
REPUBLIC OF RWANDA



MINISTRY OF TRADE AND INDUSTRY

Strategic Plan 2009-2012
Moving up the value chain

Kigali, August 2009

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Minister's Foreword

In recent years, Rwanda's economic performance has been impressive, with an average annual growth rate since 2004 of 7.8 per cent. In addition, Rwanda has seen strong performance in trade, in the tourism sector, and in foreign direct investment. The Ministry of Trade and Industry along with the whole of Government, is now at a critical juncture in aiming to accelerate growth to reach the ambitious targets set in Vision 2020 and the EDPRS. It is doing so at a time of an international economic crisis, which is hitting demand for exports across the world.

This Strategic Plan has been developed by the Ministry to provide the framework for viewing its remit and challenges, and to forge a vision of how the Ministry is to deliver its strategic priorities. The Plan aims to institutionalise the policy cycle into the work of the Ministry – from monitoring and evaluation, through policy analysis and stakeholder engagement, to the formulation of policy and legislation. By doing so, policy successes and defects can be identified early, and new policy developed to be as efficient and effective as possible. The Ministry now has five very clear strategic priorities, through which to focus its policy work:

- I. The first is to ***increase the value of existing exports***. The current international climate has seen a dramatic fall in commodity prices from the highs of 2008. As a result, Rwanda's major foreign revenue earning industries – tea, coffee, mining and tourism – must all add value and seek new markets.
- II. Given the specialisation of Rwandan exports, the Ministry's second priority is to ***diversify the export base*** particularly in manufacturing and services. Doing so will require co-ordinated, focussed and intelligent policy designed to promote a fledgling private sector to take risks by entering new markets.
- III. The third strategic priority of the Ministry is to ***promote and facilitate all Rwandan traders***. This entails promoting standards to make Rwandan goods and services internationally competitive, while bringing down the barriers to trade and making optimal use of Rwanda's position in the East African Community.
- IV. Underlying all the efforts to increase the quality and quantity of production is ***increasing investment***. Investment drives growth and job creation and is therefore the fourth strategic priority of the Ministry. MINICOM must support job-creating firms willing to expand into new sectors and to climb the value chain.
- V. The fifth strategic priority of the Ministry is to ***provide an environment for the private sector that facilitates its growth***. The Ministry together with agencies such as the Rwanda Development Board (RDB) must push ahead to make Rwanda a market-led economy where private sector firms can flourish.

Only through rising up the global value chain can we mitigate the effects of the downturn in global demand and reach our long term development goals. The Ministry's priorities are clearly structured with this in mind. But the Ministry must also look inwards to understand how it can deliver its complex programme. This Strategic Plan also provides the framework for delivery, including working with stakeholders, the capacity building of Ministry staff and processes for monitoring and evaluating progress over the coming years.

This Strategic Plan should not be seen as a static document, but as the first stage in an ongoing process of planning and implementation that will allow us to be effective in achieving our Mission in the years ahead.

Hon. Monique Nsanzabaganwa, Minister of Trade and Industry

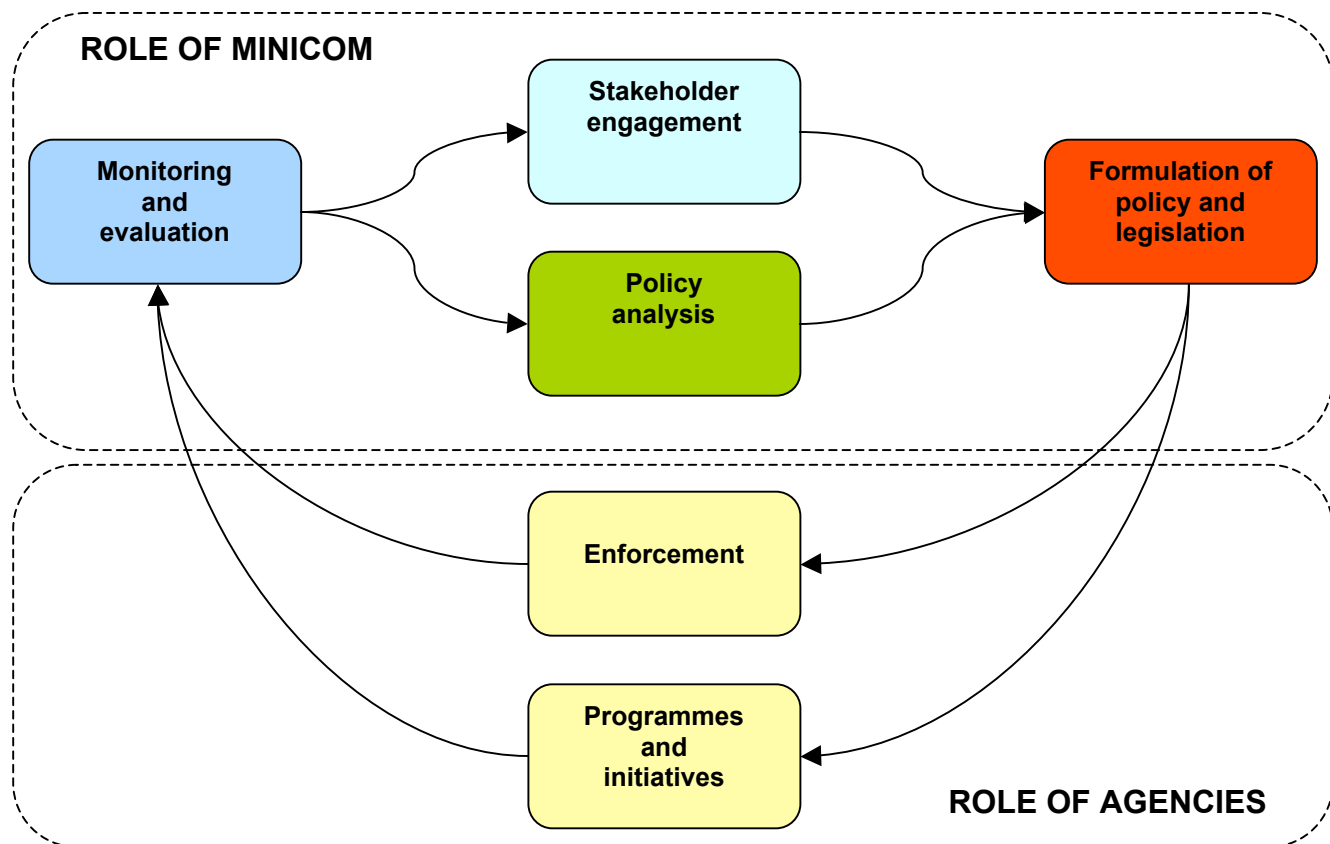
Introduction

“MINICOM will be the strategic leader in facilitating private sector development and in enabling the structural transformation of the Rwandan economy.”- the vision of MINICOM

Led by the Vision 2020 and EDPRS, Government strategy and policy is focussed on improving the situation of Rwandans, by increasing growth and thus income per person. The next three years present the challenge for Rwanda of moving towards the transformational growth that could bring the middle-income status the country seeks by the year 2020. This growth will require Rwanda to move up the value chain across its economy.

As the lead Ministry in trade, investment and concomitantly for private sector development, MINICOM will be central to the success or failure of these goals. The Ministry has the role of providing the policy and strategic framework within which private sector firms operate. In order to do so, a continual process of policy formulation must take place. This should include monitoring & evaluation (M&E), policy analysis and stakeholder engagement. Only through this process can a Ministry know the elements of a policy that are effective as well as areas that require change and/or adaptation.

Figure 1: The policy cycle



As Figure 1 shows, the implementation and enforcement of laws and policies should normally occur at the level of the agency. For MINICOM, this will be through its agencies, the Rwanda Bureau of Standards (RBS) and the Rwandan Cooperative Agency (RCA), programmes such as the Rwanda Investment Climate Project (RICP), and the Rwandan Development Board (RDB) and Rwanda Agricultural Export Development Board (RAEDB) among other agencies. This MINICOM Strategic Plan 2009-2012 aims to ensure that this process becomes fully embedded within the annual activities of the Ministry.

As further developed in the Industrial Policy Review, by improving this policy cycle, industrial and trade policy emerges from a process of uncovering the bottlenecks and sources of uncertainty which hinder investment, and a search for policies to remove these barriers. This process requires the institutional framework to elicit the principal problems to be addressed and arrive at appropriate remedies through public-private sector dialogue.

Monitoring & evaluation (M&E)

M&E should be central to the Ministry’s role. MINICOM policies lead to a great number of initiatives and programmes implemented by many institutions. These institutions include Government agencies, Ministries, development partners, and civil society. M&E requires that the inputs and outputs of these initiatives and programmes are continually assessed against previous performance and against projected performance. It also requires that the high level desired policy outcomes such as the growth rate or the level of investment in the economy are continually looked at.

Successful M&E will require the development of partnerships with data collecting institutions for sharing information and for improving the quality of statistics. Indicators should be developed and assessed against targets bi-annually. Indicators should be at the level of the inputs of implemented policy, the outputs, and the outcomes achieved in terms of high-level indicators such as investment.

