SAVINGS AND CREDIT COOPERATIVES IN RWANDA

The government of Rwanda adopted U-SACCOs program as strategy to spread access to financial services of Rwandan population especially those who were lagging behind by classical financial system. U-SACCOs recorded **5,165,325** of people above sixteen by the end of June **2018**. This program has shown significant results as rate of 57.9% of eligible people (above 16 years) joined these institutions by the end of June 2018. U-SACCOs recorded 2,984,415 registered members by the end of June 2018. 86% of registered members (2,566,453 out of 2,984,415) have remitted their shares and 91.5% opened account (2,731,571 out of 2,984,415). Pertaining to financial status, U-SACCOs recorded 18,011,796,500 Rwandan Francs of pledged shares and 68.0% have been remitted by the end of June 2018 (12,252,791 out of 18,011,796,500). U-SACCOs have mobilized 68,710,112,816 Rwandan Francs of Savings. By the end of fiscal year 2017-2018, SACCOs had 41,547,462,508 Rwandan Francs of outstanding loan and 5,147,154,443 Rwandan Francs of portfolio at risk which gives NPL of 12.4%.

Table 1: Membership status of U-SACCOs from June 2017-June 2018 at National level

Membership status	2014-2015	2015-2016	2016-2017	2017-2018	Growth rate 2014-2015	Growth rate 2015-2016	Growth rate 2016-2017	Growth rate 2017-2018
Registered members	2.340.292	2,493,840	2.870.932	2.984.415	10,9	6,56	15,12	3,9
Members with remitted shares	2.082.809	2.163.480	2.419.097	2.566.453	15,8	3,87	11,82	6,0
Accounts holders	2.060.024	2.219.789	2.582.607	2.731.571	14,7	7,76	16,34	5,7

The figures in the table above indicate that the members of U-SACCOs have increased year by year, however their growth rate has also increased. This means that the members have increased at an increasing rate which is a good indicator of performance.

5.1 SACCOs SUPERVISED, CONTROLLED AND AUDITED IN FISCAL YEAR 2017-2018

During the year **2017-2018**, RCA staff has conducted control, supervision and audit in different SACCOs. The purpose of these activities was to help these institutions to enhance their effective governance and financial management. The following table reveals supervised, controlled and audited SACCOs during this fiscal year (2017-2018).

Table 2: SACCOs supervised, controlled and audited in the fiscal year (2017-2018)

PROVINCE	U-SACCOs			NON-U-SACCOs		
	SACCOs Inspected	SACCOs Controlled	SACCOs audited	SACCOs Supervised	SACCOs Controlled	SACCOs audited
West	96	96	15	6	6	1
East	95	95	11	3	3	0
North	89	89	10	7	7	0
South	101	101	5	5	5	1
Kigali City	35	35	11	1	1	1
Total	416	416	50	20	20	3

The above table shows that all U-SACCOs and Non-U-SACCO were supervised and controlled. Each SACCOs have been supervised and controlled at least twice. Concerning audit conducted, the figures in the above table reveals that 12% (50 out of 416) of U-SACCOs have been audited at national level while only 14.2% (3 out of 21) of Non-U-SACCO have been audited in this fiscal year (2017-2018). It is noticed that Western Province has many audited SACCOs (11) followed by Eastern Province and Kigali City with 11 audited SACCOs.

5.2: PROBLEMS OBSERVED DURING SUPERVISION, AUDIT AND CONTROL

During supervision, audit and control, some of the problems identified include:

- Poor governance (SACCO organs fail to convene meetings on time as it is stipulating in Law of Cooperatives),
- Failure to trace SACCOs' operations in books of account on daily basis,
- Poor loan administration and loan recovery,
- High level of loan portfolio at risk in some SACCOs,
- Failure to plan Budget which lead to poor cash flow management,
- Weak and limited marketing strategies to attract members and mobilize more Savings
- Embezzlement and mismanagement

RCA SACCO staff have tried their best level to provide different advices and coaching to staff and committees of supervised, controlled and audited SACCOs in order to enhance governance and management of these institutions. Furthermore, continuous trainings are provided to SACCOs staff and committees and supervision activities were intensified to ensure good performance of these institutions.

EVOLUTION OF UMURENGE SACCOS MEMBERSHIP IN THE LAST FOUR FISCAL YEARS AT PROVINCIAL LEVEL (2015-2018)

The statistic shows that Southern Province has the highest number of registered members, members with remitted shares and account holders in the last four fiscal years.

