

Building Sustainable Futures for the Handcraft Sector in Rwanda.

End of year 2 Project Report

Introduction

Building Sustainable Futures for the Handcraft Sector in Rwanda is a two-year project started in November 2015 with the main objectives of supporting 10 cooperatives in the handcraft sector in Rwanda to grow their businesses and become sustainable. The project also sought to strengthen the capacity of Rwanda Forum for Alternative Trade (RWFAT) as a support network, providing quality services to member businesses. The project ended in October 2017 and a final evaluation was carried out to assess the impact of the project.

Key activities implemented during the year

1. Training and mentoring

In March 2017, we delivered a two-day training course to 20 handcraft producers comprising 14 women and 6 men from the 10 cooperatives participating in the project. The main objectives of the training were to equip the producers with the basic skills for preparing a business plan and build their business management capacity. During the training, the participants were taken through some key concepts and principles of effective business management. These included record keeping, business planning process, market research, operational management, development of a basic income statement, sales analysis, product pricing and business growth strategy.

The results of the training evaluation revealed that 95% of the participants found the training very useful to their business. They indicated that they acquired valuable knowledge that would help them improve the management of their businesses. The chairperson of CODUTK cooperative, who was one of the training participants stated, *“The training was a mind opener; It has helped us to restructure our businesses and improve on the quality of our products”*.

RWFAT’s project team comprising the project manager, the handcraft officer and a board member visited each of the 20 cooperatives that participated in the training, for monitoring and mentoring. This afforded the team the opportunity to provide further guidance to the producers on practical steps for growing their businesses. They also helped them to improve on the quality of their products to make them more competitive on the market.

2. Trade shows

One other key activity implemented during the period was the participation of the cooperatives in trade shows. We supported the cooperatives to attend three different trade shows during the period. The first trade show was the AIC Christmas Bazaar that took place on the premises of Umubano hotel in Kigali. It was a day long event organised by the African International Club. Only three out of the 10

cooperatives were able to attend the show due to the short duration. The total sales made was RWF 139,000 (£121).

The second trade exhibition was held on the Gikondo grounds in Kigali for seven days under the auspices of the Rwanda Private Sector Federation. Four of the cooperatives exhibited at the show and their total sales amounted to RWF 262,000 (£228). The biggest trade exhibition was the Kigali International Trade Show, which also took place on the Gikondo grounds in Kigali. It was a two-week event organised jointly by the Rwanda Private Sector Federation and the Ministry of Commerce in August 2017. RWFAT supported six cooperatives to take part in the exhibitions by hiring two stands and assisting them to meet the basic requirements for participating in the event. These cooperatives used the opportunity to network with buyers and made sales totalling RWF 1,496,850 (£1,300). Murebwayire Odette from BURANGA cooperative stated, *“Thanks to the current exhibition, I was able to increase sales and made more income, which enabled me to meet my financial obligations including payment of rent, taxes and membership fees.”*

Meeting our objectives

1. Enable ten co-operatives to achieve increased sales

At baseline in 2015, the total sales of the 10 cooperatives was RWF 11,258,015 (£10,000). Following our intervention in 2016, it increased to RWF 16,133,146 (£15,542), indicating a great improvement in the income of these cooperatives. However, the cooperatives’ sales declined drastically to RWF 12,087,552 (£10,473) in 2017. The Rwanda Economic Update reported that trade generally declined in Rwanda in 2017 due to a combination of drought, weak export prices and the completion of large investment projects in 2016. The report further pointed out that exports sales declined from USD 1.6 billion in 2016 to USD 400 million in 2017. According to the Central Bank of Rwanda, formal trade deficit reduced by 25.6% in the first half of 2017, compared to the corresponding period of 2016, from \$902.3 million to \$671.2 million. This indicates that the decline was not just specific to the handcraft cooperatives but rather a general national trend.

Furthermore, the increase in the price of stands coupled with the short duration of the trade shows were a disincentive to many cooperatives to take part in the trade exhibitions. The price of stands increased from RWF 350,000 to RWF 600,000 whilst some of the exhibitions lasted for only 24 hours. It was therefore not cost effective for the cooperatives located in remote areas to take part in the events. All these accounted for the reduction in sales in 2017.