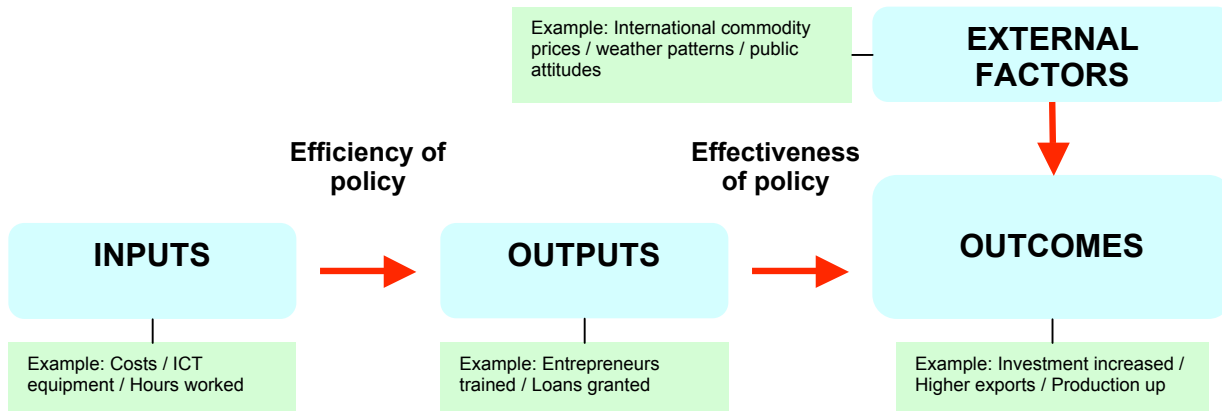
For such a system to be in place, M&E should be seen as central to each department’s role. Furthermore staff in charge of collecting and disseminating statistics should have regular training in data methodologies and the use of ICT software such as MS Excel. A dissemination system should be in place in which everyone in the Ministry knows where to go to get up-to-date and accurate information for their work.

Policy analysis

Once data is collected, information must be used effectively for policies to be improved. Policy analysis should look at how the outputs of existing initiatives and programmes are affecting the high level goals and outcomes that the Government expects to achieve. Policy analysis is a complex process and requires significant expertise to understand the systemic interactions of policy, programmes, the behaviour of firms and households, and the outcomes that have been targeted. This will therefore take place across institutions, with results collected and communicated under sector leaders such as MINICOM in the case of the private sector.

Policy analysis should look at the efficiency and effectiveness of Government programmes. As Figure 2 shows, policy inputs and outputs are not the only influence on outcomes. External factors can also be involved – this could be the international financial environment, weather patterns, or the actions and policies of other institutions. Policy analysis should aim to determine how these relationships are working. Firstly are inputs leading to the expected outputs: is policy efficient? Secondly are outputs leading to the expected outcomes: is policy effective?

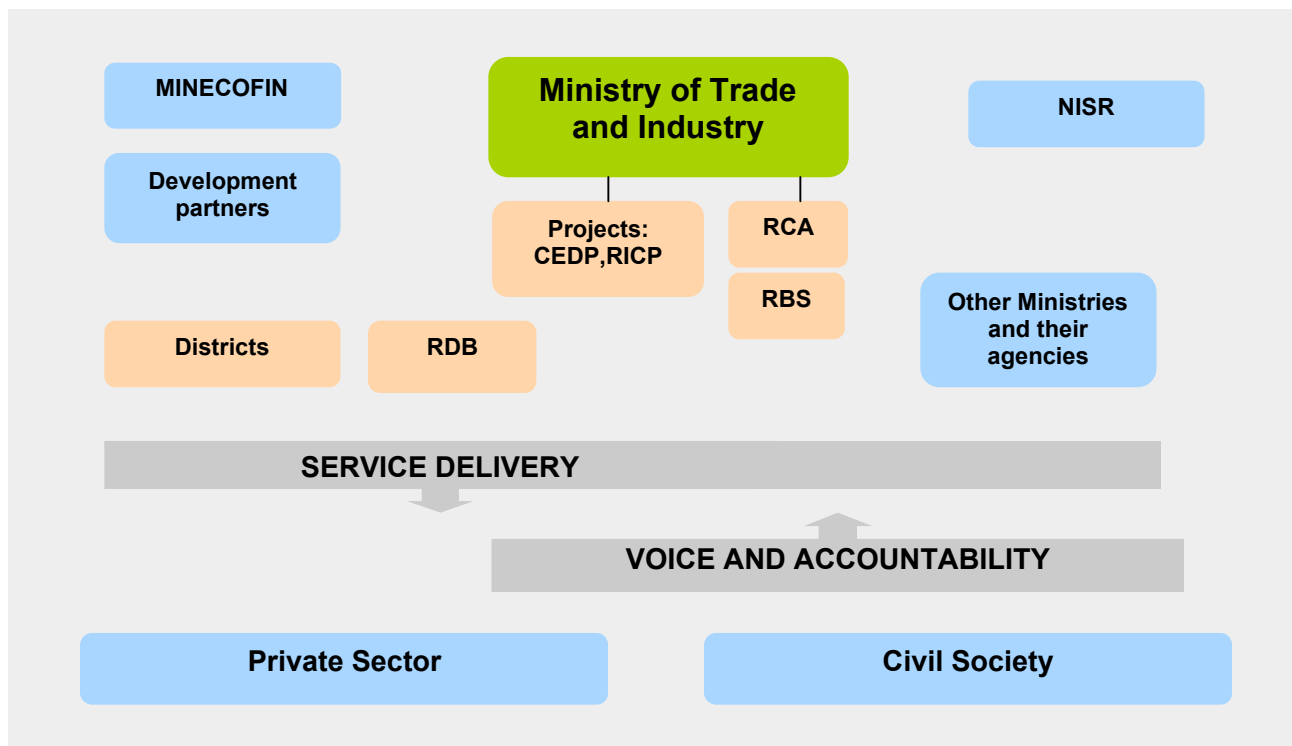
Figure 2: Policy analysis of the efficiency and effectiveness of policy



Stakeholder engagement

It is important that Government does not operate in the proverbial 'ivory tower' – in other words, Government must continually interact with the stakeholders its policies affect. For MINICOM this will mainly include the private sector - consultation and engagement with the private sector and its representatives is crucial for effective policy to be developed. Furthermore, stakeholders will include all the other ministries, agencies and development partners working in areas affecting and affected by private sector development - they should also be regularly engaged to ensure that policy is having the desired effects. Figure 3 sets out the Ministry's stakeholders.

Figure 3: The Ministry of Trade and Industry and its key stakeholders



An effective policy framework must therefore be accompanied by structured, systematic consultation on industrial and trade policy issues between stakeholders, led by MINICOM to discuss areas requiring government action to alter policy or provide additional inputs. Existing fora which should be used to fulfil this task include:

1. The Private Sector Cluster including Development Partners, Government and the private sector
2. The Rwanda Economic and Social Development Council (RESC) in PRIMATUR
3. RBD Inter-ministerial Steering Committee
4. Rwanda Competitiveness Forum (started between PSF, MINICOM, and the OTF Group consultants)
5. National Development and Trade Policy Forum (NDTPF) – (also serving as the steering committee for the Integrated Framework Programme)

MINICOM must lead the efforts to make sure that meetings of each forum are regular, themed, systematic, reported on and acted on. In addition to these technical-level fora, there is a need for a forum whereby private sector issues can be raised by those not represented through the PSF. This might take the form of an annual private sector conference where major issues can be presented and discussed, as well as more locally-oriented fora, which could be discussed through the District Joint Action Development Forum and organised in cooperation with PSF.

Formulation of policy and legislation

Policy and legislation should reflect the M&E, policy analysis and stakeholder engagement that has taken place. In this way it is likely to be as efficient and effective as it can be to address the outcomes and goals of the Ministry. For MINICOM, these goals will be focussed on the mission of promoting private sector development and enabling structural transformation in the Rwandan economy. Where policy and legislation is out of date or counterproductive, the policy making process should identify these anomalies and seek to rectify them through amendments and improvements.

The policy cycle will vary depending on the particular policy, but the Ministry should work towards an annual cycle in which the stages of the cycle take place. This could align with the annual budget year and could provide a basis of M&E, policy analysis and stakeholder engagement to provide recommendations for policy and legislation in the coming year.

Structure of the Strategic Plan 2009-2012

MINICOM activities should be structured around the policy cycle, but they should also be linked to the Ministry's strategic objectives. This Strategic Plan is structured around five strategic objectives. The implementation framework at the end of the document provides detailed activities around these five strategic objectives together with the stage of the policy cycle they represent.

“To lead the development of external and internal trade, competitive companies, businesses and cooperatives and the promotion of investment and consumer rights.” –The mission of MINICOM

MINICOM has responsibility for the formulation of policy and legislation in trade and industry, including cooperatives, the business environment and consumer rights. MINICOM activities can be broadly aligned with its five strategic objectives. These are as follows:

- I) Increase the value of existing exports
- II) Diversify into new exports and develop Rwanda as a regional hub
- III) Facilitate traders through integration and by promoting standards
- IV) Increase the level and quality of investment in productive sectors
- V) Create an environment conducive to private sector development

This Strategic Plan will be structured around these five strategic objectives. It will provide an overview of current performance in each area, and an outline of the strategy in the four key areas of MINICOM activities: monitoring & evaluation; policy analysis; stakeholder engagement; and the formulation of policy and legislation.

Chapter 6 then provides details of how the Ministry intends to implement its ambitious programme. This includes a SWOT analysis of the Ministry at present, and strategies for moving forward accordingly. Annex 1 provides a monitoring and evaluation framework for the Ministry's work, Annex 2 provides a detailed implementation framework for the coming years, and Annex 3 provides an outline of the costs of implementation.