Table 3: U-SACCO membership status at Provincial level from June 2015-2018

PROVINCE	MEMBERSHIP	2014-2015	2015-2016	2016-2017	2017-2018	GROWTH RATE 2014-2015	GROWTH RATE 2015-2016	GROWTH RATE 2016-2017	GROWTH RATE 2017-2018
WEST	Registered members	544.187	59.245	670.091	686.459	12,5	8,87	13,11	2,44
EAST		560.357	560.362	681.864	697.684	10,7	0,00	21,68	2,32
NORTH		42.249	458.511	513.787	541.770	6,9	8,53	12,06	5,45
SOUTH		665.778	713.555	789.516	826.405	10,3	7,18	10,65	4,67
KC		14.748	168.962	215.674	232.097	12,6	14,57	27,65	7,61
TOTAL		1.827.319	1.960.635	2.870.932	2.984.415	10,4	6,56	15,12	3,95
WEST	Members with remitted shares	475.878	515.189	587.969	618.929	14,2	8,26	14,13	5,27
EAST		464.642	45.036	550.771	580.908	13,5	-3,07	22,3	5,47
NORTH		363.768	400.607	418.421	450.732	11,0	10,13	4,45	7,72
SOUTH		652.875	654.097	700.134	738.039	21,9	0,19	7,04	5,41
KC		125.646	143.227	161.802	177.845	14,8	13,99	12,97	9,92
TOTAL		2.082.809	1.758.156	2.419.097	2.566.453	15,8	3,87	11,82	6,09
WEST	Accounts holders	479.455	526.835	620.682	650.771	15,9	9,88	17,81	4,85
EAST		525.806	52.767	638.558	668.711	18,2	0,35	21,01	4,72
NORTH		335.409	371.059	429.831	468.373	12,8	10,63	15,84	8,97
SOUTH		598.529	64.708	722.693	761.060	12,3	8,11	11,69	5,31
KC		120.755	147.145	170.843	182.656	12,1	21,85	16,11	6,91
TOTAL		2.059.954	2.219.789	2.582.607	2.731.571	14,7	7,76	16,34	5,77

Kigali city has the highest growth rate of registered members of 7,61% in 2017-2018, Kigali city also has the highest growth rate with members remitted shares of 9.92% in 2017-2018 and Northern Province has the highest growth rate with account holders of 8.97 % in 2018-2018.

Referring to the graph and table above, it is observed that extra efforts are important for SACCO to increase the growth rate of their members by improving their mobilisation strategies like developing different marketing strategies and introduction of new products.

5.3. FINANCIAL DATA OF U-SACCO IN JUNE 2017-JUNE 2018

In this report, pledged shares, remitted shares, deposits and savings, outstanding loans and portfolio at risk are the main financial data of U-SACCOs analysed.

5.4. EVOLUTION OF PLEDGED AND REMITTED SHARES

The statistic shows that U-SACCOs have managed to mobilize both pledged and remitted shares. Eastern Province has the highest amount of pledged and remitted shares in the last four years while Kigali City has the lowest number of shares. Despite the increase of shares, their growth rate has decreased in all Provinces in last two years. The following table shows the progress of pledged and remitted shares in the last four years

Table 4: Progress on pledged and remitted shares of U-SACCOs in 2014-2018 at the Provincial level

PROVINCE	MEMBERSHIP	2014-2015	2015-2016	2016-2017	2017-2018	GROWTH RATE 2014-2015	GROWTH RATE 2015-2016	GROWTH RATE 2016-2017	GROWTH RATE 2017-2018	GROWTH RATE 2017-2018
WEST	pledged shares	2.657.653.369	2.907.471.529	3.391.074.500	3.585.785.300	40,4	16,5	9,4	16,63	0,06
EAST		4.117.703.644	3.922.150.400	4.922.734.480	5.162.653.100	20,6	16,2	-475	25,51	0,05
NORTH		1.827.373.800	2.006.605.000	2.330.010.940	2.568.526.100	21	12,3	9,81	16,12	0,10
SOUTH		2.985.402.500	3.354.562.000	3.867.702.000	4.067.242.000	28,1	22,7	12,37	15,3	0,05
KC		1.227.450	1.489.065.000	1.970.767.000	2.627.590.000	24,4	11,7	21,31	32,35	0,33
TOTAL		12.815.583.313	13.679.853.929	16.482.288.920	18.011.796.500	26,4	16,7	6,7	20,49	0,09
WEST	remitted shares	1.659.180.284	1.946.540.772	2.232.182.332	2.481.852.516	36,4	14,7	17,32	14,67	0,11
EAST		2.540.960.879	2.747.946.835	3.363.645.470	3.331.815.274	16,8	14,5	8,15	22,41	(0,01)
NORTH		1.155.707.345	1.395.208.333	1.588.716.786	1.895.935.850	15,9	15,2	20,72	13,87	0,19
SOUTH		2.203.374.996	2.545.965.699	2.911.676.951	3.099.306.139	23,9	27,5	15,55	14,36	0,06
KC		884.866.496	1.079.324.569	1.369.259.806	1.443.881.496	23,7	22,4	21,98	26,86	0,05
TOTAL		8.444.090.000	9.714.986.208	13.459.867.009	12.252.791.275	22,7	18,6	15,05	38,55	(0,09)

The above table reveals that U-SACCOs have improved their internal capitalization however the performance of these institutions is not good because growth rate of their shares has sometimes increased and decreased.

The growth rates presented in the table above, indicates weaknesses of SACCOs in terms of internal capitalization hence their internal financing capacity which may affect capital adequacy ratio and ability to cover loans loss. In that case, SACCOs have to put more effort in increasing their capitalization. Therefore, SACCOs have

to review their mobilization strategies in order to increase their members which in other to enhance their internal capitalization.

5.5 EVOLUTION OF SAVINGS AND DEPOSITS AT THE NATIONAL LEVEL.

U-SACCOs program is one of strategy of domestic savings mobilization and building an inclusive financial system in Rwanda. This program has remarkable results as U-SACCOs managed to mobilize 68,710,112,816 Rwanda Francs by the end of June 2018. The following table show the progress of U-SACCOs in the last four years.

