



Republic
of Rwanda



RWANDA INTEGRATED BUSINESS ENTERPRISE SURVEY REPORT

2024



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Foreword


The 2024 Rwanda Integrated Business Enterprise Survey (IBES 2024) is a comprehensive business enterprise survey conducted by the National Institute of Statistics of Rwanda (NISR). Its key purpose is to collect, compile, and analyse data on the level and structure of non-agricultural economic activities in Rwanda, covering both the informal and formal sectors. The formal sector is defined as businesses registered with the Rwanda Revenue Authority (RRA) and maintain regular business accounts. Data collection for IBES 2024 was held from June to September 2025, with the 2024 year serving as the reference period.

IBES aims to address critical gaps in business data and provide vital inputs for government economic policy formulation, performance monitoring against development goals, as well as providing information for the expansion of the business sector and market research. IBES 2024 has drawn crucial lessons from the previous survey rounds including: IBES 2023, IBES 2022, IBES 2019/2021, IBES 2018, IBES 2017, IBES 2016, IBES 2015, IBES 2014 and the pilot IBES 2013. These lessons have already been used to introduce improvements.

The survey targets all business enterprises classified under Sections B to S of the International Standard Industrial Classification of all economic activities, Revision 4 (ISIC-4). The IBES survey excludes agricultural activities, which are covered separately by the Seasonal Agriculture Survey (SAS). In addition, IBES does not cover all activities related to public administration and extraterritorial organizations. It collects detailed information at the business enterprise level, including data on employment, compensation to workers, fixed assets, and background information such as location, ownership status, and the business environment.

Conducting a business enterprise survey is both challenging and enriching, significantly improving NISR's capacity to accomplish its mandate. NISR Staff were involved in all stages of the survey process; from the design, formulation of the questionnaire, implementation, data processing, and report writing. Training was conducted at two levels: training of trainers and the training for data collection. Field visits were carried out to monitor data collection and data editing was conducted simultaneously to ensure timely corrections and data quality.

This report presents the main findings of the survey. It is structured as follows: Business activities in Rwanda are presented in section 1, Section 2 examines the business environment, Section 3 analyses business performance, and Section 4 presents conclusions and areas of research.

For 

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Director General

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Acknowledgments

The IBES 2024 report is the outcome of many months of cooperative effort by Staff at the NISR. The project recognizes the leadership of NISR management throughout the various stages of the survey, particularly their oversight in monitoring data collection progress during the actual survey period. Their suggestions and comments on this report are also gratefully acknowledged.

The Department of Economic Statistics coordinated field operations and provided technical guidance on all survey-related matters. Special thanks are extended to the members of the technical committee, who, at every stage of the fieldwork, visited enumerators to assess compliance with data collection guidelines and suggested remedial measures where need be.

Recognition is also due to the fieldworkers and their team leaders for their dedication. They are commended for their diligent work in data coding and entry following the completion of fieldwork.

Lastly, sincere acknowledgments are extended to all stakeholders and to the formal and informal business enterprises that cooperated with the survey, and we guarantee them maximum confidentiality in handling the information they provided.

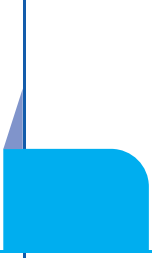
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List of abbreviations

BIT	: Business Income Tax
DES	: Department of Economic Statistics
EC	: Establishment Census
IBES	: Integrated Business Enterprise Survey
ISIC	: International Standard Industrial Classification
LFS	: Labour Force Survey
NISR	: National Institute of Statistics of Rwanda
RWF	: Rwandan Franc
VAT	: Value Added Tax
WASAC	: Water and Sanitation Corporation

SUMMARY OF KEY MESSAGES



87% was the rate of informality of Rwanda's business landscape in 2024



Insufficient collateral was cited as the main barrier to access finance with 11.4% of formal businesses and 19.6% of informal businesses



18.7% of formal compared to 18.1% of informal businesses used personal resources for financing



3.6% for formal and 0.06% of informal businesses are engaged in exports



62.6% of manufacturing companies reports that they do not use their full capacity utilization. Among the reasons for underutilizations include low demand and reliable supply of inputs.



Both communication in foreign language and advanced or specialized IT skills top the skills gap concerns amongst business enterprise managers.



6.1% of formal business enterprises present lack of fund as the main barrier for staff trainings

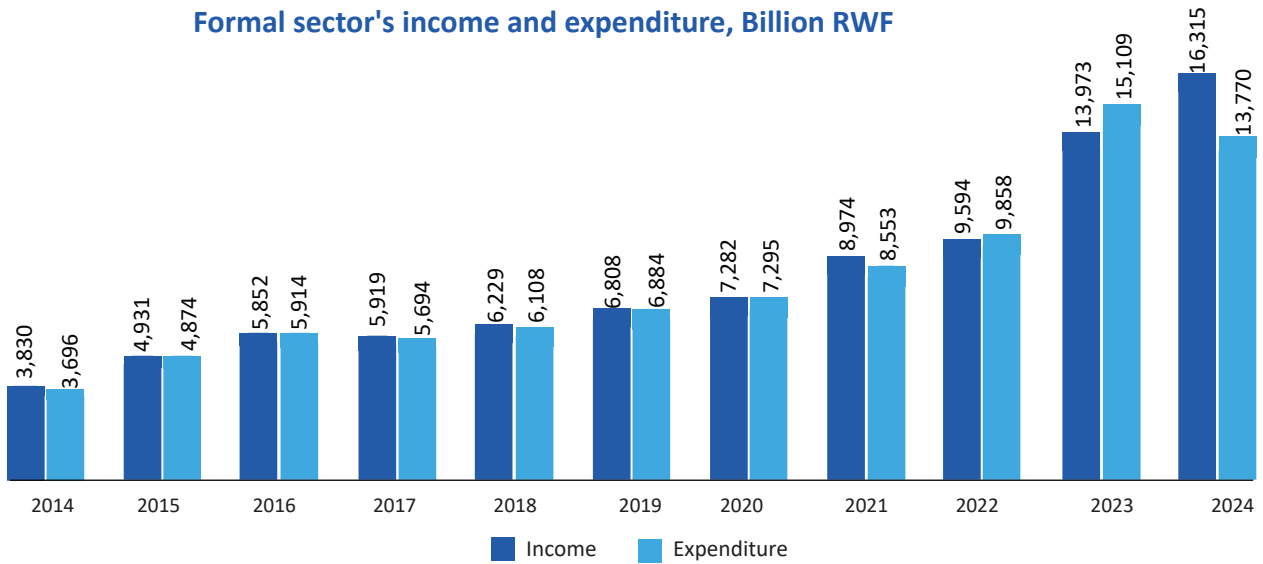


78.1% of formal business enterprises and 51.7% of informal business enterprises pay someone to dispose waste from their enterprises.

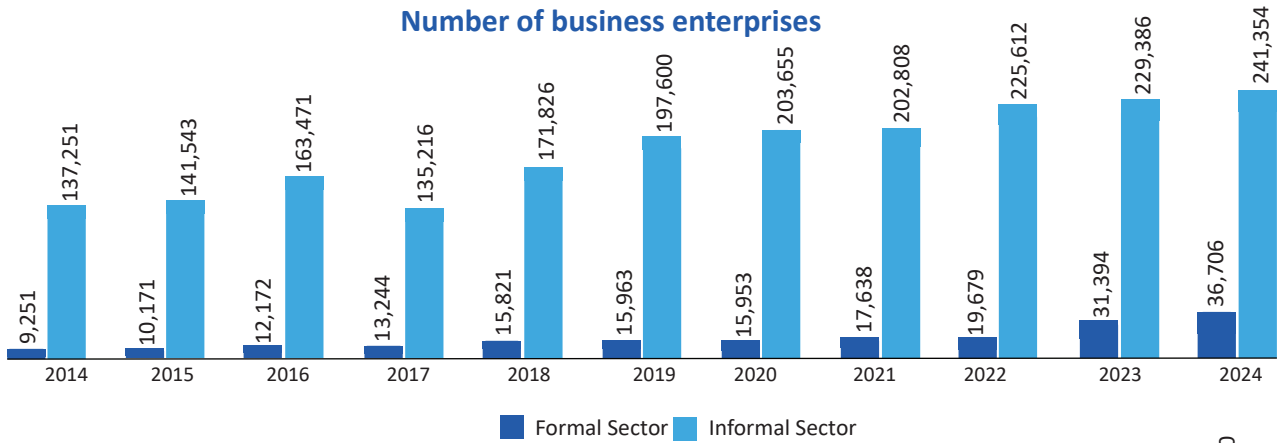


Given the increasing energy demand, the use of solar energy by Rwandan business enterprises is still very low. Results shows that it is used by 7.4% of formal and 6.0% of informal businesses.

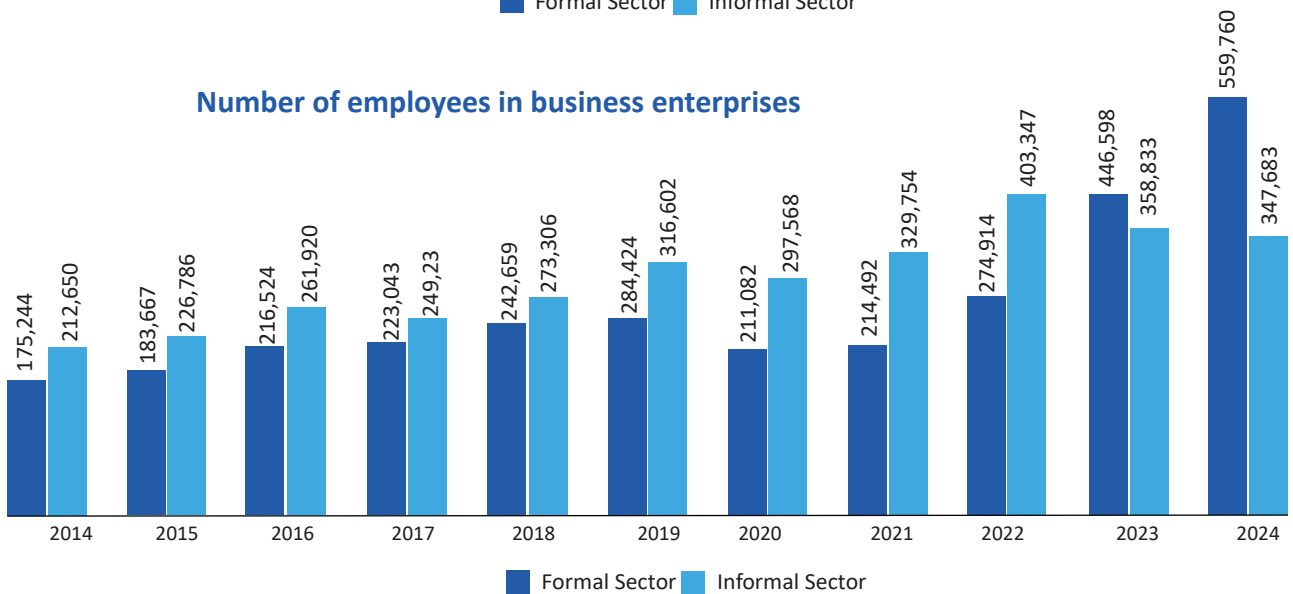
Formal sector's income and expenditure, Billion RWF



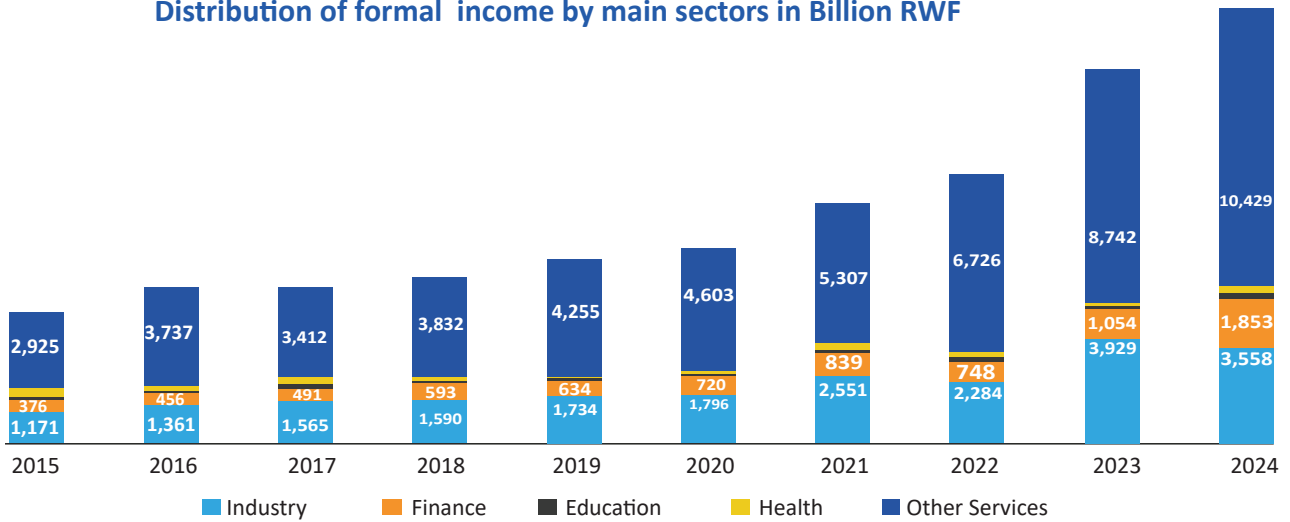
Number of business enterprises



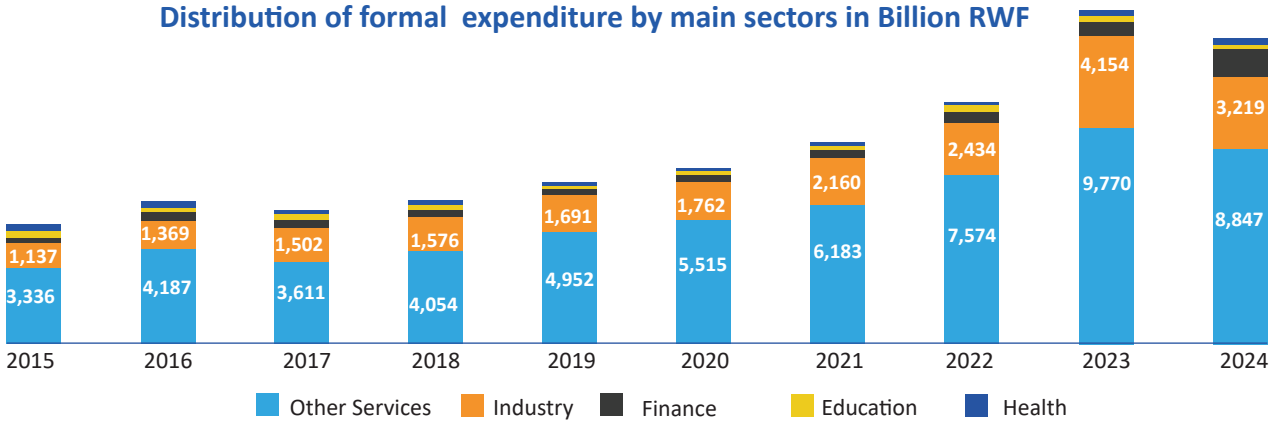
Number of employees in business enterprises



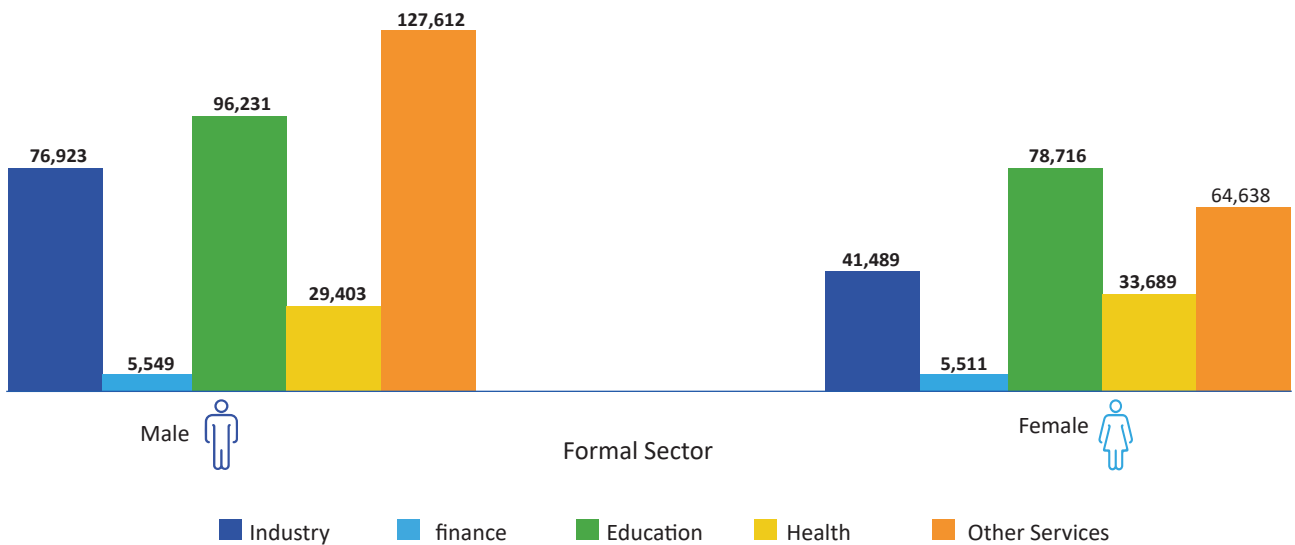
Distribution of formal income by main sectors in Billion RWF



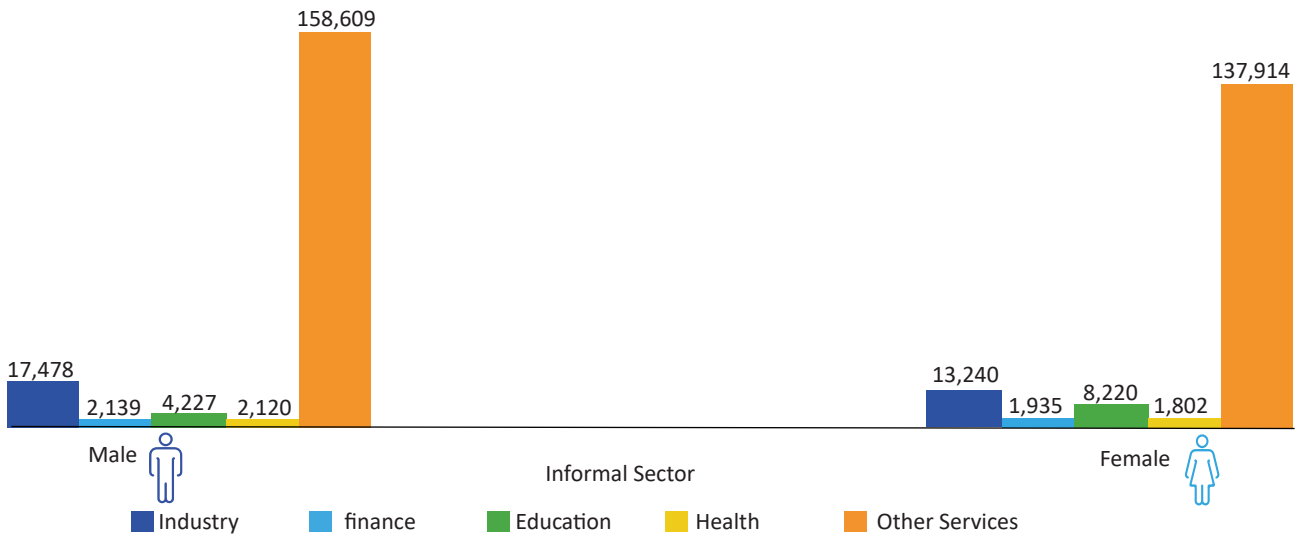
Distribution of formal expenditure by main sectors in Billion RWF



Numbers of employees by gender and main sector



Numbers of employees by gender and main sector



1.1 Introduction - Macroeconomic Conditions

The Integrated Business Enterprise Report 2024 provides a detailed analysis and description of Rwanda's business enterprise environment. It examines the market, institutional, behavioural, and infrastructural characteristics in which business enterprises operate. The operations are closely linked to the country's overall macroeconomic conditions. This section demonstrates a framework for understanding Rwanda's business environment by economic activity, and provides an overview of the Integrated Business Enterprise Survey (IBES).

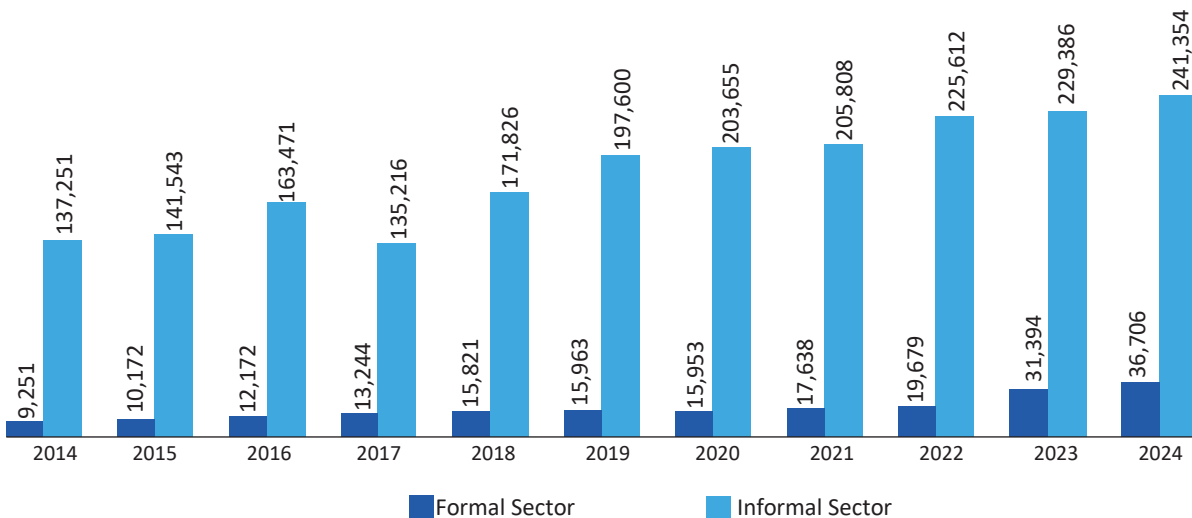
The report presents statistics and data on the nature of business enterprises, including labour employment patterns, ownership and legal characteristics of the businesses which clarifies the business operations and the perspective of the business environment in Rwanda. In addition, the survey covers detailed statistics on business aspects such as access to finance, waste management practices, energy usage, and the utilization of information and communication technologies. It also entails business performance by sector and enterprise size. However, the IBES excludes the agriculture sector, as agricultural activities are covered separately by the Seasonal Agriculture Survey (SAS). Furthermore, the IBES does not cover all activities related to public administration and extraterritorial organizations.

This section details the key characteristics of business enterprises, disaggregated by formality status, including geographic location, size, age of the enterprise, and economic activity, among others.

1.2 Characteristics of Rwanda's Business enterprises and their activities

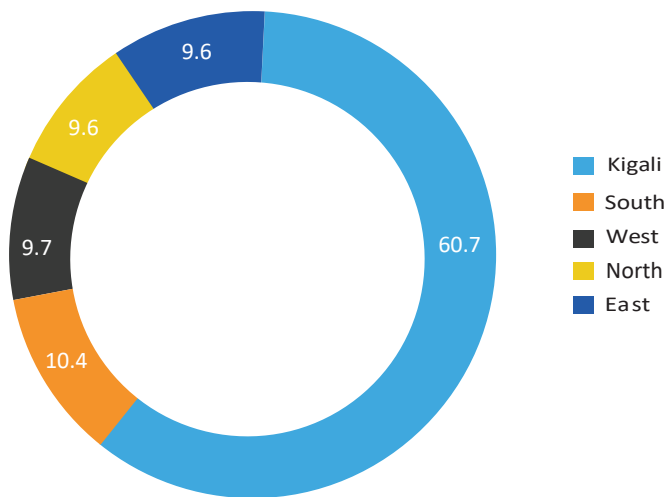
In 2024, the total number of business enterprises was estimated to be 278,060 (36,706 formal and 241,354 informal) and a share of 86.8% for informal businesses. In 2024, the number of formal businesses expanded by 16.9% year on year, while informal businesses increased by 5.2 percent point .

