Social Enterprise in Rwanda:
An Overview

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ABSTRACT

The paper presents the evolution of economically oriented social organizations in Rwanda, mostly under the form of cooperatives and NGOs, and with inspiration from traditional forms of mutual help. The context of emergence of social enterprises in Rwanda was shaped among others by the Anglo-Saxon influence. Other factors also influenced the emergence of social enterprises in Rwanda, notably the aftermath of the 1994 genocide against Tutsi, the current governance prevailing in the country and the current entrepreneurship trends. The paper also underlines the absence of research on the subject and mentions the absence of a law governing social enterprises in Rwanda. Six categories of social enterprises in Rwanda and their main features have been identified and analyzed, namely NGOs, cooperatives, informal organizations, social entrepreneurs, public/private partnerships, and companies carrying out social activities. Finally, the paper provides the institutional and contextual trajectories of social enterprises in Rwanda.
INTRODUCTION

After the 1994 genocide against Tutsi, Rwanda faced many challenges in almost all sectors of activities, and priorities had to be defined. In such context, the Rwandan government essentially focused on the main problems, namely security and social cohesion, but also endeavored to solve crucial social and economic problems. Different organizations considerably contributed to bringing solutions in different fields of activities, among others in agriculture, education, health, work integration, microfinance, youth unemployment, women empowerment, fair trade, community services, justice, vocational training, culture, environmental protection, etc. Several mechanisms were set up to address those issues.

Many local organizations were mainly funded by international donor organizations and settled a variety of social and economic problems through different channels, among others microfinance, cooperatives, vocational trainings, youth and women empowerment with income-generating activities, etc. Likewise, informal associations emerged within different communities. With those trends as a key background, we investigated the ways in which social enterprises have been and are being shaped within such environments through analysing the emergence and evolution of economically oriented social organizations in Rwanda before the independence, during the first and second republics, and after the 1994 genocide against Tutsi.

The paper is organized in three parts: part A is about understanding the context and concept; part B provides a typology of social enterprises in Rwanda; and part C shows the institutional trajectories of the main types of social enterprise in Rwanda.

PART A: UNDERSTANDING CONTEXT AND CONCEPT

Historical background

1. Colonial period (until 1962)

During the colonial period, the Rwandan culture was strongly influenced by social solidarity practices. Rwanda was characterized by a “dualistic” legal system: this period was indeed marked by the coexistence of traditional social solidarity practices, governed by traditional law, among the Rwandan population, and the promotion of cooperatives by colonial authorities.

Traditional practices included for example Ubudehe and Umuganda. Ubudehe is defined as “a mutual assistance practice and a culture of collective action and conviviality” whereby the community would come together to address and solve problems within their community”. The practice was often employed for cultivation: a community would work the fields together to make sure everyone was ready for the planting season. Once a community had completed Ubudehe for everyone involved, they would assist those who had not been able to take part, such as the

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1 At the end of a successful harvest, the community would come together to celebrate (…). Everyone would bring something from his own harvest for the celebrations. This event would often take place once the community’s sorghum beer production was completed. As an inclusive practice, Ubudehe cemented social solidarity and cohesion.
2 Rwanda Governance Board (www.rgb.rw).
very poor. As to Umuganda, it refers to a practice of solidarity among the members of the community with the aim of completing a difficult task, notably the construction of a house.

Colonial authorities introduced cooperatives, but their development remained limited. According to Musahara (2009: 4), “the first attempt to institutionalize cooperatives in Rwanda began with the enactment of the 1949 cooperative ordinance”. According to Nyamwasa (2009: 286), “the modern cooperative movement was introduced by the colonizer. During that colonial period, cooperatives were mainly organized for exportation of products (coffee and tea), and for the mining exploitation”. Nzisabira (1992) pointed out that “the tontine movement emerged from alternative migration during the colonial period between Rwanda and British territories of East Africa. Many associations and cooperatives were confessional. This indicates that during the colonial period, there were traditional collective social solidarities with economic impact. They were mostly influenced by cultural, religious, political, and contextual factors”. Musahara (2009: 4) notes that “the 1949 cooperative ordinance continued to be applied until the enactment of the 1966 cooperative law which was itself abrogated and replaced by the law N° 31/1988 of 12th October 1988 governing cooperatives in Rwanda”.


After the independence, Ubudehe and Umuganda continued to be practiced. On February 2, 1974, Umuganda even became an official government program and was organized on a more regular basis, once a week. Local leaders were responsible for its organization. Umuganda contributed to erosion control and to the building of primary schools, sector administrative offices, health centers, etc.

As for cooperatives, the first republic (1962-1973) and the second republic (1973-1994) wanted to use cooperatives to organize people for economic development. According to Musahara, “the then governments used cooperatives as instruments of implementation of [their] policies and plans; [cooperatives thus became] a tool for politicians”. Develtère (2009b: 19) points out that “the government of MRND (Mouvement Révolutionnaire National pour le Développement) attempted to stimulate the cooperative development without however being able to set up a coherent cooperative and voluntary policy. Between 1965 and 1985, not less than ten different ministries were in charge of the cooperative issues”. As regards private initiatives, “Centre IWACU ASBL” was established in 1983. The mission of this organization was to contribute to the improvement of social life in rural areas by providing training to cooperatives and associations’ members and workers. Besides, in every commune, there was an officer in charge of agriculture and cooperatives; this raised awareness about participation in cooperatives. Many agricultural cooperatives were created under these officers’ guidance. People were not forced to adhere, but since they could gain some advantages by participating, many joined cooperatives.

Concerning microfinance institutions, Bosch and Rusanganwa (2004: 5-7; our translation) state that “before 1994, services provided by microfinance institutions were concentrated in urban centers. Those microfinance institutions were the Union of banques populaires, the Savings and mutual help cooperative for salaried workers, and the ‘Union of workers’ savings and credit cooperatives’. Apart from those specialized institutions, there were ten development organizations which, in addition to their principal mission, deemed useful to design and
implement credit services activities for the benefit of their beneficiaries with diversified funding sources”.

