

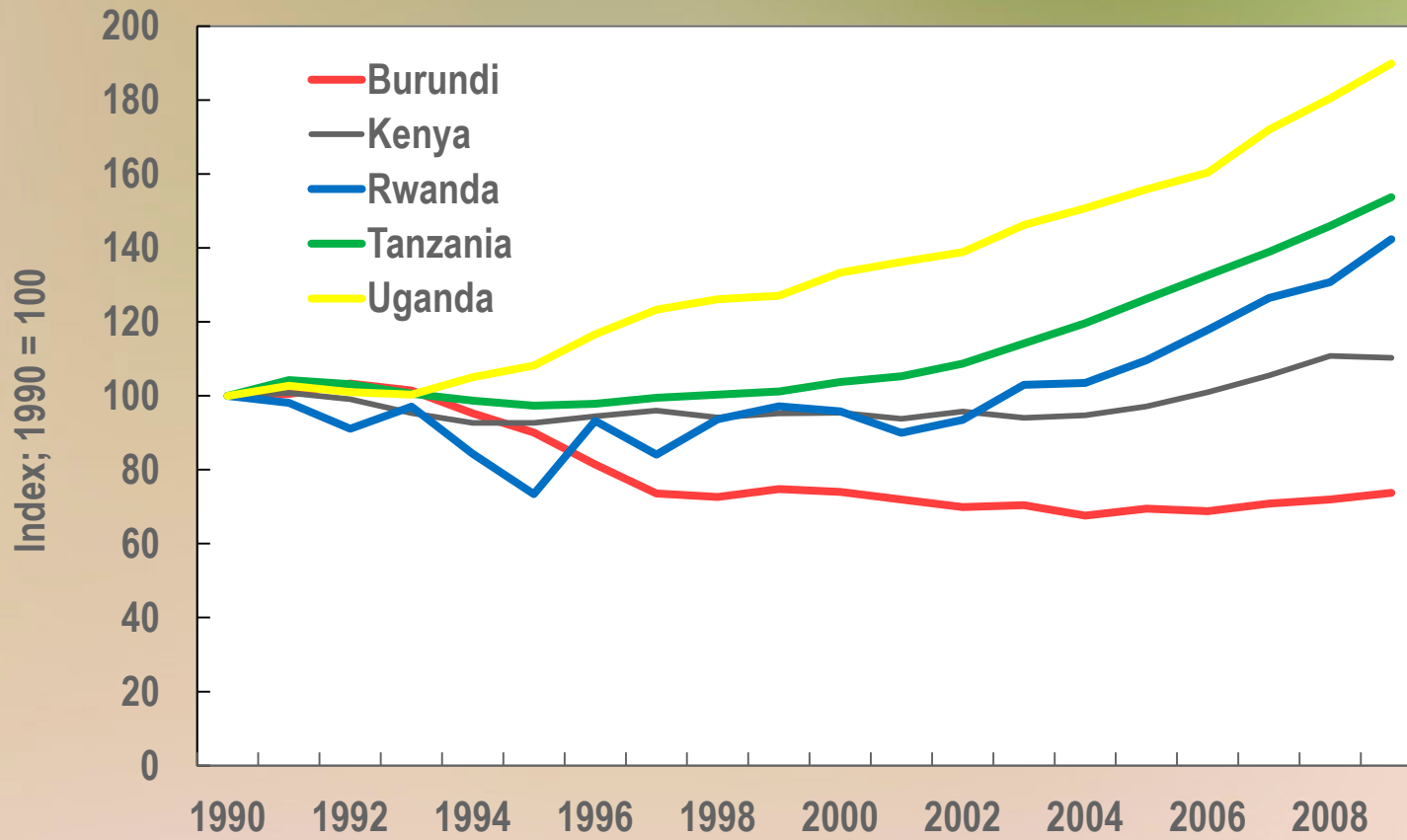
Growth in Rwanda and the EAC—What's Next?

