

# Chapter 13

## Challenges and Opportunities of Micro or Small Social Enterprises in Rwanda

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### **ABSTRACT**

*The purpose of this chapter is to provide insights on micro or small social enterprises in Rwanda with a focus on their opportunities and challenges. The author carried out a literature review and interviews. The chapter explores the emergence and evolution of economically oriented social organizations in Rwanda. The context of emergence of social enterprise in Rwanda was shaped, among other factors, by Anglo-Saxon influence. The chapter underlines other contextual factors underlying the current emergence of micro or small social enterprises notably the aftermath of the 1994 genocide against Tutsi, and the current entrepreneurship trends. Finally, the chapter examines opportunities shaping micro or small enterprises and investigates challenges facing micro or small social enterprises in Rwanda. The chapter explores and provides insights into the specificities and the current trends of micro or small social enterprise in Rwanda with a view to fostering further analysis for several research avenues.*

### **INTRODUCTION**

Micro and small social enterprises are gaining momentum in Rwanda. Owing to their particular social mission, micro or small social enterprises are embedded in specific environments, endowed with proper characteristics, and bringing appropriate solutions to specific social needs. After the 1994 genocide against Tutsi, Rwanda faced many challenges in almost all sectors of activities. (Rwamigabo 2017:5). Different organizations considerably contributed to bringing solutions in different fields of activities, among others in agriculture, education, health, microfinance, youth employment, women empowerment, fair trade, community services, vocational training, environment protection, etc. (Rwamigabo 2017:5). 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,

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vocational trainings, youth and women empowerment with income-generating activities, etc. Likewise, informal associations emerged within different communities. Micro or small social enterprises have been and are being shaped by the cultural, the social, economic, geographical context. (Rwamigabo 2017:5). The context of the emergence of social enterprises in Rwanda was influenced, among others, by the 1994 genocide aftermath, the Anglo-Saxon influence, the current legal and institutional framework, public policies, the economic relationships between the Rwandan government and social enterprises; the current governance, entrepreneurship trends prevailing in Rwanda, etc. (Rwamigabo 2017:5). With those trends as a key background, we provide insights on micro or small social enterprises in Rwanda with focus on their various opportunities and challenges. The chapter is organized in five sections: the first section explored the emergence and evolution of economically oriented social organizations in Rwanda. The second section analyzed the concept and contextual factors underlying the current emergence of micro or small social enterprises in Rwanda. The third section provides the economic relationships between government and micro or small social enterprises. The fourth section examines opportunities for micro or small enterprises while the fifth and last section investigated challenges facing micro or small social enterprises in Rwanda.

## **BACKGROUND**

### **Colonial Period (Until 1962)**

According to Rwamigabo (2017), 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 from a pre-colonial period 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” ([www.rgb.rw](http://www.rgb.rw) [accessed 19 Nov. 2017]). 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 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. ([www.rgb.rw](http://www.rgb.rw) [accessed 19 Nov. 2015])

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 (1992:14) pointed out that “the tontine movement emerged from alternative migration during the colonial period between Rwanda and British territories of East Africa. 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”.

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