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**Final Report**

# A SURVEY OF ORGANIZATIONS INVOLVED IN PRIVATE SECTOR DEVELOPMENT AND/OR GENDER CONSIDERATIONS PROGRAMMING IN RWANDA

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# A Survey of Organizations Involved in Private Sector Development and/or Gender Considerations Programming in Rwanda

## F I N A L  R E P O R T

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## List of Acronyms

| | |
|---|---|
| AFER . . . . . | Association des femmes entrepreneurs du Rwanda |
| AIR . . . . . | Association des Industriels de Rwanda |
| APE . . . . . | Appui aux petites entreprises |
| ARTS . . . . . | Analysis of Reform and Technical Services project |
| BACAR . . . . . | Banque continentale africaine au Rwanda |
| BIT . . . . . | Bureau International de Travail or International Labor Office (ILO) |
| BNR . . . . . | Banque Nationale du Rwanda |
| GCID . . . . . | gender considerations in development |
| GOR . . . . . | Government of Rwanda |
| MINIFIN . . . . | Ministère des finances |
| MINITRASO . . . | Ministère de Travail et des Affaires Sociales - newly formed ministry in the GOR |
| NGO . . . . . | non-governmental organization |
| PMPR . . . . . | Rwanda Production and Marketing Reform Program (696-0135) |
| PNUD . . . . . | French for UNDP |
| PRIME . . . . . | Policy Reform Initiative in Manufacturing and Employment (696-0127) |
| SCC . . . . . | Service d'appui à la coopération canadienne |
| SERDI . . . . . | Service d'appui au développement industriel |
| SME . . . . . | small and medium-sized enterprises |
| UNDP . . . . . | United Nations Development Program |

## Purpose and organization of the study

As part of a follow-up to gender considerations in development (GCID) training and technical assistance activities conducted by the GENESYS project for USAID/Rwanda in 1991, two GENESYS consultants performed a study of twenty organizations in Rwanda, each of which has a program in GCID and/or private sector development. The organizations interviewed were either international donors or implementing non-governmental organizations (NGOs). This report summarizes the conclusions drawn from these interviews and identifies key constraints to continued private sector development activity in Rwanda. During the study special attention was given to issues relevant to women entrepreneurs.

## Background

The purpose of this study was, in part, derived from conclusions drawn from a rapid appraisal of women-owned and operated small and micro-enterprises conducted by the same consultants in November of 1991. The appraisal served to identify baseline information which will be used by USAID/Rwanda to assess the impact of its support of policy reform measures.

Policy reform and market liberalization has been undertaken by USAID/Rwanda under the auspices of the PRIME and PMPR projects. Both of these projects are coming to a close within the next fiscal years. The Mission is therefore planning a new project entitled Analysis of Reform and Technical Services (ARTS) which will continue and expand the private sector development activities previously initiated. The Mission has requested the GENESYS project to provide one of the consultants to serve as the 'gender specialist" on this design team. The study results described here are meant to serve the project design team's efforts during their visit to Rwanda in May of 1992. In the "Next Steps" section of this report specific recommendations for additional information gathering are offered.

The baseline information established by the rapid appraisal of women entrepreneurs as well as other USAID and donor-sponsored studies will be integral to the evaluation and monitoring of ARTS project interventions. However this information was no longer sufficiently timely nor specific to the regulatory environment to adequately guide the Mission in drafting the non-project assistance components of the ARTS project paper. The Mission therefore requested that the GENESYS consultants gather information on constraints and private sector strategies present since

market liberalization[1]. Specific recommendations regarding the technical assistance components of ARTS were also identified in their discussions.

**The original Statement of Work**

The purpose of this study, stated above, represents a change in the Statement of Work (SOW) governing this consultation (see SOW on page 51). Note that the 1991 GENESYS rapid appraisal surveyed 18 female entrepreneurs who, by nature of their small or micro-size, were not involved in a national or international scale of trade. As informants, they were limited in their perceptions of policy reform issues. The mission still intends the consultants to continue tracking the status of this referent group, as mentioned in the SOW, when more time has elapsed and the political and economic situation has improved[2].

**Organization of study conclusions**

The primary impact of Mission-supported market liberalization measures will be on businesses in the formal sector. Key reforms have focused on access to foreign currency and import/export regulations as well as some streamlining of business registration requirements. To assess "next steps" in policy reform the consultants set out to identify and examine, with the most informed members of the donor and NGO community, specific principle constraints affecting private business development. The most frequently mentioned constraints are summarized under "Results" (see page 4). A complete inventory of constraints identified during the study is provided in an annotated frequency table on page 7. A more detailed description of the constraints appears in the individual interview notes (starting on page 19).

In addition to constraints, some positive observations of the private sector environment were also identified. A few informants made noteworthy recommendations of strategies to confront certain of the constraints. These are described in

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1 The Government of Rwanda with the World Bank, and assisted by the various donors, including USAID, initiated a series of market reforms associated with structural adjustment in 1991. These reforms have been in force for several months, although their direct effects are difficult to assess due to the devaluation of the currency, the general uncertainty and reduction of business activity resulting from the war and the pressures brought on by the initiation of multi-party politics.

2 The reader will note in the SOW of work for the follow-on visit other activities that are not mentioned in this report. They have been described in a memorandum from the GENESYS consultants to the USAID/Rwanda WID Officer.

the section entitled "Positive Aspects and Recommendations for Private Sector Development".

**Donor involvement in gender considerations**

A second aspect of this review was to identify other donors' involvement in "women in development" activities. During their previous visit, the consultant team discussed the possibility of improved donor coordination with the WID Officer and the participants to the GCID workshop. Although USAID is not in a position to lead donor coordination, there is a continued interest in the exchange of information on women's issues and gender activities as well as the identification of common interests among the donors. It was determined that, as part of the follow-on activities, the consultants would spend several days sharing and gathering information with the other "players" in GCID. As the donor and NGO community is relatively small in Rwanda, many of the organizations contacted had both private sector activities and a GCID agenda. A summary of other donor's gender considerations programming is provided on page 10.

**Persons and organizations contacted**

The consultants met with 29 people in the course of twenty-two interviews. These interviewees are associated with nineteen organizations. Of the 19 organizations, seven are international donors or donor projects, five are international PVOs, five are indigenous NGOs[3], one is a commercial bank, and one is a government service. Two of the organizations contacted and interviewed, Peace Corps and CARE, do not have specific programs in either private sector or GCID, and so, are not represented here in the results. Three other organizations were contacted but not interviewed: IWACU, the World Bank and the Swiss Embassy. The IWACU informant was not available to be interviewed. The two other groups did not have specific programs in either private sector or GCID.

Four of the nineteen organizations interviewed do not have a specific policy or program for "WID" or gender considerations[4] but do have active programs in private sector development. Seven of the organizations included in

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[3] TechnoServe, Inc. is included in the category of "international PVO" although the Rwandan office now has a Rwandan Director and no expatriate staff.

[4] These organizations are: AIR, APE, BACAR and CRS.

this study focus specifically on women issues[5] of which three of these are not in any way active in private enterprise. The Canadian IFD (WID) Director and "Conseiller" had worthwhile insights into private sector development (and especially women's integration) although the Canadians are not working in this sector. Eleven organizations are listed as informants on the private sector development environment.

During some of these interviews the consultants were accompanied by Bernadette Joergensen, USAID/Rwanda Program Assistant. Ms. Joergensen previously assisted in the rapid appraisal of female entrepreneurs and attended several of the interviews to provide continuity to the process. Descriptions of the individual interviews are arranged in alphabetical order by organization in the appendix (see the list of organizations contacted on page 15).

**Study Results - Constraints to Private Sector Development**

The most frequently identified constraint was that of lack of enthusiasm and support from government officials for private sector development and the implementation of structural reforms. Eight of 11 informants cited this problem. There is a reluctance on the part of government officials to see their role in encouraging private sector development.

The shared opinion is that major regulatory reforms that were necessary to rejuvenate the private sector have been enacted. However there still remains some implementation issues associated with the reforms. An example of such an issue is that under the rules governing the foreign exchange market, entrepreneurs need to amass and then tie up a large sum of money in order to import. There is no way to make a partial exchange and then pay the remaining amount after delivery. This effectively blocks smaller businesses from importation and the subsequent sales.

Many of the eight informants referred to above mentioned the need for a "one-stop" shopping center for foreign exchange and import/export arrangements. Presently importers must make a long series of stops from the bank to ministry to bank again in order to get the proper forms, stamps and authorizations. Although these formalities have been streamlined, it is still an onerous task.

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[5] These organizations are: AFER, Duterimbere, Haguruka, Family and Women's Promotion at MINITRASO, Réseau des femmes, the Canadian Embassy, UNICEF. Haguruka, Réseau des femmes and the IFD unit of the Canadian Embassy do not have a private enterprise focus. However the "self-help" fund of the Canadian Embassy is set-up to assist women entrepreneurs <u>exclusively</u>.

Furthermore, for foreign exchange, the formal procedures are viewed as risky as opposed to the parallel market. The request for exchange may not be accorded in full or the request form may be found in error and therefore rejected until the next month's market. The official exchange also requires a commission of 5% in advance with no assurance receiving the full request. In principle, you may lose the 5% and still get no hard currency.

The lack of active support from the government explains, in part, the slow turn over of business activity since the inception of reform. Another obvious reason is the basically depressed Rwanda economy, caused by on-going war. Among its many effects is the restricted environment (on commerce and travel) and constant money-drain on the government. The effects of the war were mentioned in at least two interviews.

Six of the eleven respondents cited a lack of entrepreneurial spirit or motivation among Rwandan entrepreneurs. Potential entrepreneurs rarely come up with a new idea or approach for making a sale. In a typical market everyone is selling the same thing, while many other desirable items are simply not for sale. In part this is due to the isolated nature of Rwanda - there is little influx of new ideas. It is generally agreed that there needs to be an effort to expose Rwandans to new ideas, to encourage them to calculate and take risks, to carry out market surveys and gather business information on their own in order to identity new and creative opportunities.

Four of the eleven respondents mentioned a lack of financial management skills. These respondents were from organizations working with larger businesses (small and medium). Their experience is that companies are basically unable to do a good analysis of cash flow and cost analysis (for more see APE and PNUD interview notes). Duterimbere, which does training of its members, devotes considerable time to simple management skills. These skills are particularly important for women entrepreneurs given their limited access to secondary education in Rwanda society.

In addition to the need for financial management training, three interviewees mentioned the need for skills in business planning and feasibility analysis.

Three respondents also cited the need for training and technical expertise in modern production technologies and methods. Rwandan industries are restricted by the lack of trained personnel. There are no professional training institutes in the region nor the capacity to mount high-tech training, in French, within neighboring countries.

Four respondents noted the high tax rates on gross business revenue. This is extremely discouraging to business

creation. Business tax assessments are done in a fairly arbitrary way. Tax assessors visit the place of business, take the owner's estimate and then eye-ball the establishment to ascertain if the estimate is reasonable or not. There are no systematic audits nor the capacity to do one even if the business owner can provide detailed book-keeping accounts. The USAID mission has focused on this problem as one of it's country program objectives. Possibly under the DIG (democracy and governance) project, the Mission will work with government to increase its ability to manage the national budget as well as to accurately assess and collect taxes.

