

HEVA FORUM: RWANDA SCOPING TRIP

BUILD BRIDGES BETWEEN SECTOR PLAYERS
IN KENYA AND RWANDA

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OBJECTIVES

1. To meet with local fashion designers and other value chain players to get a deeper understanding of the sector in Rwanda.
 2. Build bridges between sector players in Kenya and Rwanda with a focus on strengthening production and retail network while looking into possible collaboration and investment opportunities.
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OVERVIEW

8 businesses were visited and a total of 10 plus fashion designers were interviewed. The following observations were made: 90% of the designers that we interacted with had their own retail stores in prime locations, and approximately 50% of them also had an in house production team. A great number of designers used social media as their primary marketing tool and mentioned Instagram as being their most effective platform. A number of designers also expressed great interest in expanding their market to Kenya.

In regards to the Rwandan fashion industry, there was a general consensus that it has undergone some growth in terms of the local market being more open to wearing and purchasing Rwandan made apparel and accessories. The government was also mentioned as being supportive in growing the industry. They recently passed a law that gives tax exemption on all raw materials brought into the country with the aim of increasing the capacity of "Made in Rwanda" Products. This will in turn increase the level of exports from Rwanda.

CHALLENGES

High cost of shipping across borders both regionally and internationally, access to finance, limitation in the current production facilities and the shortage/lack of fashion stylist, photographers and bloggers.

The following businesses were visited:

1. Haute Baso
2. House of Tayo
3. Sonia Mugabo
4. Inzuki
5. Moshions
6. Gahaya Links
7. Kaliza
8. Inco Fashions
9. Bold
10. Made in Kigali

DESIGNERS INSIGHT



1. HAUTE BASO

Haute Baso draws its inspiration from Rwanda's dynamic and culturally vibrant history while adding a modern touch. They aim to showcase Rwanda today and to promote its ability to produce high-end and functional products that are able to compete both locally and globally. Haute Baso was founded by Linda Mukangonga. She is also one of the founding members of RW collective that aims to promote the Rwandan fashion scene through creating opportunities for local designers to showcase and sell their collections.

CHALLENGES

Despite the growing success her business has had there are a number of things that have been a constant challenge.

- i. One of the main challenges she faces is the amount of taxes her business faces, 15 to be exact. That doesn't include the additional taxation she faces when she has to import fabric. Importation of fabric is a necessity for her brand, as she aims to create designs that are not like any in the market and having unique prints plays a key role. In the past she would source locally but found that the same print would then be sold to another designer causing duplication.
- ii. There is growing interest for Haute baso pieces internationally but the high cost of shipping deters many from purchasing the products.
- iii. Linda also stated that there is a big need for



other service providers in the fashion industry i.e fashion stylists, bloggers, photographers, and fashion event organizers. As the industry now stands a lot of the designers are forced to play multiple roles in the industry in order to get their brands ahead.

KEY GOALS/PROJECTS:

A key goal for the business is to break into the Kenyan market, find stockist opportunities for the Haute Baso brand in Nairobi. They are scheduled to showcase their work in Nairobi during the RW collective pop up scheduled for March.

Long term goals: Get Haute Baso pieces in stores around the region and increase the production capacity. Continue to build on the RW collective projects, expand their events to include the facilitation of workshops to support the various fashion industry value chains.



2. HOUSE OF TAYO

House of Tayo is a menswear brand that is well known for its bow tie collections. It was founded by Matthew Rugamba in 2011. He initially found that there was more interest outside Rwanda for his products and looked for ways to build his brand locally. Matthew found that weddings were a great way into the market, weddings in Rwanda being a 7 day affair. This resulted in a good number of sales referrals. House of Tayo has one retail store and an in house production team that produces most of the bespoke pieces.

CHALLENGES

The need for more technical skills in production. Currently Matthew has to personally check every piece before it goes to a client.



KEY GOALS/PROJECTS:

House of Tayo aims to expand their brand to be a one stop shop for the menswear. The goal is to create an experience out of shopping. (Experiential selling). There are plans to also extend the House of Tayo brand to include a barbershop.