Table 5: Evolution of Savings and deposits at national level (June 2014-June 2018)

Year	Savings and deposits	Growth rate %
2014-2015	57.627.625.385	30,78
2015-2016	67.574.207.913	17,26
2016-2017	69.325.900.028	2,59
2017-2018	68.710.112.816	(0,89)

The table above shows that U-SACCOs recorded an increment of savings from the last four years. U-SACCOs had saving of 57,627,625,385 Rwandan Francs in 2014-2015, which resulted into a growth rate of 130.78%. In 2015-2016, SACCOs recorded saving of 67,574,207,913 Rwandan Francs which gives a growth rate of 2.59%. In 2016-2017, SACCOs recorded 68,710,112,816 Rwandan Francs which

gives a growth rate of 17.26% and in 2018-2018 SACCOs recorded saving of 69,325,900,028 Rwandan Francs which resulted into a growth rate of (0.89) % compared to the previous year. This increasing was due to high level of SACCOs mobilization Rwandan to join U-SACCO program despite their decreasing growth rate somewhere

5.6 EVOLUTION OF SAVINGS AND DEPOSITS AT THE PROVINCIAL LEVEL (2018-2018)

Referring to the performance of SACCOs in savings mobilization, Eastern province has the highest amount of savings in the last years of 16,882,107,412 Rwandan Francs respectively in 2018-2018 while KCC has the lowest amount of 8,451,998,300 Rwandan Francs of Savings in the last years as it is illustrated in the following table.

Table 6: Evolution of Savings and deposits at provincial level (June 2014-June 2018)

Provinces	2014-2015	2015-2016	2016-2017	2017-2018	Growth rate 2014- 2015	Growth rate 2015- 2016	Growth rate 2016- 2017	Growth rate 2017- 2018
West	11.133.209.583	13.226.877.579	14.275.689.150	13.810.770.658	30.9	18.81	7.93	-3,26
East	13.594.640.492	16.589.355.534	16.882.107.412	17.036.023.968	28.41	22.03	1.76	0,91
North	10.460.416.333	11.621.368.823	12.966.348.307	12.873.015.044	32.88	11.10	11.57	-0,72
South	15.091.538.432	18.214.998.592	16.749.756.860	15.271.380.481	26.05	20.70	(8.04)	-8,83
Kigali city	7.347.820.545	7.921.607.385	8.451.998.300	9.718.922.665	43.34	7.81	6.70	14,99
Total	57.627.625.385	67.574.207.913	69.325.900.028	68.710.112.816	30.78	17.26	2.59	-0,89

The figures in the above table reveal that SACCOs in all Provinces have increased their savings. Kigali City has the highest growth rate of savings of 14.99% in

2018-2018 while Southern Province has the lowest growth rate of savings of (8.83) % the same year. Considering performance of SACCOs in savings mobilisation at District level, the current data indicates that Gasabo District has the highest amount of savings of 4, 826,642,296 Rwandan Francs while Ngororero District has the lowest level of savings of 1,286,647,238 Rwandan Francs. Gisenyi SACCO located in Rubavu District has the highest amount of savings of 838,783,565 Rwandan Francs. Bweyeye SACCO located in Rusizi District has the lowest level of savings of 14,515,459 Rwandan Francs, followed by Mukama SACCO located in Nyagatare District with 23,570,022 Rwanda francs. The following table shows savings range of U-SACCOs from the last three years.

Table 7: Savings range of U-SACCOs in 2015-2018

Savings range	Number of SACCOs in 2014-2015	Number of SACCOs in 2015-2016	Number of SACCOs in 2016-2017	Number of SACCOs in 2017-2018
Less than 50,000,000	10	4	6	11
50,000,000-100,000,000	119	82	65	92
100,000,001-150,000,000	139	126	135	121
150,000,001-200,000,000	88	104	96	91

200,000,000- 300,000,000	54	76	84	68
300,000,000- 400,000,000	6	20	23	22
400,000,000- 500,000,000	0	4	6	6
Above 500,000,000	0	0	1	5
Total	416	41 6	416	416

The above table shows the progress of savings of U-SACCOs in the last four years. It is observed that in 2014-2015, only 10 out of 416 SACCOs remained in the first range (less than 50,000,000 Rwandan Francs), in 2015-2016, 10 SACCOs shifted in the second range and only 6 SACCOs had less than 50,000,000 Rwandan Francs and in 2016-2017 and finally in 2017-2018, 11 SACCOs had less than 50,000,000 Rwandan Francs

5.7 LOAN PORTFOLIO MANAGEMENT IN U-SACCOS

From the beginning of U-SACCOs in 2009 up to June 2018, all disbursed loans amounted 263,304,282,659 Rwandan Francs. U-SACCOs recorded outstanding loans of 41,547,462,508 Rwandans Francs and portfolio at risk of 5,147,154,443 which gives NPL of 12.38% at national level. It is noticed that loan management is not well managed as 87.2% of SACCOs (363 out of 416) SACCOs have NPL greater than 5% as benchmark. For more details on NPL. Considering the performance of SACCOs in loan management at Provincial level, Eastern Province

has the highest portfolio at risk of 13.7% while Western Province has the lowest NPL of 9.9%.