Bosch and Rusanganwa also noted that “there were associations but they were not mainly focused on economic activities. There were mainly confessional and their main missions were rather essentially human rights advocacy and humanitarian assistance. There were also a few associations or NGOs more focused on economic empowerment of communities. Overall, the fact that people got used to get funds from donors with the aim of supporting cooperatives or associations and were thus more interested in money than in an efficient cooperative hindered the success of most cooperatives” (Bosch and Rusanganwa 2004: 21; our translation). The same rationale has, mutatis mutandis, to be applied to associations. Finally, according to Nyamwasa (2009: 287), “the cooperative movement was not member of any international cooperative bodies, which limited its openness. Besides, during the first (1962-1973) and the second republics (1973-1994), the scope of activities carried out by cooperatives, associations or NGOs was narrow and essentially oriented towards agriculture and livestock”.

3. After 1994

As a consequence of the destructive effects of 1994 genocide, many people became poor or were traumatized; many, coming back from exile, had no livelihood and found their houses occupied; others had relatives in prison. The country had to cope with numerous difficult issues, and the government focused on security issues. During that period (1994-2000), many NGOs played a vital role in rebuilding the country. When the government declared the end of state of emergency in 2000, NGOs adapted their activities and started adopting income-generating activities. Many NGOs were obliged to put an end to their activities, which left a big vacuum. This increased the number of unemployed people; people in rural areas in particular were strongly hit by poverty and a decrease in their sources of income. Solutions had to be found rapidly. In that context, many microfinance institutions emerged—some initiated by individuals, others by religious sects, and others still with the support of NGOs (many NGOs indeed funded the microfinance sector). This led to a very confused situation. Many microfinance institutions went bankrupt and others were closed by the National Bank of Rwanda, which took control of the microfinance sector through the enactment, in 2007, of laws governing cooperatives and microfinance.

The Rwandan government, facing many challenges, decided, among other measures, to support the development of a strong and efficient cooperative movement, with cooperatives operating in a wide range of activities. According to the national policy on the promotion of cooperatives (www.gov.rw), “a number of constraints have been identified, notably the resource constraints, the poor infrastructure, the poor skills and human resource development, the member awareness, etc. The solutions were among others to have new laws governing cooperatives, new institutions, and [savings and credit cooperatives] at each sector level.” The national policy on the promotion of cooperatives indicates that “the Rwandan government views cooperatives as a potential vehicle through which the cooperative members could create employment and expand access to income-generating activities, develop their business potential, including entrepreneurial and managerial capacities through education and training, increase savings and investment, and improve social well-being”.

In 2000, Rwanda adopted the Vision 2020\(^3\) and the Economic Development and Poverty Reduction Strategy (EDPRS),\(^4\) and it embarked in administrative, legal and institutional reforms that brought about many changes in the Rwandan economic and social landscape. Some traditional initiatives—aiming at achieving economic gains with a social benefit—inspired by the Rwandan culture are now being exploited by the Rwandan government. Some homegrown solutions (such as *Imihigo*, *Umuganda*, *Ubudehe*, *Girinka*) might have impact on economically oriented social organizations and thereby on social enterprises.

*Imihigo* is a pre-colonial cultural practice whereby an individual sets targets or goals to be achieved within a specific period of time. The person must complete these objectives by following guiding principles and be intent on overcoming any possible challenge that arises. The government of Rwanda enriched and adapted *Imihigo* to the country’s needs and context in terms of monitoring, evaluation, accountability, etc. When developing its *Imihigo*, each local government administrative unit determines its own objectives (with measurable indicators), taking into account national priorities. *Imihigo* (now translated into “performance contracts”) constitutes one of the main frameworks that shape the behavior of various stakeholders: indeed, it is now compulsory for public institutions to conclude such performance contracts.

The Rwanda Governance Board (2015) describes *Imihigo* as a homegrown solution inspired by ancestral traditions. Local leaders set their own targets and indicators, defined in the performance contracts. These performance contracts are first signed by districts mayors, and then by the Rwandan president and the parliament. Local leaders commit themselves to achieving a number of results in the framework of social and economic development programs. Being bound by these performance contracts (*Imihigo*), local leaders actively involve the population and various stakeholders in the implementation of governmental programs and planned strategies. Hence, leaders might be behind various social and economic initiatives. Performance contracts encompass a high pressure on leaders and civil servants who, in turn, exert pressure on the population and various stakeholders.

*Ubudehe* (already mentioned, together with *Umuganda*, in the section about the historical background against which social enterprises developed in Rwanda) is a homegrown solution translated into a sustainable development program rooted in the Participatory Poverty Assessment (PPA), whereby citizens self-identify as poor or not poor according to a set of criteria. The objective of the PPA was to help community groups and some poor households to create their own problem-solving strategies.

According to Rwanda Governance Board, *Ubudehe* is a process whereby a community comes together to assess their current situation and decide on the ways to most effectively and efficiently promote development.

*Umuganda* is a mandatory community service day. It now takes place from 8:00 am to 11:00 am on the last Saturday of each month. People participate in cleaning streets, cutting grass and trimming bushes along roads, repairing public facilities, building houses for vulnerable persons,

\(^3\)The aim of Rwanda’s Vision 2020 is to ensure that the country achieves middle-income status by 2020 by accelerating economic growth, reducing poverty, and restructuring the economy towards services and industry.

\(^4\) A second EDPRS (EDPRS2) was subsequently adopted, for the period 2013-2018.
etc. People with particular skills offer their services for free on this day. For example, doctors may offer free medical examination. *Umuganda* aims not only to undertake community works but also to discuss any problem the community is facing, to propose solutions that are built together and based on community involvement and thereby to strengthen social cohesion within the community. *Umuganda* is set up by Organic Law N°53/2007 governing community works.

**Contextual factors and public policies paving the way to social entrepreneurial initiatives**

Many reforms and changes at the legal, political, administrative and institutional levels have considerably shaped the outlook of Rwanda in a variety of areas and have definitely influenced the way in which economically oriented social organizations are conceived of in the country. This process of reforms resulted from numerous elements directly linked to the emergence of social enterprise in Rwanda.

