

Impact report for: Export Development Program

By: Dalberg Associates & Karisimbi Business Partners

March 14, 2022



Dalberg

KARISIMBI
BUSINESS PARTNERS

Program Overview

Launched in 2019, the Export Development Program (EDP) is a three-year program of TradeMark East Africa. **The objective of the program is to increase the exports of Rwandan businesses.** This aligns with the Rwandan government's goal of achieving a 17% annual export growth from 2017 to 2022, focusing on sector development and local firm support. EDP is designed to support small and medium sized Rwandan companies to increase their export revenues, by:

1. **Connecting Rwandan businesses to regional and international buyers, as well as local partners**
2. **Co-financing for B2B deal-making meetings and trips, participation at trade fairs and other market events**
3. **Facilitating access to investment and export finance (e.g., donor and bank funding)**
4. **Providing technical advice and business development support as necessary**

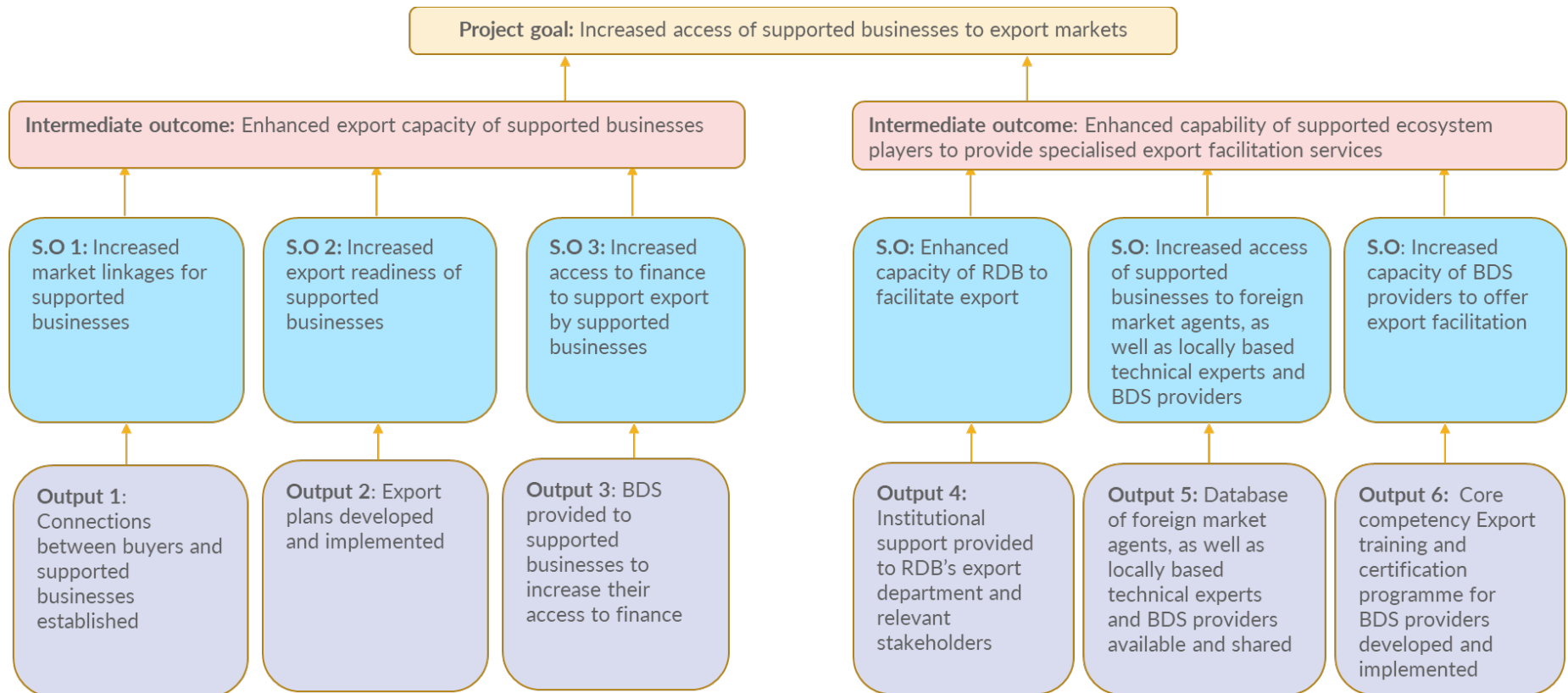
While originally expected to conclude in June 2022, an agreement has been reached between all parties to extend the program (while retaining the original budget) until December 2022.

