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**Rwanda entrepreneurship policies: A critical look into the health Sector**

**A thesis submitted to the School of Business, College of Business and Economics as  
a partial fulfillment of the requirements to the award of the degree of Master of  
Business Administration by the University of Rwanda.**

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## **DECLARATION**

I, Sabine UMUHIRE, hereby declare that to the best of my knowledge this work is original and that the same work has never been presented in the University of Rwanda, or at any other University or Institute of higher learning for an academic award. Instances, where other people's work has been used and references are appropriately given in the bibliography.

**Sabine UMUHIRE**

## **APPROVAL**

This is to approve that this research work entitled "**Rwanda entrepreneurship policies: A critical look into the Health Sector**" was done and presented by Sabine UMUHIRE under my direct guidance and supervision.

**Supervisor: Dr. Marcela Ramírez Pasillas**

A handwritten signature in blue ink, appearing to read "Marcela Ramírez".

**Signature**

## **ABSTRACT**

Rwanda has made a giant step towards achievements of MDGs targets with increase and decrease of key indicators coverages and new strategies are adopted in line with the new agenda of the SDGs. Child mortality rate decreased from 152 to 76 (per 1,000 live births), maternal mortality rate also decreased from 610 to 390 (per 100,000 live births) (NISR, 2010). Prevalence of the three main diseases; HIV, Tuberculosis and Malaria; has decreased with strong preventions and treatment strategies. However, the Country have to double efforts to accelerate the progress by eradicating preventable diseases and eliminating maternal and child known and preventable death causes, with a need of new strategies to ensure universal health coverage and equity in health care provision.

To accelerate the required progress, the health sector has to change its usual way of doing and attract more private investments in that sensitive sector. Thus, entrepreneurship is becoming more important for the health sector with the creation of companies that develop products and services and/or helps sustaining health.

It is in this context that this thesis aims to explore the role of existing entrepreneurship policies to support the development of health sector in Rwanda by identifying their characteristics to determine their contribution to the promotion of entrepreneurship in the health sector but also identifying challenges in startup as highlighted by those policies. To identify these, the study used a content analysis strategy through interpretation of meaning of data in collected entrepreneurship and health policies documents.

As results of the study, many characteristics were identified such as an enabling environment, supporting infrastructures, promotion initiatives, education and training but also some health special considerations for enterprises start up and growth were mentioned. As challenges, the study has identified the high cost of doing business, compliance to regulatory framework, difficulty in accessing financial services by being considered as not profitable and therefore not payable, lack of required entrepreneurship skills and access to infrastructures.

Therefore, the findings of the thesis are allowing to give to policy makers in Rwanda the recommendation to create a national entrepreneurship ecosystem by involving all concerned actors such as key institutions from different sectors and entrepreneurs themselves.

## **DEDICATION**

This thesis work is dedicated to

My beloved Husband,

My Parents and Family,

For their support throughout that academic study and the thesis work.

May the Almighty God bless them for their support.

The dedicate goes to my Supervisor for her support and guidance towards the achievement of my thesis work.

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# **Chapter 1 INTRODUCTION**

## **1.1. Background**

The World has made significant progress towards the achievement of related health Millennium Development Goals (MDGs) and the newly established Sustainable Development Goals (SDGs). A lot has been achieved in reducing the maternal and child mortality, improving nutrition, and fighting against HIV, Tuberculosis and Malaria(WHO, 2014). The mortality of children under 5 years has declined from a rate of 90 deaths per 1000 live births to 48 deaths per 100 live births. The rate is still high in the African region but there are also remarkable achievements with an increase of the pace of decline in under-five mortality rate from 0.6% per year between 1990 and 1995 to 4.2% per year between 2005 and 2012. The proportion of underweight children has also declined from 25% to 15%; approaching the set MDG target and the number of stunted children has globally decreased to 37% from 1990 to 2012. The mortality rate has also declined by 50% from 1990 to 2013.

On fighting against diseases, notable achievements have been made to reduce the HIV related mortality with 35.3 million people living with HIV due to access to antiretroviral therapy (ART) which have cumulatively averted 5.5 million deaths in low- and middle-income countries, and 33% decline in HIV new infections. The tuberculosis mortality rate has reduced to 45% since 1990 with 56 million people treated and 22 million lives saved between 1995 and 2012. The malaria incidence rate among populations at risk has globally reduced by 25% within 2000-2012 with a reduction of malaria mortality rate by 42%. Regarding neglected tropical diseases, 728 million people worldwide were treated for at least one NTD through preventive chemotherapy in 2011. With regards to access to drinking water and improved sanitation facility, numbers have increased with 2.3 billion people accessing drinking water sources and 1949 million people accessing an improved sanitation facility since 1990.

However, even if some MDGs targets were met and others are on track in line with the new agenda of the SDGs, countries have to double efforts to accelerate the progress by eradicating preventable diseases and eliminating maternal and child known and preventable death causes. Thus, entrepreneurshipis becoming moreimportant to create companies that develop products and services and/or helps sustaining health.

## **1.2. Overview of the Health Sector in Rwanda**

Rwanda, a country of 16.382km<sup>2</sup> with a population of 10.5M and bordered by 4 countries; Burundi, DRC, Tanzania and Uganda; is offering a strategic location for investment regionally and internationally. Furthermore, a strong economy growth of the country with a GDP growth of 8% (from \$644 in 2012 to \$693 in 2013), a positive credit ranking, an expansion of the service sector contribution to the GDP at 45%, and zero tolerance to corruption are among the key achievements, which have made the country to be ranked best country to do in business in the East Africa and 3<sup>rd</sup>country in the Africa Continent (RBD, 2014).

After the genocide in 1994, the country had to face a multitude of health-related issues such as rapping of about 250,000 women leading to the increase of HIV at 27% and a high trauma. Less than ¼ children were fully vaccinated against polio and measles and under-5-year mortality rate was the highest in the world. Cholera and malaria were the causes of highest mortality rate among population. Besides, a large number of health care providers (i.e. nurses, psychiatrists or surgeons) were killed, health facilities destroyed and supply chains for drugs and consumables collapsed, which handicapped the country to provide right treatment and care to people in need for certain years.

That critical situation was calling for an immediate action and the government therefore developed a health sector policy focusing on establishing required structures to coordinate health activities with an emphasis on decentralization of the health system. Such decentralization emphasized on planning, financing and managing health services, and on development of a primary health care system with human resources development, essential drugs and consumables supply chain development and strengthening the health information system. All the policy priorities were to enable the country to efficiently fight against communicable diseases; Malaria, TB, HIV/AID; and reducing mortality rate related to those diseases or to maternal and child health issues(Leuchowius, 2014).

The health sector policy has keep being updated to include merging priorities in the Health Sector. The Ministry of Health is leading the implementation of HSSP 2009 and coordinating other stakeholders; health sector line ministries, districts entities, the private sector, NGOs and implementing partners. The Ministry is guided by the Rwandan constitution in its articles 41 and

45(GoR, 2003, p. 14)stating that “all citizens have rights and duties relating to health. The state has the duty of mobilizing the population for activities aimed at promoting good health and to assist in the implementation of these activities”. “All citizens have the right of equal access to public service in accordance with their competence and abilities”. These articles are furthermore translated by the Vision 2020 into development priorities. The Vision 2020 has priorities with key measuring indicators on SDGs contributing to (1) eradicate extreme poverty and hunger, (2) reduce child mortality, (3) improve maternal health, (4) combat HIV/AIDS, malaria and other diseases, and (5) ensure environmental sustainability(MoH, Health Sector Strategic Plan III, 2012).

In relation to developing better services and access to health, Rwanda has obtained significant results. The immunization coverage for measles and rubella has reached 97% and acute malnourishment have decreased from 5% to 3% contributing to highly decrease the child mortality rate from 152 to 76 (per 1,000 live births) from 2005 to 2010 with a decrease of the maternal mortality from 610 to 390 (per 100,000 live births) in the same period (NISR, 2010). The increase also in number of people on ART from 2004 to 2014 combined with impactful HIV prevention initiatives has also contributed to maintain the HIV prevalence at 3% in the last 5 years. TB transmission has also significantly decreased with 89.6% of treatment success rate from 2013. From the RDHS 2010 results, Malaria prevalence has decreased from 2.6% in 2008 to 1.4% in 2010 in children < 5 years and a decline from 1.4% in 2008 to 0.7% in 2010 of malaria prevalence in pregnant women(MoH, Health Sector Strategic Plan III, 2012).

The improved health care delivery; with increased coverage of health facilities from 816 health facilities in 2013 to 1161 health facilities including private health facilities by end of 2014(MoH, Rwanda Annual Health Statistics Booklet, 2014), qualified health care providers, high level of external funding, community health initiatives such as health insurance, use of community health workers for community health care and sensitization, are among factors which contributed significantly to the achievement of the above mentioned indicators among others. However, health development in the country is still an issue and need leadership to take new strategies to ensure universal health coverage and equity in health care provision.

Several challenges are still embedding fully achieving the set health sector targets such as shortage and turnover of qualified health care providers, not enough medical equipment and few staff with knowledge on their maintenance, availability of drugs and consumables and their costs which is still high even with the big percentage being covered by the Government, heavy dependency on external funding to ensure a sustainable health system, etc.

The above-mentioned challenges are calling for the health sector to revise the normal way of doing business and start to further explore entrepreneurial opportunities to sustain the made achievements and contribute to meet the Health Sector Strategic Plan III targets. The health sector leadership is currently focused on promoting public private partnership in the provision of health services by increasing the private sector investment portion from 10% to 70% by the end of the Economic and Development and Poverty Reduction Strategy III. Still the current private health sector in Rwanda is still at an embryonic stage and not well structured. It includes far private facilities; hospitals, polyclinics, clinics, dispensaries, health posts; pharmacies and pharmaceutical wholesalers, private health insurance companies, private professional associations, private medical training institutions, and NGOs specializing in health.

