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Akazi Kanoze Entrepreneurship Study

AN EVALUATION OF AKAZI KANOZE'S INTERVENTIONS TO SUPPORT YOUTH ENTREPRENEURS

September 2016



The cover page of the AK Exploring Entrepreneurship module



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EXECUTIVE SUMMARY

The seven-year, United States Agency for International Development (USAID)-funded Akazi Kanoze (AK) project, implemented by Education Development Center, Inc. (EDC), began in 2009. Starting in urban areas and later expanding to rural, it aimed to address the persistent high levels of youth unemployment by facilitating access to market-driven soft and technical skills training, and by providing pathways to meaningful internships, jobs and self-employment opportunities for out-of-school youth. In 2012, the project expanded to rural areas with a stronger focus on promoting entrepreneurship. EDC and local implementing partners (IPs) developed a set of mentoring and support services to youth who desired to open their own businesses.

Over the lifetime of the project, at least 2,513¹ AK youth graduates started their own businesses within six months of graduation. According to a study conducted by Catholic Relief Services (CRS) of AK graduates, 68% were found to have income-generating activities, with 93.5% of these businesses considered to be running well.

This report presents findings on the effectiveness of AK's Entrepreneurship Support Model on youth skills development as well as AK youth's ability to create and sustain their businesses. It explores the innovative ways that AK has helped foster resiliency among youth to overcome environmental and financial barriers. Additionally, it presents lessons learned from seven years of implementation in hopes of informing future project design. It utilizes information gathered from a review of Rwanda's business and financial environment, quantitative data from internal organizational surveys, as well as data collected from interviews conducted with various stakeholders and partners.

For the purpose of this study, entrepreneurship is defined as the process of designing and operating a new business. Also, youth who report being self-employed with income-generating activities are categorized as entrepreneurs. AK's Entrepreneurship Support Model facilitates new business creation by mentoring youth throughout this process with business development trainings, assistance in accessing financial institutions, and linking them to fellow entrepreneurs and business development advisers for support.

STUDY OBJECTIVES AND METHODOLOGIES

The entrepreneurship study is predominantly a qualitative study. The data include interviews of AK youth who have received business development services, staff of the project's implementing partners, financial institutions that provide services to youth, and business development advisers

¹This number is based on a project survey of a participant's first economic opportunity within six months of graduation. It is a conservative estimate of the number of businesses started, as graduates may have started businesses after the survey, or graduates may not have listed their business as their primary income during the survey.

who work with AK youth as well as AK entrepreneurship staff. Combined with quantitative data from internal organizational surveys and a randomized controlled trial, this evaluation explores the effectiveness of AK's support model to aid youth in opening businesses. The evaluation has the following objectives:

1. To determine what are the characteristics of youth who decide to open their own business
2. To assess the various barriers youth face in opening their own businesses and the various strategies they employ to overcome them
3. To assess various perspectives on AK support services offered to youth
4. To assess the impact of AK's work readiness training and its coaching model on youth skills development
5. To determine lessons learned to improve implementation in the future

FINDINGS

AK youth entrepreneurs appear to be faring well given the challenging environment they often encounter. An externally conducted follow-up to the 2014 randomized controlled trial found that on average, AK graduates are more likely to be self-employed (28.32%) in comparison to a control group (19.36%), with results being statistically significant at the 5% level. Overall, they are also less likely to be unemployed, with the control group reporting 9.77 percentage points higher on average unemployment in comparison to the treatment group. These findings support the results of a Catholic Relief Services' study, which found that **68% of AK graduates have an income-generating activity and 93.5% of those businesses were reported to be running well.**

The findings section is separated into sub-sections covering the key topics of the Akazi Kanoze Youth Entrepreneurship Study:

1. **Barriers and Challenges for AK youth:** Youth lack access to financing options that would allow them to choose a business that they desire, start that business, and expand operations once it begins to have success. They also find it difficult to locate the inputs they need as well as to obtain the moral support to overcome these significant barriers.
2. **Resiliency in a Challenging Environment:** Youth employ a variety of innovative techniques in order to overcome the obstacles they encounter to starting and expanding a business. For example, youth pose an innovative entrepreneurial spirit that allows them to see community problems as an opportunity for a business to tackle. They also form savings and internal lending communities (SILC) groups in order to gain access to capital to start and expand their businesses as well as to provide one another the moral support needed to remain resilient.

3. **AK's Coaching Model Positively Impacts Youth Skills Development:** AK Work Readiness Curriculum develops important financial management, interpersonal, and leadership skills that enable youth to graduate feeling prepared to open their own businesses. AK team members support youth by facilitating linkages to financial institutions and by providing ongoing moral support.

Some other important findings from this study include:

Given the challenging environment that entrepreneurs face, youth need a community of support to help keep them motivated when problems arise. Youth entrepreneurs oftentimes lack the self-confidence to make the bold moves necessary to create a successful business. However, through AK's network of fellow youth, trainers and AK staff members, AK entrepreneurs can utilize several different outlets to obtain the support and advice they need to remain resilient.

AK entrepreneurs use lessons learned to improve their businesses in the future. AK's Exploring Entrepreneurship module teaches reflective and analytical thinking skills. Therefore, after experiencing a setback or the consequences of a poor business decision, youth do not simply give up, instead they capitalize on the mistakes made to improve their business model in the future.

AK youth are passionate about their businesses and the goals they wish to achieve. Through AK's Personal Development Module, youth learn to self-identify what they are passionate about achieving. Building upon those lessons, youth are encouraged to develop business ideas that align with their passions so they will be driven to achieve them.

Overtime, AK SILC groups help youth to acquire assets and diversify their income streams. Employing skills learned in AK's Financial Fitness module, youth know that having several different income-generating activities reduces risks by providing an alternative source of income in times of poor climate conditions. AK youth utilize small loans from their SILC groups to acquire assets and to start additional small businesses to protect their livelihoods.

AK youth positively impact their community by employing other vulnerable youth to help operate their businesses. 216 income-generating activities run by AK graduates were found to have at least two permanent staff, indicating their capacity to create additional employment opportunities for others.

216 income-generating activities run by AK graduates were found to have at least two permanent staff

AK youth build capacity among their employees and in their community. AK entrepreneurs use their businesses to both train other youth in particular technical skills as well as to teach parts of the WRC to their employees. They encourage their employees and community members to join SILC groups and begin to save for their own businesses. AK's WRC and its entrepreneurship support not only positively impacts AK youths' livelihoods but also has had positive impacts in the communities in which they live.

TABLE OF CONTENTS

EXECUTIVE SUMMARY	2
Study Objectives and Methodologies.....	2
Findings	3
Acronyms and Abbreviations	6
INTRODUCTION.....	7
Project Background.....	7
Purpose of Youth Entrepreneurship Study.....	8
AK Entrepreneurship Support Model	8
Introduction.....	8
.....	9
Step 1: Akazi Kanoze Work Readiness Training	9
Step 2: Mentorship.....	11
Step 3: Linkages To Financial Mechanisms	12
Who Are AK Entrepreneurs?.....	14
FINDINGS	16
Barriers and Challenges For AK Youth	17
Resiliency in a Challenging Environment.....	25
AK’s Entrepreneurship Support Model Positively Impacts Youth Skills Development	31
Lessons Learned	35
Conclusion	37
Appendix A: Methodology.....	38
Appendix B: 2014 Follow-up RCT Tool.....	41
RCT LIVELIHOODS SURVEY.....	41

ACRONYMS AND ABBREVIATIONS

AK	Akazi Kanoze
BDA	business development adviser
CRS	Catholic Relief Services
ECD	early childhood development
EDC	Education Development Center, Inc.
IPs	Implementing Partners
M&E	monitoring and evaluation
MFI	microfinance institution
NEP	National Employment Program
RCT	randomized controlled trial
RWF	Rwandan Franc
SACCO	savings and credit co-operative
SILC	savings and internal lending community
UCU	Union of Savings and Credit Cooperatives Umutanguha
USAID	United States Agency for International Development
WRC	Work Readiness Curriculum

INTRODUCTION

PROJECT BACKGROUND

The seven-year, United States Agency for International Development (USAID)-funded Akazi Kanoze (AK) project, implemented by Education Development Center, Inc. (EDC), began in 2009. It aimed to address the persistent high levels of youth unemployment by providing Rwandan youth ages 14–35 with market-driven soft and technical skills training, and by providing pathways to meaningful internships, jobs and self-employment opportunities for out-of-school youth in urban areas. In 2012, the project expanded to rural areas with a focus on promoting entrepreneurship. EDC and local implementing partners (IPs) developed a set of mentoring and support services to youth who desired to open their own businesses.

Over the lifetime of the project, AK trained more than 21,000 youth in work readiness skills and at least 2,513 started their own businesses within six months of graduation. According to a study conducted by Catholic Relief Services (CRS) of AK graduates, 68% were found to have income-generating activities, with 93.5% of these businesses considered to be running well.

This report presents findings on the effectiveness of AK's Entrepreneurship Coaching Model on youth skills development as well as AK youth's ability to create and sustain their businesses. It explores the innovative ways that AK has helped foster resiliency among youth to overcome environmental and financial barriers. Additionally, it presents lessons learned from seven years of implementation in hopes of informing future project design. It utilizes information gathered from a review of Rwanda's business and financial environment, quantitative data from internal organizational surveys and a randomized controlled trial (RCT), as well as data collected from interviews conducted with various stakeholders and partners.

For the purpose of this study, entrepreneurship is defined as the process of designing and operating a new business. Youth who report being self-employed with income-generating activities are categorized as entrepreneurs. AK's Entrepreneurship Coaching Model facilitates new business creation by mentoring youth throughout this process with business development trainings, assistance in accessing financial institutions, and linking them to fellow entrepreneurs and business development advisers for support.

