



Kingdom of the Netherlands

Responsible Business Conduct

Positive impacts of Dutch private sector partners in Rwanda



TRAIDE



About the report

ACKNOWLEDGEMENTS

The Embassy of the Kingdom of the Netherlands and TRAIDE Rwanda generously acknowledge all businesses and nongovernmental organizations for contributing to this Responsible Business Conduct report. This report was commissioned by the Netherlands Embassy and developed by TRAIDE Rwanda; a program coordinated by Resiliencia Rwanda. The study was conducted in Q4, 2020 and interviewed Dutch investors and development partners who are involved in various economic sectors in Rwanda.



Kingdom of the Netherlands

ABOUT THE EMBASSY OF THE KINGDOM OF THE NETHERLANDS IN RWANDA

The Netherlands Embassy has set a clear target to transform its bilateral relationship from aid towards trade and investment. This target resonates with the national development strategy of the Rwandan government; to grow the private sector and stimulate foreign trade and investment. Economic ties between Rwanda and the Netherlands will continue to be strengthened through investment grants, blended financing instruments and loans. Moreover, tailor-made support is offered to companies via the Embassy's trade facilitation program.



ABOUT TRAIDE RWANDA

The TRAIDE program in Rwanda builds local capacity and strengthens the business climate to attract investors and traders. The key objective of the program is to support Dutch companies in Rwanda and contribute to sustainable private sector development through the management of a transition fund. The program shows entrepreneurs the promise of Rwanda, supports them to invest, and helps them to make their investment successful and sustainable. TRAIDE seeks to find the right balance between trade and aid by matching the right companies with the right opportunities.

ABOUT RESPONSIBLE BUSINESS CONDUCT (RBC)

Companies have different motivations to engage in Responsible Business Conduct (RBC). Generally, companies engage in RBC because of 1) intrinsic motivations, 2) to managing their reputation, 3) to mitigate and manage risks, 4) to benefit from (long-term) costs saving, 5) to increase their productivity, and to 6) access markets or finance opportunities.

We can state that a company engages in Responsible Business Conduct when:

1. They comply with local and international laws, even when these laws are not enforced (e.g., environmental protection, labour practices, financial accountability).
2. They adhere to additional societal (ethical) expectations that are not set by law (e.g., living wages, equitable opportunities, screening suppliers, involving external stakeholders).
3. They engage in voluntary environmental or societal initiatives that do not immediately serve business interests. This is also known as Corporate Social Responsibility (CSR) (e.g., building a school or making local donations).

These activities are interlinked but need to be prioritized. Companies should 1) survive and thrive, 2) comply with law, 3) comply with ethics and external expectations, and 4) engage in philanthropic activities. When the above conditions are met and are addressed in the correct order, we speak of RBC. So, we do not speak of RBC when a company builds a school but ignores their environmental impacts. Such practices are also known as greenwashing and can damage the reputation of a company.

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*Sander de Raad – Senior Program Officer
Evelien Lambooij – Project Officer
May 2021*





Foreword

Dear reader,

On behalf of the Embassy of the Kingdom of the Netherlands in Rwanda and our partners from the TRAIDE program, we are pleased to share with you the report *'Responsible Business Conduct: Positive Impacts of Dutch Private Sector Partners in Rwanda'*. This is an inaugural summary presenting the sustainable practices of Dutch companies and Private Sector Development partners present in Rwanda.

A considerable number of Dutch companies and entrepreneurs is active in Rwanda. Such companies drive sustainable private sector development by creating a significant number of jobs and by investing in the development of their employees. Their trainings and additional work-benefits enables their employees to grow and prosper.

Moreover, many Dutch businesses are dedicated to Corporate Social Responsibility (CSR). Their contributions to e.g., education, health, and economic resilience of their employees and communities demonstrate how companies can contribute to sustainable development and Rwanda's national development priorities.

Over the last decade, the Dutch Ministry of Foreign Affairs has restructured its development cooperation policy, moving from aid to trade. This strategy acknowledges the positive contribution of Dutch businesses to the sustainable development in emerging markets. Similarly, the Netherlands Embassy has set a clear target to transform its bilateral relationship moving from aid towards trade and investment.