There was a unanimously negative reaction to the government-controlled chamber of commerce, even though the government's intention is to spin off the chamber into a private entity. The consensus among those interviewed is that the chamber's staff has no credibility and that this particular organization should be allowed to die. This may effectively be happening as the government is no longer enforcing the payments of yearly dues. AFER, AIR and APPME ("Association Rwandais pour la Promotion des Petits et Moyens Enterprises et Artisanat") have expressed an interest in collaboratively establishing a wholly private chamber once the government permits it.

Another common theme (four respondents) was the lack of bank credit for women. As soon as Rwandan women marry they relinquish their right to their own property. Married women depend on their husband's signature for loans. Often the husband is supportive of his wife's project and signs without interfering in the business. However, if the husband has bad credit or is already leveraged, the wife's possibilities for a loan are limited.

## Inventory of Private Sector Development Constraints Identified

(see alphabetical footnotes on page 9)

| CONSTRAINT | AFER | AIR | APE | BACAR | BIT | Canada | Dutcr | Nether | Techno | UNDP | UNICEF | count |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **In the REGULATORY ENVIRONMENT:** | | | | | | | | | | | | |
| Control-oriented mentality of the government; excess formalities in starting a business [a] | X | X | X | X | | | X | X | X | X | | 8 |
| Taxes and quotas on imports (limits on imports; lower taxes on luxury items, higher on basics) [b] | X | | | | | | | | | X | | 2 |
| Access to hard currency, the perception of risk, 5% commission, pushing users to parallel market [c] | X | | | | | | | | | X | | 2 |
| Requirement for two proforma invoices for imports on each purchase | X | X | | | X | | | | | | | 3 |
| Requirement that the full purchase price on imported items be placed up front, often long before delivery. Negative effects on small businesses. | | | | | X | | | | | | | 1 |
| Wholesalers can now compete with retailers | X | | | | | | | | | | | 1 |
| Economic depression due to war | | | | | | | | | X | X | | 2 |
| High taxes on gross revenues | | | | | X | | X | | | X | | 3 |
| No investment code, esp. protection for foreign investors | | | X | | | | | | | X | | 2 |
| Government regulations on hiring (this may have changed already) [d] | | | X | | | | | | | X | | 2 |
| Government-controlled Chamber of Commerce [e] | X | X | | X | | | | | | | | 3 |
| Restraints on travel - local [f] | | | | | | | X | | | | X | 2 |
| Restraints on travel - international [g] | X | | | | | | | | | | | 1 |

| CONSTRAINT | AFER | AIR | APE | BACAR | BIT | Canada | Duter | Nether | Techno | UNDP | UNICEF | count |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Commercial banks have large deposits but give few loans because they are expensive at 19% interest | | X | | | | | X | | | | | 2 |
| Restraints to agro-business development, i.e. land sale | | | | | | | | | X | | | 1 |
| **Need for TECHNICAL SERVICES and TRAINING:** | | | | | | | | | | | | |
| General lack of business skills: there exists no business plans or feasibility analysis; entrepreneurs take a short-term view and depend on inappropriate technology | | | X | | | | X | | | X | | 3 |
| Lack of entrepreneurial spirit and innovation | | | X | | X | X | X | | X | | X | 6 |
| Lack of marketing skills [h] | | | X | | | | X | | | | | 2 |
| Lack of financial management skills | | | X | | | | X | | X | X | | 4 |
| Lack of expertise in the use of modern technologies | | X | X | | | | | | | X | | 3 |
| Lack of available bank credit for women | X | | | | | X | | | | | X | 3 |

## Inventory Footnotes

a. This was attributed to a general lack of enthusiasm and support among ministry personnel to promote business development, as well as structural constraints which require numerou visits to various offices in order to complete the formalities necessary to import, export or register a business. A suggestion was raised by several informants that a "one-stop shopping" center be established where all these formalities could be centralized in one location thereby streamlining and speeding up the process.

b. The new import tariff structure is more equitable, and therefore an improvement, over th previous one. While the majority of tax percentages have been greatly reduced for "luxury goods", the small increases for raw materials and items of everyday use will hav a very negative impact on small and medium-sized businesses which use these items.

c. One respondent noted that there is a growing confidence in the government exchange syste as business see that their requests for exchange have been accorded quickly and in full. As the price on the parallel market fluctuates during the year, there may be times when the official system is more advantageous, albeit more complicated and time-consuming. This study came during the low season for the black market. A better assessment of the effectiveness of the foreign currency reforms would better be made in May/June when the parallel market would normally be at its peak.

The official exchange system still restricts small businesses, which need to arrange terms of partial payment or payment-on-delivery due to their limited cash flow.

d. We received conflicting information on this constraint. One respondent listed this as a constraint while another noted that this regulation is no longer in force. Limited time did not allow us to check with the ministry.

e. For a more detailed description of the Chamber's problems see the interviews notes from BACAR (page 30).

f. Since the war, every citizen is required to have identification papers and a visa to leave their area of residence. Ambulatory sellers especially risk having their goods seized and being deported home if caught selling in the Kigali area without these papers

g. Rwandans may not buy airline tickets in local currency and are required to obtain an authorization from the GOR in order to buy a ticket. Business people are restricted to only two tickets a year. This is a considerable constraint to anyone in commerce. Commerce is the major category of activity for women-owned small and medium-sized businesses.

h. In terms of the determination of where the best markets are, and not so much in packagin and/or advertising.

| CONSTRAINTS SPECIFIC TO WOMEN | AFER | Canada | Duter | UNICEF | Count |
|---|---|---|---|---|---|
| Requirement of husband's signature on bank loans | X | X | X | X | 4 |
| Limiting training opportunities due to educational inequities | X | | X | | 2 |
| Restrictions on the point of sale [a] | | X | X | | 2 |
| Lack of access to time and labor saving devices | X | | | | 1 |
| Lack of availability of child care services | X | | | | 1 |
| Inability to identify market opportunities | | X | | | 1 |
| Threat of physical violence | X | | | | 1 |

**Note**

This is a serious constraint to women and their families' income. They are not allowed to sell outside of the established markets (such as in front of a private residence) and this restriction inhibits women from engaging in small enterprise while attending to their household duties.

**Positive Aspects and Recommendations for Private Sector Development**

During the interviews a few positive aspects were mentioned as well recommendations for confronting some of the many constraints identified.

One respondent noted a positive effect of the reform of the foreign currency market. According to her, there is a growing confidence in the government foreign currency exchange system. Those who have used the system have received the full value requested in a timely manner. However the consultants noted that since the inception of this system the demand has yet to exceed the supply of currency. This is probably due to the depressed economic environment brought on by the war.

The UNDP and BIT expressed a great deal of hope in the PAIB project (see description on page 31) which will address rural-level micro-enterprise development on a national scale, supposedly by 1993. Although this plan gathers considerable strength from establishing much needed, though limited, donor coordination, the consultants have doubts about it's capacity to meet the whole country's needs. One international PVO complained to us about the rather inflexible attitude of the organizers in the conceptualization of the plan, its

objectives and potential players. Most of the others are taking a "wait and see" attitude and would probably be willing to assist if asked later down the road. If implemented the project would provide more exposure to Duterimbere and Micro-réalisation, two organizations that have gathered considerable practical experience in supporting micro-enterprises.

BIT - Projet micro-réalisations - wishes to establish within the GOR regulation a "business in training" category (see description on page 34). This may be of interest to USAID as part of its NPA and technical services program.

**Other Donors' Programming in Gender Considerations**

Among the donors operating in Rwanda, Canadians are the most advanced in terms of strategies and focus of resources on gender considerations. In addition to having a WID Focal Point who holds a high position at the embassy, they have hired a full-time coordinator who works closely with her colleagues at SCC and represents their mission in the community at large. In accordance with its own international guidelines, SCC requires that gender considerations be addressed in an integrated manner through the project process and each proposal in reviewed for IFD [6] content. The Canadians fund various women's advocacy groups in Rwanda, including Duterimbere and Réseau des femmes for which they funded the socio-economic survey which is cited below. Last year they organized a conference on Rwanda women's socio-economics role and intend to repeat and enlarge this activity this year.

The Canadian Embassy has a small discretionary fund that is used exclusively for women's projects. There is a fund manager who works with local women to focus and implement their project proposals. The manager has devised a system financial tracking and program management and apparently considerable results that occurred from very small funding.

In 1991, a study of the socio-economic profile of Rwandan was funded by SCC and conducted members of the consultants collective of the "Réseau des femmes". The following are excerpts of the study's conclusions regarding women's participation in SMEs.

- Only 16 % of the small and medium-sized Rwandan enterprises and artisans are women-owned[7]. In certain

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6 IFD = "integration des femmes dans le développement" = women's integration in development.

7 Profil Socio-économique de la femme rwandaise, Réseau des femmes oeuvrant pour le développement, 1991, page 63.

sectors such as leather working and chemicals women are nonexistent. It is assumed that lack of professional training opportunities for women is the cause for there absence. The sectors where business women are most easily found is in cloth and clothing, agro-alimentary production and services.

- Women represent 0.88 % of registered merchants where they are concentrated in the urban areas, especially Kigali. This figure is very deceptive because of the high degree of non-registered businesses. A PRIME project study reported that only 23 % of active merchants are registered[8].

Women benefit very little from credit possibilities offered through traditional institutions. The statistics below (from the BNR) describe the distribution of creditors (men and women) by intended purpose of bank credit (not including credit received through the "Banques populaires") [9].

| Purpose of the credit | Total credit given (in 1.000 FRw) | Percentage reserved for women | Percentage reserved for men |
|---|---|---|---|
| Housing | 1,941,179 | 9.0 | 91.0 |
| Work-related vehicles | 42,979 | 6.0 | 94.0 |
| Securities | 500 | 0.2 | 99.8 |
| Functioning capital | 45,958 | 3.0 | 97.0 |
| Equipment | 40,076 | 2.6 | 97.4 |
| Other (salary advance, agric. credit) | 15,117 | 4.7 | 95.7 |
| TOTAL | 2,322,049 | 5.0 | 95.0 |
| Source: BNR, risk centralization, 3/31/90 | | | |

Women officially receive only 5 % of the bank credit although in reality they often have assess to credit through their husband's account. It is noteworthy though that the women's credit often goes toward housing or vehicles which, for women who are married, are legally owned by their husband.

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8 ibid.

9 ibid, page 65 and 66.

The preponderance of UNICEF's program could be described as women-focused in that women are the essential link to caring for children's well-being. Some of UNICEF's program focuses directly on maternal health. The organization does not have a specific GCID strategy although there is a program-level manager who also serves of the WID Focal Point. The approach of 'gender' as opposed to women is new to UNICEF although they are now using this terminology. The WID Focal Point also has responsibility for household food security and is implementing a project of support to women's economic activity via twenty women's groups (see interview notes, page 48).

