

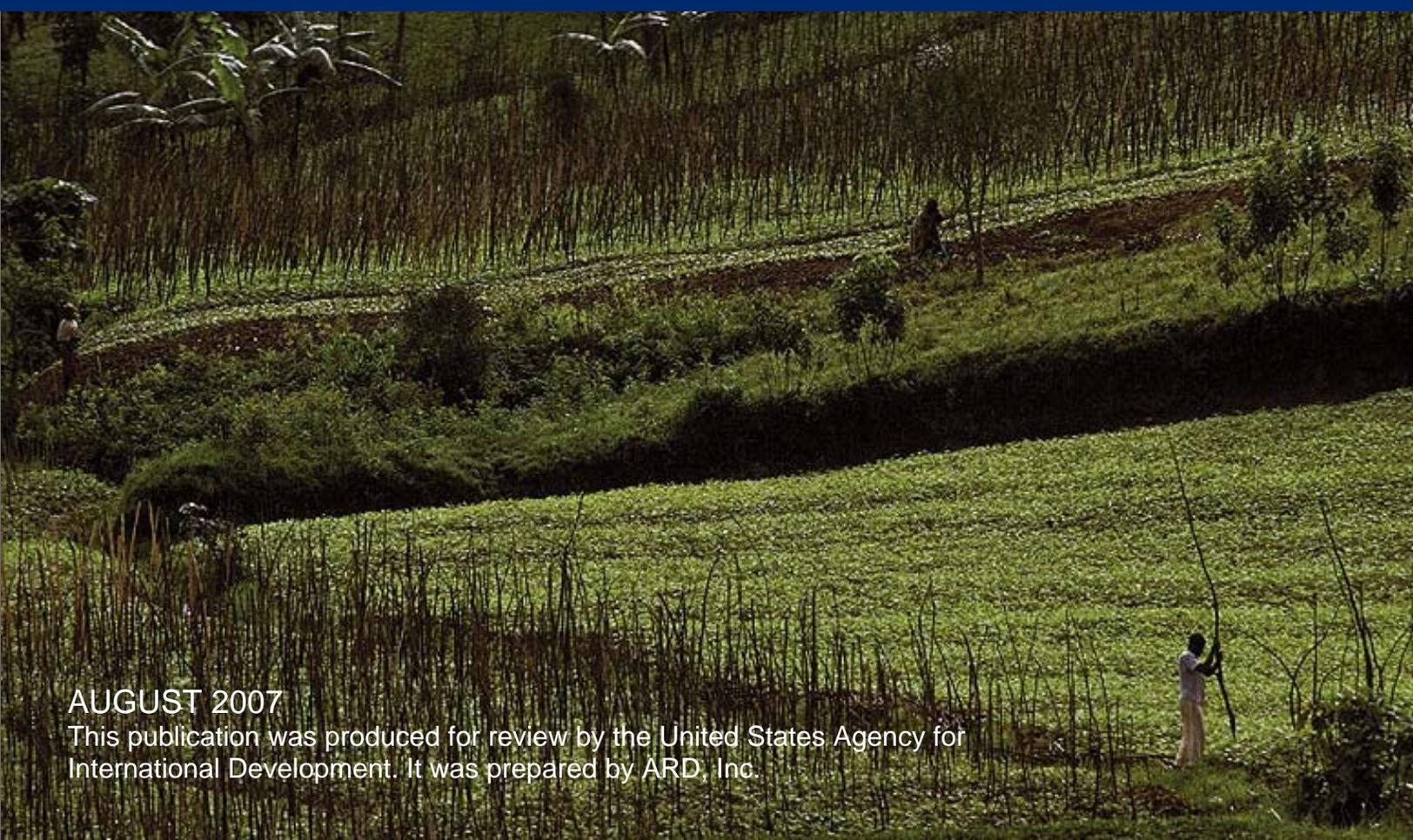


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AGRICULTURAL LAND USE CONSOLIDATION AND ALTERNATIVE JOINT FARMING MODELS FACILITATION PROGRAM AND PROJECTS IMPLEMENTATION STRATEGY