PURPOSE OF YOUTH ENTREPRENEURSHIP STUDY

The entrepreneurship study is predominantly a qualitative study, which has the following objectives:

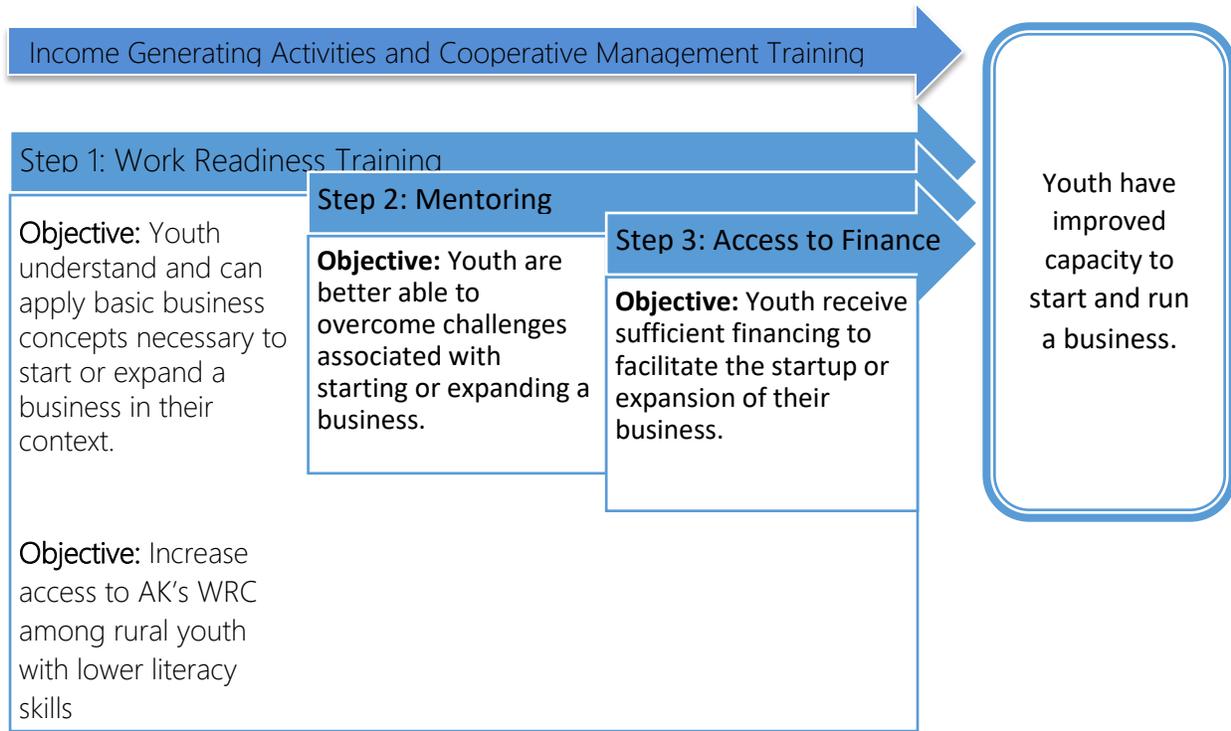
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AK ENTREPRENEURSHIP SUPPORT MODEL

INTRODUCTION

Acknowledging the limited employment options in the market, particularly in rural areas, many youth desire to start their own business. Yet oftentimes, they need support to know where to start and how to ensure they are successful. Since 2009, AK has trained youth in the basics of entrepreneurship and provided a support package that includes practical business skills training, individualized mentoring to address particular challenges youth encounter, and linkages to financial mechanisms to help them expand their businesses. After completing AK, the goal is for youth to have the skills and support that is necessary to be able to start and successfully run a business. Please see Figure 1 for further explanation of AK's Entrepreneurship Support Model.

Figure 1: AK's Entrepreneurship Support Model



STEP 1: AKAZI KANOZE WORK READINESS TRAINING

All AK entrepreneurs complete Akazi Kanoze's work readiness training, which includes modules that aim to to prepare youth with the transferrable skills needed to successfully start, run, and grow a business or find gainful employment. Using engaging participatory teaching methods, youth apply the skills being taught in simulations activities that are supposed to mimic real-world challenges entrepreneurs face in a business context. For example, in the Exploring Entrepreneurship module, youth are introduced to different fictional entrepreneurs' various approaches to business (see Figure 2). Their trainer moves youth through a series of hypothetical situations, and youth are expected to explain what each entrepreneur would do in that instance. By the end of the game, youth need to decide which entrepreneur has the most successful approach to business.

"After completing the work readiness training, I felt more than ready."

– Jean Baptiste, 34, tofu producer

Figure 2: Fictional entrepreneurs from the AK Entrepreneurship module



AK teaches eight work readiness modules that are pertinent for youth entrepreneurs, which include the following:

1. **Personal Development**, which teaches how to set goals and track your progress toward accomplishment.
2. **Interpersonal Communication**, which explores how to provide quality customer service.
3. **Work Habits and Conduct**, which develops time management skills alongside more generally positive attitudes toward work.
4. **Leadership**, which helps to develop problem-solving and conflict resolution skills.
5. **Health and Safety at Work**, which helps youth to develop safe workplace habits to avoid injury.
6. **Worker and Employer Rights and Responsibilities**, which teaches youth about their rights as workers as well as the labor laws of the Government of Rwanda.
7. **Financial Fitness**, which instills the importance of savings, managing money, and budgeting as well as provides insight into how financial institutions work.
8. **Exploring Entrepreneurship**, which focuses on the cycle of a business, the importance of record keeping, marketing, negotiating, and how to plan for unexpected events.

The objective is for AK entrepreneurs to complete the training with the strong foundational business skills necessary to begin the process of developing a business idea and creating a plan to start their own income-generating activity.

Income Generating Activities and Cooperative Management Training

In 2011, the AK team developed an advanced entrepreneurship curriculum for TVET students for the Workforce Development Authority (WDA) and the Belgium PAFP project. Further adaptations were made so that youth with lower literacy skills could access its content. This adapted curriculum became known as the “Income Generating Activities (IGAs) and Cooperative Management Curriculum.” Paired with AK’s WRC, it was implemented with all rural AK youth who entered the program from 2012 onward. As this curriculum strategically builds upon the content of the WR foundational training, urban-based implementing partners requested to be trained on this addendum curriculum so that they could also offer it to all urban youth. The IGA and Cooperative Management Curriculum covers the following modules:

Session 1: Getting Ready for Business

Session 2: Finding & Establishing a Good Business Idea

Session 3: Record Keeping & Financial Management

Session 4: Cooperative Management

STEP 2: MENTORSHIP

Youth graduate from AK’s work readiness training with the business skills necessary to start their own enterprise. However, given the challenging nature and inherent risk involved, individualized and group mentorship provides youth with access to the moral and technical support to overcome these barriers. Youth are coached in the following highly pertinent areas:

Market Analysis

During the conception phase of starting a business, AK entrepreneurship staff support youth in identifying what type of business they want to start, as well as help them to analyze the market to determine if there is enough geographical demand for the products or services they will offer. Through discussions, the youth entrepreneur and the AK entrepreneurship staff together determine if there is substantial existing competition for their business idea or whether they would be occupying a new niche in the market, both of which will ultimately affect the business’s viability.

“The challenge in the beginning is being afraid to take the risk. The key is overcoming that, and being confident in yourself to take the risk.” – Chantal, 27, sorghum beer producer

Business Plan Development

Business plan development is part of the AK's curricula. Additionally, AK entrepreneurship staff and savings and internal lending community (SILC) agents support youth in this area when requested in order to help them take a high-quality business plan to a financial institution.

Capacity Training

Recognizing the need for ongoing professional development in particular technical areas, AK's entrepreneurship staff offers various trainings that are particularly pertinent to youth entrepreneurs. Trainings that have been offered include these:

1. Business Tax Codes
2. Financial Management
3. Book Keeping
4. Income-Generating Activities Planning and Management
5. Savings and Internal Lending Communities Methodology

Trainings are offered based on the direct feedback provided by the entrepreneurs themselves, which ensures that they are relevant and purposeful.

Moral Support

Given the obstacles AK youth face and the unfamiliar nature of many of the processes of opening and running a business, AK staff provide continual moral support and encouragement to help keep them motivated when challenges arise. This helps foster resiliency that enables AK youth to use their problem-solving skills to find solutions that keep them moving toward achieving their entrepreneurial goals.

STEP 3: LINKAGES TO FINANCIAL MECHANISMS

SILC Groups

Before or after completing AK's WRC, many youth entrepreneurs were organized into SILC groups. Groups come together either on a weekly or monthly basis to solve problems, collaborate on businesses or other income-generating activities, as well as to pool savings to offer small loans to their members. SILC groups provide youth with access to capital to facilitate investments to both start and expand their businesses. Members possess shared objectives, which helps to provide them with moral support when challenges arise.

Currently, CRS supports more than 91 SILC groups with a total of 2,084 AK graduate members, which are also supported by AK Entrepreneurship staff. Additionally, several SILC groups have applied as a

group for a loan with a formal banking institution and used the loan to develop their businesses. The group dynamic is a more attractive client to banks, as it is less likely that the group will default.

SILC groups offer youth entrepreneurs a financial and moral support mechanism that helps them to overcome business challenges and barriers that arise.

Bank Accounts & Other Formal Institutions

According to *Financial Inclusion in Rwanda 2016* Report written by the National Statistics Bureau of Rwanda, 26% of Rwandans have a bank account with a formal institution. However, it reports there are significant differences based on geographical location, income, gender, age, and education levels.

AK's Financial Fitness module teaches youth how financial institutions work to give them an overview of the different financing options that exist as well as to inform of the benefits and risks associated with credit. Despite knowing the benefits of linkages to financial institutions, many youth continue to remain disconnected because of geographical and technical challenges.

AK Entrepreneurship staff encourage as well as assist youth in opening accounts in local commercial banks, microfinance institutions (MFIs), or with government-run savings and credit co-operatives (SACCOs) in order to begin the process of linking them to formal financial institutions. A history of proper financial management is required to be eligible for formal loans, and opening an account typically is the first step in the process.

