Center for Development Policy

The State of Agri-Cooperatives in Rwanda:
The "Paradox of Growth and Sustainability"

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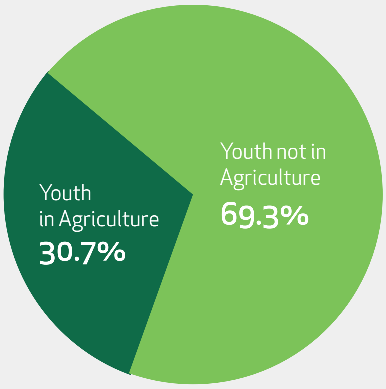
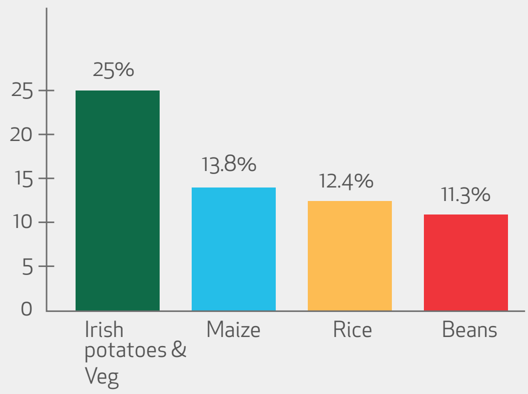
Issue

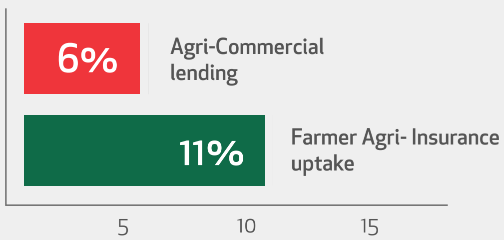
Youth participation in Agriculture



Post-Harvest Losses



Commercial lending and Agri-Insurance



Agriculture remains the main source of food security and employment of the majority of Rwandans, practiced at approximately 59% of the total land area . Agricultural cooperatives play a vital role in Rwanda's rural economy, comprising nearly half of all registered cooperatives and serving over 355,127 members. Conceptually, Agriculture cooperatives are supposed to be a catalyst for socio-economic empowerement of rural communities in Rwanda. However, agriculture cooperatives experience growth and sustainability paradox, steming from structural and productive capability gaps. Despite its role in the economy, agriculture remains less inclusive to youth.

According to the Agriculture Household Survey (AHS, 2024) , about 30.7% of young Rwandans between the ages of 16 and 30 participate in agriculture-related work, hindered by restrictive entry conditions, limited access to land and finance. Besides these challenges, the sector remains less attractive to the youth. Agriculture cooperatives are supposed to be a conduit for rural economic empowerment, however, the impact of agriculture cooperatives remains limited due to systemic challenges related to weak governance, poor business development services, poor financial management and inadequate market access.

Agro-Cooperative industry faces limited digital and financial literacy respectively, leading to low inclusions. More so, according to World Bank (2025) the Post-harvest losses in Rwanda remains high, affecting 13.8% of maize, 12.4% of rice, 11.3% of beans, and over 25% of Irish potatoes and vegetables. This is largely driven by insufficient storage infrastructure, packaging, market failure, and limited technology. Access to formal agricultural finance (commercial lending) also remains limited, receiving just 6 percent of total commercial lending, while only 11% of farmers have agricultural insurance (world bank 2025) . Even though subsidy and insurance programs exist, uptake is still low due to high costs, limited awareness, and flawed design.

An assessment of 150 agriculture cooperatives by CDP and partners finds that most cooperatives are still at early or intermediate stages of professionalization, with only 1.3% of assessed agriculture cooperatives performing at an advanced level. To unlock the full potential of agricultural cooperatives, this policy brief recommends a multi-pronged approach implementing different policy actionable interventions:

- **Reform entry and exit rules** including but not limited to the revision of cooperative entry requirements such as the value of share by members of cooperatives to enable the youth join cooperatives.
- **Unlock access to finance challenges by:**
  - Devise and operationalize a framework of internal lending and share pay-back schemes tailored to all members including young members, such as repayment through deductions from labor supply and sales.
  - Support land acquisition by cooperatives & SMEs for lease to the youth.
  - Engage MFIs, SACCOs, Banks & Fintecs to pre-finance agri-cooperatives and youth entrepreneurial activities through direct input credits,seed capitals along the value chains.
  - Provide youth-specific training on good agricultural practices, new technologies/digital literacy and soft skills such as leadership, negotiation and marketing.
  - Strengthen proximity technical support (coaching & mentorship) in areas of business development, cooperative leadership and governance through combined support in business plan development and access to finance.
  - Develop & operationalize a digitalization system to strengthen financial management, track financial performance, sales & production designed to track growth trends, & transparency in operations.
- **Introduce an index-based insurance and subsidies** to reduce losses and improve climate resilience.
- **Strengthen and expand market** access by cooperatives through:
  - Investment in value addition practices and post-harvest handling infrastructure to increase productivity and market competitiveness.
  - Identify and strengthen capacity of cooperatives to enter into legal and contractual arrangement with potential buyers, international dealers & agri-businesses designed to remove middle men.
  - Strengthen market access by supporting, affordable products certification, negotiations, and inter-cooperative trade alliances (B2B,agro-processing vertical merging).
- **Provide Supportive Policy environment for Agri-cooperatives** to operate sustainably by:
  - Conduct assessment to determine appropriate infrastructure needs to reduce pre-harvest and post-harvest lossess with special focus on storage and green houses for agri-products of cooperatives based on value chain and the region.
  - Design & implement policies that incentivize quotas/targets for youth participation in agricultural cooperatives, including Introducing incentives for cooperatives to recruit youth as their market agents.
  - Introduce outsourced cooperative assessors, very well trained and certified operating under a clear established framework with Rwanda Cooperative Agency (RCA).

I. Context and Background

The Contribution of Agri-Cooperatives

25%
Global cooperative market share

<5%
Agri- cooperatives engaged in African market

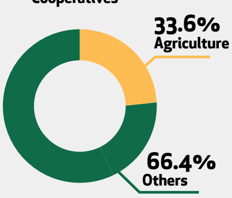
68.9%
of households in agriculture

25%
of GDP from agriculture

91%
Contribution to national food supply

Outlook of Rwanda Cooperative Industry

6,614
Registered Cooperatives



Over 355,127 members
IN AGRI-COOPERATIVES

Cooperative Network

- **6,184** Primary Cooperatives
- **367** SACCOs
- **57** Unions
- **6** Federations