Table 8: NPL status of U-SACCOs (June 2014-2018)

PROVINCE	Outstanding loans 2015-2016	portfolio at risk 2015-20176	NPL 2015- 2016	Outstanding loans 2016-2017	portfolio at risk 2016- 2017	NPL 2016-2017	Outstanding loans 2017-2018	portfolio at risk 2017-2018	NPL 2017- 2018
West	7.214.478.474	1.028.609.338	14,26	7.845.435.893	980.119.117	12,49	9.549.561.635	1.179.330.481	9,85
East	7.465.225.314	1.020.806.598	13,67	8.254.472.213	1.283.103.087	15,54	9.458.891.804	1.299.983.191	13,74
North	6.861.743.900	730.285.191	10,64	8.223.672.870	981.202.176	11,93	9.048.027.557	1.012.930.318	11,20
South	8.437.028.569	756.392.500	8,97	8.633.557.292	1.086.086.999	12,58	9.134.011.114	1.171.002.122	12,82
KC	3.562.717.623	472.884.528	13,27	4.185.631.695	553.679.202	13,23	4.356.970.398	483.908.331	11,11
TOTAL	33.541.193.880	4.008.978.155	11,95	3.714.269.963	4.884.190.581	13,15	41.547.462.508	5.147.154.443	12,39

The table above shows a decreasing of NPL, respectively in Western, Kigali City, Eastern and Northern. The increase of NPLs affect negatively the performance of these institutions thus effective loan portfolio management is crucial to ensure social and financial performance of USACCOs. It is therefore imperative for SACCOs to rework on their loan management and put in place loans recovery strategies.

5.8 NON-U-SACCOs MEMBERSHIP DATA.

Non UMURENGE SACCO commonly known as “COOPECS”. As Umurenge SACCOs, the non UMURENGE SACCOs have also played a big role in offering financial services to the Rwandan population.

Non-U-SACCOs have 132,271 registered members, 88,704 members with remitted shares and 55,853 account holders.

5.9 NON-U-SACCO FINANCIAL DATA

Currently the non Umurenge SACCOs have pledged shares of 2,604,462,000Frw, 940,720,918Frw remitted shares, savings deposits of 3,463,024,621Frw, current loans of 2,930,013,337Frw with portfolio at risk of 284,065,576Frw, giving the percentage of 9.7%.

For more information on Non-U-SACCOs, see the attached annex 4. This percentage has gone beyond BNR prudential norms, intensive strategies of supervising these SACCOs in order to bring them back in the normal range have been laid by SCU.

In the fiscal year 2017-2018, U-SACCO recorded an increase of registered members from 2,896,771 to 2,984,415; from 2,509,502 to 2,566,453 members with remitted shares and from 2,647,203 to 2,731,571 account holders.

5.10 PROGRESS ON ACTIVITIES CARRIED OUT IN THE CAPACITY BUILDING FOR SACCO.

Through SCU one of department of RCA, different activities were organized in enhancing the capacities of SACCOs as follows:

- Assisting SACCOs to implement their business plan, Policies and coaching of SACCOs staff on the use of new management tools of computerization;

- Attending different general assembly in SACCOs and ensuring the GA is held in accordance to the Cooperative law
- Organizing training on computerization in collaboration with RCA computerization project;
- Follow up of special program of women and youth in SACCOs
- Induction of new committees and staff.

6. CAPACITY BUILDING AND COOPERATIVE PROMOTION

Rwanda cooperative agency is mandated to improve the capacity of cooperatives through training and coaching, where training and coaching modules were developed and translated into Kinyarwanda language to help people who don't understand other foreign languages to understand the training contents.

6.1 TRAINING OBJECTIVES

The main objective of the training was to strengthen the capacity of cooperative leaders in cooperative governance and financial management.

The specific objectives are as follows

- ✓ Understand cooperative principles and norms;
- ✓ Distinguish cooperative organs and related responsibilities and obligations from each organ.
- ✓ Understand cooperative law and code of conduct for cooperative leaders and workers.
- ✓ Understand the role and importance of cooperatives for both member and the country development.
- ✓ Distinguish cooperative accounting books and administration books

- ✓ Planning and monitoring cooperative activities
- ✓ Proper and timely recording cooperative transactions
- ✓ Produce Financial reports on time.