Graph 1.1. Trend of Business Enterprises in Rwanda



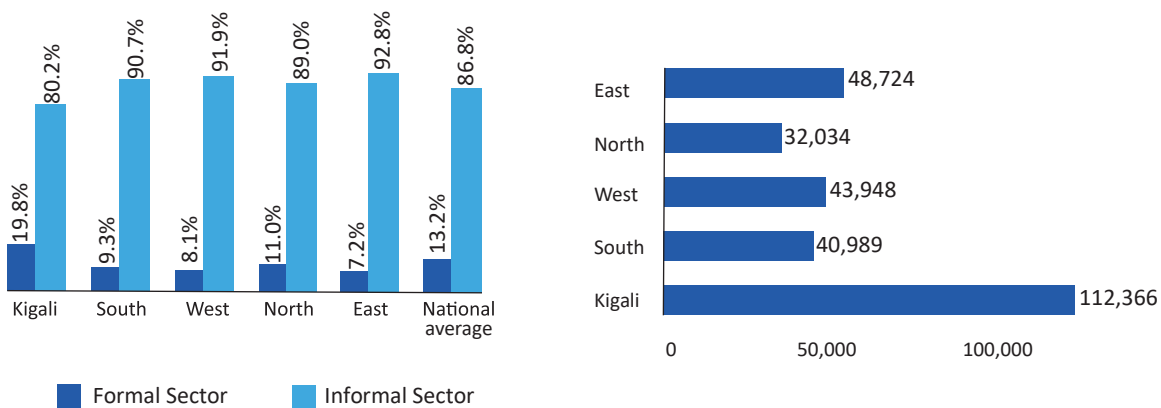
Graph 1.1 shows that the number of formal businesses peaked at 13,244 in 2017, representing 8.9% of all business enterprises. Although business formality dropped to its lowest level of 7.3% (15,953 businesses) in 2020, it has been steadily increasing, reaching 36,706 formal businesses which presented 13.2% in 2024.

Graph 1.2. Distribution of Formal Business Enterprises per provinces



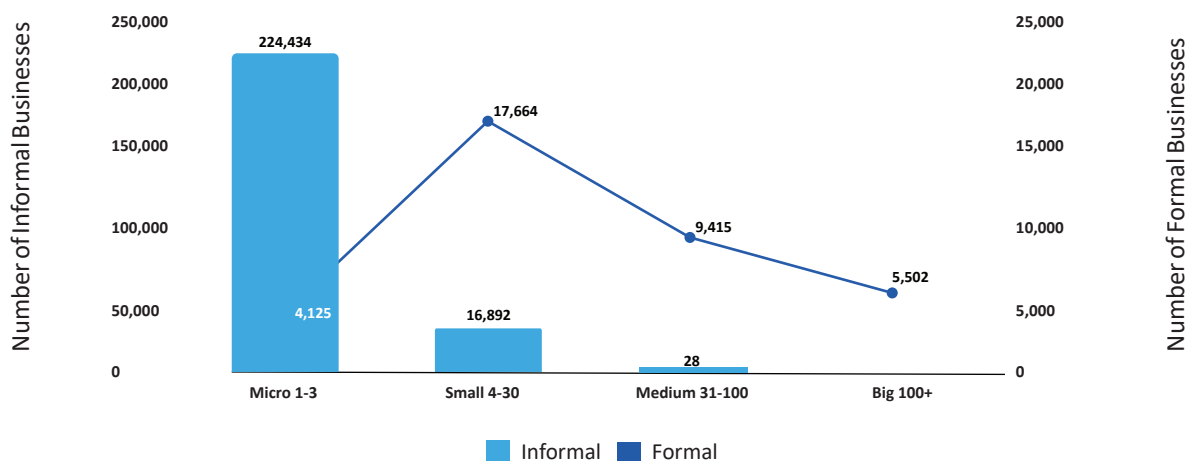
The City of Kigali accounts for the largest share of formal business enterprises, with 60.7% of total formal businesses. The Southern province follows with 10.4%, and the Western Province with 9.7%. The Northern and Eastern provinces each comprise 9.6% of the total formal businesses.

Graph 1.3: Geographic Distribution of Businesses, 2024



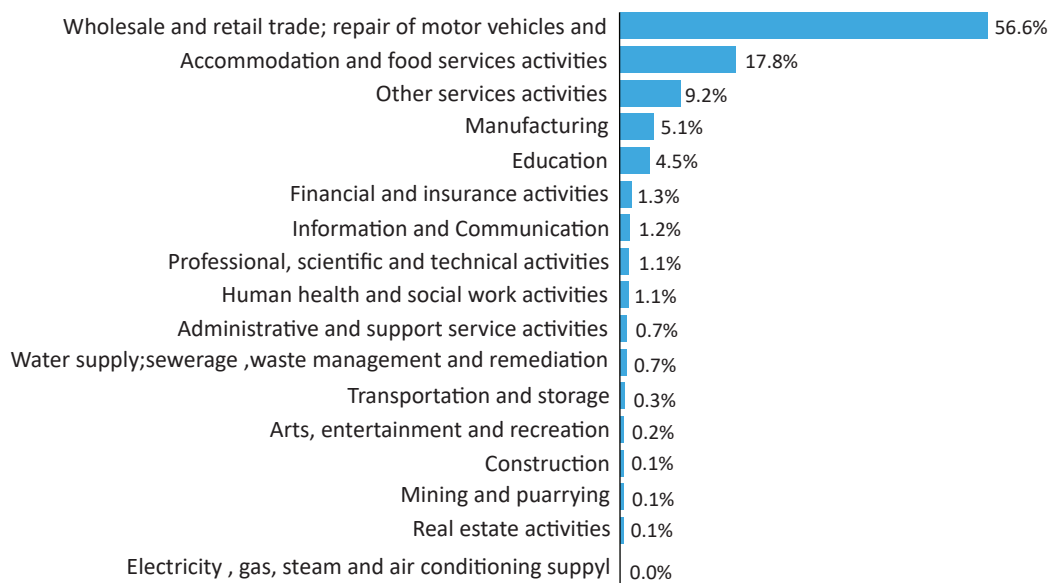
Micro business enterprises form the backbone of business activities in Rwanda (see Graph 1.4). Micro, Small and Medium (MSMEs) represent 98.0% of all business activity, totaling over 272,500 enterprises. These enterprises operate predominantly within the informal sector, accounting for 241,354 enterprises (86.8%). The remaining 31,205 enterprises (11.2%) operate in formal sector.

Graph 1.4: Number of Business Enterprises by Size, 2024



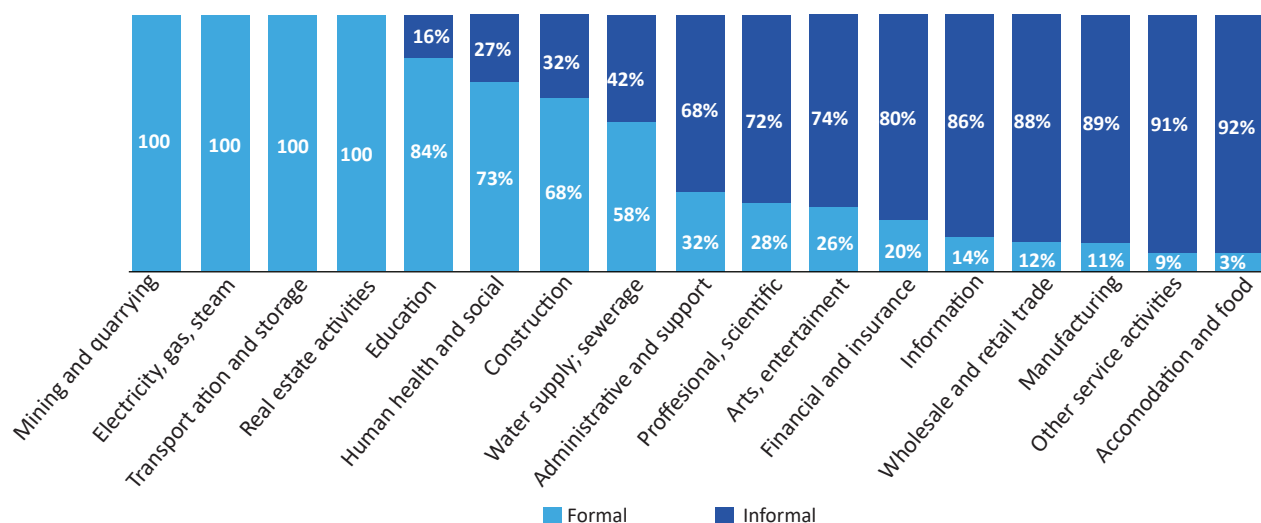
Wholesale and retail trade activities dominate the economic activity landscape with 56.6% of all business enterprises in Rwanda, followed by accommodation and food services with 17.8%.

Graph 1.5: Distribution of Business Enterprises by Economic activity



An analysis by economic activity and formality status reveals that the sectors with the highest concentration of formal businesses include mining and quarrying. Within this category, mining accounts for 124 enterprises (0.34%), while quarrying accounts for 23 enterprises (0.06%). Both activities operate entirely in the formal sector. This is followed by electricity, gas, steam and air conditioning supply, transportation and storage, and real estate activities, each with 100% of businesses operating formally. In contrast, accommodation and food service activities (92%), other service activities (91%), and manufacturing (89%) are predominantly informal.

Graph 1.6. Distribution of Business Enterprises by Economic Activity and formality



Rwandan residents constitute the majority of business enterprise owners in the country, accounting for 94.7% of total ownership (see Table 1.1). In the informal sector, Rwandan residents own almost all business enterprises, representing 99.1% of ownership, compared to 65.8% of ownership in the formal sector. Furthermore, approximately 87.8% of business enterprises are sole proprietorships, that is, owned by a single individual (see Table 1.2), and the majority of these entities operate informally.

Table 1.1: Business Enterprises by Ownership Characteristics (%), 2024

	Formal	Informal	Total
Rwandan Residents	65.8	99.1	94.7
Government of Rwanda	14.8	0.6	2.4
Non- Rwandan residents or foreigners	10.6	0.0	1.4
Resident foreigners	8.8	0.4	1.5
Total	100.0	100.0	100.0

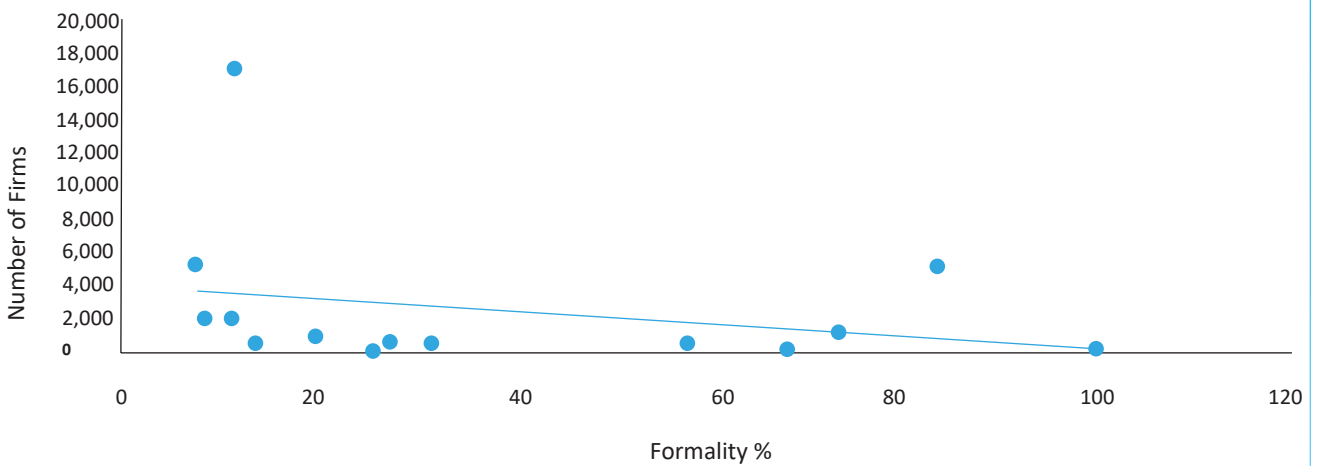
Source: IBES2024, NISR

Table 1.2: Legal Status of Business Enterprises (%), 2024

	Formal	Informal	Total
Company limited by shares	51.8	2.7	9.2
Unlimited company	0.1	0.0	0.0
Company limited by guarantee	1.2	0.0	0.2
Government	13.7	0.1	1.9
Other	0.0	0.3	0.3
NGO	6.9	0.2	1.1
Cooperative	4.1	0.5	1.0
Individual owner	22.1	96.2	86.4
Total	100.0	100.0	100.0

Source: IBES2024, NISR

Graph 1.7: Correlation between Formality and Number of Business Enterprises



There is a moderate negative correlation ($r = -0.34$) between formality and the number of business enterprises in 2024. This indicates that economic activities with lower formality levels tend to have more firms, though the relationship varies by economic activities.

From 2016 to 2024, an average of 17.0% of young business enterprises were formal, while 41.0% were informal. Among formal enterprises, 26.5% started their operations between 2016 and 2020. In contrast, 52.8% of informal business enterprises started between 2021 to 2024. Overall, 60.4% of young enterprises comprising 7.1% of formal and 52.8% of informal businesses were established between 2021 to 2024.

Graph 1.8: Business Enterprises by Age of Business Enterprise, formality shares and number of enterprises

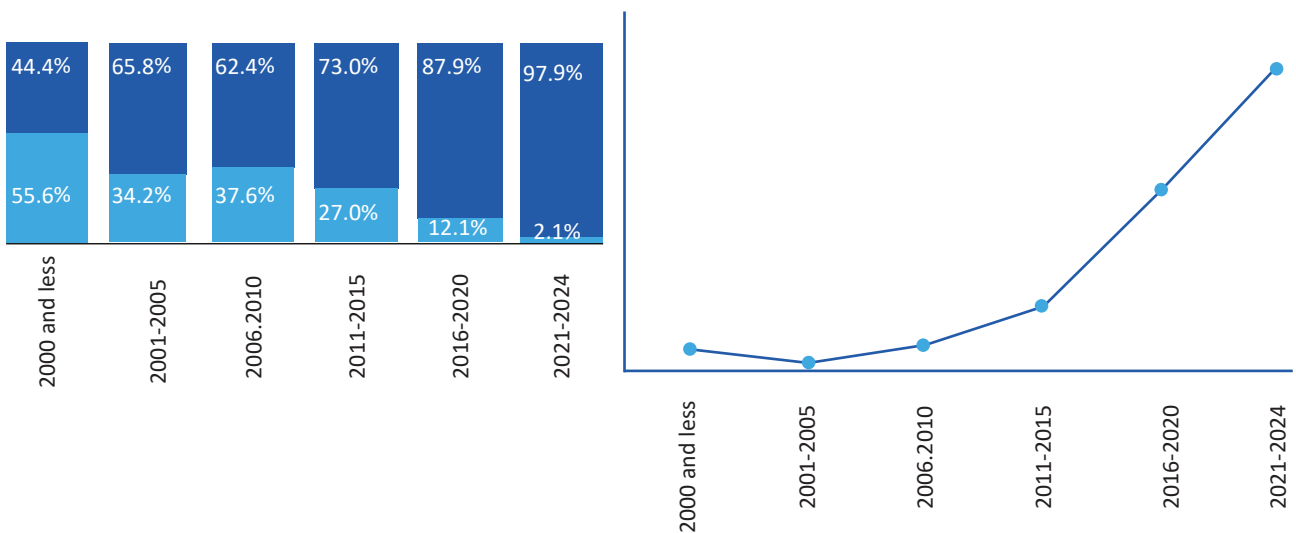


Table 1.3. Summary of Business Distribution in Rwanda

Descriptive	Formal					Informal				
	Kigali	South	West	North	East	Kigali	South	West	North	East
Main Sector	22,297	3,825	3,546	3,517	3,521	90,069	37,164	40,402	28,517	45,203
Industry	1,961	216	118	129	482	4,698	2,774	3,111	2,673	3,127
Finance	392	131	153	109	124	789	592	1,184	592	493
Education	644	1,344	1,180	890	1,108	555	-	-	151	303
Health	394	247	212	165	176	144	96	48	48	96
Other services	18,907	1,888	1,883	2,225	1,631	83,883	33,702	36,059	25,054	41,184
Size	22,297	3,825	3,546	3,517	3,521	90,069	37,164	40,402	28,517	45,203
Micro 1-3	2,708	396	382	531	107	81,199	34,420	37,721	27,607	43,487
Small 4-30	10,667	2,027	1,705	1,636	1,630	8,870	2,743	2,653	910	1,716
Medium 31-100	4,865	1,074	1,131	986	1,359	-	-	28	-	-
Big 100+	4,057	328	328	364	424	-	-	-	-	-
Economic Activity	22,297	3,825	3,546	3,517	3,521	90,069	37,164	40,402	28,517	45,203
Mining & quarrying	68	23	-	34	23	-	-	-	-	-
Manufacturing	1,468	193	114	91	171	4,380	2,774	3,066	2,628	3,066
Electricity & Power	9	-	4	-	9	-	-	-	-	-
Water supply & waste management	280	-	-	-	280	269	-	45	45	45
Construction	136	-	-	4	-	49	-	-	-	16
Wholesale & retail trade	13,505	922	830	1,291	608	54,572	19,916	19,602	12,075	23,679
Transportation & storage	372	-	-	-	-	-	-	-	-	-
Accommodation & food service	2,404	546	765	874	656	17,310	9,928	14,001	9,164	12,219
Information & communication	447	-	-	-	-	1,053	351	-	1,053	351
Finance & Insurance	392	131	153	109	123	789	592	1,184	592	493
Real estate	79	-	-	8	-	-	-	-	-	-
Professional, scientific & technical	609	-	-	-	-	747	213	320	107	213
Administrative & support	511	-	-	-	-	394	169	141	113	282
Education	644	1,343	1,180	890	1,107	555	-	-	151	303
Human health and social work	394	247	212	165	176	144	96	48	48	96
Arts, entertainment & recreation	88	-	-	-	-	109	18	18	-	109
Other service activities	892	420	289	52	367	9,699	3,107	1,977	2,542	4,331
Business Enterprise Formation	22,297	3,825	3,546	3,517	3,521	90,069	37,164	40,402	28,517	45,203
>=2021	1,399	268	329	484	296	51,511	16,836	20,153	14,919	24,007
2016-2020	6,818	687	763	702	740	23,157	10,553	13,377	8,997	14,437
2011-2015	6,033	531	738	646	454	8,182	4,742	3,289	2,548	3,991
2006-2010	3,664	443	373	541	698	3,002	2,439	1,541	1,256	1,235
2001-2005	1,697	487	76	267	230	2,085	1,293	969	557	408
2000 and less	2,687	1,409	1,267	877	1,103	2,132	1,300	1,074	240	1,126

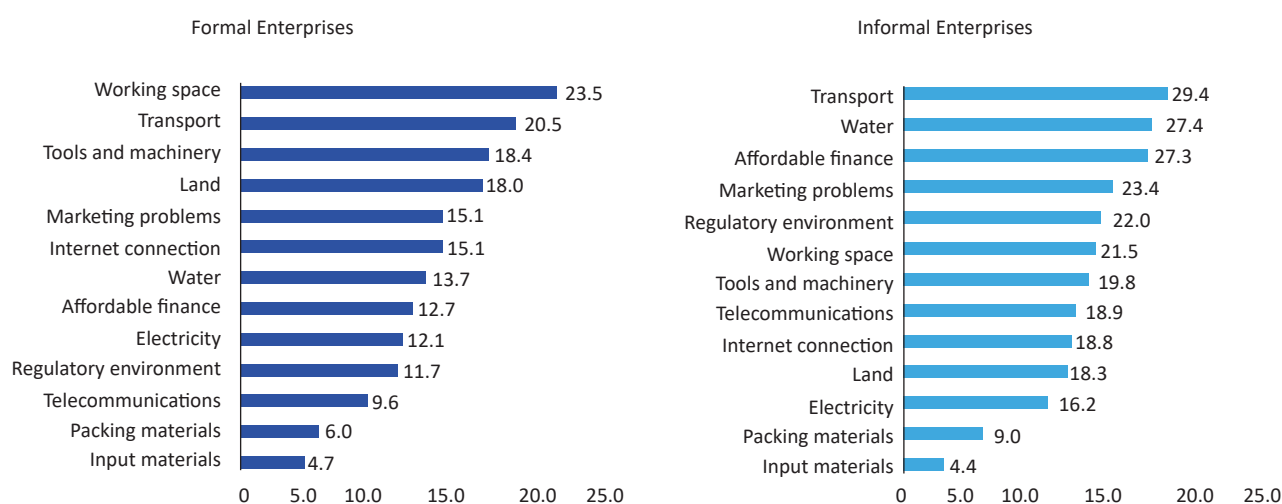
Source: IBES2024, NISR

Business performance is completely linked to a country's business environment, which consists of a range of structural, institutional, and behavioural variables. The key variables used as indicators for the business environment include access to finance, information communication technology, trade and exports, labour market structures, energy usage, as well as environmental and infrastructural factors. A favourable business environment stimulates economic activity and positively affect business performance, promotes confidence in the markets and improves both domestic and foreign investment, capital increments, employment growth, and export-oriented activities.

Conversely, a weak business environment may lead not only to divestment but also to probable counterproductive measures by business enterprises seeking to protect themselves from the weaknesses. For instance, unreliable power may result in business enterprises investing in alternative power generators; insecurity can lead to higher expenditure on safety and insurance costs; and a limited access to credit may lead to fewer investments. Such conditions are likely to contribute to productivity losses and employment stagnation.

This section reports on the different aspects of the business environment (based on indicators mentioned above), for both formal and informal business enterprises. Business environment factors are categorized into three groups: market-related factors, infrastructure and environmental factors, and labour characteristics. The analysis is further disaggregated by main economic sectors and the size of the business enterprise. It is worth noting that the most pressing challenges differ considerably based on business formality. It is important to note that the data presented in this section are solely for the year 2024.

Graph 2.1: Overall Ranking of Perceptions of Business Factors by Difficulty



Source: IBES2024, NISR

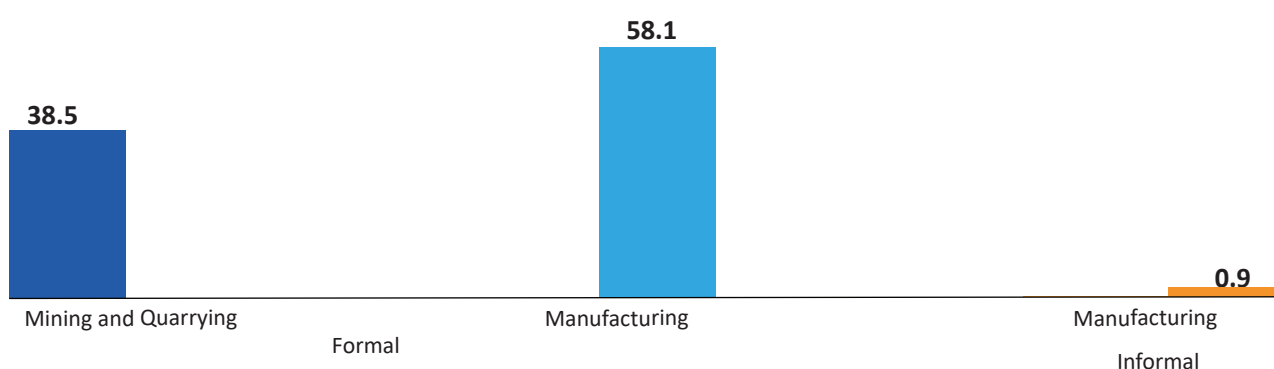
In general, formal and informal business enterprises face different challenges regarding the nature of the business environment (Graph 2.1). Formal business enterprises rank problems related to unavailable working space (23.5 %), transport cost (20.5%), and tools and machinery (18.4 %) as their most pressing challenges. On the other hand, informal business enterprises rank transport costs, water, and affordable finance as their primary concerns. Approximately 29.4% of informal business enterprises report difficulties associated with transport costs.

