

CIPE's ESSAY COMPETITION

CITIZENSHIP: Rwandan

AGE: 30

ESSAY CATEGORY: Entrepreneurship and Leadership

ENTREPRENEURSHIP AND LEADERSHIP

What needs to be done in Rwanda to provide youth with the opportunity to become entrepreneurs and/or leaders in their communities.

Background.

Rwanda is a land locked country covering about 26,500 Square Km. and is situated in the Central-Eastern Africa region. Rwanda has a population of about 8.5 million people making it one of the most densely populated countries in the World. Most of the world is aware that this country is healing from the effects of the 1994 war and genocide which claimed close to 1 million people of which most were the productive labour force. The youth in Rwanda are defined by their age covering between 17-35 years and these account for about 60% of the Rwandan population.

This essay begins by reviewing the status quo in regard to youth, entrepreneurship and leadership in Rwanda. The essay then identifies the major barriers faced by the Rwandan youth in their entrepreneurial and leadership endeavours. The last part of the essay addresses what in my opinion, needs to be included in the country's agenda for economic development in terms of policies, programs and other youth development initiatives to enable the youth to become influential in the entrepreneurial and leadership spheres in the Rwanda.

The Status Quo; Entrepreneurship, Leadership and the Youth

The youth are favorably placed in the Rwandan society and expectations for what they ought to contribute to society are high. This is not by accident! The youth form the critical productive workforce and they are relied upon for the future betterment of our country. Whereas the potential for the youth is yet to be satisfactorily realized, the Rwandan Government has put in place the foundation upon which to build support for youth entrepreneurship and leadership development. Article 188 of the constitution of Rwanda provides for the National Youth Council (NYC). The NYC is representative of very well structured youth originations from the cell, sector, district, and province levels.¹ In addition to this constitutional provision, the youth are represented by two members in the parliament.

The Government of Rwanda has directed investments in three critical areas which, it is hoped, can in the medium and long term change the youth entrepreneurship and leadership status quo. These investment areas are: (i) infrastructure, (ii) human resources, and (iii) institutional capacity.

¹ Rwanda is divided into the Northern, southern, Eastern and western provinces and Kigali city each of these five are further subdivided into districts, sectors and finally cells

This move, it is hoped, will have the overall effect of reducing the costs and risks of doing business and therefore enhance the growth of the private sector.

The above concept stems from the Poverty Reduction Strategy Paper (PRSP). Government of Rwanda in 2006 completed its first generation PRSP and will commence implementation of its second generation PRSP, technically referred to as the “Economic Development and Poverty Reduction Strategy” (EDPRS). Since entrepreneurship and employment creation are intertwined, Government of Rwanda’s PRSP includes high content on employment creation strategies that intend to make the Rwanda economy a private sector driven one. To encourage creation of employment opportunities through generation of new jobs and enhancement of employability, the PRSP adopted the following measures: improved access to education and training, increased access to credit and loans, infrastructure investments, private sector development, agriculture and rural development, and institutional capacity building. These measures will be more emphasized in the EDPRS.

Perhaps, the most innovative initiative in employment generation and building entrepreneurial capacity in specific economic areas (rural and sub-urban Rwanda) is the adoption of the labor-intensive public works approach- technically known as “Programme de Developpement locale- haute intensité de main D’ouvre”(PDL-HIMO). The PDL-HIMO is a policy whose importance is captured in its goal that requires that “Every sector of government seek opportunities for labor-intensive methods of carrying out their objectives.” This has required a multi-sectoral approach in several areas such as: roads infrastructure, road and bridges maintenance, agriculture infrastructure, environmental infrastructure (agro forestry, reforestation, soil and water management), water supply, and schools and health infrastructure.

As a matter of fact voluminous loads of work have been accomplished on community infrastructure projects than ever before, and HIMO is a major income generating source at the grassroots for communities.

In recognition of the fact that favorable policies were needed enhance institutional capacity, Rwanda created the Human Resources and Institutional Capacity Building Development Agency (HIDA) in 2002 to coordinate all capacity building and institutional building activities both for private and public sectors. This body however still has human resource capacity problems itself.