According to a CRS study, 37.3% of AK graduates with income-generating activities reported that they had a bank account, and 12% had obtained a loan from a bank or MFI. There is a significant range in the amount borrowed by youth, with the largest loan size being 800,000 RWF², which was used to build a hairdressing salon, in comparison to the lowest amount borrowed, which was 10,000 RWF to buy agricultural seeds. The average loan size reported in the study was 500,000 RWF; however, a few significant outliers may have skewed this mean.

As part of the objective of developing a culture of savings among youth, AK entrepreneurship staff advise youth to use their accounts to save for future investments to expand their businesses.

Business Development Advisers (BDAs)

As part of the National Employment Program (NEP), which began in 2014, the Government of Rwanda created two positions in each sector to support local businessmen and businesswomen. While this support is outside of AK's programmatic model, AK entrepreneurship staff started referring

² 1 U.S. Dollar = 800 Rwandan Francs (RWF)

youth entrepreneurs to their local BDAs in the last year of the project as an additional support mechanism with specific local knowledge of markets and demand.

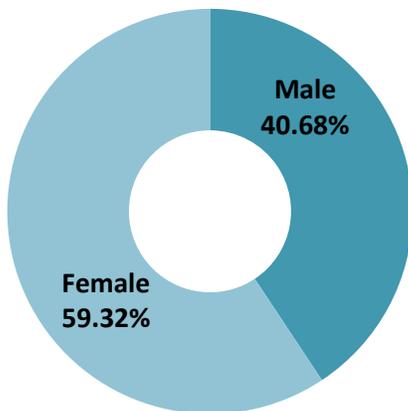
WHO ARE AK ENTREPRENEURS?

Within six months of completing AK’s work readiness training, all participants fill out a transition form that records their current employment status, including their primary way of making money. Youth select from five options: (1) working for an organization; (2) working for a cooperative; (3) working for a family member; (4) self-employment; and (5) not working at all. A total of 2,513³ youth have reported that they were self-employed. This represents approximately 31% of all AK graduates who reported finding employment. The following demographic section describes AK’s entrepreneurs across the following characteristics: gender, age, geographic location, and their economic sector.

Gender Distribution

More AK graduates who report being self-employed are female.

Figure 3: Gender distribution of AK self-employed graduates



As shown in Figure 3, gender parity among AK entrepreneurs was not close in that 40.68% are male and 59.32% are female. Significantly more females identify as self-employed in comparison to males.

³ This number is based on a project survey of a participant’s first economic opportunity within six months of graduation. It is a conservative estimate of the number of businesses started, as graduates may have started businesses after the survey, or graduates may not have listed their business as their primary income during the survey.

Age Distribution

AK entrepreneurs' ages ranged from 14 to 35 years old, and the majority of survey participants fell between the ages of 17 and 24 years old (see Figure 4 below). The median age for self-reported entrepreneurs was 21 years old.

The average AK entrepreneur is between 17 and 24 years old and resides close to Kigali.

Figure 4: Age distribution of AK graduates who report being self-employed

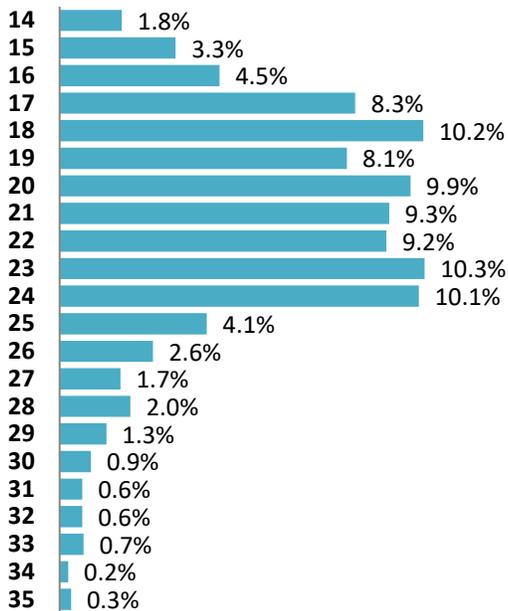
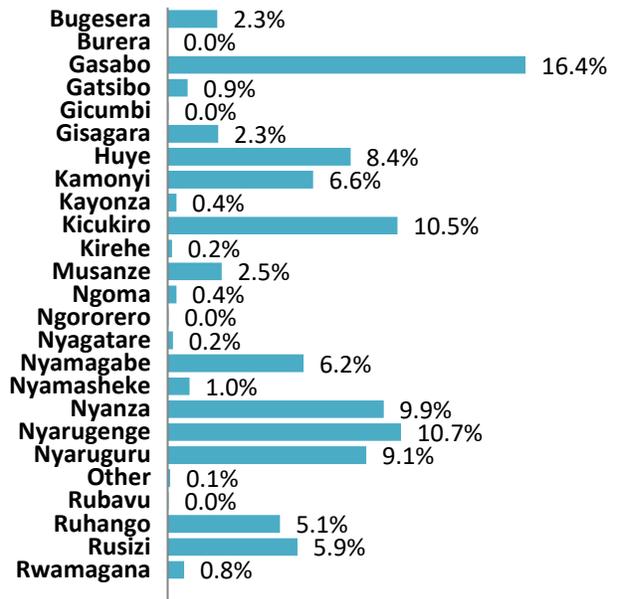


Figure 5: Geographical distribution of AK graduates who report being self-employed



Geographic Distribution

AK entrepreneurs represent 24 districts in Rwanda, with about 16% coming from Gasabo District and about 11% from Nyarugenge District, making up approximately one-fourth of all entrepreneurs (see Figure 5).

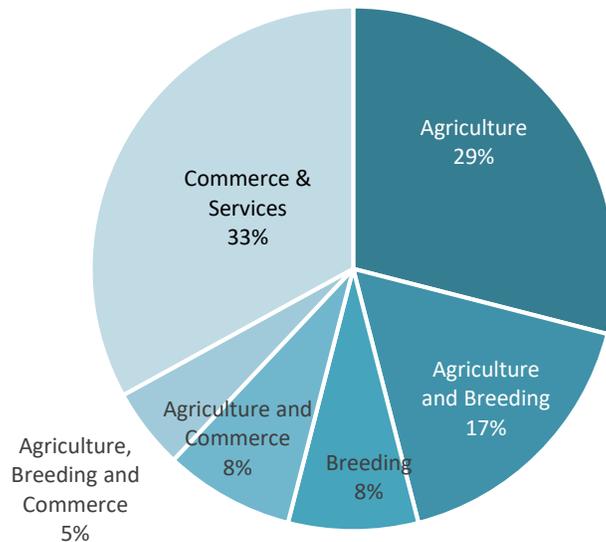
Distribution of Entrepreneurs by Economic Sector

In July 2016, CRS, an AK implementing partner, surveyed 91 SILC to reach 2,084 former AK beneficiaries. The survey gathered detailed information about AK graduates' income-generating activities. It found that 1,419 or approximately 68% of all former AK beneficiaries surveyed had at least one income-generating activity.

Given that Rwanda’s economy is still heavily based on agriculture, it is not surprising that the CRS survey found that the majority of AK entrepreneurs have some form of agri-businesses that includes breeding of animals, agriculture, and/or commerce (67%), signifying that this is where there is sufficient market demand. An additional 14% have services businesses, with the majority being bicycle-taxi, comprising 27.5% of all service businesses. The remaining businesses are classified as commerce-based, representing 19% of all beneficiaries who have businesses. Of these, the majority are small boutiques that sell household products, which comprise 25.5% of all commerce businesses. See Figure 6 for information on the economic sectors of AK entrepreneurs’ businesses.

The majority of AK entrepreneurs have agri-businesses.

Figure 6: AK entrepreneurs’ businesses by economic sector



Monthly Revenues

According to a recent study by CRS, AK graduates with an income-generating activity earn on average 71,000 RWF in monthly revenue. However, there is significant diversity in the range that entrepreneurs earn, with a maximum of 150,000 RWF per month and a minimum of 2,000 RWF. The significant variance in monthly revenue could reflect the various stages of business development that youth are in, or it could reflect the idea that some youth have income-generating activities that do not serve as their primary source of income. They could be full-time students or employed elsewhere but still record their side business as a source of income, no matter how small it is.

FINDINGS

The findings section is separated into sub-sections covering the key topics of the AK Youth Entrepreneurship Study:

1. **Barriers and Challenges for AK youth:** AK youth lack access to financing options that would allow them to choose a business that they desire, start that business, and expand operations once it begins to have success. They also find it difficult to locate the inputs they need as well as to obtain the moral support to overcome these significant barriers.

2. **Resiliency in a Challenging Environment:** AK youth employ a variety of innovative techniques in order to overcome the obstacles they encounter to starting and expanding a business. For example, youth take on an innovative entrepreneurial spirit that allows them to see community problems as an opportunity for a business to tackle. They also form SILC groups in order to gain access to capital to start and expand their businesses as well as to provide one another the moral support needed to remain resilient.
3. **AK's Coaching Model Positively Impacts Youth Skills Development:** AK WRC develops important financial management, interpersonal, and leadership skills that enable youth to graduate feeling prepared to open their own businesses. AK staff members support youth by facilitating linkages to financial institutions and by providing ongoing moral support. However, additional support is still needed to enable AK youth to reach their full potential.