2.1 Market Factors

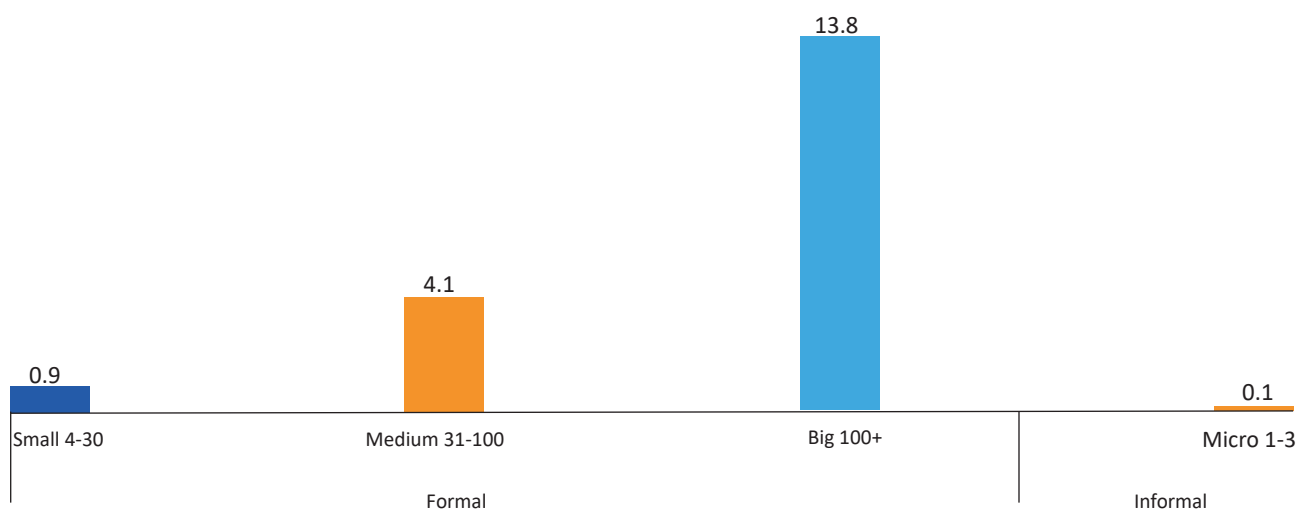
2.1.1 International Trade (Exports) for transformation enterprises

Graphs 2.2 and 2.3 below summarise exporting activities in Rwanda. The manufacturing sector exhibits the highest share of participation in exporting activities, with approximately 58.1% of formal business enterprises. Informal business enterprises, however, almost do not engage in exporting activities. In addition, the report highlights that larger formal business enterprises are significantly more likely to engage in foreign trade compared to their smaller counterparts. Large business enterprises lead in export activities, with 13.8% of formal business enterprises engaged in international trade, compared to 4.1 % of medium and 0.9% of small business enterprises (Graph 2.3).

Graph 2.2: Business Enterprise Exporting Activities by Economic Activity



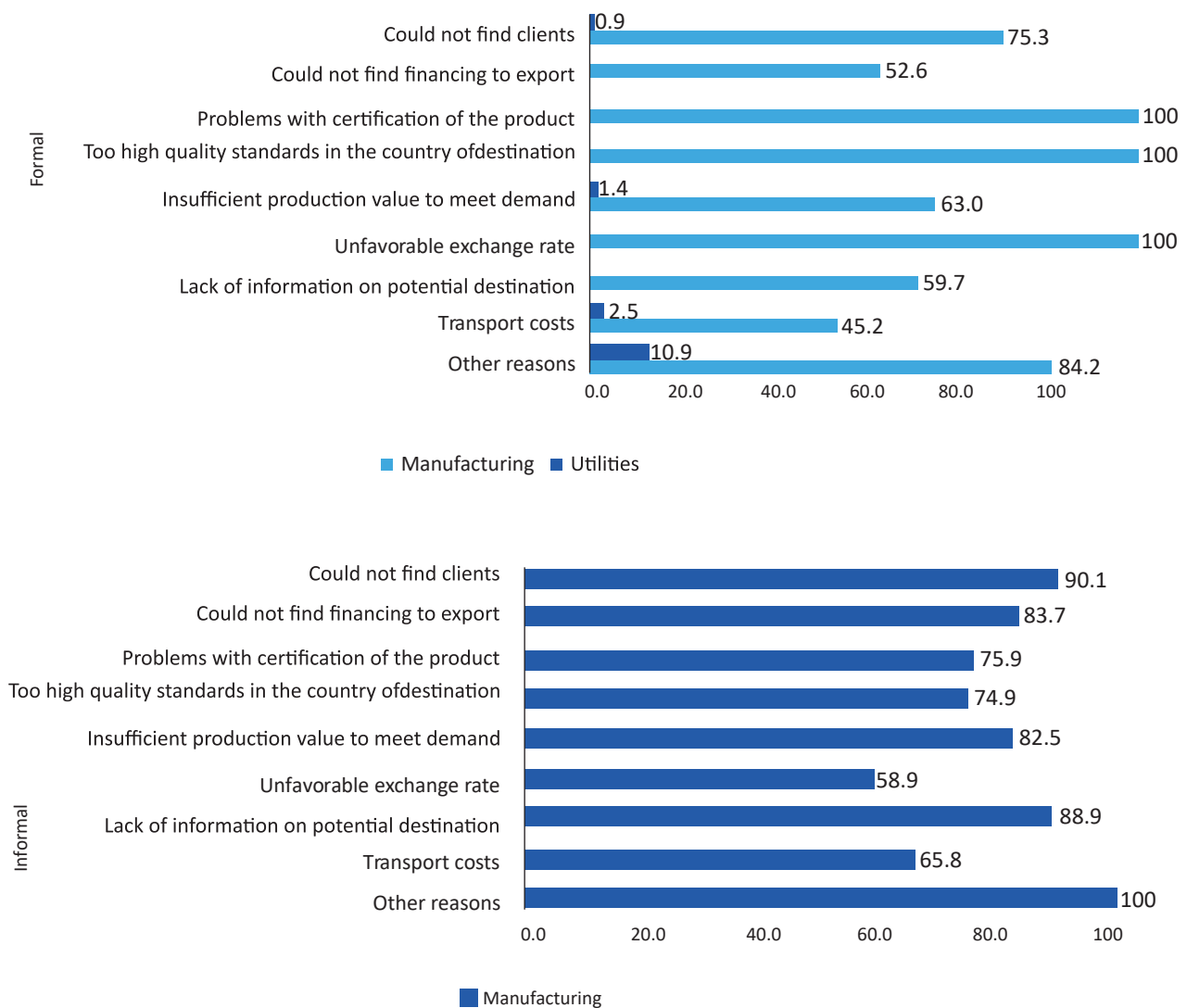
Graph 2.3: Business Enterprise Exporting Activities by Size



Barriers to export participation vary according to sector and business enterprise formality, as shown in the graph below. Similarly, among formal businesses in the manufacturing sector, additional barriers to export participation include difficulties with certification of the product, excessively high quality standards in destination countries, and unfavourable exchange rates, each accounting for 100%, while the inability to find clients represents 75.3% of the barriers. In the informal sector, barriers such as difficulties in finding clients, lack of information on potential destination markets, and unfavourable exchange rates. On average, each of these factors contributes (87.5%) with the inability to find clients representing the highest share at 90.2%.

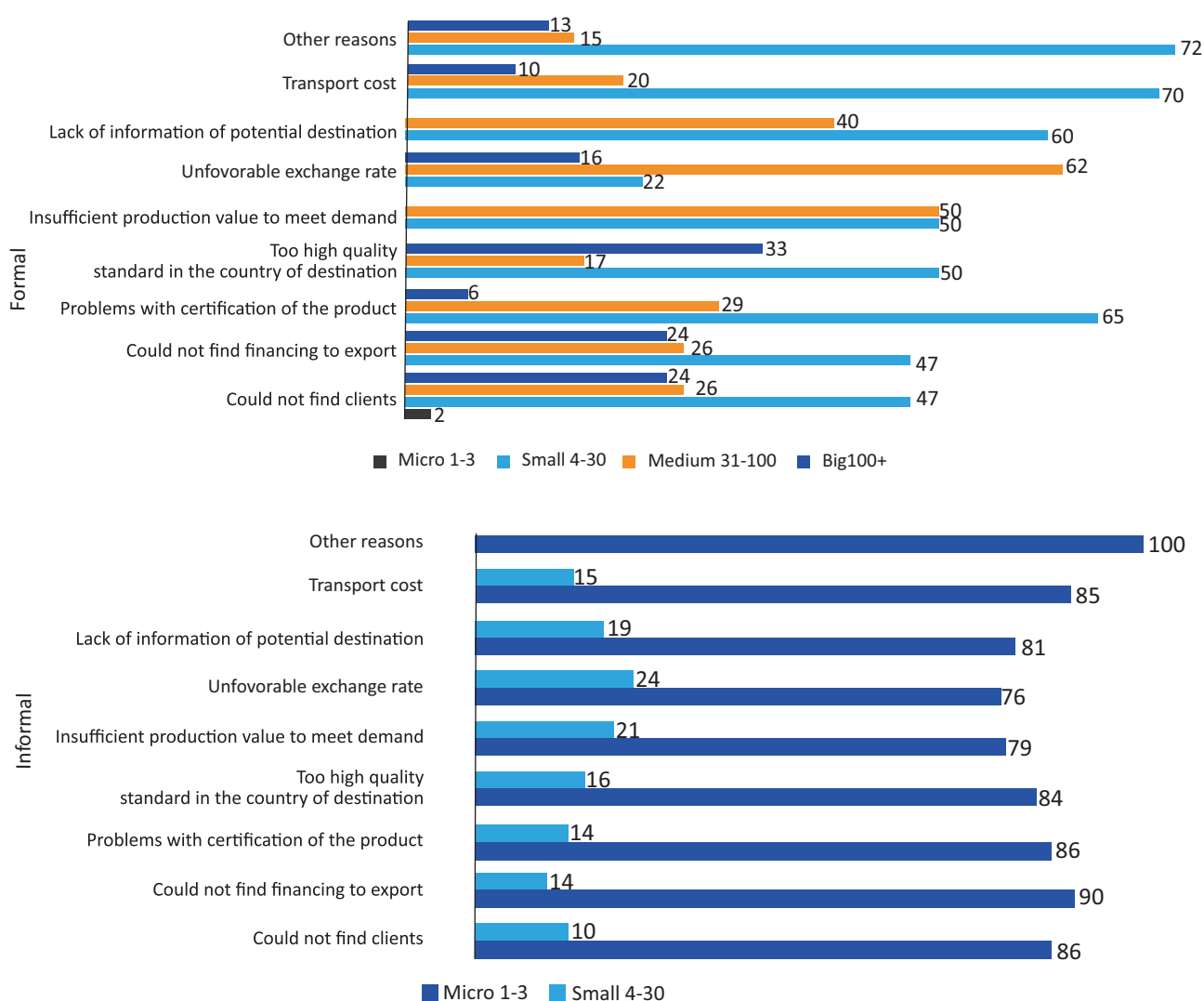
Barriers to export participation also vary by subsector. In the utilities sector, which is limited to the formal sector, key barriers include transport costs and insufficient production value to meet export demand. These constraints affect formal businesses exclusively.

Graph 2.4: Barriers to Business Enterprise Exportation by Sector



As shown in the Graph 2.5, the export participation is limited by a range of factors that vary according to business enterprise formality and its size. Among informal enterprises, 90% of micro-businesses are mainly hindered by an inability to secure export financing. For the same enterprises, a lack of clients and problems with certification of the product each represent 86% of the challenges faced, while small businesses' main challenge is an unfavourable exchange rate (24%). Regarding the formal enterprises, small enterprises are most affected by transport cost (70%) and product certification issues (65%). Among medium enterprises, the main challenges are unfavourable exchange rate (62%) and insufficient production value to meet demand (50%). Big enterprises predominantly face too high-quality standards in the country of destination (33%), followed both by an inability to find export financing and lack of clients (24%) each. Overall, inability to find clients is a challenge common to all formal business enterprises across all size categories.

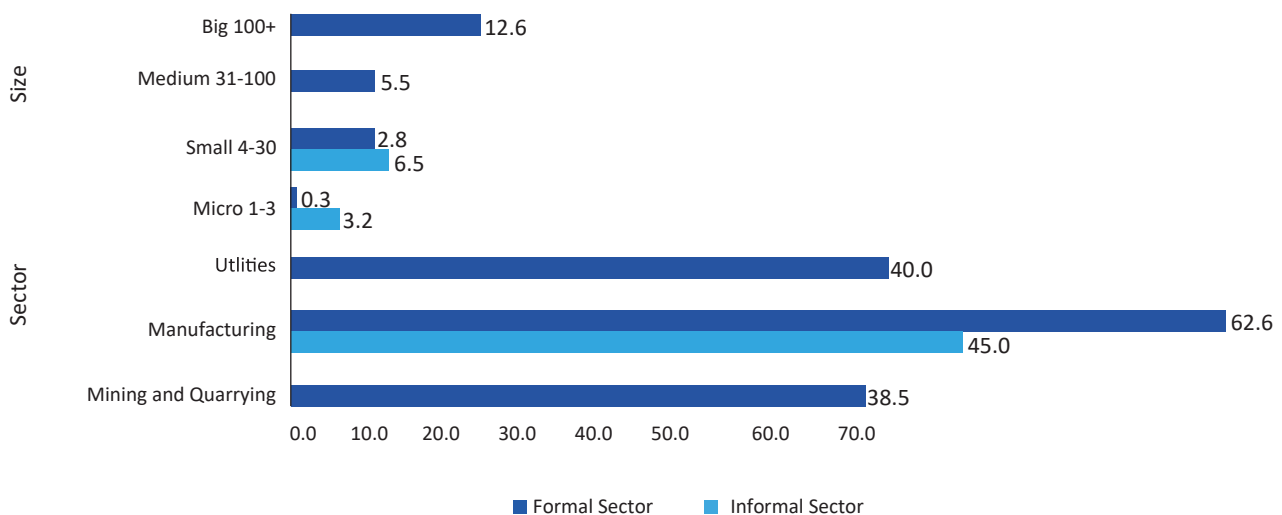
Graph 2.5: Barriers to Exportation by size and formality (%)



2.1.2 Access to Rwandan Produced Raw Materials

Raw materials and their sourcing constitute a critical component of supply chain management decisions for business enterprises. The quality of raw materials directly impacts the quality of output, which in turn influences price points and profits. Furthermore, decisions regarding whether business enterprises raw materials are sourced locally or from abroad influence the cost of production. Variations in cost, quality, and supply depending on the source of inputs. For instance, raw materials sourced from abroad may incur additional costs that locally sourced products typically avoid. Sourcing decisions are not uniform across business enterprises, they vary based on product complexity and inputs requirements. While some businesses produce a single product and therefore depend on one or a few raw materials, others produce multiple products and may require inputs from different sources. Thus, sourcing decisions and constraints can directly influence business enterprise production and productivity outcomes.

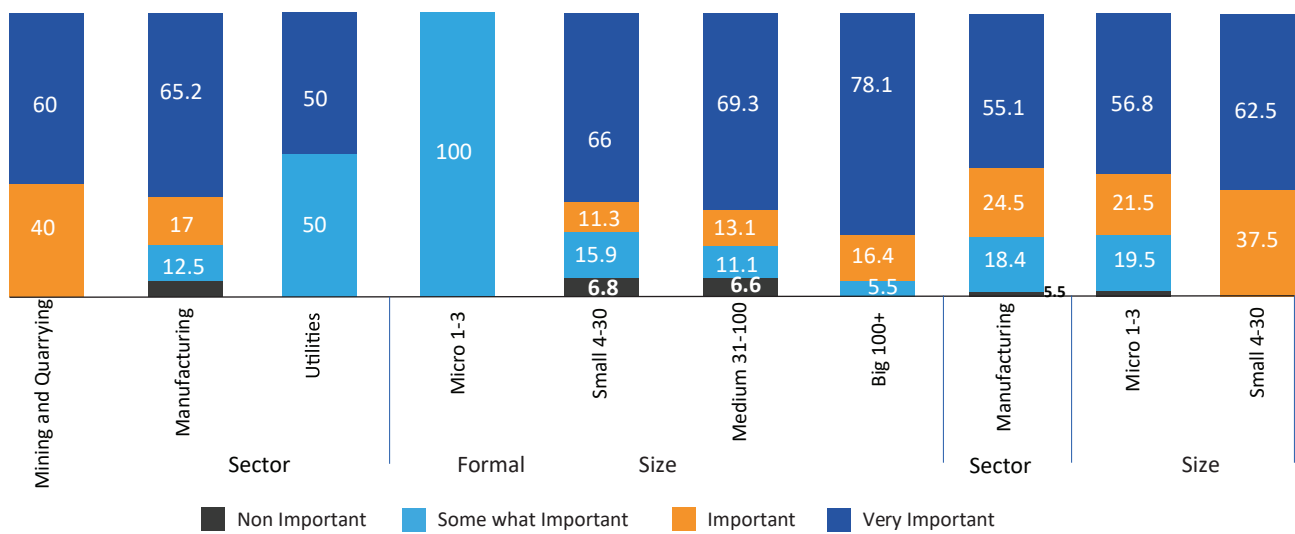
Graph 2.6: Business Enterprise Usage of Rwandan-sourced Raw Materials, % of Business Enterprises



On average, the extent to which business enterprises utilise locally produced raw materials varies by enterprise characteristics. As illustrated in Graph 2.6, approximately 62.6% of formal and 45.0% of informal manufacturing enterprises report utilising raw materials produced in Rwanda. Disaggregated by size, the big enterprises account for the highest share of raw materials usage at 12.6%, followed by small at 6.5%, and micro enterprises at 3.2% within the informal sector.

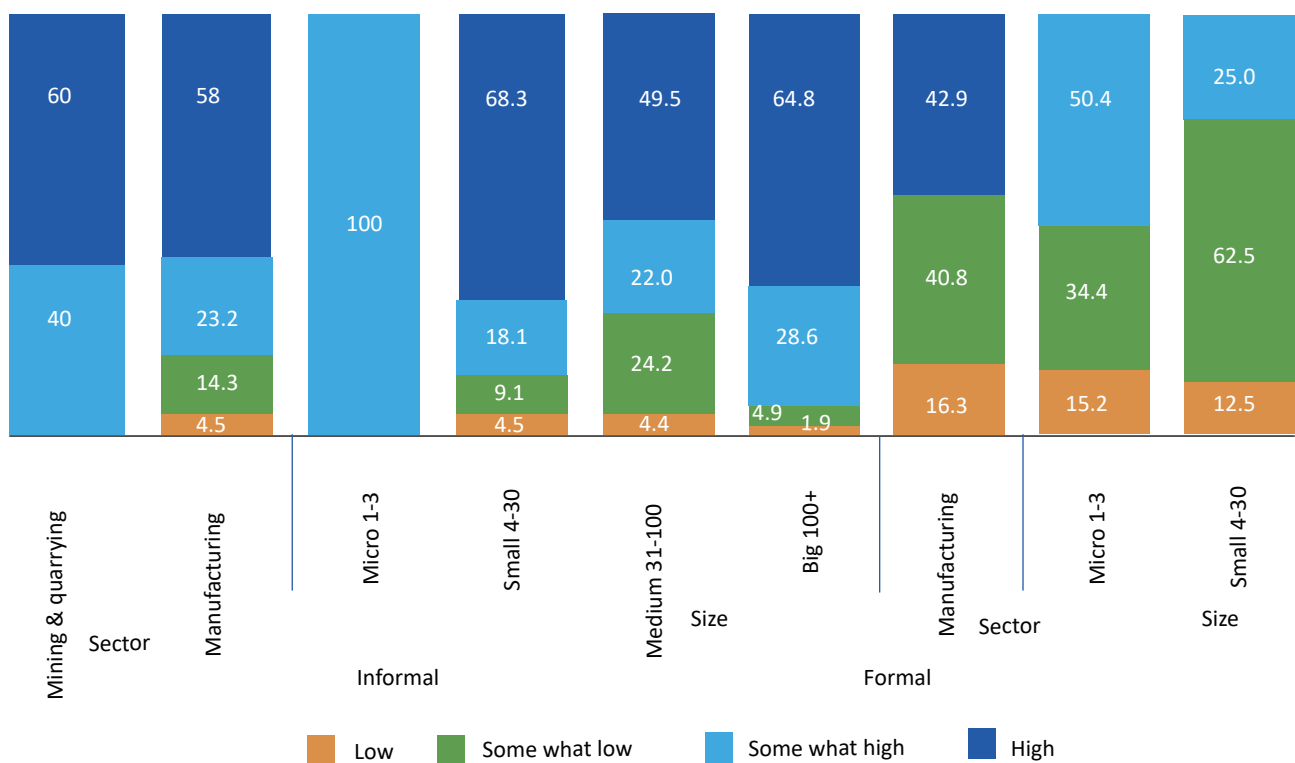
Business enterprises that use locally produced inputs (both formal and informal) on average regard Rwandan-produced raw materials as important for their activities, due to satisfactory quality (Graph 2.7). Disaggregated by sector, among formal business enterprises that use local raw materials, the manufacturing sector attributes the highest level of importance to Rwandan-produced raw materials with (65.2%). This is followed by the mining and quarrying sector (60%) and the utilities sector (50%). In the utilities sector, local materials were rated as “somewhat important”, while the mining and quarrying sector reported them as “important” (40%). Overall, 71.1% of formal business enterprises consider local raw materials to be of high importance, with the highest shares observed among large enterprises (78.1%) and medium-sized (69.3%). Within the informal sector, small enterprises rated local raw materials as “very important” (62.5%).

Graph 2.7: Business Enterprise Perception of the Importance of Rwandan Raw Materials, % of Business Enterprises



Graph 2.8 illustrates business enterprises' perceptions of the quality of raw materials produced in Rwanda. These perceptions reflect the market demand of Rwandan raw materials by business enterprises. Just as Rwandan business enterprises view local inputs as important; they also perceive them to be of satisfactory quality. Formal business enterprises in the extractive and manufacturing sectors rate Rwandan-produced raw materials as high quality. Most informal business enterprises rank Rwandan raw material as being of somewhat high quality. Similarly, formal SMEs using Rwandan inputs perceive them to be of high quality. Finally, the informal manufacturing enterprises rank the Rwandan raw materials as somewhat of high quality. Categorizing by size, micro enterprises rank the quality of raw materials as somewhat high, while small enterprises rank them as being of somewhat low quality.

Graph 2.8: Business enterprise ranking of the Quality of Rwandan Supply/Raw, % of Business Enterprises



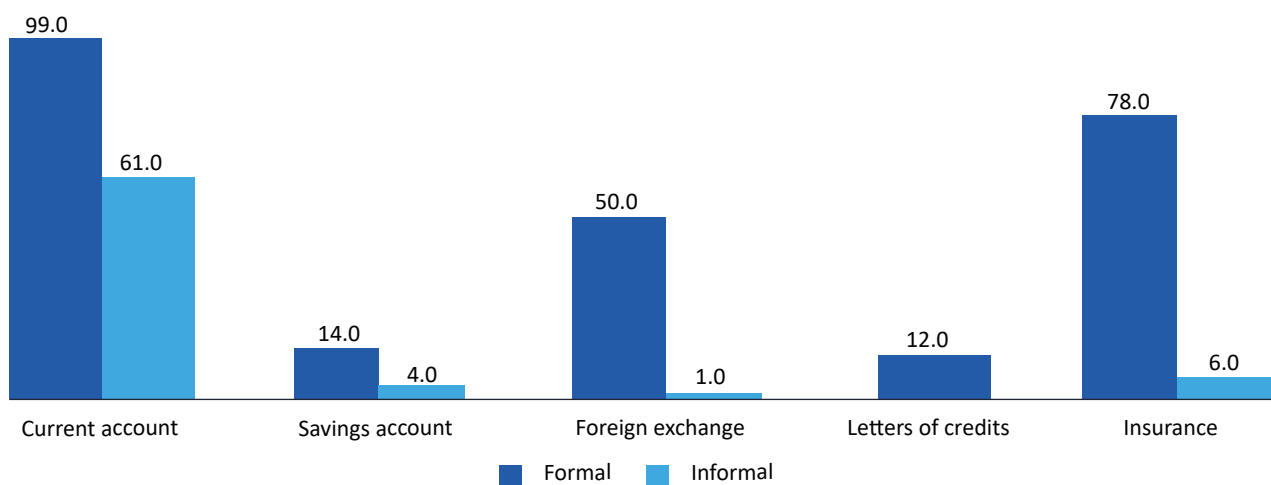
2.1.3 Access to Finance

Access to finance is fundamental to business enterprise growth. The relationship between access to financial loans and credit by business enterprises and productivity operates through several channels. First, the availability of resources for directly supports business enterprise expansion and sustainability. Business enterprises facing financial constraints encounter difficulties in raising resources for both operational and investment purposes. Furthermore, innovative capacity as well as research and development for new products, services, and technologies is essential for business enterprise growth. Adequate financing allows business enterprises to offset the costs associated with innovation, and those that readily access this financing are able to leverage innovation to spur business enterprise growth. Access to finance has also been linked to the business enterprises resilience and improving survival rates during economic shocks and strengthening the capacity to cope with other business environment risks. It also provides a safeguard by ensuring the continuity of working capital.

Graph 2.9 below shows the accessibility of basic financial instruments to formal and informal business enterprises in Rwanda. The survey differentiates these instruments into three types: deposit-oriented which enable liquidity management (e.g., current and savings accounts); credit-oriented instruments through which business enterprises can borrow funds; and other types of instruments available to business enterprises. Current accounts support short-term operational banking activities such as bill payments, making rent payments, and cash deposits. Letters of credit, are a form of export finance given to buyers/importers and offer secure payment agreements to suppliers. Savings accounts allow users to deposit cash and earn interest over time.