MINECOFIN-IMF Roundtable
Kigali, October 28, 2011

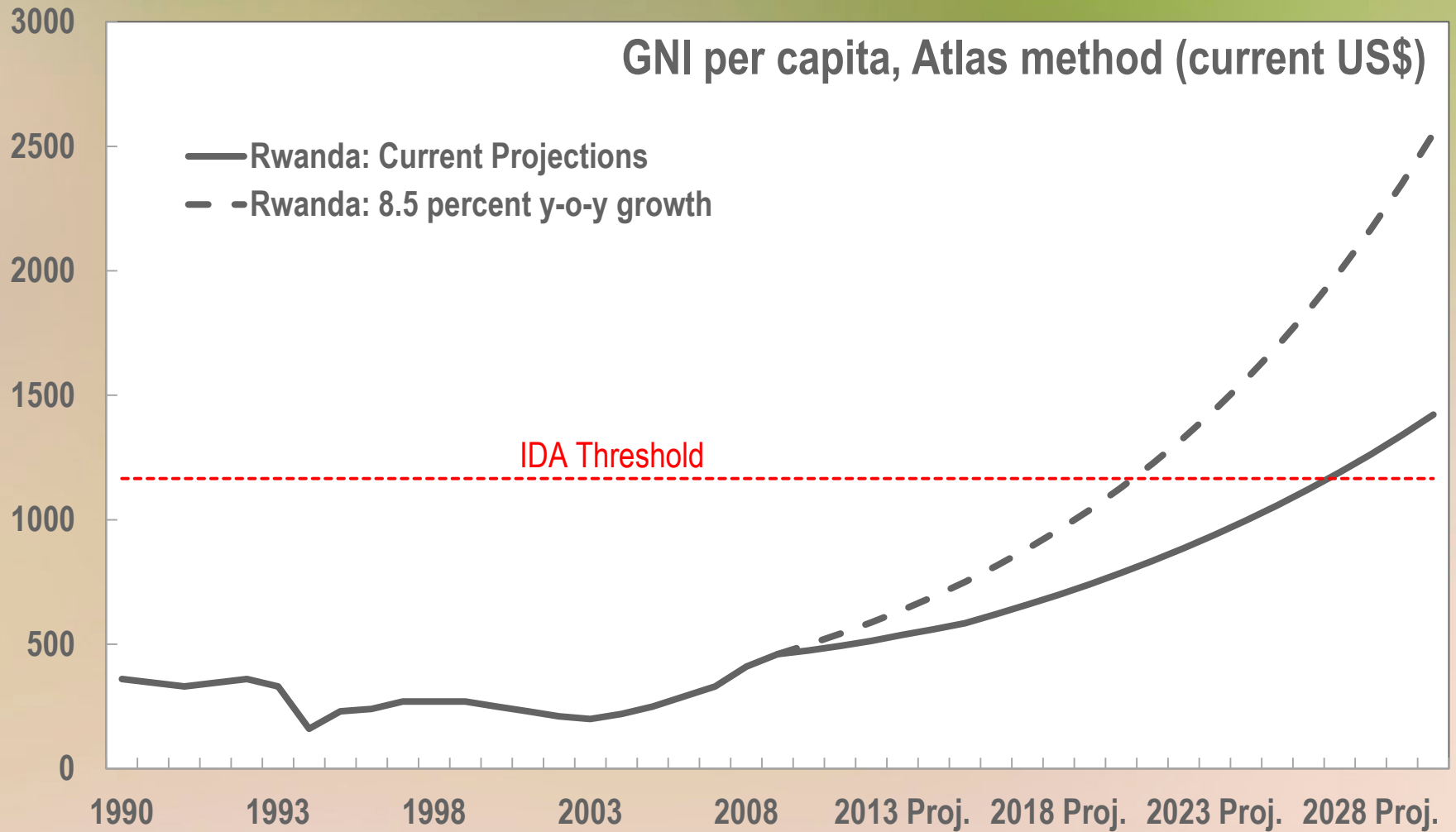
Martine Guerguil, Catherine McAuliffe, Hamid Davoodi, Maxwell Opoku-Afari, and Shiv Dixit

EAC – strong growth, but not everywhere

Cumulative Growth in Real GDP per capita



Rwanda – even faster growth is needed



Source: World Bank, World Development Indicators; IMF, World Economic Outlook and IMF staff estimates.