80%
Rwandan farmers participate in crop markets

33%
Production via agri-cooperatives and the market commercialization

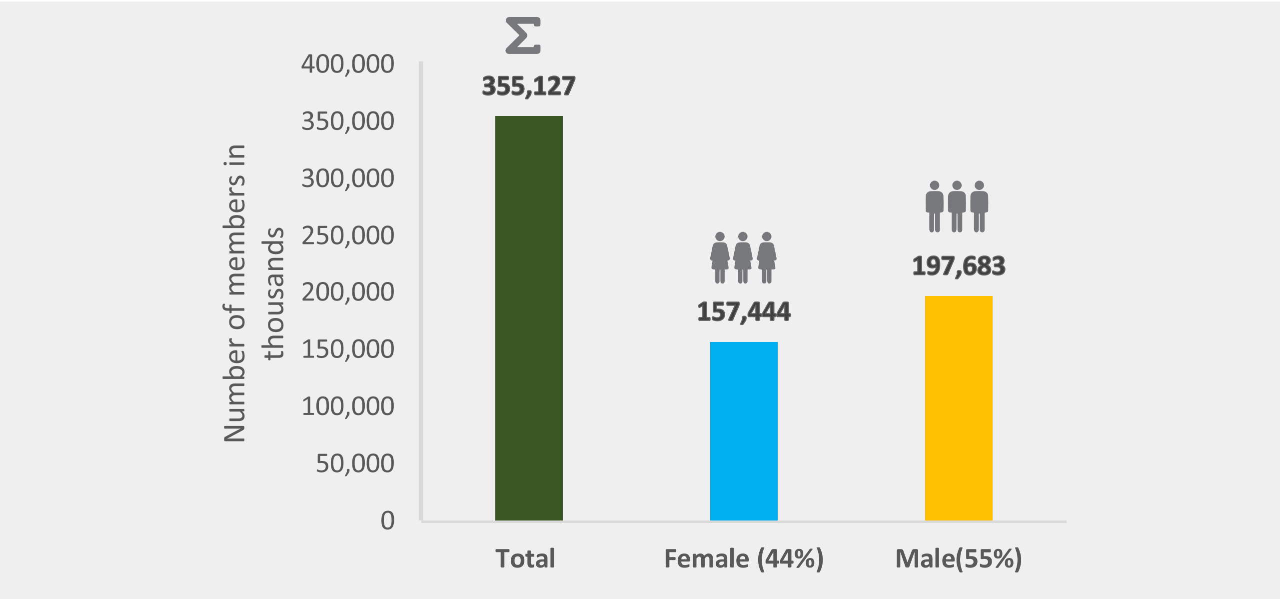
A cooperative is "an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise (2018). Agri-cooperatives are known to be a catalyst for rural economic development in developing and emerging countries. Despite the global prominence, their contribution to agricultural markets accounts for 25% of commodity trade, while their role in Africa remains limited, with less than 5% market engagement . In Rwanda, agriculture remains a cornerstone for the Rwandan economy, with 68.9% of households engaged in agriculture, contributing to 25% to GDP. The sector accounts for 91% of the national food supply .

According to Rwanda Coperative Agency Anual Report of (2024-2025), Rwanda has a total of 6,614 registered cooperatives, of which 33.6% (2,225) operate in the agriculture sector, making it the largest cooperative industry. The cooperative network includes 6,184 primary cooperatives, 367 SACCOs (savings and credit cooperatives), 57 unions, and 6federations. The Agri-cooperatives serve over 355,127 members and essembly the share capital worth 17,199,101,626. However, this number changes over time due to new registration and de-regitration of cooperatives overtime.

The studies finds that 80% of Rwandan farmers participate in crop markets, selling an average of 33% of their production via agri-cooperatives and the market commercialization is strongly higher among farmers in agri-cooperatives than individual farmers (Warner et al., 2024).

This implies that Agri-cooperatives present more growth opportunities than individual market participation. More so, the industry exhibits strong potential as inclusive economic driver, engaging over a million members and contributing significantly to national food security.

Graph 1: Agri-Cooperatives Membership



Source: RCA Annual Report FY 2024-2025

The national Agriculture Policy (2018-2030) under the policy framework of the National Strategy for Transformation (NST2) set the country targets to over 6% annual agricultural growth by boosting productivity, achieving seed self-sufficiency, modernizing post-harvest systems, and scaling investment in innovation and promote inclusive development. However, despite government interventions, the existing policy frameworks remain silient on the contribution of agriculture cooperatives on food security, commercialization, modernizing of agriculture, employment and productivity. This is coupled with the limited evidence on the state of agriculture copperatives, specifically, their formation, professionalization and growth prospect, leadership and governance, categorization, business management capabilities, access to market and finance, as well as structural and capability deficits affecting their growth and sustainability.

II.Methodology

The gaps highlighted above prompted a country-wide in-depth assessment on a selected sample of 150 agriculture cooperatives in Rwanda under the the support of Alliance for a Green Revelution Africa (AGRA). The assessment was carried out by Scope-certified assessors employed and supervised by Center for Development Policy (CDP), using the SCOPE Basic and SCOPE Pro tools which provide a structured, data-driven approach to understanding the strengths, challenges within the cooperatives and other organizations.

The in-depth assessment employed the following eight dimensions (criteria) to assess the state of 150 agri-cooperatives in terms professionalism and growth to inform the appropriate interventions. These eight dimensions include: internal management, financial management, sustainability, operations, production base, market access, external risks and enabling environment. The collected data were cleaned and analyzed within the appropriate digitalized system. The findings of in-depth assessment were complemented by an assessment that generated additional data on revenue, cultivated land size, post-havest handling, seed and fertilizers, insurance, to mention but a few.

Graph 2: The Eight (8) Criteria of Professionalism

The in-depth assessment bases on the SCOPE scores ranging from 1 to 5, with 1 being the lowest and 5 being the highest score . Based on responses to over 160 questions covering key aspects of organizational professionalism. Each agri-cooperatives receiveed a total score and a score on the dimension level.

III. Findings

3.1. Growth and Maturity of Agri-Cooperatives

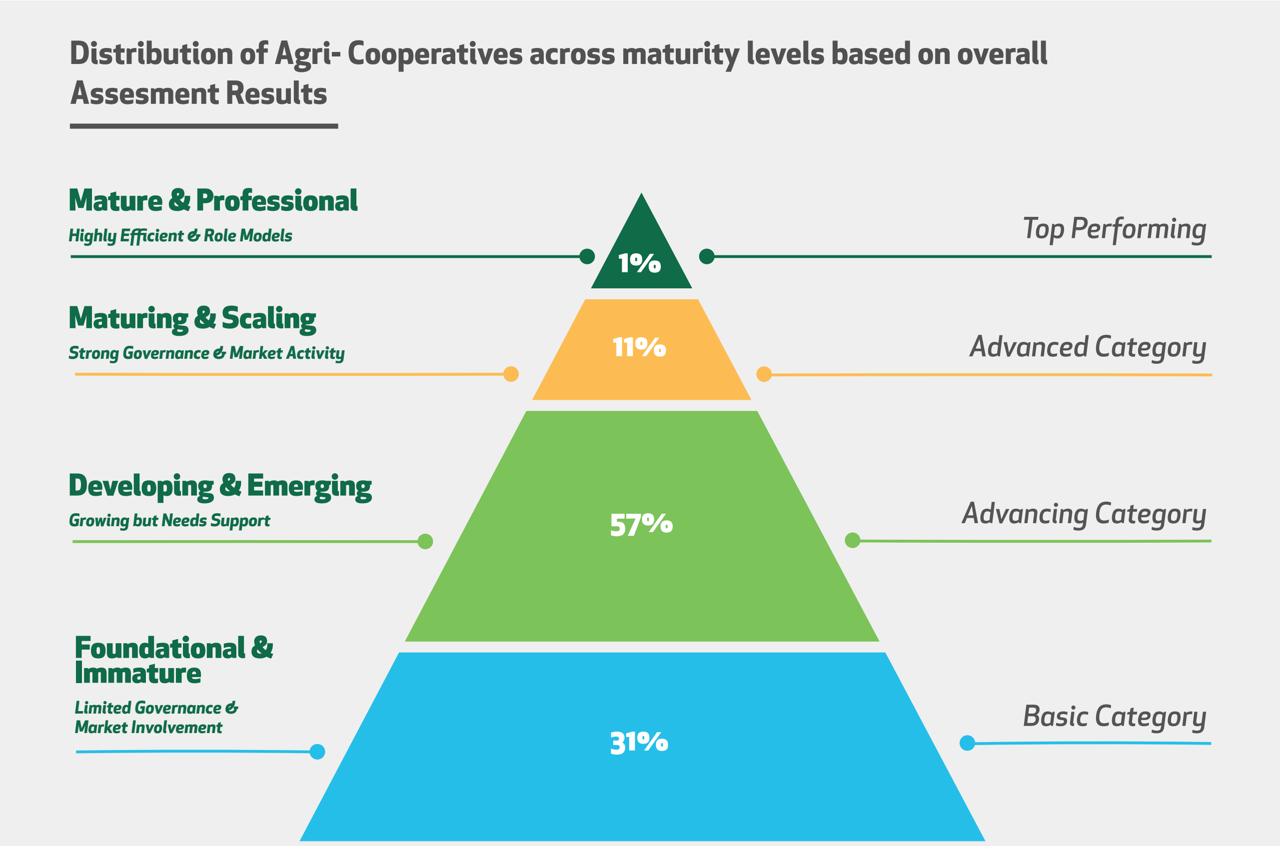
Agri-cooperative maturity refers to the structured advancement of cooperatives across different dimensions such as their governance, financial health, market engagement, and member participation and socio-economic impact (Miner, 2023). In order to assess the maturity of agri-cooperatives in Rwanda, Rwanda Cooperatives Agency (RCA) classifies cooperatives into three performance-based categories:

- ***Category A: Self-reliant and profitable cooperatives delivering strong member benefits.***
- ***Category B: Cooperatives in priority sectors with high potential but not yet profitable.***
- ***Category C: Ordinary cooperatives with limited profitability and impact.***

RCA classifies cooperatives to match them with appropriate support according to their capacity and specific needs. Since cooperatives vary in maturity and performance, this system helps distinguish those that are strong and self-sustaining from those that need foundational support or more technical intensive assistance. Fittingly, categorisation enables RCA to enhance cooperative governance, use resources more efficiently, and ensure cooperatives play their role in advancing national development objectives (RCA,2018).

This policy brief presents sunccintly the findings of the assessment along with actionable recommendations to address existing growth and sustainability paradox facing agri-cooperatives. Accordingly, the findings reveal four categorization levels of agri-cooperatives based on their level of professionalism and growth.

Fig 1: The Pyramid of Professionalism of Agri-Cooperatives



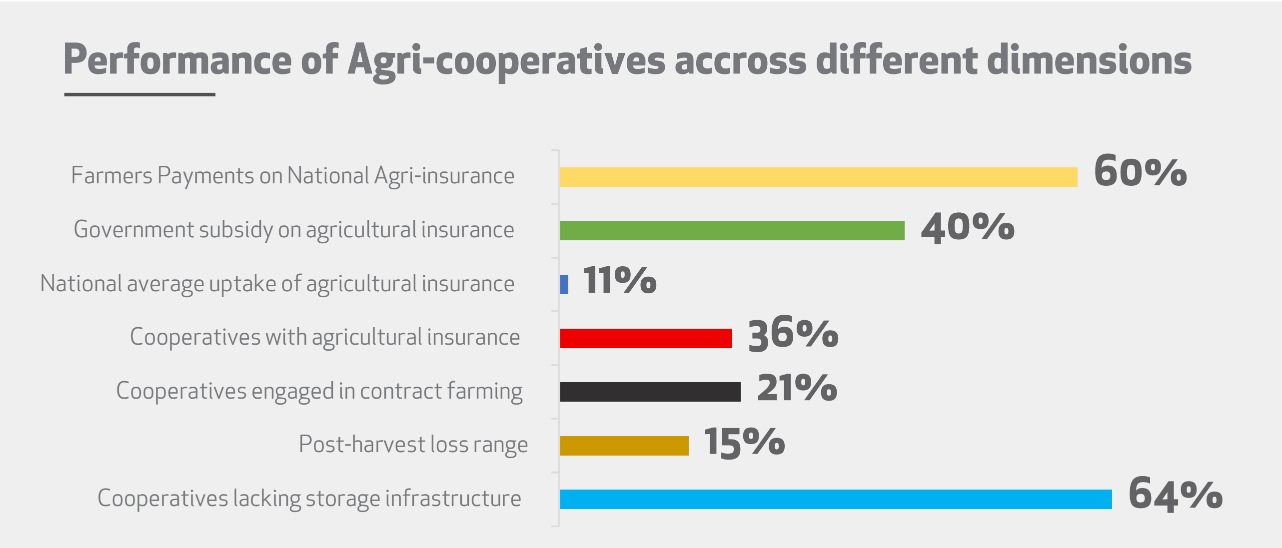
Source: CDP & ScopeInsight (2025)

The pyramid segments agri-cooperatives into four (4) categories based on the level of maturity (Basic, Advancing, Advanced, and Top-performing):

1. The **Basic Category** indicates very immature agri-cooperatives with significant room for professionalism and growth. The total final scores are in the range of 1 and 2, implying that the same cooperatives are still at foundational level, characterized by limited governance and market involvement. This is reinforced by qualitative evidence from the field. So far, 46 agri-cooperatives fall under the basic category, representing 30.6%.
2. The **Advancing** agri-cooperatives in the categories of 2 and 3, with an indication of immature cooperatives, characterized by basic structures, and require substantial support. Findings reveal that the same cooperatives demonstrate growth momentum, with some formal governance structures in place, but still weak and require support in areas like market participation and strong and effective systems in place. Majority (85) of agri-cooperatives are in this category representing 56.6%.
3. **Advanced** agri-cooperatives fall in the final category of 3 and 4 exhibiting characteristics of maturing cooperatives, showcasing notable progress but with areas needing further refinement and support. Cooperatives at this level have well-established governance and operational structures and actively participate in markets. They are on the verge of scaling. The assessment revealed 17 agri-cooperatives fell in this category, representing 11.3%.
4. **Top-performing** are mature and professional agri-cooperatives (category 4 and 5). According to the defined indicators, they are established and have solid practices but they still need to benefit from additional support. They are highly efficient, market-integrated, and exhibit strong governance and sustainability practices and they serve as role models for other cooperatives. The in-depthh assessment found out that only 2 agri-cooperatives belonged in this category, representing 1.3%.

The findings reveal that the majority of the Agri-cooperatives were at the Basic (31%) or Advancing (56%) levels, with only 11% classified as Advanced and 2% as Top-performing. Classification considered financial turnover and staffing, showing that higher-performing cooperatives had significantly greater revenues and more full-time staff. These findings align with 2019 NAEB-RCA coffee cooperative study, highlighting persistent barriers such as weak governance, limited financial capacity, poor market integration and inadequate external support. The findings suggest that the majority of Rwanda Agri-cooperatives lack strong capacity of business intelligence and professionalism. As a result, most struggle with low revenues and weak competitiveness hindering their ability to grow, access markets, or attract investment.

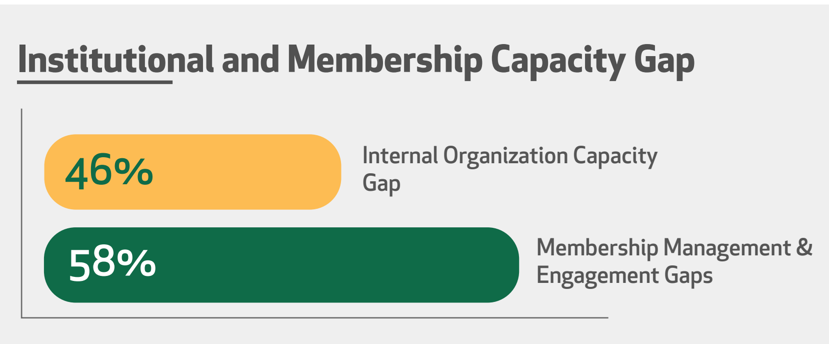
The findings reveal that although agri-cooperatives in the area rendered some level of support services to their members, the majority of the respondents perceived their cooperative as ineffective in rendering some key support services to them that could potentially improve their livelihoods (Nyawo and Olorunfemi, 2023). The youth participation in Agri-cooperatives remains low due to restrictive norms like land ownership and share capital requirements, and a disconnect between cooperative models and youth aspirations. The findings of assessment show that 64% of them lack storage, causing 15-30% post-harvest losses. Only 21% engage in contract farming, limiting market stability. Though 20% have insurance which was above the 11% national average,this means that agri-insurance coverage remains low despite a 40% government subsidy.