Clearly, the government of Rwanda has done a commendable job of ensuring creation of a conducive environment for development of entrepreneurship and employment creation. Despite these efforts, the Youth are still not well integrated in the entrepreneurship and leadership spheres.

The next section deals with barriers faced by the youth in entrepreneurship and a leadership.

Barriers to Entrepreneurship and Leadership Capacity among the youth

Skills and leadership training: The most critical barrier to entrepreneurship and leadership development among the youth is skills and training. Experience elsewhere in the third world indicates that countries that are slowly developing have a critical mass of professionals and artisans working in the service provision and technical trades. These actually form the biggest percentage of labour demand. In Rwanda, the education system is still theory based with a linear mentality that university education is the ultimate educational experience. With university education being mainly theoretical, universities hardly produce graduates who are ready to create jobs let alone being ready for the professional world.

This has not been helped by the public service salary policy that rewards workers by virtue of their academic qualification. Academic qualifications in fact account for a 40% fraction of a civil servant's salary and for this reason youth strive to attain academic certificates as license to high placement in society, and this with no regard for productivity or value addition to society.

Vocational training and technical education is still very weak which is one of the reasons why the private sector accounts for a pathetic 30% of the Rwanda economy. Government has maintained the five technical schools that have existed for the last 20 years, the upsurge in population due to millions of Rwandese returning from neighboring countries not with standing. Most technical services are provided by amateur immigrant providers from Uganda and Kenya. It is difficult to find service providers in basic technical trades and services like electrical installations, plumbing, home repairs, and gadget repairs. In developing economies, these technical artisan trades form the basis for employment and indeed entrepreneurship.

Mentoring and role modeling: The youths in developing countries and Rwanda in Particular lack role models in entrepreneurship. They are trained to complete their education and seek jobs especially in the public sector. In Rwanda particularly, where the public Sector accounts for a staggering 70%. The models admired by youth are public servants who normally have glittering but artificial lifestyles provided by the short lived allowances and conditions government provides for its top servants. It would not be inaccurate to say that the dream of most young men and women in Rwanda is to complete University, get a job in a public institution and live "big". Although such mindsets are on the decline, the private sector for sometime was seen as a sector for academic failures, or people with no other alternatives. There are few mentors and role models for the youth in the private sector to act as a source of motivation.

Lack Positive Work habits and Attitudes: In the thought processes of many youth in Rwanda, a common thread of mediocre vision runs across. For most youth a desirable life is all about completing a first University degree, get a job, buy a car, build an average house or rent one, marry and produce children! One who has done what is described here is seen as an accomplished person. These attitudes are unfortunate remnants of the

colonial Franco-ophone training that taught our youth to adapt themselves to Systems – that –be (as opposed to self sufficiency and motivation). This mentality is in direct opposition to the thinking expected of an entrepreneur or leader. Of course the former is easy to achieve since it requires less effort while entrepreneurship and leadership require diligence, great discipline and culture and courage to learn from many mistakes that are bound to be committed along the way.

Lack of funding: Lack of financing is another major barrier to entrepreneurship among the youth. Financial institutions in Rwanda do not provide funding based on mainly the soundness of the business but rather on the availability of collateral. One either has asset collateral or salary collateral. This means that however much one's business is viable, one cannot access funding without any form of collateral. Lack of venture capital and investment funds aggravates the problem.

The financial sector policy, legal, and regulatory framework: The policy, legal and regulatory framework is not built to support entrepreneurship development. The financial sector is weak with no saving culture. The payment systems are cash based and this does not untie funds for businesses. Every need is financed by cash and that includes homes (very weak mortgage business) and cars. This leaves little savings because all personal expenses are frontloaded. Without savings, investments cannot be financed and businesses do not develop. This cycle repeats itself several times causing weak entrepreneurship development. The legal regime does not make pooling resources for doing business very safe. In a situation where banks are not a customer service-based source of funding for small businesses, there has developed a black market money lending business. This is expensive money that not everyone can access. Since this kind of fund sourcing is mainly based on trust, it is faster and does not require hard collateral but it also works in a syndicate-like manner with “high” people assisting their “high caliber” peers and friends.

Lack of access to appropriate infrastructure, venture/risk capital for innovation, startups initiatives, business development support continue to hamper the Youth's entrepreneurial capacity.