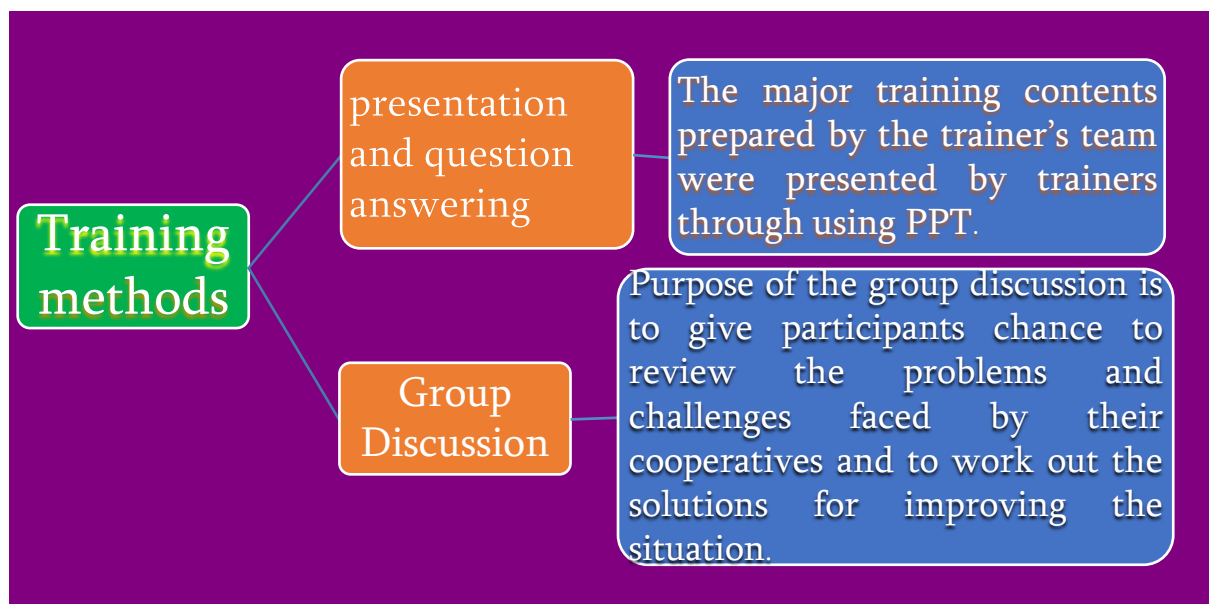
6.2 TRAINING MODULES

In this training, the trainers focused on the following modules:

- Cooperative governance and management
 - Cooperative principles and values
 - Importance of cooperative organization on both members and government
 - Cooperative organs and its composition
 - Responsibilities and obligations for each organ and the ones for members
 - Characteristics for best performing cooperative
 - Cooperatives law and code of conducted for cooperative leaders and employees
- Cooperative financial management
 - Definition of financial management
 - Importance of financial management, accounting system and accounting records for cooperatives
 - Financial planning and Utilisation of funds
 - Financial accounting (bookkeeping) and Financial reporting formats
- Cooperative internal control.

6.3 TRAINING METHODOLOGY

The methodology used in the training was participatory in nature, where we used Power point presentations of the modules and let members share their experiences.



The Crop Intensification Program (CIP) was launched September 2007 as a pilot program with the main goals of increasing agricultural productivity in high-potential food crops and ensuring food security and self-sufficiency. The crops that involved in this program are maize, wheat, rice, beans, irish potatoes, cassava, soya and banana.

It is in that context that farmers who cultivate the said above crops were formed cooperatives which are the best model for increasing their productivity. But some of these cooperatives experiences lack of cooperative knowledge related to governance and financial management as well as weak internal control. Note that also that since farmers are still mobilized to work with cooperatives the number of formed CIP cooperatives is increasing as the year goes by and need skills related to how to work in a cooperative.

It is in that regard that Rwanda Cooperative Agency plans each year to train CIP cooperatives on related topics and this without any doubt increases the

performance of the trained cooperatives which leads to the achievement of high productivity.

Therefore, during in the fiscal year 2017-18, Rwanda Cooperative Agency has planned to train 250 CIP cooperatives. The training mainly targeted the leaders and employees of these cooperatives. Rwanda Cooperative Agency organizes these trainings in collaboration with the Local Government where the Districts or Sectors contribute a lot in this activity by hosting the training. And based on target 250 CIP cooperatives were trained and 253 CIP were coached country wide.



Training of CIP in GISAGARA District



Training of CIP cooperatives in Rwamagana

6.4 Challenges faced by CIP cooperatives

- The trained cooperatives leaders were not aware that they have to convene the general assembly meeting in October, except three cooperatives. This means that they do not convene the general assembly's meetings as required by cooperative law;
- Most of these cooperatives do not have office ;
- All trained cooperatives do not have accountant which leads to misreporting of cooperatives' transactions ;
- The supervisory committees encountered with the resistance of board of directorate to conduct internal audit;
- The trained cooperatives do not prepare annual action plan which leads to misused of cooperative fund.

Under capacity building of cooperatives other than CIP cooperatives also 60 youth-based cooperatives were trained and 30 women cross boarder cooperatives were trained across the country where more improvement is highly needed to support this sector of cooperatives and conduct inspection regularly

They do not conduct external audits;

6.5 TRAINING OF Milk Collection Centres 2017-2018

MOU that was signed between RDDP and RCA especially regarding promotion and capacity building of Dairy cooperatives mainly Districts where RDDP is operating. It is in that regard that the coaching of Dairy cooperatives was planned and completed under the support of RDDP.

The capacity building was in form of coaching by analysing how management and governance in those cooperatives are handled in order to help them to improve

where it is necessary. Different key elements were considered including, cooperative identification, bookkeeping, proper reporting, laws and rules used in cooperatives as well as providing advices.

In addition, the team was composed by RCA and MINAGRI Staff. There is coaching also handled different issues related to quality of milk, especially testing, hygiene, transportation and selling of milk collected as well as infrastructure issues at the Milk Collection Centres (MCC).

6.6 TRAINING OF WOMEN CROSS BORDER OOPERATIVES

Women cooperative members could create employment and expand access to income-generating activities, develop their business potential, including entrepreneurial and managerial capacities through education and training; increase savings and investment, and improve social well-being.

Note that women cooperatives have played an important role in improving the social-economic conditions of lower and poor strata of society in general and women in particular by providing them full time or part time employment opportunities and improving their standard of living.

It is in this regard that Rwanda Cooperative Agency has conducted the training of 27 women cross border cooperatives and 11 Non cross boarder cooperatives in order to strengthening their capacity leading to better performance.

