

**CAPITAL MARKETS AND CORPORATE FINANCING:
A CASE STUDY OF RWANDA STOCK EXCHANGE**

**BY
FRANCIS NJOGA
MBA/3180/11**

ABSTRACT

Stock exchanges have played a great role in providing opportunities for corporate to raise long term finances in developed countries and a significant contribution to the development of the emerging economies. In Rwanda the stock exchange market was launched in 2011 as one of the investment avenues to mobilize savings and encourages investment in securities, thus economic development of the country in general. However it's yet to be fully utilized in the country. The development of a stock market in Rwanda is one of the major initiatives taken by the government in improving the national economic growth. Since establishment of the Rwanda Stock Exchange (RSE) market, few corporate organizations are listed and only one corporate bond is trading. Therefore there is need to examine and unearth the reasons for low listing of companies at the bourse and low liquidity in bond market. The study obtained an understanding the mechanics and technical how corporate can increase their capital through the capital market and reason why there is low listing of companies in the RSE, to explain how the stock exchange markets may increase liquidity both in bonds and equity. The study reviewed literature available undertaken by different researchers in the past on this topic. It provides an overview of the stock market history, various ways of raising capital and the empirical review. In addition it gives the conception framework of the study. The study used descriptive approach i.e. qualitative and quantitative design. This is to ensure that the quantitative data collected through questionnaires is complemented through the views, opinions and perceptions of the companies as well as other stakeholders. The approach proposed as it helped the study delve into critical issues which may not necessary emanate from the data quantified. The analysis of the findings is presented in the form of tables and graphs showing the relationships between variables each followed by the interpretation. They are organized according to three major objectives and themes derived from the research questions. The survey reveals that capital market provides a vehicle for companies to raise capital, through issuance of shares and corporate bond. It promotes the available instrument to investors and ensures that investor's investment is protected. It survey find out some challenges that companies are in the planning to raise finances through the capital market, they are likely to encounter challenges such us lack of knowledge about the capital market, low saving rate where the individual investors have little income saved for investment while there are very few instrument currently available in the market to attract sizeable investors. Further the study revealed the more the activities in the government bonds in the market; the more it will create room for investor's appetite for more investment instruments providing corporate bonds with an opportunity as alternative