A key contextual factor must be underlined: Rwanda joined the East African Community in July 2007 and, in 2008, the government of Rwanda decided to change the medium of education from French to English. Then, in November 2009, Rwanda joined the Commonwealth. The integration of Rwanda in the East African Community encompassed various Anglo-Saxon influences in a number of areas. This integration also implied the free movement of people across countries and thereby, among others, the exchange of knowledge, skills, cultures, etc. In this context, many professional and skilled Kenyans, Ugandans and Tanzanians moved to Rwanda and brought with them their knowledge in a variety of areas. As an example, Nyamwasa (2009: 299) indicated that in 2005, “the government of Rwanda called 14 Kenyan experts to participate in the design of a policy and a law governing cooperatives”. On the whole, Rwandans increasingly interact with people from the Commonwealth, and this has definitely exerted and is still exerting an influence on Rwandan daily life. When the Rwandese Patriotic Front (RPF, created in Uganda and under Anglo-Saxon influence) took over power in July 1994, it introduced and exploited the Anglo-Saxon culture; this influence was significantly strengthened when Paul Kagame became president in 2000. Indeed, many important changes took place as from 2000.

Among various policy measures, Rwanda enacted new laws governing NGOs. The underlying trend aimed to push NGOs to become more efficient. Many NGOs adapted themselves in order to comply with the new requirements, and they thereby contributed to a significant extent to enabling people to earn their livelihoods through a variety of programs, projects, and appropriate trainings. The social mission of some of those NGOs was mainly to improve the livelihoods of their beneficiaries, which was achieved by empowering them through financial support, vocational trainings, etc. In other instances, NGOs urged their beneficiaries to organize themselves under the cooperative form. Besides, in the framework of poverty reduction, some NGOs helped their beneficiaries to get a source of income instead of depending on aid; some of them even hired business development specialists with a view to helping beneficiaries develop income-generating activities.

According to Rwanda Cooperative Agency (RCA), Rwanda considers “cooperatives and microfinance as a pillar in enabling people to reduce poverty, to have access to loans, and in improving livelihoods, especially in rural areas. Cooperatives serve also as social protection,
social solidarity [mechanisms in case of] weddings, sicknesses, funerals, (...)”. In the framework of the implementation of the Economic Development and Poverty Reduction Strategies, the Rwandan government set up “Umurenge⁵ SACCOS” (savings and credit cooperatives) in every sector. This was a step of paramount importance in allowing cooperatives and the population to have access to loans and thereby to enhance their welfare.

The situation of Rwanda cannot be analyzed without taking into consideration the aftermath of the 1994 genocide. Numerous NGOs have funded and are still funding projects aiming at cementing the social cohesion and bringing people to live in harmony, changing their mindsets in the framework of unity and reconciliation. During the 1994 genocide against Tutsi, many people were infected by HIV/AIDS, and many subsequently died hereof—a situation that left many women widowed and many children orphaned, without any livelihood. Many NGOs and foundations thus decided to focus more on helping them to secure a livelihood, and many projects and programs were set up with a view to achieving this goal. This context also led to the setting up of many local NGOs and cooperatives aiming to improve the lives of their beneficiaries and their families and to enable them to secure a livelihood.

Women make up 52% of the Rwandan population. The constitution of 2003 grants 30% of seats in the parliament and in other institutions to women; this measure raised women’s awareness about their role and involvement in economic and social life. Many NGOs, programs and projects supported the initiatives aiming to promote women’s involvement. Another element that played a role in this evolution was the genocide, which resulted in many households being led by women or orphans. In this context, focus was on empowering women and enabling them to get a source of income. This trend has paid off, and it has definitely created many opportunities for women: many of them are now increasingly involved in income-generating activities, thereby enhancing their own welfare and that of their families. Initiatives aiming to economically empower women and train them to develop various practical skills are mostly organized and funded in the frame of cooperatives. Many vocational schools have also been set up by the government, NGOs, private stakeholders or individuals.

A conducive business environment is crucial for the success of any activity. Since many people are succeeding in a variety of businesses, this encourages other people to imitate them. Recurrent themes include the concepts of “self-reliance” (kwigira) and “dignity” (agacira), as well as the idea that “instead of complaining, a noble person continually strives to seek solutions to his/her problems” (imfura ntiganya ihora ishaka ibisubizo). Those recurring themes also shape the “appropriation” of entrepreneurship trends: an increasing number of people consider themselves as “entrepreneurs”. Entrepreneurship courses have been integrated in secondary schools’ curricula and are now being taught in every secondary school. Entrepreneurship courses are also taught in vocational schools in relation to how to create jobs, how to get income-generating activities, etc. The creation of many private radios also raised awareness in the population about different entrepreneurship activities.

Young people under 25 represent 67% of the country’s population, which constitutes a challenge for the country. Many NGOs’ programs and projects are focusing on and supporting young entrepreneurs to achieve their goals and implement their project. Young people are urged to

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⁵ Umurenge is the translation of “sector”. A sector is a key administrative subdivision (the different administrative levels are: village, “cell”, sector, district, province, and country).
organize themselves in cooperatives. There are increasingly numerous private and public partnerships aiming to coordinate and support the development of entrepreneurship among young people. Many stakeholders support these initiatives, notably the Rwandan government, the Rwandan private sector, the Rwandan Business Development Fund (BDF), international and national NGOs, UN agencies, bilateral cooperation, Rwanda Cooperative Agency (RCA), Rwanda Governance Board (RGB), etc. The BDF has business development advisors who help people set up their businesses and thereby create jobs. Besides, the Rwandan government is currently prioritising Technical and Vocational Education Trainings (TVET) schools.

The concept of social enterprise in Rwanda

As mentioned earlier, the integration of Rwanda in the East African Community and its membership of the Commonwealth definitely resulted in an Anglo-Saxon influence on the country. Many radios and English newspapers also played a role in this process, to the extent that they mostly relayed information from the Anglosphere. The concept of “social enterprise” can be found in some Rwandan newspapers and on the Internet, and it is repeatedly mentioned on the radio, but without any explanation about its content and definition. This situation might be explained by the fact that the concept of social enterprise is almost new in Rwanda and is thus not yet well understood by the public. There is a loophole with regard to the analysis of the concept of social enterprise at the scientific and academic levels: Rwandan academicians have not yet carried any research on this concept.