### **1.3. Problem statement**

Entrepreneurship government policy assumes that support to venture creation is important due to its contribution to the economy through creativity, innovation, jobs and investments made to respond to the society needs. Such policy shapes the institutional environment in which entrepreneurs make their decisions. As stated by Minniti (2008), literature highlights that the question of how, and if, governments influence positively entrepreneurial activity is far from being answered. This question becomes even more relevant when entrepreneurship policy is evaluated from the particular perspective of specific industries. Entrepreneurship policy only works if governments understand that 'one size does not fit all' and that governments have an important role to foster environments conducive to entrepreneurship(Minniti, 2008)

In Rwanda, the government keeps working on identifying the potential of entrepreneurship in different sectors and has specifically identified investment opportunities for the health sector including health facilities, pharmaceutical plant, distribution network of pharmaceutical products, training of health professionals, health training schools and the work is still being done

to identify more as the needs arise. This indicates that the health sector needs to increase the private sector involvement for efficiency and sustainability in health care services provision. Policy makers have also to ensure that strong and adequate regulatory frameworks are in place to control and avoid fraudulence activities especially in the very sensitive social but also private good which is the health sector domain. Some of regulatory frameworks are translated into entrepreneurship policies which are providing guidance, rules and regulations on investment in different sectors through taxes regulations, trading regulations, regulatory entry. However, policy makers and entrepreneurs are not aware of which policies are in place to easier or embed entrepreneurial startups in the health sector in order to overcome challenges in implementing enabling policies or revising some points in the policies which might not be favorable to start up business in the health sector.

#### **1.4. Objectives**

This thesis therefore aims to explore the role of existing entrepreneurship policies to support the development of health sector in Rwanda by:

1. Identify the characteristics of existing entrepreneurship policies in the country in order to assess if they are favorably and specifically contributing to the promotion of entrepreneurship in the health sector in Rwanda.
2. Identify the challenges that the existing entrepreneurship policies bring forth to result in start-ups in the health sector in Rwanda.

#### **1.5. Research questions**

To realize this purpose, the study addresses the following research questions:

1. What are the characteristics of existing entrepreneurship policies promoting business startup in the health sector in Rwanda?
2. What are the challenges of the entrepreneurship policies for business startup in the health sector in Rwanda?

### **1.6. Significance of the thesis**

The thesis will contribute to entrepreneurship policy literature by focusing on the specific case of the Health Sector in Rwanda. The Health Sector is more shifting from public oriented interventions to a more private sector investment in that sensitive sector. In this regard, the sector needs to have well defined and documented guidance for entrepreneurs on a proper way of operating in the sector. Entrepreneurs are lacking specific support based on their needs and features of the health industry. Therefore, the thesis will respond to the issue of availability of existing entrepreneurship policies in promoting start up in the health sector. The thesis will contribute to entrepreneurship policy in a developing country like Rwanda, by using this particular case to shed light on alternative approaches to promote entrepreneurship.

The thesis is not a duplication of previous studies but instead complements previous literature in other countries and will serve to inspire more researches in that area such as the extent to which entrepreneurs are investing in the health sector, how the level of entrepreneurship in the sector is linked with provided policies in that area.

### **1.7. Scope of the study**

The study will cover the health sector with an emphasis on existing entrepreneurship policies in Rwanda to promote start up and growth of entrepreneurship in that sector. The thesis is a qualitative study as only analyzing the characteristics and challenges of existing Rwandan entrepreneurship policies in the health sector context.

### **1.8. Structure of the thesis**

The study is composed by four chapters. The first chapter is introducing the subject by providing an overview of the country context and stating the problem the study is intending to cover with clearly formulated research questions, the contribution of the study to the society and the scope of the study. The second chapter is about the literature review and the third chapter introduces the research methodology. A fourth chapter is focusing on the data analysis and interpretation. The last chapter summarizes the study and provides a conclusion and recommendations for policy makers and further research.

## **Chapter 2 LITERATURE REVIEW**

### **2.1. Introduction: Chapter objective**

The objective of the literature review chapter is to provide a description and evaluation of studies related to the literature of the topic area. The literature review is giving a theoretical basis to define the context of the research with a justification of it through showing that the work hasn't been already done and the relevance of it as fitting in what others have shown as an issue.

The chapter illustrates the contribution of other authors on the subject, their arguments and gaps in the available literature. It also shows the researcher contribution to the already available work in that research area.

### **2.2. Entrepreneurship**

Multiple authors have provided different theories around entrepreneurship looking at different angles but many of them have converged on a same meaning of it being a contributor to a country economic growth. Hence, debates come in to clarify the role of entrepreneur in the entrepreneurship activity and different influencing factors are to be applied in entrepreneurship such as culture, political and economic factors, the level of regulation to apply in, etc. Mark Casson cited in the *Entrepreneurship in Theory and History* book has provided the prominent contemporary definition of entrepreneurship as a ‘judgmental decision making’ about the coordination of scarce resources under conditions of uncertainty. But the primary role of entrepreneurship was identified by Romano Prodi during his tenure as President of the European Commission, “our lacunae in the field of entrepreneurship needs to be taken seriously because there is mounting evidence that the key to economic growth and productivity improvement lies in the entrepreneurial capacity of an economy”(Audretsch, Grilo and Thurik, 2007).

Audretsch et al. (2007) states that the determinants of entrepreneurship which can be examined from three distinctive levels, the micro where the studies at this level focus on the individuals' decision making processes and their motivation for becoming self-employed, the industry level which put a focus on the market specific determinants of entrepreneurship such as profit opportunities and opportunities of entry and exit, and the macro level which focus on a range of environmental factors such as technological, economical and cultures variables as well as

government regulations. The above definition, role and determinant of entrepreneurship are pertinently reinforcing our analysis of the perception of entrepreneurship, its role in increasing the country economy and the determinants of the enterprise type or size on the market.

In their article, Muffatto and Sheriff(2015) indicate that entrepreneurship has many definitions, which he summarized on three main taxonomy of entrepreneurial theories; the concept of creative destruction of Joseph Schumpeter who emphasized on the fact that economic development is a dynamic process that involves the destruction of the economic status quo and attributed the destruction to the activities of entrepreneurs; the concept of uncertainty of Frank Knight who stressed on the differences between risk and uncertainty, and stated that the entrepreneur is the individual who can operate in this situation of true uncertainty; the concept of market arbitrage of Israel Kirzner who emphasized on entrepreneurship as an alertness to entrepreneurs on unnoticed and unexploited entrepreneurship opportunities so that the equilibrium is established by those entrepreneurs. Muffatto and Sheriff are also citing Baumol classification of entrepreneurship into three main categories: (1) productive entrepreneurship; (2) unproductive entrepreneurship; and (3) destructive entrepreneurship, with consideration only for productive entrepreneurship as the study does not consider the other two types of entrepreneurship since their contribution to economic growth is questionable. Thus, for productive entrepreneurship to contribute to economic growth, the creation of a conducive environment is of utmost importance (Muffatto and Sheriff, 2015)

### **2.3. Entrepreneurship policy**

The thesis is more emphasized on authors' discussions around the role of entrepreneurship policy and its limitations.(Oborn, Barret and Exworthy, 2011) emphasized on the role of policy entrepreneurs in the formulation and implementation of a policy, specifically health policy reform.

Acs, Astebro, Audretsch and Robinson(2016) debated on the role of entrepreneurship public policies. For the authors, routine entrepreneurship can lead to an important public policy issue. Questioning around the capacity of the entrepreneur to run the business and the potentiality of making benefits, the public entrepreneurship policy comes in to help disadvantaged individuals achieve success in business at a cost. The public policy will help to solve some entrepreneurs'

issues like making easy access to finances, provision of entrepreneurial skills or creation of business networking for the entrepreneur. The authors have distinguished two types of entrepreneurship leading to different types of policies to solve two distinct types of issues. Contrary to the called routine entrepreneurship, the novel entrepreneurship is advancing the need of a public policy to support in creating an enabling environment for the very qualified entrepreneur, to allow him(her) “complete the production function and fill in the missing input markets” The public policy question is, “Does the environment allow the entrepreneur to complete the production function and fill in the missing input markets?” This is a question of knowledge and knowledge spillovers, finance and human capital. Public policies to promote novel entrepreneurship as opposed to routine entrepreneurship are different and cannot be assumed to happen without policy intervention.

The authors have also found that most western policies do not provide solutions to markets issues but instead waste taxpayers’ money, encourage those already intent on becoming entrepreneurs, and mostly generate one-employee businesses with low-growth intentions and a lack of interest in innovating (Acs, Astebro, Audretsch and Robinson, 2016)

Hölzl(2010) has brought in the theory of entrepreneurship being a key focal point of economic policy in many countries. The author continues by showing how entrepreneurship policy has emerged as important element in the new industrial policy which is characterized by a shift in emphasis from declining industries to more horizontal policy measures focusing on research and development, regions and the regulatory framework. This emphasis on ‘competitiveness’ and innovation in the economic policy discourse in Europe has led to a refocusing of industrial policy towards policies that favor the dynamic adjustment of industries to competitive challenges. Thus, in Europe entrepreneurship has emerged as an important focus of public policy in efforts to promote growth and generate employment. Different national and regional governments have implemented new programs and regulatory changes to foster business growth (Hölzl, 2010).