The Unique societal problems: Lastly but perhaps most frustrating is the unique societal problems of Rwanda. Between 1991 and 1994 Tutsi refugees from East Africa fought the then Hutu regime in a bid to return to their country. This war unfortunately climaxed into a 100-day attempt at ethnic cleansing of the Tutsi who had remained in Rwanda.

Those who were unable to flee the country by April 1994 were massacred in a genocide that claimed one million Tutsi including a number of liberal Hutu. After this massacre came the murder of the then President and new Tutsi led regime.

The international community is cognizant of Rwanda government's commendable achievement in restoring this country's economy in the face of the mass influx of Tutsi Rwandans that had been living as refugees in the neighboring countries that brought with

it congestion, resource competition and cultural clash problems.

The 1994 genocide itself had traumatic effects on the then children who are now the youth. Perhaps only Rwandans can fully realize and appreciate that the social fabric of our post-genocide nation is going to need a lot of hard work to restore. The naked truth is that the underlying attitudinal and mindset problems that threw our country into this holocaust are far from over.

As the National week for mourning (April) comes and goes every year, and people discover for the first time, exhume and respectfully rebury the remains their dead, the people of Rwanda have come to accept that healing is not going to come easy. The situation has not been helped by the communal courts (locally known as “Gacaca”) where communities sit every other week and genocide survivors testify against an ever increasing number of accused. Shocking statistics in 2006 put the number of present community leaders being accused in Capital and suburban Rwanda alone, at 80!

The emotional trauma that thousands of Rwandan youths are silently living with cannot fail to affect their ability to produce. This fact was attested to by the shocking April 2004 statistics² that put the number of Women and girls reportedly raped during Genocide at 250.000 with 47% of these living with AIDS. On another hand are hundreds of traumatized, orphaned youth and child household heads that get by in life without real role models, social or career guidance.

The government however has tried to diversify and lighten sentences of the accused and also enforce a policy of ethnic balancing in government jobs as a step of reconciliation. For the youth victims of genocide, government is endeavoring to provide free education and some welfare through encouraging NGOs and community based organizations all geared at serving the needs of these people.

What needs to be done to Address Barriers to Entrepreneurship and Leadership capacity among youth?

The Skills and Education System Gap: Government must take bold steps to towards education policies relevant to grow entrepreneurial and leadership capacity. It is true also that an education system can not be overhauled in a matter of few years but changes can be introduced into the system over time. Just like the English and French languages were made part of the curriculum of every primary, secondary and tertiary institution after 1994 to accommodate both the Francophone and Anglophone students’ needs, technical subjects like carpentry, and other artisan disciplines can be introduced. Since government also owns large firms utilizing these skills, apprenticeship and industrial training partnerships can easily be formed if it was integrated in the education policy. Personal Career guidance being made an integral part of the curriculum would also help the youth make their choices early in life to avoid unnecessary wastage of time and resources.

² Statistics sourced from the 2005 report by the Director of Communal Courts investigating the genocide cases.

Even for the illiterate youth, personal and skills development activities can be integrated into the cell or local government plans. This can be done by providing a community development resource component within local sector/cell programs providing hands on experience into small income generating arts like crafts and wood curving and other activities like bird and rabbit rearing. The good news is that Micro finance institutions have reached rural Rwanda and with appropriate training, such youth can expand from just making livelihoods to growing thriving businesses.

Shifting priorities in the Private Sector development initiative

The Rwanda Private Sector Federation (RPSF) is an agency whose existence, ironically is largely sustained by the government in terms of capacity building and equipment provision which is done by the Ministry of Commerce Industry and Investment Promotion. The creation of this agency is in conformity with the PRSP's objective to strengthen the private sector.

For the past 7 years RPSF has organized trade fairs and exhibitions that have promoted local investors and producers. A shift however is needed from promotions of small investors to emphasis on extensive investment in skills and career development for the youth who are the potential entrepreneurs. This, I say, because there are other agencies like the Centre for the Support to Small and Medium Size Businesses (CAPMER) which can concentrate on the business development facility.