CHAPTER 1

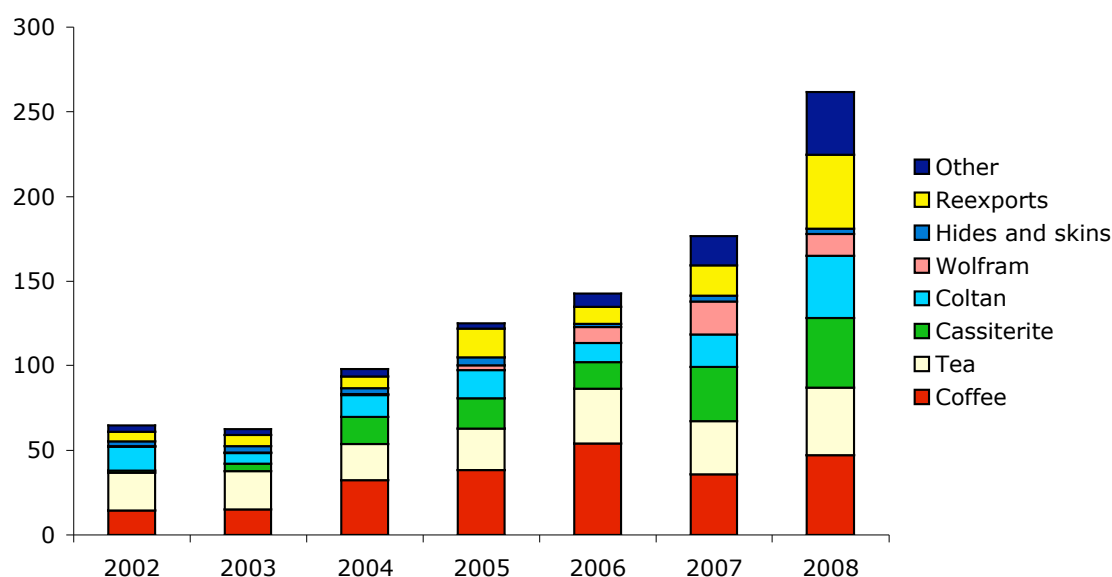
Increase the value of existing exports

Exports are central to economic growth and to Rwanda's Vision 2020 and EDPRS. In Vision 2020, export growth is targeted at 15 per cent per annum. Exports are also crucial to achieving balance of trade and balance of payments improvements, including the Vision 2020 target to reduce the deficit of the balance of payments from 17 per cent of GDP in 2001 to 9 per cent in 2010.

For 2008, Rwanda had an ambitious target of \$161 million revenue from its strategic exports, classified at the time as tea, coffee, horticulture, hides & skins, and minerals. Rwanda achieved \$185 million from these exports. Furthermore, the 2008 target for revenue from tourism was \$56 million. The figure achieved was \$208 million, although the measurement methodology has now significantly changed since the target was set.

Rwanda's exports have increased significantly over the past decade, rising to \$262 million in 2008, close to a 50 per cent growth rate since 2007. This marks an acceleration of an impressive trend in nominal export revenue growth since 2003. Export growth was led by tea, coffee and mining sectors, as well as strong growth of re-exports. Figure 4 shows the breakdown of this growth graphically.

Figure 4: Value of Rwandan exports 2002-2008 (USD millions)¹



At the same time as this impressive growth in exports, imports to Rwanda have grown faster, from \$325 million in 2003 to \$1,142 million in 2008. The ratio of exports to imports has therefore remained virtually unchanged - exports made up only 23 per cent of the value of imports in 2008, compared to a 22 per cent ratio in 2003. Rwanda's trade deficit in 2008 was therefore \$880 million and growing - representing 25 per cent of Rwanda's GDP, up from just 16 per cent in 2004.

Efforts to both expand exports more rapidly and at the same time reduce or substitute for imports are critical to reduce the trade deficit and ensure a stable macro-economic climate. The large trade deficit is currently financed by international transfers. This is not sustainable and reduces the ability for the government to finance investments using these transfers.

¹ Source: MINECOFIN

Monitoring and evaluation

As Figure 5 shows, the high-level performance goals in the area of major exports are the foreign currency figures themselves. These are the figures that Rwanda must target to improve the overall balance of trade and balance of payments position. M&E in the area of major exports is generally carried out by the sector specific agencies involved. For tea and coffee this will be OCIR-Thé and OCIR-Café respectively; for tourism, RDB; for horticulture, RHODA; for mining, OGMR. Hide and skins and handicrafts do not have their own specific agencies as yet, so M&E must take place by other institutions, principally MINICOM.

MINICOM should also assess the methodologies of data collection used by the implementing agencies, ensuring that they provide timely and accurate data on exports, profitability and productivity in their respective sectors. The Ministry should also play a role in holding agencies to account for meeting the targets set in their strategies².

Figure 5: Increasing the value of existing exports: high-level performance goals

| | Base | Target | Actual | Target | Actual | Moving forward | |
|--|-------|--------|--------|--------|--------|----------------|----------------|
| | 2006 | 2007 | 2007 | 2008 | 2008 | 2012 target | Source of data |
| i) INCREASE THE VALUE OF EXISTING EXPORTS | | | | | | | |
| Exports per capita (\$/person) | 15 | | 18 | | 26 | 46 | BNR |
| Export revenue from coffee \$millions | 54 | 37 | 30 | 51 | 47 | 115 | OCIR-Café |
| Output of fully washed coffee (tons) | 3,100 | 6,000 | 3,150 | 9,000 | 4,800 | 19,000 | OCIR-Café |
| Export revenue from tea \$million | 32 | 35 | 35 | 40 | 45 | 80 | OCIR-Thé |
| Export revenue from tourism (\$millions) | | | 138 | 56 | 208 | 278.5 | RDB |
| Export revenue from minerals (\$million) | 37 | 54 | 71 | 63 | 93 | 106 (2011) | MINIRENA |

Policy analysis

Policy analysis on the performance of major exports should look at a range of policies to assess their impact on the growth in foreign currency receipts. It should also assess and identify bottlenecks to increasing exports, their nature and what MINICOM can do to remove or lessen their impact through policy or working with other institutions. This will include those related to quantity, quality, and value addition. Major exports are principally produced by private firms, and these firms receive government services just as any other firm does. These services will include services to facilitate trade (see Chapter 3) such as reductions in tariffs and non-tariff barriers, services to promote investment (see Chapter 4), and services to create an environment conducive to growth (see Chapter 5) including the provision of infrastructure.

Thus, while policy analysis should mostly take place at the sector level, cross-cutting issues should also be analysed in terms of how they affect the major targets of increased export receipts. Specifically, analysis should be undertaken in the following areas:

- The quality of customer care in the tourism sector focussing on the visitor experience.
- The level of diversification of tourism services – the provision and revenue from boating and water sports, birding, mountain climbing, cave tourism, cultural tourism and conference tourism.

² 2009-12 for coffee and tea, 2006 for horticulture and mining, 2007 for hides and skins, 2009 for handicrafts and the 2009 Tourism Policy and Tourism Master Plan

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- The degree of community engagement in tourism and the level of impact on communities in terms of incomes and employment.
 - The effectiveness of strategies in major export industries to provide greater value addition, for example coffee washing and roasting.
 - Progress of major export strategies by specific policy.
 - Identification of bottlenecks in the value chains for export industries – including technologies in use in coffee washing and tea factories.
 - The Rwandan brand and marketing strategies.
 - How to encourage firms to make greater use of preferential trade agreements such as AGOA etc.

Stakeholder engagement

MINICOM should be bringing together the agencies of the major export sectors together with private sector firms involved in exporting. The Ministry then has the responsibility to ensure that the priorities of these sectors are being met by existing policy. This should include ensuring that there are fruitful relationships between MINICOM's Agencies RBS and RCA with the major exporting agencies. Specifically, stakeholders must be engaged on the following issues:

- Financing and investment issues
- Bureaucratic and business environment issues
- Infrastructure specific needs

Formulation of policy and legislation

The majority of policy and legislation affecting major exporters will be discussed in forthcoming chapters. However there are a number of areas where MINICOM will look to aim particular policies for the promotion of the major export industries. The following policies and laws should be developed or reviewed in the period 2009-2012:

- Use of co-operatives for coffee and tea producers – providing inputs such as fertilisers and pesticides, support
- Use of co-operatives for small miners
- Harmonising taxation system for mining
- Use of privatisation for tea factories
- Customer care standards in tourism
- Access to finance in major exports value addition
- Conservation policy for National Park wildlife
- Rwanda Branding strategy
- Hides and skins – partnering with the private sector to produce slaughterhouses and collection centres
- Handcraft centres – extension and development of training offered