ANCV (the Netherlands volunteers) have a Rwandan project-level manager who also holds the title of WID Focal Point. She represents the organization for women's matters and offers assistance to her colleagues in GCID. ANCV uses a 'participatory development' approach in its work and has not developed specific technical or programmatic parameter such as GCID strategies or interventions.

**Next Steps in the ARTS Project Design Process**

The following is a list of areas that should be researched more deeply by the ARTS project design team when it visits Rwanda in May of 1992.

- Ascertain the status of the regulation requiring two proforma invoices for import licenses. There was considerable discussion about this rule and the BNR had stated that it would be re-considering the ruling and responding within a few weeks. The challenge will be to find ways to ease this constraint while maintaining necessary control of capital flight to Europe.

- Does the present foreign exchange market system effectively restrict smaller businesses from importing due to their small cash reserves. Although cited by the women at AFER, the consultants are not convinced that this is a significant restraint. A review of users of the exchange system and some follow-up interviews with small and medium-sized retailers may clarify this. Another consideration would be a permutation of the rules allowing importers to acquire foreign currency in two "tranches" to allow for partial payment arrangements.

- Determine out whether the costs of importing are prohibitive to small businesses that are not solvent enough to take advantage of the economy of scale.

- Determine whether retailers are really negatively impacted because they can not compete with wholesalers.

Now that wholesalers are allowed to make retail sales, informants complain that their market niche is eroded.

- Determine the capability of Rwandan banks to expand into business credit. Is it really true that these banks have large deposits but can not make loans because the interest rates are too high or is the banking system actually close to failure due to its mounting load of bad debts?

- Identify the local business counselling firms and the quality and capacity of their work. Do medium-sized businesses have adequate access to business and financial management counselling or do these services not exist?

- Contact and interview:

  - SERDI (Service d'appui au développement industriel)

  - ARDI (Association Rwandaise de développement integré)

  - Monique Mukamanzi (at the Présidence - has considerable knowledge in private sector development and GCID)

  - World Bank - to determine its future plans for support of the private sector

  - Swiss Embassy - to determine if there are any lessons to be learned from their experience. They are involved in providing long-term technical assistance to some local industries (a brick factory and others). What are their overall program parameters and insights into private sector constraints?

# Appendix A

**List of Organizations Contacted**

| | Acronym | Full Title | See interview notes on page: |
|---|---|---|---|
| 1. | AFER . . | Association des femmes entrepreneurs du Rwanda . . . . . | 19 |
| 2. | . . . . | Africare . . . . . | 22 |
| 3. | AIR . . | Association des Industriels de Rwanda | 23 |
| 4. | APE . . | Projet Appui aux petites enterprises | 25 |
| 5. | . . . . | Association Haguruka . . . . . | 27 |
| 6. | ANCV . . | Association neerlandaise d'assistance au développement . . . . . | 28 |
| 7. | BACAR . | Banque continentale africaine au Rwanda . . . . . | 30 |
| 8. | BIT . . | Bureau international de travail - Projet Micro-réalisations . . . . . | 31 |
| 9. | . . . . | Bureau de l'Ambassade du Canada . . . | 35 |
| 10. | CARE . . | (no program in private sector or gender) | |
| 11. | CRS . . | Catholic Relief Services . . . . . | 36 |
| 12. | . . . . | Duterimbere . . . . . | 37 |
| 13. | IWACU . | Centre de Formation et de Recherche Coopérative (contacted but the informant was not available to be interviewed) | |

| Acronym | Full Title | See interview notes on page: |
|---|---|---|
| 14. MINITRASO | Ministère de travail et des affaires sociales . . . . . | 41 |
| 15. PNUD . . | (UNDP) United Nations Development Program . . . . . | 42 |
| 16. . . . . | Réseau des femmes oeuvrant pour le développement rural . . . . . | 43 |
| 17. SCC . . | Service d'appui à la coopération canadienne . . . . . | 35 |
| 18. . . . . | Technoserve, Inc. . . . . | 45 |
| 19. UNICEF . | United Nations International Children's and Education Fund . . . . | 48 |
| 20. . . . . | US Peace Corps (no program in private sector or gender) | |

# Appendix B

**List of Persons Interviewed**

| Person contacted | Title & organization |
|---|---|
| 1. Adrian Backus . . . . . | Country Representative, Africare |
| 2. Aida Girma . . . . . | Project Officer/WID Focal Point, UNICEF |
| 3. Alan Johnston . . . . . | Director, US Peace Corps |
| 4. Chantal Kenguelous . . | Program Officer / WID Focal Point, UNDP |
| 5. Christine Buckstal . . | Technical Advisor, BIT - Projet Micro-réalisations |
| 6. Dirce Dufresne . . . . | First Secretary and Consul, Canadian Embassy |
| 7. Dusenge Virginie . . . | Executive Secretary, Réseau des Femmes |
| 8. Ephiphanie Kampundu . . | WID Advisor, SCC (Canadian Cooperation) |
| 9. Ginette Carré . . . . . | Advisor in Management and SME Promotion, DUTERIMBERE |
| 10. Habineza Jean de Dieu . | Permanent Secretary, AII |
| 11. Izabiliza M-Médiatrice | Responsable national, JOC |
| 12. Jean Evarist Nayigizente . . . . . | Administrateur, IWACU |
| 13. Kabagwira Athanasie . . | Agent, ONAPO |
| 14. Kagoyire Josine . . . . | Information & Documentation Manager, DUTERIMBERE |
| 15. Marie-Gorethi Mukakulisa . . . . . | Administrative director, DUTERIMBERE |
| 16. Maurice Giroux . . . . | Project Director, Projet appui aux petites enterprises |
| 17. Mivimbi Rita . . . . . | Agent, ONAPO |

| Person contacted | Title & organization |
|---|---|
| 18. Mujawimana Agnès General Director, DUTERIMBERE | |
| 19. Ngendahimana Athanase | Program Manager, UNDP |
| 20. Nkubito Jean . . . . . | Power of Attorney, Commercial Division, BACAR |
| 21. Odette Ubonabenshi . . | Director, Promotion de la famille et des femmes, MINITRASO |
| 22. Revathi Balakrishnan . | WID Director, Oregon State University |
| 23. Rose Mukantwali . . . . | Journalist, Kinaymateka-Hobe |
| 24. Steve Wallace . . . . . | Country Representative, CARE |
| 25. Terrence Ryan . . . . . | Country Representative, CRS (Catholic Relief Services) |
| 26. Themistocles Gasana . . | Director, Technoserve, Inc. |
| 27. Uwimana Marie Goretti . | President, AFER |
| 28. Vénéranda Nzambazamariya . . . . | Project Manager, ANCV (Dutch Volunteers) |
| 29. Zaina Karemeara N. Matama . . . . . | Information/ Social Mobilization Officer, UNICEF Services) |

# Appendix C

**Detailed Interview Notes**

## AFER
## Association des femmes entrepreneurs du Rwanda

The consultants met twice with this organization, once with the president, Uwimana Goretti, and once with a group of five of their members. Of these five, two women own pharmacies (one of them a wholesale distributor), one woman owns a hardware store, one a printing and book shop, and one owns a combination folk craft and miscellany shop.

The organization was formed in 1989 and presently has 47 members. These women were motivated to start AFER because they felt that they were not receiving assistance from the Chamber of Commerce [10].

Fifteen AFER members recently attended an entrepreneurship training organized by Clark University and financed by USAID. Some of the members found it a little too academic and requested training in more practical applications.

The consultants were given a copy of an objective tree that was developed after this tool was studied in their training. The tree was well-prepared in terms of the specificity and logic. Unfortunately only four of the sixteen purpose (or

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10 The Ministry of Justice opposes the legal recognition of AFER, stating that the Chamber of Commerce already serves the purpose of their organization and to recognize them would be to undermine the Chamber. (In all our interviews, we could not find one person who thought the government-created Chamber of Commerce should not be disbanded. If this were to happen the business community would probably respond by organizing one of its own).

By law, every formal enterprise must join the Chamber by paying yearly dues. Failure to pay the dues means that the Chamber (government) will close the business. AFER strongly opposes this forced participation in an organization that has no value for them. Apparently, their opinion is shared, because since January there has been an unofficial suspension of dues payments. Rumor has it that the Chamber of Commerce will become a parastatal, therefore acquiring some private character; however no one seems very interested in this.

In response to the lack of support from the government or the Chamber of Commerce many other associations have been formed (though not legally recognized). They include the:

- Association d'Hommes Industriels, and
- Association des Petits et Moyennes Enterprises (mixed)

AFER and these groups are discussing some sort of federation of these groups which will serve as a shadow Chamber of Commerce.

target) level objectives were completed with activity level objectives. Of these activities literally no inputs had been identified. These omissions essentially rendered the tree objective a "wish list" instead of a planning tool for action. These limitations were discussed at length with the group. They responded that they would need more training to develop concrete plans. At present, Technoserve is helping AFER develop a 5-year plan.

AFER is setting up a small credit program among its members (see "bank credit" below). The organization plans on providing technical assistance to its members in conjunction with this credit.

## EXISTING CONSTRAINTS TO PRIVATE SECTOR DEVELOPMENT

1. Lack of available bank credit. The key to this problem is women's lack of guarantees. Women's access to credit depends on their ability to get a guarantee, which always depends on THE husband, who must co-sign her loan regardless of his relationship to the business. If her husband has already obtained a bank credit, she cannot get one regardless of the value of her business proposal.

   To mitigate this serious constraint, AFER is constituting its own loan guarantee fund by collecting FRw 10,000 per month from members for one year. After amassing the fund, AFER will give small loans and credit guarantees. They recognize that they will require some management training in finances in order for members to obtain the guarantee. The APE project funded by the Canadians, has said it will provide training.

   The women entrepreneurs all agreed that women who have guarantees do not have any difficulty in obtaining bank credit.

2. Social constraints.

   Women's status:

   Woman entrepreneurs are not expected to succeed. Women entrepreneurs are often the brunt of rumors about extra-marital relations with male business contacts. Therefore, in order to succeed in business a women must often depend on the understanding and support of her husband, much more so than a man would need the support of his wife.

   Because of socio-cultural constraints women are timid as entrepreneurs. There is a need to support women entrepreneurs to grow, and to take risks.

3. Administrative constraints.

Women's work:

Government regulations do not anticipate the constraints on women's time and labor through the encouragement of labor-saving and income-generating appliances, e.g. reduced import taxes on sewing machines, washing machines, electric or gas stoves, etc.. By contrast, these items are viewed as luxury items.

There is a lack of adequate child care facilities, which limits women's capacity to devote time to business activities. This is a particular problem for market women. AFER believes that one of the reasons that there are few child care facilities is that daycare is not profitable. They would like the government to open day care facilities, which could charge FRw 3,000 per child per month (how they came up with this price is unknown). The Association is promoting this idea but they recognize that administrative regulations discourage them.