2. Develop ten co-operatives to operate as sustainable businesses

We carried out a sustainability survey as part of the endline evaluation to assess the sustainability level of the cooperatives. A total of 100 producers, randomly selected from the 10 cooperatives, participated in the survey. The results show an improvement in all the sustainability indicators under consideration. At baseline 66% of the producers indicated that they had a good understanding of what was needed to produce quality products; this percentage increased by 34% when we carried out the endline evaluation; this means all the producers surveyed have improved on their knowledge and skills for making quality products. They were also equipped with the basic skills to better manage

production time and increase productivity. Prior to the project, 59% of the producers achieved high productivity and at the project closeout the number increased by additional 40%. Furthermore, the producers who achieved their targets increased from 37% at baseline in 2015 to 70% in 2017; 86% of the businesses have improved their financial record keeping system as compared to 82% at baseline. Additionally, 9% of the businesses indicated at baseline that they did not hold annual strategic planning sessions but this reduced to 3% at the end of the project, showing an increase in the number of businesses that now appreciate the importance of annual strategic planning as a tool for business growth. All the above results are indications that the businesses have made good progress towards achieving sustainability.

3. Enable individual members of ten co-operatives to have a more positive perception of their co-operatives future

The endline survey also assessed producers' perceptions about the future of their cooperatives. The producers that felt their businesses would be successful increased from 66% at baseline to 95% at project end. Still at baseline, only 15% of the producers indicated that they did not worry about the sustainability of their businesses but this number increased to 63% in 2017; this shows that an increasing number of producers have become more confident in the future of their businesses and did not have any cause to worry. Again 63% of the producers surveyed at baseline stated that they were excited about the direction their businesses were going and when we repeated the survey in 2017, the number increased by 20%. Clearly, the training and mentoring programme has resulted in the producers developing a more positive perception about their businesses.

4. Enable RWFAT to gain increased income through membership fees

The total annual membership fees of RWFAT increased from RWF 120,000 (£119) in 2015 to RWF 609,930 (£604) in 2016. However, RWFAT could not sustain the gains made in 2016 as their membership fees decreased to RWF 290,000 (£252) in 2017. This was attributed to the sharp decline in sales during the year. As most of the cooperatives recorded low sales, they could not pay their membership fees during the year. However, RWFAT believe it was a temporary situation and that the country's trade circumstances and economic environment will improve to pave the way for their members to increase sales, which will ultimately lead to improvement in the income of the organisation.

5. Other objectives achieved

In addition to the above objectives, we supported RWFAT to build their financial capacity through the development of an internal process manual to standardise record keeping. They have also developed an internal set of project tools and training manuals, which have improved their approach to project management and monitoring and evaluation. Furthermore, RWFAT put together a 3-year business plan to ensure a sustainable growth of their business in the coming years.

Case study

Mrs Agnes Nyiransengima is a 50-year-old handcraft producer from COVANU cooperative. She lives in Hindiro sector in the Ngororero district of the Western Province of Rwanda. She is married with five children. Agnes and her family were peasant farmers; they struggled to meet their basic needs, as

their income from farming was very low. She could afford neither health care nor the education of her children. She never thought she could earn a good income from basket weaving until she participated in the business management training programme organised by RWFAT. Following the training, Agnes transformed her basket weaving activity, which she was doing initially as a leisure activity, into a full time business. The income from the basket business has brought many changes in her life. During the year, she made an income of RWF 103,500 from her handcraft business. From her income, she set up a poultry farm, which serves as an extra source of income. Agnes now pays the school fees of her children and provides them with students' supplies such as books, pens, pencils and school uniforms. She is also able to afford the health insurance of the entire family. She said, *"Had it not been the support of RWFAT and their partner Shared Interest Foundation, I would have still been engaged in peasant farming with very low returns; I wouldn't have known that basket weaving could earn a family income in such a short period of time."*

Summary of expense reports

We did not budget for the endline evaluation as we were expecting RWFAT to deploy their internal resources to undertake the survey. However, the organisation had cash flow constraints due to the non-payment of membership fees, which is their main source of income. Shared Interest Foundation have therefore released RWF 1,174,970 to support RWFAT to carry out the evaluation exercise.

Budget line	Budget (£)	Actual (£)
Rent	1,827.41	1,793.51
MTN cards. Airtel & internet	730.96	717.40
Utilities/maintenance	304.57	281.78
Board meetings	203.05	177.90
Accountant	1,218.27	1,195.67
Project manager	4,568.53	4,483.76
Trade show entry, stands & promotional items	1,228.43	1,366.25
Trade show refreshments, accommodation & travel	1,364.67	510.42
Vehicle hire for follow-up support & evaluations	346.19	200.06
Training venue hire, equipment & materials	361.83	356.75
Accommodation, refreshment & travel (Training)	681.22	832.83
Endline evaluation	0	1,020.13
Total budget/spent	£12,835.13	12,936.47