

# PRIVATE SECTOR DEVELOPMENT IN RWANDA

MACROECONOMIC STABILITY AND  
DEVELOPMENT IN RWANDA

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# Rwanda's Vision for Private Sector

- Rwanda's long term vision
  - To become a middle income country
    - From \$320 to \$900 by 2020
- Manufacturing is envisaged as major engine for sustainable growth
  - Producing high value goods for

# What is working for Private Sector

- **Governance**
  - Best governance environment with a vision
- **Corruption is low**
  - Rwanda ranks low compare to its neighbors and most African countries
- **Doing Business ranking in 2010**
  - Top reformer in the world
- **Gender sensitive in all aspects of business**

# Challenges to Private Sector

- **Manufacturing's share of GDP** is still small compared to Agriculture and Services
  - 14% of GDP
- Major economic activities are still in the **informal sector** which employs at least 80% of the labor market
- Annual **FDI** just beginning to increasing to \$545 million in 2008

# Major Constraints to Private Sector

- **Electricity**
  - Reliability, availability, Tariff
- **Taxes**
  - Rate
- **Finance**
  - Lack of appropriate products
- **Transport**
  - Transport cost

# What Could be Done?

- Investments in the **Energy and Transport sectors**
  - GoR intends to accelerate its plans for increased generation, coverage, reliability and availability
  - Increased investment plans for road, rail and air
- **Increase Access to Finance**
  - Deepen the financial sector
  - Strengthen pension sector
  - Improve Microfinance institutions (MFI)
- **Ease Tax Administration**
  - Review tax incentives
  - Provide tax education

# What Else Could be Done?

- Promote Linkages between Agriculture and Manufacturing
  - **Special Economic Zone**
  - **Non traditional crops**
    - Horticulture
    - Mining
  - **Value addition to traditional crops**
    - Coffee
    - Tea

# What more could be done?

- Private Sector should increase interest in its sector by investing more in:
  - Expansion of its activities,
  - New but appropriate technology,
  - Employee's Skills development



*THANK YOU!*