Business regulations:

Until 1991, it was necessary to get a husband's approval to register business. The procedures have been eased somewhat - there are fewer papers to fill out, however, bank accounts must be officially approved by the husband's signature. Afterwards he may or may not have access to the account, depending on the arrangement made between the couple.

The government requires approval for the purchase of airline tickets, limiting them to two a year even if the purchaser has hard currency. For women, who are mostly involved in commerce, this is a serious constraint.

The government only approves access to hard currency once a month and charges 5% of the amount of each request, regardless of what they finally approve. If the request is not approved, the applicant still pays the 5%. Entrepreneurs prefer to use the parallel (black) market because this avenue costs less in terms of money and aggravation (time waiting for approvals, trips to the bank, to the ministry, etc.).

The government puts taxes and quotas on imports, e.g. if one entrepreneur imports an item, others cannot, thus limiting products available in each sector. This is a way for the government to control foreign currency, but it also leads to a reduction in purchases and negatively impacts commerce. In general, business

is bad now; paradoxically the tariffs on luxury goods are lower, but higher on basics such as medicines.

Availability of foreign currency on the parallel market is cheaper now because there is little demand due to the depressed economic situation. On the other hand there is growing confidence in the official hard currency market. The quantity of foreign exchange requested is rarely refused, so the 5% application fee doesn't represent a loss. Unfortunately, due to economic depression (brought on by the war, devaluation, and structural adjustment) there is still little of demand for hard currency. This is why the monthly quantity of available foreign exchange has yet to be consumed.

The group noted that prices have begun to come down, especially for locally-produced food. This has negatively impacted local producers, especially farmers, whose ability to travel has been severely restricted by the war. This makes it difficult to bring their produce to markets.

4. Threat of physical violence. The experience of one of the women suggests a more serious problem for business persons in the current environment. While she was attempting to reclaim goods that had been rented to the son of a prominent, retired military officer, she was attacked by her client in front of his home, knocked down and kicked in public until she became unconscious. He then called the gendarmes to take her away. When they arrived she was subjected to more abuse, which included stealing her watch. It was only through the energetic intervention of some by-standers, who had witnessed the incident, that she was taken to a hospital rather than to jail. Without an explanation or apology, the rented goods were brought to her shop the next day. She is planning to press charges.

The above incident underscores the general atmosphere of insecurity that prevails in the country at the present time, and contributes to the economic malaise.

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## Africare

The consultants met with the Africare Country Representative to get a general idea of the regulatory constraints in Rwanda as a starting pointing for this study. The Representative was able to provide us several names of key contacts and organizations. USAID/Rwanda is planning to contract directly with Africare to have the Representative prepare a detailed review of Rwanda laws and regulations governing the private

sector. The Representative is particularly well-placed to perform such an analysis as he is a lawyer with considerable practical experience in business development.

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## AIR - Association des Industriels de Rwanda

The interview was conducted with Jean de Dieu Habineza, the Permanent Secretary of the AIR. The AIR was organized in 1990 in reaction to the problems encountered by large local industries due to structural adjustment. The association has 50 member enterprises, less than a third of which are parastatals; membership is open to all enterprises, regardless of the national or ethnic background of the ownership, the principal criteria being that the member industries transform products to sell and have a gross revenue (chiffre d'affaires) of at least FRW 150,000 per year.

The association has only three employees, the Permanent Secretary, his secretary and a "planton" (handy man). Most AIR members are located in Kigali, and involved in manufacturing in the area of import substitution; not too many members are involved in the food products sector.

The association establishes contacts with the government and banks to defend the positions of the private sector. They are trying to obtain a minimum tariff rate to protect local products. The interviewee showed us the new list of import tariffs, which greatly reduced taxes on luxury goods but with many small, but significant, increases in the tax on essential raw materials.

Prior to market liberalization, local industries were more protected by limits on imports, therefore creating a much less competitive environment. The interviewee feels strongly that the government has acted so quickly that there has been insufficient time for the large companies to make the adjustment to the open market environment. He is advocating that the proposed changes be phased in more slowly for the next several years (until 1994) rather than pushing for full structural adjustment within the next year.

Another effect of structural adjustment has been an increase in commercial interest rates which have restricted access to capital investment. Presently the commercial banks have large deposits but they aren't providing as much credit because people consider it too expensive, and so are not borrowing.

The BNR (Banque Nationale de Rwanda) also has money to lend at the present time, in spite of the serious repayment problems in their strained loan portfolio. Apparently, the government provides funds to keep the BNR solvent, in

addition to funds provided by the international donors. However, because of the economically depressed situation producers aren't borrowing as much.

The present banking system poses certain constraints to local business. Import-export formalities are only handled by commercial banks, acting as intermediaries for the BNR, which ultimately approves requests for foreign currency. Only commercial banks have the technical structure to handle letters of credit,etc. - this service is not available at the Rwandan banks such as the Banque populaire and the Banque Rwandaise de Développement.

The large scale importers still need to go to the large banks for foreign currency; the smaller entrepreneurs' demand allow them to rely on the parallel (black) market, thereby avoiding bureaucratic aggravation.

Recently the BNR has decreed that in order to get an import license, potential importers must show two "pro forma" bills, each from different countries. This requirement originates with the donors and is intended to hinder the diversion of capital to exterior bank accounts through intentionally inflated cost quotations. The problem with this requirement is that many items have only one reasonable source of supply, such as a car that is produced by only one company. Another problem is that this requirement does not take into consideration other aspects of importation arrangement such as special quality or terms of payment agreement establish with long-term suppliers. The interviewee suggested that an alternative to this procedure would be reliance on the "Société Générale de Surveillance de la Contrôle des Prix" which is active in Rwanda and can be depended on to verify whether prices are reasonable or not.

The interviewee noted that due to reduced consumer demand and buying power, industries are currently operating at 20% - 30% of their capacity.

Recommendations

- Local industries need to be restructured to become more competitive.

- Exports need to be encouraged; the government should give exporters a "restitution" of the import tax to encourage a more favorable balance of payments. The interviewee noted that exports before the war were much greater than now, having been reduced from 20 million FRW to 2 million FRW.

- There is a need for a technical training institute in Rwanda, to provide more skilled workers especially at the mid-level of technicians and foremen.

- The new customs tariffs should be carefully monitored and possibly adjusted (reduced) within two years.

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## APE - Projet Appui aux petites enterprises

This interview was conducted with Maurice Giroux, Director of the project, who has been with the project for one year. The project is sponsored by the Canadian development agency (ACDI - Agence canadienne de développement international).

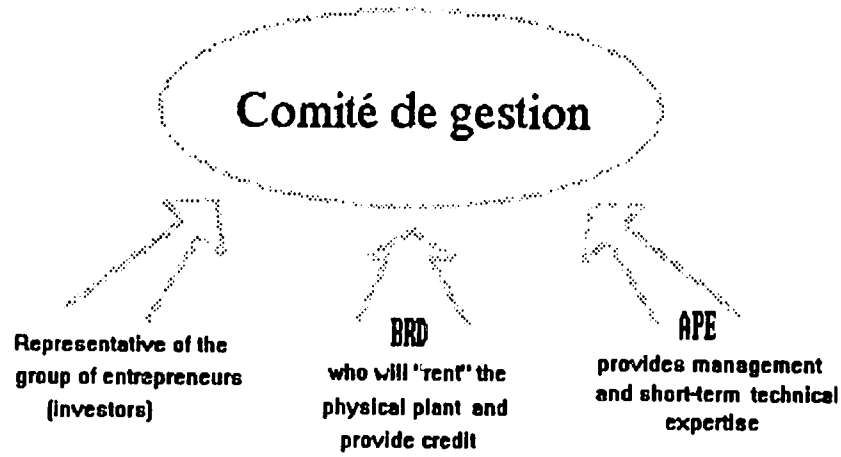
The project was begun in 1989. It started in Ruhengeri, assisting small enterprises with small credit. When the war began, the project was relocated to Kigali, and reformulated. Since the Canadian government wants its programs to have a national impact it was decided to change the focus of the project to provide technical assistance to large industries. The name of the project is now a misnomer, since the small enterprise focus has been eliminated, but it was decided to retain the original letters for purposes of identification.

The APE project is currently giving assistance to two large local industries which produces food stuffs and beverages. One of these companies is experimenting with a soft drink called Spéciale Banana, made from locally produced banana pulp.

Both of these firms have serious financial problems, in large part due to lack of marketing and leadership skills. This is of considerable concern to the BRD (Banque Rwandaise de Développement), which has extended large sums of credit to them and is anxious about repayment of these loans. The Bank asked the APE project to conduct a study of the two organizations and present recommendations for improving their situation. The APE contracted a Canadian specialist in business rehabilitation to conduct the study, and APE has presented alternatives to the bank. If these are accepted the APE will provide a business management specialist for a year to the beverage company. The reason for this long-term support would be to prevent the closure of this company therefore giving a monopoly status to its larger competitor.

The APE has suggested the following model for the privatization and support of faltering industries which are presently underwritten by the BRD and at high risk of failure. The bank has been lending to some of these businesses for so long or in such amounts that its potential losses will be enormous. For this reason, the company's assets would not be sold outright to new entrepreneurs because the present market value of most of these companies assets is way below the bank's investment. Instead, the physical plant would be rented to the investment group on a rent-to-own basis (part of the payments would go toward eventual purchase of the physical plant).

A provisional management committee (comité de gestion) would be formed among the new owners, representatives of the bank and the management team from APE. Given new credit and business counselling services some of these businesses could be resurrected and brought back to health. The details of privatization and legal procedures still need to be examined with the BRD and the government of Rwanda.




A Canadian consultant has been asked to evaluate all the enterprises supported by the APE Project. The next area to be studied is the milk products sector.

The major problems encountered in Rwandan industries are:

- lack of marketing skills (no creative or aggressive approach to making sales)
- lack of business plans for any duration: 3, 4, or 5 years
- a short-term view
- no business or market analysis
- inappropriate technology
- poor financial management
- recent elimination of government protection for foreign competition
- reduction in availability of affordable bank loans

Problems in the regulatory environment:

- customs tariffs are high
- the investment code (length of time to obtain approvals, repatriation of funds, etc•)
- difficulty of obtaining credit (banks aren't being repaid, therefore they make it more difficult to obtain loans)

- taxes on purchases of raw materials, which makes basic materials more expensive - need for discount tax rates for local industries

Mr. Giroux is enthusiastic about his work and the APE Project, and frequently has informal dinners at his home to which he invites local business leaders, private sector experts and others concerned with the business climate for discussions and exchanges.

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## Association Haguruka

The interview was conducted with Zaina Karemeara, the executive secretary of the organization.

HAGURUKA was begun in June 1991 by a group of men and women jurists and professionals concerned with the defense of the legal rights of women and children. They are presently attempting to get funding from donor groups for three projects which are described later in this text.
The association has the following objectives:

- promotion of the equality of rights and responsibilities for both sexes in the economic, legal, socio-cultural and political domains;
- promotion of the application of the convention for the rights of children in Rwanda, and support for all relevant actions;
- raising the conscience of women with respect to their role in society, and to prepare and encourage them to actively participate in public life, locally, nationally and in the international arena;
- active promotion of the elimination of all forms of discrimination against women;
- encouragement of girls and women to pursue primary, secondary and higher education.
- support of decision makers and influential institutions in favor of women and children.
- provision of financial support, counseling and technical assistance to associations and projects benefitting girls, women and children;
- conducting research, analysis and the provision of information on the causes of problems encountered by girls, women and children, in order to promote appropriate solutions.