AUGUST 2007

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ACRONYMS AND ABBREVIATIONS

GoR	Government of Rwanda
MINAGRI	Rwanda Ministry of Agriculture
RADA	Rwanda Agricultural Development Authority
USAID	United States Agency for International Development

1.0 EXECUTIVE SUMMARY

The Government of Rwanda (GoR), through the agency of the Ministry of Agriculture (MINAGRI) and the Rwanda Agricultural Development Authority (RADA), has responsibility for guiding rural development and prompting agricultural transformation that increases agricultural production and improves the lives of Rwanda's rural poor. MINAGRI and RADA, have, among other responsibilities, been tasked with facilitating the consolidation of agricultural land use so as to improve land management and productivity.

Several policies, laws, and plans address land rights, land use planning, land use, and agricultural development in Rwanda. The provisions within these enabling instruments create the framework within which and in accordance with MINAGRI, the Minister of Agriculture, and RADA will act as they create and implement measures that will lead to consolidation of agricultural land use, to promotion of alternative joint farming enterprises, and to improvement in agricultural land management and activity. The framework is composed of: (1) the Constitution of the Republic of Rwanda; (2) the National Land Policy; (3) the Organic Land Law Determining the Use and Management of Land in Rwanda; (4) the Law Relating to Expropriation in the Public Interest; (5) the Law to Supplement Book I of the Civil Code and to Institute Part V Regarding Matrimonial Regimes, Liberalities, and Successions; (6) the Law Establishing and Determining the Organisation, Responsibilities, and Functioning of Rwanda Agricultural Development Authority; (7) Law Organizing Cooperative Societies in Rwanda; and (8) Strategic Plan for Agricultural Transformation in Rwanda.

The principles and standards that will be embraced and adhered to by GoR for its agricultural land consolidation and related alternative farming model facilitation program are those born of the most beneficial and successful similar programs undertaken by other governments around the world. That is, the principles and standards reflect the best practices from similar programs undertaken by other countries. Adoption of these principles and standards reflects GoR's understanding that, while there may ultimately be important economic gains to be realized by land use consolidation and the creation of new farming models that promote joint farming, the extensive initial work necessary to establish them (data gathering and consultation, for example) cannot be underestimated or ignored. The consequences of failing to perform this work can result in poorly designed projects that alienate producers, fail to deliver hoped-for benefits, and waste precious resources. In this spirit, GoR will ensure that the goals of agricultural land use consolidation and the facilitation of alternative farming models will be plausibly and clearly defined. The definitions of goals will be based on comprehensive assessment of the existing social, economic, and political context, as well as an analysis of both the costs and benefits of the program and projects, along with a realistic appraisal of the institutional capacity to deliver them successfully.

These principles and standards can be broadly divided into two categories:

1. Those that shape the design and implementation processes. The use of participatory, democratic, and community-driven approaches is perhaps most emblematic of this category of principles and standards (as described in Section 4.1 of this strategy document).
2. Those that shape programmatic, substantive design and implementation goals and results. The use of voluntary, incentive-based approaches is perhaps most emblematic of this category of principles and standards (as described in Section 4.2 of this strategy document).

Given the mandate that MINAGRI and RADA move ahead with agricultural land use consolidation and the related promotion of alternative joint farming models, adoption of this strategy by MINAGRI and RADA will denote that work will begin on a list of follow-on tasks as soon as possible. The list is not exhaustive and does not include all activities needed to design, pilot, implement, and replicate joint farming models that consolidate agricultural land use. Additional tasks will be identified as the initial tasks are undertaken and finished.

2.0 INTRODUCTION

The Government of Rwanda (GoR), through the agency of the Ministry of Agriculture (MINAGRI) and the Rwanda Agricultural Development Authority (RADA), has responsibility for guiding rural development and prompting agricultural transformation that increases agricultural production and improves the lives of Rwanda's rural poor. GoR, using a variety of policies, laws, plans, and regulations has also established frameworks for productive and equitable land rights, sustainable land use planning, productive but equitable land use, and efficient and unfettered transactions in land and other property that will promote investment.