As such, the Netherlands Embassy applauds firms that invest responsibly in Rwanda – and by doing so – enable *inclusive* and *sustainable* private sector development. Dutch businesses are becoming an integral part of Rwandan society.

As we move forward with the transformation, the Netherlands Embassy is committed to support Dutch companies in Rwanda, maximizing their positive impact, investments in local communities, and contribution to the development agenda of the Government of Rwanda.

Sincerely,

Dr. Martin Koper
Deputy Head of Mission & Head of Development Cooperation

Summary of impacts

This document refers to Dutch businesses and NGOs as 'Dutch organizations'. A total of twelve businesses and five NGOs participated in the Responsible Business Conduct survey.

INTERNAL RESPONSIBLE BUSINESS CONDUCT

Job Creation

Total jobs:	4,529
Jobs held by men:	2565 (56.6%)
Jobs held by women:	1964 (43.4%)

Seventeen Dutch organizations created a total of 4529 jobs. 56.6% of these jobs were held by men and 43.4% by women. Dutch organizations create a high number of permanent jobs, which contributes to a stable and sustainable economic situation for employees and their families.

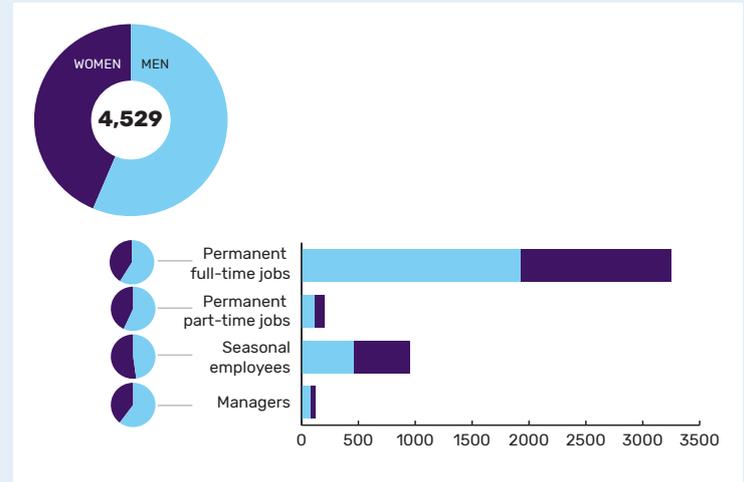
Employment Expenditure

The graphs above show how salaries and wages, training and education, additional incentives and other employment benefits are offered to employees. 'Additional incentives' are a top-up on salaries as a reward for good performance. 'Other employee benefits' refers to benefits equally accessible to employees regardless of performance (13th check, health care, pension, transport allowance, housing allowance, etc.). These additional benefits will benefit employees as well contribute to a healthy and growing organization. The breakdown shows the trade-offs, with significant attention to personnel's personal development.

Good Working Times

All organisations observe good working times, in line with Rwandan labour law.

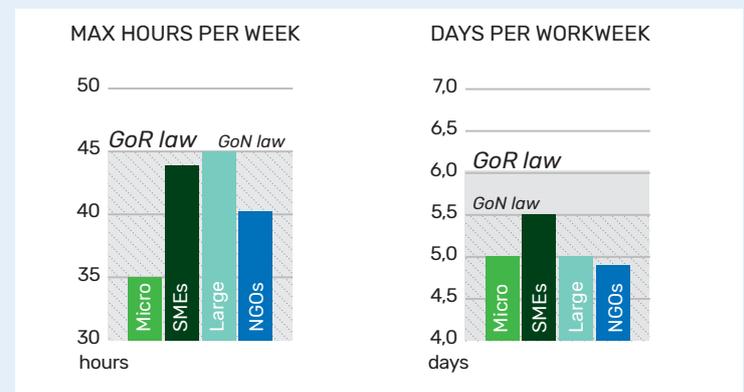
TOTAL NUMBER OF JOBS CREATED BY DUTCH COMPANIES AND DEVELOPMENT PARTNERS



BREAKDOWN OF EMPLOYMENT EXPENDITURE



WORKING TIMES



Providing training to employees

All Dutch organizations invest significantly in the development of their employees. They invest in personal development as well as in professional development.