Source: CDP & ScopeInsight (2025),World bank(2024),Minicofin(2024)

These constraints not only reduce farmer incomes and cooperative resilience but also threaten food security. Nishimwe and Hoffmann Herrman (2022) found that the unprofessional practice of agri-cooperatives especially in production managenemnt pose also public health concerns (e.g., aflatoxin contamination) and reduce Rwanda's agricultural export competitiveness.

3.2.Agri-Cooperative Governance and Leadership



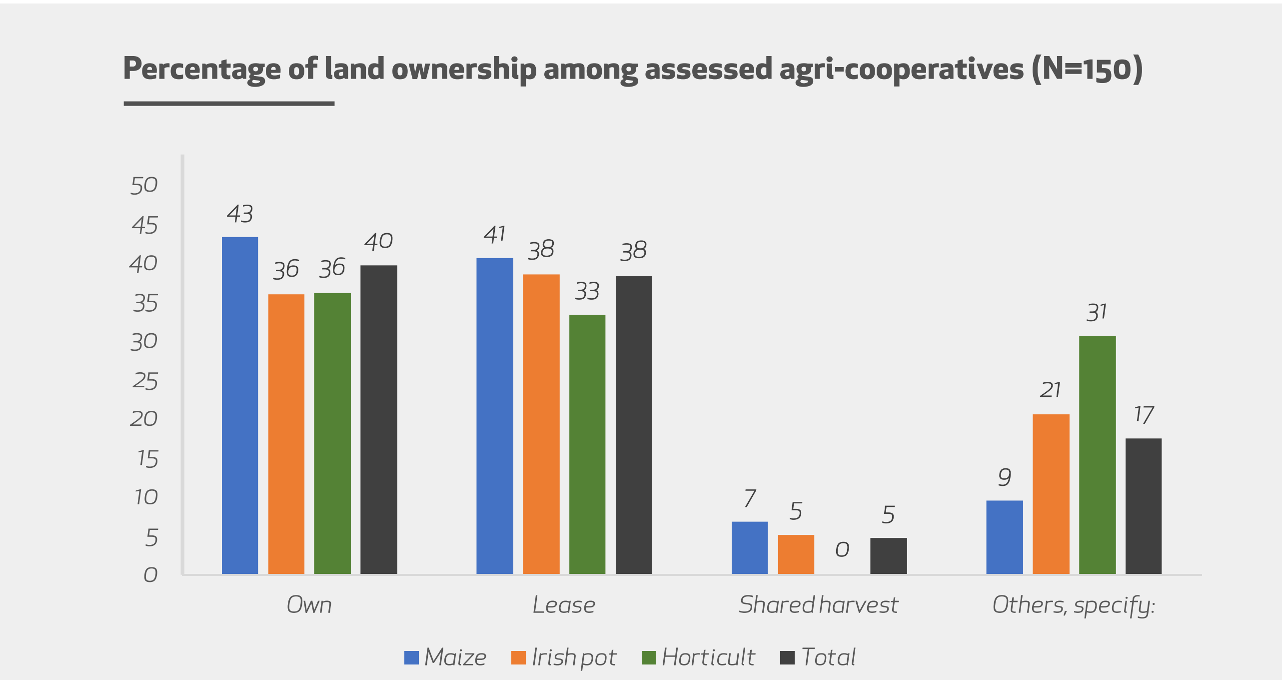
Governance and leadership are central for the success, professionalization, access to finance and sustainable growth of Agri-cooperatives. The cooperative governance and leadership ushers the provision of systems, structures, and processes that guide how cooperatives are managed, how decisions are made, and how responsibilities are shared among members, boards, and staff (OECD,2015, p.9) . Strong governance and capable leadership are essential for building accountability, supporting strategic growth, and ensuring long-term performance,however, many Agri-cooperatives in Rwanda face significant challenges in this area. The assessment reveals critical gaps in governance, leadership and internal management. Specifically, internal organizational scored 2.3 while membership management scored 2.9 implying limited institutional capacity and weak member engagement respectively. These findings are reinforced by the 2019 assessment of coffee cooperatives by NAEB and RCA under the EU-funded TECAN project , which highlighted similar governance weaknesses. The reports indicates that capacity gaps in leadership contributes to weak governance and majority of their board members are dominated by a small group of individuals with primary education. Youth participation in leadership remained notably low, limiting innovation and inclusiveness. To strengthen Agri-cooperative professionalism and sustainability, improving governance is essential and paramount. This requires developing leadership skills, promoting inclusive representation especially for women and youth and embedding continuous training in cooperative systems. Strengthening partnerships for capacity-building and providing targeted support can accelerate cooperative maturity and growth, enhance decision-making, and build long-term resilience.

3.3.Land Use and Ownership

Land ownership and effective land use are foundational to the productivity and sustainability of agricultural cooperatives in Rwanda. While 58% of Rwanda's land is used for agriculture (NISR, 2025) , access to land remains uneven and hinders youth and women in participation in agricultural cooperatives. Access to land is a fundamental prerequisite for the success of Agri-cooperatives and their contribution to rural development. Land is widely regarded as a critical asset that underpins livelihoods and drives economic growth within communities. However, agricultural cooperatives in Rwanda face considerable instability stemming from frequent changes in land use policies and escalating leasing costs, including taxes. These challenges generate uncertainty and financial burdens, particularly for the youth, who often rely on inherited land and lack the resources to lease or purchase land independently. Without secure and affordable access to land, young farmers are hindered to participate fully in Agri-cooperative activities, thereby constraining the growth potential of the sector.

Further assessment revealed that 40% of assessed agri-cooperatives operate on their own land while 38% lease the land , 5% use shared haverset method while 17% use government land respectively.

Graph 3: The status of land ownweship among the assessed agri-cooperatives in percentage(N=150)



To promote sustainable agricultural Cooperative development, it is essential to establish stable land use policies and implement inclusive land access mechanisms that empower the youth and strengthen cooperatives. This perspective is supported by testimonials from cooperative members regarding land use challenges. For instance;

Ugiriwabo Kamana Julienne and Jean Luc Havugimana from Kanguka Ukore Kimironko and COCAWI cooperatives reported successful horticultural farming on government-leased marshland in Kigali. Their operations supplied reputable buyers such as Classic Hotel and Kizere Fruits Ltd under formal contractual agreements.

However, in 2024, their activities were abruptly disrupted when they were compelled to vacate the land due to the marshland ecosystem restoration project. This sudden eviction resulted in significant losses, including damage to irrigation systems and office infrastructure, and left the cooperatives struggling to acquire alternative land amidst high leasing costs.

3.4. Production and Storage

Rwanda's agricultural sector shows strong production potential, with generally high volumes in key crops such as maize, Irish potatoes, and vegetables, as reported by the National Institute of Statistics through seasonal agricultural surveys.