GoR's Ministry of Agriculture (MINAGRI) and Rwanda Agricultural Development Authority (RADA), have, among other responsibilities, been tasked with facilitating the consolidation of agricultural land use so as to improve land management and productivity.

MINAGRI and RADA, as they explore the prospects for agricultural land use consolidation and new agricultural production models, seek to:

- Increase agricultural yields
- Protect of smallholder land rights
- Improve the status, livelihoods, and lives of millions of rural Rwandans
- Promote efficient and sustainable use of land resources
- Promote the equitable distribution of land resources that recognizes the importance of agriculture to the subsistence needs of Rwanda's rural population
- Preserve individual choice in farming operations
- Increase opportunities for and benefits derived from private investment in the agricultural sector
- Increase off-farm employment opportunities
- Protect and promote women's access to and benefits from land and other resources

This implementation strategy:

1. Sets out the existing legal and policy framework that will structure GoR's efforts to consolidate agricultural land use and to facilitate the creation of alternative joint farming models.
2. Based upon international best practices and the legal and policy framework, describes the principles and standards adopted by MINAGRI and RADA for use in program and projects design and implementation.

Describes the tasks that need to be undertaken next to move forward with a consolidation and related alternative model farming facilitation program.

3.0 POLICY AND LEGAL FRAMEWORK

Several policies, laws, and plans address land rights, land use planning, land use, and agricultural development in Rwanda. The provisions within these enabling instruments create the framework within which and in accordance with MINAGRI, the Minister of Agriculture, and RADA will act as they create and implement measures that will lead to consolidation of agricultural land use, to promotion of alternative joint farming enterprises, and to improvement in agricultural land management and activity.

The following legal and policy documents create that framework and define its controlling elements.

3.1 CONSTITUTION OF THE REPUBLIC OF RWANDA

1. Provides that the State grants private ownership rights, and that the law will determine how land can be acquired, transferred, and used.
2. Guarantees every person an inviolable right to property that can only be interfered with for reasons of public utility, where established by law and subject to fair and prior compensation.

3.2 NATIONAL LAND POLICY

1. Provides for equal rights of access to land for all citizens, without discrimination of any kind, and calls for land administration to guarantee tenure security.
2. Identifies fragmented and sub-optimally sized agricultural land parcels (deemed to be primarily caused by patrilocal marriage and patrilineal inheritance and *inter vivos* bequests) as being inefficient and uneconomical.
3. Views then-current land use planning as weak and inadequate.
4. Calls for an end to further land subdivision by way of succession if it results in a parcel less than 1 hectare in size, for the 1-hectare minimum agricultural plot size for other transfers, and for the sale of the bequeathed parts of a parcel to a one or more of the heirs by the other heirs if the bequest would otherwise result in parcels smaller than 1 hectare.
5. Calls for re-organization and consolidation of agricultural parcels to be studied and encouraged.
6. Suggests that future plans for agricultural parcels should require plot sizes to be 1 hectare or larger and that, after land planning is completed, some farmers will lose their farms but will receive compensation.
7. Calls for cooperative family farming to be introduced as a way to avoid further land subdivision.
8. For state private land in marshlands, calls for larger farm units to be given to groups of farmers.
9. Concludes by recognizing that land transactions will improve land use and encourage investment.

3.3 ORGANIC LAND LAW DETERMINING THE USE AND MANAGEMENT OF LAND IN RWANDA

1. Defines land consolidation as the combining of land parcels so that they can be used more efficiently and productively.
2. Permits the State to expropriate land for purposes of land management.
3. Permits the State to terminate leases for purposes of promoting efficient land use.
4. Permits the Minister to order by decree the consolidation of land parcels, although each landholder will retain her individual rights to her parcel.
5. Reserves a role for the land commissions in planning and implementing land consolidation.

3.4 LAW RELATING TO EXPROPRIATION IN THE PUBLIC INTEREST

1. Permits land to be expropriated for purposes of implementing national land master plans.
2. Permits the State to confiscate degraded and unexploited land.
3. Requires that just compensation be paid to the dispossessed land occupier in both cases.