The purpose of this document

As this three-year program enters its final stages, this document will provide an overview of how the EDP program is performing, the key challenges faced, as well as the lessons learned. At a high level, the document demonstrates the work done to support businesses in order to increase their exports, relative to the program targets, despite the unforeseen and yet significant challenges faced by Rwandan economy and the export industry.

This document also captures the monitoring and evaluation (M&E) results and discusses the EDP's impact on the 40 participating companies. It should be noted that the M&E was undertaken with indicators from the program's theory of change (see Figure 1), using numerous techniques (meetings, surveys, phone calls, email, group conversations, etc.) to monitor the various activities and the corresponding outputs and outcomes. Much of the updated information that follows has been gleaned from an Export Readiness survey issued to every EDP company in February, 2022. This survey included the original Capabilities Gap assessment tool they completed upon entry into the program, as well as answers to additional questions that help us understand the progress each has made to date. The impact evaluation framework attempted to be program-centric, seeking to track progress and recording impact that is directly attributed to the program and assistance provided. This impact report will take a holistic approach to show results that are directly and indirectly linked to the work that has been conducted for this program, which combine to create a significant improvement for access to export markets for Rwandan companies.

Figure 1: Program-specific Theory of Change



Case Study #1: Azizi Life – presented here to illustrate program interaction of a single EDP company.



Sector: Handcraft

Mission: Azizi Life is a fair-trade organization which partners with Rwandan artisans to bring beautifully designed, hand crafted goods to the world

Export Markets: US, Canada, EU, UK, Israel, Japan & South Africa (also sells to tourists in Rwanda)

Export Sales during EDP program: 2019 = \$70,000; 2020 = \$128,000; 2021 ~\$300,000

Finance obtained during EDP program: partial funding to attend trade fair in US: \$1,400; Debt funding from HEVA Fund: \$50,000 with 7% interest

Impact of COVID on business: “Local sales reduced significantly (with reduction of tourism); however, some large export orders to the US increased total sales considerably”

How has the EDP program helped? “It has helped Azizi Life in some important ways. The session that was created with handcraft marketing expert, By Hand Consulting, was very helpful, leading to a much stronger US marketing strategy. The funding and support leading to the NY Now trade fair was appreciated. Even assistance with applying for Heva Fund and other sources of finance were useful.”

Key Program indicators and realized results

The overall goal of the program is to increase access of supported business to export markets, which is done through two main intermediate outcomes:

1. Enhancing export capacity of the businesses in the program
2. Enhancing the capacity of the ecosystem.

In alignment with the program’s theory of change, there have been numerous successes realized in each one of the key six short-term outcomes required for the program to create its intended impact. Each of these short-term outcomes is driven primarily by a single measurable output. Below we discuss each of these six pairs and highlight the progress thus far.

Short-Term Outcome 1: Increased export readiness of supported businesses

Driven by: Output1: Connection between buyers and supported businesses established

In order to evaluate this outcome, the increased export revenue of the companies will be the most direct measure.

Actual export value to date

Since the inception of the program, we have been able to gather specific data for seven companies in the EDP program that have recorded and provided us with detailed export data. These exports span four sectors, and serve markets that include European, African (specifically West Africa), Middle Eastern, and Asian (China) regions. Of the 40 companies in the program, 20% were able to export their products and services to these markets during the program.