The work of Muffatto and Sheriff(2015) focuses on well-formulated entrepreneurship ecosystems as an important environment for the formulation of entrepreneurship policies for countries in Africa. Muffatto and Sheriff’s study recognizes the role that entrepreneurship has on economic growth of countries with job creation and poverty alleviation especially in Africa. Also, entrepreneurs play an important role in the creation of clusters to enhance the formulation of

entrepreneurship policies to make entrepreneurial economic growth possible(Muffatto and Sheriff, 2015).

## **2.4. Issues addressed by entrepreneurship policy**

The thesis highlights also some issues that are addressed by entrepreneurship policy. Anton and Onofrei (2016) in their article presenting the case of Romania have analyzed the role of public policies in supporting entrepreneurship and SMEs. The authors have presented a set of OECD initiatives in supporting entrepreneurship and SMEs to overcome financial crisis constraints. In 2010, OECD has launched an Assessment of Government Support Measures to Facilitate SME Access to Finance in the Global Crisis. Secondly, in order to monitor SME financing trends and needs, it developed a Pilot OECD Scoreboard on SME and Entrepreneurship Financing Data and Policies starting 2012. OECD and the European Commission study the policy actions for inclusive entrepreneurship in Europe(Anton and Onofrei, 2016).

The (UNCTAD, 2012) has mentioned some issues on which policies are contributing to solve such as encouraging business ideas and ambition among informal micro enterprises. Among those enterprises, product quality and managerial skills are often important factors that deter upgrading and growth, setting up “industry clubs” that include both large and small firms, and that organize information-sharing on practical management issues, such as good manufacturing practices, is a way of bringing new ideas into business communities at the low end of the productivity spectrum.

Norrman and Bager-Sjögren (2010) in their investigations have shown a series of obstacles on which public support can help to reduce for ventures at early stage or serve for private sector investments and customer incomes. Among the issues supported on, the authors have mentioned provided support to new enterprises to get required crucial resources to ensure their place on large markets, the acceptability of their products/services, the purchase of customers and a supportive network. Public support also intervenes for early stage ventures to get access to financial services mainly from banks as the latest tend to consider mature ventures for loans as presenting a certain level of maturity and very low risk of uncertainty (Norrman and Bager-Sjögren, 2010).

## **2.5. Conceptual framework**

- Entrepreneurship enabling environment**

(Wong , Ping Ho and Autio, 2005)have cited different authors as per their view on entrepreneur role. As per the authors, entrepreneurs are viewed as innovator being a key figure in driving economic development. The entrepreneur innovation activity creates a constant disturbance to an economic system in equilibrium, creating opportunities for economic rent. In adjusting to equilibrium, other innovations are spun-off and more entrepreneurs enter the economic system. In this way, Schumpeter's theory predicts that an increase in the number of entrepreneurs leads to an increase in economic growth.

Policies are also highly focusing on young innovative companies as being fundamental for revolutionizing the industrial framework, driving the economic growth and spreading innovation across a territory or region. (Mas-Tur and Moya, 2015) are analyzing some key factors for entrepreneurship success in a company specially in the field of young innovative companies such as the degree of innovation, the age and gender of the entrepreneur, the size of the company, the sector in which the company is operating in, the degree of competition.

- Entrepreneurship infrastructure**

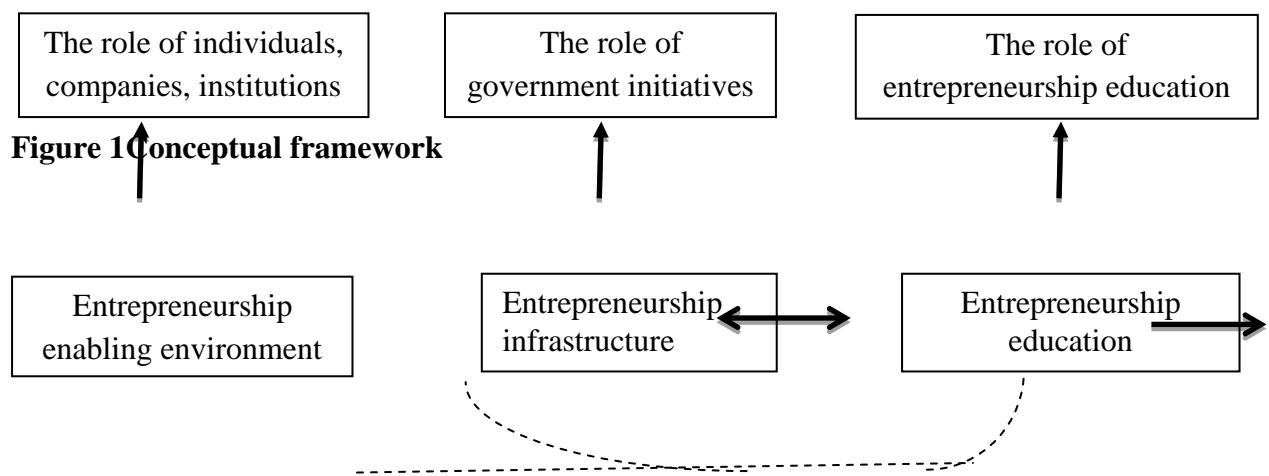
Giving the example of Indonesia as a case study, (Mirzantia, Simatupang and Larso, 2015) has explained the role of the government at the macro level in supporting entrepreneurship. In Indonesia, government interventions at the macro level are focusing on venture capital, entrepreneurship education, entrepreneurship culture, entrepreneurship infrastructure, and training for trainer. The UNCTAD has highlighted some key objectives to ensure the creation of an enabling environment as improving access to relevant financial services on appropriate terms, promote funding for innovation, and build the capacity of the financial sector to serve start-ups. (UNCTAD, 2012)

- Entrepreneurship education**

As explained previously, countries have put a lot of efforts and investment in fostering entrepreneurship through education. As per (Castaño-Martínez, Méndez-Picazo and Galindo-Martín, 2015), greater expenditures have been made by government and universities on R&D,

public investments have been put in education to stimulate entrepreneurial culture for a positive effect on entrepreneurship.

The UNCTAD has demonstrated that establishing vocational training centres in micro enterprise clusters with the aim of supporting young entrepreneurs to move into more sophisticated product categories and market segments can be effective.



*Source: Adapted from Mirzanti, Simatupang and Larso(2015)*

## 2.6. Research gaps

The available literature on entrepreneurship policy has the limitation to not provide a clear view of entrepreneurship policies contribution to the promotion of entrepreneurship in specific sectors such as health, education, etc. Authors are approaching entrepreneurship policy in a general context.

That limitation applied also when the research was collecting studies addressing entrepreneurship policy in the health sector in a developed context like Rwanda. There is a huge limitation in the number of policies related to entrepreneurship or other documents related to that. Therefore, the study only used the three corrected policies related to entrepreneurship as the ones which were providing answers to the proposed research questions. However, the study doesn't ignore that there are other existing strategic documents providing some thoughts on entrepreneurship in the country. the documents were used to have a clear understanding of the

entrepreneurship in the country but they were not stated in the findings chapter as being not policies.

## **Chapter 3 RESEARCH METHODOLOGY**

### **3.1.Introduction**

The purpose of a research is to discover answers to questions through the application of scientific procedures. This section of the thesis is presenting the design of the study, particularly the research methods and techniques used, the procedures for data collection and the used data analysis strategy. The thesis as a descriptive research is reporting on the current status of entrepreneurship policies with a critical analysis on them.

### **3.2.Research design**

This thesis conducts an exploratory case study of the entrepreneurship policy in Rwanda. The study relies on a content analysis strategy (Hsieh and Shannon, 2005) to inductively examine the characteristics of existing entrepreneurship policies in promoting start-ups in the health sector and identify the challenges that such policy brings forth to start-ups in the health sector. The content analysis strategy is a qualitative research technique to interpret the meaning of data in texts.

### **3.3.Data needs**

To fulfill the mentioned objective of the study which is to explore the role of existing entrepreneurship policies to support the development of health sector in Rwanda, there is a need to collect existing and relevant public policy documents developed by Policy Makers to support the growth of entrepreneurship in the Rwanda.

### **3.4.Data sources**

Secondary data was collected to serve as source of information for mapping entrepreneurship policies based on their characteristics and expressed challenges, and therefore provide an analysis of their key elements. The collection of the three policy documents as well as other documents to serve for the literature review was done through:

- Institutions and agencies in charge of promoting and regulating entrepreneurship in the country: The Rwanda Development Board (RDB), the Ministry of Trade and Industry

(MINICOM), the Ministry of Finance and Economic Planning (MINECOFIN), the Ministry of East African Community (MINEAC).

- The Ministry of Health as the Ministry in charge of establishing health policies, coordinating and regulating all health sector interventions in the country.
- Researches on different websites and libraries.

### **3.5.Data collection**

Three documents showing existing entrepreneurship policies relevant for the health sector were collected. Table 3.1 present the policy documents collected in next page. In addition to the collected existing entrepreneurship policies, the country has also other strategic guiding documents to provide guidance to different sectors on how to promote entrepreneurship in their sector and showing the country economic targets to be achieved with entrepreneurship initiatives. Such documents are as follows:

- The Economic Development and Poverty Reduction Strategy II document provide insights on required efforts to transform the economy, engaging the private sector and alleviating constraints to growth of investment MINECOFIN (2013).This document identifies a lack of entrepreneurship as one of the key challenges for Rwanda's economic development.
- Rwanda's Vision 2020 strategic document. According to the UNCTAD (2012), the development of an efficient private sector by means of entrepreneurship is one of the key pillars of Rwanda Vision 2020. This policy aims to transform Rwanda into a middle-income country through pro-poor economic growth.
- Investing in Rwanda: An Overview, RDB (2014) as a document showing the status of investment in Rwanda, the reason of investing in the country, the Government commitment to make doing business in the country very easier and sectors of investment opportunities such as infrastructure, agriculture, transport, health, education mining.