3.5 LAW TO SUPPLEMENT BOOK I OF THE CIVIL CODE AND TO INSTITUTE PART V REGARDING MATRIMONIAL REGIMES, LIBERALITIES, AND SUCCESSIONS

1. Provides that subdivision and bequest of land is subject to land regulations.
2. Prohibits subdivision of land below a size of 1 hectare, and provides that those inheriting a sub-hectare parcel should sell the parcel or use the parcel in a size greater than 1 hectare and share the proceeds of the sale or use.

3.6 LAW ESTABLISHING AND DETERMINING THE ORGANISATION, RESPONSIBILITIES, AND FUNCTIONING OF RWANDA AGRICULTURAL DEVELOPMENT AUTHORITY (RADA)

1. Gives RADA the responsibility to coordinate the activities of professional farmers and agricultural stakeholders for joint farming activities.

3.7 LAW ORGANIZING COOPERATIVE SOCIETIES IN RWANDA

1. Allows the capital funds of a cooperative that are contributed by members to consist of anything permitted by the bylaws (which presumably includes land).
2. Permits any and all members of a cooperative organization to withdraw from the cooperative at any time.
3. Requires that MINAGRI and RADA ensure that there is a conducive environment for cooperatives, provide technical and financial support and guidance, train cooperative members, employees, and board members, and protect the interests and rights of cooperative members.

3.8 STRATEGIC PLAN FOR AGRICULTURAL TRANSFORMATION IN RWANDA

1. As mentioned in its Executive Summary of this strategic plan, notes that one of the main areas of innovation manifested by the plan, unlike policies and strategies of the past, is the focus on voluntary participation and the use of incentives. Specifically, the plan says: ...as compared to policies and strategies of the past, [the SPAT] is based on voluntaristic stimulation and incentives for the production systems towards specialization, producer's professionalism, commodity chains and the market-orientation.”
2. Does not include land consolidation as one of its ten primary strategies but does call for many of the measures that would be needed to provide incentives for and promote land use consolidation.

4.0 PRINCIPLES AND STANDARDS

The principles and standards that will be embraced and adhered to by the Government of Rwanda (GoR) for its agricultural land consolidation and related alternative farming model facilitation program are those born of the most beneficial and successful similar programs undertaken by other governments around the world. That is, the principles and standards reflect the best practices from similar programs undertaken by other countries. Adoption of these principles and standards reflects GoR's understanding that, while there may ultimately be important economic gains to be realized by land use consolidation and the creation of new farming models that promote joint farming, the extensive initial work necessary to establish them (data gathering and consultation, for example) cannot be underestimated or ignored. The consequences of failing to perform this work can result in poorly designed projects that alienate producers, fail to deliver hoped-for benefits, and waste precious resources. In this spirit, GoR will ensure that the goals of agricultural land use consolidation and the facilitation of alternative farming models will be plausibly and clearly defined. The definitions of goals will be based on comprehensive assessment of the existing social, economic, and political context, as well as an analysis of both the costs and benefits of the program and projects, along with a realistic appraisal of the institutional capacity to deliver them successfully.

These principles and standards can be broadly divided into two categories: (1) those that shape the design and implementation processes, and (2) those that shape programmatic, substantive design and implementation goals and results.

4.1 DESIGN AND IMPLEMENTATION PROCESSES PRINCIPLES AND STANDARDS

When designing and implementing the agricultural land use consolidation and related alternative farming model program and constituent projects, MINAGRI and RADA, as the lead GoR entities, will:

1. Use participatory, democratic, and community-driven processes in concept and practice, by soliciting and using the input of farmers, farmers groups, agricultural value chain representatives, representatives of civil society, consumers, and potential private investors.
2. Solicit the needed input during ongoing public education and briefing campaigns, which will permit participants to understand how they will be affected by changes, to understand how they will benefit from the program, and how they can provide meaningful input.
3. Focus on women and members of vulnerable groups with particularity when educating stakeholders and then when soliciting and using gathered information.
4. By using these processes, obtain support and cooperation of farmers and other stakeholders who are affected by the project before beginning to design and implement the program and projects.