CHAPTER 2

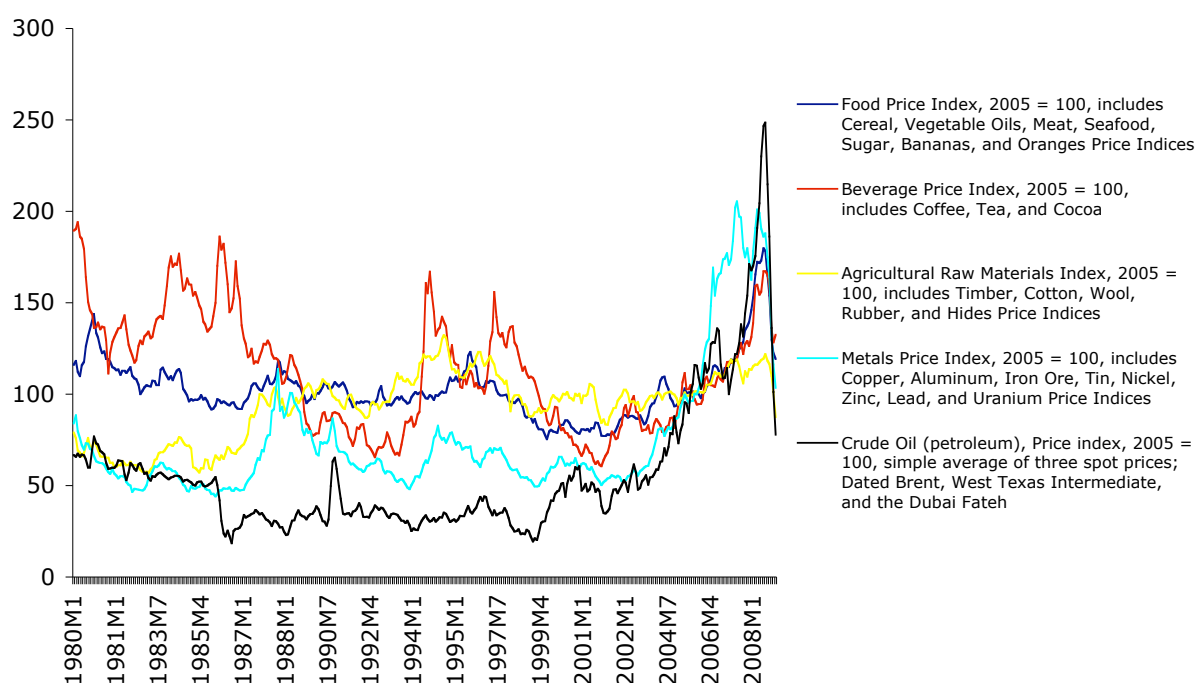
Diversify into new exports and develop Rwanda as a regional hub

The recent growth in Rwanda's major exports has been impressive as the previous chapter set out, but Rwanda remains heavily specialised in these exports. The Rwandan Government has therefore expressed the goal of diversifying the export base. Furthermore, recent price trends show a marked deterioration for Rwanda's terms of trade.

Falling commodity prices make diversification a necessity

Alongside the unprecedented turmoil in western equity and debt markets, a massive commodity boom has marked the past two years. As *Figure 6* shows, this has been the most pronounced boom in the previous three decades and includes all commodity types. These price hikes are now steeply being reversed. Rwanda's coffee, tea and tourism strategies all focus Rwanda on moving towards the more stable value added or specialty segments of their respective markets. But progress towards these ambitions is not complete and the global downturn is likely to impact these more specialty markets as well. This will have a significant impact on the receipts Rwanda can expect from its major exports.

Figure 6: International price indices for commodities: 1980-2009³



Falling international prices across commodity groups is a double-edged sword. On the one hand Rwanda will be able to import energy more cheaply. In 2008, energy and fuel imports totalled \$167 million and this can be expected to fall in 2009 and 2010. On the other hand, demand for Rwanda's major commodity exports is falling causing prices to do likewise. In order to face this challenge, diversifying exports will be vital to help protect the economy against the price volatility experienced in specific markets.

RDB has undertaken a cluster selection exercise to identify alternative industries in which Rwanda has a chance of competing. Following analysis undertaken by OTF Group, six clusters have been selected for immediate action

³ Source: IMF

including mining services, niche tourism services and business process outsourcing in the service sector; and silk textiles, fruits and vegetable processing and dairy in the manufacturing sector.

Monitoring and evaluation

Progress towards export diversification is always likely to be mixed. Some sectors that are targeted will not succeed, while others may take-off dramatically in terms of export receipts. Furthermore, sectors that are not targeted by specific policy could succeed through the initiative of the private sector. The main body implementing diversification strategies is RDB, and it is therefore the body that is most suited to provide M&E on its activities being implemented for diversifying sectors.

As Figure 7 shows, current high-level performance goals for diversification focus on sectors that are already exporting relatively large quantities. Over time however, new sectors should be added once strategies and targets for them have been developed. Targets should always be for export revenue, though some sectors may also be large domestic industries prior to exporting and are therefore likely to fall into other areas such as investment (see Chapter 4).

Figure 7: Diversify into new exports and develop Rwanda as a regional hub: high-level performance goals

| | Base | Target | Actual | Target | Actual | Moving forward | |
|--|------|--------|--------|--------|--------|----------------|----------------|
| | 2006 | 2007 | 2007 | 2008 | 2008 | 2012 target | Source of data |
| ii) DIVERSIFY INTO NEW EXPORTS AND DEVELOP RWANDA AS A REGIONAL HUB | | | | | | | |
| Concentration of exports in coffee, tea and minerals | 86% | 75% | 78% | 65% | 68% | 60% | BNR |
| Ratio of export v import growth | 0.95 | 1.2 | 0.91 | 1.2 | 0.88 | 1.2 | BNR |
| Imports of capital goods as a share of total imports | | | 26% | | 33% | 40% | BNR |
| Export revenue from horticulture (USD '000s) | | 511 | 297 | 738 | 167 | 2,153 | RHODA |
| Export revenue from leather (\$ million) | 2 | 3.6 | 3.6 | 4.4 | 2.9 | 9.6 | BNR |
| Export revenue from handicraft (\$'000s) | 293 | 340 | 422 | 391 | 1,945 | 3,000 | BNR |

Policy analysis

Identifying areas of potential comparative advantage is an extremely complex and difficult area of policy analysis. RDB have undertaken initial analysis looking at international market conditions for goods and services, as well as the capacity of Rwanda to compete in them. Given that both of these factors are likely to evolve over time, policy analysis must continue and be flexible enough to drop unsuccessful clusters while continually identifying new clusters for specialisation.

The UNIDO Industrial Observatory operating within MINICOM provides a good opportunity to create the capacity to produce this analysis. With access to a number of international trade databases, it can provide detailed data on what countries with similar characteristics to Rwanda are achieving in trade. Together with detailed value chain analysis of the needs of Rwandan sectors, cluster strategies can be extended and elaborated, identifying where policy and legislation are required.

For the period 2009-2012, MINICOM should ensure that analysis is undertaken in the following areas:

- The degree to which sectors can be developed in Rwanda that can compete internationally.
- How trade and industry policy can be integrated to promote diversification.

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- The constraints faced by particular sectors and the requirements for policy to alleviate them.
 - The infrastructure needs of new industries, and how they can be combined with existing policy on infrastructure.
 - Identifying sources of finance for the risky business of cluster development.

Stakeholder engagement

Diversifying exports will require the collaboration of a large number of stakeholders. This will include entrepreneurs willing to take the risk in new industries, banks willing to fund them, development partners keen to see diversification take place, Government agencies developing and implementing specific strategies, and Government Ministries with an influence on the feasibility of various clusters. Specifically, stakeholders must be engaged on the following issues:

- Financing cluster development
- Providing the infrastructure for clusters
- Ensuring that the Kigali Free Trade Zone (FTZ) is co-ordinated with plans for cluster development.

Formulation of policy and legislation

As with the major exports, the major policy and legislation affecting export diversification will be that affecting business in general (see Chapter 3, 4 and 5). However a number of policies will be developed or reviewed in the period 2009-2012:

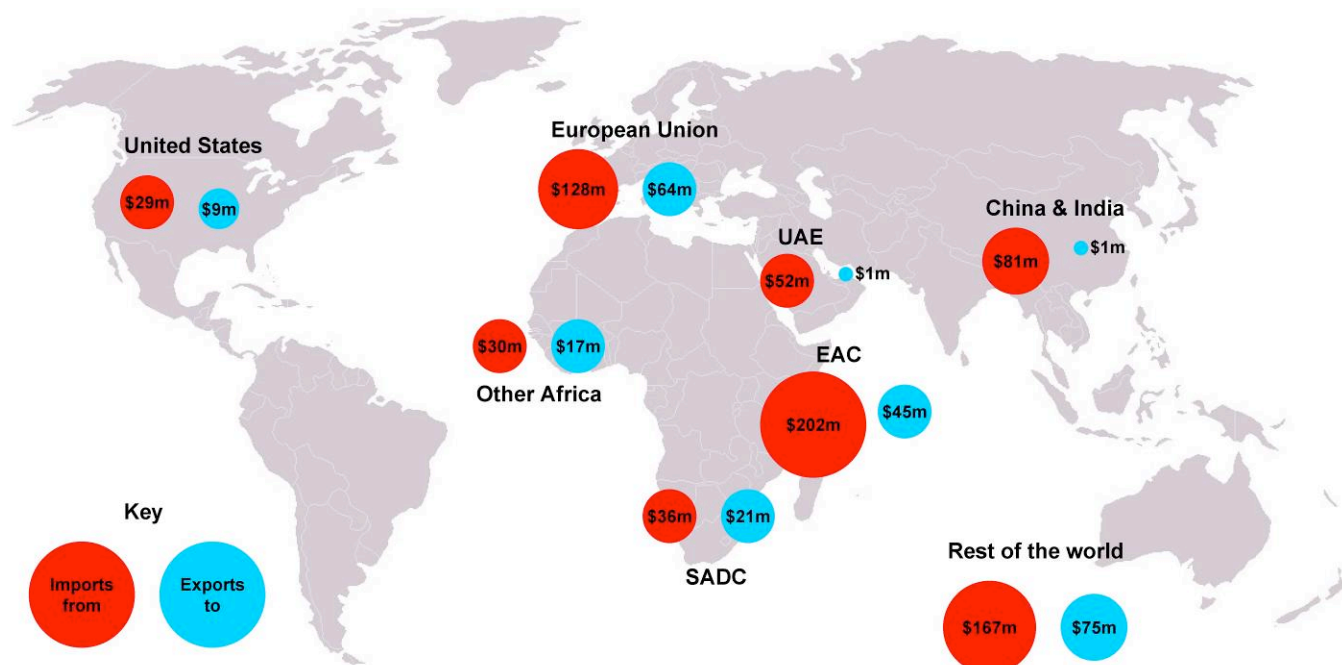
- Policies for cluster development
- Policy on the Kigali Free Trade Zone
- Policies for development of South-North corridor
- Policy for making Rwanda a services hub
- Promoting a Rwandan packaging industry

CHAPTER 3

Facilitate traders through integration and by promoting standards

Barriers to trade are a significant constraint to economic growth. Rwanda has made large strides towards lowering tariffs and non-tariff barriers in recent years – both regionally, through membership of the East African Community (EAC) Common Market, with Kenya, Tanzania, Uganda and Burundi; and internationally, through agreements with other African trade blocs such as SADC and COMESA, and with the EU and U.S. As *Figure 8* shows, Rwanda's largest trading partners include the EU and EAC, so trade negotiations with these regions should bring significant benefits in terms of increased trade flows.