There is not yet a specific law governing social enterprises either. Moreover, in laws governing cooperatives, religion-based NGOs, national NGOs, international NGOs, companies, etc., the concept of social enterprise is not evoked. Nevertheless, some elements of the concept of social enterprise might be found in some new legal frameworks. In such a context, social enterprise is understood in diverse manners. In Kinyarwanda language, there is no word equivalent to “social enterprise” or to “social entrepreneurship”. The most commonly and often used word is rwiyemezamirimo, which means “entrepreneur”. The notions that are used to refer to social enterprises are those of cooperatives and NGOs. The concept of “not-for-profit organization” is not commonly used either in Rwanda, but that of NGO is often used. The new laws governing NGOs would probably be considered by most people as constituting the regulation frame for social enterprises. Moreover, many people consider—and indistinctively use—the term social enterprise as a synonym of cooperative, NGO or not-for-profit organization. On the whole, this concept is being shaped by various economic, social, cultural and political influences. Although such assumption does not rely on any empirical evidence, we argue that most Rwandan people consider social enterprises as business-oriented activities intended to enhance communities’ welfare.

PART B: TYPOLOGY OF SOCIAL ENTERPRISES IN RWANDA

As noted by Defourny and Nyssens (2008: 5), many categories of social enterprise can be identified: “individual initiatives, non-profit organization launching new activities, public/private partnerships with a social aim, etc.” In the Rwandan context, which is characterized by the conceptual limitations described above, it seems relevant to identify six categories of organizations that may be considered as social enterprises to varying extents: non-governmental organizations; cooperatives; informal associations; social entrepreneurs; private/public
partnerships; and companies carrying out social activities. Each of these categories will be illustrated by one case; the selection of cases was motivated by their emblematic features.

1. Non-governmental organizations (NGO)

Among NGOs, two main sub-groups may be distinguished: NGOs with trading activities or active in the area of skills development, as job providers, etc.; and NGOs with microfinance activities. Not all Rwandan NGOs are social enterprises, but social enterprises might be found among NGOs that carry out economic activities for the social benefit of the community.

**NGOs with trading activities or active in the area of skills development, as job providers, etc.**

In 2012, Rwanda enacted, among other regulations, law N° 04/2012 of 17/02/2012 governing the organization and the functioning of national non-governmental organizations. This law repealed the previous law governing non-profit making organizations (formerly known as ASBL), which was typical of the former French-speaking influence. The new legal framework aimed *inter alia* to push organizations to become more efficient. This exerted—and still exerts—pressure on NGOs insofar as they are “closely monitored and have to submit to Rwanda Governance Board (RGB) an annual activity report and their plans of actions”; NGOs had to find different ways to align with government policies and comply with the requirements linked thereto. NGOs are also submitted to pressure from the Rwandan government, which—through the *Imihigo* performance contracts (see above)—generally pushes NGOs to actively partner in various areas of social activities.

According to the abovementioned law (article 2), “an NGO is an organization which is comprised of natural persons or of autonomous collective voluntary organizations whose aim is to improve economic, social and cultural development, to advocate for [the] (…) interests of certain [groups], natural persons, [or] organizations, or [to promote the] common interest of their members”. NGOs operate in a wide spectrum of activities, notably in health care, income-generating activities, women and youth empowerment, poverty reduction, sustainable employment, agriculture, environment protection, social affairs, education, etc. Many national NGOs are mostly funded by external international organizations and UN agencies aiming at poverty reduction, women and youth empowerment, sustainable employment, agriculture, education, environment protection, etc. Besides, several NGOs are increasingly supporting Technical and Vocational Education Trainings (TVET). They are also significantly supporting women and young people empowerment with a view to enabling them to get a source of income. As mentioned above, some NGOs hire business development specialists to help them design business activities intended for their beneficiaries.

NGOs with trading activities have been mainly influenced by the UK definition of social enterprises, which stresses their business character. Many of these NGOs might be close to the main EMES indicators. As regards their social mission and economic project, many of the abovementioned NGOs have a social mission and economic project insofar as they aim to achieve social benefits for their communities and more specifically for their beneficiaries. NGOs have to be registered under the Rwandan law governing NGOs and they thus have to comply with its provisions. Political or administrative influence can be observed in the functioning of
some NGOs. In some instances, NGOs might be created as tools to serve governmental programs. Likewise, as local leaders are bound by performance contracts, some of them might interfere in NGOs’ management in order to deliver higher results or under the pretext of implementing governmental programs. In the same context, local leaders exert a close control over NGOs despite the fact that NGOs are supposed to be monitored by RGB. This was for example the case for the Good Shepherd Organization (see below): the Good Shepherd Organization’s Action Plan is supposed to be monitored by RGB, but the Executive Secretary of Nyarugunga Sector, in Kicukiro District, interfered in the management of their Amizero farm.

As regards funds, some NGOs are self-sufficient, while others have to rely on donors. Many current donors also urge NGOs to design innovative projects with trading elements. Most financial support comes from USAID, DFID, SIDA, UN agencies, EU, etc. The Good Shepherd Organization has been selected as an illustrative example of NGOs in this first sub-group.

**Case: The Good Shepherd Organization**

The Good Shepherd organization was created in 1985 by 15 people in Kigali. The mission was and still is “to help women in distress and their children empower and recover their dignities”. The rationale behind was that those women were in distress due to the fact that they did not have the elementary skills to earn a livelihood. Hence, the founders secured a swamp of 19 ha and founded a vocational training school. In 2003, the Good Shepherd Organization became a member of “Pro-femmes Twese Hamwe”, an umbrella organization advocating for women and children’s rights. All organizations with similar missions were urged by the Rwandan government –possibly under the influence of the UK definition of social enterprise—to change the way in which they operated and to become engaged in income-generating activities. The Good Shepherd organization swiftly moved then to create a production entity, which did not exist before. This production entity aimed among others at food transformation. Workers were mostly women in distress and a few other professionals. Soya, sorghum and maize are grown in the swamp belonging to the Good Shepherd Organization. They are then transformed into flour, which is sold on the market. Peanuts are also grown in the swamp and then transformed into groundnut oil. The neighboring communities greatly benefit from the services of the vocational training school belonging to the Good Shepherd Organization. The organization also owns a number of halls, which it rents out, and it has also decided to raise cows and pigs. All earned money is used both to scale up the organization’s activities and to support women in distress and their children.