**Table 3-1 Policy documents for content analysis**

Policy document	Year of creation	Aim
<b>Rwanda Competition and Consumer Protection Policy(MINICOM, Rwanda Competition and Consumer Protection Policy, 2010)</b>	July 2010	Competition policy aim is to promote fair competition by ensuring that consumers are adequately protected from firms, whether large or small, which engage in collusion that is designed to prevent competition
<b>Small and Medium Enterprises (SMEs) Development Policy(Ministry of Trade and Industry, 2010)</b>	June 2010	The aim of the policy is to create an enabling environment for the growth of the SME sector in Rwanda by addressing the SME landscape and unlock the underlying potential of SMEs in national development
<b>Industrial Policy(MINICOM, Industrial Policy, 2011)</b>	April 2011	The role of the Industrial Policy is to foster growth, value addition and dynamic expansion into new areas of comparative advantage where market failures would otherwise prevent or slow development. The policy will address the hindrances to Rwanda's rapid industrialization, but also will target selected key growth clusters
<b>Health Financing Sustainability Policy(MoH, Health financing sustainability policy, 2015)</b>	March 2015	The goal of the Health Financing and Sustainability Policy is to strengthen current health financing systems and guide the development of new initiatives and strategies to improve financial accessibility and resourcing towards a sustainable Rwandan health sector.
<b>Health Sector Policy(MoH, Health Sector Policy, 2015)</b>	January 2015	The overall aim of the policy is to ensure universal accessibility of equitable and affordable quality health services for all Rwandans. It sets the health sector's objectives, identifies the priority health interventions for meeting these objectives, outlines the role of each level in the health system, and provides guidelines for improved planning and evaluation of activities in the health sector.
<b>National Pharmacy Policy(MoH, National Pharmacy Policy, 2016)</b>	April 2016	The Pharmacy Policy aims to provide and continually improve upon the equitable availability of essential and affordable medications, health commodities and technologies that are of high quality and effective for patients.

### **3.6.Data analysis**

Hsieh and Shannon, (2005) also talked on the analysis of collected data based on a conventional content analysis strategy consists on reading all policy documents repeatedly to understand them better and build a sense of the whole. Once the data was understood, the next step was the reading of policy documents again word by word to identify open codes or themes. Table 3.2 introduces the themes and key issues addressed in the conventional content analysis. The exact words from the policy documents that captured—*or not* the main focus of the code were highlighted. With this highlighted data, an excel file was built that allowed to compared themes across policy documents. The specific themes in the analysis and selection of excerpts from the policy document were further advanced. Once the analysis of these codes started, the final codes emerged guided by the thesis aim specific research questions and literature on entrepreneurship and entrepreneurship policy.

**Table 3-2 Data analysis**

	<b>Themes</b>	<b>Key issues analyzed</b>
<b>Entrepreneurship policy</b>	<b>Features of the entrepreneurs</b>	Who is supported to start a company?
	<b>Role of enterprises</b>	What are the responsibilities and activities that matter for startups?
	<b>Support infrastructure</b>	What are the key services?
	<b>Enabling environment</b>	How is government supporting entrepreneurship?
	<b>Health specific considerations</b>	What are the specific considerations for the health sector?
	<b>Policy initiatives</b>	What are the goals, targets and instruments used?
	<b>Role of education and training</b>	What is the contribution of education and trainings for business start up and growth?
	<b>Health policies contribution</b>	How health policies are approaching entrepreneurship in the health sector?
	<b>Entrepreneurship</b>	What are the key challenges to overcome?

## challenges

### 3.7.Quality and ethics of research

The thesis relied on the following criteria to ensure research quality.

- **Trustworthiness** was performed by extracting the exact word from the policy documents. This information was copy-paste into an Excel file to allow comparisons and further analysis.
- **Credibility** is involved in establishing that the results of the thesis are believable. This thesis employed policy documents developed and implemented by Rwanda, and thus the research is relevant

### 3.8.Limitations

This thesis had limitations that need to be considered when evaluating the content analysis of the policy documents presented in the data analysis, interpretations and conclusions. First this thesis is informed on a restricted number of policies documents related to entrepreneurship as only three policy documents were found for the analysis. Another limitation is that none of the existing entrepreneurship policies has a specific consideration of entrepreneurship focused on investments in the health sector. This is a limitation but it is also a key finding in this thesis. It also signals a need to further advance policy to support entrepreneurship in the health sector.

## **Chapter 4 DATA ANALYSIS AND INTERPRETATION**

### **4.1.Introduction**

This chapter is providing a view of collected results from analyzed documents with a critical interpretation of the results by showing their contribution to answer the mentioned research questions. The analyzed data are grouped in different themes as they appear in analyzed policy documents.

### **4.2.Structure of the health sector in Rwanda**

The health sector in Rwanda is led by the Ministry of Health which supports, coordinates, and regulates all health interventions with the main objective of ensuring to have a healthier nation. The Ministry is therefore leading the health sector towards universal access to affordable promotive, preventive, curative, and rehabilitative health services of the highest attainable quality.(MoH, Health Sector Strategic Plan III, 2012).

Towards that mission, the Ministry of Health has on board different stakeholders from Government or development partners or Civil society. Therefore, beside the MoH overall coordination of health interventions, there are other 15 government ministries implementing interventions directly or indirectly having an impact on the Rwandan people's health. Development partners (DPs), faith-based organizations (FBOs), nongovernmental organizations (NGOs), professional associations, and regulatory bodies are also supporting the health sector towards the achievement of universal access of quality and affordable health care services.

For services provision at different levels of the health care system, the Rwanda Health System is built in a pyramidal structure made of 5 levels from the Umudugudu (Village) level up to the National level.

At village level, population is reached through community health workers providing basic health care interventions with an emphasis on prevention activities under the administrative supervision of those in charge of social services and technically by those in charge of health centers.

At sector level, technical agencies are the health sector and community health insurance branches. These agencies are under technical supervision by those in charge of sector

administration for social services and the Director of Health and child rights of Districts, and for clinical services by the District hospital.

At District level, District hospitals, pharmacies, community health insurance and different committees are providing health care services under the administrative supervision of the District as an administrative agency.

At the National level, the MoH supports, coordinates and regulates all health interventions with its implementing agency, the Rwanda Biomedical Center.

**Table 3.3. Governance structures in the health sector**

LEVELS	ADMINISTRATIVE STRUCTURES	IMPLEMENTING AGENCIES
National	Parliament/ Government	Ministry of Health
Province	Governors	Provincial Hospital
District	District Councils/ Executive Committee/ District Health Unit	District Hospital/ Hospital Board
Sector/ Umurenge	Elected councils/ Executive secretary and staff	Health Center/ Health Center Committee
Cell/ Akagari	Elected councils/ Executive secretary and staff	Health Post/ Community Health Worker
Village/ Umuudugudu	Village council/ Village coordinator and staff	CHW

*Source: The Third Rwandan Health Sector Strategic Plan 2012–2018*

#### **4.3. Entrepreneurship policy context in Rwanda**

In the last years, Rwanda has improved notably its business environment by making easier business regulations and availability of services required for start-ups (see table 4.1). It is in this regards that the Rwanda Development Board, a Government Agency, has been established “to transform Rwanda into a dynamic global hub for business, investment, and innovation” (RDB, 2016) through a close collaboration with private and public enterprises, local or foreign investors to address their needs in startup and growth of business.

**Table 4-1 Timeline for One Stop Centre Services**

Service	Timeline	Fees
a) Provision of application forms& Information	Immediate	Free
b) Processing of investment certificate	2 days	500\$USD
c) Access to utilities (water& electricity):		
- Connection to the grid	24 hours	30,000 Rwf
- Line extension	1month	6,000 Rwf
d) Processing of exemption on imported goods (Capital goods, raw materials, other investment related inputs ):		
- Forms processing	15 minutes	Free
e) Collection of non-fiscal revenues	Immediate	Free
f) Notary services	30 minutes	Variable fee
g) Immigration services		
- Visa&work permit	2 Days	100,000 Rwf
- Renewal of Visa&Work permit	1 Day	100,000 Rwf
h) Environmental Compliance:		
- Project brief checklist	Immediate	Free
- Site visit and issuance of Terms of reference	2 weeks	Free
- EIA report review and issuance of EIA Certificate	20 days	Free

Source: <http://www.rdb.rw/one-stop-centre/timeline-for-one-stop-centre-services.html>

With its One stop Centre, RDB offers a range of business development services to investors, from the acquisition of licenses, certificates, approvals, authorizations and permits required by law to set up and operate a business enterprise in Rwanda to experts' technical support to enterprises to well perform their business(Ndagijimana, Nzasingizimana and HESHMATI, 2016). Remarkable improvement has been noticed with reduction of time and costs in services provision as for example registration and taxes payment of new companies requiring only 7 days to start up a business in the country. Additional incentives have been granted to incentivize start-ups (see table 4.2).

The country has also identified four critical service sector to be developed to ensure meeting the Vision 2020 mission and therefore become a knowledge-based economycountry. Health care services have been identified as a critical area to be developed among the four others as the country is focused on meeting the MDGs targets and therefore ensure universal coverage of services and reduction and elimination of endemic diseases such as HIV, Malaria and Tuberculosis. The RDB will contribute to the target by encouraging and promoting private sector investments in the health sector. Some strategies have been already identified such as attracting reputable hospital chains with the expertise in the health tourism industry to come and establish in Rwanda, forming strategic alliances with best hospitals abroad to supply world-class health care services, health care services provision targeting a regional market allowing patients from

beneficiary countries to access better treatment at an affordable price in the region. It is also important to highlight that financial institutions have also improved access to credit for investors and negotiations.