The training focussed on the following topics:

- Governance of cooperative
- Financial management
- Business planning and marketing

- Basics on taxation



6.7 YOUTH COOPERATIVE TRAINING

Based on RCA Action Plan 2017-2018 where 60 youth cooperatives have to be trained. 60 youth cooperatives were trained on cooperative understanding and on cooperative financial management.

Training objectives

The main objective of the training was to strengthen the capacity of cooperatives leaders in understanding cooperative and financial management.

The specific objectives are as follows:

- Understand cooperative Principles and norms
- Distinguish cooperative organs and related responsibilities and obligations for each organ.

- Understand cooperative law and code of conduct for cooperative leaders and workers.
- Understand the role and importance of cooperatives for both member and the country development;
- Distinguish cooperative accounting books and administration books ;
- Planning and monitoring cooperative activities;
- Proper and timely recording cooperative transactions ;
- Produce Financial reports on time basis.



7. COOPERATIVE MONTH

Cooperatives are central to the strategies of poverty alleviation and are therefore regarded as the basic pillar for our economic empowerment. This is justified by the policy on cooperatives promotion, whereby the Government of Rwanda views cooperatives as a potential vehicle through which the cooperatives' members could create employment and expand access to income-generating activities, develop their business potential, including entrepreneurial and managerial capacities

through education and training, value addition, Agro -processing and increase savings and investment.

The need for cooperative members to save is witnessed in their daily lives and activities when they sacrifice current consumption in order to meet future consumption (needs). Savings therefore enable them to “insure” themselves against future difficulties. The savings can also be used to finance investment which will then act as an engine for the economic development of Rwanda.

The theme of cooperative month was “***Cooperative we want: ensure good governance and savings for the sustainable future***” translated in Kinyarwanda “***Koperative twifuza: ifite imiyoborere myiza kandi ishishikariza abanyamuryango umuco wo kuzigamira ejo hazaza heza***”

7.1 WHY COOPERATIVE MONTH

cooperative month was conducted at national level as a way to take part in solving problems and issues affecting them, it was to give the cooperative societies and community in general to take part in sensitization and awareness to the public by organizing the events like debates, discussions and dialogue and success stories. All the cooperative was given a new opportunity during the whole month celebrations in Rwanda in order to evaluate their growth, problems solving as well as emphasize the great achievements. Cooperatives of different areas such as agriculture, consumer business, education, transport, housing, Horticulture, dairy, poultry, banking, micro credit women cooperatives etc were given legal personality by the organ in charge of development of cooperatives. At this occasion the RCA personnel was available on field working with the line Ministry (MINICOM) and local authorities plus all stakeholders and partners.

It Was an Opportunity to express the best practices and success stories done by and within cooperatives, but also express challenges encountered in this sector as well as make the culture of saving well understood. A lot of activities like debates and seminars were organized while celebrating this event in order to assess the development, crisis as well as highlight the immense achievements in the economy.

7.2 OTHER ACTIVITIES IN COOPERATIVE MONTH

This month was commenced with reviewing motorcycle cooperative structure across the country, after selecting those with taboos of which were not to be elected again, it is from activity RCA staff were deployed in the different parts of the country in collaboration with different stakeholders including MININFRA, MINICOM, NATIONAL POLICE OF RWANDA, DISTRICTS among others.



Swearing of new elected leaders of motorcycle cooperative.



Kigali stadium

7.3 TRAINING OF MOTOCYCLE COOPERATIVE LEADERS

After election of Motorcycle cooperatives, and their umbrellas have been restructured through election of their committees from primary cooperatives to federation. It is in this background that from 15-16/06/2018, we trained their committee members on cooperative management and governance as well as cooperative financial management at Olympic Hotel (Kigali City).

We have also trained the cooperative leaders from all motorcycle primary cooperatives. The objective of the training was to equip the committee members with the skills of cooperative management and also to help them to understand their responsibilities as leaders.

The participants were 78 out of 80 members that were planned (3 members from the board of directors and 2 supervisory committee members making a total of 5 members per motorcycle union). Thus, 78 members were trained in two days from 15 motorcycle cooperatives unions and from federation.

7.4 PROBLEMS FACING MOTOCYCLE COOPERATIVES OBSERVED IN COOPERATIVE MONTH

These are highlighted issues according to their responses that affects their day to day activities.

- I. Lack of discipline for some members
- II. Mismanagement among motorcycle cooperatives leaders
- III. Corruption not only from their leaders but also from Polices and local authorities
- IV. Lack of clear motorcycle parking stations
- V. Limited capacity on cooperative management
- VI. Limited information sharing amongst cooperatives and public institutions
- VII. RURA delays to give them AUTHORISATION
- VIII. Limited of ICT in Motocycles cooperative management

Strategies that have been taken:

10. To fill all requirements for having license and authorization
11. Mobilization and training for cooperative members
12. To respect all measures that have been taken for good management of motorcycle cooperatives
13. To enhance ICT in this sector
- 14.

The representative of National Police promised the participants to work hand in hand with them in order to help them work accordingly.

After the presentation of National police, we passed through the training as we have already identified their weaknesses. The methodology used was participatory in nature where we shared their experience and we come up with the best way to do things. We also give them time to work in a group to be able to discuss and analyse their challenges and take conclusion together.