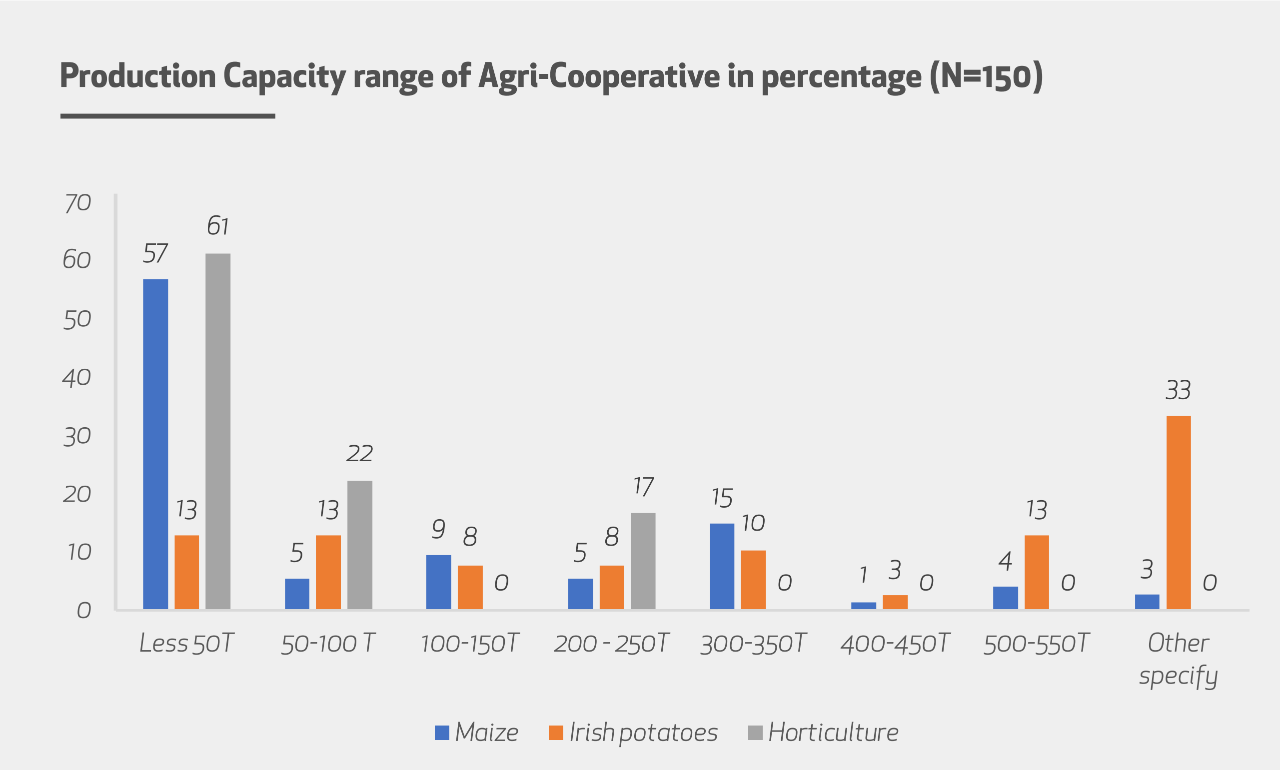
This reflects the country's capacity to contribute significantly to food security and rural livelihoods.

Accordingly, the in-depth aassessment revealed weaknesses in key production support areas, with scores of 2.5 for input provision, 2.7 for storage systems, and 2.1 for extension services beyond their local skills, characterized by immature organizations. These results highlight gaps in access to adequate post-harvest infrastructure, and technical assistance.

Many Agri-cooperatives struggle with production management challenges due to limited financial resources and their tendency to sell produce immediately, which often leads to market congestion. Similar assessment reveals that horticulture cooperatives are the most affected where only 22% of cooperatives have storage. Simillar assessment reveal that the majority of agri-culture cooperatives (50-61%) produce at less 50 metric tones(see the graph6).

However, despite these promising production levels, post-harvest losses remain a critical concern. According to GGGI (2024), an estimated 40% of total food production in Rwanda is lost or wasted annually due to post-harvest handling issues. Similarly, Affognon et al. (2015) identified that storage-related losses are a major bottleneck across Sub-Saharan Africa, urging the adoption of improved storage technologies and farmer training. The World Food Programme report (2023) also highlights that limited access to modern storage facilities continues to exacerbate these losses (WFP, 2023) .

Graph 6: Production Capacities among assessed Agri-Cooperative (N=150)



It is worth noting, high capital costs and insufficient technical skills especially for managing perishable crops further limit investments in storage infrastructure. Without addressing these disparities and infrastructural weaknesses large volume of production will continue to be compromised by poor post-harvest handling , ultimately restricting the growth and sustainability of agricultural cooperatives in Rwanda.

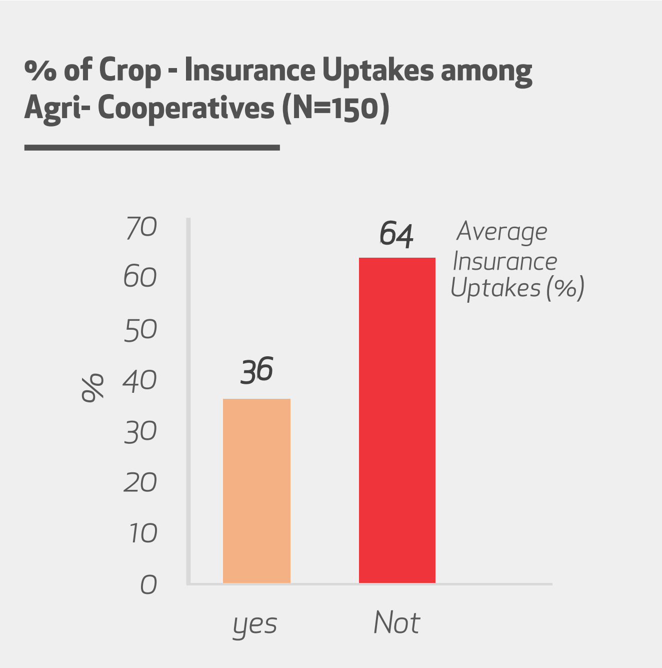
3.5.Agri-Subsidies and Agri-Insurance

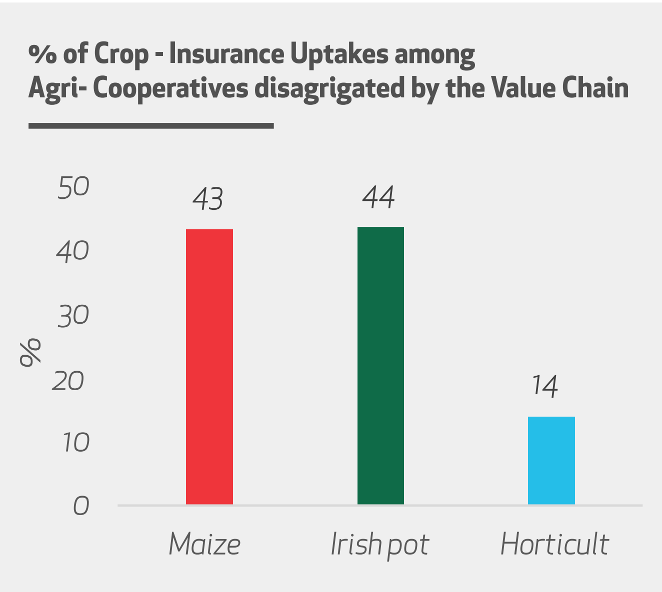
In Sub-Saharan Africa, subsidies carry heightened importance because most farming is done by smallholders who face climate risks and limited access to essential inputs like fertilizer and quality seed. To address these challenges, many governments have introduced targeted inputs subsidy programs aimed at improving yields and boosting rural economies (Alawode, 2025). Also the study done by Harelimana (2021) on subsidy use in Nyabihu District showed that farmers expressed strong approval of the subsidy programs and believed they contribute to better food security and positive perceptions of subsidies significantly enhance both agricultural production and food security, a pattern likely relevant across Rwanda.

Further studies (Spielman et al., 2022) assesses how reducing fertilizer subsidies in Rwanda would affect fertilizer use, crop production, and government spending and find that, removing subsidies would lower fertilizer demand by up to 13% and reduce production about 3% for maize and rice and 15% for Irish potato while saving the government RWF 10-20 billion. However, these reductions risk higher food prices and lower food security. They recommended that keeping subsidies in the short term but improving management through e-vouchers, better targeting, expanded farmer credit, and gradually moving toward a more efficient, open fertilizer market supported by stronger data and extension systems. In the same vein, the finding of in-depth assement reveal that more than 90 % of Agri-cooperative members across 9 districts call these subsidies indispensable. However, the assessment find that 79% of agri cooperatives report persistent input inflation which erodes the value of subsidies and disrupts production planning. Anecdotally, Safari Francis of RUDEMACO in eastern province notes that,

> ***"The price gap between subsidised and unsubsidised inputs is small, and premiums per hectare for agri-insurance are high. Generally, if the government raised the subsidy, every farmer could adopt fertilisers, improved seeds and Agri-insurance."***

Graph7 :Agri-Insurance preferences within cooperatives in percentage





It is noted that not only subsidized input are on higher demend but also the demand for subsidized Agro-equipment (cultivating machines, harvesting machines, and post-harvest handling facilities) varies, with 61% of maize cooperatives, 33% of Irish potato cooperatives, and 50% of horticulture cooperatives identifying it as a need. Lastly, subsidized cooling facilities (such as cooling vehicles) are most needed by 21% of horticulture cooperatives, while demand is lower for maize (7%) and Irish potatoes (8%) cooperatives. This implies that establishment of subsidies on transformative technologies such as post harvest, irrigation, and mechanization equipment is needed. If these reforms are brought to scale, cooperatives can plan with confidence, invest more boldly, and drive resilient agricultural growth. Agricultural insurance is increasingly recognized as a critical tool for safeguarding smallholder farmers in Rwanda against the adverse effects of climate change.