**Table 4-2 Start-up policy incentives**

NON-FISCAL INCENTIVES	FISCAL INCENTIVES
<b>Facilitate quick investment registration</b>	Duty free importation of raw materials and machinery
<b>Facilitation with tax related services and exemptions</b>	Privileges on moveable property and equipment
<b>Access to utilities i.e. water and electricity</b>	Incentives on direct taxes on income (Investment allowance)
<b>Facilitation with obtaining visas and work permits</b>	No restriction on repatriation of capital and profits.
<b>Notary services 100%</b>	100% write off on R&D costs.
<b>Assigning a key account manager to projects registered within the Stop Center</b>	Employment oriented tax discounts

*Source: Investing in Rwanda: An Overview, RDB*

#### **4.4. Entrepreneurship policy documents characteristics**

The below findings are contributing to respond to the first research question of the thesis regarding the characteristics of existing entrepreneurship for business startup and growth.

##### **4.4.1. Features of the entrepreneurs according to policies**

In the analyzed policy documents, there is no specific mention to the entrepreneurs in the health industry. The Small and Medium Enterprises (SMEs) Development Policy document assumes that entrepreneurs are micro, small and medium entrepreneurs having 1 to 3 employees, 4 to 30 employees, 31 to 100 employees respectively and an annual turnover less than 0.3M Rwf from less than 0.5M Rwf of net capital investments for micro enterprises, 0.3 to 12M Rwf annual turnover from 0.5 to 15M of investment for small enterprises and 12 to 50M with 15 to 75M Rwf net capital investment for medium enterprises. The policy document emphasizes on the need to have youth and women entrepreneurs on board for stimulating the growth of enterprises in the country. The Rwanda Competition and Consumer Protection Policy document places instead emphasis on Rwandan enterprises, including emerging entrepreneurs and existing firms. Next, the Industrial Policy document addresses industrial/ producing entrepreneurs being small, medium sized or large entrepreneurs. Moreover, these two document policies do not place focus

on youth or women entrepreneurs. The three analyzed health policies are not providing any specific feature of entrepreneurs. Table 4.3 summarizes the findings of the analyzed documents.

**Table 4-3Feature of the entrepreneurs according to policy documents**

Policy Document						
Feature	<i>Small and Medium Enterprises (SMEs) Development Policy</i>	<i>Rwanda Competition and Consumer Protection policy</i>	<i>Industrial Policy</i>	<i>Health Financing Sustainability Policy</i>	<i>Health Sector Policy</i>	<i>National Pharmacy Policy</i>
<i>Entrepreneurs in the health industry</i>	<ul style="list-style-type: none"> <li>The entrepreneur is matched with micro, small and medium enterprises.</li> <li>Gender and youth are imperative to the growth of SMEs in Rwanda due to the sheer size of the population and the untapped potential they hold as entrepreneurs.</li> </ul>	<ul style="list-style-type: none"> <li>Rwandan enterprises, including entrepreneurs, and existing firms</li> </ul>	<ul style="list-style-type: none"> <li>The entrepreneur is matched with small, medium and/or large manufacture enterprises.</li> </ul>	<ul style="list-style-type: none"> <li>Not mentioned</li> </ul>	<ul style="list-style-type: none"> <li>Not mentioned</li> </ul>	<ul style="list-style-type: none"> <li>Not mentioned</li> </ul>

*Source: Author's own elaborated from policy documents*

#### **4.4.2. Role of enterprises according to policy documents**

The role of the enterprises is viewed differently in the analyzed documents (see table 4.4). The SMEs Development policy highlights the role of small and medium enterprises in the country's economic growth. According to a study conducted by the Institute for Policy Analysis and Research (IPAR), SMEs currently generate 4.9 billion RwF in annual tax revenue.

Of the estimated 72,000 SMEs in the country 25,000 are registered and of those registered only 24% pay tax on a regular basis. The Rwanda Competition and Consumer Protection policy discusses the influence of small or large enterprises in the competition on the market. It emphasizes on fair competition by ensuring that large or small firms are not undertaking anti-competitive behavior that harms customers. The document does not aim to condemn or penalize those industries in Rwanda that have large shares of the market. Large firms are highlighted due to their advantage with economies of scale. On the one hand, economies of scale enable these companies to minimize costs and withstand both domestic and foreign competition. On the other hand, such firms can occasionally practice anti-competitive behavior. It is important to ensure that consumers are adequately protected from firms, whether large or small, which engage in collusion that is designed to prevent competition. The Industrial Policy document focused on the contribution of the industrial sector on the GDP by 15% in 2010. Manufacturing enterprises are representing a big percentage of businesses in Rwanda according to the PSF Business Census. The three analyzed health specific policies on health, health financing and pharmacy policy are not discussing on the role of enterprises in promoting start up and growth of business in the health sector.

**Table 4-4Role of the enterprises according to the policy documents**

Policy Document						
Feature	<i>Small and Medium Enterprises (SMEs) Development Policy</i>	<i>Rwanda Competition and Consumer Protection policy</i>	<i>Industrial Policy</i>	<i>Health Financing Sustainability Policy</i>	<i>Health Sector Policy</i>	<i>National Pharmacy Policy</i>
<b><i>Role of enterprises for the development of the health industry</i></b>	<ul style="list-style-type: none"> <li>The document does not discuss on health industry in particular</li> <li>Small and medium enterprises highly contributing to the country economy growth through tax revenues.</li> </ul>	<ul style="list-style-type: none"> <li>The document does not discuss on health industry in particular</li> <li>The competition policy document aims to promote fair competition</li> <li>Large and strong companies enjoy economies of scale that enable them to minimize costs and withstand both domestic and foreign competition.</li> <li>Ensure that consumers are adequately protected from firms, whether large or small.</li> </ul>	<ul style="list-style-type: none"> <li>The document does not discuss on health industry in particular</li> <li>The Industrial policy emphasizes on the role of enterprises to increase domestic production for local consumption and improve Rwanda's export competitiveness. This requires significant investment and technological upgrading for Rwandan firms, with specific cluster focus required, particularly in advanced industries such as pharmaceuticals or building materials.</li> </ul>	<ul style="list-style-type: none"> <li>Not mentioned</li> </ul>	<ul style="list-style-type: none"> <li>Not mentioned</li> </ul>	<ul style="list-style-type: none"> <li>Not mentioned</li> </ul>

*Source: Author's own elaborated from policy documents*

#### 4.4.3. Infrastructures to support entrepreneurs based on policy documents

The analyzed policy documents address the creation of national infrastructures to support entrepreneurs' startups. Unfortunately, the different discussions do not address specific aspects of the health industry. The thesis summarizes the findings in table 4.5 In the SMEs Development Policy document, educational institutions are seen as responsible for the creation of an entrepreneurial mindset in Rwandans. The document highlights the need for government to support existing entrepreneurs with appropriate business development services. The business developments services need to oversee the increase of the technical and business skills of entrepreneurs. Such services need to support the development of the production facilities and the utilized technologies. Many SMEs have rudimentary production facilities, low quality products and underutilize appropriate technologies.

**Table 4-5 Infrastructure to support entrepreneurship based on policy documents**

Policy Document						
Feature	<i>Small and Medium Enterprises (SMEs) Development Policy</i>	<i>Rwanda Competition and Consumer Protection policy</i>	<i>Industrial Policy</i>	<i>Health Financing Sustainability Policy</i>	<i>Health Sector Policy</i>	<i>National Pharmacy Policy</i>
<b>Infrastructure</b>	<ul style="list-style-type: none"> <li>• Develop an entrepreneurial mindset in Rwandan educational institutions</li> <li>• Overcome the lack of technical and business skills in areas including ICT, technical and industrial knowledge, finance, accounting and management.</li> <li>• Overcome the lack of good quality business development services tailored to their needs</li> </ul>	<ul style="list-style-type: none"> <li>• Not mentioned</li> </ul>	<ul style="list-style-type: none"> <li>• Utilize and developing linkages with domestic suppliers of inputs,</li> <li>• Reduce the cost of imported inputs</li> <li>• Competing with imports requires significant investments and technological upgrading of Rwandan enterprises.</li> </ul>	<ul style="list-style-type: none"> <li>• Not mentioned</li> </ul>	<ul style="list-style-type: none"> <li>• Not mentioned</li> </ul>	<ul style="list-style-type: none"> <li>• Not mentioned</li> </ul>

*Source: Author's own elaborated from policy documents*

Thus, the support of educational institutions and business development services is central to support entrepreneurship. The Rwanda Competition and Consumer Protection policy document does not consider the development of infrastructure to support startups. The industrial policy document highlights the importance of having a domestic supply of raw materials and inputs relevant for the creation of new companies. The manufacture entrepreneurs need to access affordable raw materials and inputs of domestic suppliers. This implies that this policy document promotes the reduction of costs related to imported inputs and the development of business relations between Rwandan companies. For a sector to be profitable domestically and competitive internationally, the supply of affordable raw materials and inputs must be ensured. The three analyzed health specific policies on health, health financing and pharmacy policy are not mentioning any supporting infrastructure for business startup and growth in the health sector.

#### **4.4.4. Enabling environment for business startup and growth according to policy documents**

The analyzed policy documents discuss on an enabling investment environment for enterprises to start up and scale up their businesses in all types of industries in general. The findings are summarized in table 4.6. In the SMEs policy document, for startup and growth, enterprises need to operate in a country as much attractive as possible to business investment and innovation. There is a need to create an enabling environment with skilled entrepreneurs, favorable regulatory framework, improved access to finance and targeted opportunities and incentives. SMEs need also to be supported to access financial services and to see the fiscal and regulatory framework alleviated.