5. Also by using these processes, ensure that program design and implementation are demand driven and therefore fully voluntary. Consequently, select the specific project sites, in part, because local residents and community authorities have expressed a desire to participate in the project.
6. Conduct thorough and holistic cost-benefit analysis of the program before final decisions are made about the program and any subsequent projects.
7. Implement the program in phases, project-by-project, after referring to collected information and after collecting needed additional information about such local conditions as existing farming and crop patterns and practices; local, regional, national, and international agricultural product markets; individual and family land holdings (size and dispersal); subsistence farming and household production needs; the potential for private investment in farmer co-operative farming ventures, and other factors.
8. Undertake projects that are consistent with land use plans and an adopted rural development strategy, such as the Strategic Plan for Agricultural Transformation in Rwanda, and with the protection and sustainable management of natural resources.
9. During projects and the overall program, monitor and evaluate the extent of women's participation and benefits.
10. Ensure the creation of and then operate pursuant to appropriate legislation and implementing regulations that provide a clear legal and procedural basis for the projects.

4.2 SUBSTANTIVE DESIGN AND IMPLEMENTATION PRINCIPLES AND STANDARDS

When creating and implementing the substantive design of an agricultural land use consolidation and related alternative farming model program and the subsequent projects, MINAGRI and RADA, as the lead GoR entities, will:

1. Aim to improve rural livelihoods rather than to improve only the primary production levels of agricultural commodities.
2. Given the desire to design and implement a program and projects that are based upon voluntary participation, MINAGRI and RADA will probably provide incentives and subsidies to farmers and private investors entering into the sought-after arrangements. Such incentives might include
 - Market and financial information. To encourage consolidation, GoR could promote the role of an intermediary that would provide information to prospective buyers about which land parcels are available in certain areas and the information on those parcels. Prospective sellers could list their land with the intermediary, indicating areas where they would like to farm in exchange. Farmers also have difficulties finding out other market information such as pricing of inputs and outputs, market supply and demand, optimal growing conditions, etc. Again, GoR or its private contractor can make this information readily available, thereby enabling farmers to make well-informed decisions, which are more likely to prove profitable.
 - Financial assistance. There are several types of financial assistance that may serve as incentives to farmers and investors to cooperate in enterprises and/or reduce barriers to voluntary consolidation, including subsidized or free services, tax incentives (including fee waivers), and improved access to subsidies and loans.
 - In-kind payments and projects made in a form other than money act as excellent incentives for farmers – and investors – to participate in voluntary land consolidation programs. In-kind

payments include seeds, other inputs, and tools. In-kind projects can include local transportation projects, irrigation, assistance with improvements to land, and other infrastructure projects.