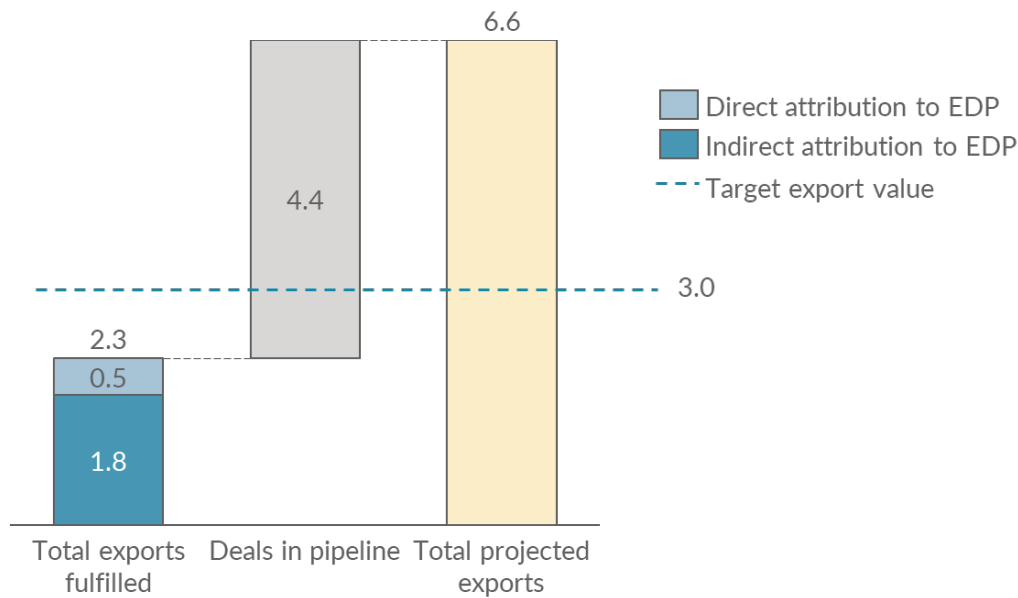
Table 1: Sample of companies export performance ¹

Company	Sector	Value of exports since joining the program (USD)
Virunga Biotech Ltd.	Horticulture	1,000,000
Greenharvest	Agro-processing	70,861
Azizi Life	Handcraft	498,000
Agriculturists Innovators Co.	Horticulture	202,000
Ikirezi	New value chain	450,000
Dokmai	Handcraft	30,000
Haute Baso	Handcraft	29,500
Total		2,280,361

The total export value across the exporting businesses thus far is approximately **\$2.3 million**, with 22% of these total exports directly linked with the program. The rest of the value of these EDP exporters has also been influenced by the EDP program, since the preparation and support provided has had an effect that is less explicit, but has certainly supported and equipped these businesses in their own efforts to successfully tap into export markets.

¹ Of the 13 companies that responded to the survey, seven of them reported to have exported during the program

Figure 2: Export value, USD Millions



Approximately seven potential deals worth \$4.4 million are in the pipeline with the potential to contribute to the growth and scaling of the businesses. The table below shows various deals with the corresponding companies.

Table 2: Sales deals in the pipeline

Company	Deals in the pipeline (USD)
Virunga Biotech	1,200,000
Greenharvest	400,000
Dokmai	12,000
Azizi Life	94,000
Almond Green Farm	2,000,000
Agriculturists Innovators Co.	153,000
Hollanda	496,500
SOUK	8,000
Total	4,363,500

Short-Term Outcome 2: Increased export readiness of supported businesses

Driven by Output 2: Export Plans Developed and Implemented

Supported businesses on export readiness

Upon entry to the program, each of the 40 businesses had a customized Export Development Plan created for them to enabled them to have a clearer understanding on their export readiness. This first step was fundamental as many of the participating companies had an unclear understanding of not only on where they needed to be, but also where they were in terms of export capacity. Of those EDP companies that have responded to our recent survey, nearly 40% claim that they “often” refer to the customized Export Development Plan we created with and for their company.