With projected impacts including rising temperatures, heightened droughts, increased flooding, and landslides, the need for effective insurance solutions is paramount. Agricultural insurance can shield cooperatives from shocks, and unlock higher productivity (Alawode, 2025) and (Liu et al., 2024). Launched in April 2019, the National Agriculture Insurance Scheme(NAIS) aims to de-risk the agricultural sector through public-private partnerships. It offers indemnity-based livestock products and area-yield index insurance for crops. The government covers 40% of the premium, with the remaining 60% paid by farmers. Four private companies (RADIANT, SONARWA, BK General Insurance, Old Mutual) are currently active under NAIS . Despite all those efforts Insurance uptake in rwanda remains weaker, barely 11 % of farming households participate in the crop-insurance according to world bank (2024), .

This is reinforced by the result of assessment which show that, among 150 Agri-cooperatives assessed ,only 36% have any type of crop-insurance that vary per value chain with only 43% in the maize value chain, 44% in Irish potatoes, and 14% in horticulture have insurance respectively as per graph7 above.

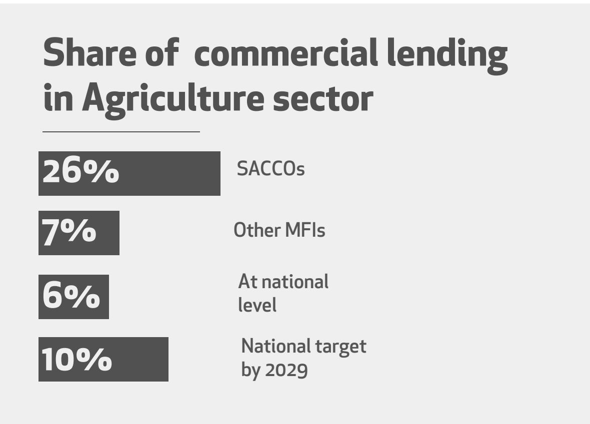
Closing these gaps will require redesigning agriculture insurance schemes tailored around farmers' real risks index based crop insurance or involving famers in designing the packages for Agri-insurance so that the willingness to pay the premium become high, but also allow famers to pay premium in instalment or just after sales deduction for those in Agri-cooperatives also need to faster digital tracking of claims by Insurance companies to reduce time-lag between claims submistion and pyaments to the farmers.

3.6.Financial Performance and Access to Finance

3.6.1. Financial Performance.

Agri-cooperatives, which make up 33% of all registered cooperatives in Rwanda, play a critical role in extending financial services to rural communities, mobilizing savings, and facilitating access to credit for smallholder farmers. The findings reveal that, the financial capacity and external funding of an agri-cooperatives directly impact its ability to operate efficiently, invest in growth, and remain sustainable in the long run. Accordingly, the results of assessment show that the Agri-cooperatives maintained stable revenue from 2022 to 2024, with turnover peaking in 2023 and slightly decreasing in 2024. However, profitability improved each year. Gross profit and net profit both increased steadily, implying that, Agri-cooperatives became better at managing their costs and retaining more income. Median values for revenue and profit also rose, showing that most cooperatives not just a few experienced financial improvement.

3.6.2.Access to finance



Rwanda has made remarkable progress in expanding financial inclusion, reaching an impressive 96% rate nationwide (Finscope,2024) . This achievement lays a strong foundation for unlocking economic potential across sectors, including agriculture. However, access to financial lending remains low where only 6% of total loans go in agriculture (world Bank, 2024) ,while microfinance institutions (excluding Umurenge SACCOs) provide 7%, and Umurenge SACCOs accounts for 26% (BNR, 2025) . Although targeted interventions by institutions such as the Development Bank of Rwanda (BRD) offer credit guarantees covering 50% to 75% of collateral for youth and womwn in agribusiness, the impact of those scheemes remains limited with mixed impression about the credit guarantees offered by BRD . The governament through NST-2 targets to increase agriculture commercial lending from 6% to 10% by (MINICOFIN, 2024).

The findings of in-depth assessement reveal that only 2.7% of Agri-cooperatives offer financial services to their members, and the average financial performance score stands at 2.3 below the national benchmark of 3.0. This is attributed to weak record-keeping, poor budgeting, and limited financial data usage which make Agri-cooperatives appear high-risk to lenders. Consequently, many Agri-cooperatives depend on informal finance mechanisms or donor aid rather than formal credit channels. A deeper issue lies in the readiness of small holder famers in areas such as financial management capacity of cooperatives, financial literacy, etc. A testimonial from James Hirwa, President of Cooperative HIRWA35 in Rwamagana ditrict, reflects this reality:

> ***"Rwanda Revenue Authority introduced EBM for cooperatives as with other businesses, but no guidance was provided. We issued EBM for all sales, but it caused losses and hindered access to loans. RRA demanded tax payments that were not aligned with our financial realities. Therefore, our farmers need proper education on EBM to avoid misalignment.", James Hirwa***

Thus, strengthening Agri-cooperatives requires targeted investments in core capacities such as digital financial literacy. There is also a critical need for better coordination and harmonization of initiatives that expand decentralized access to finance across the country.

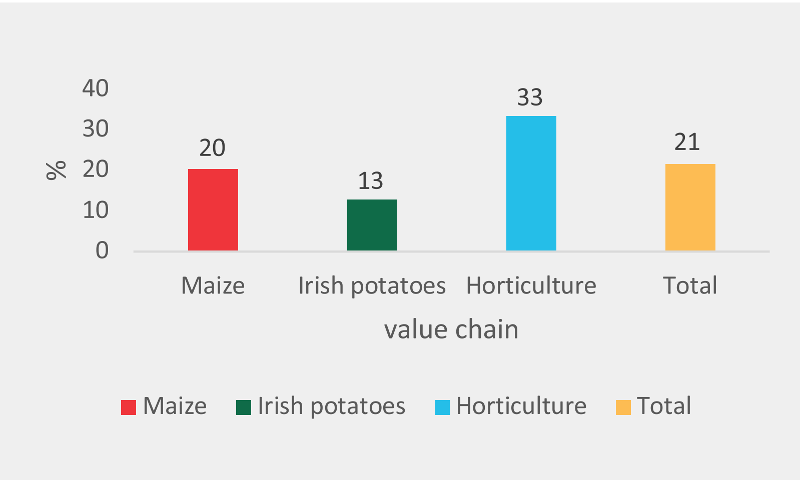
3.7Access to Markets

Agri-cooperatives offer farmers a collective business model that enhances competitiveness through output aggregation and joint market engagement. This structure enables them to access larger markets and achieve better prices than individual farmers (AGRA, 2021) . However, many Rwandan cooperatives still face market access challenges. Their marketing performance remains below national and international benchmarks, with a low average score of 2.0. Limited marketing strategy and unstable buyer relationships hinder access to premium markets. For instance,

Alexandre Niyongira of the Rwanda Greenhouse Farmers' Cooperative noted that contract breaches and price instability led them to open a retail outlet in Nyabugogo to protect members' incomes.