High business costs

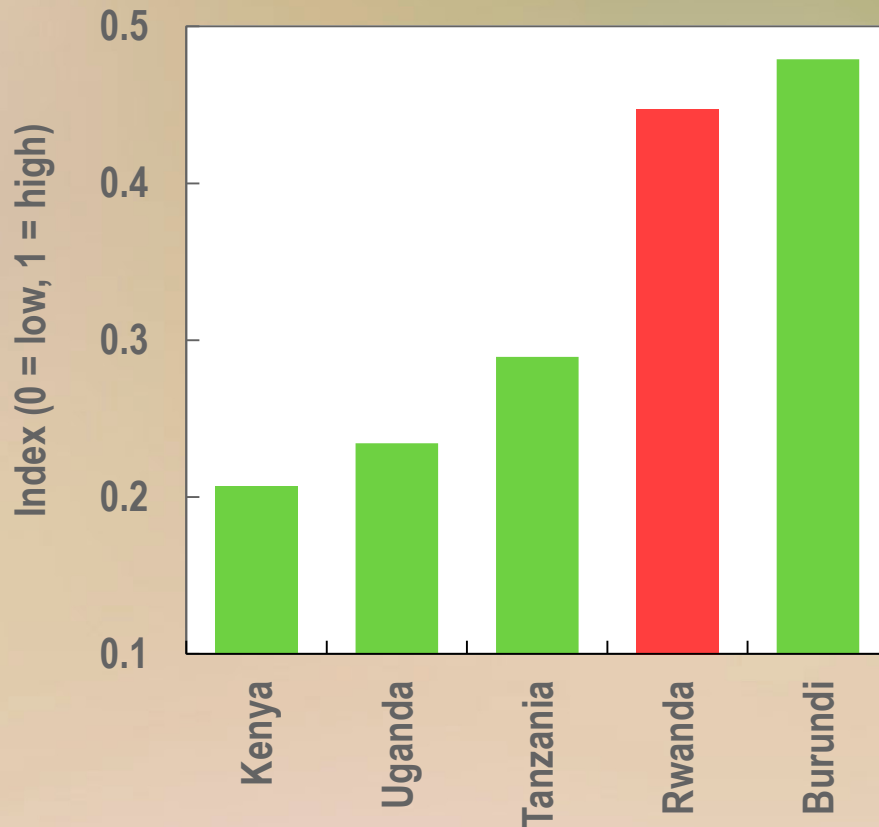


¹ A high ranking (i.e., a low number) indicates a favorable competitive environment.