The program provided technical and BDS support through various training sessions that were tailored toward the business sectors and target markets. Every company received tailored training sessions that were informed by the individualized Export Development Plans, which were specifically crafted to guide the companies’ export readiness. Further, the program provided segment-specific training, such as the ByHand Consulting training provided for more than four EDP companies in the handicrafts sector interested in growing their presence in the desirable US market. Businesses highlighted in the survey that the training sessions useful to prepare for exporting. The program has also included a significant amount of personalized coaching and support.

Following the training sessions and BDS support, the businesses are now better positioned to compete in the export markets and are facing fewer capability gaps. The EDP program has provided resources and support to the businesses along each important step of the export journey. The most responsive businesses made effective use of the resources gained from the EDP program and realized a noticeable improvement in their capabilities. One way we used to understand the program’s impact so far was to conduct and analyze the *Export Capability Gap assessments* which were done both upon entry and again in February 2022. While the limited number of responses does not provide a full picture, the companies recorded a significant reduction in their own perceived capability gaps, signalling improved export readiness.

Table 3: Capability gap assessment

Company	Capability Gap (Program Entry)	Capability Gap (Feb. 2022)	Export Capability Improvement
Azizi Life	44%	21%	+52%
Champions Grocers Ltd	73%	72%	+1%
Dokmai	56%	12%	+79%
Greenharvest	47%	28%	+40%

Hepta Analytics	57%	48%	+16%
Ikirezi	49%	34%	+31%
Virunga Biotech Ltd	30%	29%	+3%

Short-Term Outcome 3: Increased access to finance to support export by supported businesses

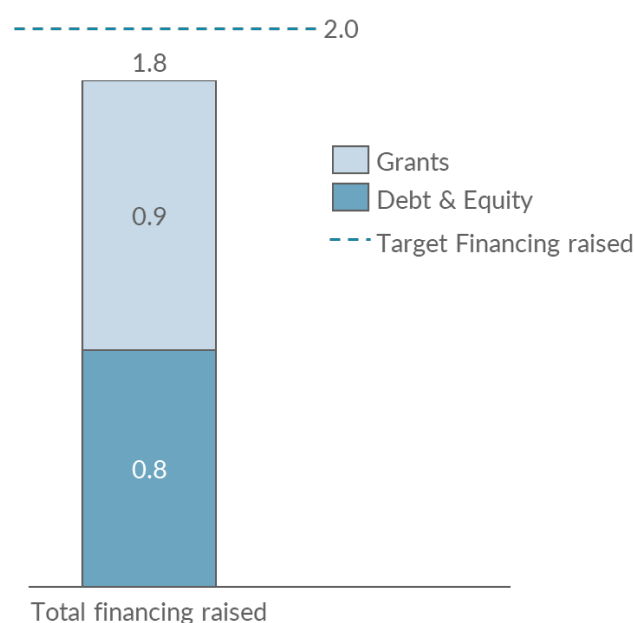
Driven by Output 3: BDS Provided to Supported Business to Increase Access to Finance

In order to build the required export capacity and to deliver on export commitments, many businesses required improved access to finance. As of March, 2022, there have been \$1.8 million in confirmed financial contributions received toward the target \$2 million for the entire program. Individual equity investments that are currently in the pipeline with these EDP companies have an estimated value of between \$1 million and \$1.8 million in incremental funding that may be allocated as early as April, 2022.

Financial investment raised (Access to Finance)

According to the survey, the total financial funds raised by the businesses during the program, in form of equity, debt, and grants, is approximately \$1,373,010. This figure is based on responses from 17 responding companies out of the 40 companies in the program.

Figure 3: Financing raised (USD million)



Source: KBP survey

Based on the survey, the breakdown of the funds raised by the businesses so far is shown below. Of the 17 companies who responded to the February survey, only four were unable to raise any form of funding.