Figure 8: Rwandan imports and exports by region⁴



Rwandan negotiators are bringing down tariffs

Under the EAC Customs Union, for trade in goods, there is a Common External Tariff for imports from non-EAC countries. The Common External Tariff came into force in Rwanda in July 2009, and reduces the existing tariffs for capital, intermediate and finished goods by 5 per cent. With the U.S. in July 2008, the EAC signed a Trade and Investment Framework Agreement (TIFA), establishing regular, high-level talks on the full spectrum of U.S.-EAC trade and investment issues. With the EU, the EAC is currently negotiating a Framework Economic Partnership Agreement (FEPA), which is due to be signed in 2009. Under FEPA, with the exception of longer transition periods for rice and sugar, the EU liberalised trade on 100 per cent of goods from 2008, and in return the EAC is to completely liberalise 82.7 per cent of trade in goods, 64 per cent of which has to be completed by 2010.

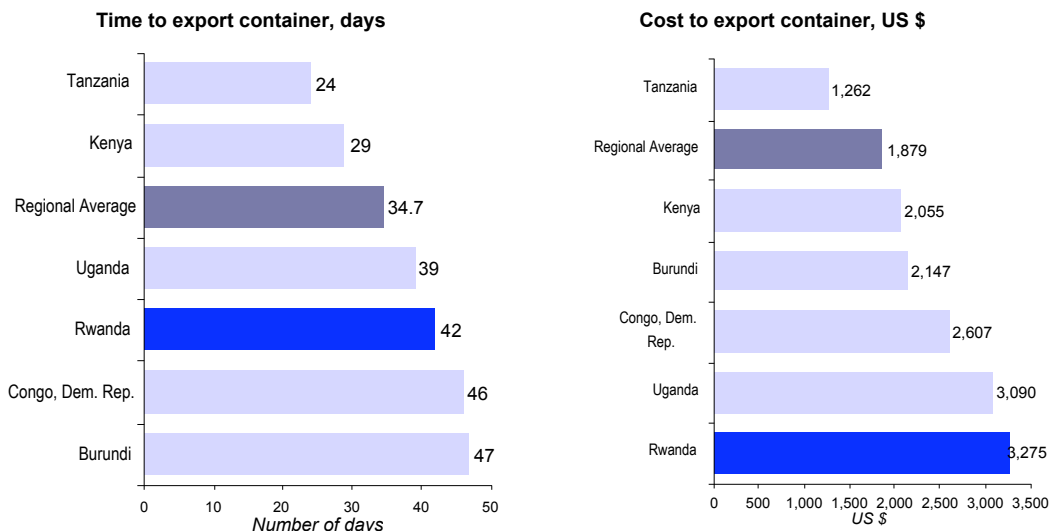
Rwanda faces severe non-tariff barriers

As a landlocked country, Rwanda is located at a distance from the ports through which it trades - at 1,800 km from the Indian Ocean through the Northern Corridor to Mombassa and 1,400 km through the Central Corridor to Dar

⁴ Source: National Statistical Offices, Central Banks and Revenue Authorities of Partner States. Data for 2007. NB: SADC excludes Tanzania. Figure compiled by MINICOM.

Es Salaam. As Figure 9 shows, Rwanda faces the highest costs for exporting containers in the EAC region - the time taken to export a container in Rwanda takes 42 days compared to 24 days in Tanzania. Businesses surveyed in the BICS report that the cost of transporting a container from Mombasa to Kigali (including all customs payments) amounts to 53 per cent of its value.

Figure 9: Comparative trade constraints in the EAC region⁵



The BICS survey also found that the extensive length of time it takes for containers arriving in Mombasa and Dar es Salaam to reach Kigali results not only from poor road infrastructure, but also from the many weigh bridges and police roadblocks along the route. It also results from lengthy bureaucratic procedures for customs, health and standards clearance within Rwanda. These factors constitute non-tariff barriers that can be addressed through bilateral and regional negotiations.

Rwandan exporters must meet high standards of quality control and packaging

There are two main challenges for Rwandan food products exported to the European Union, these are: quality control of processed food products and packaging.

The use of traditional technology to process different products has revealed challenges in exporting to the European market. The EU requires the use of Hazard Analysis and Critical Control Points (HACCP) as a minimum for the processing of food, but importers often apply private standards which are much more onerous. For example many importers require firms to comply with EurepGap standards and others such as Marks & Spencer require suppliers to have Rainforest Alliance or Fairtrade certification.

The issue of packaging is common to all exporters but affects specifically exports of fruits and vegetables. Rwanda's exporters have to first import packaging before they can export since there is no packaging plant in Kigali, but the ban on the import of plastics has meant that exporters struggle to import the optimal packaging products. A long term solution is that RDB continues its efforts to encourage investors to invest in packaging plants which will produce packages of high standards. In the short-term, there has been some progress on the plastic packaging issues, as exporters who write officially to REMA can gain authorisation to use plastic packages for export purposes.

⁵ Source: World Bank Doing Business Report 2009

Monitoring and evaluation

MINICOM is the leading body with respect to regional integration and trade negotiation. It therefore has first-hand knowledge of tariff reductions. However monitoring the level of non-tariff barriers is much more complex. M&E will need to be co-ordinated with PSF, RDB and others, particularly in ensuring that accurate data is received on the costs and time taken to trade through the Northern and Southern Corridors. Currently, the information in Figure 10 comes from the World Bank Doing Business survey.

On standards, MINICOM's agency the Rwanda Bureau of Standards (RBS) is making progress in providing a framework under which Rwandan firms must operate. However, the regulatory framework is still somewhat hazy in terms of the responsibility of other agencies, particularly those in areas of major exports. With a stronger remit, RBS can take full responsibility for monitoring adherence to quality and other regulated standards.

MINICOM intends to develop a market information system (MIS) that will collect and collate data on international trade, include tariff and non-tariff barriers and levels of trade. The MIS should be fully operational by 2010.

Figure 10: Facilitate traders through integration and by promoting standards: high-level performance goals

| | Base | Target | Actual | Target | Actual | Moving forward | |
|---|---------|--------|---------|--------|---------|----------------|----------------|
| | 2006 | 2007 | 2007 | 2008 | 2008 | 2012 target | Source of data |
| iii) FACILITATE TRADERS THROUGH INTEGRATION AND BY PROMOTING STANDARDS | | | | | | | |
| Cost to export container | \$3,840 | | \$2,975 | | \$3,275 | \$2,750 | World Bank |
| Days to export container | 60 | | 47 | | 42 | 35 | World Bank |
| Documents to export | 14 | | 9 | | 9 | 5 | World Bank |
| Cost to import container | \$4,080 | | \$4,970 | | \$5,070 | \$4,000 | World Bank |
| Days to import container | 95 | | 69 | | 42 | 35 | World Bank |
| Documents to import | 20 | | 9 | | 10 | 5 | World Bank |

Policy analysis

MINICOM must ensure that sufficient analysis is undertaken prior to leading trade negotiations with the EAC, EU or others. Furthermore it must provide analysis of efforts to negotiate on non-tariff barriers, and must also look at the standards legislation and how it affects exporters in terms of cost and in terms of the end goal of facilitating trade. MINICOM should undertake analysis in the following areas:

- Provide research into trade related issues, including on rules of origin and trade in services, with the goal of providing evidence positions for Rwandan negotiators. Ensure that research is provided to continually review these positions.
- Combined work with industry to assess the degree to which protection is required.
- The effect of standards provision on Rwandan firms, particularly on exporters. This should include the costs of gaining certification.
- The effect of non-tariff barriers on the marginal cost of export. Estimates on how they affect the total level of Rwandan trade.
- Assess current access to export credit and develop plan to improve access.

Stakeholder engagement

In the area of trade facilitation, close engagement and consultation of Rwandan private sector traders is essential. These firms will have much greater knowledge, particularly in terms of non-tariff barriers, than many Government

institutions. On standards, MINICOM must work closely with RBS together with other agencies to ensure that areas where delineation of responsibility is unclear can be addressed. Furthermore, work with RRA Customs and with RDB is required to identify bureaucratic barriers to trade.