Similarly, Nsabimana Joseph from Terimbere Muhinzi Karenge Cooperative noted that inflexible pricing and transport costs during COVID-19 ended up loosing key partnerships, forcing them to sell to middlemen at a loss.

Graph 8: Cooperatives Cultivate Based on Agreement with Buyers in percentage



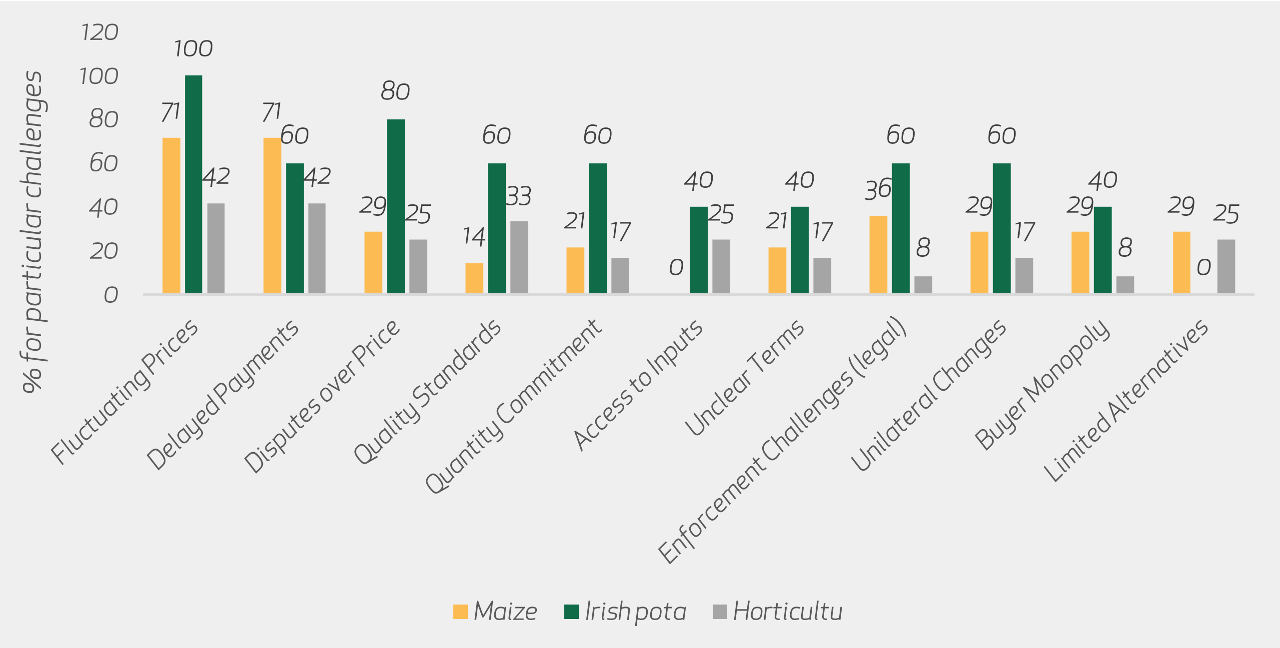
Contract farming plays a crucial role in securing reliable markets for agricultural cooperatives, Among the Agri-cooperatives assessed, the horticulture sector leads in contract-based farming, with 33% of Agri-cooperatives securing agreements with buyers before planting than Maize (20%) and Irish Potatoes (13%). This structured approach enables horticultural farmers to align production with market demand, reducing post-harvest losses.

Across all value chains, only 21% of Agri-cooperatives secure contracts with buyers before planting. While this figure represents progress, it underscores the need for wider adoption of contract farming to enhance agricultural market stability.

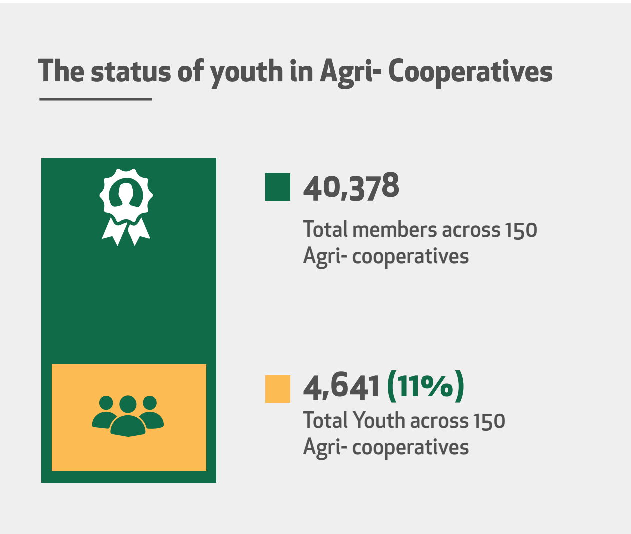
It was revealed that among others, price flactuation were noted as the major challenge affecting contract farming by agri-cooperatives. For instance, when market prices of maize and irish potatoes rise, agri-cooperatives incur losses, making it difficult to supply to the contracted buyers at at prior agreed price or sometimes changes or sell to others thus breaching the contract themselves, this issue affects 65% of cooperatives that were assessed, with the impact being highest in Irish potatoes (100%), followed by maize (71%) and horticulture (42%), (see the graph 9).

To overcome these barriers, cooperatives need strong and intentional capacity strengthening on market linkages, marketing, affordable certification when seeking international market and reputable customers and agro-processing–agri-cooperative collaboration. Without such coordinated efforts, cooperatives will remain vulnerable in the marketplace, limiting their potential to drive rural transformation and inclusive economic growth

Graph 9: How specific challenges affect Agri-Cooperatives in honoring contracts with buyers (in %)



3.8.Youth Participation in Agri-Cooperatives



Youth involvement in agricultural cooperatives holds great potential for driving innovation, sustainability, and growth of Rwanda's agriculture sector. According to (Harelimana (2021), cooperatives in Rwanda employ on average four permanent staff of which majority of whom are youth.

The Assessment of revealed that among the total of 40,378 total members across 150 Agri-cooperatives only 4,641 were youths ,this indicates a foundation that can be built upon to encourage broader engagement of young people in cooperative development. By joining Agri-cooperatives, youth can access training that is otherwise unavailable to individual farmers.

They also benefit from generational knowledge exchange and peer-to-peer learning, which can be highly influential. Structural issues such as restrictive land inheritance laws, high entry costs, and limited access to finance disproportionately affect young people as well as youth aspirations compared to other sectors. Many cooperatives require land ownership or membership fees (share capital) conditions that most youth cannot meet. While share transfers from parents to children are possible, the process lacks clear guidance from RCA, making it difficult to implement.

The aspirations of youth diverties youth's interest in agriculture cooperative,this is coupled with the frequence of the meetings of the general assembly, which is twice a year was highlighted as another limiting factor to onboard youth in cooperatives. In addition, lack of mentorship, peer learning opportunities, and economic incentives further discourage the youth from engaging in cooperatives. As highlighted by a member of the cooperative Twisungane Mudende,

> ***"passion for farming is not enough, you need the opportunity to learn from others and cooperative need to be profitable to attract more youths to join it."***

This sentiment reflects a widespread need for a structured learning environment where young farmers can gain skills and economic opportunities. Therefore, addressing youth participation requires addressing existing structural challenges with potential solutions such as lowering entry barriers, improving access to finance and land, strengthening mentorship programs, creating incentives such public recognition and financial awards during cooperatives day for agri-cooperatives that onboard youth. Without such targeted interventions, Rwanda risks losing a generation of young farmers whose energy and innovation are essential for future agricultural transformation, but also limits the sustainable growth path of agricultural cooperatives.

3.9.Enabling Environment

Rwanda has established a strong institutional framework to support cooperative development, with the Rwanda Cooperative Agency (RCA) playing a central role in regulation, coordination, and oversight. Through structured partnerships based on the 3P model (Public-Private-Producer-Partnership), Agri-cooperatives engage with government agencies, private firms,Agro-processors and development partners (Byakweli and Nzeyimana, 2015). This collaboration often results in access to grants and incentives that enable Agri-cooperatives to invest in vital infrastructure such as storage facilities, irrigation systems, processing units, and transportation.