Table 4: Breakdown of funds raised by the companies since joining the EDP program

Company	Grants source	Grants (USD)	Debt & Equity (USD)
Virunga Biotech Ltd	IDH, SAIP, MBRP	-	550,000
Azizi Life	Trade Fair grant; HEVA Fund	1,400	50,000
Almond Green Farm	N/A	-	5,000
Izere Services & trading Co. Ltd	N/A	-	35,000
Agriculturists Innovators Co.	N/A	-	41,000
Dokmai	Inkomoko, Komeza programe	40,000	-
Champion Grocers Ltd	N/A	-	50,000
DEYI Ltd	MasterCard	2,500	-
Haute Baso	ESP- Komeza, Inkomoko relief fund	25,060	15,000
Hollanda	SDGP development project RVO	430,000	132,000
Total		498,960	873,050

Short-Term Outcome 4: Enhanced capacity of RDB to facilitate export

Driven by Output 4: Institutional Support to RDB Export Department & Relevant Stakeholders

A 46-hour course covering eight core units was developed to increase the capacity of RDB to facilitate exports long-term and cross-sector. This program was created following an assessment conducted to best understand the needs within RDB. The course includes modules covering:

1. Introduction to Trade and Market information systems
2. Introduction to market and business analysis
3. Trade policy analysis
4. Export strategy design
5. Linking firms to markets
6. Advocacy
7. Introduction to program design
8. Linking firms to export finance

Short-Term Outcome 5: Increased access of supported businesses to foreign market agents, as well as locally based technical experts and BDS providers

Driven by Output 5: Database of Foreign Market Agents, Local Technical experts, & BDS created and shared

This final delivery of this output comes at the conclusion of the EDP and is on track. The collection of such experts has been ongoing and will be finalized and shared upon completion. As brokers, agents, buyers, wholesalers and others are contacted in various export markets, they are evaluated, and their details are recorded appropriately. Also, as the BDS and other training components of the EDP were developed during a global pandemic, significant investigation into local BDS providers, technical experts, and other market actors who may be helpful to Rwandan export companies in the future.

Short-Term Outcome 6: Increased capacity of BDS providers to offer export facilitation

Driven by Output 6: Core Competency Export training and certification programme for BDS providers developed and implemented

BDS providers were trained using a curriculum that was designed to increase their capacity to support Rwandan companies. The course created is 35 hours long and covers five core topics:

1. Intro to Trade and Market information Systems
2. Market & Business Analysis for Export Success
3. Export strategy Planning
4. Linking firms to Markets
5. Linking Firms to Export Finance

Case Study #2: SOUK— presented here to illustrate program interaction of a single EDP company.



Sector: Horticulture

Mission: Become the leading exporter of fresh horticultural produce from Africa, thus stimulating economic and social development in Africa.

Export Markets: UK, Netherlands, France, UAE, Qatar, etc.

Export Sales during EDP program: (confidential, but at least one order in pipeline with key French buyer directly influenced by B2B sales assistance)

Finance obtained during EDP program: support from the program came from both *Karisimbi Partners* and Nguriza Nshore (USAID) and led to meetings between SOUK and investment company Talanton, that is now in due diligence phase considering an equity investment of \$500,000-\$1 million as early as April, 2022”

Impact of COVID on business: “We were affected by limited airfreight capacity, which greatly limited our potential to be able to meet our customers export demand. As flights significantly reduced, the cargo available in trips to the Middle East and the UK was limited. This was a bottleneck as we had produce we could not deliver to markets.”

How has the EDP program helped? Senior EDP Implementation partners have represented SOUK to key buyers in the UK (1), Netherlands (4), France (4), UAE (4) and Saudi Arabia (1). Initial sales meetings and explorations were made in Dubai on behalf of SOUK, and product catalogs were distributed to ~15 buyers. To date, six buyers have been invited to meet with SOUK as part of key B2B matchmaking support provided by program. Thus far, one order for 1.8 tons of beans (~\$8,000) is being negotiated with French buyer NaturaFoody, and other buyer relationships are also being directly nurtured by the EDP program and partners on behalf of SOUK, as one of the most capable and responsive companies in the program.

