

## Meeting Minute: Inception Meeting in preparation of a conference about Entrepreneurial Growth in Rwanda

**Venue:** Entrenarium Foundation Office, M. Peace Plaza, 7<sup>th</sup> floor

**Date:** 26<sup>th</sup> May 2016

**Time:** 9 am-12 pm and lunch 12.30-2pm

**Topic:** Inception Meeting on Entrepreneurial Growth in Rwanda

**Number of participants:** 23

### Key steps of the kick-off:

- Introduction between participants
- Presentation of Africa 2.0 with an introduction of the Entrenarium Foundation
- Presentation of the start-up Africa Project

After the introduction of the meeting objectives which is the preparation of a conference on “The Entrepreneurial Growth in Rwanda and its challenges”, the participants were asked to give their opinion on how this topic could be addressed.

The participants of the meeting proposed to start by identifying the various problems faced by Rwandan entrepreneurs.

Participants were able to identify 8 major issues of Entrepreneurship in Rwanda:

### 1. The Mind-set:

- **Poor perception of entrepreneurship:** It was highlighted that very often Rwandans do not understand why people become entrepreneurs. Some people think that entrepreneurship is the business of those who are struggling to find work in private or public companies and therefore to integrate society, they decide to be entrepreneurship as a source of employment “it is better to be an entrepreneur than to be unemployed”. This leads to entrepreneurship been pursued under desperation and less innovation.

- **Lack of trust:** The Rwandese entrepreneurs lack of trust; an issue African in general tend to be associated with. As such entrepreneurs do not want to work in partnerships. They apparently prefer to stay a small business instead of making alliances and grow. They do not want to share their business profit with other partners. "Better having 100% of a very small cake than 10% of a large cake."

- **The lack of knowledge about other sources of finance:** The participants also discussed the case that some entrepreneurs and certainly most of them are not aware of other sources of funding other than financial institutions (banks, microfinance ...). According to the participants, many foreign investors are ready to invest in viable projects by creating joint ventures for example which will facilitate the access to Rwandan market to investors but also will address the problems of lack of capital that faces many Rwandan entrepreneurs. However, to be qualified for such funding (or financial facilities) from investors, there are some business requirements that must be met i.e.: having updated accounting record, having established a business model and follow it, doing research on the potential market and meeting market needs (that means to

remove all the sentimental side in business)...and unfortunately, many entrepreneurs are not qualified and do not feel the need to be as professional as needed.

## 2. The Capacity

Participants talked about two aspects on this point:

- On one hand, they highlighted the lack of reliable and well-known organization with the necessary skills and expertise that entrepreneurs need to run their businesses successfully. According to participants, in Rwanda there are not enough business facilitators that can provide quality service to entrepreneurs who need to acquire knowledge in various fields such as accounting, finance, market research the customer service, optimizing of the production chain...
- On the other hand, Entrepreneurs themselves go into entrepreneurship for survival reasons or with the idea they could generate more revenue but without taking into consideration the necessary technical trainings for the kind of business they are doing. Thus, they provide a service or product that does not respond to market needs or they encounter great difficulties because of the lack of skills needed in business management.

## 3. Regulations and Policies

Although it was stressed by the participants that the Rwandan government has implemented several regulations to support entrepreneurship, some laws still represent a heavy burden for entrepreneurs such as the laws on taxations.

## 4. Access to finance

- **The lack of collateral** required by banks: The participants also talked about difficulties in having finance support for young entrepreneurs with good ideas but without collaterals required by banks. And very often they required movable goods (lands, houses ...). Machines or other equipment that the young entrepreneur has are not considered as collaterals.
- **Lack of knowledge on certain sectors**: it was stressed that the majority of banks in Rwanda gives funding to projects well known and that they have already funded in the past. Thus, when a new project comes and it is in an unfamiliar area for officials who grant the loans, it has very little chance of receiving a funding. Financial institutions do not set up a research team in different areas and therefore when a scientific project (in agriculture are for example) is given to credit analyst in a bank, the chances of grant funding are very much reduced. According to a participant, some improvements have begun to take place where bankers receive trainings on how to do a research study on a project for which they have little knowledge.

## 5. Innovation

The question of innovation was also discussed. Several companies are created every year but very often in the same areas. There is very little diversification. "When a neighbor has a business that seems to be promising the entire neighborhood will open the same business". According to some participants, Rwandan entrepreneurs therefore do not use their creativity very often.

## 6. Market Concentration – Limited Research for Business Development

- **The imbalance of sectors:** Lack of innovation led the participants talk about the high concentration of Rwanda entrepreneurs in some areas. The Rwandan government has encouraged new technologies; many companies have entered this sector and neglected other areas. According to participants, there would be an imbalance in terms of sectors in Rwanda.
- **High cost of imports of products or services not offered by Rwandan entrepreneurs:** Some sectors are very little known and exploited and it generates very high costs in term of importation because products or services derived from these sectors are purchased abroad.
- **Limited research for some sectors:** One of the participants also highlighted the difficulty of finding documentation, key figures regarding these areas that are less attractive. This issue makes difficult the work of few entrepreneurs who have chosen the sectors (water, agriculture...)

## 7. Technology

- **Lack of technological invention:** The participants also stressed the existence of several companies in the field of ICT but little-known invention. And this is also the case in other areas, Rwandan entrepreneurs are not enough interested in technological inventions, whereas that technological invention would limit working time while increasing productivity or maybe would answer the question of pollution and global warming. Technology would be an opening for a sustainable and efficient entrepreneurship.
- According to participants, **the lack of openness to partnerships** also represents an obstacle as it prevents Rwandan entrepreneurs to benefit from new foreign technologies at lower costs. Therefore, Rwandan entrepreneurs do not benefit enough from the effects of networking because of their lack of trust in business partners.

## 8. Corporate governance

Participants also highlighted **the poor corporate governance** that prevails among some entrepreneurs where their business is in the hands of their family and this regardless of their skills. So entrepreneurs prefer to have their child as a business manager even if he/she has not the required skills instead of recruiting a competent person. This weakness has consequence on different aspect of the business such as: the bookkeeping, marketing research, business model, Human resources management and even the whole company management.

After identifying the different issues that entrepreneurs face, the participants decided by common agreement to do further research with the help of professors from the University of Rwanda. The conclusion of this research will be the subject of presentations to be held during the conference. Following these presentations, the conference participants will be taken to discuss on this issues and as an outcome of the conference they will propose recommendations to improve entrepreneurship in Rwanda and make it as sustainable as possible. This will be done in order to avoid the mistakes of some countries that have experienced strong growth in the short term but which are now facing difficulties (e.g. Angola).

The participants have chosen the points that they will develop with the support of professors from the University of Rwanda.

Below is the distribution of topics to deepen:

#	Key issues	Organization
1	Mindset	Private Sector Federation (PSF)
2	Capacity	Educat
3	Corporate Governance	Rwanda Development Board (RDB)
4	Limited Research for Business Development	Chamber of Young Entrepreneurs (PSF) / MAISCO LTD/ Water Access Rwanda Ltd
5	Access to finance	Entrepreneurium
6	Innovation	Inzovu Ltd (WCR Entrepreneurium) / One Million Macadamia Tree
7	Technology	Rwandese association for the promotion of hand textile producers (PSF) / Hand Textile Tailoring Ltd (incubatee Entrepreneurium)
8	Regulations and Policy	Rwanda Development Board (RDB)

The conference will be scheduled for the last week of September or the first week of October but the exact dates will be announced in the coming days.

The meeting ended with a lunch taken at Mille Collines Hotel with all participants. It was a good opportunity to continue the networking.