BARRIERS AND CHALLENGES FOR AK YOUTH

Access to Finance

A lack of access to finance, especially to loans, appears to be the most significant barrier youth face in establishing and growing their businesses. According to a recent financial inclusion study, among the 10% of Rwandans who are self-employed, 39% cited "access to finance" as the biggest challenge they face. Youth are unable to obtain loans because they lack collateral, which is a requirement among MFIs, banks, and SACCOs in order to become eligible to apply. Additionally, Rwandans do not have a lot of trust in these organizations, which compounds the issue. Only 26% of individuals surveyed in the 2016 Financial Inclusion in Rwanda study reported they trusted banks in order to obtain credit from them. A lack of access to loans has three significant limiting effects on the capacity of youth to start a business:

1. **Youth lack the capital needed to buy startup materials to begin operations.** Janvier, a local BDA under the Government of Rwanda's NEP, argued that many youth have sound business ideas and the skills to make a business materialize, but because it takes time for a business to financially break even, many do not have sufficient initial capital to move forward beyond the conception phase. Either they begin their businesses and are forced to close down operations before profits begin to materialize, or they fail to begin at all. Since 2014 only two of the entrepreneurs he has advised have been able to secure loans from financial institutions. Sylvère, another local BDA, believes that there is a real need for youth to create their own jobs, especially in rural areas where there are a limited number of options outside cultivation; however, without access to capital very few youth are able to achieve this.

2. **Oftentimes resilient youth find a way to begin operations, but at a substantial delay due to financing limitations.** For example, Alphonsine, who runs a small tailoring shop in a market, found that she lacked the capital to buy the materials to begin her business. It wasn't until she joined a SILC group and began saving that she was able to start operations, but with a sufficient delay between when she desired to start and when she was financially able to. Fabian, who runs a small hardware store, found that initially he could only purchase a few items. Clients would come in search of items that he did not have the capital to purchase, which limited his ability to develop a loyal customer base.
3. **Youth cannot invest in machines that would allow them to scale up their business.** Jean Baptiste, a tofu and soy milk producer, articulated how if he had a special processing machine, he would be able to increase production and efficiency as well as to improve the quality of his soy products. It would also allow him to start producing soy-based oil. Yet, because he lacks collateral, he has been unable to purchase it.. Veronique, who runs a local knitting business, travels an hour each way, twice a week, to use someone else's machine, which she rents for a premium fee. Without the means to purchase her own machine, she is limited in the number of orders she can take and the number of students she can commit to teaching.
4. **Youth are limited to businesses that require little initial investment rather than the ones they desire.** Betty, who sells fruits at a local school, would like to open her own shop in a nearby urban area. However, without access to collateral and consequently loans, she has been unable to secure the financing to buy the inventory needed to run a shop. Therefore she has been limited to selling fruit, which—due to the frequent fluctuations in prices and her inability to grow all the fruit herself—does not provide the income stability she desires. Fabian had always dreamed of opening and operating a hardware store in his community, as he saw that many vehicles could not find the repair materials they needed close by. However, he initially began as a tomato cultivator, as it required less money to get into. After he had acquired enough savings from the sale of his tomatoes, he opened a little boutique shop selling small things. There was already substantial competition from several boutique stores located in his community, but over time he gradually saved enough to finally open his hardware business.

Additionally, even after youth own a thriving business, without tangible capital they still are unable to obtain loans. Innocent, a SACCO manager in Nyamagabe District, articulated that oftentimes he has

seen and evaluated a business to be a sound investment; however, if he gives these businesses a loan without their having tangible capital, he oftentimes find himself in trouble.

Without access to finance, AK youth are severely crippled in their ability to initially start a business and to scale up operations once it has become successful. Over time this stifles the expansion of private sector business and reduces its ability to absorb youth into productive and meaningful employment opportunities.

Case Study: Veronique, Knitter in Huye District



Sitting inside her family's home in Huye District, about three kilometers away from the main road, 21-year-old Veronique recounts her dream of opening a small knitting workshop in her community where she could continue to teach people how to knit. She lights up as she describes how it will look and how it will impact her life and those in her community.

Without access to collateral, Veronique has been unable to buy her own machine. She applied for a loan with Banque Populaire du Rwanda but was quickly denied. Therefore, several times a week, she travels an hour each

way to another woman's house to rent her machine. Oftentimes she has to turn down orders and people who want to study knitting if she knows she will not be able to access the machine in time. She knows her business will not be able to expand without access to her own machine, yet she continues to remain optimistic for the future.

Originally Veronique learned how to use sewing machines in a one-year course after dropping out of secondary school after completing Secondary 2. However, she soon realized that a sewing business would not be very profitable, as many people already knew how to sew. Demand would not be sufficient to sustain a business. One day, her aunt came to visit her and told her about this wonderful knitting machine she had seen someone using. Knowing Veronique was talented at sewing, she convinced her to try to learn how to use it. So with her father's support, Veronique took a small loan and went to the Eastern Province to study for three months. Veronique loved it; she found it relatively easy, since she knew how to use a sewing machine already. Most people in her course were disabled; she loved that this was something they could participate in and learn to do well. After finishing her course, she returned home, but she was unable to start her business without a machine. After 10 months, she found a woman who had a machine that she could rent.

Slowly, she began knitting small things for people. As time passed, more and more people were asking her to knit things for them, and many wanted to also learn how to knit. New mothers want woven caps for their babies, and primary school students need pullovers as part of their uniform. As there are no other knitting businesses in her community, her enterprise fills a niche market, which she believes has a lot of economic potential.

Veronique demonstrates how a lack of access to financing options can limit the potential of a business and ultimately a person. Yet, Veronique was resilient and found a solution. It was neither perfect nor convenient, but so far it has enabled her to become financially independent. Veronique is part of one of AK's SILC groups and saves a little each week. She hopes in time she will save enough to buy her machine so her business will begin to flourish.

Access to Business Inputs

For many youth entrepreneurs, especially those located in rural areas, a lack of easy access to inputs negatively impacted their businesses' ability to grow. Particular constraints expressed by youth were a lack of access to (1) transportation, (2) physical space to operate from, (3) packaging materials, and (4) consistent electricity.

1. **Transportation:** Edison articulated that getting supplies for his decoration business meant traveling to urban areas, which was oftentimes costly and time-consuming. This reduces the quality of the services he is able to provide for weddings and other ceremonies. Similarly, without transportation, Pierre is limited to selling his sambosas in his local community. He has had to turn down several markets and the possibility of selling in urban centers, which have significant potential for increased revenues, because he cannot get there. Chantal, who makes sorghum beer, wants to take advantage of the cheaper prices for sorghum in Kigali markets, but because she lacks transportation she is unable to get there. She must buy locally at inflated prices, which reduces the profitability of her business.
2. **Physical Space:** An additional limiting factor that youth oftentimes face is a lack of access to affordable space to provide their service from. Isabelle, who sells rubber shoes and underwear at a market stall in Gahanga, detailed the high entrance costs she had to pay in order to find a space. She explained that you first have to pay the previous tenant between 150,000 and 200,000 RWF and then a monthly rental fee of 10,000 RWF to keep it. Fortunately, Isabelle had been a responsible member of a local SILC group and therefore she was able to take a loan to pay for it. Many youth who are just beginning to start a business, however, are unable to do this. Pascasie, who runs a local early childhood development (ECD) center, additionally articulated that a lack of access to affordable space in her community has limited her ability to expand her business beyond one class of students. She has enough demand from parents for additional classes but has had to turn them away while she finds a solution.
3. **Packaging Materials:** Because of a nationwide law prohibiting the sale of plastics in Rwanda, there are limited options for reasonably priced packaging materials. This has forced Jean Bosco, who owns a company that produces nutritious food for infants (Panovita), to import them from abroad, which has significantly increased costs. In order to continue to make a profit, he has had to increase prices, which he worries will reduce demand and limit his growth potential in the future. Jean Baptiste, who produces tofu, faces the same obstacle; without access to plastic bags, he has been forced to purchase a more expensive alternative. Of self-employed adults, 21% also

reported that a lack of access to resources was their biggest challenge, demonstrating the widespread nature of this challenge for entrepreneurs.

4. **Reliable Electricity:** Particular machine-reliant businesses require access to electricity, which can oftentimes be inconsistently supplied in Rwanda and especially in rural areas. Both Jean Bosco, who owns Panovita, and Edison, who runs a decoration business, articulated the challenge that this creates for their business potential.

Regular and affordable inputs are necessary in order for businesses to develop a dedicated client base and to produce their products. Logistical barriers in Rwanda prevent access and continue to challenge entrepreneurs' abilities to begin and expand their businesses.

Case Study: Jean Baptiste, Tofu Producer in Nyanza District



From within Jean Baptiste's bustling morning canteen, he describes how his businesses began. During secondary school, he lived with a family who made its own tofu. He learned from this family how to make it and also saw that a lot of Seventh Day Adventists in his community also ate tofu. Before AK training he did not have a job but would work odd jobs here and there, spending his money as soon as he got it. During the training, Jean Baptiste managed to save some of the transportation money he received, which he used to begin his tofu and soy milk business in 2014.

He began making the tofu at home, borrowing most of the materials from the original family who taught him how to make it. This was not ideal, as the visibility to clients was not ideal. However, in time, people learned of his business and he began to develop a loyal client base. Now, several years later he owns a canteen that prepares breakfast, lunch, and dinner, as well as a tofu and soy milk business that makes products he sells at Nyanza market. He employs three others to help him run his businesses and is happy with his success.

When asked about his vision for his business, Jean Baptiste ran to grab two pictures of machines he wants to buy. Carefully he explained how the machines would help him expand production, allow him to start making soy-based oil, and improve the quality of his products. One of the machines is very expensive at 3 million RWF, but it makes and shapes the tofu in bricks. It also makes soy milk and soy oil. Knowing that financing is hard to come by, Jean Baptiste outlines his plan B. Two cheaper machines: one that shapes the tofu and another that helps make the soy milk.

With support from AK staff members, Jean Baptiste has been connected to an MFI, Union of Savings and Credit Cooperatives Umutanguha (UCU). He was able to secure a loan to expand his business. However, **his biggest challenge that he has not yet found a solution to, is the lack of affordable plastic packaging materials for his tofu.** A law prohibiting the sale and use of plastic bags in Rwanda means that he is forced to buy expensive imported ones, which he worries will not be good for business.