Employee benefits and additional incentives

633,770 USD

spent on personal additional incentives and bonuses divided over 9 companies and NGOs that give these incentives

94%

of organisations provide additional employment benefits

1,158,675 USD

of total estimated expenditure on additional employment benefits

Dutch organizations offer many additional benefits to their employees. Providing employment benefits is the second largest expense after salaries and wages: transport allowances, lunch and pensions are the top 3 most provided benefits to employees. Providing these additional employment benefits leads to higher satisfaction among employees, supporting their livelihoods and their families, and will help to retain staff.

Job security

Dutch organizations use shorter probation periods than legally mandated and offer employment security faster. Providing job security and implementing redundancy measures protects employees from sudden job dismissal and subsequent loss of income.

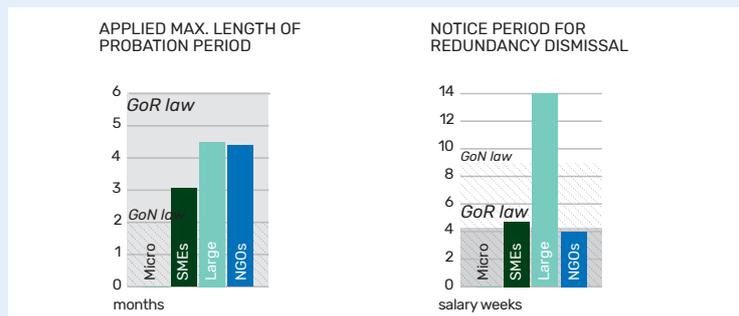


ADDITIONAL BENEFITS PROVIDED BY THE ORGANISATIONS



* Contributions to pension, general medical aid/health insurance and life insurance/ contributions to funeral and other death expenses are mandatory by Rwandan law
 ** Free vaccinations arranged, disability cover, access to health clinic, provided employee housing, 13th check, food to take home, recreational area, providing company shares to employees, unemployment cover, wood, water, fodder for employees' animals, and contribution to school fees.

JOB SECURITY



Gender equality



69% of organisations address gender specifically through a gender policy, HR policy, or through a corporate code of ethics

38% of organisations provide training on gender and equality issues

31% of organisations have a F/M go-to-person responsible for gender issues

6% of organisations have a gender committee*

* The gender committee meets on average four times a year. The committee has a 50/50 division of F/M gender committee members

MATERNITY AND PATERNITY LEAVE

	GoR law	Maternity leave	Paternity leave
Number of organisations		15/16	13/16
Minimum length of leave (calendar days)	Maternity: 90 calendar days / 12 weeks Paternity: no legal requirements	83.6 days	4.7 days
Do employees receive 100% of wages during leave?	6 weeks must be covered 100% for maternity leave. Paternity: no legal requirements	93% Yes 7% No	93% Yes 7% No

On average, Dutch organizations provide 84 calendar days of paid maternity leave and five days of paternity leave. Many organizations have gender policies and are dedicated to make incremental improvements to gender-sensitive business practices.

EXTERNAL RESPONSIBLE BUSINESS CONDUCT

Organizations' external Responsible Business Conduct¹ has only been assessed for Dutch companies. Dutch private sector programs are excluded from this list as they receive (government) funding to engage in social and environmental projects.

Investments in local entrepreneurship

4

companies engaged in activities to support (local) entrepreneurship

941,007 USD

invested to stimulate (local) entrepreneurship over the last five years

During the last five years, four companies have made significant efforts to stimulate local entrepreneurship. Such investments contribute to the growth of the domestic private sector, can reduce import dependency, and thereby alleviate hard currency challenges.