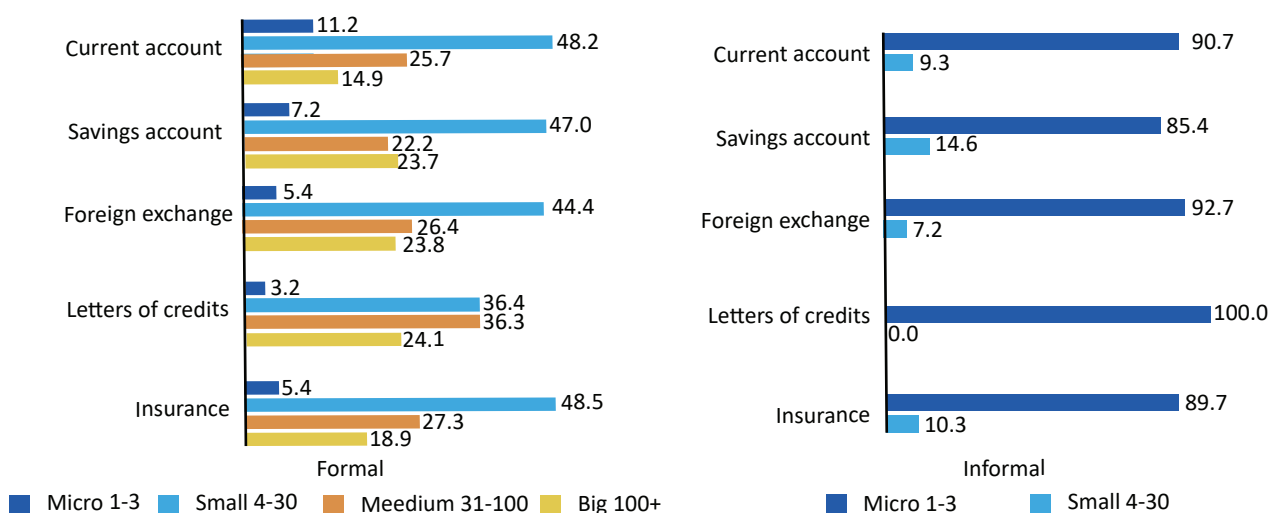
Current accounts are the most widely used financial instrument with 99% and 61% of formal and informal business enterprises maintaining operational accounts respectively. In contrast, 78% of formal business enterprises use various insurance instruments (e.g., motor vehicle, property, medical and life insurance), while only 6% of informal business enterprises insure property or other assets. Savings accounts and letters of credit are the least utilised financial instruments, with access particularly limited among informal business enterprises, with less than 4% of business enterprises utilising both.

Graph 2.9: Access to Basic Formal Financing Instruments, % of Business Enterprises



As shown in Graph 2.10, small and medium business enterprises (SMEs) account for the largest share (73.6%) of financial instrument usage within the formal sector. In 2024, formal small business enterprises accounted for an average of 44.9% of the utilisation of financial tools considered, while medium business enterprises accounted for 27.6% and big enterprises at 21.1%. In the informal sector, micro and small business-enterprises accounted for 91.7% and 8.3% respectively. Among formal businesses, insurance was the most used instrument, with small enterprises accounting for 48.2%. In contrast, letters of credit were the most used instrument among informal micro businesses, representing 100% of their financial instrument perception.

Graph 2.10: Business Enterprise Use of Financial Instruments by Business Enterprise Size, % of Total Business Enterprises



The IBES 2024 identifies several sources of financing, including personal cash, government financing, and loans from within and outside the country, among others. Across all economic activities, personal cash remains the most widely used form of financing for both formal (19.0%) and informal (17.7%) business enterprises. For formal business enterprises loans sourced from within Rwanda and government also represent a significant source of funds, accounting for 15.8% and 13.5% of total funding, respectively. In the informal business enterprises, loans from within Rwanda and government account for (14.2%) of financing, representing their significant importance as key funding sources for these enterprises.

Table 2.1: Sources of Financing for Business Enterprises by Sector, % of Business Enterprises

Sector	Formal				Informal		
	Mining and Quarrying	Manufacturing	Utilities	Services	Manufacturing	Utilities	Services
Personal Cash	23.6	19.3	14.2	18.7	17.2	17.8	18.1
Parent Company in Rwanda	12.7	12.7	14.2	12.8	13.9	13.3	13.4
Loans from Rwanda	16.4	16.7	14.3	15.9	14.8	13.3	14.6
Loans from outside Rwanda	10.9	13.2	14.3	12.8	13.5	13.3	13.4
Government	12.7	12.9	14.4	13.7	13.5	15.6	13.4
NGOs	10.9	12.6	14.3	13.2	13.5	13.3	13.4
Others	12.7	12.6	14.2	12.9	13.5	13.3	13.7

Source: IBES2024, NISR

Sectoral analysis reveals that personal cash is the most important source of financing across all sectors (Table 2.1). Among formal enterprises, personal cash represents the highest source of financing in the Mining and Quarrying and Manufacturing sectors, accounting for 23.6% and 19.3% respectively, followed closely by the Service sector at 18.7%. The informal counterparts also obtain a majority of their funding from personal sources in services, utilities and manufacturing sectors with 18.1%, 17.8% and 17.2% respectively.

Table 2.2 further highlights personal cash as the primary source of finance for business enterprises when disaggregated by size. The informal small business enterprises exhibit the highest reliance on personal finance, accounting for 19.8% of their funding. Loans sourced from within Rwanda represent another important source of financing, particularly for formal big business enterprises accounting for 16.7% of financing.

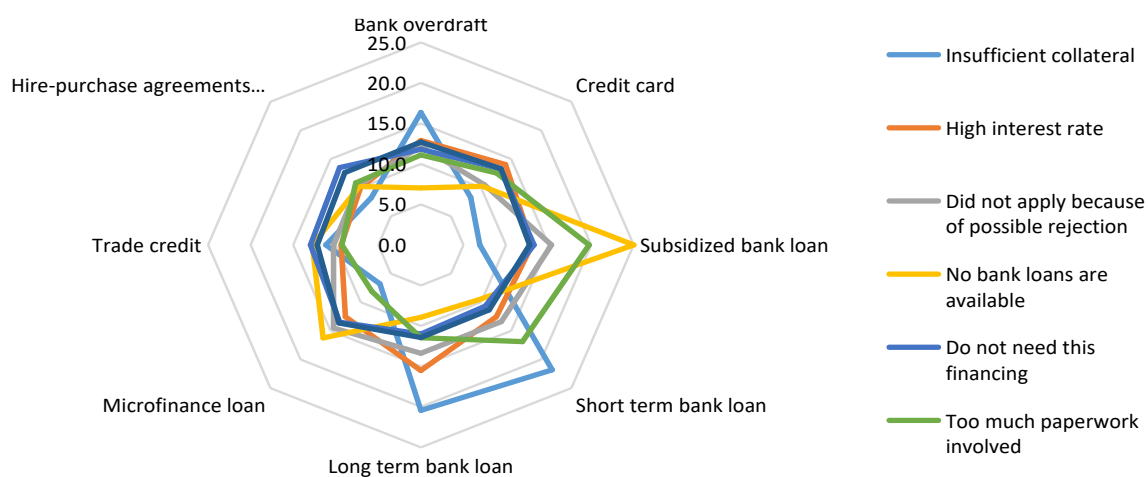
Table 2.2: Sources of Financing for Business Enterprises by Business Enterprise Size, % of Business Enterprises

	Formal				Informal		
	Micro1-3	Small4-30	Medium31-100	Big100+	Micro1-3	Small4-30	Medium31-100
Personal Cash	18.9	19.0	17.9	18.9	18.0	19.8	14.3
Parent Company in Rwanda	13.2	12.8	12.9	12.8	13.5	12.9	14.3
Loans from Rwanda	15.7	15.9	15.4	16.7	14.6	15.0	14.3
Loans from outside Rwanda	13.1	12.7	13.0	12.9	13.5	12.8	14.3
Government	13.1	13.7	14.5	12.9	13.4	12.8	14.3
NGOs	13.3	13.0	13.4	13.1	13.4	12.8	14.3
Others	12.8	12.9	13.1	12.7	13.7	14.0	14.3

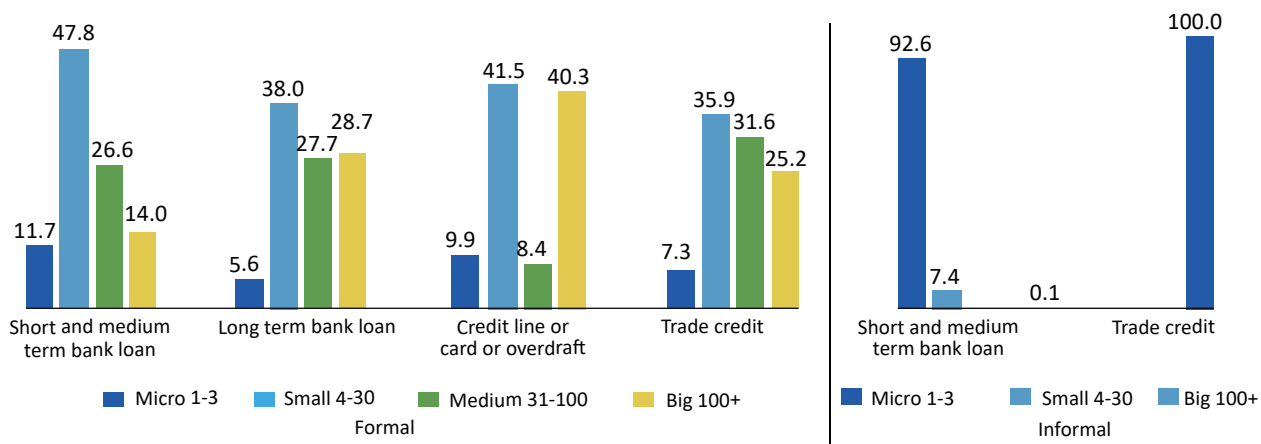
Source: IBES2024, NISR

The findings illustrate that Rwandan business enterprises face difficulties in accessing formal finance. As illustrated in Graph 2.11, the main barriers to financing include fear of possible rejection, unavailability of bank loans, high interest rates, and excessive paperwork. These barriers are common in the context of accessing subsidised bank loans with an average rate of 15.2%. They are followed by access to short-term bank loans, which presents difficulties for 13.7% of enterprises, and access to long-term bank loans, cited by 13.2%.

Graph 2.11: Barriers to Accessing Formal Financing, Formal Business Enterprises (%)

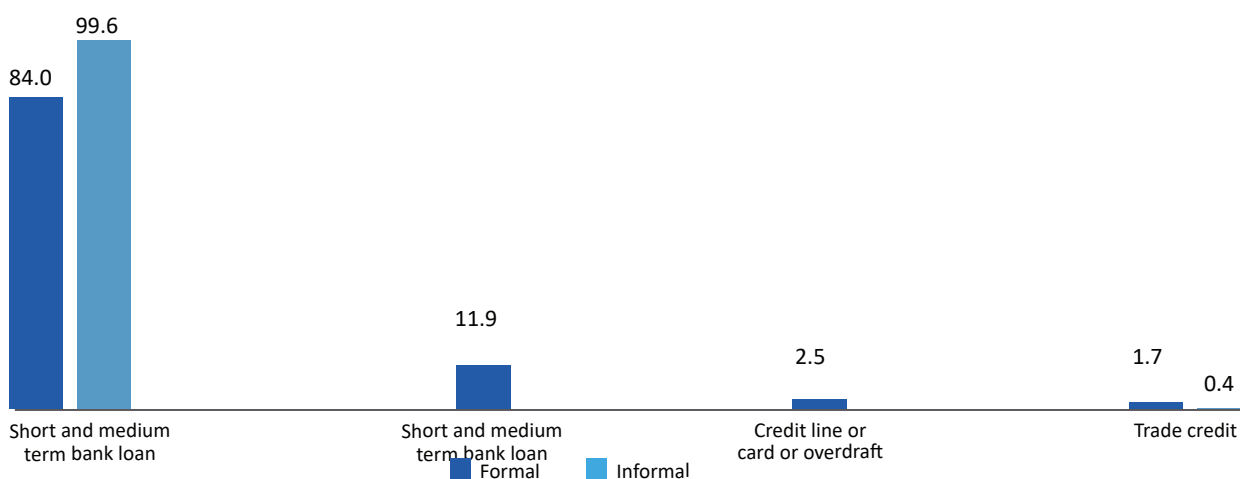


Graph 2.12: Accepted loans by type, formality and size of the business enterprise



In 2024, among informal micro businesses, 100% applied for trade credit, while 92.6% pursued short- and medium-term bank loans. In the formal sector, small business enterprises mostly applied for short- and medium-term bank loans accounting for 47.8%, followed by credit lines, cards, or overdraft at 41.5%. Moreover, formal big businesses applied mostly for credit lines, cards, or overdraft representing 40.3% of their total applications.

Graph 2.13: Outcome of Loan Applications, % of Business Enterprises

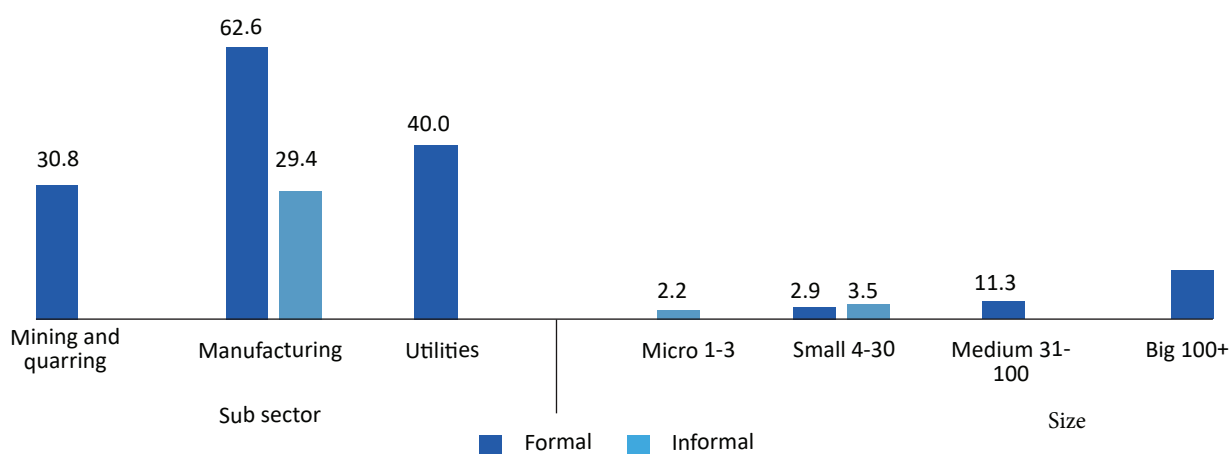


2.1.4 Capacity Utilisation

In this report, capacity utilisation is defined as the extent to which business enterprises use their productive capabilities at a given time. It explains the difference between the output produced in a certain period, and the output that could have been produced if all factors of production were employed at full capacity. Capacity utilisation further indicates business enterprise efficiency levels, by illustrating the extent to which a business enterprise can increase production without additional inputs.

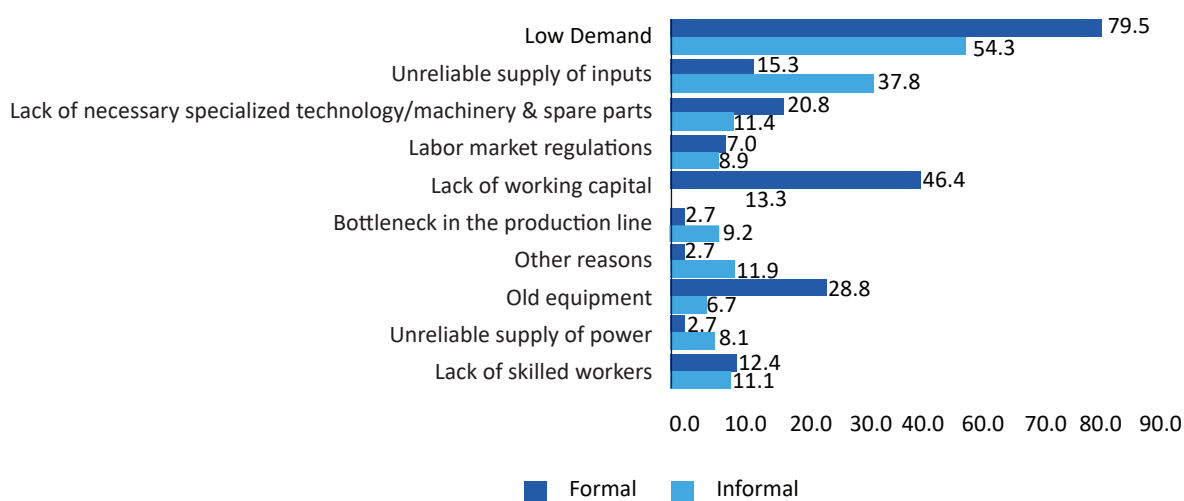
As illustrated in Graph 2.14, capacity underutilization varies by sector and enterprise formality. Within the formal business enterprises, manufacturing sector reported the highest share of capacity underutilization at 62.6%, followed by utilities at 40.0%. Subsequently under the informal business, the manufacturing sector reported the highest level capacity utilization, at 29.4%. Disaggregated by size, formal big business enterprises experienced the most significant capacity underutilization of 11.3%, followed by small businesses at 2.9%. However, the small informal business dominates at 3.5% in capacity underutilization.

Graph 2.14: Shares of Capacity Underutilization, by Formality, Sectors, and Size (% of Business Enterprises)



The causes of business enterprise underutilization differ by formality. As shown in Graph 2.15, for both formal and informal business enterprises, low demand is the primary reason for capacity underutilization, accounting for 54.3% and 79.5% of responses, respectively. Among formal businesses, other significant barriers include unreliable supply of inputs (37.8%) and lack of working capital (13.3%). For informal businesses, the main contributing factors are lack of working capital (46.4%) and the use of outdated equipment (28.8%).

Graph 2.15: Main Reasons for Underutilization- Overall



Barriers to full capacity utilisation further differ by business enterprise size and sector. Among big enterprises, labour market regulations and the lack of specialized technology, machinery & spare parts account for the highest share of underutilization, at 58.3% and 54.5% respectively. Regarding the informal sector particularly micro businesses, key barriers include bottleneck in the production line, labour market regulations, lack of necessary specialized technology or machinery & spare parts, outdated equipment, and other reasons, each contributing 100% to underutilization. For small informal businesses, unreliable supply of power account for 100% of capacity underutilization.

Table 2.3: Main Reasons for Underutilization, by Business Enterprise Size (%)

	Formal			Informal	
	Small 4-30	Medium 31-100	Big 100 +	Micro 1-3	Small 4-30
Low Demand	44.0	27.4	28.7	86.6	13.4
Unreliable supply of power	27.3	27.3	45.4	0.0	100.0
Unreliable supply of inputs	29.5	17.6	52.9	82.6	17.4
Lack of skilled workers	13.3	33.3	53.4	78.5	21.5
Bottleneck in the production line	16.2	40.5	43.3	100.0	0.0
Lack of working capital	38.9	27.8	33.3	94.3	5.7
Labor market regulations	8.3	33.4	58.3	100.0	
Lack of necessary specialized technology	6.5	39.0	54.5	100.0	
Old equipment	22.2	44.4	33.3	100.0	
Other reasons	6.3	43.8	50.0	100.0	

Source: IBES2024, NISR

In the formal sector, utilities enterprises struggle with low demand and lack of specialized technology, machinery, or spare parts as the main reasons for capacity underutilization. On the other hand, informal manufacturing business enterprises identify low demand (39.4%) and lack of working capital (21.2%) as their greatest challenges.

Table 2.4: Main Reasons for Underutilization, by Sector (%)

	Formal			Informal
	Mining and Quarrying	Manufacturing	Utilities	Manufacturing
Low Demand	9.1	27.1	50.0	39.4
Unreliable supply of power	27.3	4.0	-	1.5
Unreliable supply of inputs	18.2	22.6	-	6.1
Lack of skilled workers	9.1	7.0	-	6.1
Bottleneck in the production line	9.1	5.5	-	1.5
Lack of working capital	-	9.0	-	21.2
Labor market regulations	9.1	5.5	-	3
Lack of necessary specialized technology parts	18.2	6.5	50.0	7.6
Old equipment	-	4.5	-	12.1
Other reasons	-	8.0	-	1.5

Source: IBES2024, NISR

2.2 Infrastructure and the Environment

2.2.1 Energy Use and Access to Reliable Power

The adoption of solar energy among Rwandan business-enterprises remains limited. As illustrated in Graph 2.16, within the formal business, enterprises in education and health report the highest solar energy usage rates, at 12.5% and 8.9% respectively. While medium businesses use solar energy at 11.1%. Moreover, informal business enterprises use solar energy, and the finance sector dominates at 10.8%, while micro enterprises use mostly solar power at 6.2%.

Graph 2.16: Use of Solar Energy by Sector and Size, % of Business Enterprises

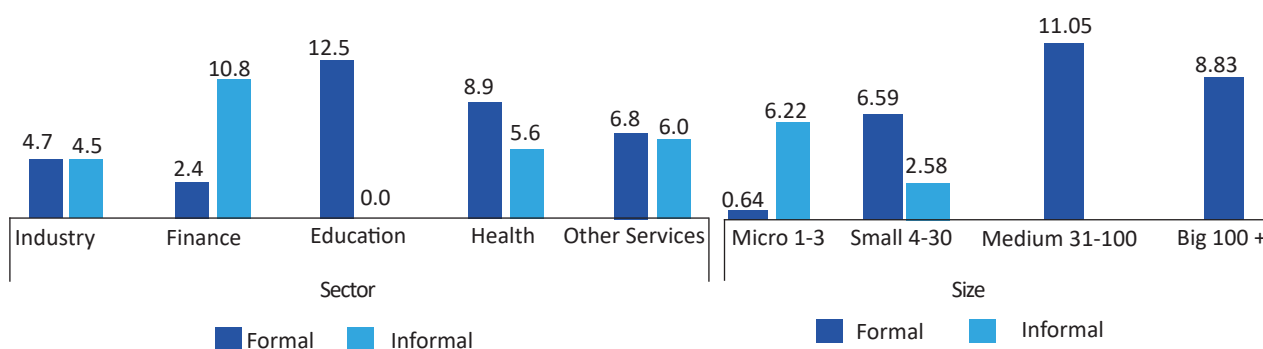
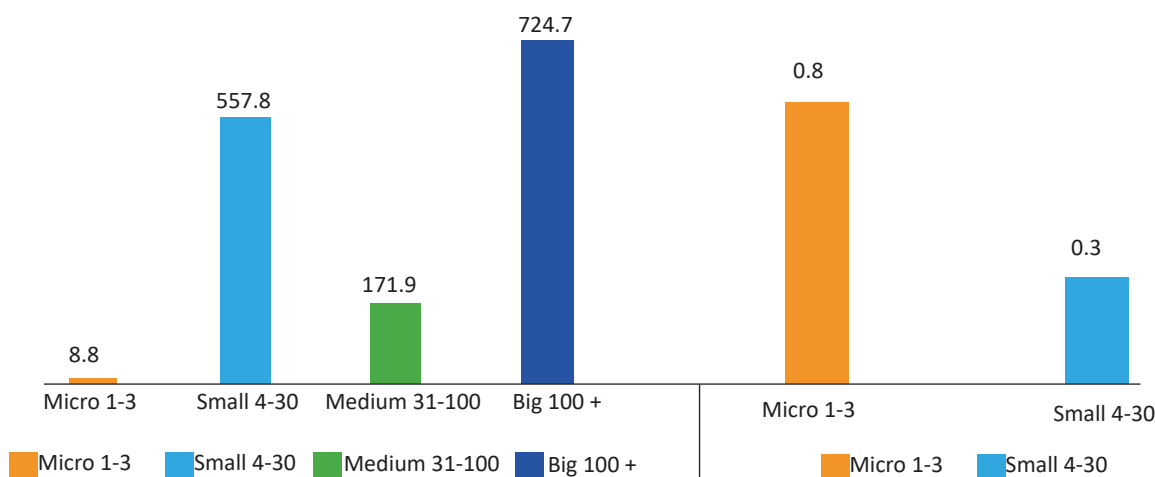


Table 2.5 illustrates electricity and power usage among business enterprises in Rwanda. Within, the formal sector, industries and other services record the largest share of electricity consumption, at (496.0 million kilowatts) and (114.0 million Kilowatts), respectively. When disaggregated by enterprise size, big enterprises consume more electricity, (724.7 million Kilowatts), followed by small enterprises, (557.8 million Kilowatts). As illustrated in the Graph 2.20, micro and small informal enterprises each consume electricity equivalent to (1.1 million Kilowatts). Among these, other services account for (0.9 million Kilowatts).