HAGURUKA includes men among its members.

The association has four principal action strategies:

1. Research and information on the rights of women and children, and dissemination of the results of the research.

2. Creation of legal, social and psychological services for women and children.

3. Prevention of juvenile delinquency, in order to avoid the imprisonment of children.

4. Support to national organizations and projects favoring women, girls and children.

HAGURUKA has three priority projects it wishes to develop, and for which it is seeking financial support. These are:

- Training for women in the democratic processes
- Information and consciousness raising with respect to the rights of women and children
- Organization of a legal, social and psychological assistance bureau for women and children.

This last project will charge a fee, and is expected to eventually become self-supporting. The services will be "regionalized" and made accessible to women in the rural areas through "traveling" counselors.

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## ANCV
## Association neerlandaise d'assistance au développement

This interview was conducted with Veneranda Nzambazamariya, who is in charge of women's projects for the Association.

The Netherlands assistance program for Rwanda began in 1967 as the Service des Volontaires Neerlandais, comprised, as the name indicates, of Dutch volunteers. The name and strategy changed four years ago, and is now focused on professional technical assistance primarily to rural groups.

The program provides support to community development and projects, with a strong emphasis on local initiatives (the participatory development approach). The Association is currently working in Gitarama, Gisenyi, Butare, Cyangugu and Byumba.

The program seeks to increase income and production and improve living conditions. Its principal objective is to enable the communes to "master all the steps in their own development process".

The objective of its women's focus is to strengthen women's economic power through employment creation. It provides technical support to Duterimbere, the BIT Projet Micro-réalisation, MINITRAPE and the JOC Center (Jeunes Oeuvrières Chriettiennes - Feminines).

A second objective of the women's focus is to promote women's self-determination, for which it supports specific projects that advance women's participation in local and national affairs.

## EXISTING CONSTRAINTS TO PRIVATE SECTOR DEVELOPMENT

Although ANCV does not have a specific private sector development program[11] the interviewee has considerable experience in this area. Prior to joining ANCV she worked with Technoserve. She cited the following constraints:

- Too many formalities and procedures restricting business development
- Administrative barriers, especially to begin a business.
- Too much administrative centralization of services.
- Low purchasing power and the small size of the market. People do not consume much in Rwanda, nor dc they invest. This inhibits circulation of money as well as business growth. Part of this situation is due to the isolated nature of Rwanda.

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[11] Their participatory approach is by definition demand driven and therefore not centralized or programmatic.

## BACAR - Banque continentale africaine au Rwanda

This interview was conducted with Jean Nkubito, an officer of the bank's commercial division.

Mr. Nkubito was asked to comment on constraints to the private sector. He commented that the regulatory and bureaucratic constraints to the private sector are well known but nothing will change unless the mentality of the officials who are responsible for implementing the new reforms changes. He noted the onerous bureaucratic procedures of the ministries, requiring the entrepreneur to go from one office to another in order to accomplish any business procedure. For instance, it often takes 3 to 4 days just to get the proper stamp on an import license from the Ministry of Commerce. He also noted that MINIFOP controlled who and how private business people could hire or fire employees.

A key recommendation was to change the structure to permit "one stop shopping," or centralization of all the administrative formalities necessary for doing business internationally (either import or export).

The interviewee mentioned that there are only three commercial banks in Rwanda. The other banks are Rwanda institutions that perform only savings and small private loans. This limits the availability and ease of credit for the private sector.

The Chamber of Commerce currently serves no purpose other than an instrument of government control on the private sector. All businesses are required by the government to pay dues to the Chamber. If the business does not comply, until recently the authorities would come and close the business. By law, no other organizations can be formed which would compete with the Chamber's "services". The secretary general of the chamber is actually named by the government.

The Chamber needs to be restructured in order to be truly representative of the private sector in order to become a force to press the sector's case to the government. The interviewee feels that the international donors need to put pressure on the government to "liberate" the chamber. He does not simply want the status of the Chamber to change to private because the government officials who are presently working there do not have credibility nor share the interests of private entrepreneurs. He would prefer the Chamber to fold completely, allowing private groups to form another with the right staff.

The "Association Rwandais pour la Promotion des Petits et Moyens Enterprises et Artisanat" is a pressure group that has been formed to more effectively represent the private sector, but they do not have their "personalité juridique" (legal

status) without which an organization cannot enter into contracts. The Ministry of Justice issues formal legal status and the process is a very long one. However a group backed by an international NGO it can get this registration very quickly (as was the case with IWACU).

On the subject of SERDI, M. Nkubito commented that it may be privatized. Its services should be self-financed not totally underwritten by the government. These free services are not viewed as credible by entrepreneurs who would be willing to spend money on something of perceived value. He does not feel that their studies really amounted to anything. They tend to design grand projects that are never financed. SERDI also does individual as well as general studies.

SERDI needs to narrow is objectives to a few services that it can provide quickly and confidentially. The interviewee claims that sometimes SERDI's personnel take a client's ideas and steal them for their own, citing that some government officials revolve through the government service in search of more profitable opportunities and then return later the government after they've profited.

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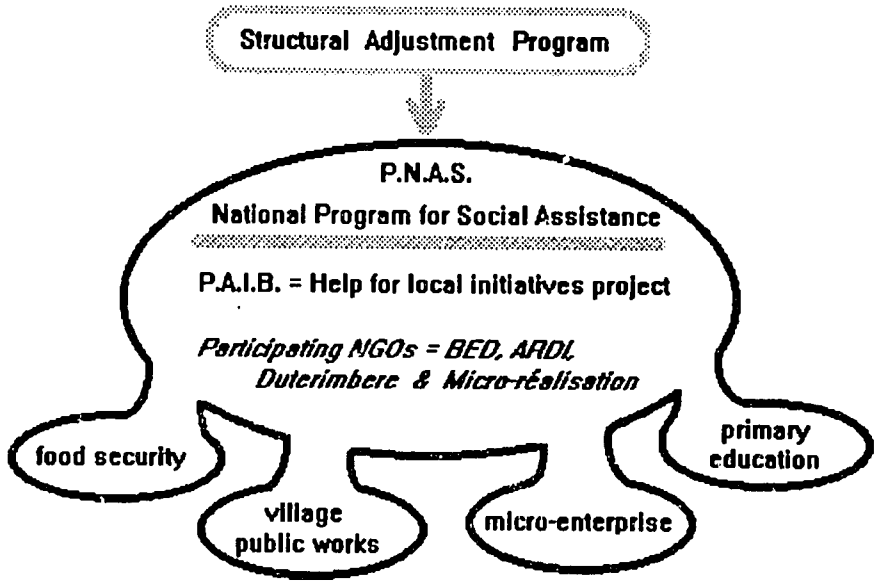
## BIT - Bureau international de travail
## Projet Micro-réalisations

The consultants interviewed Christine Buckstal at the project office of Micro-réalisation. She is technical advisor, supporting the national director. She explained that the name "Micro-réalisation" (translated directly = small works) is really a misnomer that has hung over from the early conceptualization phase of the project. The term micro-réalisation, in French, usually refers to village supported small collective projects such as building a village dispensary, road improvements, well cleaning, etc. In this case, the project focuses only on micro-enterprise development. The consultant team had previously visited the project's offices as well as a few of its clients during their study of women entrepreneurs in November of 1991.

BIT, MINIPLAN and UNDP are preparing a nation-level program called the PNAS (Programme national d'assistance social) to mitigate the effects of structural adjustment (or PAS - programme d'adjustement structurel). The project, referred to as the "Project d'appui aux initiatives de base" (PAIB), will create a network that will channel information on commune-level needs and initiatives to Kigali where four NGOs will respond with technical assistance.

Each prefecture will have a PAIB agent who will serve as the front line coordinator. The NGO's involved are BED (the council of churches), ARDI (Association Rwandaise pour le

Développement Intégré), Duterimbere and Projet Micro-réalisation. There are four technical domains of project interventions. Commune-level services will be rendered: food security, village-level public works, primary education and the development of micro-enterprise. Under the micro-enterprise component, the project hopes to create 25 new businesses in each of the nation's eleven prefectures.



The structure of the PNAS program components.

(Based on our interviews at UNDP with the PNAS coordinator and the past focal point for private sector development, and review of UNDP's recent project document for rehabilitating SERDI (Service d'appui au développement industriel), the consultants doubt that the organization can plan and implement a project that will deliver satisfactorily on these objectives. In all fairness however, the project is not destined to be launched until 1993, which allows sufficient time to reconsider the scope and devise precise activities and criteria for effective action. For the near future, USAID need not consider that the PNAS will seriously impact their planning in private sector development reforms and technical support.)

## EXISTING CONSTRAINTS AND OPPORTUNITIES FOR PRIVATE SECTOR DEVELOPMENT

We discussed the recent market liberalizations which were supported by USAID/Rwanda's PRIME and PMPR projects. The interviewee could not think of any regulations that needed to be targeted for future reform. Rather, she thought that attention now needs to focus on the practical limitations in implementing an effectively liberalized economy. Two limitations that would require some adjustments to the present foreign exchange and import system are:

1. The current requirement that prospective importers must provide the BNR with two quotes[12] (proforma invoices) for every purchase. There are two glaring problems with this rule. One, this requirement is senseless when there is actually only one supplier, such as for cars or specialized low-tech appropriate technology machinery and implements. Two, where the importer has established a long-term working agreement with suppliers. Often the established relationship provide essential advantages of more flexible terms of payment or delivery as well as customized products.

2. The inflexibility of the foreign exchange system that effectively requires that the full purchase price of imported items be placed up front - often long before delivery. There is no effective way to order, pay in part and complete payment on delivery. The need to amass and block a large sum of money in order to import effectively blocks smaller businesses from importing and subsequent sales. This is aggravated by the fact that wholesalers are now completely free to compete with the retail outlets that they supply. The net effect may mean lesser availability and higher prices of imported goods for the Rwandan consumer.

Micro-Réalisation provides two kinds of financial services to small businesses. One is a loan guarantee fund and the other is very small loans of under 100,000 FRw (coup de pouce). It is interesting to note that although the project uses regular bank funds as the source of their loans, it subsidizes the high interest rate, bringing it down from 19% to 10% for the beneficiary. One reason for charging interest is to develop in the small entrepreneur the familiarity with credit so as to encourage him/her to move on to commercial bank credit as needs grow. The beneficiaries are told that the 10% interest payments go to support the technical assistance they receive as participants in the project.

