

REPUBLIKA Y’U RWANDA

**MINISITERI
Y’ABAKOZI BA LETA
N’UMURIMO**



**MINISTRY
OF PUBLIC SERVICE
AND LABOR**

REPUBLIC OF RWANDA

**PROXIMITY BUSINESS ADVISORY SERVICES AND ACCESS TO FINANCE UNDER
NEP**

Introduction:

National Employment program is derived from the EDPRS II which highlights the important role of employment promotion in economic development and poverty reduction.

Accordingly, the EDPRS II aims at creating 200,000 off-farm jobs each year, so as to accommodate the new entrants on the labour market given increasing population density and the growing youth share of the population.

National Employment Program has the following main objectives

- ❖ Create sufficient jobs that are adequately remunerative and sustainable across the economy;
- ❖ Equipping the workforce with vital skills and attitude for the increased productivity that are needed for the private sector growth;
- ❖ Providing a National Framework for coordinating all employment related initiatives and activities in the public, private sector and the civil society.

NEP Strategic interventions are grouped under the following four pillars:

1. Skills development,
2. Entrepreneurship and business development,

3. Labour market intervention,
4. Coordination, monitoring & evaluation,

National Employment Program under its second Pillar (Entrepreneurship and Business Development) has a component of Proximity business advisory services provided to Micro Small and Medium Enterprises (MSMEs) by the Business Development Advisors who are established at Sector level (Each sector has two advisors). A Sector is an administrative entity under the District and Rwanda has in total 416 Sectors. With NEP 832 BDAs in all administrative sectors were identified meaning 2 BDAs per Sector and have been trained to support youth and women with business ideas to nurture the business idea and later on coach them to have business proposals in the format and content required by financial institutions and accompany them to the financial institutions.

THE ENTREPRENEURSHIP AND BUSINESS DEVELOPMENT PILLAR

Under the NEP, Entrepreneurship and Business Development pillar led by the Ministry of Trade and Industry (MINICOM) and it is composed of the following main activities:

- Coach and mentor young entrepreneurs pursuing new business ideas, using Business Development Advisors (BDAs); The business development services offered by BDAs are subsidised by NEP for youth and women start-ups and growing MSMEs.
- Support bankable business proposals of Micro, Small and Medium Enterprise (MSMEs) projects to access finance through guaranteed loans, matching grants and quasi- equity schemes offered by BDF and other potential financial institutions
- Technology upgrading and improved Equipment acquisition for craftsmen and artisans in Community Processing Centres (CPCs) and Integrated Craft Production Centres (ICPCs) to add value and to make local products more competitive.

BUSINESS DEVELOPEMT ADVISORS (BDAs)

Proximity business development service providers at grass-roots level are needed in order to instil a culture of entrepreneurship, enhance financial literacy skills, assist MSME promoters develop business plans and secure start up capital for their businesses. To that end, business advisory services are provided by trained and certified Business Development Advisors based at

sector (Umurenge) level, where each sector has two BDAs (certified private service providers) who are able and willing to offer advisory services to MSMEs

Services provided by BDAs include:

- Training in start-up business management and use of financial services organized once per quarter;
- Coaching in business plan writing and linking bankable business plans to BDF and financial institutions;
- Coaching, mentoring and providing business advisory services in business management, e.g. accounting and bookkeeping, taxation, human resource management, cash management and marketing.

BDAs work in close collaboration with SACCOs and instead there is one SACCO in each sector and work under the supervision of the District Business Development and Employment Unit

BUSINESS ADVISORS REMUNERATION MECHANISM

BDAs coach and mentor entrepreneurs and are paid for the service they deliver through the voucher system operated by Umurenge SACCOs. For the MSME to access the advisory service provided by the BDA, He or She has to purchase a voucher from SACCO which is valued at 10,000 frw, where the beneficiary MSME pays 30% of the voucher basing on the category in which the business plan fall as elaborated below.

For a business plan valued between 100,000-1000, 000 frw, the BDA is given 1 voucher

A business plan valued from above 1,000,000-5000, 000frw, the BDA is given 3 vouchers

A business plan valued 5,000,000frw and above, the BDA is given 6 vouchers

BDF DISTRICT KORA WIGIRE CENTRES

The BDF District Kora Wigire Centre is a centre of excellence for all business support services in each of 30 districts and it is a decentralised branch of the Business Development Fund (BDF). The centre is in charge of marketing and explaining to beneficiaries and participating financial institutions access to finance products offered by BDF. BDF District Centre is also responsible to

interact with local financial institutions and receive and analyse requests from Participating Financial Institutions to provide guarantee and other products to youth and women start ups and growing MSMEs

Linkage between BDA, BDF AND SACCOS

BDAs still the culture of entrepreneurship among Youth and Women and others in the community and coach them develop business plans, they also has a responsibility for accompanying promoters to SACCOS and do follow up to ensure the business proposal is accepted and if the need be make necessary adjustments on the business plan submitted to make it more viable as it may be recommended by the concerned SACCO.

After having received different project proposals, SACCOS proceeds with their appraisal and then make a final list of bankable projects that are submitted to BDF accompanied by a letter requesting BDF to provide guarantee and grant for the submitted projects.

BDF is responsible for the appraisal of the submitted project proposals and then give a feedback to SACCOS in the form of letter specifying the number of project proposals that were accepted, how many need adjustments and how many were rejected.

The letter sent to SACCOS should also specify the amount of grant and guarantee that BDF commits to provide.

Achievements of proximity business development and access to finance

Since July 2014 up to March 2016, **21,472** business promoters mainly youth and women across the country were supported by BDAs to convert their business ideas into bankable business projects.

16,503 projects received loans from SACCOS and other financial institutions and this means that around **76%** of the submitted business proposals were accepted and received finance