**NGOs with microfinance activities**

In 2004, as a result of the bad management of funds, microfinance organizations experienced a tumultuous situation, and the Central Bank of Rwanda was obliged to intervene. Today the Rwandan government is still closely supervising microfinance institutions and NGOs with microfinance activities. The Rwandan government needs these organizations’ active partnership

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6 Information about how local authorities might interfere in an organization’s management was provided by Mrs. Mukeshimana Regine, coordinator of the Good Shepherd Organization, during an interview on March 16, 2015.

7 Amizero farm (15 ha) is exploited by women in distress who are supported by the Good Shepherd Organization.
in order to implement its EDPRS. Duterimbere is the case chosen to illustrate the sub-group of NGOs with microfinance activities.

**Case: Duterimbere**

According to its website, Duterimbere is “an NGO created in 1987 by 29 women in Rwanda led by the spirit of promoting women socio-economic development activities in [the country]”. The mission of Duterimbere is “to provide financial services tailored to low-income entrepreneurs, primarily women, to help them improve their socio-economic conditions”. Its objectives are among others “to promote better integration of women in the socio-economic development by mobilizing and [securing] savings of the target group (...) and [securing] transport means, facilitating access to credit by providing the target group with services tailored to their needs, etc.”

At the beginning, Duterimbere trained women in various socio-economic fields: “Women gained skills in savings, credits and entrepreneurship”. But Duterimbere was not allowed to grant credits. “To solve this issue, Duterimbere first placed a guarantee fund in the ‘Union des Banques Populaires’ in Rwanda. Women without collateral could then access credits with the approval of the fund. The first direct loans were granted in 1991. Education for savings has been a great success: women have saved a lot of money”. In 1997, Duterimbere created its microfinance institution, called COOPEDU. “[COOPEDU] continued to support women micro-entrepreneurs. Duterimbere organized its members’ solidarity groups to enable them to have access to credits”.

In partnership with the Embassy of Belgium in Rwanda, Duterimbere runs a project aiming at women economic empowerment and at the promotion of entrepreneurship in Rwanda through the “development of business models for mushroom and pineapple value chain”. “The project targets 150 trainers; [it involves] 90 community facilitators (counselors or coaches of low-income women or young entrepreneurs), and [carries out] various interventions (80% of beneficiaries are economically active low-income women). Duterimbere has 1,500 members and 60,000 beneficiaries. The project targets women with low income grouped in cooperatives.”

**2. Cooperatives**

In 2007, the Rwandan government reorganized the cooperative sector with the aim of implementing its EDPRS: Rwanda enacted law N° 50/2007 of 18/09/2007 determining the establishment, organization and functioning of cooperative organizations in Rwanda. “A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise, according to internationally recognized co-operative values and principles”. Cooperative organizations carry out activities in all sectors of economic and social life. “[Rwanda Cooperative Agency (RCA)] has registered so far 1,970 agriculture cooperatives, 1,324 livestock cooperatives, 1,038 handicraft cooperatives, 1,026 services cooperatives, 94 mining cooperatives, 77 fishing cooperatives, 854 trading cooperatives, 108 unions, and 12 federations”.

Cooperative organizations significantly contribute to agriculture and livestock. This is important as most Rwandan households get their livelihoods from these sectors of activity. Hence,
cooperative organizations enable many families to enhance their welfare. According to Rwanda Cooperative Agency (2015), there are also “workers’ cooperatives”, which “enable individual workers particularly in the informal sector to come together and carry out common activities to [develop] their enterprises [so as to improve their own situation and that] of all members”. In Rwanda, worker cooperatives are found in the construction sector, services sector, etc.

Being aware of the role of savings and credit cooperatives (SACCOs) in “mobilizing funds, especially rural funds, and in granting loans”, the Rwandan government decided to establish a SACCO in each sector, or Umurenge. Moreover, “the Rwandan government carried out public campaigns in order to especially mobilize the rural population in using SACCOs”. Youth, women, handicrafts, people of the same profession are increasingly being organized in cooperatives. As performance contracts cover various types of activities, “the National Cooperative Confederation of Rwanda (NCCR) has also signed performance contracts with the Rwandan government and the Rwanda Cooperative Agency (RCA) to enhance service delivery. The performance contracts highlight four major performance-based programs, namely good governance, good management of cooperative properties, quality service delivery, and rallying people to join cooperatives while maintaining existing members”.

Some cooperatives, as described above, are being shaped by the UK definition of social enterprise. Some might be close to the main EMES indicators. But in some instances, cooperatives have been created as tools to serve governmental programs. In the same context, local leaders exert a close control over cooperatives despite the fact that cooperatives are supposed to be monitored by Rwanda Cooperative Agency. Therefore, what has been underscored about NGOs also applies, mutatis mutandis, to cooperatives. However, many people experience true benefits of their membership of cooperatives. The illustrative case that has been selected is that of COPABU.

Case: COPABU

When a big number of refugees returned home in 1996, after the genocide, many people were unemployed and did not have appropriate and marketable job skills. With the support of the German bilateral technical cooperation agency (Deutsche Gesellschaft für Technische Zusammenarbeit, or GTZ) in Rwanda, a project called “Promotion of handicrafts producers” was designed and implemented. Butare handicrafts producers formed their cooperative, COPABU, in 1997. With the financial support of the abovementioned project, they established a hub in Butare city where all individual handicrafts producers gathered for sale. The number of COPABU members has gradually been increasing; the cooperative now includes 51 associations composed of handicrafts producers within a wide range of handicrafts: sculpture, traditional basketworks, wood toys, etc. COPABU essentially export their products to Europe and USA through fair trade networks. With a view to enhancing its members’ welfare, COPABU promotes handicrafts producers with appropriate skills and provides small loans to them. It also hires many employees, among whom numerous widows, who, thanks to the money they earn, are able to improve their living conditions (buying cows, paying school fees for their children,

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8 See footnote 5.
9 Agence Rwandaise des Coopératives (RCA): www.rca.rw
10 For more information, see: www.rwanda-art.com, www.copabu.co.rw, www.pasud-faab.org.rw
Overall, COPABU is a good example of a cooperative carrying out economic activities with social gains for its members.