Encouragement

Given the challenging environment that entrepreneurs face, youth need a community of support to help keep them motivated when problems arise. Pierre explained that he wanted technical knowledge specific to food production but had had a difficult time finding such opportunities. Feeling defeated, he found he needed someone to offer him advice and encourage him to keep pushing forward. Alphonsine reiterated a similar challenge; before joining AK she had a hard time finding a support network that would ensure she would not feel alone in her struggles. Janvière, a NEP BDA,

empathized with his advisees, articulating that they need constant visits so he can hold their hands and provide them the confidence to persevere. He advises youth to work in groups to start businesses, which he believes helps them through their shared experiences, motivations, and skills.

Climate Change

Given the changing planet on which we live, there are increased risks associated with a reliance on agriculture for one's livelihoods. Innocent, a local SACCO manager in Nyamagabe District, explained that many individuals who start agri-businesses have strong business plans in place, and yet the weather changes unpredictably and they lose their livelihoods. Oftentimes, they have borrowed in order to buy inputs like seeds or fertilizers, he continued, and they are unable to pay back, which will limit their ability to obtain loans in the future. Recent data from the National Institute of Statistics *Financial Inclusion in Rwanda 2016* Report support this idea. It found that on average among the adult population surveyed, in the last 12 months, 63% had suffered from crop failure or livestock loss.

Betty, Fruit Seller in Nyanza District



Soon after completing AK WRC, and after joining a SILC group, Betty thought of starting a business to sell avocados. In her small community in Nyanza District there are lots of schools, and lots of students love to eat avocados. She determined that there would be a lot of demand and so it sounded like a profitable plan. **Given the fact that she lacked startup capital, and that she knew this business idea only required a little, she found it be a realistic goal for herself.**

She took out a loan from her SILC group and used it to rent an avocado tree. She did not want to wait for a tree to mature to bear fruit, so she rented a mature one from someone she knew. Using the money from the sale of her avocados, she was able to reimburse her SILC group and rent a second avocado tree. She began selling at a local market on Tuesdays and Saturdays and at a secondary school, Lycée de Nyanza, every other day.

CRS offered youth some materials to start a canteen. She used the few chairs and a table to open her business near a primary school. However, after a short while, she realized she was not getting enough profit from it to break even. Therefore, she decided to divert her attention back to her fruit business, adding bananas to her stock.

While her business is profitable, she does not have access to her own land, and therefore is forced to rent trees and buy bananas from others. This means **her income is subject to frequent price**

fluctuations and relies on the quality of the harvest of her suppliers, which does not afford her much stability.

Smiling, she shares her dream of opening a big shop in Ruhango, Gitarama, or Nyanza district. In these bigger towns, she believes there are more clients, which will allow her to increase her profit. Applying the financial fitness skills she learned through AK's WRC, Betty saves through her SILC group and through an account in a local SACCO. Using a combination of income streams from her savings, the profits from her fruit business, and from rearing pigs and goats, she believes she will be able to make this dream a reality.

RESILIENCY IN A CHALLENGING ENVIRONMENT

Despite facing tremendous barriers entering into business and then significant subsequent obstacles to expand once they have started, AK youth entrepreneurs demonstrate resiliency and find solutions that allow them to become successful business owners. They use the lessons learned in the WRC and apply them to their businesses to overcome challenges and innovate to scale.

Entrepreneurial Mindset

In order to be successful, entrepreneurs must possess an innovative, problem-solving, and passionate spirit that enables them to be resilient to the obstacles they encounter.

AK entrepreneurs see the economic potential in using their businesses to address community problems. In AK's WRC, youth learn the basics of the business development cycle, which includes a discussion on developing a business idea. Fabian, seeing that an inability to repair broken motos was limiting the transportation options in his village, felt inspired to start a hardware business that would supply parts. This would make it easier for motos to travel to his village and in turn provide much needed access to transportation to other villages. Pascasie saw there was no school available for young children in her community, and so given her background training and experience in ECD, she knew that she could help address the need by opening her own ECD center. A lack of available nutritious food for infants inspired Jean Bosco to begin a business that would offer such products for Rwandan infants: Panovita. Over several years his business has grown exponentially with average annual sales of 150 million RWF and average annual profits at 7 million RWF, which has allowed him to hire 18 additional youth for staff operations.

AK entrepreneurs use lessons learned to improve their businesses in the future. Preparing for unexpected expenses and effective business planning are topics, explored in the AK's Exploring Entrepreneurship module, to help facilitate reflective and analytical thinking skills. After two failed businesses, Pierre decided he should offer free trials of his sambosas in order to spread the word of his business and to attract a loyal client base. Now, he employs six additional youth to help him make enough sambosas to meet daily demand. Initially, Fabian would allow customers to purchase items from his boutique on credit, which oftentimes were not repaid. He said he learned from this challenge, as it forced him to make better choices about whom to sell to, and overtime clients began to get used to his high expectations. Now customer repayment is no longer a significant obstacle.

“Do not be afraid of starting something. Be confident in everything you start. Create an honest business and what counts is what you get at the end of the day.” – Pierre, 25, sambosa business

“No matter where you start from, love whatever you are doing as it motivates you more when you know that your start is the one shaping your target.” – Fabian, 24, hardware store owner

AK youth are passionate about their businesses and the goals they wish to achieve. Identifying values and personal beliefs is the first lesson in the Personal Development module in AK's WRC, which helps youth self-identify what they are passionate about achieving. Pascasie, who runs a local ECD center, said that during her vocational training she became passionate about educating young kids. When she initially did not get the parental support she had hoped for, her passion drove

her to hold community meetings and to seek out the support of local leaders in order to proactively mobilize the community behind her cause.

AK graduates know how to set and pursue their goals. Setting and pursuing goals is one topic tackled in the Personal Development module of AK's work readiness training, which helps youth to make realistic goals and to identify the piecemeal steps needed to achieve them. According to Janvière, a local BDA, youth who have completed AK's **WRC** have changed their mindset. They seem to know what they want to achieve and how it can change their lives, and that motivates them to work toward it relentlessly. Chantal, a successful local sorghum beer maker, shared her view on youth who are not AK graduates. She said a lot of youth do not think about saving to start a business; they simply cultivate crops a little. They also can dream too big and do not set small achievable goals that will lead them to be successful.

AK entrepreneurs demonstrate substantial grit that allows them to overcome the substantial challenges they face to find success in their businesses.

Slyvère, NEP BDA in Nyamagabe District



Sitting in a dusty, unused classroom at a local secondary school, where Slyvère is the head of discipline, he describes his role as a local business adviser under the Government of Rwanda's NEP. The NEP has the goal of creating 2,000 jobs per year through the creation of small businesses.

A local bar owner himself, he received training from the government to become a business adviser. Now, he advises around five people per month, mostly men who mostly own local

boutique and agri-businesses. After meeting Chantal, an AK graduate who owns a local sorghum beer making business, they decided to start their own SILC group. He offers her advice on how to improve her business plan and to develop a client base by not running out of supplies and by creating a clean, comfortable place for customers to enjoy her products.

Seeing Chantal's financial management skills, their SILC group nominated her to be its secretary to keep track of all the transactions that take place. Slyvère describes her as a courageous woman, who has worked hard to accomplish her dreams.

Impressed with the skills and drive of Chantal, Slyvère believes that AK should partner more closely with BDAs in the future. Given his close proximity to the youth, and his contextualized knowledge of markets, he believes a partnership would allow more youth, like Chantal, to get the support they need to be successful.

Innovative Solutions to Gain Access to Capital

Without collateral, youth entrepreneurs do not have access to the capital they need to begin operations or expand into new markets. At the same time, they need a community of support that encourages and advises them when they encounter obstacles. SILC groups serve both of these important purposes, and thus have enabled many AK youth to ultimately have the tools necessary to run successful enterprises.

Through AK's Financial Fitness module, youth graduate and begin SILC groups already understanding the importance of savings as well as having a clear goal in mind of what they want to achieve with their savings. Once formed, groups also receive training on SILC methodology, which fosters trust among the group's members as well as sets clear policies and procedures to guide the group's development.

According to the 2016 Financial Inclusion in Rwanda report, 86% of Rwandan adults save, and yet only 15% have access to formal credit. Fifty-four percent of Rwandan adults belong to informal savings groups, such as AK's SILC groups, which helps to fill this gap in access.

SILC groups offer youth the essential startup capital needed to begin their business. After joining a SILC group, Betty used her share to rent an avocado tree. She used the money from the sale of her avocados to reimburse the group and the leftover profits to rent an additional avocado tree and to buy bananas to sell. Needing a space to sell her rubber shoes, Isabelle used a loan from her SILC group to pay the initial payment for a stall in Gahanga market. She is grateful, she explained in an interview, as she had no collateral and without the SILC group loan she would not have been able to get it. She is now a proud member of two different SILC groups.

Overtime, SILC groups help youth to acquire assets and diversify their income streams. Fabian initially started getting small loans from his SILC group to expand his business. Demonstrating his ability to responsibly pay back loans, he secured a loan from a local SACCO and used it to buy land. After repaying that loan, he used the dividends from his SILC group to build a house on his land, so he no longer has to rent a space for his business. After taking several small loans to purchase fruit trees, Betty decided to invest her next SILC loan in purchasing a goat and pigs to produce piglets to sell. Diversifying her income-generating activities will reduce risk against poor climate conditions, as she now has an alternative source of income to protect her livelihood.

Case Study: Uwera Pascasie, an ECD provider in Gasabo District



After graduating high school, Pascasie could not find a job. Fortunately, she was admitted into an ECD training program, where she discovered her passion for working with children. Combined with the work readiness skills she gained from AK, she was eager to start her own ECD center.

She received some start-up materials from the project that trained in ECD and had received permission from the local authorities to operate within her sector. Yet there was not sufficient demand from local

families. Unwavering in her determination, she went out into the community to mobilize support. She visited the homes of some of the children she thought would benefit from the program and attended community meetings to announce her intentions of opening a center. Her work paid off, and 15 children were enrolled by their parents in the first year.