In the area of trade negotiations the National Development Trade Policy Forum, the High Level Taskforce on the EAC Common Market and the Regional Integration Committee should be consulted, as well as their membership assessed to ensure that they include a wide range of stakeholders. In the area of non-tariff barriers (NTBs), MINICOM should work to enhance the role of the National Monitoring Committee on NTBs to promote Rwanda's position in bilateral negotiations and at the annual EAC Regional Forum on NTBs.

Specifically, stakeholders must be engaged on the following issues:

- Ensuring that RBS work with business people to promote knowledge of the relevant standards for their industries.
- The level and source of non-tariff barriers.
- The direction of Rwanda's positions at regional and international trade negotiations.

Formulation of policy and legislation

MINICOM as the lead Ministry in the area of trade facilitation and the promotion of standards has a number of policies to develop over the coming period. The following policies and laws should be developed or reviewed in the period 2009-2012:

- Rationalise the tariff structure in order to reflect trade policy rather than tax policy objectives. This includes rationalising both duties and exemptions by promoting consistency, transparency and economic assessments of what is required.
- Lead negotiations on the EAC Common Market, EPAs, and other bilateral trade agreements. Ensure that trade policy clearly sets out the mandate for trade negotiators in line with defined objectives.
- Promote the alignment of trade policy with Rwandan macroeconomic policy, including exchange rate policy, fiscal policy and financial regulations, particularly on issues such as the balance of trade and trade-related revenue.
- Ensure that the investment code, standards in hotels, customs law, petroleum law, competition law and policy and other laws and policies all assist in Rwanda's regional integration.
- Ensure better maintenance of Rwanda's strategic petroleum stocks.
- Ensure that RBS has sufficient access to technical equipment for testing compliance with standards. This should be by focusing on the development of competent and internationally accredited laboratories, for example for testing for micro-toxins.
- Ensure that Rwanda's commercial attachés roles are clearly defined and that they act to promote Rwandan trade and investment, working on WTO-related issues in the EU, U.S., and in South Africa.
- Improve sensitisation on international trade issues. This should be through appropriate use of media channels and to traders through business forums and service centres.
- Ensure that agencies providing advice regarding access to international trade, also provide information from RBS on the standards that need to be met for export.
- One stop shop for exporting including Sanitary and Phytosanitary testing, certificates of origin and other export standard support
- Lobby Kenya, Tanzania and Uganda on non-tariff barriers (NTBs), especially relating to transport and customs procedures.

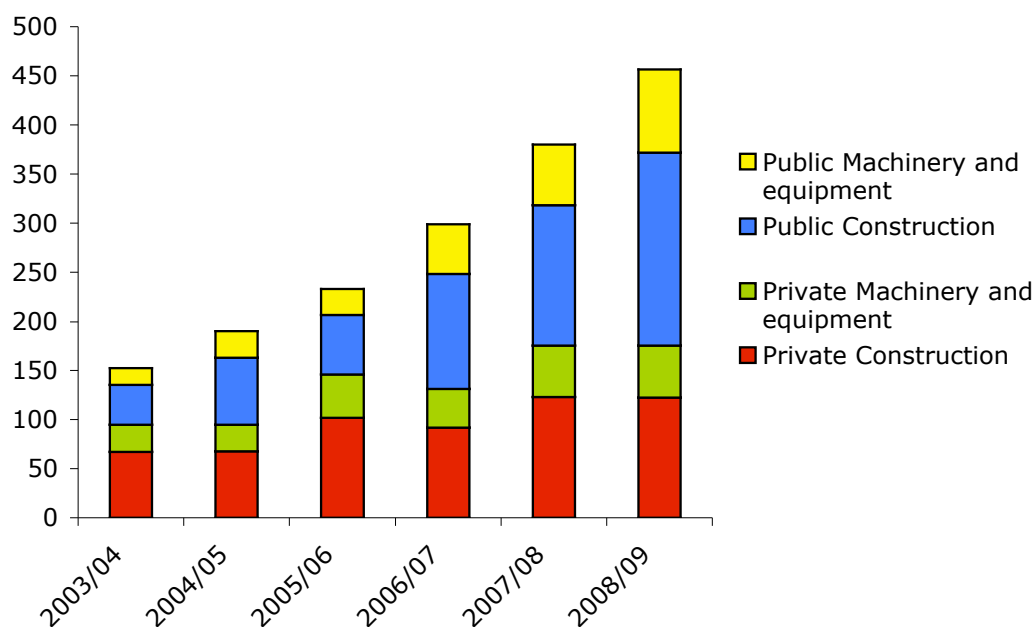
CHAPTER 4

Increase the level and quality of investment in productive sectors

Economic growth requires significant investment, both to compensate for the depreciation of existing capital assets and to create new productive capacity. The quality of this investment is as important as its level; this is in terms of the appropriateness of technology given the skills of the local population, and in terms of the national and international demand for production. The EDPRS targets an investment level of 23 per cent by 2012.

Since 2000 investment levels in Rwanda have risen. As Figure 11 shows, increases in investment in recent years have been driven by a rapid increase in public construction expenditure, close to 400 per cent since 2003/04, compared to an 85 per cent increase in private sector investment. While public investments can spur productive growth, e.g. through improving infrastructures, which can reduce costs and increase efficiencies, they can also reduce the ability of the private sector to invest by driving up the cost of capital. Furthermore, private sector machinery is the category in which investments are most likely lead to the economies of scale Rwanda would like to promote.

Figure 11: Rwandan investment by type (RwF billions) 2003/2004 to 2008/2009⁶



Information on credit to the private sector also supports the picture that investment has been heavily biased towards construction. Less than 5 per cent of credit goes to agriculture, with around 10 per cent going to manufacturing.

Foreign direct investment (FDI) has played a key role in recent increases in investment

FDI has increased significantly since 2003 from less than 5 per cent of overall investment to over 12 per cent in 2007/08. The significant increase in FDI during 2008 from around \$30 million on average per year to \$190 million was driven primarily by two one-off investments in a telecoms company – Rwandatel - and a mobile phone licence – Tigo. FDI is projected to fall to less than 8 per cent of total investment in 2008/09 and is likely to be adversely affected by the international crisis.

⁶ Source: NISR & MINECOFIN staff estimates and projections

Finance is a key constraint to investment

One of the key constraints to investments in Rwanda is the limited availability of domestic credit. The key factor behind this is the low level of domestic savings. Despite significant progress in increasing the domestic savings rate since 2000, gross domestic savings remains at less than 5 per cent of GDP. The increasing dynamism of the banking sector is continuing to have a positive impact on savings, but the major challenge for the sector will be to expand the use of banking services. Currently only 14 per cent of the adult population uses the formal banking system and only 22 per cent have ever used it. Unless the gross domestic savings rate can be increased, investments will have to continue to be funded by the current account deficit or by official transfers.

The lead Government body in the area of financial services is the Financial Services Development Program at MINECOFIN. Work underway includes increasing private sector involvement in commercial banking; support to microfinance institutions; promotion of the fledgling insurance industry; and the modernisation of the payment system. MINICOM's new Investment Climate Department should work in close collaboration with the FSDP to ensure implementation of the ambitious programme.

Business plans for investment have been developed

With the support of MINICOM's Industry department, RDB has undergone a number of studies in 2008 on priority growth sectors. The aim of this work is mainly to assess the feasibility and to develop business plans for a number of key sectors, ranging from milk collection centres to cassava and passion fruit processing plants; costing from RwF187 million to RwF1,375 million. The work should be seen as an opportunity to upgrade firms including micro, small and medium enterprises (MSMEs), employing between 10 and 100 employees, as well as bringing them into the formal fold.

Monitoring and evaluation

MINICOM should be tracking the level of investment expenditure and more importantly its distribution among sectors and the degree to which it is public or private. As Figure 12 shows, high-level performance goals will include investment indicators and financial indicators since both are vital for investment targets to be met.

In terms of FDI, RDB will play the crucial M&E role. More detailed M&E should occur with assistance from the UNIDO Industrial Observatory based in MINICOM, where UNIDO will provide databases including Comtrade and World Industrial Trade Solutions WITS for analysis of competitiveness vis-à-vis potential competitor countries. The Observatory will assist in gathering data to provide an up-to-date dataset on industry in Rwanda.

MINICOM will rely on RDB and PSF for figures on the provision of services through the One Stop Centre and Business Development Service (BDS) centres respectively.

Figure 12: Increase the level and quality of investment in productive sectors: high-level performance goals

| | Base | Target | Actual | Target | Actual | Moving forward | |
|---|------|--------|--------|--------|--------|----------------|----------------|
| | 2006 | 2007 | 2007 | 2008 | 2008 | 2012 target | Source of data |
| iv) INCREASE THE LEVEL AND QUALITY OF INVESTMENT IN PRODUCTIVE SECTORS | | | | | | | |
| % of private investment to GDP | 16% | | 18% | | 18% | 24% | MINECOFIN |
| FDI as a % of GDP | 0.8% | | 1.8% | | 2.1% | 5% | RDB |
| Increase level of national savings % GDP | 3% | | 4% | | 5% | 10% | MINECOFIN |
| Number of current accounts (m) | 0.62 | | | | 1.1 | 2 | FSDP |
| Number of microfinance accounts (*000s) | | | | | 630 | 1,200 | BNR |
| Percentage of non-performing loans / net loans | | | 14.3% | | 9.3% | 7% | BNR |

Policy analysis

Policy analysis is crucial to disaggregate the impacts of the variety of different policies targeted at investment, including those related to private sector credit and those related to services to businesses more widely. Furthermore detailed analysis is required in the qualitative aspects of investment, including the appropriateness of technology for firms' productivity needs. Specifically, analysis should be undertaken in the following areas:

- Identify bottlenecks in key sectors for investment.
- The level of training provided by the Entrepreneurship Development Centre (EDC) and Entrepreneurship Development Support Unit (EDSU).
- The level and types of service provided by BDS centres.
- RCA work under the Integrated Development Programme. Particularly in work connecting farmers to processing industries.
- The value for money of international offices aiming to attract foreign direct investment.
- The benefits and constraints to procuring public infrastructure using private finance and management.
- In collaboration with RDB, sector strategies for milk, cassava and processed fruit and vegetables.
- Value chain analysis on off-farm sectors. This should complement moves to promote commercial farming for wheat and maize, as well as fruits and other produce, and should include the packaging industry
- The degree of technological upgrading by Rwandan firms.