Table 2.5: Electricity Usage by Business Enterprises (Sector), in Million Kilowatts

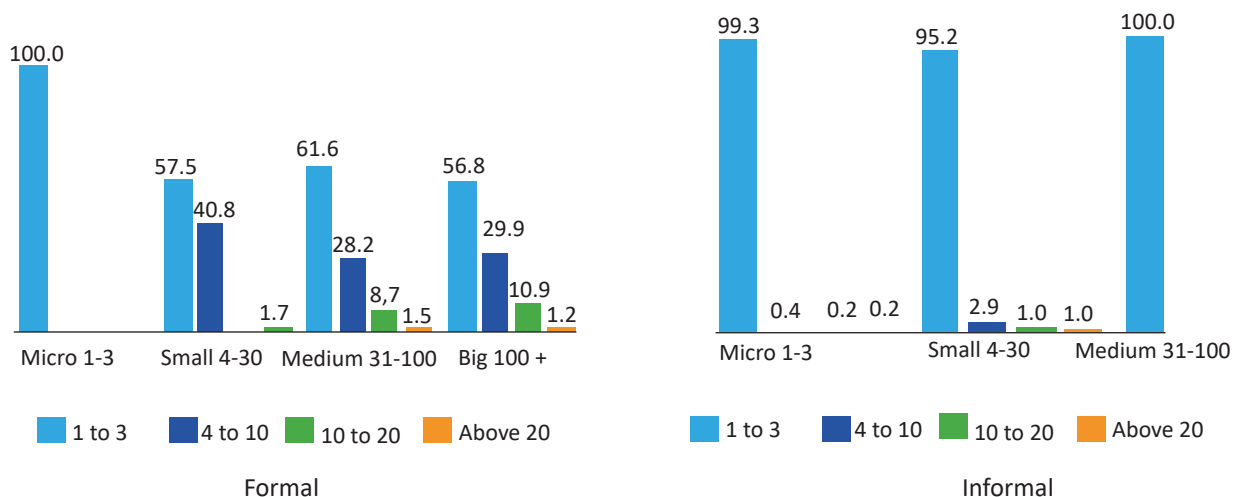
Sector	Formal	Informal
Industry	496	0.2
Finance	8	0
Education	14	0
Health	17	0
Other services	114	0.9

Graph 2.17: Electricity Usage by Business Enterprises (Formality and Size), in Million Kilowatts

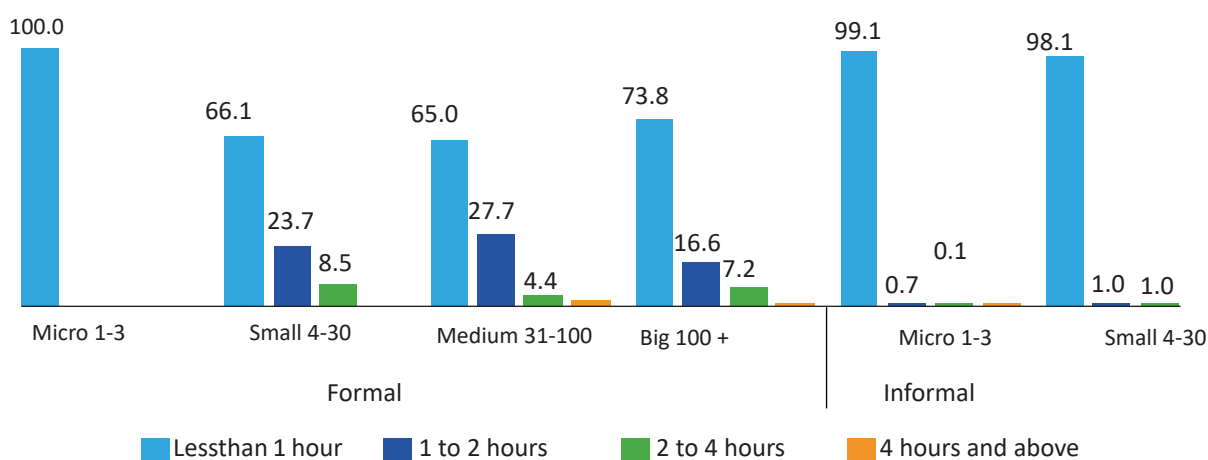


As shown in Graph 2.18, among formal business enterprises, micro and medium-sized businesses reported experiencing one to three power outages at rates of 100.0% and 61.6% respectively. In the informal sector, 100.0% of medium informal business enterprises reported a similar frequency of outages. Graph 2.19, illustrates the average duration of power outages. Among micro business enterprises 100% of formal and 99.1% of informal have reported the average duration of power outages of less than one hour. In contrast, 27.7% of formal medium-sized enterprises and 23.7% of formal small business enterprises experienced power outages lasting between one and two hours. Furthermore, 23.7% of formal small business enterprises experienced power outages lasting between one and two hours. In contrast, 27.7% of formal medium-sized enterprises and 23.7% of formal small business enterprises experienced power outages lasting between one and two hours.

Graph 2.18: Business Enterprises by the number of monthly power outages (%)



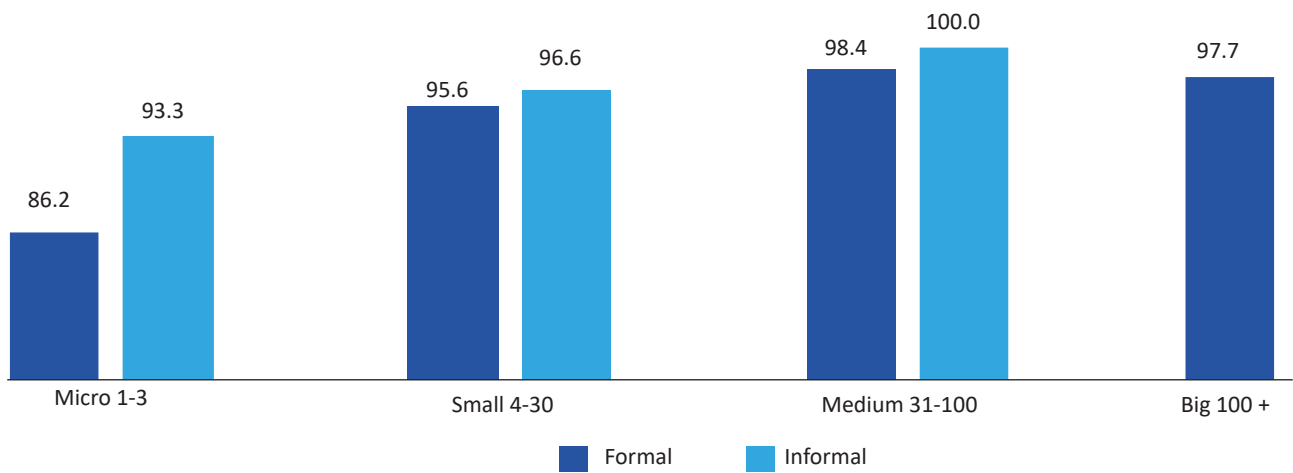
Graph 2.19: Average Duration of Power Outages (Hours), % of Business Enterprises



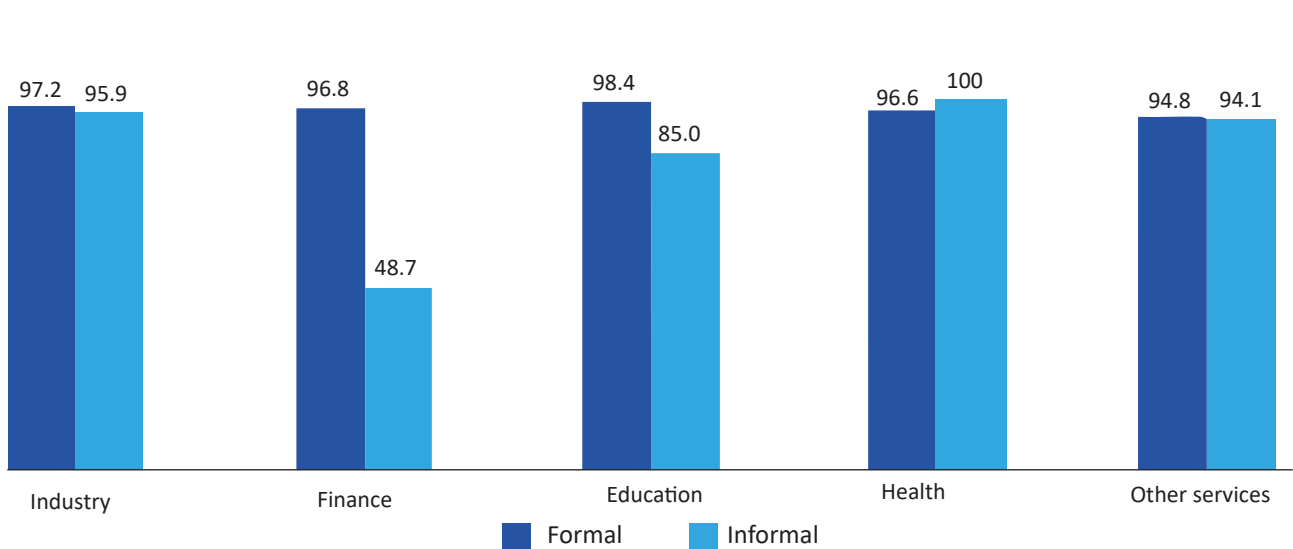
2.2.2 Environmental Protection

For businesses, environmental protection can have economic and social benefits both at micro and macro level. In Rwanda, an average of 94.5% of formal business enterprises and 96.7% of informal business enterprises reported producing waste. Within the formal sector, the services sector accounts for the highest share of waste production, contributing 71.7%, 53.5%, 46.4% of solid, liquid, and gaseous waste, respectively. Graph 2.20 below disaggregates waste production by business enterprise size, illustrating that formal medium businesses report the highest share of waste production at 98.4%, while informal medium businesses have the largest share of waste production at 100%. As illustrated in Graph 2.21, the education and industry sectors also produced significant shares of waste among formal enterprises, at 98.4% and 97.2% respectively. Within the informal businesses, the health sector dominates at 100% of waste production. Furthermore, Graph 2.22 indicates that formal SMEs account for an average of 48.3% of total solid waste produce. Medium-sized formal enterprises are responsible for 40.6% of liquid waste and 49.3% of gaseous waste.

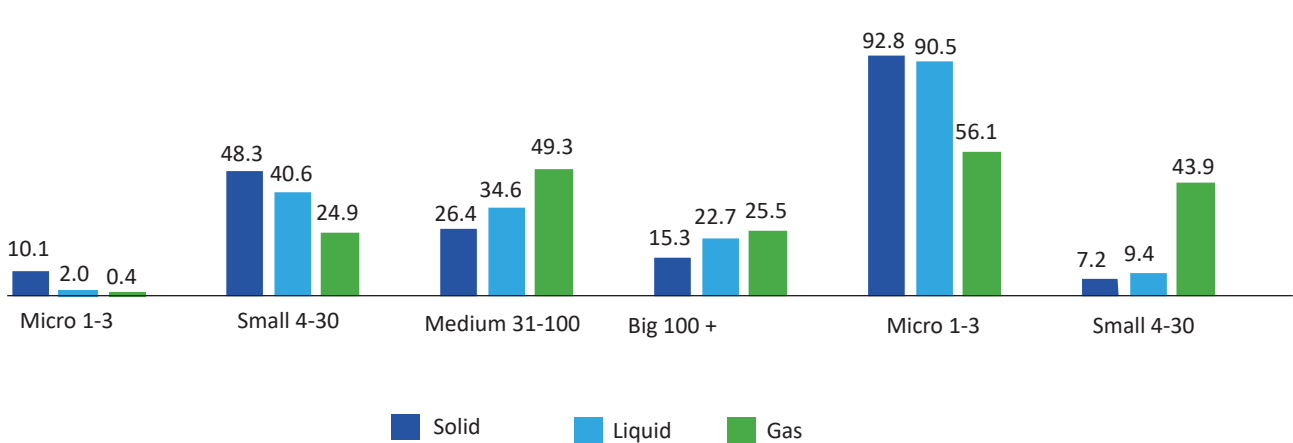
Graph 2.20: Waste Production by Business Enterprise Size, % of Business Enterprises



Graph 2.21: Waste Production by Sector, % of Business Enterprises

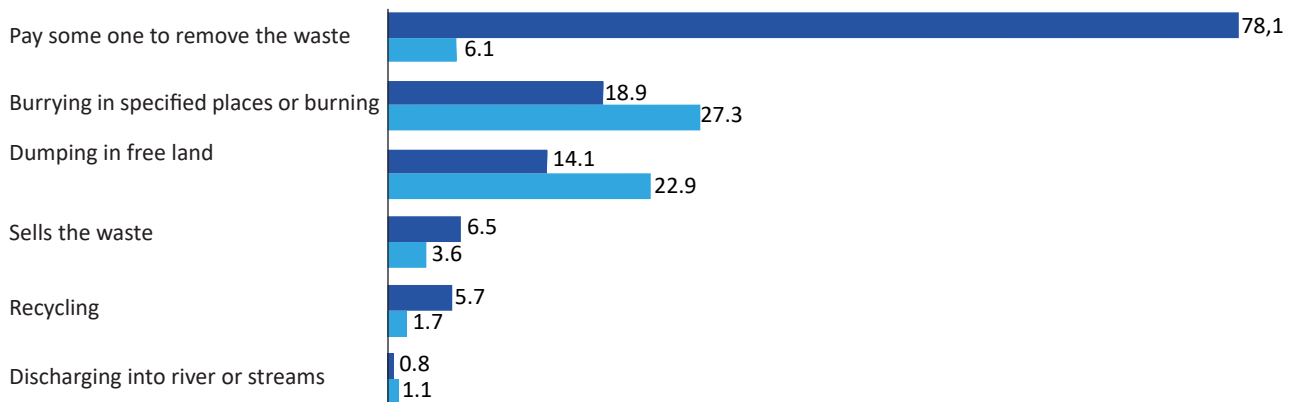


Graph 2.22: Waste Production by Type (Business Enterprise Size), % of Business Enterprises



As illustrated in Graph 2.23, Informal business enterprise's modes of waste disposal largely involve dumping on free land 22.9 % and burying or burning in specified places 27.3%. In contrast, formal business enterprises rely on paid waste removal services and burying or burning in specified places at 78.1% and 18.9 %, respectively.

Graph 2.23: Modes of Waste Disposal, % of Business Enterprises



As shown in Table 2.6, across all sectors (except for formal education and health), selling waste has become a prominent mode of waste disposal. In the formal sector, 30.6% of industrial businesses and 60.5% of service enterprises report selling their waste, while only 8.5% of formal industrial businesses now pay individuals for waste removal, representing a decline relative to previous years. In contrast, formal education and health sectors primarily dispose of waste by dumping it on free land (48.04% and 5.24%, respectively). In the informal sector, discharging waste into rivers or streams remains the most common practice across all sectors, followed closely by dumping on free land.

Table 2.6: Modes of Waste Disposal by Sector, % of Business Enterprises

Sector	Modes of Waste Disposal	Industry	Finance	Education	Health	Other services
Formal	Pay someone	8.5	1.9	5.0	2.2	82.4
	Sells the waste	30.6	1.3	6.8	0.8	60.5
	Dumping in free land	5.5	3.0	48.0	5.2	38.2
	Discharging into river	31.1	5.4	57.0	6.5	
	Burying or burning	4.0	5.3	51.2	10.6	28.8
	Recycling	21.0		19.9	3.8	55.2
Informal	Pay someone	6.1	0.7	0.3	0.3	92.7
	Sells the waste	25.1				74.9
	Dumping in free land	5.9	0.6	0.8	0.1	92.6
	Discharging into river	5.9				94.1
	Burying or burning	6.4	1.3	0.3	0.4	91.6
	Recycling	19.1				80.9

Source: IBES2024, NISR

Among formal business enterprises, small enterprises display the highest share of payments to external individuals for waste disposal, accounting for 47.1%, while recycling practice is commonly used by formal medium enterprises at 43.9%. Within the informal sector, micro-businesses are most likely to discharge waste into rivers or streams (100%), bury it in specified places (96.8%), or dump it on free land (93.8%).

Table 2.7: Modes of Waste Disposal by Business Enterprise Size, % of Business Enterprises

	Formal				Informal		
	Micro1-3	Small4-30	Medium31-100	Big100+	Micro1-3	Small4-30	Medium31-100
Pay some one	11.0	47.1	24.7	17.2	90.7	9.3	
Sells the waste	4.1	33.6	29.5	32.9	77.3	22.7	
Dumping	6.7	47.5	33.3	12.5	93.8	6.2	0.1
Discharging into river	42.1	26.8	31.1	100.0			
Burying or burning	4.5	50.0	34.4	11.2	96.8	3.2	
Recycling	6.8	33.1	17.9	42.3	91.3	8.7	

Source: IBES2024, NISR

Access to water sources varies across both formal and informal business enterprises by size. Among formal businesses, the Water and Sanitation Corporation (WASAC) serves as a key supplier across all categories, with 4.4% of micro, 48.4% of small, 28.8% of medium, and 18.5% of big enterprises. In the informal sector, water sourcing varies by enterprises size. The majority of informal micro-sized enterprises (97.32%) depend primarily on well water, lake or dam. Conversely, most informal small enterprises (10.3%) obtain their water from WASAC. For informal medium-sized enterprises, rain water storage is the predominant source, utilized by 0.21% of such businesses.

Table2.8: Business Enterprise Water Sources by Business Enterprise Size, % of Business Enterprises

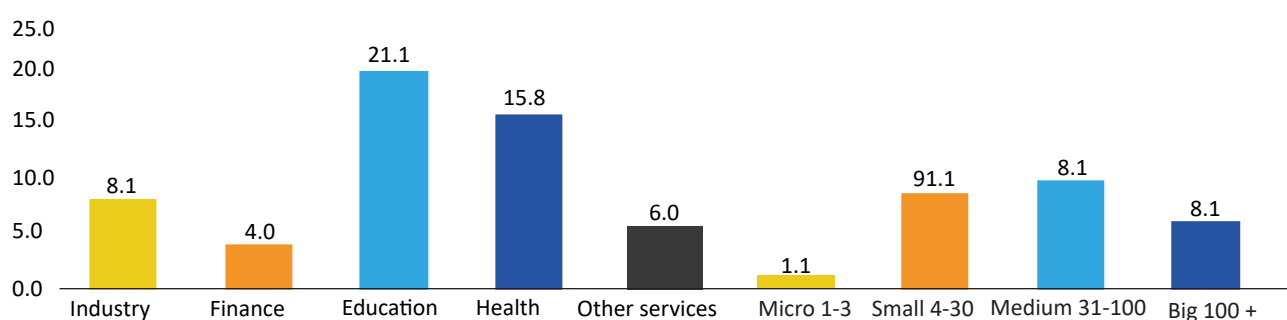
	Formal				Informal		
	Micro1-3	Small4-30	Medium31-100	Big100+	Micro1-3	Small4-30	Medium31-100
WASAC	4.42	48.35	28.76	18.47	89.67	10.31	0.02
Rainwater storage	2.46	45.93	34.54	17.07	90.92	8.87	0.21
Well	8.20	35.05	43.11	13.64	97.92	2.08	
Lake or dam	12.44	38.35	42.73	6.48	97.05	2.95	
Delivered by other in tank	12.58	44.89	34.84	7.69	95.76	4.24	
Recycled water	15.24	32.32	21.93	30.50	94.46	5.54	
Water from spring	6.08	31.56	36.55	25.81	95.58	4.42	

Source: IBES2024, NISR

2.3 Labour Market

Employees are integral to business enterprises, and their level of skill significantly determine a business enterprise's capacity in producing quality output efficiently. However, perceptions of skills gaps vary across sectors and enterprise sizes. As illustrated in Graph 2.24, the highest proportion of managers reporting a skills gap is found in education sector, where 21.1% of managers identified such a gap. In contrast, the finance sector recorded the lowest share, at 4.0%. An analysis by business enterprise size shows that 11.4% of managers in medium business-enterprises perceive a skills gap among their employees. Overall, the share of managers identifying skills gaps increases by size. Micro-businesses, however, reported a slightly lower managerial perception of skills gaps at 1.1%.

Graph 2.24: Perception of Lack of Skills by Employers, % of Business Enterprise Managers



According to managers, the most pronounced skills gaps are in Communicating in foreign language and advanced or specialized IT Skills. Across all sectors, an average of 27.3% of managers identified gaps in communicating in foreign language, while 24.8% reported a gap in advanced or specialized IT skills. As detailed in Table 2.9, both sectors represent the primary skills gaps in communicating in foreign language and advanced or specialized IT Skills. On average, approximately 17.7% of managers recognize that employees significantly lack the computer literacy and basic IT skills required to perform their roles. This gap is most vital in education sector with 38.3% of managers identifying it among all sectors. Another relevant gap includes adapting to new technologies with 11.2% on average, employees in the education sector exhibit the greatest difficulty with technical skills, while those in the other services and industry sectors exhibit the lowest gaps.

Similarly, when disaggregating the results by business enterprise size, the report reveals that more managers from medium-sized and small business enterprises reported lack of communication skills in foreign language as the major technical and practical skills gap than in any other size category, with 28.5% and 24.1% of managers identifying this issue, respectively. Among big-sized business enterprises, 15.0% of managers also reported this gap as prevalent. Advanced or specialized IT skills was identified as another significant area with gaps, affecting medium-sized and small-sized business enterprises, as reported by 21.5% and 20.4% of managers, respectively.

Table 2.9: Technical and Practical Skills Gaps by Sector, % of Business Enterprise Managers

Technical and Practical Skills Gaps	Industry	Finance	Education	Health	Other services
Manual dexterity such as repairing mending constructing or adjusting things	5.6	1.6	7.9	5.9	3.2
Knowledge of how the organization works	3.0	3.2	9.5	6.9	3.5
Basic numerical skills and understanding	2.0	1.6	7.7	4.9	3.3
Oral Kinyarwanda Skills	3.1	0.8	3.0	4.4	2.5
Written Kinyarwanda Skills	4.1	0.8	6.2	5.4	3.0
Knowledge of products and services offered	7.2	3.2	6.0	4.4	3.8
Reading and understanding reports, manuals, instructions and guidelines	2.4	3.2	9.3	7.9	3.3
Complex numerical or statistical skills	2.7	6.4	17.1	12.8	5.9
Solving complex problems that require adaptation, innovation and creativity	4.9	4.0	8.1	9.9	4.9
Writing guidelines, reports, reports, manuals, or instructions	4.1	4.0	12.0	12.3	4.7
Adapting to the new equipment materials systems or technologies	4.6	9.6	20.6	15.8	5.6
Specialized skills or knowledge needed to perform tasks assembling	6.2	2.4	14.1	9.9	4.4
Computer literacy, Basic IT Skills	10.2	7.2	38.3	24.1	8.9
Advanced or specialized IT Skills	11.9	22.4	44.3	32.5	12.8
Communicating in foreign language	24.4	19.2	51.0	24.6	17.1

Source: IBES2024, NISR

Table 2.10: Technical and Practical Skills Gaps by Business Enterprise Size, % of Business Enterprise Managers

Technical and practical skills gaps/Size	Micro 1-3	Small 4-30	Medium 31-100	Big 100 +
Complex numerical or statistical skills	2.4	8.6	7.8	6.7
Basic numerical skills and understanding	3.4	4.8	3.5	1.6
Manual dexterity such as repairing mending constructing or adjusting things	2.2	4.2	5.0	3.6
Reading and understanding reports, manuals, instructions and guidelines	3.4	4.8	4.3	2.9
Knowledge of products and services offered	3.4	4.8	4.0	4.8
Knowledge of how the organization works	1.1	4.6	5.3	4.8
Writing guidelines, reports, reports, manuals, or instructions	2.7	6.4	7.8	3.0
Oral Kinyarwanda Skills	3.4	2.8	2.3	1.9
Computer literacy, Basic IT Skills	5.7	15.1	16.6	9.4
Solving complex problems that require adaptation innovation and creativity	2.7	5.9	5.0	7.2
Specialized skills or knowledge needed to perform tasks assembling	3.4	6.3	7.7	4.0
Written Kinyarwanda Skills	2.2	4.2	3.2	2.9
Adapting to the new equipment materials systems or technologies	3.4	7.0	13.4	5.6
Advanced or specialized IT Skills	9.5	20.4	21.5	10.8
Communicating in foreign language	14.0	24.1	28.5	15.0

Source: IBES2024, NISR

As presented in Table 2.1, On average, the services and manufacturing sectors experience gaps across all interpersonal and soft skills. In contrast, the mining and quarrying sector exhibit the gap in managing one’s own time and prioritizing tasks, while the utilities sector mainly encounters difficulties in making speeches or presentations.