3. Informal associations

With a view to overcoming the numerous challenges that it faces, the Rwandan population had to prove innovative in finding appropriate solutions. This situation has given rise to various informal associations of mutual aid at all levels—village, cell, sector, district, and province. Those associations strive to improve the lives of their members. Some of them are not meant to be sustainable in the long run, as they are only set up with a view to solving given issues. After a certain time, they thus cease to exist. There are also many informal associations or cooperatives created by people of the same profession, working in the same institution, living in the same area, sharing the same religious beliefs, etc. (for instance, people using their bicycles or motorcycles as taxis, or people in the field of basketwork, embroidery or sewing). Associations or cooperatives set up by natives of a given area provide support for the development of their area. The general trend is to form such associations in every profession, for natives of the same areas, for people who pray together, etc. In such associations, interpersonal links are important: members know each other well. The illustrative case that was selected is that of Seruka.

Case: “Seruka”

The Seruka association was formed in 2005 in Kigali by five natives from the same area—namely the former Kigembe sector, in Huye District, in the Southern province of the country. Seruka is not registered. The social mission of Seruka was to foster conviviality and to support the socio-economic development of natives of the Kigembe sector living in Kigali. Indeed, the founders of the associations had noticed that these people were not evolving anymore as they had done before the 1994 genocide; they thus wanted to enhance their welfare. Members of Seruka have designed various projects, among others paying school fees for those who are not able to do so, setting up mutual aid and tontines, etc. These socially-oriented projects are supported by the organisation’s economic activities. For instance, Seruka has bought one motorcycle and one bicycle which function as taxis. Revenues serve to fulfil the social mission and to scale up activities aiming at the improvement of members’ welfare.

4. Social entrepreneurs

The category of social entrepreneurs comprises initiatives launched by individuals eager to make positive changes within their community. A social entrepreneur aims to solve a social issue and thereby enhance community life. This can be done through economic activities with a social benefit. This category of enterprises might be found in the health sector, education sector, orphanage sector, etc. It has to be underlined that in Rwanda (and more generally in sub-Saharan Africa), the notion of “profit” is complex, and one should be cautious to take such complexity into account. This can be illustrated by a common example: an unemployed educated person learns about the availability of funds from USAID, DFID, or SIDA and decides to design

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11 As explained in footnote 5, these are the different administrative levels in Rwanda.
12 Information about Seruka’s functioning was provided by Habimana Maxime, president of Seruka, during an interview carried out on February 12, 2015.
an adapted project, which is then funded. The search for a job, combined with an entrepreneurial move, thus leads this person to set up an NGO—which might be considered as a social enterprise insofar as it has a social aim and is carrying out economic activities. This social entrepreneur might be considered to pursue a "personal" objective (and his/her own personal "profit"), but through his/her NGO, s/he improves the welfare of his/her community. As underlined by Adam Smith in *The Wealth of Nations* (1776), “it is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own self-interest”. Such situations are common in sub-Saharan Africa. In fact, to reach their own objectives (finding a job, earning a livelihood, getting funds, etc.), people may design projects and set up NGOs or cooperatives that also benefit the community. The case of Rwigamba Balinda has been chosen to illustrate this category.

**Case: “Rwigamba Balinda”**

Rwigamba Balinda studied at the University of Lubumbashi, in the then Zaire (Democratic Republic of the Congo, or DRC, since 1997), and became a lecturer in 1974. He earned a PhD in 1982 at Saint Georges University in California (USA). He had always dreamt of helping young people get educated and helping underprivileged people in general, so in 1991, even though he did not have sufficient means, he decided to found a university, called UNIGO (University of Goma), in Goma (Zaire). As many students did not have sufficient means, he used his own money to provide accommodation to underprivileged students. In 1994, UNIGO was obliged to close doors because of the war in Rwanda and the subsequent horrible consequences in Zaire. Rwigamba Balinda lost most of his investment but did not give up his dreams.

In 1995, Rwigamba Balinda came back from exile to his home country, Rwanda. Noting the scarcity of universities in Rwanda and the difficulty to study in the unique national university of the country, he first joined this university with the aim of contributing to its development. But he then realized that he was somehow giving up on his dreams and he became convinced that he could do better. Despite the difficult situation that prevailed in the country, Rwigamba Balinda decided, in 1997, to found the first private university in Rwanda (Kigali Independent University). At the beginning, the university had 204 students and rented two classrooms. Rwigamba Balinda used to sell his cows to get money to pay lecturers. Other sources of income included registration fees, other activities carried out by the university, etc. In 1999, Kigali Independent University already had 1,400 students. In 2001, Rwigamba Balinda scaled up his project by opening the Gisenyi Campus. In 2007, Kigali Independent University moved into its new buildings; the number of students reached 6,000. In 1997, when he founded the university, Rwigamba Balinda also set up a foundation, called the Rwigamba Balinda Foundation, to help underprivileged students. With a view to pursuing his objectives of promoting education and helping underprivileged students, he also provided other facilities to students; for example, people experiencing financial problems were offered the possibility to pay for their studies after completing these studies and obtaining a job. Rwigamba Balinda’s core objective has never been to earn money but to promote education, as clearly evidenced by his endeavors to reach his objectives and by the fact that all the gains he made were reinvested to scale up his project.
5. Public/private partnerships

Some forms of social entrepreneurship rely on a collaboration between the private for-profit sector and the public sector. In order to cope with the various challenges and social issues that it faced, the Rwandan government designed “homegrown solutions” ¹³ aiming to solve social issues by using traditional devices in an innovative way. Some activities that are part of these “homegrown solutions” display some characteristics of social enterprises or social entrepreneurship. It is important to be cautious and to analyze them from the perspective of their organization (as such organization can vary significantly from one case to the other) and the way in which they are managed. Among the main homegrown solutions exploited by the Rwandan government are Girinka, Umurenge, Ubudehe and Umuganda (see above for the last two terms).

The Rwandan government is actively involved in different social activities. For instance, during Umuganda (which, as explained above, is a mandatory community service that takes place from 8:00 am to 11:00 am on the last Saturday of each month) as well as during the meeting closing each Umuganda, many social initiatives are undertaken by the government, notably in order to assist orphans, widows, youth, etc.