Another facility the RPSF can concentrate on is the information component. This requires investment into easing the access to information and statistics that are vital for business development. The component can start by organizing and inviting youth to simple seminars and workshops where local business moguls can be invited to share their success stories. The good news is that most of these moguls start small and have powerful inspirational experiences. Another step can then be taken to enrich the RPSF archives and website with relevant information and finally; hands on, practical training in income generation.

Government Investment in Infrastructure and Institutional capacity

Building entrepreneurship capacity and employment generating opportunities depends not only on the existence of adequate policies on education and human resource development, but also to a large extent on the existence of strong institutions capable of managing change with regard to entrepreneurship and employment issues. Institutions also play an intermediary role between the supply and demand for labor. This being said keeping in mind that the government of Rwanda is by far the largest employer.

With the wave of corporate restructuring and de investment that swept Rwanda in 2005, thousands were positioned at the margins. For instance when all government vehicles were recalled in a bid to slash down on government expenditure, the statistics put the

retrenched drivers at over three thousand³ The government had to make rush and expensive moves to expand the capacity of the transport agency (ONATRACOM) to make provision for placing the laid off drivers that could not be accommodated in formal training institutions for alternative skills development. The public service was also not equipped at short notice to avail retirement packages for these large numbers. Institutional capacity would therefore be a worthwhile investment.

Whereas investments in Infrastructure would greatly reduce the costs of doing business, the strengthening of institutions significantly reduces the risks of doing business and both initiatives are critical to the creation of a conducive environment for entrepreneurship.

The Financial sector.

The regulatory environment within the financial sector needs to be improved to be conducive for entrepreneurship and business development. Tax incentives are necessary to encourage investment startups, especially big investors that create jobs. The regulations on commercial banks and microfinance's could be streamlined to encourage innovation through venture/risk capital provision.

With an efficient legal regime and incentives, even the black market sources of finance can be turned into large sources of funding for businesses. Commercial courts are necessary to ensure that alternative sources of funds operate in a secure and legalized manner to compliment the existing traditional sources of funding.

Strategies for minimizing administrative barriers and red tape particularly in registration of businesses and customs practices can like wise be instrumental in encouraging, rather than discouraging entrepreneurs.

On the Aftermath of war and genocide

The government needs to strengthen the institutions that support the Non Government Organizations (NGO's) that have moved in to handle this problem. Among these are the FARG- an agency funding the education of orphaned genocide survivors and SURF (Survivor's Fund) that works with a number of NGO's to provide shelter, educate and provide counseling and health services to genocide survivors.

Professional Counseling, as a discipline on another hand, has to be facilitated to develop and through counseling the youthful survivors can be empowered to "pick up the pieces" and move on. This is mainly because the government can never have the resources to economically restore all people pushed to the margins by genocide and therefore has to provide the means that can assist them to tap the inner resources and strength in order to rebuild their own futures.

Investing in training a critical mass of professional counselors from among the survivors

³ Sourced from the Public service records on Drivers retrenched from government institutions (February, 2006)

themselves would not only help achieve this objective but also help provide worthwhile employment.

Involving youth in policy making

The Policy making environment in Rwanda is such that top government officials formulate and document initiatives that in their opinion would be developmental and then under go a process of validation and consultation with the people who are supposedly affected by these initiatives. This however is more theoretical than practical. In the actual sense, it is still the top local leaders that attend these validation workshops and make decision with little or no awareness to the populace affected.

It can be reliably said that policies in Rwanda are not demand driven.

This, however, can change. Youth, being the future leaders, can be made agents for community betterment by involving them in grass root research on community needs and opportunities available within their communities. Youth may be paid allowances similar to those paid to publicity agents during the political/election campaigns. The youth no doubt can be an inexpensive yet effective task force if well organized and coordinated. A wealth of ideas and information from the grass roots would then result into relevant and demand driven policies, especially on entrepreneurship and leadership.

Rwanda has taken massive strides in restoring the economy since 1994. With the youth accounting for more than half of our population however, the country's potential can be phenomenal. Without a concentrated effort, though to enhance the entrepreneurial and leadership capacity of the youth through appropriate education and skills training, financial sector streamlining, infrastructure and institutional building, private sector empowering and finally, the repair of the present social and policy fabric, a great deal of the country's potential will remain untapped.