This year she has 22 students in her class, who each pay 10,000 RWF a month, which has allowed her to hire an assistant to help run the administrative side of the business. Due to the limited space, however, she has had to turn down many applications, but her vision is one to have a center with three different classes per age group. She'd like to be able to offer classes for three, four and five year olds and additional employment opportunities for teachers who are just as passionate as she about the importance of early childhood education. Moving forward, she hopes to be able to secure a loan so she can make her vision a reality.

AK Businesses Positively Impact Their Community and Create Employment

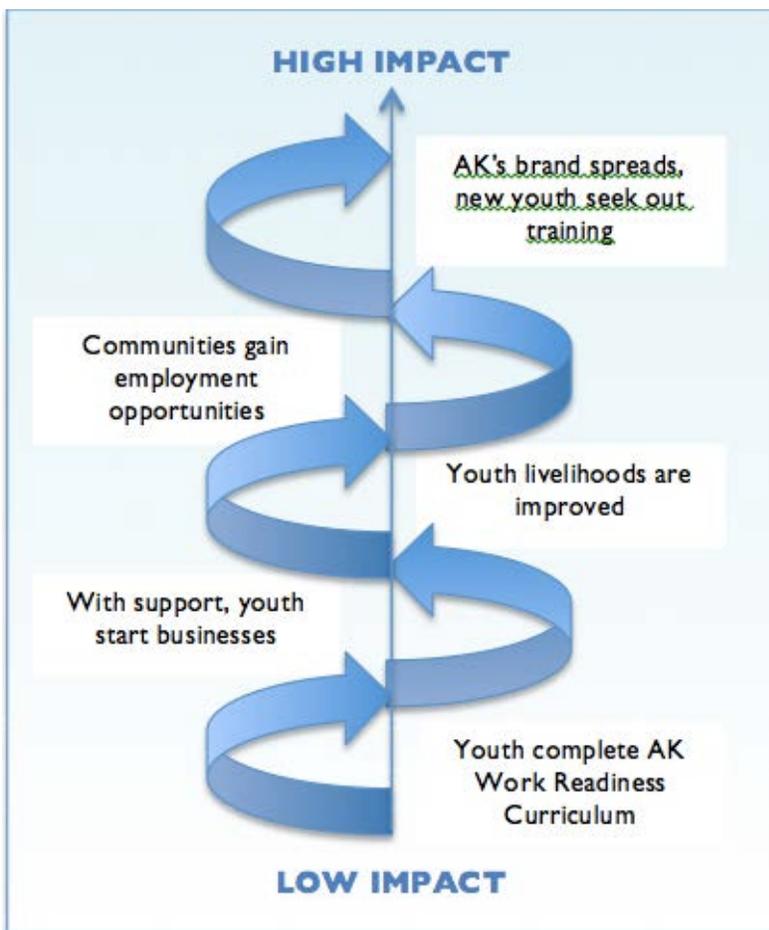
AK youth positively impact their community by employing other vulnerable youth to help operate their businesses.

According to a recent CRS study, 216 income-generating activities run by AK graduates were found to have at least two permanent staff, indicating their capacity to create additional employment opportunities for others. For example, Pierre, who is a youth leader in Butare, remains in tune with the social needs of his community. He employs the poorest youth in his neighborhood as salesmen and saleswomen. Additionally, Jean Bosco, of Panovita, employs 16 additional youth to help run his nutritious infant food business, and he hopes it will continue to expand in the future, allowing him to hire more.

AK youth build capacity among their employees and in their community. For example, Veronique teaches knitting to others in her community who desire to learn the skill or to start their own business. Pierre offers another unique example, as he offers his employees on-the-job training and has helped coach them through starting their own SILC group. Everyday at the end of selling, he explained, the employees gather together and see how much money was made. The employees keep 50% of their earnings and give one youth the remaining 50% as a loan to invest or to save. Everyday, they rotate who receives the additional cash. Nelson, a cybercafé owner in Kigali, also employs two additional people to help him run his business. If they need help with anything, as a group they all work together as a team to find a solution.

Pierre and many other AK youth do not only improve their own livelihoods through their businesses, but strive to positively impact their communities as well. See Figure 7 for more information about AK's Community Impact Model.

Figure 7: AK community impact model



AK'S ENTREPRENEURSHIP SUPPORT MODEL POSITIVELY IMPACTS YOUTH SKILLS DEVELOPMENT

AK's Training and SILC groups Prepare Youth to Start a Business

Overwhelmingly, youth who were interviewed claimed that after completing AK's work readiness training, they felt confident they had practical skills to start their own businesses.

An engaging teaching methodology enabled youth to easily apply concepts to their businesses. According to Jean Baptiste, the training was interactive, which allowed him to understand different scenarios that may arise in operating a business. Fabian appreciated how games were used that made the training both fun as well as easy to understand. Each module ended in an activity that was supposed to mimic a real-life business experience, so Chantal said she felt like she knew what to expect when opening her own business.

"68% of former AK beneficiaries have income-generating activities and 93.5% of them were reported as running well." – Catholic Relief Services follow-up study for EDC

AK's WRC and its SILC groups teach youth know how to responsibly manage their finances. Youth complete an entire Financial Fitness module through AK, which supports the development of a culture of savings and teaches budgeting, record-keeping, and a variety of other financial management skills. Clarisse, who owns two pharmacies that sell animal medicines, employs other AK graduates as her sales staff. Knowing that they have completed the Financial Fitness module, she said she was not worried about them mismanaging the store's money. She was confident that they would maintain the appropriate sales records and not use the revenue from sales on non-business-related stuff. Alphonsine learned through the training to use the profit from her tailor shop to reinvest in materials and supplies so that the business will continue to grow.

According to Innocent, a SACCO manager, when AK entrepreneurs come to him in search of loans, he can tell there is a difference in their skills. He explained that they already are a member of a savings group, had given loans to one another, and learned how to pay back loans well. This makes it easier for them to get loans, as they have a history of good financial management skills. When he visited four AK youth, he saw, had the appropriate records and took their loans seriously, he explained, and they use the money for the right purposes: to grow and expand their businesses. In AK training, Isabelle learned how to record all her sales and costs in order to calculate a business's profit, which she uses with her own business to determine her own wage. She also learned the importance

of separating her personal income from her business's income to ensure that enough profit is reinvested to maintain the viability of the business..

AK youth know how to save in order to reach their goals. Before AK training, Pierre thought that he did not have enough money to save anything. But after going through the Financial Fitness module, he realized that even with a little money, he could learn to save; in time it could grow to be enough to start a business. Chantal expressed the same sentiment; she stated that before AK she did not know how to save money. However, today after several successful years running her sorghum beer business, she has saved enough to buy a piece of land and plans to use it as collateral to get a loan from a local bank.

Youth also learn how to save together in SILC groups to increase their access to capital. According to Slyvère, a local BDA, youth can reduce individual risk by joining groups and taking a loan together; it shows more responsibility, as the group dynamic motivates youth to contribute to the group's savings; and it pressures them to be responsible. Anathalie, who works with CRS, agrees. Groups provide social collateral in that the pressure and high-risk stakes dynamic that forms within a group helps to ensure that no one particular member defaults on his or her responsibility to repay. In her experience, she has found that institutions oftentimes accept social collateral, which has enabled youth to obtain group loans instead of individual ones.

AK youth have strong interpersonal skills. For example, Betty, knowing the economic potential of selling her fruits at a local school, convinced a school guard to allow her in without disturbing anyone. She also learned how to communicate what she had learned in AK training to her friends so they too would be able to set goals and achieve them. Customer Care, a lesson within the Interpersonal Communication module in the training, taught Chantal how to treat customers in such a way that would set her business apart from her competitors. This enabled her to develop a loyal client base..

Both AK's WRC and SILC groups help youth develop leadership skills. Learning how to cooperate and effectively communicate with others is one lesson within the Interpersonal Communication module that helps youth develop leadership skills. As a participating member of six different SILC groups, Pierre had the opportunity to become president of both an alumni group as well as one of the SILC groups, which started in 2015 with the help of Constantin, an AK staff member. Chantal was selected as the treasurer of her local SILC group because the group saw that she had the financial fitness and strong bookkeeping skills to maintain the records necessary for the group to be successful. Additionally, Jean Bosco decided that a good leader should solicit input from his employees, so he decided to create a decision-making team to help him make important business decisions.

AK's work readiness training develops a broad set of soft interpersonal skills as well as the specific technical skills that youth need to be able to manage a business.

AK's Entrepreneurship Coaching Model Facilitates Financial Inclusion

AK staff members encourage and support youth to gain access to a variety of different financial services including both (1) bank accounts and (2) loans with formal institutions.

1. **Access to Bank Accounts:** According to a 2016 Financial Inclusion in Rwanda Report, produced by the National Institute of Statistics of Rwanda, only 26% of adults in Rwanda have a formal bank account. However, according to a CRS study of AK youth with income-generating activities, 37.3% had their own bank account. Most youth who were interviewed had either opened accounts with a local SACCO or with a local branch of Banque Populaire du Rwanda. Most reported using their account to deposit their personal savings, usually on top of what they also saved with their SILC group. Alphonsine explained that before AK she did not save that much; now with her SACCO account, she deposits money regularly. She believes that the support she received that led her to open a SACCO account was the most valuable support she received from AK team members.
2. **Access to Loans:** According to CRS data, 12% of AK graduates who have a bank account have received a formal loan from a financial institution. While at first this appears low, a 2016 Financial Inclusion in Rwanda Study similarly found only 15% of all Rwandan adults had borrowed formal credit. The CRS study also found that loan sizes ranged from a small 10,000 RWF to buy agricultural seeds, to a maximum of 800,000 RWF to build a hair salon. The average amount was 500,000 RWF; however, it is possible that a few outliers may have positively skewed this mean.

AK team members linked Jean Baptiste to UCU, one of AK's implementing partners, which is also an MFI. Through that connection, he was able to secure a loan that was invaluable to his ability to develop his business. Together with other members of her SILC group, Chantal was able to secure a loan of 1 million RWF from a local bank. Constantin, an AK entrepreneurship staff member, also made this connection possible.