Girinka consists of granting a cow to a poor family so as to enhance the welfare of that family; as a homegrown solution, Girinka is supported by many stakeholders in public/private partnerships.

VUP Umurenge (Vision 2020 Umurenge Program) is a public/private partnership program supported by the Rwanda government in collaboration with various development stakeholders, namely development partners, NGOs, etc. VUP Umurenge intends to implement poverty reduction, rural growth, and social protection programs.¹⁴ VUP Umurenge carries out its activities through cooperatives; in this context, cooperatives are thus also used to attract the population as they constitute a channel of access to different donors or governmental programs. Indeed, within cooperatives, members have easily access to some social and financial services.

“Bye Bye Nyakatsi” is another public/private partnership project; it aims at “building low-cost houses for people who lived in thatched grass houses”. With the aim of eliminating such houses and enhancing the welfare of poor people, the Rwandan government mobilized various stakeholders.

On the whole, even though many of these homegrown solutions are designed to reduce the poverty and thus meant essentially for poor people, in practice, Girinka and Ubudehe do not always benefit only poor families. The illustrative case that has been chosen is Girinka.

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¹³ By the use of the term “homegrown”, we want to underline the fact that we refer to forms of social solidarity that were traditionally practiced in the community in the pre-colonial period; they were taken over and adapted to the current situation.

¹⁴ More information can be found on www.statistiques.gov.rw. The main development partners are, among others, the United Kingdom Department for International Development (DFID), USAID and SIDA.
According to RARDA (Rwanda Animal Resources Development Authority, 2006), “Girinka program is a homegrown solution aiming at poverty reduction and social cohesion”. The program aims at “enabling poor household to own and manage a dairy cow of an improved breed, which [helps] the family to better [secure] their livelihood through increased milk and meat production and to improve soil fertility of their land for their crops using the available manure”. This program has considerably improved the welfare of poor families and enhanced their livelihoods. The Girinka program does not only yield economic benefits; it also has social aims.

6. Companies carrying out social activities

Rwanda has a specific history, resulting from the 1994 genocide, and the Rwandan government continuously has to cope with the consequences hereof. In order to overcome the numerous social challenges they had to face, public authorities have raised the awareness of different stakeholders, calling on them to actively contribute to solving at least some of the communities’ social needs. Some companies actively heeded this call and punctually provide financial and material assistance to needy people. This definitely benefits the rural population. Those activities include *inter alia* the construction of social houses; financial assistance to orphans, widows and youth; the payment of school fees for underprivileged children, etc.

Some people might consider this type of initiatives to be part of conventional corporate social responsibility (CSR) practices. Nevertheless, it is interesting to shed light on how these initiatives function in Rwanda insofar as they go beyond mere CSR. Indeed, after the 1994 genocide, the Rwandan government used different approaches to mobilize stakeholders. In this context, given the size and number of social issues, all stakeholders were—and are still being—urged to significantly contribute to solving problems. The Rwandan government exerts pressure in an indirect manner on big companies to actively contribute to the fulfillment of its social programs. To comply with this call, many companies have set up special committees or foundations in charge of those social activities. On the whole, what has to be noticed here is the active presence and involvement of Rwandan leaders. “To special challenges, special homegrown solutions” and (as already mentioned) “instead of complaining, a noble person continually strives to seek solutions to his/her problems” are repeatedly reminded leitmotivs, used to urge all stakeholders to join and support the Rwandan government programs or to support any other social initiative as long as it targets part of the Rwandan population. Companies falling under this category are mainly telecommunications companies, banks, insurances companies, breweries, supermarkets, etc. The illustrative case that has been selected is the Bank of Kigali.

Case: Bank of Kigali

The Bank of Kigali (BK) is one of the few banks today that were already working before the 1994 genocide. BK is among the leading banks in Rwanda. It aims to “play a pivotal role in transforming the lives of Rwandans”. According to BK’s website, “its social policy is based on four strong pillars: improving access to education, promoting community health, environmental sustainability, and poverty eradication”. BK sets up a committee, composed of six members of the management team, that sits at least once a month to design, implement, and evaluate the
bank’s social projects, which highly impact local communities. Such operating mode indicates that these social activities are meant to be sustainable.

Among the projects supported by BK is “Bye Bye Nyakatsi”, which, as explained above, is a program of the Rwandan government aiming to build low-cost houses to replace all grass-thatched houses. The BK Bye Bye Nyakatsi project is a community development project that aims to build a model village of 504 modern low-cost houses in the Rilima sector in order to improve this rural area’s standard of living. BK also supported other Rwandan government programs, among which the “Girinka project”, it financially supported retired soldiers’ projects, etc.

PART C: INSTITUTIONAL AND CONTEXTUAL TRAJECTORIES OF THE MAIN TYPES OF SOCIAL ENTERPRISE IN RWANDA

In the present section, we will analyze the institutional and contextual trajectories of the main types of social enterprise in Rwanda, focusing on the two most important types, namely cooperatives and NGOs.

After the resignation of the former president, Pasteur Bizimungu, Paul Kagame became the president of Rwanda in March 2000. Many legal, institutional, and administrative reforms were undertaken. A new constitution was enacted in 2003, and many other laws were subsequently enacted. A number of new institutions were also set up.

Legal framework in Rwanda

As explained in the introduction to part C, we focus in this part on cooperatives and NGOs. As for the other types of SE, informal associations are not regulated by a specific legal framework; public/private partnerships are regulated by rules that are specific to each partnership; and companies with CSR practices follow the rules defined in the general legal framework. We thus only mention here new laws regulating NGOs, companies, and cooperatives:

- Law № 50/2007 of 18/09/2007 determining the establishment, organization and functioning of cooperative organizations in Rwanda;
- Law № 07/2009 of 27/04/2009 relating to companies;
- Law № 04/2012 of 17/02/2012 governing the organization and the functioning of national non-governmental organizations;
- Law № 05/2012 of 17/02/2012 governing the organization and the functioning of international non-governmental organizations;
- Law № 06/2012 of 17/02/2012 determining the organization and functioning of religion-based organizations.