Corporate social responsibility contributions

207,000 USD

 CSR investment by 4 Dutch companies

Activities engaged in:

- Education (including building classrooms, washrooms/toilets, desks, and other infrastructure)
- Poverty relief
- Power supply
- Early childhood education for reading and mathematics
- Water supply
- Health/hygiene
- Infrastructure

ORGANISATION OF CSR ACTIVITIES



Many companies make positive contributions to local society through their Corporate Social Responsibility engagements. Half of the companies provide (financial) support to public or private initiatives. This shows that companies are dedicated to investing in development activities that may be unrelated to their business but are relevant for Rwandan development priorities.

¹ We use 'external' business conduct when we talk about the voluntary initiative of companies to invest in – or donate to – activities that are not immediately related to their business operations.

Company profiles per theme



Sustainable Development Goal 2

Zero Hunger

Holland Greentech

 KIGALI & MUSANZE,
RWANDA
 29 EMPLOYEES

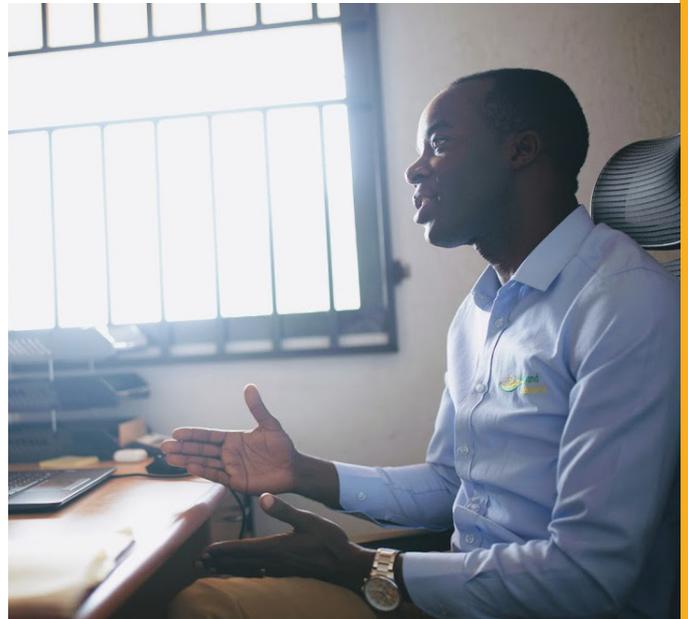
Purpose of the company is to increase food production, food safety and a more efficient use of natural resources through sustainable investments in African horticulture

Holland Greentech Rwanda helps farmers to increase productivity and how to grow a wider range of horticulture crops. Since 2015, the company has provided extension services and inputs and through teaching, Holland Greentech has created its own market. The company has provided free trainings to farmers (mostly women) and helps them to practice the findings on their plots. All farmers that received the trainings can request individual support if needed. Thanks to Holland Greentech, many farmers have managed to raise their income and cultivate larger plots of land.

Holland Greentech also devotes a lot of time and effort to training and supporting its own staff. Every employee has his or her own personal development plan and they regularly evaluate their employees' growth trajectory. The company organizes a weekly training on any topic: "Every week we select an employee who prepares a short presentation on any topic that can help the team, whether it is related to the business or not."

Holland Greentech also supports employees with entrepreneurial ambitions. The company recently opened a nursery and gave the employees the opportunity to invest in ownership. *"As long as we open new businesses, why not involve employees directly? It helps in keeping yourself motivated at all times, because you work for yourself rather than for someone else."*

Holland Greentech believes that honest business is key for companies that want to engage and succeed in Corporate Social Responsibility (CSR), agricultural development and farmer training. "Sometimes it is better to say no and wait for a better opportunity."





Sustainable Development Goal 4

Quality Education

Chameleon Resources

KIGALI,
RWANDA

2 EMPLOYEES

Purpose of the company is to educate 'Learn through play' to children in their early years of school

Chameleon Resources develops educational toys and training. Chameleon Resources focuses on the 'learn-through-play' concept as which is still largely unfamiliar to Rwandan teachers.