For a positive competition benefiting to producers and consumers, the Rwanda Competition and Consumer Protection policy document is highlighting the need to develop clear policies and legislation to foster a competitive environment for business enterprises. Incentives have to be provided to producers within the country for improvement of production and internally expose Rwanda enterprises for a more global competition. To promote competition, the government has also to reduce barriers to entry into any sector of the economy or to any form of economic activity. The industrial policy emphasis on the need for manufacturing industries to access

affordable raw materials and inputs and to see different industry projects being supported in order to promote the industrial sector.

The health sector policy is proposing to have the participation of the private sector in the national supply chain system for better quality of health product and within price control framework. For private investment in the health sector, the health financing policy is proposing to monetizing accreditation of private health facilities and to establish a Public Private Partnership with clearly determined incentives for private investments in the health sector. The pharmacy policy is not discussing on an enabling environment for business startup and growth in the health sector.

**Table 4-6An enabling investment environment for enterprises start up and growth**

Policy Document						
Feature	<i>Small and Medium Enterprises (SMEs) Development Policy</i>	<i>Rwanda Competition and Consumer Protection policy</i>	<i>Industrial Policy</i>	<i>Health Financing Sustainability Policy</i>	<i>Health Sector Policy</i>	<i>National Pharmacy Policy</i>
<b>Enabling investment environment</b>	<ul style="list-style-type: none"> <li>• Create an enabling regulatory environment and giving access to finance and targeted opportunities</li> <li>• Provide incentives to new businesses for the growth of the SME sector in Rwanda</li> <li>• Transform Rwanda into a dynamic global hub for business investment and innovation focuses on the macro situation in Rwanda</li> <li>• Build an entrepreneurial mindset with skilled workforce</li> </ul>	<ul style="list-style-type: none"> <li>• Not mentioned</li> </ul>	<ul style="list-style-type: none"> <li>• Utilize and developing linkages with domestic suppliers of inputs,</li> <li>• Reduce the cost of imported inputs</li> <li>• Competing with imports requires significant investments and technological upgrading of Rwandan enterprises.</li> </ul>	<ul style="list-style-type: none"> <li>• Monetizing accreditation of private health facilities</li> <li>• Promoting Public Private Community Partnership</li> <li>• Establish the PPP framework, determine the incentives for private investment in the health sector, and designing proposals/cases to interest the private sector to invest in health and creating new opportunities for partnerships</li> </ul>	<p>Ensure that private sector is part of national supply chain system to provide health product of assured quality and within price control framework</p>	<ul style="list-style-type: none"> <li>• Not mentioned</li> </ul>

*Source: Author's own elaborated from policy documents*

#### **4.4.5. Health special considerations for entrepreneurship**

The policy document states also as an offence to supply any product which is liable to cause injury to health or physical harm to consumers when properly used, or which does not comply with consumer safety standards which has been prescribed by law. It does also propose to provide a system for civil and criminal suits for the recovery of damages suffered as a result of restrictive business practices.

The Industrial Policy document advance the fact that for the country to compete in an increasingly competitive global economy and open trading system, it must build and acquire appropriate science, technology, innovation-entrepreneurial, engineering, and technical/vocational capacity to produce more value-added goods and services. The health sector policy is emphasizing on the must for private sector to comply with all the rules and prescribed requirements of registration, licensing, import, transport, storage and distribution for health products.(table 4.7 below).

**Table 4-7 Health special considerations for enterprises start up**

Policy Document						
Feature	<i>Small and Medium Enterprises (SMEs) Development Policy</i>	<i>Rwanda Competition and Consumer Protection policy</i>	<i>Industrial Policy</i>	<i>Health Financing Sustainability Policy</i>	<i>Health Sector Policy</i>	<i>National Pharmacy Policy</i>
<b><i>Health special considerations for enterprises start up</i></b>	Many SMEs in Rwanda are shut down due to failure to comply with environmental or health regulations, even though they cannot afford to comply or do not understand the regulations themselves	<ul style="list-style-type: none"> <li>• Make a manufacturer or importer liable for defective products, or services rendered, that do not meet the suppliers' descriptions of such goods and services;</li> <li>• Make it an offence to supply any product which is liable to cause injury to health or physical harm to consumers when properly used, or which does not comply with consumer safety standards which has been prescribed by law;</li> <li>• Provide a system for civil and criminal suits for the recovery of damages suffered as a result of restrictive business practices</li> </ul>	In order for Rwanda to compete in an increasingly competitive global economy and open trading system, it must build and acquire appropriate science, technology, innovation-entrepreneurial, engineering, and technical/vocational capacity to produce more value-added goods and services.	• Not mentioned	All health product supply establishments in the private sector shall have to comply with all the rules and prescribed requirements of registration, licensing, import, transport, storage and distribution	• Not mentioned

*Source: Author's own elaborated from policy document*

#### **4.4.6. Policy initiatives for business startup and growth**

Policy initiatives are being initiated by different actors to help enterprises to overcome start up and scale up challenges. Table 4.8 introduces the findings. For the SMEs policy document, the Government created initiatives such as simplifying the fiscal and regulatory framework for SMEs growth, reduce taxes for enterprises and easy access of SMEs to financial services. The Rwanda competition and consumer protection policy highlighted the need of reducing barriers to entry into any sector of the economy or to any form of economic activity. The Industrial policy document emphasized the role of good governance and zero-tolerance to corruption to promote competition in the country. The three analyzed health specific policies on health, health financing and pharmacy policy are not mentioning anything on promotion initiatives to overcome startup and scale up challenges.

**Table 4-8 Promotion initiatives to overcome startup and scale up challenges**

Policy Document						
Feature	<i>Small and Medium Enterprises (SMEs) Development Policy</i>	<i>Rwanda Competition and Consumer Protection policy</i>	<i>Industrial Policy</i>	<i>Health Financing Sustainability Policy</i>	<i>Health Sector Policy</i>	<i>National Pharmacy Policy</i>
<b><i>Policy initiatives to overcome startup and scale up challenges</i></b>	<ul style="list-style-type: none"> <li>The financial sector is working to support Rwandan SMEs through financing mechanisms.</li> <li>Develop human capacity at the national and local level.</li> <li>Government-supported SMEs financing facilities need to be consolidated in a fund that has the capacity to provide seamless service to access financing facilities.</li> <li>Simplify the fiscal and regulatory framework for SMEs growth</li> <li>A flat tax maximizing government tax revenue collection while keeping rates low enough to allow tax payers an acceptable return for their effort and entrepreneurship.</li> <li>Develop an appropriate institutional framework for SMEs development</li> </ul>	<ul style="list-style-type: none"> <li>Reduce barriers to entry into any sector of the economy or to any form of economic activity</li> <li>Promoting competition at home in Rwanda is therefore the best long-term strategy to promoting Rwandan firms abroad</li> </ul>	<ul style="list-style-type: none"> <li>The industrial sector especially SMEs has also been supported by international NGOs including Netherlands Development Agency (SNV), UNIDO and USAID which have implemented industry support projects especially in support of rural small-scale enterprises.</li> <li>Good governance and zero-tolerance to corruption has given Rwanda a competitive edge compared to its regional neighbors</li> </ul>	<ul style="list-style-type: none"> <li>Not mentioned</li> </ul>	<ul style="list-style-type: none"> <li>Not mentioned</li> </ul>	<ul style="list-style-type: none"> <li>Not mentioned</li> </ul>

*Source: Author's own elaborated from policy documents*

#### **4.4.7. The role of education and training in the policy documents**

The Government has recognized the need to have skilled entrepreneurs on board to ensure the success of entrepreneurship in the country. Table 4.9 summarizes the role of education and training for a sustainable and effective entrepreneurship. As highlighted in the SMEs policy, the country needs to develop an entrepreneurial mindset in Rwandan educational institutions by introducing education initiatives such as a component of entrepreneurship training into school and TVET curriculums, both focusing on risk and innovation and also business skills such as financial management and marketing, a youth entrepreneurship courses for existing associations of out-of-school or vulnerable youth interested in starting their own business, etc. The Industrial Policy is also emphasizing on need to strengthen the overall management skills of businesses and entrepreneurs in Rwanda beyond the existing skills so far for the industrial sector to be strongly developed in the country. The Policy is mentioning the initiative of the Workforce Development Authority in collaboration with the World Bank of a Skills Development Fund accessible by the private sector and exporters that demonstrate export potential and alignment of their training needs with the industrial policy. The three analyzed health specific policies on health, health financing and pharmacy policy are not mentioning anything on the role of education and trainings for business startup and growth in the health sector.