Table 2.11: Interpersonal/Soft Skills Gaps by Sector, % of Business Enterprises

Interpersonal/Soft Skills Gaps	Mining and Quarrying	Manufacturing	Utilities	Services
Persuading of influencing others	-	2.2	-	2.5
Ability to instruct, teach or train other people	7.7	6.2	-	4.2
Making speeches or presentations	-	6.2	48.1	4.7
Client handling skills	-	7.3	-	6.9
Planning skills	7.7	2.2	-	4.5
Managing or motivating others	7.7	6.2	-	5.7
Emotional intelligence	7.7	8.4	-	7.7
Marketing skills	-	5.0	-	4.3
Teamwork	7.7	10.1	-	9.0
Managing own time and prioritizing own tasks	30.8	14.5	-	11.4
Others	-	-	-	0.1

Source: IBES2024, NISR

An analysis of skills gaps by business enterprise size reveals that across all skill categories, concerns regarding employees’ ability in managing their own time and prioritize tasks increase progressively with business enterprise size, reaching the highest level among big-size enterprises. For instance, 16.4% of managers in big business enterprises identified significant gaps in employee time management, compared to 12.1% in medium-sized, 11.7% in small, and 2.7% in micro business

enterprises. A similar trend is observed in teamwork skills. Among big business enterprises, 12.7% of managers identified teamwork as a concern, relative to 11.9% in medium-sized, 8.0% in small, and 0.5% in micro business enterprises.

Table 2.12: Interpersonal/Soft Skills Gaps by Size, % of Business Enterprise Managers

Interpersonal/Soft Skills Gaps	Micro 1-3	Small 4-30	Medium 31-100	Big 100 +
Persuading of influencing others	-	2.6	1.4	5.6
Making speeches or presentations	-	5.3	7.6	6.2
Planning skills	3.8	4.2	4.8	4.0
Ability to instruct, teach or train other people	4.8	4.1	5.9	
Marketing skills	2.2	4.5	4.6	4.6
Emotional intelligence	0.5	7.5	8.3	12.6
Client handling skills	1.1	6.1	8.0	11.2
Teamwork	0.5	8.0	11.9	12.7
Managing or motivating others	1.6	6.4	4.8	7.5
Managing own time and prioritizing own tasks	2.7	11.7	12.1	16.4
Others	-	0.1	0.1	-

Source: IBES2024, NISR

As a result of gaps in a range of crucial skills, business enterprise managers have identified the major impact skill gaps as outlined in Table 2.13. The analysis of the impact of skills gaps by sector reveals that the mining and quarrying sector primary impacts are difficulties in meeting customer expectations, demand, or service objectives (23.1%) and an increased workload for staff (15.4%). Similarly, the manufacturing sector reports the same two predominant impacts: difficulties in meeting customer expectations, demand or service objectives (17.3%) and increased workload for staff (14.0%). In the utilities sector, the most cited skill gap falls under the category of “others” accounting for (48.1%) of responses. Meanwhile the services sector is most impacted by an increased workload for staff (15.5%) and difficulties in meeting customer expectations, demand, or service objectives (12.4%).

Table 2.13: Impact of Skill Shortages by Sector, % of Business Enterprise Managers

Skill shortages	Mining and Quarrying	Manufacturing	Utilities	Services
Having difficulties to meet customer expectations	23.1	17.3		12.4
Increased workload for staff	15.4	14.0		15.5
Loss of clients who shift to competitors	7.7	7.3		7.2
Increased operating costs	7.7	9.5		7.3
Delay the development of new products		7.3		3.8
Difficulties to introduce new working practices		10.1		5.9
Difficulties to meet quality standards		6.7	0.8	8.2
Outsource some work	7.7	5.6		3.9
Difficulties to introduce new technologies		7.3		5.6
Stop offering some services or products		1.7		1.2
Others	7.7	5.6	48.1	4.5

Source: IBES2024, NISR

Further findings reveal that the impacts of skills gaps vary significantly by business enterprise size, as shown in Table 2.14. On average, managers reported increased workload for staff (14.2%), difficulties in meeting customer expectations (10.7%), and increased operating costs (7.2%) as the most significant impacts of skills gaps. Disaggregating by enterprise size reveals that for medium business enterprises, the largest cited impact was increased staff workload load (18.0%), a concern shared by big enterprises, among which 17.7% of managers reported the same issue.

Table 2.14: Impact of Skill Shortages by Size, % of Business Enterprise Managers

Impact of Skill Shortages	Micro 1-3	Small 4-30	Medium 31-100	Big 100 +
Having difficulties meeting customer expectations	1.6	14.1	14.0	13.1
Increased workload for staff	6.2	14.9	18.0	17.7
Loss of clients who shift to competitors	2.9	8.1	7.5	6.1
Increased operating costs	2.2	6.5	9.1	10.9
Delay the development of new products		3.3	5.3	6.3
Difficulties to introduce new working practices	0.8	6.4	7.2	6.5
Difficulties to meet quality standards	1.1	7.4	12.1	7.8
Outsource some work	2.2	4.3	4.4	3.3
Difficulties to introduce new technologies	1.3	6.6	6.5	3.8
Stop offering some services or products		1.3	1.1	2.2
Others	10.7	3.9	6.4	4.1

Source: IBES2024, NISR

An analysis of the main causes of skills gaps in Rwandan business enterprises reveals notable variation. In the mining and quarrying sector, the leading cause is the lack of staff retention policy, cited by 15.4% of managers. For the manufacturing and services sectors, the main contributing factor is staff being new to their role or tasks, reported by 12.9% and 11.0% of managers respectively. In the utilities sector, inadequate prior training emerges as the predominant cause of skills gaps.

Table 2.15: Major Causes of Skill Gaps by Sector, % of Business Enterprise Managers

Major causes of skill gaps	Mining and Quarrying	Manufacturing	Utilities	Services
The development of new products or services	-	11.7	-	5.8
Unable to recruit staff with required skills and experience	7.7	9.5	-	7.1
Staff being new to the role or tasks	-	12.9	-	11.0
Staff were still under training	-	7.3	-	7.3
Staff are not motivated	-	5.0	-	6.5
Inadequate prior training	7.7	10.6	48.9	7.8
The introduction of new technology	7.7	12.3	-	9.4
The introduction of new working practices	7.7	5.0	-	4.8
Lack of staff retention policy	15.4	5.6	-	4.4
Others	7.7	4.5	-	5.0

Source: IBES2024, NISR

As presented in Table 2.16, managers identified frequently cited that staff were still under training 8.2%, staff being new to their role or tasks at 9.6 %, and the introduction of new technology 8.0% as primary contributing factors. Notably, the introduction of new technology was identified as predominant cause of skills gaps in medium business enterprises, reported by 14.2% of managers.

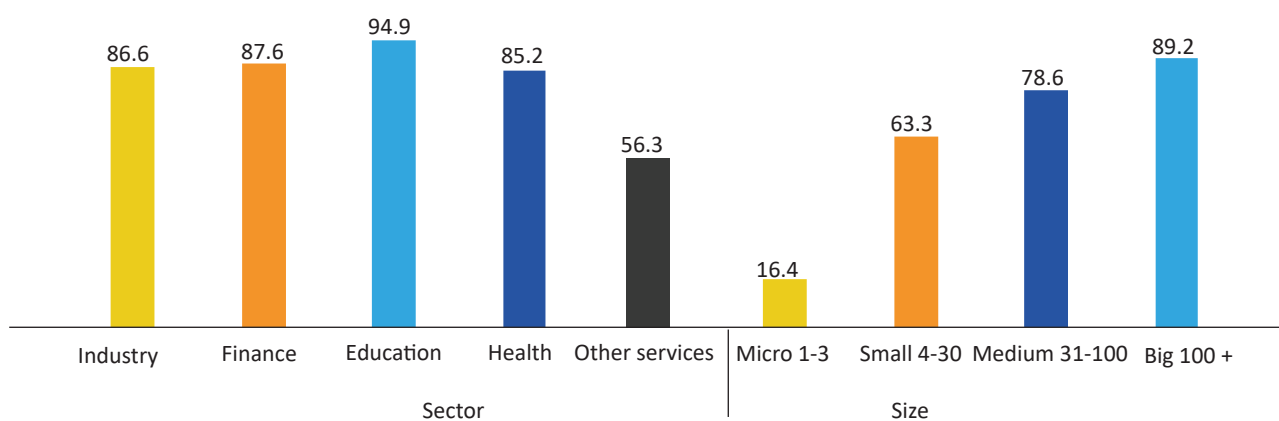
Table 2.16: Major Causes of Skill Gaps by Business Enterprise Size, % of Business Enterprise Managers

Major Causes of Skill Gaps	Micro 1-3	Small 4-30	Medium 31-100	Big 100 +
The development of new products or services	1.1	5.1	9.2	7.2
Unable to recruit staff with required skills and experience	0.0	7.1	10.4	7.3
Staff being new to the role or tasks	0.2	12.2	10.1	15.8
Staff were still under training		7.5	8.9	8.3
Staff are not motivated	6.0	6.8	4.3	8.5
Inadequate prior training	5.0	8.7	12.5	4.2
The introduction of new technology	2.3	9.6	14.2	6.0
The introduction of new working practices	0.5	4.7	7.4	3.6
Lack of staff retention policy	1.1	4.3	4.5	7.5
Others	8.5	4.1	5.2	4.5

Source: IBES2024, NISR

In response to challenges posed by skills shortages, business enterprises in Rwanda have been facilitating staff training activities. As illustrated in Graph 2.25, the proportion of business enterprises investing in training for their employees varies notably by sector and firm size. The education and finance sectors exhibited the highest shares of business enterprises offering training to their staff, with 94.9% and 87.2% of businesses enterprises in these sectors, respectively, conducting training sessions. In contrast, the services sector conducted the lowest level of staff training, with only 56.3% of service sector business enterprises providing any form of staff training. Disaggregated by size, the big enterprises followed by medium enterprises reported providing training to their staff at 89.2% and 78.6% respectively.

Graph 2.25: Business Enterprise Employee Training Activities by Sector and Size, % of Business Enterprises



Regarding the reason for not conducting staff training, the primary factor cited by managers, on average, was the proficiency of their staff, with 5.9% of managers reporting this as the main barrier. In the services sector, 17.9% of managers reported that staff were already fully proficient, making this the most frequently cited reason for not providing training. Additional significant reasons include that training is not regarded as a management priority, and therefore, there is no urgent need to carry out any training. When disaggregated by enterprise size, the share of managers reporting that staff proficiency obviated the need for training was distributed as follows: 8.3% in micro enterprises, 3.6%, in small and 2.5% in medium business enterprises.

Table 2.17: Barriers to Providing Trainings by Sector, % of Business Enterprise Managers

Barriers to Providing Trainings	Industry	Finance	Education	Health	Other services
Lack knowledge about training opportunities	0.1	0.8	0.0	0.5	2.6
Staff turnover			0.2	1.0	1.4
Staff are not qualified for the training	0.8	0.8	0.0	0.5	2.2
The decision is taken at the head office	2.5	0.8	0.9	2.0	1.2
Lack of qualified local training providers		0.8	0.2	1.0	0.7
Difficult to find flexible training providers	0.4	0.8	0.4	1.5	1.2
Lack of appropriate training or qualifications	0.4	0.0	0.4	0.0	1.0
Staff are not interested	0.0	0.0	0.5	0.0	4.2
Unable to spare more staff time	1.3	2.4	1.1	2.0	3.4
Hard to find time to organize the training	0.6	0.8	0.9	2.0	4.7
Training is not a management priority	1.7	1.6	0.4	1.5	13.0
Staff are fully proficient	3.4	2.4	1.2	4.4	17.9
Lack of funds for trainings	3.2	4.0	2.3	3.0	7.4
Others	0.4	0.0	0.5	1.0	0.1

Source: IBES2024, NISR

Table 2.18: Barriers to Providing Trainings by Business Enterprise Size, % of Business Enterprises

Barriers to Providing Trainings	Micro 1-3	Small 4-30	Medium 31-100	Big 100 +
Lack of funds for trainings	16.1	6.1	4.2	1.9
Unable to spare more staff time	5.6	3.3	2.3	0.4
Hard to find time to organize the training	6.1	3.3	4.0	2.6
Difficult to find flexible training providers	5.6	0.4	0.6	0.4
Lack of appropriate training or qualifications	2.7	0.7	0.7	0.0
Lack of qualified local training providers	1.1	0.6	0.6	
Staff are fully proficient	25.1	17.5	7.3	3.3
Staff are not interested	10.5	2.8	2.2	
Lack knowledge about training opportunities	6.7	2.2	0.6	
Staff turnover	3.4	1.1	0.1	0.8
Training is not a management priority	19.7	10.3	7.9	3.0
Staff are not qualified for the training	5.6	1.2	1.8	
The decision is taken at the head office	0.1	1.1	2.7	0.4
Others		0.3	0.1	0.2

Source: IBES2024, NISR

This section will measure business performance by looking at several indicators including income, employment growth, and asset growth.

3.1 Impact of Economic Conditions on Rwandan Business Enterprises

Economic conditions refer to the state or health of a country's economy at a specific point in time. These conditions encompass a wide range of factors that collectively describe the overall economic well-being of a nation. A key component of economic conditions is the global economic environment, which includes global factors such as international trade, geopolitical events, and global economic trends. Due to the interconnected nature of the global economy, events in one part of the world can produce ripple effects elsewhere. Analysing these and other factors enables economists, policymakers, businesses, and individuals to understand the current state of the economy and make informed decisions. Economic conditions can vary over time, and monitoring these indicators is essential for assessing the overall health and direction of an economy.

In 2024 economic conditions had disproportionate impacts on the informal sector. On average, approximately 82.7 % of business enterprises in the informal sector experienced a decrease in income, with 58.2% and 24.5 % reporting the impact as significant and somewhat significant, respectively. By comparison, an average of 68.% of business enterprises in the formal sector reported a decrease in income. Among those affected, 58.2% of the informal sector and 39.4% of the formal business enterprises described the decrease as significant. As presented in Graph 3.1, the impact of declining income varied across sectors. Within the formal sector, business enterprises in the industry sector were particularly impacted, with 47.6% reporting a significant income decrease, followed by those in the other services sector at 45.1%. Business enterprises in the health sector exhibited the least financial hit, with 38.4% reporting a significant income decrease. On the other hand, within the informal sector, the other services and health sectors were the most hit, with 66.9% and 66.7% of business enterprises, respectively, reporting significant income decreases.

Analysis by size reveals differential impacts, with business enterprises in the informal sector being disproportionately impacted. Among informal sector enterprises, 66.3% of micro enterprises and 60.8% of small business enterprises reported significant income decreases. Similarly, within the formal sector, micro and small business enterprises were the most impacted, with 50.0% and 44.1% of business enterprises, respectively, reporting significant income decreases.

Table 3.1: Impact of Economic Conditions by Decreasing Incomes by Sector, % of Business Enterprises

Sector	Activity	Yes significantly	Yes somehow	No
Formal	Industry	47.6	25.9	26.6
	Finance	30.4	33.6	36.0
	Education	35.3	33.9	30.8
	Health	38.4	24.6	37.0
	Other services	45.1	28.8	26.1
Informal	Industry	55.8	26.1	18.1
	Finance	56.8	18.9	24.3
	Education	45.0	35.0	20.0
	Health	66.7	22.2	11.1
	Other services	66.9	20.0	13.2

Source: IBES2024, NISR

Table 3.2: Impact of Economic Conditions by Decreasing Incomes by size, % of Business Enterprises

Sector	Activity	Yes significantly	Yes somehow
Formal	Micro 1-3	50.0	25.4
	Small 4-30	44.1	31.4
	Medium 31-100	43.3	27.8
	Big 100 +	36.1	27.9
Informal	Micro 1-3	66.3	19.6
	Small 4-30	60.8	31.3
	Big 100 +		100.0

Source: IBES2024, NISR

In addition to declines in income, economic conditions also resulted in expenditures increases across business enterprises. Within the informal business enterprises, Education, Other services and Industry experienced an increase in expenditures of 85.0 %, 84.3%, and 77.1%, respectively. Informal business enterprises in Health and Finance sectors also experienced increases, at 66.7% and 62.2% respectively. In the formal sector, business enterprises in industry and education reported expenditure increases of 82.3% and 80.7% respectively. An analysis by size shows greater vulnerability in the informal sector, where 100.0% big enterprises and 88.6% of small business enterprises reported significant expenditure increases. In comparison, within the formal sector, 80.4% of medium-sized enterprises and 77.7% of micro business enterprises reported significant increases in expenditure.

Table 3.3: Impact of Economic Conditions by Increasing Expenditures by Sector, % of Business Enterprises

Sector	Activity	Yes significantly	Yes somehow	No
Formal	Industry	62.2	20.2	17.7
	Finance	30.4	44.8	24.8
	Education	51.5	29.2	19.3
	Health	48.3	27.6	24.1
	Other services	48.6	28.3	23.0
Informal	Industry	54.0	23.2	22.9
	Finance	37.8	24.3	37.8
	Education	60.0	25.0	15.0
	Health	50.0	16.7	33.3
	Other services	64.7	19.6	15.7

Source: IBES2024, NISR

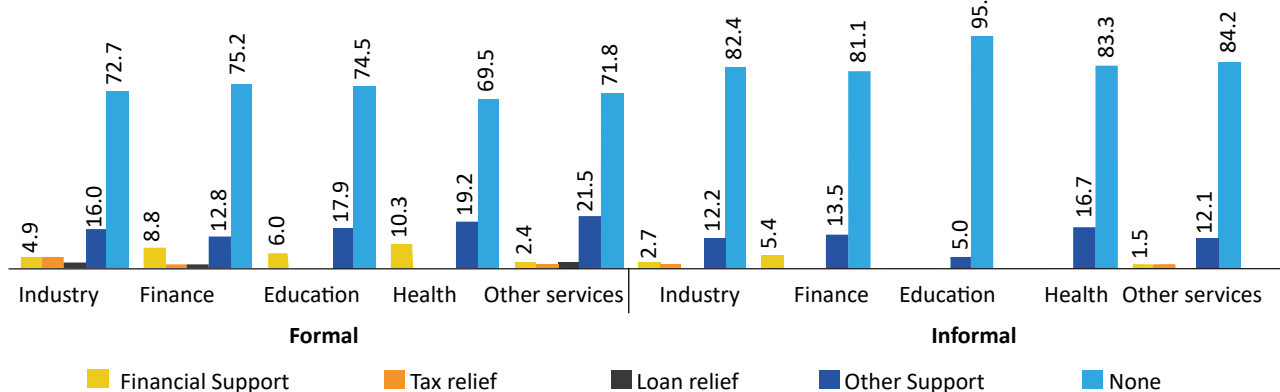
Table 3.4: Impact of Economic Conditions by Increasing Expenditure by Size, % of Business Enterprises

Sector	Activity	Yes significantly	Yes somehow
Formal	Micro 1-3	47.6	25.6
	Small 4-30	50.3	30.1
	Medium 31-100	47.0	30.7
	Big 100 +	53.7	19.6
Informal	Micro 1-3	63.7	19.3
	Small 4-30	60.3	28.3
	Big 100 +		100.0

Source: IBES2024, NISR

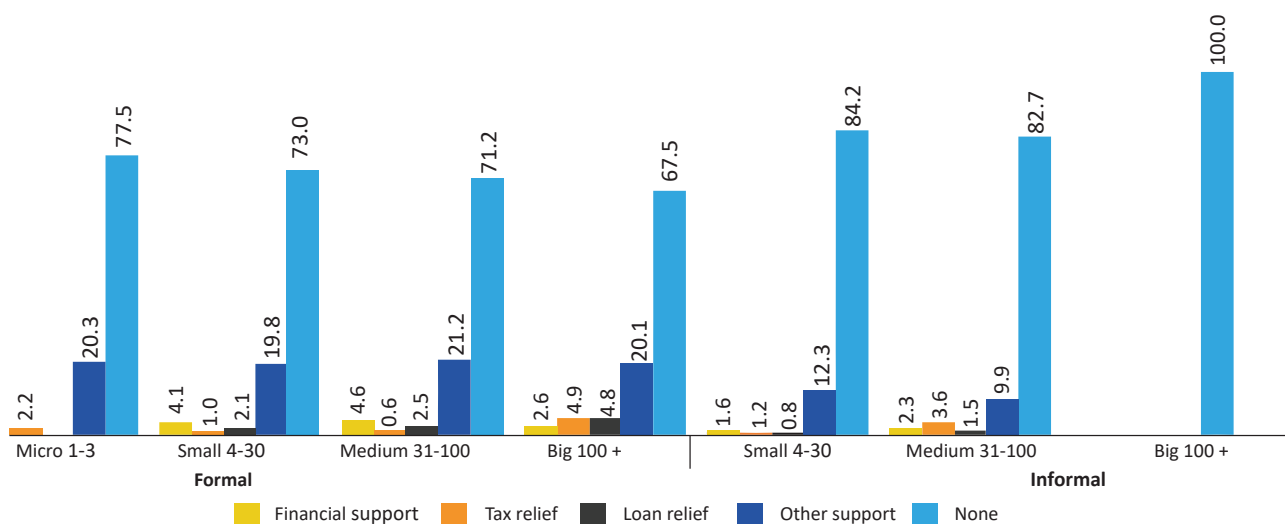
As illustrated in Graph 3.1, the health sector received highest support, accounting for 30.5% of the total, followed by the industry sector at 27.3% and the education sector at 25.5%. In contrast, among informal businesses, the largest shares of support were directed to the financial sector at 18.9%, followed by industry at 17.6% and health at 16.7%. Accordingly, among the support received, 74.5% of formal education business reported to have received none of the support, while in the informal education businesses, this figure rose to 95.0% among education enterprises.

Graph 3.1: Share of Business Enterprises Receiving Support by Sector, % of Business Enterprises



Among formal businesses, the share that received financial support varied by size: 4.6% of medium-sized enterprises, 4.1% of small enterprises, and 2.6% of big business enterprises reported having received such support. In the informal business enterprises, 2.3% of small enterprises and 1.6% of micro enterprises received financial support. Regarding other forms of support, 4.9% of formal big big business enterprises benefited from tax relief, while 4.8% received loan relief.

Graph 3.2: Share of Business Enterprises Receiving Support by Business Enterprise Size, % of Business Enterprises

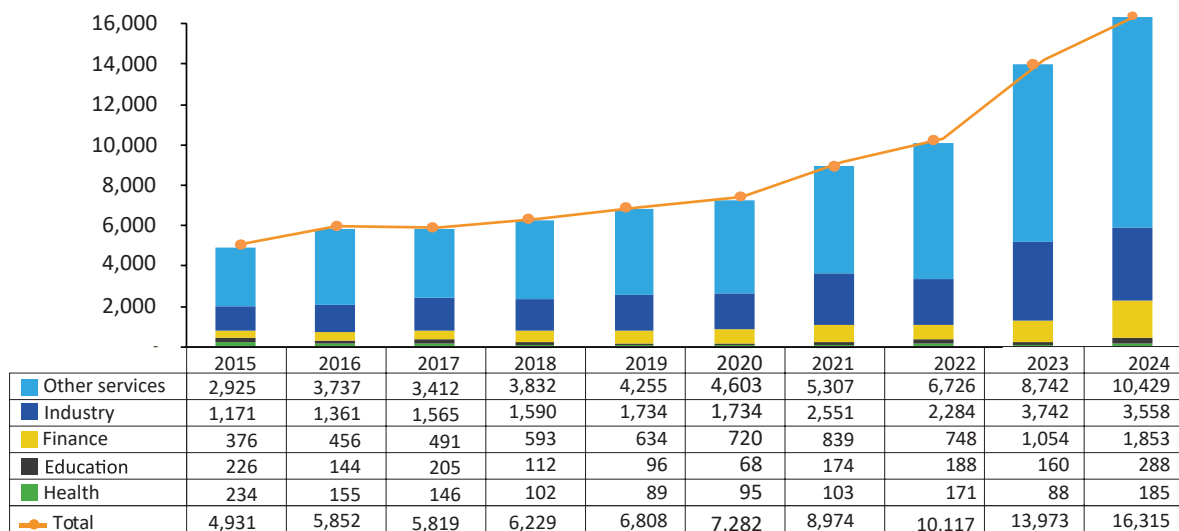


3.2 Formal Sector Performance

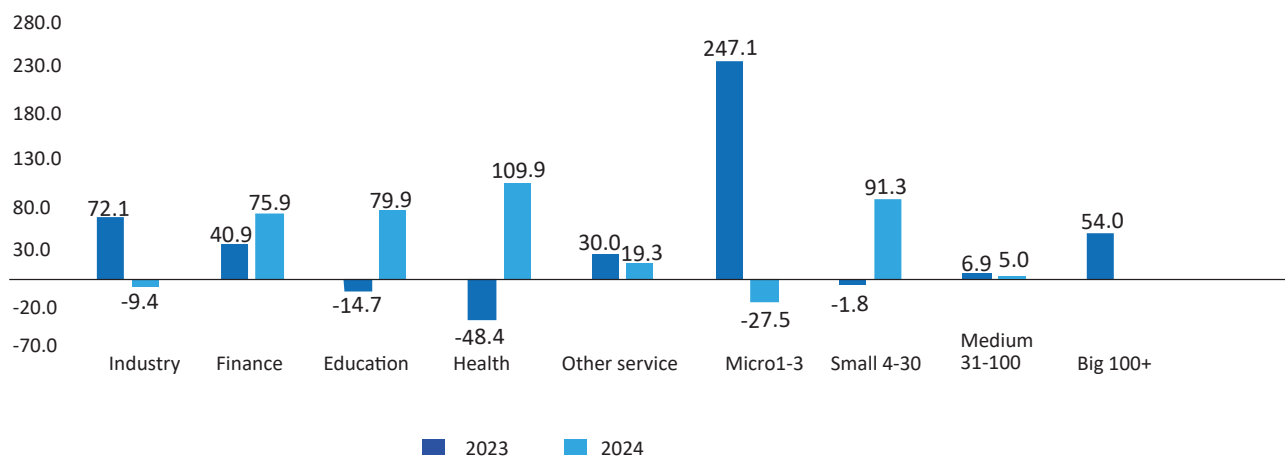
3.2.1 Business Enterprise Income

In absolute terms, as illustrated in Graph 3.3, total income increased from RWF 13,973 billion in 2023 to RWF 16,315 in 2024. However, year-on-year growth for formal business enterprises moderated during this period, declining from 38% in 2023 to 16.8% in 2024. Furthermore, the analysis reveals that income of the health sector grew by 110.1%, followed by the education sector at 79.9%. In comparison, the other services sector experienced an income growth by 19.3%.