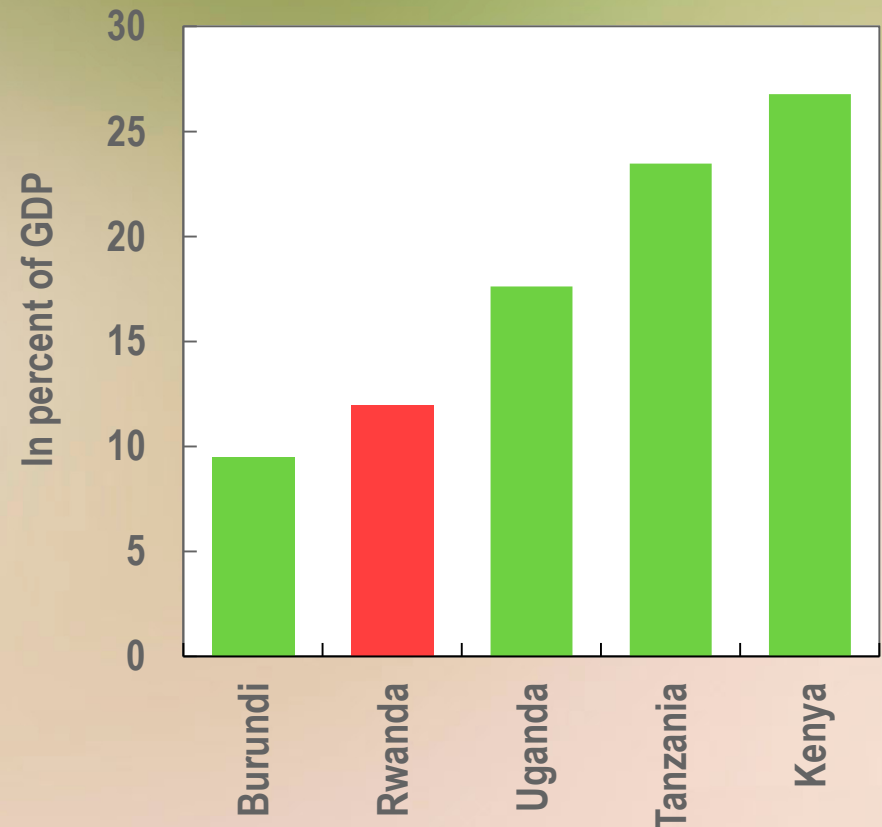


Low and concentrated exports

Export Concentration, 2005–09



Exports of G & S, 2005–09



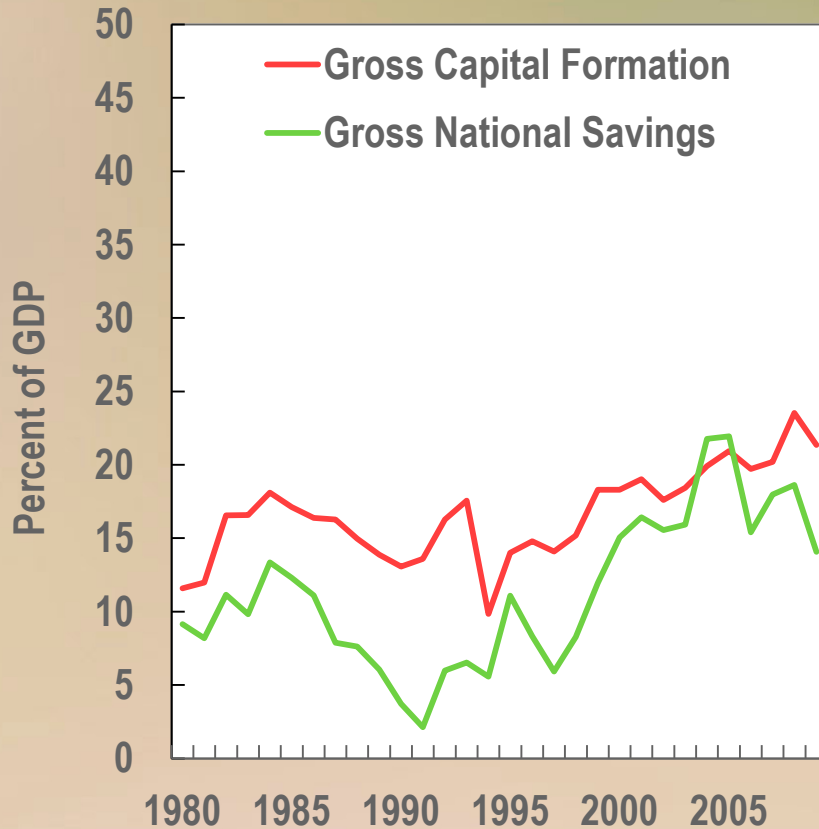
Sources: UNCTAD (2010), UNCOMMTRADE; and IMF staff estimates. The measure of concentration is the normalized Herfindahl-Hirschmann index.

¹ Harmonized System 1988/92, 6-digit classification.