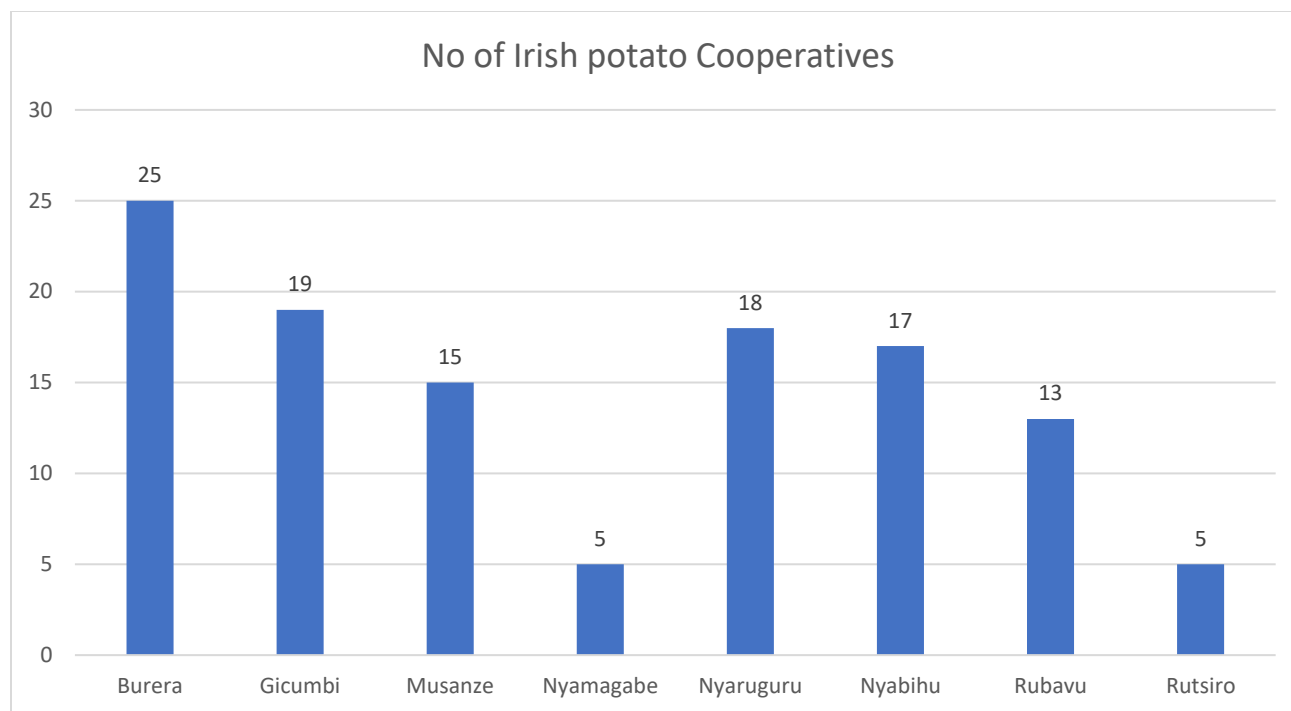
Training of new elected leaders of motorcycle cooperative in Kimironko

8. RESTRUCTURING OF IRISH POTATO COOPERATIVE LEADERS

Election of new leaders of irish potato cooperative was condcuted country wide where new cooperatives were formed and other were merged to form one good, strong and working cooperative, those that were merged some decided to have a new name and other decided to remain with the same name but al in all were to have a new elected leadership with a very great vision of improving the coopertive. This election amonst irish potato cooperatives was done in district as follow.

No	District	Date
1	Rubavu - Nyabihu	19/06/2018
2	Nyabihu - Musanze	20/06/2018
3	Burera	21/06/2018
4	Gicumbi	22/06/2018
5	Nyamagabe, Nyaruguru na Rutsiro	23/06/2018

All irish potato cooperative were 117



Members of cooperatives ready for election of their new leaders



Swearing oath was the last activity in election in each cooperative

9. COOPERATIVE POLICY REVIEW.

The new policy on cooperative movement in Rwanda was necessitated by the need to enable the cooperative movement play its vital role towards the transformation of the national economy in light of the current national development framework, namely the Vision 2050, NST1 (2017-2024) and a number of relevant sector strategies.

Co-operative organizations in Rwanda were operating under the old legal and policy framework adopted in 2006; and 2007 respectively. The elaboration of the policy was done through a wide consultative process that involved the majority of all stakeholders to gather their views on potential areas that needed improvement in consideration of the previous policy set-up. These consultations were carried out at central and local government levels and within cooperative organizations. Subsequent to this, a number of consultative workshops involving various partners

and stakeholders were organized for the analysis and classification of issues pertaining the development of the cooperative sector.

The consultations process combined with a thorough desk review of existing documents led to the identification of gaps constraining the development of cooperatives, as well as emerging issues that need to be addressed in the new policy with a special focus on transformation. Among those issues, some pertain to the institutional and policy framework (e.g. the need to streamline the process of formation and registration of cooperatives, unclear definition of hierarchical relationships between primary cooperatives, co-operative unions, and co-operative federations, and lack of clear policy guidance on cooperatives with high investment potentials); issues pertaining to the management of co-operatives (e.g. non-transparent decision-making process within cooperatives, limited leadership, managerial, technical, IT and other soft skills required for effective management of cooperatives; and mismanagement of cooperatives); and issues related to investment, research and development (e.g. low levels of research and development within cooperatives, high dependence on government and donor development support).