3. SONIA MUGABO (SM)

The fashion brand was named after the founder, and was established in 2013. They have both a women and menswear line. She has two stores one in the Marriott hotel and the other in Romero. Each store showcases different collections. She has a business partner Edward, who assists with the financial side of the business. Sonia would like to expand her business but would like to always remain accessible to the Rwandan consumer.

CHALLENGES

Importing fabric into Rwanda the high taxation cost. Also the high shipping cost. Her demand is more than she can actually supply and the main issue is access to finance that can help with increasing her production capacity. Edward also mentioned that in Rwanda it's not just about building your business but also creating/ influencing policies that will enable your business to thrive. There has been a lot of dialogue with the government but there is still a lot of groundwork that needs to be covered.



KEY GOALS/PROJECTS:

Creating an online platform that can enable her international clients to access her products.
Expanding her production capacity.



4. INZUKI

Inzuki was set up 5 years ago by Teta Isibo, they create accessories and interior decor products. It was one of the first local businesses to produce designs that were fusing traditional craftsmanship and contemporary style. Their initial customers were tourists and friends of the founder. However interest began to grow locally due to their social media platforms. Over time their client base has expanded and a large proportion of sales is from Rwandans in the diaspora.

CHALLENGES

High cost of shipping goods internationally. And also access to a merchant account that can work with an online store. Currently paypal is available in Rwanda but you cannot withdraw money from your account. Eventually Teta settled on shopify as a payment method for her online store. This however meant that Inzuki had to be registered as a company in the USA so as to enable them to open a bank account to link to their shopify account. Inzuki currently has one retail store and is stocking some of their pieces in Nairobi.



KEY GOALS/PROJECTS:

Inzuki is setting up an online store and has set up a warehouse facility with a friend in USA. They aim to open the store mid this year.



5. MOSHIONS

They specialize in bespoke & Haute couture attire. It was set up two years ago by Moses Turahirwa. Moshions premier collection was haute couture, his main target audience were the creatives. This strategy paid off, his brand gained a lot of publicity thanks to a lot of his customers being in the public eye/entertainers. Majority of the haute couture clients rent the pieces. A high percentage of Moshions sales come from the Ready to wear and bespoke lines. They have a workshop with 5 tailors and a retail store all in one location. The Moshions brand has showcased it's pieces in Kigali fashion week, Swahili and Lagos fashion week. This has led to a lot of inquiries and interest in his work.

CHALLENGES

Access to unique fabrics locally and also access to finance to expand the Moshions collections.



KEY GOALS/PROJECTS:

Building the Moshions brand regionally and expanding on the menswear line. Also to open up additional retail outlets that showcase a great range of the Moshions collections. Moses also aims to start designing some of his own prints for fabric.



6. INCO FASHIONS

Inco is a fashion brand that creates both men and women's wear. It was set up in 2010 by Ituze Ndutiye Colombe. They have both bespoke and ready to wear collections. Corporate wear is a new addition to their collection, it has generated a number of good sales. Inco fashions has an in-house production team that consists of 4 tailors including Colombe. They create the samples that are then sent to a tailoring cooperative to do the final pieces/bigger orders. They have one retail store in Kigali called Inco Fashions & 1001 Signatures, in a prime location. They also stock other designers 3 at the moment, with a new designer joining them in March.

CHALLENGES

The access to skilled manpower that can process the big orders that come in. Currently there is a big skills gap in production and a need for trainings in production, especially pattern cutting.



KEY GOALS/PROJECTS:

They aim to transition from ready wear fashion to more corporate/uniforms. Inco fashions will still however produce bespoke pieces, but they have found that it is more profitable to focus on corporates. Colombe is also looking at expanding her skills technically by attending a master class in pattern making and garment development at FIT. She also expressed interest in attending a training run by one of our investees (Katungulu Mwendwa).



7. GAHAYA LINKS

Training facility that teaches women to weave. They have over 4000 weavers around Rwanda organized in over 52 savings cooperatives. It was founded by two sisters Joy Ndunguste and Janet Nkubana, who recognized the opportunity to use traditional Rwandan weaving as a means of income generation. Their main aim is to economically empower Rwandan women. They also produce accessories and garments for the export.

CHALLENGES

Finding financing for the women cooperatives that they run. They currently apply for bank loans but the interest rates tend to be quite high.