Through facilitating connections to financial institutions, AK team members have created new champions that believe in the economic potential of AK graduates' businesses and their responsible financial management skills.

AK Staff and SILC Group Support Boosts Self-Confidence among Youth

In the majority of interviews conducted for this study, youth expressed the importance of having a network of support to remind them that they were capable, which they believed help to facilitate their success.

Alphonsine shared that through working in groups and with AK staff, she learned how to love her business, which kept her motivated and committed to developing it. Veronique agrees; she has learned to love her job despite the challenges she faces.

Donatien, an AK staff member, calls her to see how she is doing. Staff members offer her advice, which encourages her to keep going. Similarly, through trainings and coaching sessions, Edison learned how

to manage people and market his business. Seeing the success of his peers gave him the confidence that he too could be successful.

For Jean Bosco, visits from AK staff kept him accountable. At meetings they would discuss ideas of how he could improve his business, and then they would follow up to see if it had been implemented. It helped him learn how to set goals and follow through to achieve them.

Pierre and his SILC group were committed to opening a bar/resto as a group and therefore decided to visit another AK graduate, Regis, who makes mandazi from sweet potatoes for his bar/resto. Regis described his challenges in opening and running his own bar/resto, which helped Pierre and his SILC group to learn from his lessons so that they can adequately prepare for the similar challenges they may encounter. Pierre articulated what this cross-collaboration within and between SILC groups had taught him: in groups you can achieve things that individually is simply not possible. The support the group dynamic offered him kept them motivated to save toward achieving this goal.

Anathalie at CRS believes working in groups helps youth to build trusting relationships that support one another, while at the same time offering them a method of acquiring capital.

"I know that I have people behind me who believe in me. This encourages me and helps me continue my business." –Alphonsine, 29, tailor

LESSONS LEARNED

Provide Advocacy and Startup Capital

A lack of collateral still prevents youth from accessing formal financial institutions. The fact that only 12% of bank account holders were able to obtain loans from official financial institutions attests to the challenges that this still poses for those trying to open their own business. In the short term, **it may be necessary to provide youth with a small amount of initial capital in order for them to be able to begin operations.**

However, this should not be at the expense of working toward a longer-term solution. **A significant amount of advocacy work is needed to create a more supportive financial environment for entrepreneurs.**

Utilize a Local Approach to Mentorship

Utilizing a more localized approach could improve the consistency and effectiveness of youth mentorship by removing logistical complexities. CRS provides an effective model to possibly adapt. Its public service providers are selected by youth and live in the same communities as the youth they serve. This helps to facilitate more consistent communication and to ensure that the adviser is knowledgeable on local market demand. They receive training in SILC methodology and entrepreneurship so they are able to give meaningful advice to youth. The field agents are typically local businesses owners or farmers who have time and are keen to serve their community. Additionally, it appears this arrangement facilitates data collection efforts, as field agents are much more attuned to where youth are located and to the best way to communicate with them. According to Anathalie, many field agents remain in touch with youth today and are still located in their communities to continue to provide support. CRS's Public Services Provider model serves as an alternative method that could improve future programmatic design.

Provide Support to Groups

Given the large number of youth who start businesses and who need support, **it is more manageable to provide mentorship to groups of youth**, such as through the medium of SILC groups rather than on an individual basis. For this reason, CRS encourages youth to form their SILC groups prior to receiving work readiness training, as it helps them build trust as a group early on and keeps them together longer. This enables CRS to provide consistent support to the groups.

Take Advantage of Existing Support Systems

Since AK began implementation in 2009, several alternative support systems facilitated by the government and private sector institutions have materialized. The GoR has local BDAs stationed in each district nationwide, and there are a significant amount of SACCOs located in close proximity to youth. **Building upon the support that local BDAs and SACCOs offer and working in partnership ensure that more youth receive the services they need to run successful businesses.** Partnerships are mutually beneficial, as AK receives local input and contextualized support to provide to youth while reducing the logistical complexities they face, and at the same time local SACCOs and BDAs receive more clients. Given the complementary nature of each program's objectives, to facilitate the creation of small businesses, future projects should coordinate their efforts more succinctly to ensure maximum impact on youth.

Peer Visits Facilitate Information-Sharing among Youth

When youth were asked how AK could improve its support mechanisms, many youth reported that they **would like to be able to visit other SILC groups and other youths' businesses. By visiting them they learn from their successes and challenges, which helps improve their own business planning.** It also offers an additional source of encouragement that positively impacts their esteem and drive. Incorporating this type of cross-collaboration in the project's programmatic design and implementing it early on will help facilitate positive youth outcomes.

Access to Specialized Technical Training

Several youth mentioned in interviews their desire for specialized technical training that pertained to their business. They believed it would help them improve the quality of their services and expand their business. Anathalie, of CRS, likewise articulated that training on a particular technology or a machine could help to facilitate the specialization of youth businesses and to enable them to efficiently scale-up their operations. Incorporating a technical skills training component or linkages to similar businesses that are already specialized could provide youth with the additional support and network they need.

Facilitate the Creation of Markets

Youth need access to markets to sell their products. However, sometimes in rural areas, there may not be a suitable market within reach for youth to take advantage of. For example, in the Eastern Province, youth who made woven baskets complained that there was no market to sell their baskets. Similarly, youth who were trained in early childhood development, found upon graduation, there was not a sufficient market in many rural areas for early childhood centers. A lot of effort was put into mobilizing parents and the community to convince them of the benefits of enrolling their children. **Providing youth and communities with support to establish their own markets or gain access to businesses may be an important factor to include in future programmatic designs.**

CONCLUSION

Despite the environmental and financial barriers that AK youth face in opening and expanding their businesses, they remain resilient. They utilize innovative solutions to overcome these barriers to run successful businesses that not only improve their own livelihoods but also positively impact their communities. They develop instrumental business skills through AK WRC and apply them on a regular basis. While they receive moral and financial support from their SILC groups and mentorship from AK staff members, significant barriers continue to prevent them from reaching their full potential. Significant advocacy and programmatic work continues to be needed to facilitate the creation of an inclusive and accessible financial environment that more easily allows youth to successfully open their own businesses and impact positive change in their communities. As Rwanda's young population begins to enter adulthood, addressing these underlying systematic barriers will become crucial to enable small enterprises to effectively absorb these youth into meaningful employment.

APPENDICES

APPENDIX A: METHODOLOGY

A predominantly qualitative evaluation design was chosen, supported with quantitative data from the project. A diverse group of youth who represent both urban and rural areas, men and women, different types of businesses, and youth aged 14–35 were non-randomly selected by program staff to be interviewed by monitoring and evaluation (M&E) professionals. Several financial institutions, BDAs, and implementing partners were also interviewed to give alternative perspectives into the project’s impact. Patterns and trends that emerged in interviews were analyzed to assess the impact of various aspects of the support offered. Finally, quantitative data gathered by EDC and CRS, and data from the follow-up to the 2014 RCT were also included to corroborate information gathered in interviews. Qualitative data collection took place in August and September 2016, and the quantitative data collection spanned from July through September 2016.

Data Analysis

1. **Qualitative data** were analyzed using thematic analysis based on the themes in the research questions. Patterns and themes were identified through a systematic review of the *Youth Interview Guides*. Statements or ideas that appeared frequently are synthesized throughout this entrepreneurship report.
2. **Quantitative Data**
 - A. **AK Database:** Simple descriptive statistics outlining the frequency of particular demographics of AK youth entrepreneurs were utilized using Excel.
 - B. **2014 RCT Follow-up Data:** The data collected through the externally conducted RCT follow-up were analyzed using Stata, utilizing standard statistical methods. Descriptive statistics as well as mean differences tests explored the key differentiators between AK entrepreneurs and non-AK entrepreneurs across various demographic and financial well-being variables. Central tendency analysis (e.g., mean, median) was conducted for continual demographic variables.

All findings included in this report are statistically significant at the $p < .05$ level.

Limitations

1. **Qualitative Data**

- A. **Sampling:** Because non-probability sampling was used, no generalizations about impact can be made beyond those interviewed. Interviewees can oversimplify or exaggerate the situation. EDC staff who were most familiar with the program advised the researcher on appropriate interviewees so as to accurately illustrate some nuances of the AK program. Furthermore, interviews are limited by the sensitivity and ethical standards of the researcher. Experienced M&E professionals conducted the interviews and analyzed the data in order to maintain a high level of quality.
- B. **External Validity:** Because the sample of youth does not cover all of Rwanda geographically, generalizations about Rwandan youth cannot be made. It should be noted, though, that youth in this survey are from both urban and rural areas, and there was no significant differences in the number of men and women who were interviewed.

2. Quantitative Data

- A. **Follow-up to the 2014 RCT Data:** The follow-up to the 2014 RCT data utilized a random sampling method, and therefore comparisons can be statistically supported. However, because the sample only included rural participants, conclusions cannot be extrapolated to urban youth. Additionally, although AK's staff made notable attempts to track the youth, the control group was particularly difficult to maintain contact with. A total of 455 youth were surveyed at the endline, including 233 from the treatment group and 222 from the control group. This is less than 25% attrition from the baseline. Despite this, it is possible that the youth who were not found at the endline were somehow different, and potentially more at risk or busier, than those surveyed at baseline. Youth trackers were employed in order to help staff find youth for the endline and prevent losing a significant percentage of sample impact findings.
- B. **AK Database:** AK's database records information gathered from both enrollment and transition forms distributed by its partners to youth who participate in its programmatic activities. The transition form asks youth to self-report their employment status and type of employment within six months of graduating from AK's work readiness training. Being a self-reporting tool, there is an inherent possibility that bias could influence the data. Additionally, since the tool is only administered once, it does not account for longitudinal changes in employment status and type over the life of the project. It is possible that a significant number of youth who initially reported themselves as self-employed are no longer in fact self-employed or that youth who were in fact employed via an organization or cooperative are now self-employed.