- Off-farm rural employment opportunities. Land consolidation almost always involves the reduction in the number of people relying on land for their livelihood. To encourage those inclined to lease or sell their land for consolidation with another's parcel, GoR create alternative rural employment opportunities.
 - Reduced transaction costs. Transaction costs associated with consolidating parcels can be high, and GoR could provide farmers and investors with free, standardized forms to facilitate transactions, including purchase and sale agreements, leases, and by-laws for cooperatives. GoR could also provide paralegal assistance or contract with a private sector entity to provide the needed assistance.
 - Agricultural extension. GoR could entice farmers and investors to participate by offering unique or specialized training opportunities to the participants involved.
 - Crop Insurance. Crop insurance can be a particularly valuable incentive when a government is encouraging farmers to consolidate their parcels, which may increase a farmer's agricultural risk since they will have a fewer variety of soils and growing conditions.
 - Land funds. These funds could be used to allow farmers to enlarge their holdings. Exchange of ownership rights could occur from one district to another, and land funds should be used by owners to exchange their land for parcels closer to where they live.
3. As the joint farming models that tend to consolidate land use, focus on the creation and promotion of farming co-operatives that are able to enter into beneficial contracts, including production contracts, with investors and value chain entrepreneurs. Also, in subsequent phases, focus on corporate joint farming entities that can enter into beneficial contracts with investors on behalf of the shareholder farm laborers.
 4. Using the gathered information, create special plans that ensure that women and members of vulnerable groups participate in and benefit from the program and the subsequent projects. Specifically, provide gender sensitization and training for all staff and program/project participants; undertake training and organization of women farmers separately from men farmers; organize women into farmer associations of similar groups; negotiate on behalf of women with traditional leaders and husbands; involve women's NGOs; and focus particular attention on gender in skills development programs. Importantly, recognize that international experience has shown that agricultural development projects that are intended to increase agricultural productivity have also resulted in marginalizing women and, in some cases, reducing available household calories.
 5. Minimize the numbers of Rwandan farmers or land holders that are worse off after project design and implementation of consolidation than before it.
 6. Recognize that the existing Rwandan rural communities are diverse, and consider non-agricultural activities along with agricultural activities by consulting with and involving other GoR ministries in the data gathering, planning, design, and implementation. Examples of other ministries that could contribute include MINILOC, MINITERE, MINCOFIN, and MININFRA.
 7. Ensure that the program and projects appeal to and benefit all sectors of rural society, not just larger farmers, by creating projects that benefit poorer farmers encourage their participation. Recognize the risk that new agricultural models could most benefit farmers who are already commercially oriented or are most easily adapted to new models.

8. Seek community renewal through sustainable economic and political development of the whole community (rather than a discrete group or class of farmers).
9. Ensure that the program and projects promote the protection and sustainable management of natural resources.
10. Assist the community in defining new uses for its resources and then in reorganizing the spatial components accordingly.
11. Ensure that program and project designs manifest a comprehensive and cross-sectoral approach, integrating elements of both rural and broader regional development, including rural-urban linkages.
12. Acknowledge that not all small land plots and land fragmentation are problems by recognizing that, when queried about the kinds of assistance that could improve their small farm productivity, farmers often list such needs as improved inputs and agricultural extension as being more important than land consolidation.
13. Support the creation of off-farm employment opportunities because alternative agricultural models, although they might increase overall productivity, can also reduce the number of farm laborers needed, the result of which can lead to higher unemployment rates.
14. Create a program and projects that reflect the risks associated with decreased production of local food crops or subsistence crops and develop approaches to manage the risks. Recognize that mono-cropping could result in fewer local food/subsistence crops. Local food needs could be unmet, resulting in food insecurity and possible food crises, in the case of crop failure or a downward shift in market prices.
15. Create an improved legal environment and mechanisms for contract enforcement and dispute resolution.
16. Preserve individual choice and the option of farming autonomously while promoting participation in the program and projects.

5.0 FUTURE TASKS TO BE UNDERTAKEN BY MINAGRI AND RADA

Given the policy, legal, and regulatory framework outlined in Section 3.0; the principles and standards set out in Section 4.0, and the mandate that MINAGRI and RADA move ahead with agricultural land use consolidation and the related promotion of alternative joint farming models, the following summary of follow-on tasks has been developed. Adoption of this strategy by MINAGRI and RADA will denote that work will begin on these tasks as soon as possible. The following list of tasks is not exhaustive and does not include all activities needed to design, pilot, implement, and replicate joint farming models that consolidate agricultural land use. Additional tasks will be identified as the below tasks are undertaken and finished. With the special emphasis on stakeholder input and allowing that input to shape the program and projects, it is impossible to define and detail all needed tasks at this point.