**Table 4-9 Education and training in the policy document**

Policy Document						
Feature	<i>Small and Medium Enterprises (SMEs) Development Policy</i>	<i>Rwanda Competition and Consumer Protection policy</i>	<i>Industrial Policy</i>	<i>Health Financing Sustainability Policy</i>	<i>Health Sector Policy</i>	<i>National Pharmacy Policy</i>
<b><i>Education and training</i></b>	<ul style="list-style-type: none"> <li>Stakeholders expressed the need to develop an entrepreneurial mindset in Rwandan educational institutions as well as the need to support existing entrepreneurs</li> <li>Introduce a component of entrepreneurship training into school and TVET curriculums, both focusing on risk and innovation and also business skills such as financial management and marketing</li> <li>Introduce a youth entrepreneurship course for existing associations of out-of-school or vulnerable youth interested in starting their own business</li> </ul>	<ul style="list-style-type: none"> <li>Not mentioned</li> </ul>	<ul style="list-style-type: none"> <li>For new industrial sectors to develop in Rwanda human capital must be developed beyond the current scope of skills available</li> <li>WDA in partnership with the World Bank created a Skills Development Fund accessible by the private sector and exporters that demonstrate export potential and alignment of their training needs with the industrial policy.</li> <li>In addition, there is a need to strengthen the overall management skills of businesses and entrepreneurs in Rwanda</li> </ul>	<ul style="list-style-type: none"> <li>Not mentioned</li> </ul>	<ul style="list-style-type: none"> <li>Not mentioned</li> </ul>	<ul style="list-style-type: none"> <li>Not mentioned</li> </ul>

*Source: Author's own elaborated from policy documents*

#### **4.5.Entrepreneurship challenges according to policy documents**

In all types of industries including the health sector, the enterprises are facing challenges for startup or scale up as summarized in table 8 below. For SMEs policy document, the high cost of doing business, compliance to regulatory framework, difficulty in accessing financial services by being considered as not profitable and therefore not payable, lack of required entrepreneurship skills and access to infrastructures and other resources are among the burden for SMEs to start up or scale up a business. The Industrial Policy document highlights the access to infrastructures and raw materials as the most challenging to manufacturing enterprises. The analyzed policy documents have also brought out some special health consideration for enterprises start up. These findings are summarized in table 4.10. The SMEs policy document are emphasizing on Rwanda enterprises obliged to shut down due to failure to comply with environmental or health regulations, even though they cannot afford to comply or do not understand the regulations themselves. The Rwanda Competition and Consumer Protection policy document has mentioned the liability of manufacturer/ importer for defective products or services rendered not meeting the suppliers' descriptions.The three analyzed health specific policies on health, health financing and pharmacy policy are not mentioning anything on the role of education and trainings for business startup and growth in the health sector.

**Table 4-10 Entrepreneurship challenges in general and in particular in the health industry**

Feature	Policy Document					
	<i>Small and Medium Enterprises (SMEs) Development Policy</i>	<i>Rwanda Competition and Consumer Protection policy</i>	<i>Industrial Policy</i>	<i>Health Financing Sustainability Policy</i>	<i>Health Sector Policy</i>	<i>National Pharmacy Policy</i>
<i>Entrepreneurship challenges in general and in particular in the health industry</i>	<ul style="list-style-type: none"> <li>The high cost of doing business as one the biggest challenges for SME owners.</li> <li>Regulatory compliance was a key constraint to business growth.</li> <li>As evidenced by the OTF/PSF survey, financial institutions perceive SMEs as high risk and therefore inflexible in terms of collateral and repayment terms</li> <li>Lack of information of local, regional and international limiting SMEs ability to take advantage of potential market opportunities.</li> <li>Lack of entrepreneurial culture and mindset in business environments</li> <li>Lack of resources, coordination and capacity, at an institutional level, for SME initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Not mentioned</li> </ul>	<ul style="list-style-type: none"> <li>Energy cost is a major impediment to the Rwandan industrial sector. 64% of businesses cited access and cost of electricity as a major constraint in the 2008 Business Investment Climate Survey.</li> <li>Co-ordination failures constitute a wide range of market failures impacting on the efficiency of the private sector and its ability to make confident long-term investments in growth</li> </ul>	<ul style="list-style-type: none"> <li>Not mentioned</li> </ul>	<ul style="list-style-type: none"> <li>Not mentioned</li> </ul>	Not mentioned

*Source: Author's own elaborated from policy documents*

#### **4.6.Private sector engagement as a contribution to promotion of entrepreneurship in the Health sector in Rwanda**

Few of existing specific health policies are providing a brief view of how the sector is approaching entrepreneurship or private investment in health. Among the existing health policies, we have analyzed the Health Sector Policy, the Health Financing Sustainability Policy and the National Pharmacy Policy.

All those mentioned health policies are not addressing the above-mentioned characteristics of entrepreneurship policies for promotion of business startup and growth in the health sector, but they are bringing a new concept of private sector engagement in health sector initiatives for their sustainability. With the external funding decrease, the health sector is looking forward for a public- private partnership to promote private investments in normally implemented interventions by the public institutions with Government or external aid funding. This will increase self-sufficiency and sustainability of health strategies implementation. Below are some keys elements considered highlighting the contribution of the private sector in business startup or growth in the health sector.

**Table 4-11Private sector engagement as a contribution to promotion of entrepreneurship in the Health sector in Rwanda**

Policy Document						
Feature	<i>Small and Medium Enterprises (SMEs) Development Policy</i>	<i>Rwanda Competition and Consumer Protection policy</i>	<i>Industrial Policy</i>	<i>Health Financing Sustainability Policy</i>	<i>Health Sector Policy</i>	<i>National Pharmacy Policy</i>
<i>Private sector engagement</i>	• Not mentioned	• Not mentioned	• Not mentioned	<ul style="list-style-type: none"> <li>• Inclusion of the private sector in the national supply chain system to provide health product of assured quality and within price control framework</li> <li>• Encourage the private sector to avail essential health products in country</li> <li>• Compliance with rules and requirement for health products supply establishments in the private sector (registration, licensing, import, transport, storage and distribution).</li> </ul>	<ul style="list-style-type: none"> <li>• Enhancement of strategies and interventions for increasing domestic revenue for health including monetization of available expertise by the community and private sector</li> <li>• Encouraging private sector investment in health services through an enabled environment with the establishment of a PPP framework.</li> <li>• Promotion of the corporate social health responsibility of private companies</li> </ul>	<ul style="list-style-type: none"> <li>• Promotion of local manufacturing of Health commodities and technologies with provision of required technical support and incentives to the private sector.</li> <li>• Develop and implement policies, regulations and plans for the local manufacture of essential Health commodities and technologies</li> <li>• Attract global pharmaceutical companies to invest in pharmaceutical manufacturing facilities in Rwanda or in joint ventures with local investors</li> </ul>

*Source: Author's own elaborated from policy documents*

## **4.7. Answers to the research questions**

### **4.7.1. What are the characteristics of existing entrepreneurship policies promoting business startup in the health sector in Rwanda?**

The analysis and interpretation of the policy documents in this thesis yielded to several issues including the entrepreneurs of the health sector, the role of enterprises in the health sector, infrastructure, enabling environment, and health sector specific consideration. These issues are discussed as follows in relation to previous literature.

- The entrepreneurs of the health sector supported by policy**

In the analyzed policy documents, health entrepreneurs supported by policies are small and medium entrepreneurs with a focus on youth and women entrepreneurs as identified to be the ones contributing to boost the growth of enterprises in the country. The country is also focusing on industrial/ producing entrepreneurs being small, medium sized or large entrepreneurs towards the industrialization of the country. The policy documents tend to be developed in general for all industries, the specific needs and opportunities in specific industries are not really addressed. Literature on entrepreneurship recognizes entrepreneurship as the processes of starting and expanding a new business (Hart, 2003).

Another point emphasized is the role of the government in supporting entrepreneurs as highlighted by literature on entrepreneurship policy. The Employment Act of 1946 made public policy responsible for the growth and employment in the United States. In particular, The Act stated that it is “The continuing policy and responsibility of the government to use all practical means to foster the general conditions under which there will be afforded useful employment opportunities.”(Gilbert, Audretsch and McDougall, 2004, p. 321).

For Gilbert et al. (2004), to meet this mandate, the government turned to monetary and fiscal policy as the main instruments to achieve the Act’s goals of attaining full employment and high economic growth. This meant that growth and employment policies were essentially under the jurisdiction of the federal government and less relevant for regional and local governments. The Rwanda Government is highly supportive to the promotion of entrepreneurship by ensuring the establishment of a favorable investment climate. As per the Doing Business Unit report of 2013, since 2014, the country has substantially worked “to improve access to credit, streamline

procedures for starting a business, reduce the time to register property, simplified cross-border trade and made courts more accessible for resolving commercial disputes” (WB, 2013, p. 37), the country has availed business services to support entrepreneurs through establishment of specialized institutions such as the Rwanda Development Board and is reinforcing different critical areas for entrepreneurship such as ICT, education, ... but also partnering with different stakeholders willing to support country youth or women investment initiatives.

- **The role of enterprises in the health sector according to the policy documents**

As per the policies documents, enterprises being small or large have the role to contribute to the increase of the economic growth in Rwanda. Their role is also to influence the competition which is also increasing the economy with the increase of economic innovations. This is in line with policy approaches in other countries since entrepreneurial activity promotes economic growth and development, Minniti (2008). This realization, in turn, has generated a significant amount of interest in how government policies may be instrumental in fostering entrepreneurial activity, and whether their effects may be consistent across countries. The author also argues that the main contribution of entrepreneurship to economic growth consists in playing the role of a “knowledge filter” that transforms inventions into commercially viable products and processes. The country is not falling far from the author as different government policies have been established to regulate and promote entrepreneurship in the country considering the fact that the country is strongly counting on enterprises investments, being from country citizens or foreign investors in various sectors, to increase its GDP. Taking the case of SMEs, they account for “over 95% of all firms, 60-70% of employment and 55% of GDP and create the majority of new jobs, indicating the impact SMEs have on employment” (MINEAC, 2010, p. 5). However, the analyzed policies and consulted documents are not providing a clear view of the specific role of health enterprises in the country economy which is now considered in a general perspective.

- **Building an enabling investment environment for the start-up and growth of health sector enterprises**

The analyzed policy documents discuss on an enabling investment environment for enterprises to start up and scale up their businesses in all types of industries in general. The specific features of the health industry are not considered. According to the SMEs policy document, for startup and growth, enterprises need to operate in a country which is as much attractive as possible to

business investment and innovation. There is a need to create an enabling environment with skilled entrepreneurs, favorable regulatory framework, improved access to finance and targeted opportunities and incentives that facilitates the development of the health industry. SMEs need also to be supported to access financial services and to see the fiscal and regulatory framework alleviated. That is being supported by literature on the need for an enabling investment environment for startup and growth of businesses. Hart (2003) has emphasized on the fact that general economic conditions and the availability of such resources as financial capital, intellectual property protection, specialized skills, the density and intensity of completion within the nascent entrepreneur's chosen market are very important to the entrepreneurship. This author showed also the role of governance in boosting entrepreneurship through different initiatives at different governing levels such as intellectual property right protection and financial incentives to entrepreneurship with modest direct subsidies for entrepreneurial ventures or provision of business services or networking opportunities to entrepreneurs.