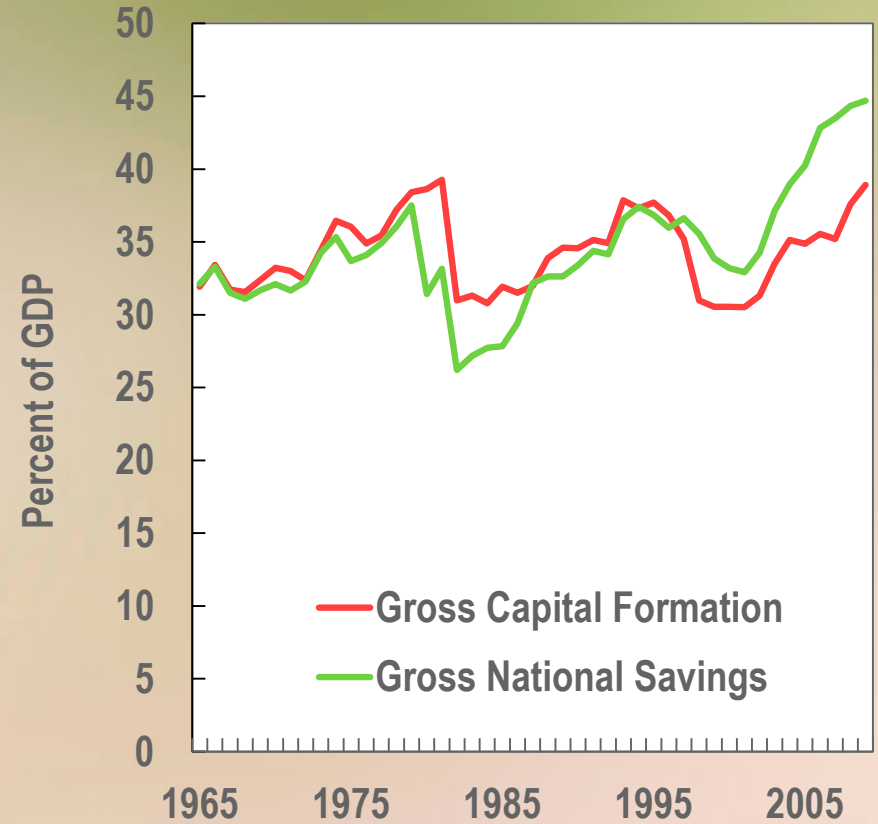


Low domestic savings, high aid dependence

Rwanda: Investment and Savings

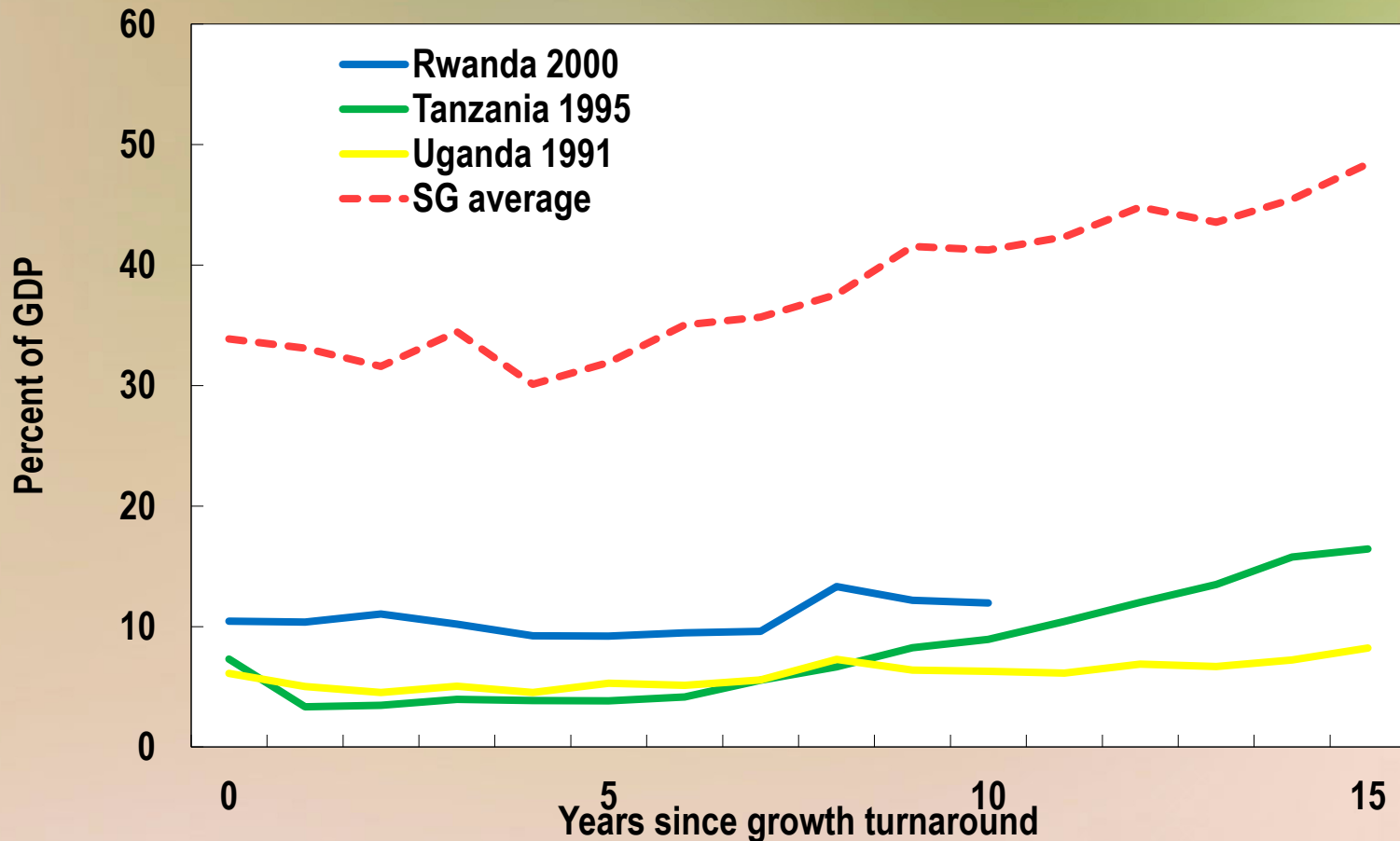


SGs: Investment and Savings



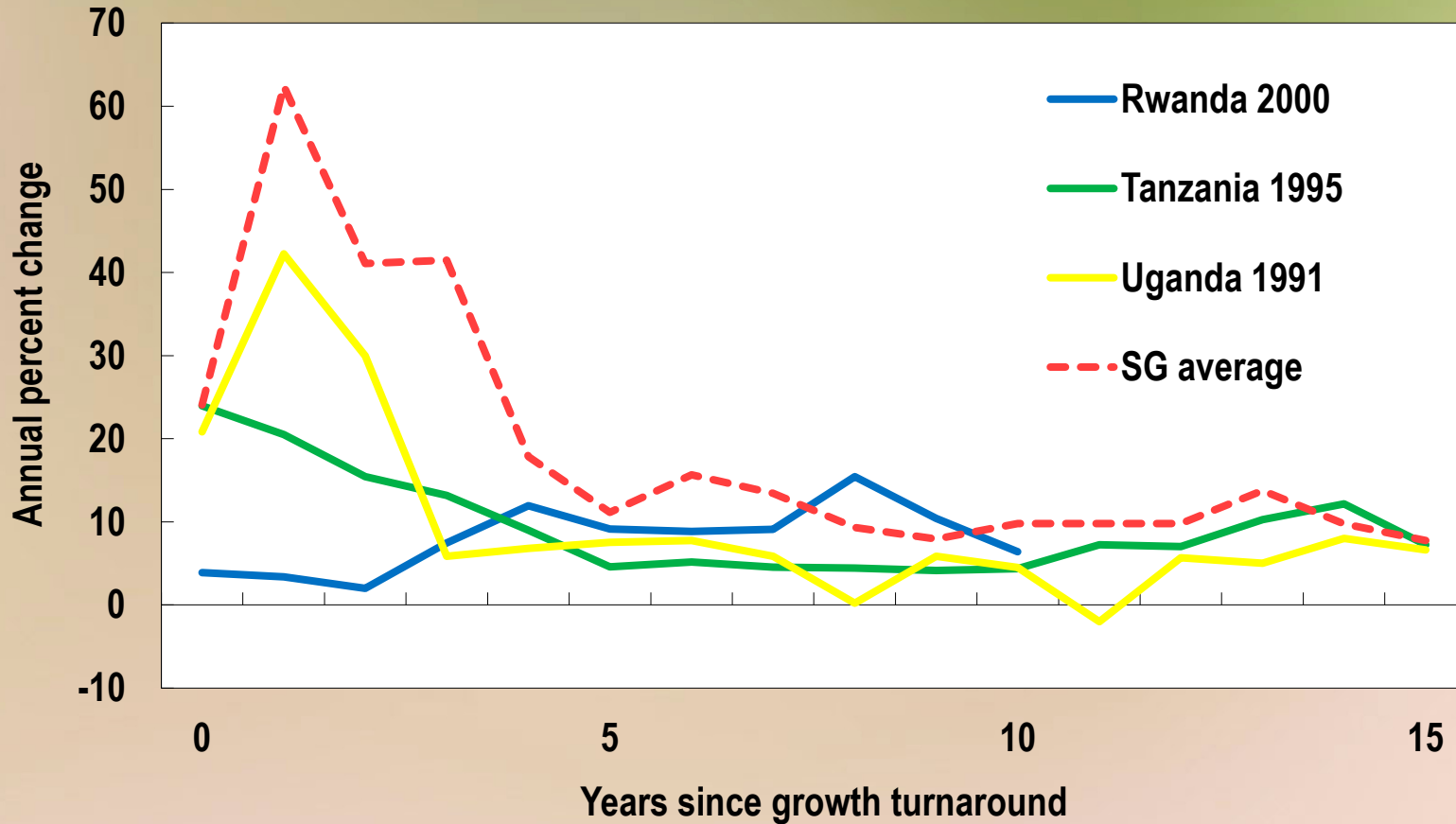
Limited access to financial services