Key Learnings from Existing Impact

The experience of providing support for the EDP companies has led to several learnings and insights. While the EDP management team can control the inputs provided to each company, the quality and frequency of the advice given, the training offered, and the linkages created, there is a limited ability to ensure that those inputs are received and transformed into the outputs and linkages hoped for. While the COVID pandemic and ensuing economic fallout have

definitely had an impact on the program overall, there are also issues specific to these companies that have impacted our ability to achieve stated objectives.

1) Size, sophistication and technical capacity of EDP companies

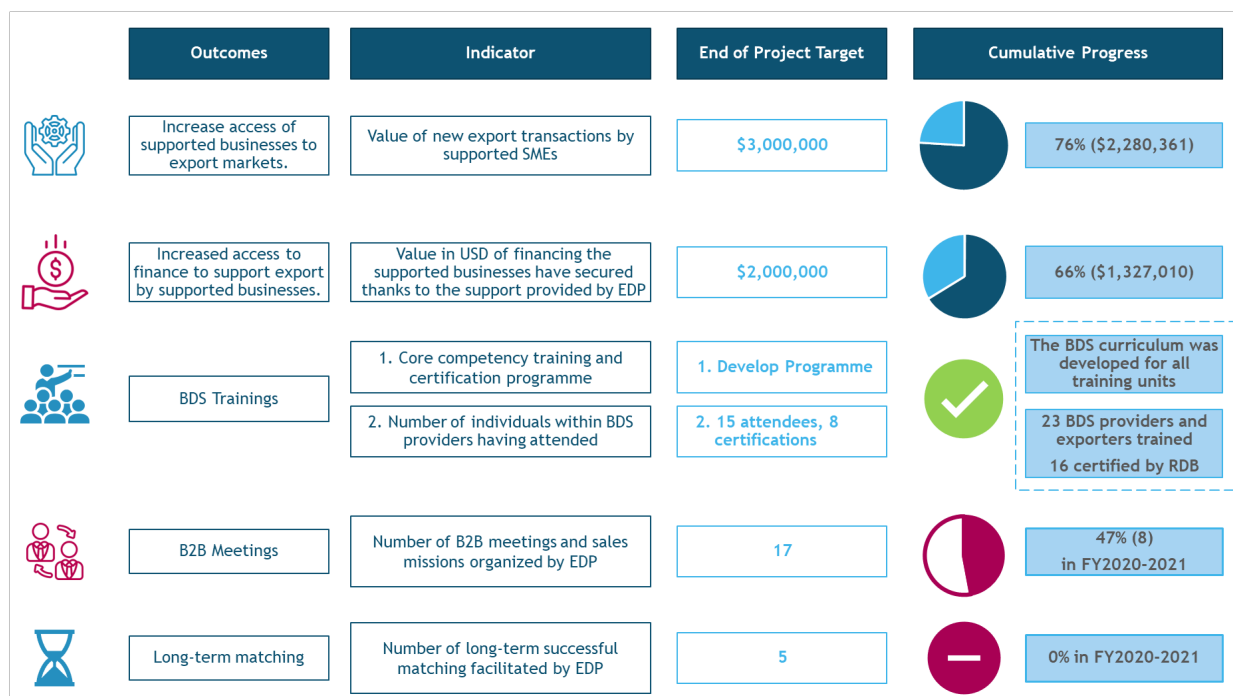
Many of the companies enrolled in the EDP program ended up being smaller and less capable of exporting than program designers had expected. Many would be better described as micro-businesses, not the SME's that were the stated target. Even with considerable support, it is unrealistic to expect immediate results from firms who have no dedicated sales or marketing staff, or have no experience signing an export contract. Thus, the inability of some small firms to maintain operations, or even maintain professional sales communications, have been a significant limitation to the effectiveness of the program.