KEY GOALS/PROJECTS:

They are currently building a school that will be training women in fashion production. They recently visited Kenya to gain insight on the fashion schools/curriculum available. They are keen to find partners that would be able to assist with facilitating trainings at the school.





8. KALIZA

Production facility that was set up by Milles Collines that is now owned and managed by Wibabara Assuma. It is the main production house in Rwanda and majority of the leading fashion designers in the country use their services. They produce both apparel and accessories.

CHALLENGES

They have faced a number of challenges in the recent years:

i. Access to finance: The interest rates on bank loans have made it difficult for them to access finance. They have also not been able to find other investment that is flexible or tailored to their unique needs as a production house. Their main need for finance is to enable them to expand their production facilities.

ii. Production Facility: Kaliza currently have their workshop in a residential house, that doesn't have the capacity to hold their full range of equipment. They currently only have one pattern cutting table and one space to iron their garments. When ideally they need at least 4 times the space. They also have equipment in storage as they do not have the space.

iii. Sustainable Workforce: Majority of the specialist workers at Kaliza will be retiring in a few years and there are few available replacements.



iv. Marketing Opportunities: Kaliza produces for a lot of designers but they unfortunately are not always publically mentioned as the producers. This then makes it slightly difficult for them to market themselves. They also recognize that they could pursue other marketing avenues but lack the manpower and finance to do so.

KEY GOALS/PROJECTS:

Despite the various challenges that Kaliza faces they still manage to produce high quality products. Their main investment need at this time is access to finance that will enable them to expand their production facility (space, workforce and equipment).

SOURCING

The textile industry in Rwanda is currently limited and there is one major factory that produces fabrics more tailored for uniforms. This in-turn has led a number of designers to source outside the country for fabric. 80% of the designers we met source their fabrics from Dubai, China and Tanzania. Dubai was seen to be the most convenient, with the fabric being delivered in two days of orders being placed. Moses Turahirwa founder of Moshions mentioned how he uses Rwanda Air hostesses to bring in fabric. Other designers spoke of having to budget for fabric sourcing trips to China and Tanzania. The overall effect of the fabric sourcing cost is that production costs are affected, making it difficult for the designers to price their pieces as competitively as they would like to.

PRODUCTION

Kaliza is the main production facility used by the designers we met. Kaliza however has limited capacity to adequately cater for their needs. This however is in contrast with the craft production facilities that have a solid structure with cooperatives set up around the country that can cater to the demand in the market.

RETAIL & DISTRIBUTION

All the designers we met had a flagship store, in prime locations in Kigali. There are also emergence of concept stores like Bold Kigali that stock a range of designers from East Africa. Social media marketing was stated to be a great support for the retail stores, with many consumers gaining interest through the online platforms, mainly Instagram, which then led them to visit the retail stores.

ACCESS TO FINANCE

Of the 10 businesses that we interviewed, none of them had received external capital except for one that had received a grant. All the businesses had raised capital from personal savings, family and friends. These businesses mentioned that they would consider external financing from the banks but are apprehensive to do so because the interest rates from banks in Rwanda attract a minimum of 18%.

It was also mentioned that although financial institutions in Rwanda do have funds for SMEs, the creative industry is still not taken seriously. The financial products available are mostly tailored to suit other industries like ICT and agriculture. All the entrepreneurs expressed their interest in financial products that are tailor made to the creative industry with reasonable repayment terms and interest rates. It was very clear that 90% of the businesses needed external capital to be able to increase production capacity, market penetration for both regional and international markets, purchase of raw materials and equipment. Most of the businesses also mentioned their limitations to fulfill international orders due to constraints in working capital.



VIEW ON THE STATE OF THE RWANDAN FASHION INDUSTRY

The Rwandan fashion scene is growing, designers are expanding their businesses and collaborating. There is however a need for an increased range of service providers that support the fashion designers i.e fashion photographers, stylists and bloggers. Currently the fashion designers have to take on all these roles. There is also a need for more production facilities or an expansion of the main one that serves all the main designers in Rwanda "Kaliza". Tailoring cooperatives are also used to produce large orders. Rwanda also has a very small textile industry and they produce very basic fabrics, this has forced designers to have to look internationally for fabrics. Which in turn has led to an increase in the cost of production.