1. Designate a Task Leader and a Deputy Task Leader from within the ranks of MINAGRI and RADA. Charge these designees with providing leadership in promoting the strategy and on the following tasks. A first step taken by these leaders will be to create a more detailed work plan that addresses the tasks.
2. Share this strategy with a group of donors convened exclusively to address the proposed program and projects, featuring the tasks to be undertaken and endeavoring to secure funding to support and proceed with the tasks.
3. Define the full scope of information that ought to inform the design and implementation of the program and projects, and gather and archive all available information. Create a dedicated and secure archive for the information. Identify where information is lacking and plan for securing it through surveys and data gathering. Additional information will probably be needed regarding status, expectations, and needs of farmers, existing cooperatives, and potential investors and value chain entrepreneurs. There will be a particular need to focus upon land and farming issues related to women. Before proceeding to secure additional information, create a work plan that describes the tasks and subtasks that will be to be undertaken to obtain the information.

A part of the data gathering will include a comprehensive examination of community needs and perceptions. Field investigations will examine the community's physical, social, cultural, economic, and psychological environment. Investigations will also assess the causes of small plots and plot fragmentation in that area, and will evaluate the ways in which the land is owned, used, and managed. Investigators will consult with individual farmers and community leaders, as well as with existing and potential investors and value chain entrepreneurs. The investigations are central to the identification and design of incentives that will prompt farmers to collaborate and for investors to risk precious capital in support of farm enterprises.

4. Review and optimize existing cooperative and company laws and implementing decrees and orders, and ensure that other existing and new legal and regulatory structures reflect the policy and legal framework described within Section 3.0 of this strategy and the principles and standards contained within Section 4.0 of this strategy. An important subtask will be to define the type and content of the ministerial orders needed to formally begin the program and to consequently authorize and guarantee support for subsequent projects. A product of this task would be a decree that broadly addresses the envisioned program.
5. Create and begin to implement an ongoing public information, awareness, and consultation campaign, focusing with particularity on how gathered stakeholder input will influence the design and implementation of the program and projects, and on the participation of and benefits for women and vulnerable groups. The consultation process will also focus on current and potential agricultural sector investors, with a goal of identifying their needs and the options for obtaining their participation.
6. Design two pilot projects that reflect the information gathered from existing sources, from new surveys, and from the public and other stakeholders. One pilot will probably be designed around an existing farming co-operative, while the other pilot will probably be designed to create and facilitate the operation of a new farming co-operative. Another pilot option to be explored will be the formalization (as a co-operative or corporation) of an existing group of farmers that are jointly cultivating their land (either by virtue of crop type or by virtue of shared inputs or collaborative activities). Pilot design would include a special focus upon the women's participation and their access and rights to land and other productive resources. Pilot design would also include the creation of ministerial decrees needed for each pilot project.

Pilot design and implementation will also feature a special emphasis on several topics, including (but not limited to):

- Educating farmers on a wide variety of topics necessary to ensure a fair bargaining position between farmers and private investors. Such topics might include market commodity price fluctuations and managing risks, contracting and accounting basics, internal governance, and others. Farmers will likely also be educated about any new crops to be farmed as part of the project or any new inputs. Such extension assistance may be provided jointly by the government with the private investors.
- Similarly, educating existing and potential investors on a wide variety of topics necessary to ensure reasonable and profitable relationships between investors and farmers. Such topics might include principles of contracting, introductions to administrative and judicial enforcement mechanisms, and risk management.
- Linking private investors with interested farmers and joint farming entities. MINAGRI and RADA will facilitate negotiations by providing the educational assistance already mentioned, as well as by providing any translation services that may be necessary to ensure that discussions, planning, and negotiations are conducted in Kinyarwanda and that contracts are written in Kinyarwanda. MINAGRI and RADA will also subsidize para-legal assistance in negotiations and contract drafting. Standard form contracts and by-laws will be created by GoR in an attempt to standardize some business terms and conditions.
- Encouraging collaboration through incentives. To encourage collaborations between farmers and investors, the MINAGRI and RADA will probably provide subsidies or other incentives to farmers and private investors entering into the sought-after arrangements.

7. Monitor and evaluate all aspects of the pilot implementation, including participation levels, increases in productivity, costs, benefits, household income changes, household calorie levels and changes, investor profitability, subsidy levels, compliance with policies and laws, sustainability, and replicability. Results will first and foremost inform decisions about the need for and value of the basic program, and only after this core ratification will results be used in the design and implementation of subsequent projects.

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