Graph 3.3: Business Enterprise Income by Sector

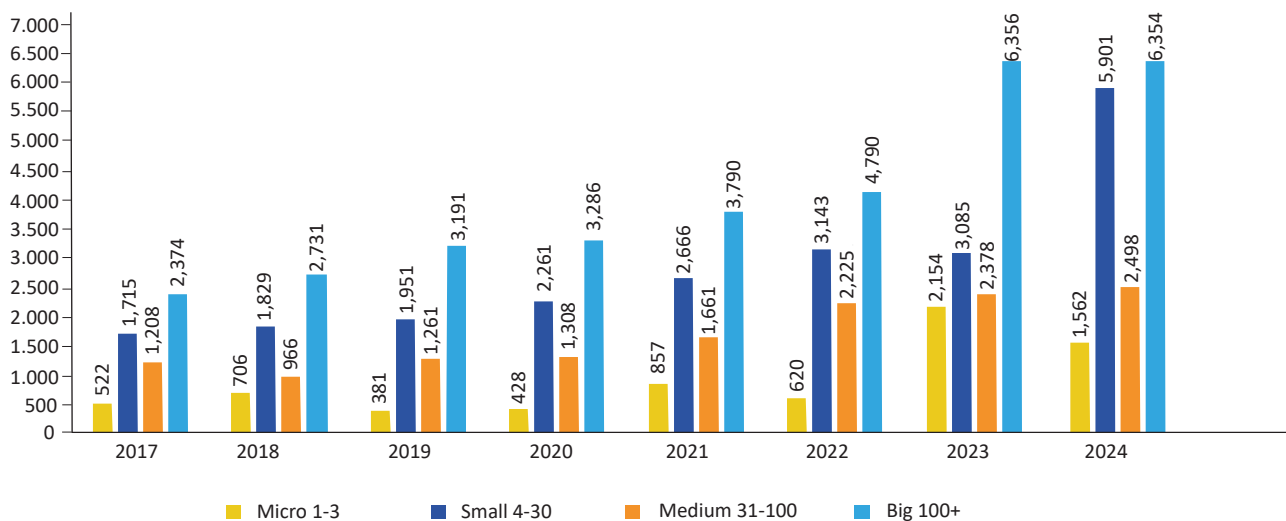


Graph 3.4: Income Growth Rates by Sector and Business Enterprise Size



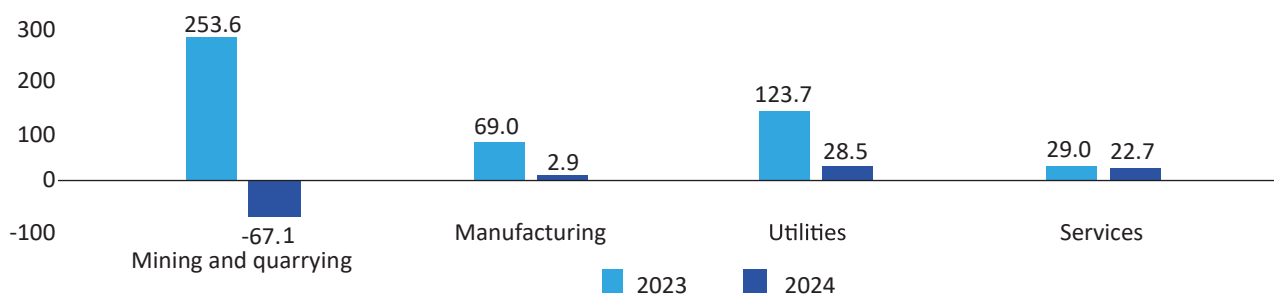
In terms of contribution to total income of all enterprises, big enterprises hold the highest share of income at 42.2%, followed by small enterprises at 34.5%. A year-on-year analysis of income growth reveals that in 2024, small business enterprises experienced the highest income growth, increasing by 97.4%. Big business enterprises also grew by 17.1% compared to 54.0% growth in 2024. In contrast, micro business enterprises registered a decline in income of 27.5% over the same period.

Graph 3.5: Business Enterprise Income by Size



Overall, the total income of enterprises increased by RWF 2,342 billion in 2024 compared to 2023. Big business-enterprises accounted for the largest share of total income, reporting RWF 6,354 billion, followed by small businesses with RWF 5,901 billion.

Graph 3.6: Income Growth by Economic Activity



Further disaggregation of income reveals variations in growth rates across different economic activities. As shown in Graph 3.6, Activities involved in manufacturing as well and services sectors registered a big income increases in 2024. On a year-on-year basis, all economic activities experienced a growth in income during the same period.

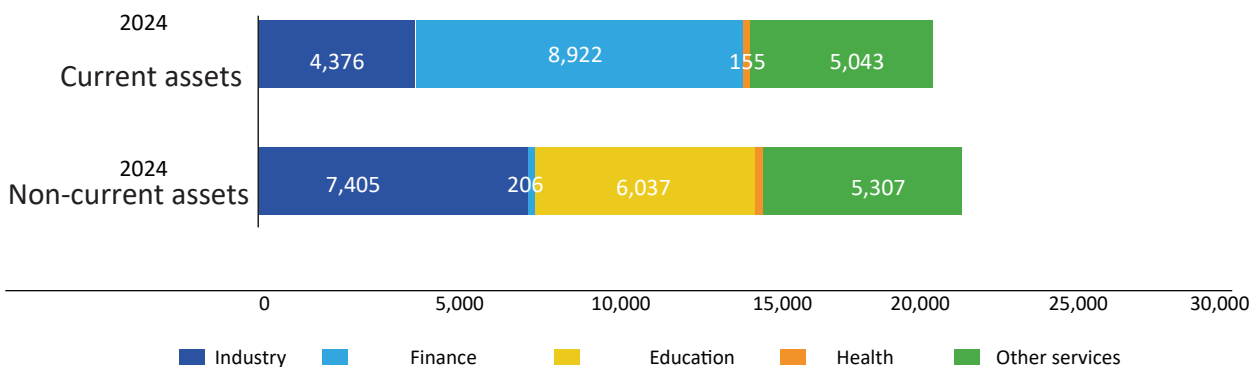
3.2.2 Balance Sheets

Financial stability, indicated in several factors such as current and non-current assets, equity, liabilities, cash flow, and debt, is a fundamental feature of financial and economic activity. A strong balance sheet is essential to a business enterprise growth, as it enhances resilience to economic downturns and shocks by enabling businesses to absorb the effects of shocks over a longer period. Business enterprises with stronger balance sheets are structurally more robust, for instance, they are more likely to have higher collateral, thus improving their access to finance and obtain investment opportunities. Moreover, business enterprises with stronger financial capacities are more competitive and better positioned to invest in growth-enhancing activities, including research and development, better skilled workers, information communication technologies, and advanced equipment, which in turn positively affect both worker and capital productivity.

This report defines current assets as resources held by a business enterprise that can be converted into cash streams within the short term, usually within one year. These may include accounts receivable, bank deposits, short-term investments, and inventory. Non-current assets, by contrast, are long-term investments usually characterized by high value for long-term revenue generation. Examples include land, property, machinery, patents, and goodwill. Graph 3.7

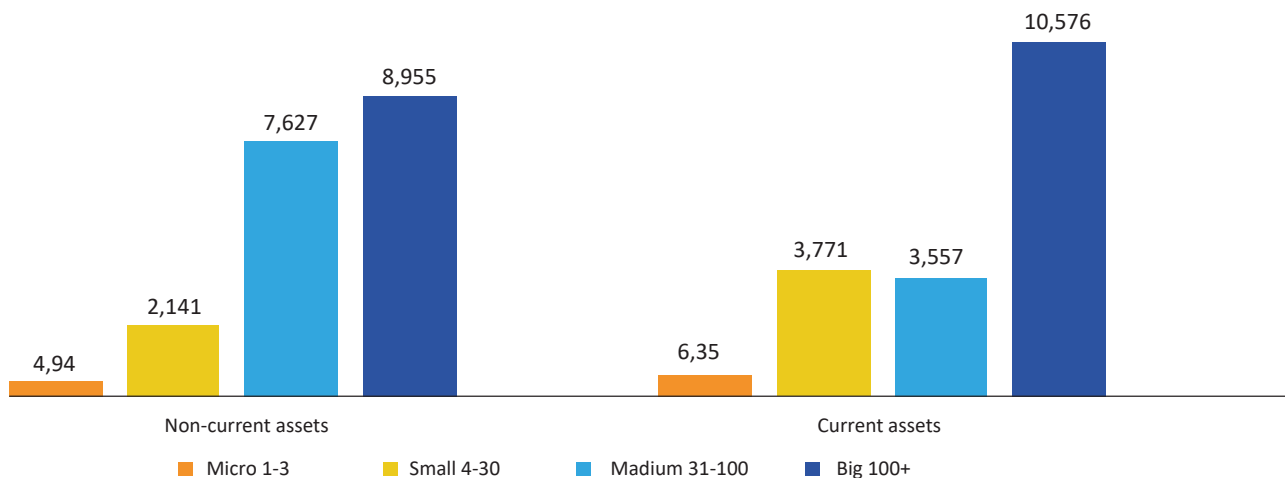
illustrates the distribution and trends of current and non-current assets by sector. The financial sector increased the value of its current assets from RWF 5,308.9 billion in 2022 to RWF 8,922 billion in 2024, and it accounted for the largest share of current assets among all sectors in 2024. On the other hand, the industry sector dominates shares and values of non-current assets in absolute terms, accounting for RWF 7,405 billion in 2024, followed by the education sector with RWF 6,037 billion.

Graph 3.7: Balance Sheet by Sector



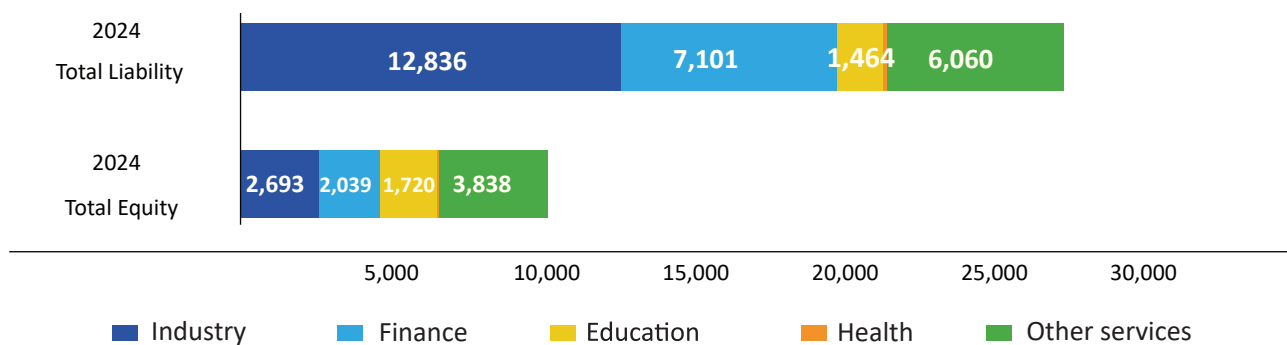
As illustrated in Graph 3.8, large business enterprises account for the largest share of current assets, valued at RWF 10,576 billion, followed by small enterprises with RWF 3,771 billion. Similarly, for the non-current assets, the big enterprises still dominate reporting RWF 8,955 billion, followed by medium enterprises with RWF 7,627 billion.

Graph 3.8: Balance Sheet by Size



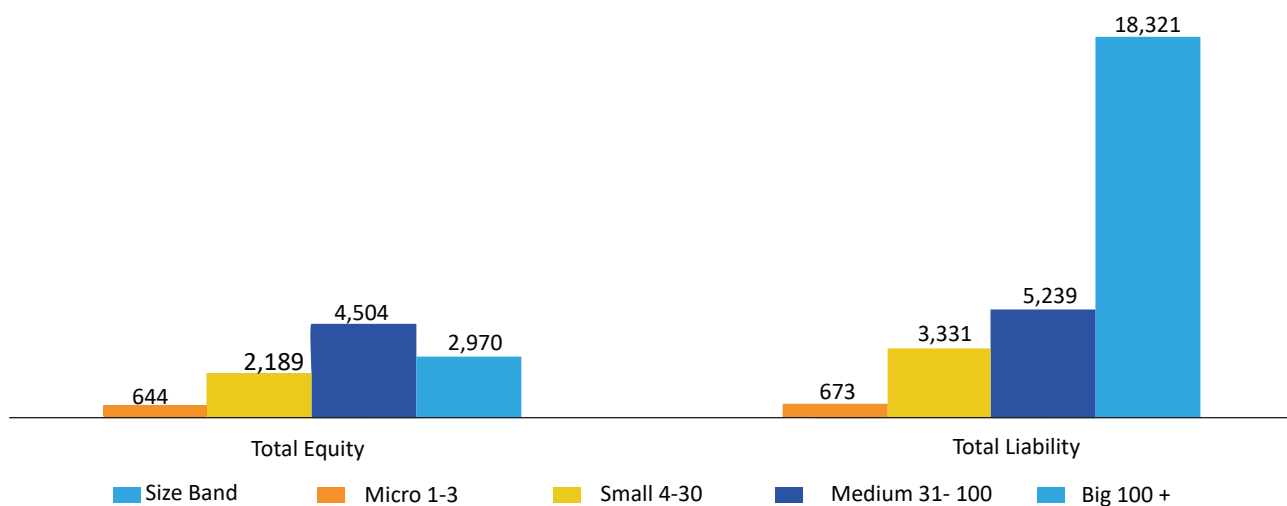
In terms of sectoral distribution, the other industry sector reported the largest total liabilities, amounting to RWF 12,836 billion, followed by the finance sector with RWF 7,101 billion. In contrast, the health sector recorded the lowest total liabilities, at RWF 262 billion. Regarding total equity, the other services sector held the largest share, with RWF 3,838 billion, followed by the industry sector, which reported RWF 2,639 billion.

Graph 3.9: Equity and Liability by Sector



As presented in Graph 3.10, in 2024, large business enterprises held the largest share of total liabilities, amounting to (RWF 18,321 billion), followed by medium enterprises with (RWF 5,239 billion). Regarding total equity, medium enterprises dominated, reporting RWF 4,504 billion, followed by big enterprises with RWF 2,970 billion. For both equity and liabilities, micro enterprises held the smallest share.

Graph 3.10: Equity and Liability by Size



As shown in Table 3.5, Another important indicator is the Debt-to-Equity (D/E) ratio, which measures the extent to which a business enterprise depends on debt financing. In 2024, the industry sector registered the highest D/E ratio, peaking at 4.9, followed by the finance sector. The big enterprises exhibited the largest ratio of debt-to-equity, at 6.2, while small enterprises registered the lowest ratio, at 1.5.

Table 3.5: Debt-to-Equity Ratio by Sector and Size

		Debt-to-Equity Ratio
Sector	Industry	4.9
	Finance	3.5
	Education	0.9
	Health	1.4
	Other services	1.6
Seize	Micro 1-3	1.0
	Small 4-30	1.5
	Medium 31-100	1.2
	Big 100 +	6.2

Source: IBES2024, NISR

3.2.3 Employment and income by top manager's sex

Table 3.6: Distribution of employees by gender and economic activity: formal sector

Main Economic Activity	Percentage share		
	Male	Female	Total
Mining and quarrying	79%	21%	100%
Manufacturing	54%	46%	100%
Electricity, gas, steam and air conditioning supply	78%	22%	100%
Water supply; sewerage, waste management and remediation activities	65%	35%	100%
Construction	83%	17%	100%
Wholesale and retail trade; repair of motor vehicles and motorcycles	66%	34%	100%
Transportation and storage	80%	20%	100%
Accommodation and food service activities	63%	37%	100%
Information and communication	70%	30%	100%
Financial and insurance activities	50%	50%	100%
Real estate activities	62%	38%	100%
Professional, scientific and technical activities	48%	52%	100%
Administrative and support service activities	67%	33%	100%
Education	55%	45%	100%
Human health and social work activities	47%	53%	100%
Arts, entertainment and recreation	31%	69%	100%
Other service activities	76%	24%	100%
Total	60%	40%	100%

Source: IBES2024, NISR

The distribution of employees by sex and economic activity in the formal sector of Rwanda's economy is illustrated in Table 3.6, while Table 3.7, presents the distribution of income by enterprise size and the sex of the top manager. A comparative analysis of the data in these tables reveals notable differences in patterns.

Table 3.7: Income by enterprise size and the sex of the top manager, value in Billion RWF

Enterprise size	Male	Female	Total
Micro 1-3	1,183	379	1,562
Small 4-30	3,127	2,963	6,090
Medium 31-100	1,999	542	2,540
Big 100 +	5,118	2,327	7,446
Total	11,427	6,211	17,638

Source: IBES2024, NISR

Table 3.8: Income by economic activity and the sex of the top manager, value in Billion RWF

Economic activity	Male	Female	Total
Mining and quarrying	155	5	159
Manufacturing	1,715	434	2,149
Electricity, gas, steam and air conditioning supply	326	22	348
Water supply; sewerage, waste management and remediation activities	16	-	16
Construction	695	190	886
Wholesale and retail trade; repair of motor vehicles and motorcycles	3,945	3,236	7,182
Transportation and storage	339	688	1,027
Accommodation and food service activities	269	60	329
Information and communication	469	26	495
Financial and insurance activities	1,170	683	1,853
Real estate activities	52	21	72
Professional, scientific and technical activities	312	72	384
Administrative and support service activities	224	366	590
Education	182	106	288
Human health and social work activities	166	21	187
Arts, entertainment and recreation	3	4	7
Other service activities	292	52	344
Total	10,328	5,987	16,315

Source: IBES2024, NISR

The distribution of income by economic activity and the sex of the top manager shows that male managed formal business enterprises hold a predominant share at 63.3%, while female-managed business enterprises account for 36.7%.

Table 3.9: Number of trained Staff by enterprise size and top manager's sex

Size Band	Male	Female	Total
Micro 1-3	165	7	172
Small 4-30	26,599	11,283	37,881
Medium 31-100	64,318	18,564	82,882
Big 100 +	132,851	42,884	175,736
Total	223,933	72,738	296,671

Source: IBES2024, NISR

Table 3.9 presents the number of trained staff disaggregated by enterprise size and top manager's sex. In total 296,671 employees received job training. As shown in Table 3.10, the sectors with the highest numbers of trained staff were Education (77,447 employees), Mining and quarrying (33,450 employees), and Human health and social work activities (32,764 employees).

Table 3.10: Number of trained Staff by economic activity and top manager's sex

Economic activity	Male	Female	Total
Mining and quarrying	33,450	4,147	37,597
Manufacturing	20,255	3,003	23,258
Electricity, gas, steam and air conditioning supply	1,020	223	1,243
Water supply; sewerage, waste management and remediation activities	1,299	-	1,299
Construction	1,554	167	1,721
Wholesale and retail trade; repair of motor vehicles and motorcycles	17,410	10,486	27,897
Transportation and storage	2,005	1,065	3,071
Accommodation and food service activities	13,620	2,473	16,093
Information and communication	2,373	587	2,961
Financial and insurance activities	3,261	3,289	6,550
Real estate activities	278	2	280
Professional, scientific and technical activities	1,966	5,871	7,837
Administrative and support service activities	11,915	4,035	15,950
Education	77,447	27,479	104,926
Human health and social work activities	32,764	8,433	41,198
Arts, entertainment and recreation	1,108	166	1,273
Other service activities	2,206	1,310	3,517
Total	223,933	72,738	296,671

Source: IBES2024, NISR

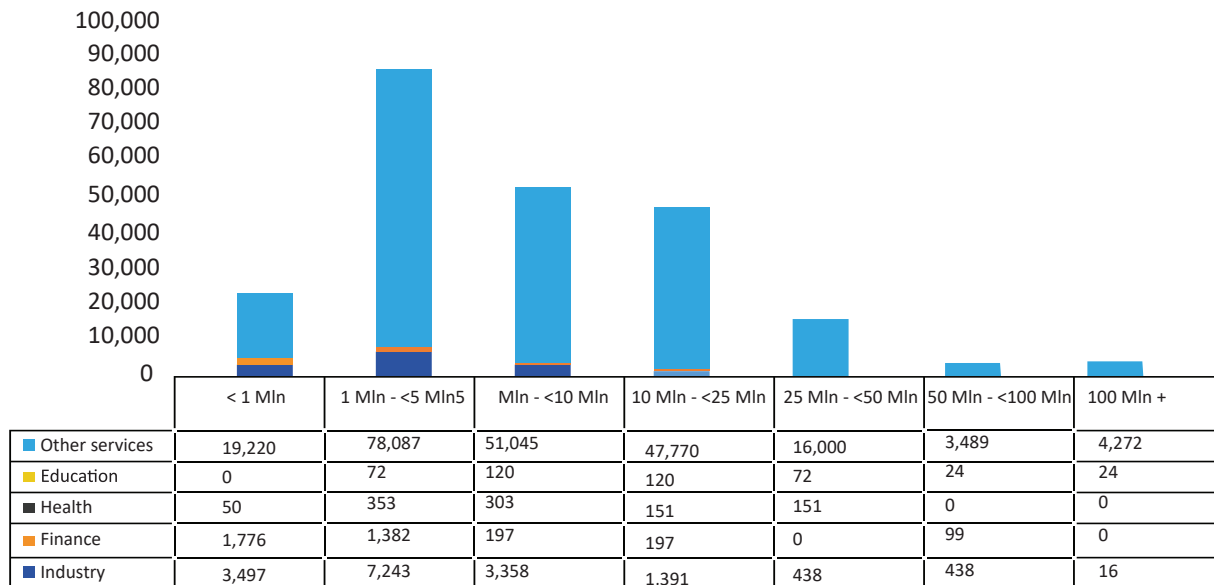
3.3 Informal Sector Performance

This subsection discusses business performance within the informal sector. In contrast to the formal sector, performance in the informal sector is measured against three metrics: income, expenditure, and addition of fixed assets. Business enterprise performance is evaluated based on absolute counts/numbers under different income bands per year.

3.3.1 Income

Generally, the income of informal business enterprises in Rwanda falls within the range of RWF 1 million to RWF 5 million. Across all years analysed, this income band between RWF 1 million and 5 million was composed of the highest number of informal business enterprises, followed by the income band of RWF 5 million to 10 million. Furthermore, in 2024, business enterprises operating in the other services sector constituted the majority of informal business enterprises across all income categories.