Chameleon Resources stresses that it is important to invest in the people rather than just in the product. The interviewee, Christian, states that early-childhood development is a new focus point in Rwanda and that the creation of awareness around this topic is essential: *"Invest in training for parents and teachers and not only in toys. Otherwise, the purpose of your work is lost."*

The company was founded in 2016 and ever since it has provided about 20 nursery schools with educational toy-sets for children up to six years old. The provided toy-sets include, but are not limited to, blocks, fabric books, puzzles, dolls and a wooden iron. Moreover, Chameleon Resources has trained approximately 100 teachers and 20 parent representatives on educational practicalities and pedagogical purposes of the toy-sets. In addition to partnerships with schools, Chameleon develops products for NGOs such as Save the Children, Help A Child, and the Child Fund.

Chameleon Resources procures all its raw materials from five local companies. They select suitable and safe materials for the toys. They procure from a local network of carpenters, tailors and painters who work with professional tools for easier work and high-quality products. The growth of the business has directly enabled one material supplier to build a family house.

In the future, the company plans to start a model school and training center. They aspire that this school will use toy-sets to promote the concept of 'learn through play' and that it will become a center for knowledge transfer that facilitates teacher-to-teacher trainings.





Sustainable Development Goal 8

**Decent Work and
Economic Growth**

Hollanda Fairfoods

MUSANZE,
RWANDA
56 EMPLOYEES

Purpose of the company is to produce and provide high-class 'Winnaz' potato crisps for the Rwandan and Ugandan market

In 2014, Hollanda Fairfoods started producing 'Winnaz' potato crisps in its factory in Musanze: a high-quality 'Made in Rwanda' product. Hollanda Fairfoods was the first and still is the only commercial potato-processing company in Rwanda.

Hollanda Fairfoods aims to involve the local community as much as possible. The company works regularly with community leaders and invites potato farmers to the factory to show the processing and end-product. By doing this, local farmers can observe the potential added value of their potatoes and learn how they can become a supplier. Local farmers never need to make an appointment, they are always welcome to visit. During the COVID-19 pandemic, the factory supported households that experienced food shortages.

Hollanda Fairfoods invests in the wellbeing of their employees and their suppliers. Employees receive extensive training in occupational health and safety. Hollanda Fairfoods also provides trainings on insurance, banking, and other topics. Employees can share their areas of interests during the monthly meeting.

Employee feedback is welcomed and promoted. The employee association regularly suggests changes in the factory that are often implemented. "Often, they are small changes, like contracts, working hours, or lunch. Someone once said that they want to change the lunch. Now we have an improved lunch."

In the future, Hollanda Fairfoods wants its suppliers to be organized in an association to ensure that their interests are well represented. The company also stressed the importance of investing time and energy in employees; especially those in junior positions. "Really look at all your employees, especially at the ones earning the least: do you really think that they get enough? First, what is the income, and from there you can think about gender equality, insurances, and employing youth. Otherwise, it is just window-dressing, it has no value."



Pure Africa Coffee Bar



KIGALI, KIGALI REGION,
RWANDA

15 EMPLOYEES

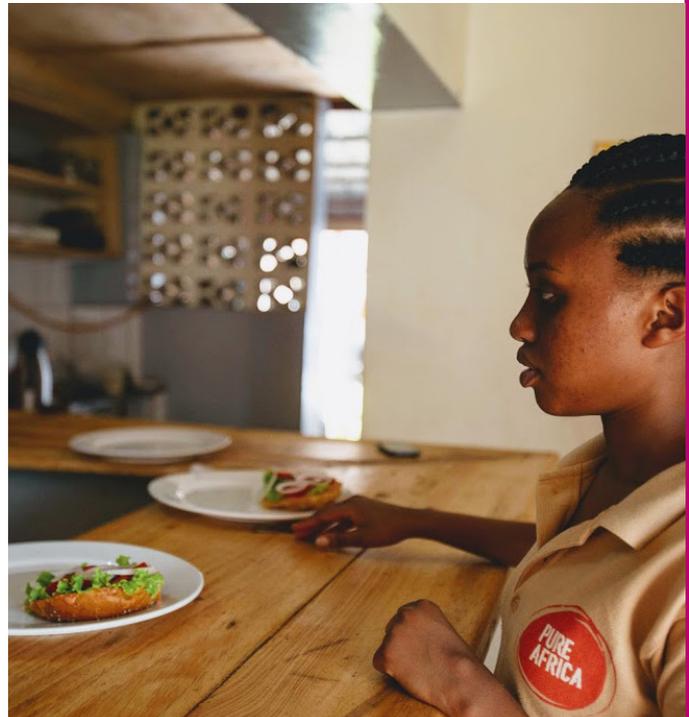
Purpose of the company is to serve high-quality coffee and food in the Coffee Bar based in Kigali