Despite these limitations, a mixed methods approach that combines both qualitative data from interviews with various stakeholders and quantitative data from several sources identifies trends and patterns that are of interest to investigate the impact of AK's Entrepreneurship Support Model.

APPENDIX B: 2014 FOLLOW-UP RCT TOOL

RCT LIVELIHOODS SURVEY

Youth Livelihoods Survey

Pencil

Questions to fill out before completing the form

- A.  District: _____
- B.  Implementing Partner: _____
- C.  Date of Assessment: (Month) _____ (Day) _____ (Year) _____
- D.  Gender: Male Female (please circle one response)
- E. Age: _____

INSTRUCTIONS:

Today we have some questions for you that will help us understand the situation of youth in Rwanda. If the questions aren't clear, let one of the administrators know and we'll be glad to explain them until they are clear. Don't worry if you don't want to answer some of the questions - that's ok. As long as you do the best you can, you will be helping us a lot. This is NOT a test and you will not be graded or judged. This information will not be shared with anyone outside of the Akazi Kanoze team. We will ask you some questions about your work and other activities you are involved in. You do not have to participate if you do not wish to. Once we begin, if you don't want to answer a question, that's ok.

Do you agree to participate? YES No

 What is your full name?

(Last) _____ (First) _____

1.  Which of the following best describes your current situation for the past year (including today)?

 Please circle the selected answer (Select all that apply)

- a. You work for your family (with payment)
- b. You work yourself (self-employment).
- c. You work with others in a cooperative (joint ownership)
- d. You work for someone not in your family (as casual or contract).

e. You don't work at all.

IF YOU SAID YOU DO NOT WORK AT ALL, PLEASE SKIP TO QUESTION 31.

IF YOU SAID YOU WORK FOR SOMEONE NOT IN YOUR FAMILY (AS CASUAL OR CONTRACT), PLEASE SKIP TO QUESTION 16.

IF YOU WORK FOR YOUR FAMILY, FOR YOURSELF, OR YOU WORK WITH OTHERS, PLEASE CONTINUE TO QUESTION 2 BELOW.

2. 🗣️ When did your work start? _____

3. 🗣️ If you are in a cooperative, how many people are in the cooperative?

4. 🗣️ What products or services do you currently sell for money? (List up to 5)

1. _____
2. _____
3. _____
4. _____
5. _____

5. 🗣️ Does your family/business/cooperative currently use financial management documents for the business?

📖 Please circle all the responses that apply:

Receipts order forms inventory forms cash book or register none

6. 🗣️ If you do not use any financial management documents, is there a particular reason?

📖 please circle all the responses that apply:

no need to use them too costly to print don't know how no particular obstacle

7. What type and how many animals do you have?

(Please circle all types and quantities that apply):

- | | | | | | | | | | | | |
|---------------|--------------|--------|---------------|---------------|---|---|---|---|---|-----|-----|
| a. Cows: | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10+ |
| b. Pigs: | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10+ |
| c. Chickens: | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10+ |
| d. Sheep: | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10+ |
| e. Bee hives: | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10+ |
| f. Rabbit: | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10+ |
| g. Goat: | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10+ |
| h. Fish: | less than 20 | 20-100 | more than 100 | more than 200 | | | | | | | |
| i. Other: | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10+ | |
| j. Other: | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10+ | |

8. How much land do you currently have access to for cultivating your crops (estimate number of hectares): Please estimate: _____

9. Currently how much money do you earn per day on average?

_____ RWF

10. On a scale of 1 to 5, 1 being the lowest and 5 the highest, how satisfied are you with the amount of business or sales you currently have? (Please circle only one response)

1	2	3	4	5
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11. What do you need to do to sell more units? (Please circle all that apply)

- a. make more units
- b. improve the quality of product we make
- c. more manpower
- d. better location in the market
- e. meet more customers
- f. don't know

12. Where do you sell your goods? (Circle all that apply)

- a. same space where goods are produced
- b. Private shop outside of production space
- c. Shared shop outside of production space
- d. Market stall outside of production space

21. ☛ If yes, when does it end? _____

22. ☛ How often do you get paid?

Daily weekly bi-weekly monthly every two months

Every three months depends on when I complete a job

23. ☛ When you get paid, how much do you make? _____

24. ☛ When you have a problem at your work, are you able to settle it peacefully?

No, never Once in a while Sometimes Always

25. ☛ Are you able to provide for your family (for example, food, school fees, clothing, sleeping place, medical care)?

No, never Once in a while Sometimes Always

26. ☛ How often do you get paid for your work?

No, never Once in a while Sometimes Always

27. ☛ Do you like your work/job/farm/business?

No, never Once in a while Sometimes Always

28. ☛ Are you confident that you will be able to maintain the work you are doing for 6 months or more?

Not at all a little bit yes very much

29. Do you think it's harder for you to find job, work or do business because you are a man/woman?

Not at all a little bit yes very much

30. ☛ Do you think it's harder for you to find job, work, or do business because of your age?

Not at all a little bit yes very much

ONLY ANSWER QUESTIONS 31-33 IF YOU ARE NOT WORKING. IF YOU ARE WORKING, PLEASE SKIP TO QUESTION 34

31. ☛ Which of the following have you been doing to find work, job, or make business?

(Circle all that apply)

- | | | |
|------------------------------------------------------------------|-----|----|
| a. Looked for a job in newspapers, radio, internet, etc. | Yes | No |
| b. Asked friends and relatives about job opportunities (network) | Yes | No |
| c. Prepared your CV or application letter | Yes | No |

- | | | |
|---------------------------------------------------------|-----|----|
| d. Applied for a job | Yes | No |
| e. Done interview for a job | Yes | No |
| f. Looked for money to start business | Yes | No |
| g. Developed a business plan (clarify=for own business) | Yes | No |
| h. Had somebody take you to learn from his/her business | Yes | No |
| i. Other (specify): _____ | | |
| j. I haven't been looking for a job or make business | | |

IF YOU ANSWERED THAT YOU ARE NOT LOOKING FOR A JOB OR TO MAKE A BUSINESS IN QUESTION 31, PLEASE ALSO ANSWER QUESTIONS 32 AND 33

32. Why are you not looking for a job?(answer all that apply)

- | | | |
|----------------------------------------------------|-----|----|
| a. Don't have time | Yes | No |
| b. Don't need to work | Yes | No |
| c. Illness or disability prevents me | Yes | No |
| d. Small children at home or pregnant | Yes | No |
| e. No jobs [so I got discouraged] | Yes | No |
| f. Do not feel I have the skills necessary to work | Yes | No |
| g. Feel intimidated (shy) when looking for work | Yes | No |
| h. Family would not let me look for work | Yes | No |
| i. Do not know how to look for work | Yes | No |
| j. Other _____ | | |

33. Are these problems for you, or people like you, to find work?

- | | | |
|---------------------------------------------------------|-----|----|
| a. Don't know how to make anything | Yes | No |
| b. Don't know how to sell | Yes | No |
| c. No work experience | Yes | No |
| d. Not enough family support | Yes | No |
| (ie no money, no help to take care of children) | Yes | No |
| e. Lack of contacts (people you know to help get a job) | Yes | No |
| f. Lack of access to land | Yes | No |
| g. Lack of startup capital | Yes | No |
| h. Limited skills | Yes | No |

Specify skill: _____

- i. Other (specify): _____

QUESTIONS 34-47 SHOULD BE FILLED BY EVERYONE, REGARDLESS OF YOUR ANSWERS TO THE QUESTIONS ABOVE

Here are some questions about skills, how you take care of money and about things you may have. Please answer the questions as honestly (freely) as you can. Your answer will

help us understand how to make the program good for you. Please select one of the following: not at all, a little bit, yes, very much.

34. 🗣️ Do you feel you have the skills to find a job/livelihood?

Not at all a little bit yes very much

35. 🗣️ Do you know how to apply for jobs or improve your work position/status (or get promoted)?

Not at all a little bit yes very much

36. 🗣️ Do you feel you have the skills to improve your present work/business/farming? (for example, grow the business, new products, more customers, better income, raise different animals etc.)

Not at all a little bit yes very much

37. 🗣️ Do you feel you have the skills to start and grow a successful business on your own?

Not at all a little bit yes very much

38. 🗣️ Do you know about the formal elements of a business plan?

Not at all a little bit yes very much

39. Do you know about marketing and how to attract customers?

Not at all a little bit yes very much

40. 🗣️ Do you have somebody to encourage you and give you advice on how to improve in your work or business (clarify—if they are not working, do they have work-related mentor)? (for example, a mentor)

YES NO

41. 🗣️ How do you MAINLY use your money? (select no more than TWO)

📖 Please circle the selected answers (minimum: 1, maximum: 2)

- a. Buy food / other goods
- b. Pay for services
- c. Save it
- d. Invest in business or other assets
- e. Education / school fees
- f. Other (specify) _____

42. 🗣️ How often do you put aside money to save?

📖 Please circle the selected answer (only one answer allowed)

- a. Never
- b. A few times a year

- c. Every month
- d. Every week
- e. Every day

43. 🗳️ Do you currently have savings? YES/NO

44. 🗳️ How much do you currently have saved? _____

45. 🗳️ What are the savings for?

- a. Daily personal use
- b. Emergencies
- c. Special occasions/ceremonies
- d. Investment in business
- e. Other (Specify) _____

46. 🗳️ Where do you save your money? (select all that apply)

📖 Please circle the selected answers (minimum: 1, maximum: 6)

- a. Home
- b. Bank
- c. Family
- d. Savings group
- e. Credit organisation
- f. Other (please specify)

47. 🗳️ If you borrow money, where do you borrow from? (select all that apply)

📖 Please circle the selected answers (minimum: 1, maximum: 5)

- a. I don't borrow
- b. Borrow from family
- c. Take a loan from bank
- d. Take a loan from microfinance institution
- e. Take a loan from a savings group
- f. Other (please specify)

Thank you very much for your answers!