Stakeholder engagement

In the area of investment, MINICOM has a readymade stakeholder forum in the form of the Integrated Development Programme (IDP), a cross-government programme aiming to transform Rwandan production. Facilitating investment will require the co-ordination of MINAGRI, MINECOFIN and MININFRA among others, as well as RDB and MINICOM's RCA. MINICOM's role in the IDP will involve chairing committees overseeing implementation of three pillars of the programme - post harvest processing and marketing, cooperative development and off-farm employment. Stakeholders must be engaged on the following issues:

- Finance for investment – co-ordinating the means of finance.
- Co-ordination of farm and off-farm investment.
- Co-ordination of investments with infrastructure investments.
- Use the new EDC and EDSU to promote finance and micro-finance links to MSMEs.
- The management and service provision of co-operatives.
- Services offered by Business Development Service (BDS) centres and by the Entrepreneurship Development Centre (EDC) and Entrepreneurship Development Support Unit (EDSU).

Formulation of policy and legislation

A large number of policies and laws affect the level of investment in Rwanda. The following policies and laws should be developed or reviewed in the period 2009-2012:

- Support RDB in increasing the number and quality of inward investment missions into Rwanda. These should particularly play a role in promoting the new free trade zones.
- Ensure that each district has adequate storage capacity in siloes and cold facilities where required.
- Advocate for the improvement of feeder roads to trade centres and markets.

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- Establish industrial parks in each district of Rwanda. This should begin with five pilot parks and then be extended to every other district. Detailed planning should be undertaken, infrastructure put in place, and industries established that complement regional agricultural production.
 - Develop a skills strategy for the financial services sector.
 - IT software for Microfinance institutions procured.
 - Improve capacity of non-banking financial institutions.
 - Develop Rwanda Integration Payment Processing System (RIPPS).
 - Move the Gikondo Industrial Park to Gisabo. This should begin with a study on the extent of compensation required and move on to the detailed logistics of moving the park.
 - Ensure that training is provided to co-operative leaders, managers and members. Work with RCA to develop the specialised centres for this training.
 - Promote financing opportunities for MSMEs through banks and through microfinance.
 - Support the establishment of a Cooperative Bank. This should involve studies regarding feasibility and further advocacy to provide national or international partnership with organisations with expertise.
 - Provide support to the UNIDO Industrial Observatory. This should increase the capacity of MINICOM staff to undertake studies on industrial competitiveness and value chains.
 - Continue to improve the knowledge and dissemination of investment opportunities internationally.

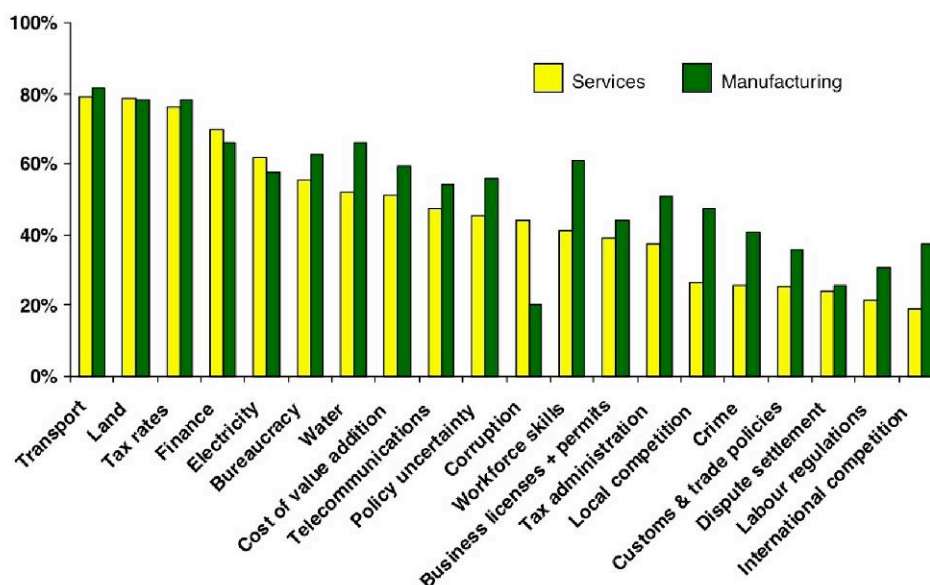
CHAPTER 5

Create an environment conducive to private sector development

The Government of Rwanda is committed to promoting exports and investment to sustain long-term growth and economic development. The private sector must operate in an efficient and competitive environment for the goals of Vision2020 to be realised. For this to be the case, the state must offer efficient and effective services and provide a suitable regulatory environment.

As Figure 13 shows, businesses in Rwanda face a wide array of major constraints. These are a combination of infrastructure and wider business environment issues. The former include transport, electricity, water and telecommunications; while the latter include land, tax rates, finance, policy uncertainty, skills and licences. Addressing these constraints should be a main focus of MINICOM's work, and reducing the percentage of businesses ranking each issue a major constraint should be a priority.

Figure 13: Percentage of businesses ranking issues as a major constraint⁷



Rwanda is steadily moving up the World Bank Doing Business rankings

Rwanda has steadily improved its business environment in a number of areas, increasing its rank across the World Bank's Doing Business indicators. As a result, the World Bank has called Rwanda "one of the most active reformers of business regulation worldwide this decade"⁸ Rwanda is ranked 139th in the World Bank Doing Business rankings and is now ranked in the top-third of sub-Saharan African (SSA) countries, although is behind the SSA average in Getting credit, Trading across borders and Protecting investors.

Competition is vital for efficient markets

The hallmark of efficient markets, industries and firms, is that they are competitive. Competition ensures that there is a credible threat that firms will lose buyers for their goods if they do not ensure sufficient level of quality or low enough prices, since consumers can simply substitute to an alternative provider. This is not the case where there is a single dominant supplier of a good or service, or a few firms acting in collusion to keep prices high. This period, 2009-2012 will be vital to ensuring that Rwanda establishes a competitive culture in its private sector.

⁷ PSF BICS and OTF Group

⁸ World Bank 'Doing Business' 2009

Monitoring and evaluation

The environment businesses operate in is a wide area and represents a large number of particular policy areas. It is therefore the remit and responsibility of a number of institutions to provide M&E. The PSF Business Investment Climate Survey, inaugurated this year, together with the MINICOM Investor Perception Survey, should provide vital sources of data on the opinions of private sector actors on the major constraints they face. Further, the World Bank Doing Business survey provides a range of data.

MINICOM should bring together the data from these sources as well as the latest data on procedures from RDB and on infrastructure from MININFRA. This should provide an array of information on which to analyse how well Rwanda is performing in terms of improving the business environment.

Once a Competition Authority is established, there will also need to be monitoring of the prices of Rwandan products as part of the strategy to determine anti-competitive practices. This should take place through MINICOM's market information system (MIS) on prices in internal markets.

Figure 14: Create a business environment conducive to private sector development: high-level performance goals

| | Base | Target | Actual | Target | Actual | Moving forward | |
|--|------|---------|--------|---------|---------|----------------|----------------|
| | 2006 | 2007 | 2007 | 2008 | 2008 | 2012 target | Source of data |
| v) PROMOTE AN ENVIRONMENT CONDUCTIVE TO PRIVATE SECTOR GROWTH | | | | | | | |
| Cost of energy for industrial users | | 12c/kwh | | 10c/kwh | 24c/kwh | 15c/kwh | PSF |
| National roads in good quality (%) | | | | | 45% | 65% | MININFRA |
| Access to the Internet | 1% | | 1.5% | | 2% | 10% | MININFRA |
| Students in higher education ('000s) | 37 | | 41 | | 45 | 70 | MINEDUC |
| Time to start a business (days) | 16 | 14 | 16 | 10 | 14 | 5 | World Bank |
| Overall rank in World Bank Doing Business | 158 | | 150 | 130 | 139 | 90 | World Bank |

Policy analysis

The past couple of years have seen an array of initiatives and programmes in the arena of improving the business environment, including the Rwanda Investment Climate Project (RICP) among others. The period of this Strategic Plan should be one of consolidating reforms and pushing further to improve Rwanda's position in the world rankings for the business and investment climate. Analysis of the existing efforts will be vital to ensuring that the right policies are taken forward.

Specifically, analysis should be undertaken in the following areas:

- The performance of the commercial justice system.
- The performance of the business registration system
- The performance of the land registration system
- Rwanda's performance across the Doing Business rankings
- Level and types of anti-competitive behaviour in Rwandan markets
- The costs businesses face for infrastructure and the marginal costs they face when they reach larger levels of consumption.