Mme. Buckstal thought that the <u>lack of innovation and market information</u> was a real constraint to business development in Rwanda. Private sector projects need to design technical assistance for businesses that will help them respond to new business openings. Due to the long-lasting isolation of the Rwandan economy, the business environment has been so limited that there needs to be active support for business innovation, risk-taking and information seeking. The consultants envision that this could be best effected through

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12 This same constraint was the topic of a detailed article in the local business journal, <u>Business Contacts</u>. Under pressure from local business persons, the BNR has responded that interested importers must submit, within the next fifteen days, a list of sole-source items they wish to have excluded from the two quote regulation. The bank will them discuss this matter with the World Bank representatives.

promoting attendance at business fairs, study tours (or in-country presentation tours to business groups) and training.

The interviewee made a very interesting proposal to support business creation through non-project assistance (NPA). Working with the GOR, the donors would establish a special category of "businesses-in-training" that would provide small and micro-businesses with exemption from taxes for a period of three to five years. The NPA component would be designed to offset the GOR's loss of revenue from tax collection on these businesses. Given the current practices in tax collection and business reporting, the amount of lost revenue to be to made up would relatively small. BIT consultants estimate that less than 10% of the communal tax base comes from micro-enterprises. The communes would benefit from the increased employment of rural youth and the diversification of employment away from agriculture. This policy change would also complement the USAID mission's interest in improving MINIFIN's capacity to audit and tax businesses in a realistic and transparent manner.

BIT recently completed a study performed by consultants on the constraints and recommendations for micro-enterprise development. This proposal highlights the objectives of the PAIB project and goes into detail on specific regulatory measures that need to be taken in order to support the project activities. The following is a list of the most important recommendations relative to USAID's planned interventions in private sector development:

- Revision of the codes governing the public market (state purchasing) to allow for compatibly-sized orders that could be filled by local producers. In general the public demand is so great that it inhibits access by local business.

- Reduction and eventual elimination of monopolies on rice, sugar and flour.

- Commercial information should be developed and more widely diffused. Suggested methods are:

  - fairs and expositions in and out of Rwanda where prizes would be given for excellence, these events would be highly publicized;

  - publishing a catalog of Rwandan producers, especially micro- and non-agricultural enterprises;

  - publishing a listing of foreign sources of goods and services that would be useful to micro-entrepreneurs;

- establishing economic expansion offices in and out of Rwanda to promote Rwandan products.

- Perform studies and train people in methods and possibilities for establishing small credit sources ("tontines", guarantee funds, etc) including bank personnel in the special needs and opportunities for micro-enterprises.

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## Bureau de l'Ambassade du Canada
## SCC - Service d'appui à la coopération canadienne

The consultants met with the first secretary and consular officer for the Canadian Embassy, who is also responsible for IFD[13] in all of Canada's development programming and the Rwandan IFD Counsellor at S.C.C. (Service d'appui à la coopération canadienne). Despite the terminology the Canadians seem to be very aware of gender considerations as a broader issue and the value of the "gender" approach as a useful strategy in developing a constituency for better economic development and increased equity for women.

We were given the background of the Canadian development agency and its commitment to GCID. In Ottawa, the Canadian development agency has a central IFD office and, like A.I.D., the integration of women is implicit in the agency's mandate from its government. Unlike A.I.D. though, every country mission has a Canadian IFD coordinator as well as a local IFD counsellor. The reason for this is to provide sufficient level of effort for an aspect of their program that they consider extremely important. The local counsellor assures that women are being adequately considered in all Canadian projects and programs. She also liaises with other development and non-governmental organizations as well as representing these interests to the host government.

The Canadian Embassy has a small discretionary fund. It was decided a few years ago that this fund would be used exclusively for women's projects. The fund manager has worked exhaustively with local women to focus their project proposals and implement their plans. The consul noted that the manager has taken on an onerous task of financial tracking and program management but that she has been very impressed with what this small funding has been able to do for poorer Rwandan women.

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[13] IFD = intégration des femmes dans le développement = the integration of women in development - this is the term officially used by the French-speaking Canadians

The Canadians were the key funders and organizers of a conference on Rwandan women in development that was held last November. By coincidence, the consultant team was in Kigali and attended the conference. At the request of many satisfied people, the S.C.C. intends to organize another conference this year, probably expanding the time to two evenings which would permit small work groups on specific technical topics. The consultants offered to assist in the small groups if their schedule coincided again.

After an hour and a half the consul had to leave for another commitment. We continued the interview with the IFD Counsellor, discussing a variety of women's issues in Rwanda. Among the issues discussed was the problem of the proposed revised civil code (code de la famille) that risks being adopted, therefore institutionalizing a variety of inequities (see discussion on page 44).

Another topic discussed was the value of including men in women's strategies for improved human rights and economic development. In fact, there are many male Rwandan intellectuals who have supported broader rights and opportunities for women because they see this as in the greater interest of the nation. Note that one of the speakers at the conference mentioned above was a male jurist who spoke very eloquently on the problems with the civil code.

During the interview, the counsellor identified the following list of constraints to women in private sector development:

1. Lack of the entrepreneurial spirit due to the long history of isolation and limited freedom for Rwandan women.

2. Lack of credit for women. There is a definitive need for a women's bank. We noted that Duterimbere has planned such a bank since its inception and hopes to realize this in the coming year.

   The credit problem would still be remaining for medium size credit, as opposed to micro credit such as is available through Micro-réalisation or Duterimbere. Here men have the definite advantages of land and home ownership to present as guarantees.

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## CRS - Catholic Relief Services

CRS' mandate is to work with the poorest of the poor. They work with groups that do specific projects on the "collines" working through local partners who are primarily affiliated with the Catholic church. The criteria for supporting local

groups is that they have a demonstrated need for help, have credibility (are known for a solid track record) and have the capacity to carry out a project.

CRS currently works with three dioceses and one commune, Kigama. Each has a development coordinator who forms rural "animateurs". CRS supports institutional strengthening activities for the partner dioceses, through the initial payment of salaries, provision of materials and training. Consultants for the training are obtained locally through IWACU, INADES, AUDIECO, etc.

The local groups submit projects to the CRS affiliate who in turn submits them, in summary form, to CRS. Sometimes the affiliates initiate the proposals, based on their knowledge of local needs. If the projects are approved CRS provides either credit, loans, or grants.

CRS has a $2,000,000 budget for small credit grants. The grants are given to the commune, which then uses the money for small loans, etc. The loans are on the order of 2 - 3,000 francs each, and given to people who could not get credit at a bank, such as the Banque populaire. The loans are generally used to buy small animals or grains. The animals are used for manure fertilizer, and milk for home consumption and sale. The loans are supposed to carry interest.

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## Duterimbere

The consultants have had considerable contact with Duterimbere during their two previous visits. During the last visit, the consultants spend several hours with the executive staff reviewing their five year plan. In January of 1992, the organization called together a round table to present and discuss this plan with their primary supporters and collaborators. USAID's interest and support for the organization was represented by Gasore Rukara Pierre of the PRIME project. Duterimbere has previously received PRIME funding.

According to Duterimbere staff, some of the remaining funding in the PRIME project (which will be closed in the next few months) was promised to Duterimbere to finance the building of a second story for their Kigali headquarters. They plan to use this as a training center, as well as renting the space, when not using it themselves. As this came as news to the consultants they checked this out with the USAID program staff. Apparently this contribution was verbally attributed by PRIME to Duterimbere without informing anyone at USAID. Moreover, to date ministry personnel have promised financial assistance to a variety of good causes, representing several

times over the value of the remaining funds. No one has as yet officially informed Duterimbere of this probable disappointment.

In 1992 Duterimbere will actively pursue an expansion of its activities into two new business development centers in the east and south. The group has been previously active in these areas via monthly visits from the Kigali staff.

This expansion will provide more permanent assistance and will require an increase of full-time staff. One new center is being established in Butare. They are presently recruiting a permanent representative who will work out of rented space. In the interim, two of the technical assistance staff are spending a week a month working in Butare. A second center will be established in the Kibungo area later in the year (around June). These centers will provide technical assistance as well as other services.

In addition to expanding into the areas of Butare and Kibungo, Duterimbere is being written in as a partner in the UNDP and MINIPLAN PAIB project (Projet d'appui aux initiatives de base). Duterimbere will support rural micro-enterprise in collaboration, albeit yet to be defined, with Projet Micro-réalisation. Duterimbere is looking for additional donor assistance to support the potential large increase in demand for services. (For more information on the PAIB project please refer to page 31).

Duterimbere recently completed, with expert help, an extensive training needs assessment for its membership. Some of the translated conclusions relevant to this study appear in the box below.

<u>Highlights from a Duterimbere Training Needs Assessment</u>

Completed in November 1991

- 160 of their members (70% of the total membership) were contacted of which 21 were individual entrepreneurs and 16 were women's groups (representing 139 women and 88% of the total groups). Of this sample, 23 to 25% of the businesses have functioned for over six years.

- All of Duterimbere's clients share a very high interest in training and this far surpasses their interest in credit. 71% of the individuals and 56% of the groups cited a need for credit, whereas 95% of the individuals and 100% of the women's requested training.

Highlights from a Duterimbere Training Needs Assessment

- continued -

- 47.6% of the individual clients encounter difficulty in their business accounting and management as opposed to 81.25% among the women's groups.

- 56.25 % of the groups want training in marketing as opposed to 76.19% of the individuals. In terms of marketing training, certain specific questions were raised:

  - how to find commercial opportunities?

  - what is the key to knowing whether a project will be profitable?

  - how, when, why to publicize one's products or business?

- Requests for training in modern techniques and organizational skills were between 20 to 38% for all categories of businesses: groups, individuals, rural, urban. The highest percentages for both of these areas were among rural entrepreneurs and women's groups.

- Although this was not an impact evaluation, the observers noted the acquisition of previously targeted skills in members who had not received direct training. The assumption was that some cross-over of training messages had occurred.

- The tendency to apply and exploit skills acquired in training was much higher (more than twice) among the individuals than among the group members.

- Inter-communal visits were identified as a good option for study visits which would stimulate new ideas and innovation.

- The report suggests a practical system of training follow-up be used by Duterimbere field staff.

## EXISTING CONSTRAINTS TO PRIVATE SECTOR DEVELOPMENT

In response to our question, the assembled Duterimbere technical staff cited the following constraints:

1. Women entrepreneurs need to learn the basics about financial management: cash flow analysis, zero balance accounting, rational pricing, stock management and sound record keeping.

2. New businesses encounter a preponderance of financial problems; too many taxes (on business value, imports, etc); the extremely high rate of interest (19%); no encouragement for investments (tax breaks or assurances).

3. Limited access to training in business management. This inhibits the businesses' ability to plan accordingly, and apply for credit. Entrepreneurs also require effective post-training coaching to apply the content of any training they receive.

4. Women need assistance in identifying market opportunities, such as new products, clientele, locations of demand.

5. There is too much imitation among entrepreneurs due to lack of innovation and originality. Often this is due to a lack of technical knowledge which would allow entrepreneurs to shift into other marketable product or activities. The notion of the salability of quality is little known or appreciated here.

