

## Special Feature

### International Perspectives—Rwanda

Recently I had the unique opportunity to visit the continent of Africa. My recent (March 2018) visit to the country of Rwanda prompted me to pause once again and reflect upon the broad topic of Wealth Management on the international landscape. Before I share my perspective through the lens of effective Capital deployment, I must first step back.

My daughter and son-in-law have lived in Rwanda since August of 2017. He works for the Urwego Bank and she is a teacher at the Kigali International Community School. Rwanda has a developing middle class which is reflected in the kids' beautiful two-story town home with 3 bedrooms, 3.5 baths and a view from their balcony across the many hills of the city of Kigali. It is currently rainy season and the flora is lush and vibrant while the wildlife in the Akagera National Park are a spectacular reflection of nature. Driving through the city and into the countryside you find a spotless land void of any rubbish and well-manicured landscapes throughout town.

Throughout my life I have had the good fortune of traveling six continents and over twenty-five countries for both business and pleasure; I will say that the country of Rwanda is quite impressive. Unfortunately most U.S. citizen's knowledge, awareness, and image of Rwanda is limited to the 1994 Genocide. The genocide in Rwanda was a horrific world event when over one million people were killed in 100 days. Our time at the Genocide Memorial in Kigali, where an estimated 250,000 people are buried in mass graves, was an educational and emotional experience. The events leading up to and including 1994 makes the current state of Rwanda all the more inspiring - the question which swirled in my mind was how a country, in a relatively short time, can transform itself?

I would never claim to have an expertise on the country of Rwanda and some readers will have significantly more insight and experience; that said, the following represent a few reflections on my visit.

People are always the center piece of a community, society, and country. Our engagement with the people of Rwanda was nothing but a delight. Furthermore, there appeared to be a resourcefulness and focus on work which was encouraging. Human Capital, the converting of our time, effort and innovation into financial resources, is our primary source of wealth creation. Evidence of this renaissance is shown in Rwanda's GDP which has been expanding. Most recently, according to Trading Economics, "Rwanda's economy grew 10.5 percent year-on-year in the fourth quarter of 2017, the most since third quarter of 2014 and

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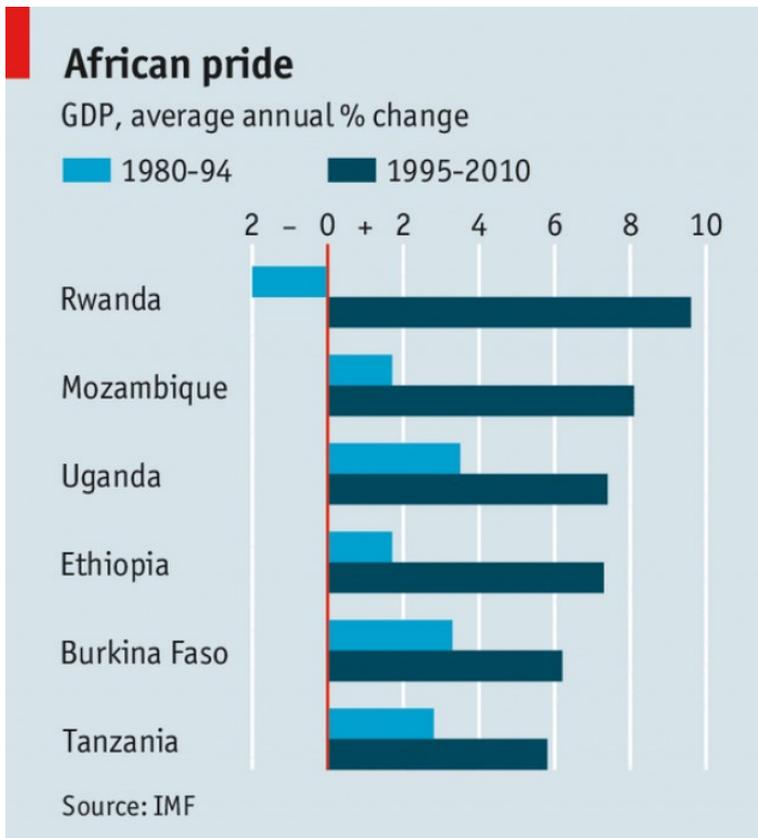
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following a 8 percent expansion in the previous period”.

According to a Barclays study: “If you compare the numbers of truly wealthy who inherited their wealth versus those who have made it in their own lifetime, then certainly the latter is increasing dramatically,” says Margaret Wolhuter, Strategy Director at The Partners. Our sample of 2,000 high-net worth individuals surveyed for this report is illustrative of this trend, with most having earned their wealth through their own efforts.”



Driving the streets of Rwanda you see hard work and effort all around; therefore, there must be a gap in other areas of Capital to explain differences with our life experience. I would suggest that in Rwanda and other countries considered to be Developing, Emerging, Frontier or however you may classify them, are the challenges in pursuing two other sources of Capital - Financial & Intellectual.

The access to Financial Capital for investment in innovation can free up time from labor to allow the Human Capital to allot time to expand Intellectual Capital. The virtuous cycle which ensues is an increase in the productive time of work, the speed / velocity of financial capital movement and growth of new ideas and subsequent innovation to create total wealth.

This benefit of wealth creation then allows individuals and families to support their neighbors, communities and countries in many different ways as determined by the respective group. Accordingly, the Center for Social Capital Research & Training highlights the ranging definitions of Social Capital; however, there is one which stands out to me:

‘the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit. Social capital thus comprises both the network and the assets that may be mobilized through that network’ (Nahapiet and Ghoshal 1998, p. 243)

It is the unlocking of the potential of Human Capital which can transform any society. Individuals armed with increased intellectual capability and appropriate access to financial capital are able to create wealth.

Therefore, closing on a personal note, my trip to Rwanda leaves me encouraged about the country’s future. Furthermore, I am extremely proud of my daughter’s role in education which is developing the intellect of future generations and my son-in-law’s work at the bank as they strive to efficiently and effectively deploy financial capital in a country which continues to transform itself.

Rwanda is a beautiful country with beautiful people who are pursuing the same things as all of us ... a bright future for themselves, their families, and the communities in which they live.

John W. Sleet

P.S. PBS completed a 2018 documentary called “Rwanda, The Royal Tour” which is available thru PBS or Comcast-On Demand if you’re curious to learn more.



## IMPORTANT DISCLOSURES

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