In order to address the above, this policy paper proposes a number of policy options that aim improving the governance of the cooperative movement. This includes the upgrading the mandate of RCA as the government agency responsible for the development of cooperative sector, the restructuring of the current organizational structure of cooperatives for more effectiveness and efficiency, and the promotion of dialogue between government and cooperative movement.

The cooperative structure has been operating on a four-tier system with primary cooperative societies operating at sector level, cooperative unions at District level, cooperative federations operating at national level and the National Cooperative Confederation operating as the national umbrella of cooperatives. Despite some

merits in terms of representation and good information flow, this structure was found to be ineffective in various instances, especially pertaining to limited financial capacity to support its operations, low level of ownership by members, limited accountability, coordination, and duplication of activities. The proposed restructuring of the cooperative movement takes into consideration those aspects in consistency with the National Strategy for Transformation and subsequent Sector Strategic Plans.

It is from this provision of the decentralization policy, more particularly the concern for prioritizing community development in the areas where the cooperative is located.

Further, this policy paper has proposed six areas of policy intervention, of which some are newly proposed while others need improvement and adaptation: improvement of cooperative registration using ICT and the introduction of the Cooperative Information Management System, strengthening of the capacity development and entrepreneurship promotion for cooperatives, introducing and implementing cooperative graduation agenda, enhancing cooperative sector support, promoting awareness raising and adaptation, and conducting regular research and impact assessments of cooperatives.

Finally, the new policy has proposed shifts needed in the organizational and institutional development of cooperatives, with enabling conditions and a conducive environment for the development of the cooperative organizations, as well as policy interventions areas and actions as encapsulated in the policy implementation plan.

More specifically, this policy has proposed a number of changes including the following: New strategic direction of the cooperative movement that integrates the current national planning process as captured in the new vision, mission, objective of this cooperative policy; New organizational and operational structure of the cooperatives which enforces the need for improved ownership of cooperative organizations by the members, alignment of local economic development policy, financial sustainability, and the change on how cooperative unions and federations operate;

The growth and graduation model of cooperatives that proposes three categories of cooperatives based on the proposed growth model and the graduation from direct government's support and other subsequent practices such as provision of growth and graduation certificates;

The registration of cooperatives created by Rwandans living in the diaspora to contribute to the resource mobilization for investment in the country;

Proposal to introducing the Cooperative Information Management System (CIMS) that is ICT based for efficient management of registered cooperatives;

The need to have a sector support coordination to ensure that the support to cooperatives by different partners and the government is well coordinated and streamlined for increased and sustainable impact;

Enforce research and impact assessment of the cooperative sector to inform the policy and the effectiveness of this cooperative policy.

An implementation plan with policy impact outcomes, activities, indicators for each policy option and the roles of all stakeholders involved in the cooperative sector.

10. GENERAL PROBLEMS OF COOPERATIVE SOCIETIES IN RWANDA

Despite the many benefits of these societies, they are heavily livened with some inherent problems. Some of them are:

- 1.The senior officials of these cooperatives on the average lack business experience. Their managerial skills are low and thus reduce the efficiency of the cooperatives.

- 2) The cooperatives are usually made up of ordinary people who want to get better deals. The members are mostly illiterates and create so many problems for the societies without even realising it.
- 3) Since the members are made up of people from different backgrounds and with different experiences, there is usually a lack of cooperation since people have different views of things.
- 4) The members have a lack of attitude towards the cooperation since they consider it "just a group". They leave most of the work to their leaders and just contribute their quota and go.
- 5) This is a major problem. People at the helm of affairs in cooperatives always seek ways to gain something for themselves secretly and as a result are usually dishonest about the true state of things.
- 6) Since the members are not business professionals, they plan wrongly a lot. They make some investments that turn out bad, and cause real problems.
- 7) Overdue loans are one serious problem facing cooperative societies in Rwanda, as members often default in payment of loans granted to them which usually leaves the cooperative stagnant and in constant tension.

11. CONCLUSION AND RECOMMENDATIONS.

The training for motorcycle unions and federation was very important for the new leaders as they didn't know their responsibilities and also the laws governing cooperative. All participants appreciated the acquired knowledge and requested RCA to advocate and work hand in hand with them in order to enable new leaders to come up with vibrant cooperatives.

Financial cooperative is now making different lives of people and increasing access of financial services to the community and a strong and sustainable progress have been made in these three years. However, the growth rate of members and financial status has decreased progressively which indicate poor performance especially membership sensitization and mobilization limited, marketing and product design and development.

Irrespective of what has been done in supervision, coaching audit and trainings to ensure good governance, management and sustainability of these institutions, some problems are still being faced by these institutions more specifically in the area of financial management and governance.

It therefore recommended that RCA in collaboration with other stakeholders like MINALOC, MINICOM, MINAGRI, MINISANTE among others need to work together to strengthen governance and management of cooperatives in Rwanda to ensure sustainability and cooperative movement and much effort needs to put in agriculture cooperatives and SACCOs.

Cooperative movement should be a cross cutting area where all stakeholders should join together to improve the success and performance of cooperatives more especially,

ICT should be the basis and key pillar in cooperative management in terms of embezzlement, cases resolution, taxation, and registration and productivity promotion.