6. Administrative and environmental factors discourage growth. Most new business starts are choked before turning profitable. The marketplaces are tightly controlled and regulated. Traders are required to sell only in government sanctioned markets. This regulation proceeded to the absurd recently in the central market in Kigali. The unavailability of space and tight restrictions finally pushed the population to revolt. Finally the prefecture decided to permit the excess of traders to establish themselves on the streets surrounding the market.

   Even rural micro-enterprises are forced to follow every letter of the rules and regulations. For this group of nascent entrepreneurs it is made too difficult get adequate access to goods and markets, much less obtain the necessary business authorizations.

7. The new political liberalism has allowed some abuses of private property with no recourse to support from the governmental authorities. We were told about an

entrepreneur (a man) who recently attempted to start fresh milk production on a small parcel of land within the environs of Kigali. When members of the population started taking away his fodder, he went to the authorities. They would not intervene. This inaction was sufficient to force the man to abandon his business.

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## MINITRASO
## Ministère de travail et des affaires sociales

This interview was conducted with Odette Ubonabenshi, director of the section Promotion de la Famille et des Femmes. The consultants had met Mme. Ubonabenshi during a previous visit to Rwanda and in the interim she had been promoted to this new position.

According to the interviewee women entrepreneurs lack capital, technical training, and marketing skills. They also face legal constraints, particularly in the informal sector, where there are no structures in place to protect the interests of the investor. These combined constraints hinder women business efforts.

There is a need for legislation that promotes small enterprise. The government needs to recognize the importance positive impact that the informal sector can have on the national economy.

Since 1989, the "Projet d'appui aux groupements des femmes" has done direct training with local women's groups in the communes. This project is now under Md. Ubonabenshi's and MINITRASO's authority. The women's groups normally have from 25 to 150 members. The project is currently working with 20 groups (two per prefecture) each consisting of 20 to 170 women. The project is being funded by the PNUD/UNIFEM. The content of the training includes management, agro-alimentary techniques, and appropriate technology. The training lasts from one to two weeks. MINITRASO hires trainers, for instance from IWACU, Micro-realizations, etc. The groups being trained are involved in small enterprises, e.g. honey, cattle, commercialization of tomatoes. Since 1988 all groups have received at least one training.

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## PNUD - (UNDP)
## United Nations Development Program

The consultants met with Ngendahimina Athanase, who until recently was the private sector focal point for UNDP/Rwanda. The following is his prioritized list of existing constraints:

1. The economic depression bought on by the long lasting war. Prior to the war, Rwanda's economic situation was good. The country had adequate know-how, and a good geographic situation placed among active trading partners. The economic effect of the war cannot be underestimated. Travel, customer buying power, government spending, business confidence are all down due to the situation. He concluded that any economic development here will have to be predicated on the peaceful negotiation and conclusion of hostilities.

2. Lack of financial management skill to obtain and properly manage an adequate (large) credit for industrial development. Entrepreneurs generally are not sufficiently trained in finance and market analysis to be able to manage large scale risks.

3. There is lack of expertise in the use of modern technologies. Quality standards are low because there is no understanding of quality control and quality assurance procedures. The lack of sufficient competition in the past was not adequate to stimulate the market advantage of superior quality for price.

4. Continued administrative (governmental) constraints. Import licenses are still risky (the 5% commission without assurances) and cumbersome (the need for 2 proformas). The taxes on business gross revenues (chiffre d'affaires) is so high that there is little encouragement for new business creation.

5. The need for an investment code to protect and stimulate foreign investment in high cost (though profitable) businesses and industries.

6. The government regulations on hiring by private businesses. Entrepreneurs may only select their employees from a list of candidates identified by the Ministry of Commerce. This constraint goes far in rendering private enterprise incompetent and non-competitive.

## Réseau des femmes oeuvrant pour le développement rural

The consultants met with five members of the Women's Network. This organization has been in existence since 1986 with the purpose of improving the economic situation for all rural Rwandan women. Its specific objectives are to promote and facilitate: information exchange and the participation of rural women in development, a better understanding of rural women's needs, and the creation of women's services. Membership is open to all women involved in training organizations and rural development as well as women who participate in conceptualization, planning and organization of rural or economic development activities. Most of their members as government functionaries and members of the intellectual class.

The network is composed of three autonomous regional groups for the southern, northern and central areas of Rwanda. Each region holds its own activities and sets its own program. We were told that the members of the regional groups are in regular contact with the rural women although the interviewees were not clear as to what specific activities are being at present. The national office doesn't establish any objectives or program parameters for local operations, but serves as a central office and meeting space. A women's library is also situated at the national office in Kigali.

The network has four full-time employees - an executive secretary, a typist/secretary, a documentation specialist and a coordinator for the network's Consultant Collective.

The Consultant Collective is a list of network members who possess a variety of technical capabilities and who hope to eventually find additional employment providing technical services. Five members of the collective recently worked on a consultancy supported by the Canadian cooperation by preparing a Socio-economic Profile of the Rwanda Women (May 1991). This report provides a detailed and comprehensive description of women's situation.

Part of the revenue gathered through employment under the Consultant Collective goes to the network to support their operating budget. The mission may want to consider approaching the Consultant Collective when it is in need of a GCID-aware member of a design or evaluation team. This could provide very cost-effective assistance, although not having seen the list, the consultants can not speak to the background, experience or English language competency of the available "Réseau" consultants.

Among the five members who met with the consultants were two from ONAPO, one journalist and the national head of JOC - Feminine (Jeunes Oeuvrières Chriettiennes - Young Christian

Workers). When asked whether the group supported adoption of the new civil code, we were surprised that over half responded positively. The proposition of a new civil code has been blocked at the Ministry of Justice for some time. The authors of the code propose that it would rectify some of the legal inequities that exist in the present pre-colonial law. However, nearly every well-informed person in gender issues in Rwanda with whom the consultants have spoken, are against its adoption because it will serve to continue the institutionalization of inequalities for women. The nature of the Rwandan legal system would require years in order to amend these inequities - thus at this point no new code would be better than the present proposal.

As an example, the proposed code states that only the husband can be designated as head of the household, and so the family's children are only registered in his identification papers, not in his wife's. The code also does not provide women with the right to inheritance nor the right to establish their own address - stating that it is, by definition, the same as her husband's[14]. Some women think that anything somewhat more progressive is better than nothing, despite the fact that this new code will not positively affect any of the constraints identified in the development of women-owned or operated enterprise (requirement of her husband's signature for bank loans, equal rights to joint property or inheritance of family wealth).

The suggestion has been made that, with the changing political environment brought on by multi-party-ism and the increasing interest in and number of women's organizations, it would be best to wait until sufficient influence could be garnered to propose and adopt a better version of a civil code - one that would ensure equal rights and justice. Our conversations with Haguruka (see page 27) concur with this suggestion. Perhaps through Haguruka's planned activities (when they get the organization truly operational in the rural areas) the necessary consensus and influence can be built. It is important to note that Haguruka's founders bring together support from male and female jurists as well as other influential Rwandan women. Furthermore, the idea has been floated of forming a federation of women's groups (whose scope would go beyond that of the Réseau's) to lobby for a better civil code as well as better educational and economic opportunities for women.

The consultants observed a real reluctance among some of the women's advocates and organizations to consider the Réseau as an effective clearinghouse for women's influence and activities. This lack of perceived credibility was exemplified in comments heard by the consultants about the

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[14] Profil socio-économique de la femme rwandaise, Réseau des femmes oeuvrant pour le développement rural, May 1991

network's ability to plan and coordinate activities for the celebration of International Women's Day on the eighth of March.

Initial plans for a women's peace march in Kigali were squashed by the regime (after having originally given authorization) after a few non-associated women were publicized on the national radio stating their opposition to the march. Later, during an impromptu meeting called by the authorities, several of the organizing groups withdrew from the plans. This came as a great surprise to the other groups because there had been no warning of a defection. It was evident that some of the 28 originally associated groups were manipulated (by unseen forces) to withdraw from the planned march. As a result, the prefect of Kigali disbanded the organizing committee (that had been self-appointed) and appointed another of his design. The remaining 25 organizations all protested this action. The march squashed, the authorities decided to permit the women to gather at the national stadium instead, which they did, on March 8.

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## Technoserve, Inc.

TechnoServe's institutional objective is to develop and strengthen Rwandan rural enterprises, particularly in the agricultural and agro-industrial sectors. TechnoServe works with rural groups to increase the profitability of their enterprises, thereby increasing personal income. Their target groups are often organized into "community enterprises" defined as a group of people working together for a common goal. These entities are provided with training and technical assistance. TechnoServe is persuaded that businesses that function for social and economic reasons are the best vehicle to provide aid and assistance to poorer populations.

Provision of services is initiated through receipt of a letter requesting assistance. Based on this demand TechnoServe's technical assistance teams will move out to an area of high demand for a week or two during which they'll provide training and technical assistance. TechnoServe reports that they make these kinds of visits all over Rwanda.

TechnoServe does not fund organizations. Rather they help their clients identify lending institutions such as commercial or popular banks.

There is a business counselling service that has worked with 69 enterprises in over 120 types of specific interventions. Most enterprises receive multiple assistance, such as in auditing and marketing.

There is also a service that promotes the creation of new businesses. Seventeen preliminary ideas for business activities were developed, among them production of sunflower oil, weaning foods, "lait caillé", and manioc products. Among these 17, eight were chosen as the focus of pre-feasibility studies, followed by four ideas which were subject of more in depth feasibility studies. The results of these studies were that three pilot projects were initiated in sunflower oil production, charcoal production and seed potatoes. From this project experience, TechnoServe has decided to focus on two technologies: improved irrigated rice perimeters and sunflower oil production.

It was not clear in the documentation or interview how the rice idea filtered into TechnoServe's "new initiatives" process except that TechnoServe has been working with a rice cooperative in Cavecuvi since 1987. Cavecuvi is a "success story" of a government-run organization that was failing and was turned completely around within two years. The turn-around was reportedly the result of a long-term and short-term technical assist provided by TechnoServe. We understand from our contacts at USAID that other organizations have also been involved in assisting this enterprise, notably the Canadians, although the division of effort among the organizations was not clarified.

The development of rice perimeters and sunflower oil production form the basis of a project proposal recently submitted to USAID for funding. This project requests 14 million dollars over six years to rehabilitate 10 large rice perimeters and to create 20 sunflower oil businesses, with a net benefit to a projected 200,000 people. On the request of the TechnoServe director, the consultant critiqued the project proposal with the director. The consultant then debriefed the USAID program officer with respect to the proposed project.

It is conceivable that part of this proposal may fall within the strategic interests of the USAID. The most readily attractive component would be the sunflower production activity which would demand limited land input, would potentially be more profitable vis-a-vis the collective required inputs, and would create greater income-generating opportunities for both men and women. However this component would also require greater coordination of technical resources and would be more dependent on TechnoServe's ability to develop technical expertise, quality control and effective marketing procedures. This may well fall within the organization's capacity but would need to be assessed before proceeding with funding.