Additionally, this has meant that a larger amount of development resources with was required to get many EDP companies to the point where they are ready to gain access to markets or new financing. Even with this added level of support, some of smaller and less experienced companies in this program face such constraints that it is unlikely they will achieve the export ambitions of the program, or that they have for their own companies, before the end of 2022.

- 2) The impact of COVID-19 on the export industry.** It is essential to note that COVID-19 heavily affected the global and domestic markets (as anticipated with Program Pivot Request presented in mid 2020). The pandemic destabilized business operations, as seen in the supply chain where the logistics were temporarily halted or disrupted so severely that exports became impossible for many. Based on the survey, businesses highlighted that the pandemic led to loss of revenue, temporary business closure, and made it more expensive and difficult to gain the financial backing or inputs required. Most EDP companies struggled to survive and pay key staff, and when airports and ground-logistics were closed or drastically reduced, buyers cancelled orders. Additionally, some EDP companies decided to focus on domestic sales only. Resulting financial difficulties were exacerbated as banks became much more cautious in granting loans, and investors waited for signs of recovery. At the onset of the COVID pandemic (only a few months after EDP launch), the program had to drastically refocus many of the planned interventions with the companies. As such, not as much momentum towards export specific goals was realized early in the program as anticipated. Additionally, initial hopes that the Export Growth Fund (EGF) led to the completion of many applications that were largely denied, and and funds established to help SME's recover in the face of COVID were also unsuccessful (despite considerable effort this program and EDP companies invested in pursuing).

The EDP program continued to support each of the EDP companies as best it could within the limits of the program and despite the above constraints, leading to significant progress toward those outputs and objectives stated in the Theory of Change.

Figure 4: EDP performance dashboard



Key insights from the project on the current situation for many of the EDP companies are that:

- Despite clear communication, some companies are not aligned on the objectives of EDP program, as they are sometimes confused by their enrollment in similar programs with organizations like GIZ, etc.
- Some companies only joined EDP for a specific goal, such as securing financing. After initial efforts to meet their individual goals, or in the face of COVID or other challenges, some find no need to continue or stay active in the export program
- Some companies reported that they were previously unable to take full advantage of the program but can now take advantage of the EDP program offerings

The above insights help us understand a lower level of responsiveness among EDP companies. There are routinely nearly 20 of the 40 companies who have been designated “red” status, meaning they have essentially been unresponsive to repeated EDP offers, requests, communication, or inquiries.

Conclusion & Looking Ahead

Typically, donor funded programs yield the majority of their results in the second half of their funding windows – this is common because initial efforts to build strategy, and key early learnings begin to inform practice in practical ways. We expect this to be the case for EDP, and several factors give us hope that even more ground will be covered in the final year of the program.

There have been some very promising steps made over the course of EDP thus far which we are building on in the last year of the program. There are many companies who are ready to take advantage of the BDS provided and the market linkages which are being made. Despite a global pandemic and massive logistical problems, the program continues to provide support to 15% of the businesses in this program who have never exported before. The program is also helping under-represented groups in the marketplace with 33% of the companies in the program being female-led. Survey responses reveal more than \$2.3 million in exports have taken place, and over \$4 million in additional opportunities are in the sales pipeline. The companies have been made more robust through half a million in grants and nearly \$1 million in new investments.

The impact on these companies is expected to increase further over the next nine months.

The program should continue to provide tangible improvements to Rwanda's small and medium enterprise exporters. The program is also bolstering the Rwandan export ecosystem as the capacity of trainers, government agencies, and other key stakeholders have also been increased by this program.

The remainder of the program will focus on reaching the remaining program targets, but more importantly, these efforts will boost some of the less tangible capability limitations facing the Rwandan market, yielding an impact far beyond what is measured here. As such, this investment in EDP should provide a return many times greater than the EDP program targets listed here, for the benefit of Rwanda and the Rwandan economy.

Given the progress and insight gained thus far, we anticipate the next months of this program will prove to be the most effective since the program began in 2019.