Credit to private sector since growth turnaround



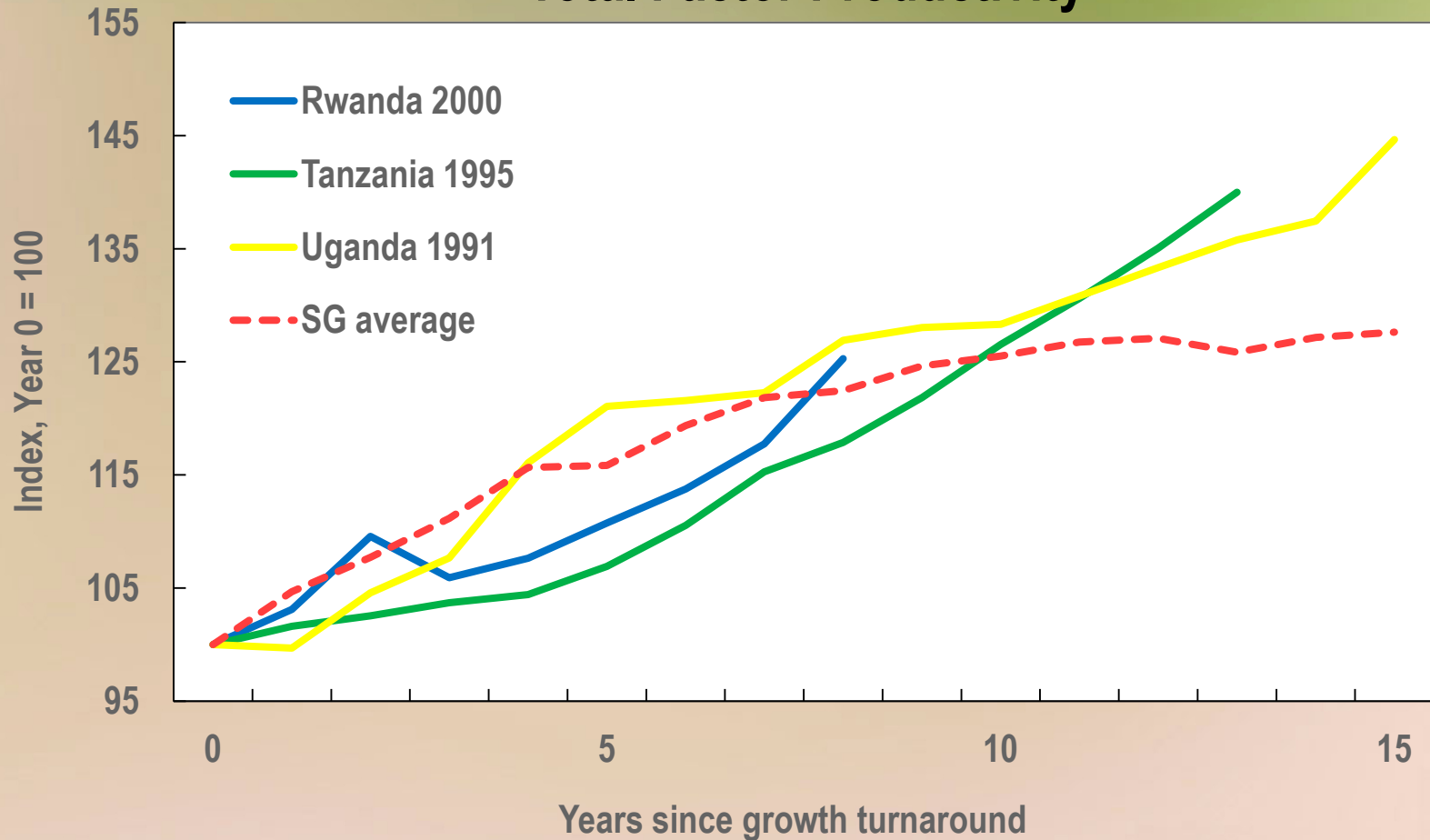
Macroeconomic stabilization

Inflation since Growth Turnaround



Strong productivity growth

Total Factor Productivity



In conclusion

- Growth in Rwanda has been impressive, but it needs to be sustained
- Rwanda scores well on macroeconomic stability and productivity growth
- Low and concentrated exports, high business costs, low savings, and limited access to financial services remain a challenge