Institutional framework in Rwanda

In order to apprehend the institutional framework within which social enterprises operate in Rwanda, the analysis has to focus on new institutions dealing with NGOs and cooperatives. In 2011, Rwanda enacted a law (law № 41/2011 of 30/09/2011) establishing the Rwanda Governance Board (RGB), which is a public agency with legal personality, administrative and financial autonomy and whose mission is, among others, “to document and assess homegrown initiatives, to register, empower, and monitor civil society organizations, (…)”. RGB thus plays
a key role in the landscape of NGOs—which constitute one of the main forms of social enterprise in Rwanda.

Rwanda also set up Rwanda Cooperative Agency (RCA); RCA’s mission is “to develop the cooperative sector [so that it can serve] its members equitably, efficiently and [empower] them economically. The RCA has, among others, responsibilities of implementing government policy in matters relating to cooperative organizations; and regulating and supervising cooperative organizations, including the national cooperative unions, federations and confederations; promoting the cooperative organizations sector, (…)”.

As underlined above, the Rwandan government views cooperatives as a potential vehicle through which cooperatives’ members could create employment, improve their access to income-generating activities, develop their business potential (including entrepreneurial and managerial capacities through education and training), increase their savings and investment, and improve their social well-being with special emphasis on gender equality, housing, education, health care and community development.

**Government/social enterprises relationships in Rwanda**

In a rather classical work, Young (2000) identified three major types of relations between non-profits and public authorities. More precisely, he noted that “nonprofits (a) operate independently as supplements to government, (b) work as complements to government in a partnership relationship, or (c) are engaged in an adversarial relationship of mutual accountability with government”. In Rwanda, in the aftermath of the 1994 genocide, and even though the Rwandan government has designed many fruitful public policies and set up strategies to tackle poverty, many social issues remain unaddressed. Hence, some social enterprises strive to fill this gap and provide social services in a supplementary mode. The Rwandan government also induced the active engagement of various stakeholders in its designed programs, as complements to the government in a partnership relationship. However, this is not the full story.

Many factors of historical, cultural, social and political nature have shaped relationships between the Rwandan government and social enterprises. In some instances, the Rwandan government has exerted and still exerts pressure on various stakeholders to support its priorities. The Rwandan government also exerted pressure on NGOs to operate under umbrella organizations, ensuring close control by designating persons to head those umbrella organizations. This can be evidenced through what was said by the Minister of Trade and industry, François Kanimba, during a ceremony in which cooperatives leaders signed performance contracts: “It is common that many cooperatives members consider their cooperatives leaders as civil servants, as people who have been appointed by the government, and thereby sometimes there is no trust among them. I urge you to collaborate with them to achieve greater results through performance contracts”. He added that “he sometimes [visited] some cooperatives and found that some cooperatives members [did] not even know the name of their cooperatives; sometimes they [seemed] not to belong to it, thinking that it [was] a public service emanating from the government”.

The Rwandan government/social enterprises relationships have various “colors”, depending on the extent to which the involved parties seek to implement a specifically Rwandan type of partnership, the type of control exerted by the government, the extent to which coercive means are used, the degree of accountability of SEs, their autonomy or lack hereof, the type and degree of government interference, etc. Overall, the question is whether such close control is beneficial or detrimental to the welfare of the population. As far as the autonomy of social enterprises is concerned, real-life examples indicate that, being bound by performance contracts, many leaders are proactive and might use their power and exert pressure on various stakeholders with a view to delivering higher results, thereby benefiting the population. In this context, pressure and control might be viewed as “performance-oriented control” and regarded by some people as acceptable insofar as they are enhancing the welfare of the population. Since such operating mode is specific to the Rwandan government, it can be considered as another mode than those put forward by Young and described above. In other words, it is clear that the complexity of the Rwandan situation provides an illustration of Young’s typology while also inviting to go beyond this typology. It also seems obvious that the future of social enterprises will be strongly influenced by the evolution of such relationships.

CONCLUSION

The Anglo-Saxon influence, the new public policies and the new legal and institutional frameworks can be considered to shape, to a great extent, the features of Rwandan social enterprises. In terms of international cooperation, Rwanda is mainly supported by the UK and USA: many international organizations and NGOs from these two countries are operating in Rwanda and thereby bring in the country their principles, concepts, and cultures. This can be expected to increasingly shape the situation of social enterprises in Rwanda.

The Rwandan government has repeatedly declared to be willing to implement any appropriate legal and institutional change deemed necessary to foster social and economic development. If it deems it appropriate to design new public policies, to set up new institutions or to adopt laws governing social enterprises, this will be done—and this would of course also shape social enterprises. If the situation does not change fundamentally, it can reasonably be expected that the creation of social enterprises spurred by the new public policies and the conducive business environment will lead to the adoption of a new law governing social enterprises.

All Rwandan leaders—from top-level leaders to local leaders—are bound by Imihigo performance contracts. This entails a pressure to aim for higher results, which in turn pushes leaders to actively involve various stakeholders in finding solutions to different economic and social issues—a trend that might be favorable to the creation of social enterprises. Besides, the Rwandan government is mostly utilizing cooperatives to reach the population; this will definitely continue to trigger the development of cooperatives and other social enterprises. However, many other factors will also influence the creation and the effective functioning of social enterprises in Rwanda: access to finance, availability of infrastructure, access to markets, business support, appropriate skills, potential excessive control and interference of some leaders, among others.
# LIST OF ABBREVIATIONS AND ACRONYMS

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<td>AIDS</td>
<td>Acquired Immunodeficiency Syndrome</td>
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<td>AMIR</td>
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<td>ASBL</td>
<td>Association Sans But Lucratif</td>
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<td>BDF</td>
<td>Business Development Fund</td>
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<td>BNR</td>
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<td>COPABU</td>
<td>Coopérative des Producteurs Artisanaux de Butare</td>
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<td>Corporate Social Responsibility</td>
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<td>HIV</td>
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<td>Gross Domestic Product</td>
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<td>International Monetary Fund</td>
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<td>MRND</td>
<td>Mouvement Révolutionnaire National pour le Développement</td>
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<td>MTN</td>
<td>Mobile Telecommunications Network</td>
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<td>NGO</td>
<td>Non-Governmental Organisation</td>
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<td>USA</td>
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<td>USAID</td>
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<td>WDA</td>
<td>Workforce Development Authority</td>
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