Agri-cooperatives also benefit from targeted capacity building initiatives from different stakholders aimed at improving governance, entrepreneurship and financial literacy. These efforts have led to improvements in service delivery and value chain participation in several regions. Such support systems show promise in enhancing cooperative professionalism and competitiveness.

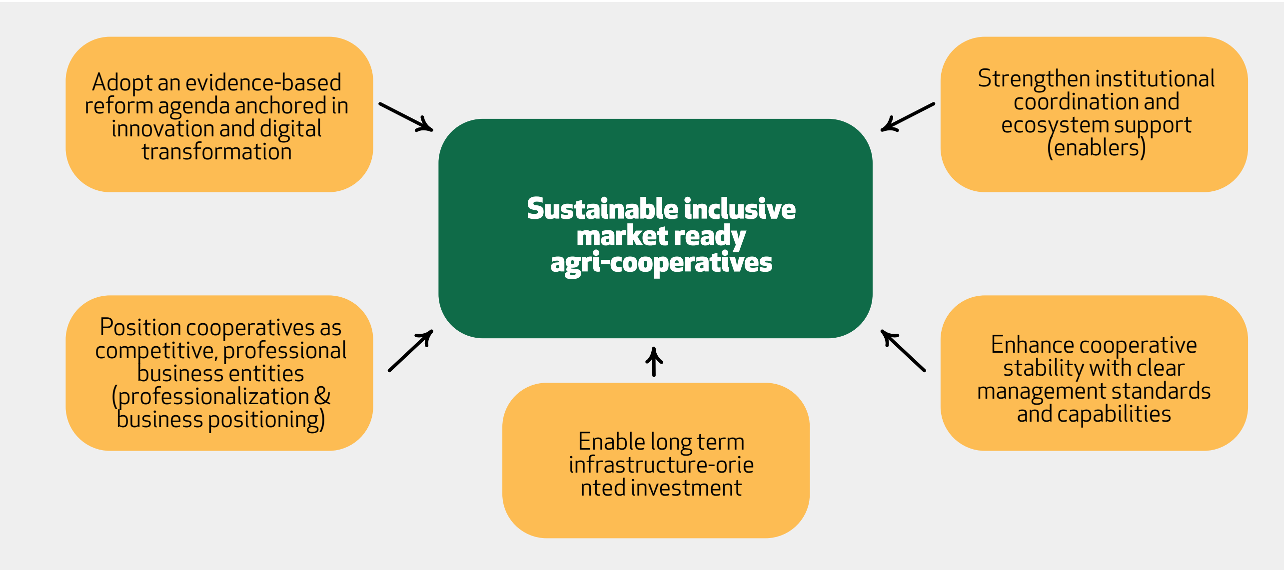
Nevertheless, major challenges persist, the assessments show that the average performance score for Agri-cooperatives in engaging with enablers is only 2.3 out of 5 falling below both national and global standards. Key weaknesses include poor stakeholder coordination and complementarity, fragmented support mechanisms that do not reflect their real needs, and a lack of long-term strategies for their sustainability.

This strongly affects sustainale growth, adaptability to the emerging changes and technologies, and requirements of the market for Agri-cooperatives as well as implementation of enebler supports.These systemic gaps prevent Agri-cooperatives from fully realizing their potential as inclusive socio-economic actors. To strengthen the enabling environment, coordinated reforms are needed. These should aim to improve institutional linkages via coordinated and complementality between enbalers technical and financial support.

IV. Transformation Model for Agriculture Cooperatives

To lift Agri-cooperatives from the existing paradox of growth, the policy brief proposes an evidence-based model to address the complex challenges facing agricultural cooperatives in Rwanda. The goal is to transform cooperatives from informal smallholder (largely subsistence) farmers into competitive, sustainable and inclusive businesses that contribute to food security, job creation, and overall catalyze rural economic development.

Figure 1: Actionable Model of Transforming Agri-cooperatives



V. Conclusion and Recommendations

The agri-cooperatives remain a critical catalytical pillar for rural inclusive economic development and poverty reduction, however, this industry requires an intentional and transformative interventions to unlock the growth and sustainable development of the sector. Accordingly, this policy brief presents actionable recommendations to unlock the professionalization and sustainability of agri-cooperative thus paving way for youth participation and creation of dignified and fulfilling employment. The table 1 prsesents actionable recommendations to address the existing Paradox of Growth and Sustainability”

Table : Actionable Recommendations

Policy Recommendation	Practical Intervention	Expected Outcome	Responsible Parties
Reform Cooperative Entry and Exit Systems, as well as leadership and governance.	1. The revision of cooperative entry requirements such as the value of share by members of cooperatives to enable the youth join cooperatives, as well as leadership and governance.Exit systems should include bonuses or share buyback mechanisms to ensure fairness and reduce internal tensions. 2. Introduce annual audit of Agri-cooperatives and submission of audit reports to RCA for review. This will help ascertain the state of Agri-Cooperatives, and act as the source evidence for graduation of cooperatives	1. Professionalized Agri-Cooperatives as profitable socio-economic enterprises; Reduced free-riding, improved member retention. 2. Audit reports to act as basis of graduation and other policy decisions.	RCA,MINICOM, CDP
Modernize Cooperative Capitalization through Tradable Shares, and investment in value-added production.	1. Introduce legal framework that allows cooperatives to offer tradable, voluntary shares to enhance capital mobilization with strong regulation to avoid elite capture. 2. Encourage potential agri-cooperatives to invest in value-added production, joint ventures, and mergers for better economies of scale and improved market integration.	1.Increased cooperative capitalization, competitiveness, and youth attraction. 2. Increased Performance within agri-cooperatives	MINICOM,RCA and CDP
Operationalize the National database of agri-Cooperative for day to day agri-cooperatives Performance Tracking	1. Reinforce the operationalization of the national database developed by CDP to enhance collection of real-time data on performance of agri-cooperatives country-wide and monetization of database 2. Introduce the use of national database for self-assessment by agri-cooperatives and use the results to inform the design of business development services for agri-cooperatives.	Evidence-informed decisions and cost-effective interventionsleading to Improved planning and monitoring.	CDP,RCA, AGRA with Partners organization(PO)
Institutionalize time based categorization of agri-cooperatives and Voluntary Cooperative Maturity Assessments	1. Conduct Agri-cooperative diagnostic assessment and categorise them then link assessment results to technical support provided to agri-cooperatives based on their categories.	Increased Performance within agri-cooperatives.	RCA,Partners organisation (PO)

Policy Recommen-dation	Practical Intervention	Expected Outcome	Responsible Parties
Redesign Agricultural Subsidies and Insurance Schemes	1. Design and implement index-based insurance and subsidies scheme focusing on mechanization, irrigation and post-harvest handling solutions to reduce lossees and improve climate resilient .	Increased agri-insurance.	MINAGRI via PPP
Provide Independent BDS and inspections to agri-cooperatives and Improve Stakeholder Coordination.	1. Progressively provide collaboratives BDS to agri-cooperatives and collaborate with financial institutions for tailored products.	Improved financial literacy and increased access to finance	CDP and Partner Oganisation(PO)
Strengthen digitalization, Market Linkages and Certification Support	1. Scale-up Busines Development Services with an introduction of digitalization Agri-Cooperatives, and their production process along the value chains.	1. Improved evidence-based business advisory serces to the cooperatives 2. enhanced productivity and reporting	MINOCOM, RCA, CDP and AGRA
Change Perception of youth about agri-cooperatives	1. Actively raise awareness amongst young farmers of the long-term vision of being a cooperative member. 2. Conduct awareness to the youth and farmers on the importance agri-cooperatives	Enhanced Peer-to-Peer coaching and mentorship for youths.	RCA and Partner Oganistions(PO)

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