As far as the rice production activity is concerned, the mission would need clarification on what unique assistance TechnoServe would bring to these cooperatives. It is also not clear that this is the kind of productive private sector

activity that would be defined by the mission's strategic objectives. It is however, more probable that this activity would impact on the 10,000 families projected in the proposal as opposed to the 20,000 projected under the sunflower oil production enterprises. Larger macro-level questions about the local market's ability to absorb all this rice, as well as the distribution and marketing implications, would need to be addressed before proceeding with funding.

In discussions with TechnoServe, the consultant pointed out that USAID is very interested in development/improvements that could be made in the market channels supporting increased or better utilized production. Any aspect of this that their proposal could address in a concrete manner would be well received. These practical strategies would have to address distribution systems, training and technical assistance in marketing, pricing, stock management, imports/exports, etc.

TechnoServe also does training. They performed 51 seminars, delivering over 51 person-hours of training. They said that they prefer to conduct these seminars in very particular subjects (technical areas). It was not clear whether these trainings were directly related to their "new" technologies or were based on expressed local needs.

## EXISTING CONSTRAINTS TO PRIVATE SECTOR DEVELOPMENT

1. The control-oriented mentality of the GOR which discourages the development of private business.

   The administration needs to be persuaded to adopt a more hands-off approach to business development so that local entrepreneurs can take advantage of the newly liberalized environment.

   One stated example of excessive control is the proliferation of a long complicated list of customs taxes. (The consultant notes, however, that the import taxes were recently revised and in general reduced, although the net result is that taxes on the majority of commonly imported primary resources were increased several fold. The effects on the rural population may be severe in the short-term. On the contrary, customs on most luxury goods were greatly reduced. However, other interviews expect that as the economy develops these the customs rates will be progressively revised).

   The interviewee suggested that in order to stimulate further reform USAID could organize a study that would assess the effects on the Rwandan economy of measures to <u>vigorously encourage imports and exports</u> as opposed to the tacit support left in the wake of market liberalization. The assumption is that although the

ministries are no longer blocking international economic activity through excessive control, without active support the situation will not adequately improve.

Another suggested topic to study would be how local industries could be encouraged and made more competitive. An example of the high costs of locally produced goods is that a plastic bottle costing 10 FRw in Kenya costs 50 FRw here. This represents half the value of the sunflower oil that could be sold in the bottle. This makes it more attractive to import the bottles, because even after transporting them they are cheaper than those made locally.

2. The lack of conditions to attract the development of larger scale agro-industry.

The interviewee suggests a study of agro-business development in Rwanda. This would seek to bear out the value of the economy of scale in agricultural production. Reform of controls on land purchase and sales need to be examined. Presently, MINIAGRI controls all sales of land in Rwanda. This effectively limits the development of agro-business because developers are thwarted in purchasing sufficient land to establish highly productive farms. As the division of land into smaller and smaller plots continues, eventually only tiny, inefficient garden plots will be under cultivation.

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## UNICEF
## United Nations International Children's and Education Fund

UNICEF is involved in activity similar to private sector development through its Household Food Security Program. This program focuses on women's economic activity and in Rwanda has been designed to support 20 rural women's groups, thereby benefitting 400 to 500 women, most of whom are involved in agricultural production activities. The factor differentiating UNICEF's program and private sector development projects is the capacity of the groups targeted to create significant economic activity and employment. UNICEF's mandate is to help the poorest of the poor and this group of beneficiaries are almost never in a position to generate economic activity in order to impact on the private sector of the larger economy.

UNICEF is working in collaboration with Duterimbere and IWACU. IWACU has identified 40 groups which UNICEF is now visiting in order to select the 20 target groups. The criteria for selection will be: the stability of the group,

the nature of it's ongoing activities, initiatives and commitment. The interviewee was not especially clear about the exact process of selection, although she had just returned from a visit.

The target groups will be in all areas of Rwanda where IWACU is active. This activity is planned for execution in 1992. As this is the last year of UNICEF's five-year fiscal exercise, however, it is expected that this activity will be carried over into the next five year program if deemed successful.

Major interventions of this activity will be training in general group management and business skills. The groups will probably be provided access to the IWACU loan guarantee fund in order to acquire small credit.

As part of their activities, UNICEF is also providing 50% of the support to the BACC (the Bureau d'appui des coopératives commericiaux) at IWACU. The BACC is currently helping 37 cooperatives in agricultural marketing. One interesting aspect of this activity is a fax network, where different cooperative offices have a fax machines which they use to communicate market prices and demand to other members of the network. In June/July of 1992, UNICEF will fund an evaluation of some of IWACU's groups hoping to measure the impact of the BACC.

## EXISTING CONSTRAINTS TO PRIVATE SECTOR DEVELOPMENT

For the interviewee, the major constraints are:

1. Lack of ideas. Entrepreneur development is new here and, unlike West Africa, many women who wish to start new businesses draw a blank on what specific business activities would be most profitable. There is a general need for exposure to new ideas and possibilities. UNICEF is looking for a video about West African entrepreneurs that will be translated into Kinyarwanda and used to generate exposure. The interviewee feels that, at this point, this kind of conceptual development is as important if not more so that the need for small credit.

2. Lack of business skills. UNICEF is working with IWACU to provide their women's groups with the basics.

3. Need to deregulate rules on point of sale - the enforcement of sales in organized (government-controlled) markets only. Women get molested by government officials if they try to sell goods in front of their homes. This limits them from income-generating activities that can be pursued while performing their domestic responsibilities. Women are reduced to

walking around with their goods hidden in baskets because they are not allowed to sit in one place and sell outside of the market places. Pressure on limited downtown market space recently caused a revolt among sellers. In reaction the prefect finally allowed them to set-up space along side streets surrounding the downtown market.

4. The requirement of travel visas is another constraint on private sector activity. People in Rwanda need a visa to be allowed to visit Kigali or elsewhere from their home of record. This impacts traveling sellers because if they are caught (their papers controlled) they will be sent home.

5. For larger business, access to credit for single women is a problem. Women have to obtain the signature of their husband in order to get a loan regardless of the status of their marriage. The interviewee also understands that women cannot register businesses in their own name (we understand that this is not true).

# Appendix D

**Statement of Work**

**Description of 1992 Activities**

In 1991, the USAID/Rwanda conducted, through a FY 1991 buy-in to the R&D/WID - GENESYS Project, an initial training needs assessment followed by GCID training and technical assistance for Mission staff and collaborators. The intention was that these activities constitute a first phase of WID interventions that will be continued through a 1992 buy-in.

USAID/Rwanda is providing a $80,000 buy-in of 1992 funds to the GENESYS Project, PDC-0100-7-00-9044-00 for funding of three Gender Considerations in Development (GCID) activities for 1992:

- a follow-on visit,
- a second needs assessment/coordination visit and
- a second series of GCID training and technical assistance.

The first visit will occurred in February/March, the second will take place in July and the third in September/October. The combined level of effort is approximately fourteen work, weeks of which nine will be contact work in-country.

To provide necessary continuity between these activities and the GCID interventions performed in 1991, the Mission requests that the GENESYS project provide the same team of consultants.

For all activities listed below the consultant team will have a S/3, R/3 level in French. The team will travel with IBM compatible portable computers. Money to rent and pay insurance for portable computers is authorized in the funding. A six day workweek is authorized for in-country labor.

The consultant team will be responsible for a report of intervention and conclusions, the body of which is not to exceed 15 pages, from each of the three activities.

## Scopes of Work

### Description of the Follow-on Consultation

The first visit from the training team will provide necessary follow-up for the Mission Staff and GCID training participants as well as further TA support for the project activities identified during the 1991 technical assistance, e.g. the NRM project, agroforestry component and policy unit. Some planning and participant assessment for a 1992 GCID training will also be performed. The consultant team will perform the following five objectives within eighteen work days:

I. Conduct two half-day sessions with USAID project and program staff (approximately 20 people) to refine program objective trees in light of the CPSP development. This exercise will build on training initiated in the GCID training. Project managers will develop, compare, critique and revise objective trees for the four program areas: Health/Population, Agriculture, Training, and Private Sector Development.

II. Conduct follow-up meetings with each project group targeted during 1991 post-training TA period. The purpose of the meetings will be to check progress on GCID implementation and/or offer further TA. This may include a half-day session for project personnel on development of WID strategies and WID funding mechanisms.

III. Conduct a one-day follow-up forum for past participants (30 people). This training will focus on three topics: 1) exchange of GCID progress in their organization/project; 2) presentation by USAID participants of their gender-disaggregated objective trees; 3) project level action-planning in conjunction with USAID project managers.

IV. Outline ideas for the second GCID training with the WID Committee and interview key prospective participants.

V. Make second round of data collection interviews with small and micro-level women entrepreneurs contacted during PMPR study in November 1991.

### Description of the Needs Assessment and Coordination Consultation preliminary to the 1992 GCID Training

Following recommendations made in response to objective IV of the follow-on visit, one training consultant (selected from the same training team) will return to Rwanda within two months of the 1992 GCID training. With the WID Committee the consultant will determine the exact scope and objective of

the training to be held in September 1992. Two possible groups have been identified as possible participants:

- decision-makers from the projects, many of whom were not involved in the 1991 training, and
- other project-level implementing staff such as USAID collaborators at CARE or Peace Corps.

In the case of the first group, a shorter session would be planned that might focus on gender and policy dialogue. In the latter case, a design similar to the 1991 training would be used, perhaps organized over five morning sessions.

Specific performance objectives for this consultation of 10 days are:

I. Determine the exact training audience(s) for September 1992 training.

II. Interview prospective participants in coordination with the WID Committee.

III. Develop a draft training design and plan for technical assistance activities.

IV. Identify and prepare training collaborators (possible co-trainers) and all logistical arrangements.

V. Make third round of interviews to follow-up on previous contacts with small and micro-level entrepreneurs contacted during the on-going PMPR study.

**Description of the 1992 GCID Training and Technical Assistance Consultation**

This consultation will require 24 in-country work days by the training team during which a second round of training and follow-on technical assistance will be provided. During this period the team will follow-up and expand on their study of small and micro-level women entrepreneurs.

Although the exact nature of the training design will be determined during the first two 1992 GCID activities, the training will consist of, but not be limited to, the following types of sessions:

- One day session with project/program decision-makers on GCID concepts and policy formulation

- A four or five day training, similar in design to the 1991 training, for those who were not involved in the first training such as project-level implementing staff at USAID/Rwanda projects or at CARE, Africare or Peace Corps.

- One-half day follow-up session with Mission personnel.

- One to two day technical sessions on GCID designed for personnel of specific projects.

- One-half day coordination meeting for other donor groups working in Rwanda.

Specific objectives will be identified for the consultant team as part of the report of the needs assessment and coordination consultation.

TRIP REPORT MEMO

In addition to the Mission's request for a "gender specialist" on the ARTS project design team, the Mission has requested a specialist to serve on the Democratic Initiatives and Governance (DIG) project design. The consultants spend several hours working a group members project identification meetings with the Mission Director, members of the program staff and members of the United States senior country team. This project will probably include components that will involve the participation of the USIA and US Embassy.