- **Infrastructure to support start-ups in the health sector based on policy documents**

The analyzed policies documents have introduced the importance of infrastructure to support entrepreneurship. The support in education and business development services, the availability of domestic supply of raw materials and inputs relevant for the creation of new companies are very key to enterprises start up or growth. Literature in entrepreneurship states four primary tenets underpinning an entrepreneurial economy including, ease of starting and growing a business; generous rewards for productive entrepreneurial activity; disincentives for unproductive activity, and incentives to keep the winners on their toes(Magnus and Mikael, 2010).

The policy documents in Rwanda places focus on the first one related on streamlining regulatory processes to make easy starting and growing business in the country very fast with easy registration processes. The time required to start a business fell from 18 days to 3, and the cost from 235% of income per capita to 4%, in 2006 exporting goods in Rwanda required 14 documents and 60 days but nowadays it takes only 8 documents and 29 days. (WB, 2013).

In their abstract on emergence of entrepreneurship policy, Gilbert et al. (2004) have explained factors influencing government intervention in the entrepreneurship such as market structures and performance, globalization and technology with an emphasis on the role of the knowledge

on a geographic clustering of innovative activity as well as an increase in startups across innovative industries, such as semiconductors and biotechnology. Relating that to our analysis, it is obvious that government has a critical role to play in creating an enabling environment for business startup and growth with a well-defined market structure, avail incentives for well profitable investments to promote innovation and increase the use of technology and openness to the global market.

(Auerswald, 2007) is emphasizing on infrastructures as one characteristic of entrepreneurship by showing how infrastructure is very critical for startup projects development. For him, infrastructures don't only mean large scale infrastructures required for final products in the market, but it does mean also all the complementary assets required for market acceptance such as suppliers of new kind of components or materials, new forms of distribution and services, training in the use of the new products, etc.

- **The role of education and training in the policy documents**

The analyzed entrepreneurship policy documents have demonstrated the need of having skilled entrepreneurs for the growth of business in the country. Being for SMEs or producing enterprises, the country has initiated education and training initiatives to ensure responding to sectors needs in terms of skilled human resources. The SMEs has shown the need to collaborate with the Ministry of Education and the WDA in ensuring that entrepreneurship is included in the given schools' curricula. This has also been showed by the article of Castaño-Martínez et al. (2015) when they confirmed how "greater expenditure on R&D by governments and universities, public investment in education and measures to stimulate entrepreneurial culture have a positive effect on entrepreneurship".

In his article, O'Connor (2013) has highlighted how governments seek to employ entrepreneurship education as a means to stimulate increased levels of economic activity. The authors in his study has also focused on the need for governments to create a proper policy framework where entrepreneurship education will respond to specific economic purpose.

#### **4.7.2. What are the challenges of the entrepreneurship policies for business startup in the health sector in Rwanda?**

The policy documents states some health considerations in production or supplying of any product, which is liable to cause injury to health or physical harm to consumers when properly used, or which does not comply with consumer safety standards which has been prescribed by law. That is falling in the same view as Magnus and Mikael (2010) who are saying that sectors such as the health sector, education sector, child and elder care sector, are still being heavily regulated and publicly monopolized. But they are emphasizing on the fact that this is impeding on the productivity that might be substantial in those sectors with more private firms operating in them which might increase the contribution of the sector on country GDP. Heavy regulation inhibits also innovation and modernization of products and services in the third sector while increasing also operating expenses such as labor, taxation on products, infrastructures ... which are mainly covered by government. Though entrepreneurship has been introduced into the curriculum of numerous institutions, there is often not yet a practical element. The country is still lacking skilled and qualified entrepreneurs to compete on the market.

## **Chapter 5 SUMMARY, CONCLUSION AND RECOMMENDATION**

### **5.1. Summary**

This thesis was conducted with the objectives of analyzing characteristic of existing entrepreneurship policies promoting starts-up in the health sector and the challenges that such policy bring forth to result in start-ups in the health sector. To fulfill the thesis objectives, the study collected existing entrepreneurship policy documents in the country and analyzed their content to bring out those characteristics and challenges in the health sector context. Therefore, three entrepreneurship policy documents; the Rwanda Competition and Consumer Protection Policy, the SMEs Development Policy, and the Industrial Policy; were collected and analyzed. As follows, the objectives of this thesis are discussed in relation to the data analysis, interpretation and literature.

- **Characteristics of existing entrepreneurship policies in the country in order to assess if they are favorably and specifically contributing to the promotion of entrepreneurship in the health sector in Rwanda**

The study found that an enabling environment for entrepreneurship indirectly considers different aspects. The existing policies considered small and medium enterprises, industrial enterprises being large, medium or small and Rwandan enterprises being existing or emerging ones with a focus on youth and women entrepreneurs to stimulate the growth of enterprises in the country. The policies highlighted the role of enterprises in fostering the country economy growth with their contribution to the GDP increase and provision of employment. Furthermore, the analyzed entrepreneurship policies emphasized the importance of appropriate and adequate national infrastructures such as business development services, entrepreneurship education institutions, domestic supply of raw materials and inputs which are relevant for business startup and growth. This requires government and established institutions to create an enabling investment environment for all types of businesses in all types of industries. That means having skilled entrepreneurs, favorable regulatory framework, improved access to finance, targeted opportunities and incentives, clear policies and legislation to foster a competitive environment for business enterprises, reduction of barriers to entry into any sector of the economy or to any form of economic activity, access to affordable raw materials and inputs. The study also showed that policies are putting an emphasis on the need of including entrepreneurship in schools'

curricula and TVET trainings in order to create an entrepreneurship mindset in Rwandans from the youngest age. Being for SMEs or Industrial enterprises, having skilled entrepreneurs will highly contribute to the efficiency of entrepreneurship.

Some special health considerations for enterprises startup are being highlighted by the analyzed policy documents. The SMEs policy document are emphasizing on Rwanda enterprises obliged to shut down due to failure to comply with environmental or health regulations, even though they cannot afford to comply or do not understand the regulations themselves. The Rwanda Competition and Consumer Protection policy document has mentioned the liability of manufacturer/ importer for defective products or services rendered not meeting suppliers' descriptions. As policy initiatives, the government is keeping initiating them such as simplifying the fiscal and regulatory framework for SMEs growth, reduce taxes for enterprises and easy access of SMEs to financial services. The Rwanda competition and consumer protection policy is highlighting the need of reducing barriers to entry into any sector of the economy or to any form of economic activity. The Industrial policy document emphasis on the role of good governance and zero-tolerance to corruption to promote competition in the country.

However, despite all the above-mentioned characteristics of existing entrepreneurship public policies, their role of being supportive and proactive to encourage entrepreneurial activities is not much visible. The initially mentioned entrepreneurship ecosystem by Muffatto and Sheriff(2015) for entrepreneurship growth is strongly needed to be considered by Rwanda Government when developing entrepreneurship policies. Our Country has made great initiatives to support entrepreneurship but as Muffatto and Sheriff (2015) said, the emphasis of policies is put more on established businesses at the micro, small and medium scale and on poverty reduction through employment generation and not clearly highlighting in policies what will be implemented by the Government in order to promote entrepreneurship in general but also in specific sectors in particular such as the health sector.

- **Challenges that the existing entrepreneurship policies bring forth to result in startups in the health sector in Rwanda.**

Throughout the analysis, the study found that being for all types of industries including the health sector, enterprises are facing challenges for startup or scale up. For SMEs policy

document, the high cost of doing business, compliance to regulatory framework, difficulty in accessing financial services by being considered as not profitable and therefore not payable, lack of required entrepreneurship skills and access to infrastructures are among the met challenges.

## **5.2.Conclusion**

The study concludes by saying that the conducted analysis on existing entrepreneurship policies in the perspective of promoting entrepreneurship in the health sector have responded to the initially research questions by showing different characteristics promoting startup of business in general but failed to provide specific characteristics for business startup in the health sector. Also, challenges of the entrepreneurship policies for business startup in general have been brought out.

## **5.3.Recommendations**

As Muffatto and Sheriff(2015) stated that public policies are more emphasizing on micro, small and medium scale with more attention on self-employment for poverty reduction without providing a national entrepreneurship entrepreneurial management and entrepreneurs role in entrepreneurial activities. Therefore, the findings of the thesis are allowing to give to policy makers in Rwanda the recommendation to create a national entrepreneurship ecosystem by involving all concerned actors such as key institutions from different sectors and entrepreneurs themselves. Other recommendations for the promotion of entrepreneurship in the health sector in Rwanda would be:

- To provide a clear framework on how to promote entrepreneurship in health sector as a sensitive sector but also substantial to economically contribute to the country GDP if more businesses are initiated in the sector. On this, clear guidance with rules and regulations on doing business in that sector must be provided
- To identify areas of investments in that sector and attract potential investors to invest in.
- The health Sector policy makers to closely work with the RDB and the PSF to increase the Private sector engagement in health sector initiatives from 10% to 70%

There several key issues that emerged in the course of the investigation in this study and can be studied in the future research:

- To analyze the impact of existing entrepreneurship policies to increase investments in the country
- To analyze the impact of health sector regulations on business startup in the health sector
- To conduct a quantitative study on the level of private investment in the health sector
- To assess the contribution of education in promoting entrepreneurship in general and particularly in the health sector.

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