Since 2019, the Pure Africa Coffee Bar has been a place where people come together to enjoy good quality coffee and food. They have also opened a few guesthouses on the plot of the coffee bar. Pure Africa is a Dutch initiative that invests the revenue from their coffee sales in micro-credits for Rwanda coffee farmers. The Coffee Bar has been set-up as an independent Pure Africa company with its own staff, management, administration, and finances.

Pure Africa Coffee Bar believes that investing in staff is key to business success. They started with providing basic operational training but are now moving towards new, professional, trainings. “We currently have one employee trained as a barista. Soon we will train all staff members. They are very excited to gain professional skills. Even our waiters and waitresses will get barista training as we believe everyone at Pure Africa should know how to make coffee.” The COVID-19 lockdown forced the bar to close for several months. Despite being a young company, they still managed to support staff with income and food throughout these months.

Pure Africa Coffee Bar is working with over 2000 farmers through two coffee cooperatives. The opening of the bar has significantly improved the lives of these farmers. “One of our cooperatives has managed to open a professional coffee washing station. They also increased the share of women working for them, providing them with a more secure income.”

Pure Africa Coffee recommends to always cooperate directly with local (coffee) farmers or cooperatives instead of buying through traders or third parties. This allows for knowing the origin of your product and whether your sourcing contributes locally. They moreover believe that investing in staff is key to success. *“When we started, we had to work really hard. But working closely with staff and training them does lead to happy employees, less turnover, and a good business.”*





Sustainable Development Goal 9

**Industries, Innovation and
Infrastructure**

KivuWatt



KARONGI,
RWANDA



128 EMPLOYEES

Generating electricity for Rwanda

KivuWatt is using a unique approach to extract gas from a water source. Since 2015, KivuWatt extracts biogas from the deep waters of Lake Kivu to generate electricity and in turn delivers this electricity to the national utility company. They supply electricity to the national grid, including the supply around Lake Kivu. This accounts for approximately 30 percent of all electricity generated in Rwanda.

KivuWatt's sustainability committee engages in CSR activities related to education, access to water, agriculture and fisheries. KivuWatt has built and refurbished four schools. For one school, they built and fully equipped a library and organised necessary trainings about the library to the teachers. In collaboration with WASAC, KivuWatt constructed and refurbished five clean drinking water access points for communities in Karongi. Moreover, KivuWatt has supported 50 families through the Rwandan Government's 'one cow per family' program and provided veterinarian services and medication for two years. KivuWatt's fisheries program has helped around 350 fishermen and fish farmers to generate income year-round by constructing on- and off-shore fish farms: "Jointly with the local authorities, we determined a safety perimeter so that we do not have any issues with our pipelines. We also donated a big area in which we built the fish cages and we built an onshore fishpond. In total we donated over 100 000 fish and fish food for nearly two years."

Most of KivuWatt's CSR activities are determined jointly with employees and local authorities: *"employees are involved in deciding for new CSR projects.* When the projects are determined, the projects are reviewed at ContourGlobal level, at our sustainability committee where the KPIs are reviewed and approved. *These employees then become involved in project implementation."* KivuWatt provides individual trainings for employees, as well as compulsory safety trainings for all staff. All employees receive additional job incentives: accommodation, work transportation, school fees, clean water, electricity, and a COVID-19 bonus (2020).

KivuWatt recommends developing a CSR strategy from the start and budget accordingly: *"you need to clarify your principles and make CSR part of your mission. The lives of people living around our facilities or in Rwanda should improve because we are here. If you make CSR optional, it will stay optional."*





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