Another main issue designers have faced was the attitude that banks have towards their businesses. A lot of the loan facilities offered to small businesses attract interest rates of 18% and higher. Also their skeptical view of the industry has made it difficult for fashion businesses to access some basic finance facilities like a Point of Sale (POS) machine.

The Rwandan consumers attitude towards fashion designers has began to change. They are more willing to spend on pieces made by designers and have began to differentiate their work to a tailors. However tailors are still the designers main competition, especially during the holiday period (December), where many tailors who work for designers take on clients, leaving designers with a decreased capacity to process orders.

There are currently two main designers associations Designers Associations of Rwanda and Collective RW. All the designers have to be registered with the Rwandan Fashion Designers Association (RFDA), they also receive support from Rwanda development board (RDB). RW collective is a new association that was founded in 2015 by four designers Linda Mukangnga of Haute Baso, Sonia Mugabo, Teta Isibo of Inzuki designs and Matthew Rugamba of House of Tayo. They came together after seeing a need for a strong platform to showcase their designs. They held their first fashion week in October 2016. Their aim is to promote the finest national and regional fashion and to encourage collaboration throughout Africa.

GOVERNMENT INVOLVEMENT AND SUPPORT OF THE FASHION INDUSTRY

The Rwandan government has been stated to be supportive of the fashion industry, having recently issued tax breaks on raw materials and certain machinery being imported. This includes fabrics that the designers frequently ship in from China, Dubai and India. They are also gradually banning second hand clothes in the country. This was done to encourage Rwandans to buy local products.

There is also a “Made In Rwanda” campaign being run by the government to grow the number of goods produced and exported from Rwanda. Alongside that there is a Made in Rwanda expo that is held annually in various countries. The expo offers fashion designers the opportunity to showcase their work.

The lines of communication between designers and the government have progressively improved with the set-up of a Designers association RFDA (Rwandan Fashion Designers Association). There is still a lot that needs to be done in terms of infrastructure and increased flexibility in terms of access to finance. Colombe of Inco designs mentioned that the government offers funding but it tends to be limited to specific projects/programs like trade fair visits and tours. That being said the Ministry of trade is working with DRB (Development Bank of Rwanda), to develop a “Growth export fund” to support businesses that want to export their products. The fund will offer loans with very low interest rates.

The general observation made by the designers was that progress has been made by the government to support the fashion industry, but more can be done. They mentioned that the government lacks the awareness of the key needs of the fashion industry, they are however open to dialogue and respond well to suggestions made by the designers. Also due to the fact that it is a fairly new industry there is still a lot of policy that needs to be put in place for the industry to grow substantially.



OPPORTUNITIES TO COLLABORATE

a. Collective RW Fashion week: RW collective will be hosting their second fashion week in 2017. This would be a great opportunity to offer some capacity building workshops in production, marketing and fashion photography. There is also scope to support in the general event marketing of the fashion week.

b. Collective RW Pop-up Store in Nairobi: The RW collective are currently organizing a pop-up store in Nairobi. This is scheduled to take in place March. It would be a good opportunity for the Rwandan designers who expressed interest in growing their brands in the Kenyan market to be a part of. It would also be a great opportunity for the our investees and other Kenyan designers to connect with the Rwandan designers.

c. Gahaya Links Fashion School: The founders of Gahaya links are currently looking for regionally based facilitators/lecturers for the fashion school they are building. Once again these are resources that we have access to and can assist with the building of a Fashion curriculum/ connecting them to facilitators.

d. Workshops on Fashion production: Every designer expressed the deep need for more workshops that cater to the production demand of the industry. Pattern making was one of they key production skills stated. HEVA having facilitated a number of fashion workshops, this would be one of the ideal trainings to begin with.

e. Regional Retail opportunities: Majority of the designers are currently looking regionally to expand their market. They however do not have the finance or connections to do so. This presents a great opportunity to possibly set up a retail store in each of the East African countries and stock designers from the various countries.

f. Shipping Options: One of the key limitations for Rwandan designers satisfying demand in their regional and international markets is the high cost of shipping. This could be solved by negotiating better rates with shipping companies such as DHL regionally and internationally. Also looking into Storage/ warehouse facilities in USA/Europe, that would help reduce the cost of shipping immensely.

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