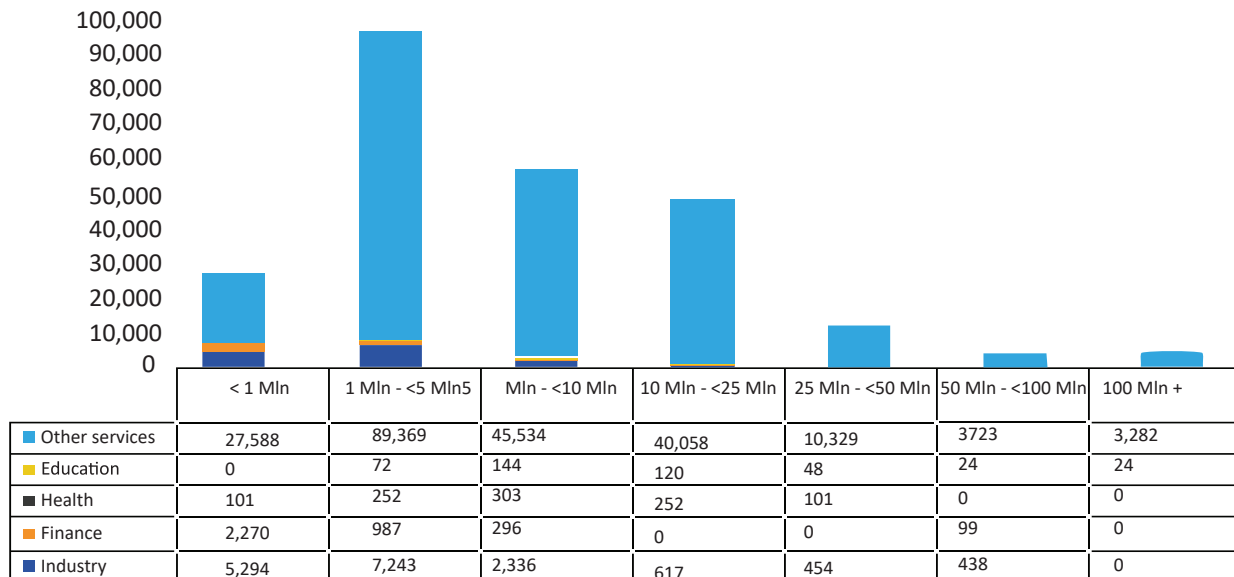
Graph 3.11: Number of Business Enterprises by Income Categories (Sector)



3.3.2 Expenditure

Regarding income, the majority of Rwandan business enterprises reported expenditures within RWF 1 million to RWF 5 million category, followed by those in the RWF 5 million to 10 million category. The informal business enterprises operating in the other services sector accounted for the highest share of expenditures across these categories.

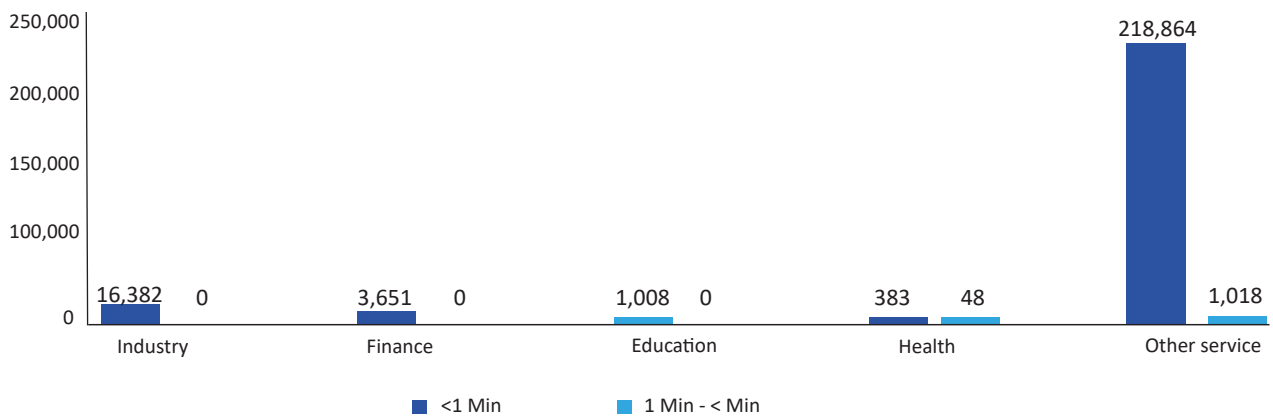
Graph 3.12: Number of Business Enterprises by Expenditure Categories (Sector)



3.3.3 Asset Accumulation

Graph 3.14 presents that, in 2024, a majority of informal business-enterprises acquired new assets, with the total value per enterprise remaining below RWF 1 million. Only a very small number of informal businesses enterprises reported asset additions valued between RWF 1 million and 5 million. The other services sector accounts for the largest number of informal businesses that added new fixed assets valued at less that RWF 1 million, with approximately 218,864 enterprises. This is followed by the industry sector, which recorded 16,832 such enterprises.

Graph 3.13: Number of Business Enterprises by Total Value of Asset Addition Categories (Sector)



3.3.4 Employment and income by top manager's sex

As illustrated in Table 3.11, the distribution of employees by gender and economic activity within the informal sector shows that males constitute 57% of the workforce, compared to 43% for females.

Table 3.11: Distribution of employees by gender and economic activity: Informal sector

Main Economic Activity	Percentage share		
	Male	Female	Total
Manufacturing	57%	43%	100%
Water supply; sewerage, waste management and remediation activities	33%	67%	100%
Construction	81%	19%	100%
Wholesale and retail trade; repair of motor vehicles and motorcycles	50%	50%	100%
Accommodation and food service activities	55%	45%	100%
Information and communication	78%	22%	100%
Financial and insurance activities	53%	47%	100%
Professional, scientific and technical activities	57%	43%	100%
Administrative and support service activities	75%	25%	100%
Education	34%	66%	100%
Human health and social work activities	54%	46%	100%
Arts, entertainment and recreation	51%	49%	100%
Other service activities	62%	38%	100%
Manufacturing	53%	47%	100%
Total	57%	43%	100%

Source: IBES2024, NISR

Table 3.12: Number of informal businesses by income category and the top manager's sex

Income category	Male	Female	Total
<1 Mln	12,966	11,578	24,544
1 Mln - <5 Mln	47,384	39,753	87,137
5 Mln - <10 Mln	30,878	24,144	55,022
10 Mln - <25 Mln	30,305	19,325	49,630
25 Mln - <50 Mln	10,135	6,526	16,661
50 Mln - <100 Mln	2,951	1,098	4,049
100 Mln +	2,709	1,603	4,312
Total	137,328	104,026	241,354

Source: IBES2024, NISR

As presented in Table 3.12, an analysis of the distribution of informal businesses by income category and the top manager's sex reveals that 43.1% of such enterprises are managed by females.

Table 3.13: Number of trained Staff by enterprise size and top manager's sex, informal sector

Size Band	Male	Female	Total
Micro 1-3	9,617	3,245	12,862
Small 4-30	10,697	2,800	13,497
Total	20,314	6,045	26,359

Source: IBES2024, NISR

Table 3.13 presents the number of trained staff in the informal sector, disaggregated by enterprise size and sex of the top manager. Table 3.14 shows the distribution of the total number of trained staff in the informal sector, categorized by economic activity and top manager's sex.

Table 3.14: Number of trained Staff by economic activity and top manager's sex, informal sector

Main Economic Activity	Male	Female	Total
Manufacturing	115	459	573
Water supply; sewerage, waste management and remediation activities	71	-	71
Wholesale and retail trade; repair of motor vehicles and motorcycles	6,470	944	7,414
Accommodation and food service activities	2,974	1,096	4,070
Information and communication	1,419	158	1,577
Financial and insurance activities	204	306	509
Professional, scientific and technical activities	663	510	1,173
Administrative and support service activities	924	44	968
Education	3,992	1,174	5,167
Human health and social work activities	901	159	1,060
Arts, entertainment and recreation	66	44	110
Other service activities	2,514	1,152	3,667
Total	20,314	6,045	26,359

Source: IBES2024, NISR

The Integrated Business Enterprise Survey (IBES) 2024 has unveiled critical insights into the dynamics of Rwanda's business ecosystem. The findings highlight commendable progress in fostering business growth but also underscore persistent challenges requiring coordinated action among government agencies, private sector stakeholders, and development partners. Key challenges include a continued reliance on informal financing mechanisms, significant underutilization of productive capacity, limited engagement in export activities, and enduring infrastructure constraints, such as access to reliable power.

These findings serve as a crucial foundation for informed decision-making and policy development aimed at addressing these barriers. At the same time, they raise pertinent questions and point to opportunities for deeper exploration, offering valuable pathways for further research that can guide Rwanda's journey toward sustainable economic development.

4.1 Potential Research Questions and Priority Areas

To address the challenges identified and build on the insights gained from IBES 2024, the following key areas of research are proposed:

i Informal Financing in Rwandan Businesses

An in-depth exploration of the role of informal financing in Rwanda's business ecosystem is needed. This research would investigate:

- The sources and mechanisms of informal financial channels.
- The socio-economic and structural factors driving reliance on informal financing.
- The benefits and limitations of these informal systems in supporting business operations.
- Strategies for enhancing access to and adoption of formal financial services, thereby fostering broader financial inclusion.

ii Capacity Utilization Challenges in Rwandan Businesses

A targeted analysis of capacity underutilization is critical to understanding and addressing this systemic issue. Such research would aim to:

- Identify the root causes behind businesses operating below their full potential.
- Assess the economic and productivity impacts of underutilized capacity across sectors.
- Develop actionable strategies for optimizing capacity utilization, including workforce development, technology adoption, and investment incentives.

iii Enhancing Export Participation of Rwandan Businesses

Expanding Rwanda's presence in global markets is vital for long-term economic growth. Research in this area should:

- Investigate the internal (e.g., skills, production scale, and quality standards) and external (e.g., market access, regulatory barriers) factors limiting export participation.
- Examine success stories and lessons learned from Rwandan businesses that have successfully entered international markets.
- Propose evidence-based strategies and policies to incentivize and support businesses in diversifying their products and entering the export market.

- Addressing these critical research areas will not only deepen our understanding of the structural challenges faced by Rwandan businesses but also pave the way for pragmatic solutions that align with Rwanda’s vision for sustainable and inclusive economic development. Through collaborative efforts, data-driven policymaking, and stakeholder engagement, Rwanda can continue to strengthen its business environment and unlock its full economic potential.

APPENDICES

APPENDIX I: METHODOLOGY AND RATIONALISATION OF KEY CONCEPTS

1. Integrated Business Enterprise Survey

As stated in the introduction of this report, IBES is an annual data collection exercise by NISR on business enterprises operating in Rwanda. The survey aims at providing reliable statistics and data on the nature of business enterprises in Rwanda, their labour employment patterns, ownership and legal characteristics of the businesses among others. The survey and its subsequent report also provide insights on the businesses' perspective on the business environment they operate in. The survey compiles detailed statistics on business aspects as access to finance, waste management practices, energy usage, and utilisation of information communication technologies. Further, business performance by sector and size of business enterprises are analysed using income and expenditure data.

It extensively compiles business data for the year 2024 and includes insights on the impact of economic conditions on business enterprises in Rwanda. The survey data is structured as a panel, which allows for execution of further analysis that includes both spatial and temporal dimensions.

2. Coverage

The 2023 IBES report covers a sample of non-agricultural business enterprises classified under sections B to S of the International Standard Industrial Classification of all economic activities, revision 4 (ISIC-4). Further, the survey does not cover public administrative and extraterritorial organizations (organizations outside Rwanda territorial borders). This report defines "business enterprise" as a legal entity possessing the right to conduct business on its own, for example to enter into contracts, own property, incur liabilities and establish bank accounts. It may be a corporation, a quasi-corporation, a non-profit institution, or an unincorporated business enterprise. The IBES survey contains information on Small and medium-sized business enterprises (SMEs) and big business enterprises. SMEs employ fewer than 100 people. They are further subdivided into micro business enterprises (fewer than 3 employees), small business enterprises (4 to 30 employees), and medium-sized business enterprises (31 to 100 employees). Big business enterprises employ 100 or more people. The management of a business enterprise typically develops a set of organizational objectives and a strategy for meeting those goals to help employees understand where the company is headed and how it intends to get there.

3. Sampling Design

3.1 Sampling Frame

A sampling frame comprises a list of all units from which a sample survey is selected. An up-to-date, good quality sampling frame is an essential pre-requisite for organizing a sample survey. An Economic Census (EC) of all establishments can provide such a sampling frame, giving a listing of business enterprises and a number of workers by broad industry groups at the primary level of geographical units such as villages.

The Establishment Census carried out in 2023 (EC2023) served as the sampling frame for both formal and informal IBES. For informal IBES 2024, EC2023 served as the sampling frame for the first stage sample and a listing exercise for the sampled administrative sectors in the second stage. In addition, for formal IBES 2024; the EC2023 frame was supplemented using IBES panel business enterprises to ensure that all previous complying businesses were covered in the formal sector survey.

IBES 2024 is based on a sample of 2,680 formal and 2,500 informal business enterprises, selected from an estimated 31,394 formal and 229,386 informal business enterprises. Informal business enterprises were sampled from 50 selected administrative sectors. Thus, the survey has been designed so that it provides good quality estimates of shares or averages for the country.

3.1 Formal Sector Sample and Estimation

This report defines the formal sector as those businesses registered in the Rwanda Revenue Authority (RRA) and keeping business accounts. The formal sector IBES 2024 sample was produced from the following separate components: a panel component based on the IBES 2023 and large business enterprises from the VAT and BIT registers which were not in the IBES panel. Informal IBES 2024 sample has been drawn from the data set of the Establishment Census 2023.

The IBES panel includes all business enterprises that responded to the IBES 2023 survey. The purpose of this panel component of the IBES 2024 sample is to preserve a time series element in the overall sample. This is designed to reduce the variance of the estimates of changes in the characteristics of the population over time. In addition, the panel should improve the overall response rate to the survey as all of the business enterprises in this component were willing and able to respond for formal IBES 2024.

In addition, the survey sample was topped up by 412 large business enterprises with turnover greater than 1 billion RWF in 2024 drawn from the Value Added Tax (VAT) and Business Income Tax (BIT) databases and which were not in the IBES panel sample. At the end, a sample of 2,680 formal business enterprises was developed and targeted. After data collection, the valid sample consisted of 1,805 formal business enterprises, with 1,753 responding, resulting in a response rate of 97.1%.

Most of the estimates included in this report have been obtained by multiplying the data for each sample business enterprise by its weight. The weight assigned to completely enumerated businesses was 1, as these businesses represent only themselves.

The initial weights assigned to businesses in the sampled strata were the inverse of the probabilities of selection. For example, if half of the businesses in a stratum were selected, the initial weight was 2. It was also necessary to take into account the businesses for which no response could be obtained within each stratum and to take out all non-eligible sampled businesses like businesses dealing in agriculture and public administration. The estimated actual, or valid, population of businesses in each stratum was taken as the original population less all non-eligible businesses. Similarly, the valid sample in each stratum was calculated as the original less all non-eligible businesses in the stratum.

As a result, the weights of the responding units were adjusted to maintain the original grossed up number of units in each stratum by dividing the valid population by the valid sample for all strata and these final weights were distributed to each sampled business enterprise within the stratum. More precisely, if in each sampled stratum i , n_i is the number of valid businesses enumerated out of a valid population of N_i business enterprises in the census, then the weight for each business is N_i/n_i . The assumption behind this method is that each business from which a valid response was received is representative of the eligible businesses in the wider population. Tables 1.1 and 1.2 in Appendices illustrate how the final weights were derived.

3.3 Informal Sector Sample and Estimation

The selection of business enterprises in the informal sector was based on a two-stage sample. The first stage was the selection of administrative sectors, which form the enumeration areas (EAs); where a sample of 50 administrative sectors were selected using the 'probability proportional to size' (PPS) method based on data from EC2023. The measure of size (MoS) used was the number of business enterprises in each administrative sector, i.e.

$$MoS_{hi} = \sum_{j=1}^t P(h, i, j),$$

Where, S_{hi} is the size of the administrative sector i , in geographic stratum h ; and $P(h, i, j)$ is the number of business enterprises in the economic activity j , within the sector i , in geographic stratum h . The data were collected during data collection of Establishment Census 2023 and fed the first stage (in 50 selected administrative sectors) with information

about the economic activity, number of workers, registration status, maintenance of regular business accounts and time of starting operations. Based on this, a new listing of all the business enterprises in the sample EAs was established. At the second stage, the listed business enterprises in each sample EA were then stratified by major economic activity (ISIC Rev.4 2 digit), and a sample of business enterprises was then selected within each stratum. At the second sampling stage, all of the listed business enterprises for some strata were included in the survey with certainty in case there were 3 or less business enterprises for one ISIC 2-digit code within the sampled administrative sector. The procedure led to a total sample of 2,500 informal business enterprises being selected. At the end of data collection, the valid informal sample consisted of 1,662 informal business enterprises, with 1,577 responding, resulting in a response rate of 94.8%.

The selection probabilities for business enterprises in an area sample depend on the sample design. As noted, the IBES informal sector area frame sample was based on a two-stage selection. As such, the probability of selection can be expressed as follows:

$$P_{hij} = \frac{m_h \times MoS_{hi}}{\sum_{i \in h} S_{hi}} \times \frac{n_{hij}}{N_{hij}}$$

Where;

P_{hij} = probability of selection for the sample business enterprises in j-th economic activity group within the i-th sample segment (i.e., administrative sector) in geographic stratum h

m_h = number of sample segments selected in geographic stratum h

MoS_{hi} = measure of size (based on the indicator established for the PPS selection) for the i-th sample area in geographic stratum h

n_{hij} = number of sample business enterprises selected in the j-th economic activity group within the i-th sample area in geographic stratum h

N_{hij} = total number of business enterprises in the j-th economic activity group within the i-th sample area in geographic stratum h

In the sample strata where all the business enterprises for economic activity are included in the sample at the second sampling stage, the second term of this probability was 1. The weight (or raising factor) applied to the data from the informal business enterprises is calculated as the inverse of this probability of selection, as follows:

$$W_{hij} = \frac{\sum_{i \in h} S_{hi}}{m_h \times MoS_{hi}} \times \frac{N_{hij}}{n_{hij}}$$

Finally, a non-response adjustment factor like that used for the formal IBES 2024 was applied to this weight, within the economic activity group in the EA. This factor is equal to the valid sample divided by the completed interviews for each stratum.

4 Comparison with National Accounts and turnovers from revenue authority

The published national accounts statistics include estimates of economic activity for the whole of Rwanda. These may differ from the survey estimates when one compiles indicators such as gross value added. A key reason for the difference is that, when producing the national accounts, many other sources of data are used in addition to information from the business sector. For example, data on consumption patterns from the Rwandan household budget survey (Integrated Households Living Conditions Survey EICV), data on international trade, and from other surveys, notably the Seasonal Agricultural Survey.

A further difference between the estimates from this survey and the national accounts arises because of coverage. The IBES covers formal and informal activities in observable business premises. Additionally, the national accounts' estimates include goods and services produced by household businesses without identifiable premises, often numerous but on

a small scale. They also implicitly include estimates for the 'hidden' economy (transactions that are not recorded in business accounts) for example, goods that retailers may withdraw from their stocks for their own consumption.

For this reason, the national accounts estimates should be considered as providing the measure of the level of gross value added and output. However, the IBES can be used to enrich understanding of the underlying activity of the business sector by providing more detailed information relating to investment, employment, credit, and the general business environment.

5 Comparison of IBES employment data with LFS employment data

Enterprise survey employment data and household labour force survey (LFS) data diverge due to differences in the populations surveyed, methods of data collection, and the scope and focus of each survey. Enterprise surveys typically target businesses and organizations, gathering data on formal employment within these entities through administrative records, such as payroll data or employment records provided by businesses. In contrast, LFS data are collected directly from households, encompassing a broader range of employment including informal sectors, self-employment, and various work arrangements.

Additionally, enterprise surveys may sample businesses based on factors like size, industry, or geographic location, while LFS surveys use household sampling methods to ensure representation of different demographic groups. These variations in sampling, coverage, and biases contribute to discrepancies between the two datasets, with enterprise surveys potentially overlooking small or informal businesses and LFS data susceptible to respondent bias and sampling errors. Thus, while both sources provide valuable insights into employment trends, understanding their inherent differences is essential for interpreting and comparing their findings accurately.

6 Key concepts and data collection methodology

6.1 Distinction between business enterprise and establishment

A business enterprise is an institutional unit as a producer of goods and services. It has autonomy in decision-making and allocating resources. It may be engaged in one or more economic (productive) activities. It can be a corporate or non-corporate business enterprise. An establishment is a business enterprise or part of the business enterprise located in a single location and normally carrying out a single economic activity. In many cases, and particularly for smaller or medium-sized units, business enterprises and establishments are identical. Efforts were made to list and record details for each business enterprise, including all its branches. Information on whether the establishment was part of a business enterprise was also recorded.

6.2 Activity Coverage and Listing of Business Enterprises

The IBES considered only non-agricultural activities. Agricultural activities- the primary production of agricultural and plantation crops, livestock and poultry, agricultural services, forestry and fishing were not covered. Activities related to the processing of the primary produce of agricultural and allied activities were treated as non-agricultural. Further, the sale of agricultural produce by the producer himself directly to wholesalers, retailers, or even consumers was considered agricultural.

Detailed guidelines were provided to determine the broad activity category of a business enterprise. Some are reproduced here. Manufacturing involves the transformation of raw materials into finished products. Trade is an act of purchasing goods and their resale, either wholesale or retail, without any intermediate physical transformation of the goods. A hotel (Division 55 of ISIC-4) provides accommodation with or without arrangements for meals and other prepared food and refreshments. A restaurant (Division 56 of ISIC-4) generally provides eating and drinking services where prepared meals, food, refreshment and other snacks are sold for immediate consumption without any provision for lodging. Such business enterprises are variously known as restaurants, cafeterias, snack bars, lunch counters, refreshment stands, milk bars, canteens etc. Bars and other drinking places also come under this category.

Transport is the act of carrying passengers and/or goods from one place to another. The operation of storage and

warehouses on hire to the farm producer, dealer or trader, processor and manufacturing business enterprises, including the public, as a business is in the storage and warehousing industry (Division 52 of ISIC-4). However, warehouses meant for storing farm produce, trading commodities, manufactured goods etc., owned by the owner of the farm, trader or manufacturer himself, were not treated as storage and warehousing.

6.3 Items of Information and Related Concepts

Apart from collecting background information IBES collects data on the number of people the business enterprise employs and how much it pays them, its operating expenses and receipts, the value of fixed assets, and its outstanding loans.

- **Business enterprise size:** In this report the business enterprise size is measured by the number of employees; Micro business enterprise (1 to 3 employees), Small business enterprise (4 to 30 employees), Medium business enterprise (31 to 100 employees), and big business enterprise (more than 100 employees).
- **Method of data collection:** this depends on whether the business enterprise has maintained accounts. If it did, data were collected from them. Otherwise, the information was collected orally, as reported by the respondent. In both cases, primary field workers visited the sites of the business enterprises and collected data from the respondents by interviewing them. Key concepts and methodology involved in data collection are discussed below.
- **Reference year/last year:** For most of the items, namely compensation, operating expenses/inputs, and receipts/output, the reference or last year meant last accounting year for the business enterprises maintaining accounts and the previous 12 months for those not maintaining accounts.
- **Last day of the year:** Information on the value of fixed assets and outstanding loans related to the last day of the year. 'Last day' meant the closing day of the last accounting year for business enterprises maintaining accounts. In other cases, it was the day preceding the date of the survey.
- **Background information about the business enterprise:** Certain background information about the business enterprise was collected first. These included broad activity of the business enterprise for which 12 codes were provided, main activity of the business enterprise in terms of 4-digit code as per ISIC-Rev 4, location (within permanent structure or within temporary structure or without any structure), ownership status, whether registered under any Act, age of the business enterprise, if received any government assistance during last 2 years, nature of problem faced during last year, whether accounts maintained, and whether establishment was part of a business enterprise in case of an establishment.
- **Employment and compensation of employees:** As regards the employment position, data on the average number of workers working per day during the major period of working in the last year were collected. The break-up in the number of paid and unpaid workers was also recorded. Paid workers were those who got regular salary or wages. Break-up employment was also noted by (a) sex, (b) occupation (i.e. manager/ professional/administrative and others), and (c) nationals or foreigners. Compensation payable to the workers included wages/salaries to hired workers and other remunerations in the form of providing food, canteen facility, health care facility or other facilities to its workers. Given the importance of employment related statistics, a specific module (Labour Module) was designed to cover all the details judged to be important.
- **Operating expenses:** All the expenses incurred by the business enterprise during last year including (a) compensation to workers, (b) rent on hired land and building (if any) and (c) interest payable on loan (if any) were covered under the head of expenditure. The relevant information was collected through two sections of the questionnaire module— one giving the details of the main inputs/raw materials used by the business enterprise and the other recording the residual operating expenses involved in the day to day running of the business enterprise. Value figures were recorded at the purchase price of raw materials and other inputs.
- **Income:** Information on income was also collected through two sections of the questionnaire – one furnishing details of the main receipts of the business enterprise directly associated with the value of goods and services produced while the other recording other receipts of the business enterprise. Valuation of income was at the sale value if sold

or at the market value of goods made ready for sale in the market or at producer's prices for manufactured goods.

- **Fixed assets:** Information on value of fixed assets as on last day of the year was collected. It was the book value if the business enterprise-maintained accounts otherwise it was the market value of the asset owned or rented/hired. This apart, data on net addition to fixed assets and rent payable for hired assets were also collected.

APPENDIX II: IBES 2024 SURVEY STAFF

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