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- Intellectual property applications to Rwanda
 - Business priorities for rural road infrastructure to influence District, Government and development partner decision-making.

Stakeholder engagement

While MINICOM does not have direct responsibility for the provision of infrastructure and MININFRA will largely make decisions on which roads to build and what inducements should be created to ensure cheaper electricity, MINICOM has a responsibility to ensure that the voices of the private sector are heard when delineating the priorities for infrastructure. This should lead to lobbying on their behalf where necessary.

Specifically, stakeholders must be engaged on the following issues:

- The challenges of the private sector with infrastructure.
- The costs faced by businesses due to red tape, bureaucracy and corruption.
- Promote knowledge and understanding of Rwandan business with regards to the intellectual property rights law.
- Ensure that informal Rwandan firms have knowledge of the services provided by agencies and government, particularly in the areas of land registration and commercial justice.
- Challenges of the informal sector.

Formulation of policy and legislation

MINICOM has the remit to create policy and legislation in a number of areas related to the business environment. The following policies and laws should be developed or reviewed in the period 2009-2012:

- Bring a competition authority into being with a clear remit through the Competition and Consumer Protection Law.
- Ensure that procedures regarding the importing of petroleum are aligned to the new competition arrangements as well as those from the EAC.
- Ensure that channels are established for consumers to identify and report suspected anti-competitive practices. Sensitisation regarding the competition authority should be carried out.
- Promote the enforcement of the intellectual property rights law and policy.
- Ensure that bankruptcy laws are clear and well developed. These should be enforced under the Rwandan commercial court system.
- Provide clear incentives to informal sector firms to become formal, through increasing access to services.
- Upgrade Rwanda's trade centres and local markets. This should be in terms of the infrastructure traders have access to and the services provided.
- Align a private sector skills strategy with existing training and education opportunities.
- Modernisation & computerisation of commercial courts, Office of Registrar General, National Land Center and RDB.
- Strengthen the human resource capacity of the commercial courts, Land Center and business registration.

CHAPTER 6

Delivering our strategic objectives

Delivering the ambitious priorities and actions over the 2009-2012 period will require an efficient, effective and engaged Ministry of Trade and Industry. This final chapter outlines how the Ministry is positioned to deliver its remit, where capacity building is required and how MINICOM intends to improve to meet the challenges facing it.

SWOT Analysis

The following SWOT analysis was undertaken by the staff of the Ministry and focuses on the Ministry's ability to fulfil its core functions and strategic priorities.

STRENGTHS

- Clear strategic priorities linked to Rwanda's Vision 2020 and EDPRS
- Laws and policies in place in most key areas under the remit of the Ministry
- Hardworking and qualified personnel
- Good working relationship with stakeholders
- Technical and financial support of a number of development partners
- Active participation in bilateral and regional trade agreements
- Adequate ICT equipment and facilities
- Strong leadership
- Established project partners

WEAKNESSES

- Low ability to conduct and co-ordinate research and policy analysis
- Lack of ownership of work completed by external consultants
- Little co-ordination with donors
- Little harmonisation in legal framework between different policy areas
- Contribution of stakeholders to policy making is small
- Low data availability and statistical capacity
- Inadequate technical skills
- Little monitoring of Districts' performance
- Little information sharing within Ministry
- Low/no career progression for most staff

OPPORTUNITIES

- To be the lead Ministry facilitating private sector development in Rwanda
- To enhance Rwanda's capacity to take advantage of market access regionally and internationally
- To increase engagement with stakeholders including civil society and others
- To engage with the private sector in the policy cycle
- To lead the development of industrial zones across Rwanda fostering strong growth
- To push Rwanda to continue to be a leading African country in investment and business climate reform

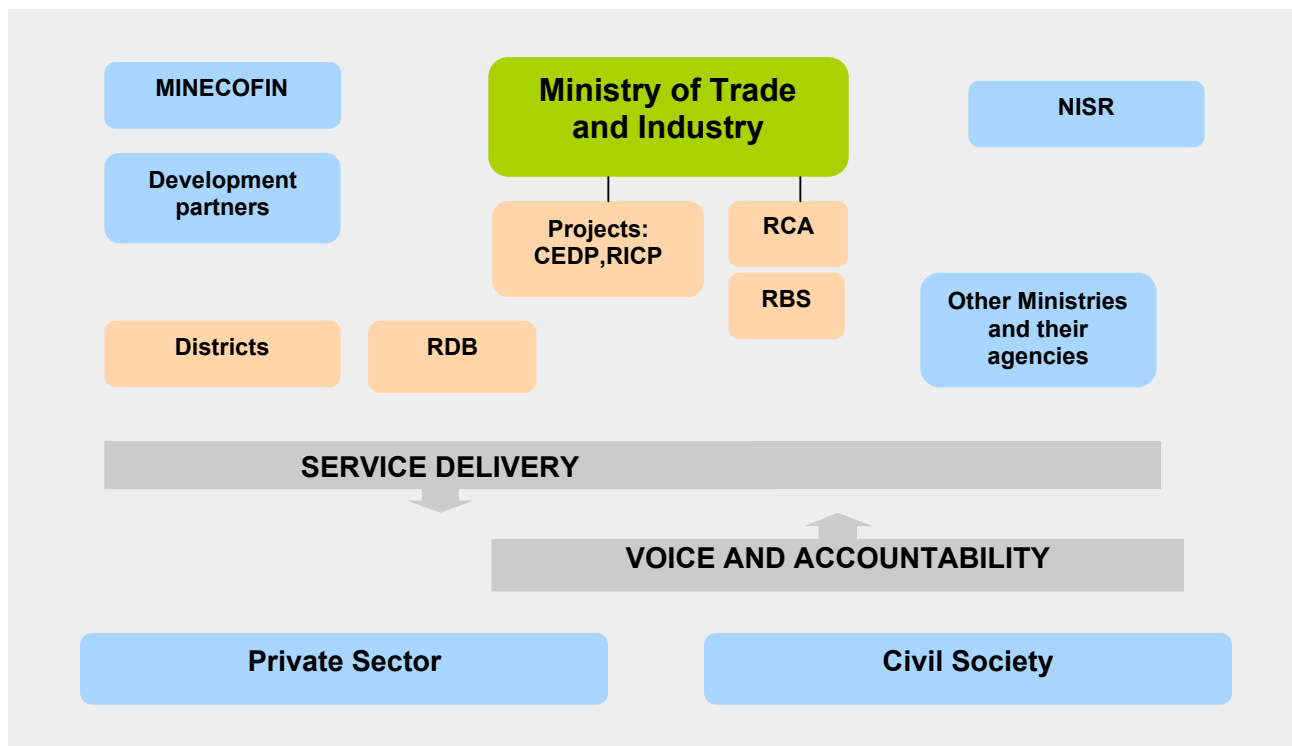
THREATS

- Policymaking taking place at level of RDB and other agencies rather than at the Ministry
- Low coordination with other Ministries meaning bottlenecks are not addressed
- Duplication of some activities with other Ministries and agencies
- Ministry's policies not being implemented
- Ineffective working conditions due to low quality of ICT equipment
- Policies ineffective due to prevalence of informal sector in the economy
- Under-motivated staff and low morale
- Over-reliance on external consultants due to low level of skills within the Ministry

Engaging with stakeholders

As this Strategic Plan has emphasised, stakeholder engagement is a key part of the policy cycle. As Figure 15 shows, the Ministry of Trade and Industry operates in a complex environment of institutions, the private sector and civil society.

Figure 15: The Ministry of Trade and Industry and its key stakeholders



- The *private sector* and *civil society* are the ultimate customers of the work of the Ministry and represent the twin goals of growth and poverty reduction that are embodied in all Rwanda's major Vision 2020 and EDPRS initiatives. As such, the Ministry must develop clear lines of communication with these stakeholders in order to improve and better tailor service delivery to key customers. This should be done through stakeholder engagement in the policy making process, as well as information campaigns to ensure that they are informed of the Ministry's work and how they can use their voice to hold the Ministry accountable.
- *MINECOFIN* is MINICOM's major Government stakeholder. It is the lead ministry in the EDPRS development process and also the main distributor of funds for the work of other Ministries and Agencies. As such, MINICOM needs to develop a strong working relationship with MINECOFIN including good communication around shared aims and goals, and joint initiatives to tackle areas of interest such as financial services development and increasing investment.
- *Other Ministries and their agencies* are extremely important within the broader remit of MINICOM's activities and have strong interrelationships. For example, two of the biggest impediments to investment in Rwanda are the low skill base and poor and expensive infrastructure – to overcome these challenges, close collaboration with MINEDUC and MININFRA is required. Furthermore some of the largest unnecessary costs to trade are non-tariff barriers arising in partner EAC states – removing these barriers requires close collaboration with MINEAC and MINAFFET.

- *RDB* is now the key agency partner to the Ministry, with responsibility in the business climate, in promoting small and medium enterprises, promoting domestic and foreign investment, ICT development and more. As such, the Ministry needs to develop a clear and close relationship with RDB, with departments in the Ministry regularly engaging with departments in RDB on a weekly if not daily basis. As the main implementation body for the Ministry's policies, the effectiveness of RDB is paramount to the effectiveness of MINICOM. The Ministry must therefore make sure that the lines of responsibility in the Policy Cycle set out in Figure 1 are firmly established within the two institutions.
- *Districts* implement a number of the Ministry's initiatives. They are partners with central government in economic development, and are crucial to the effectiveness of any programme or project. The Ministry currently has a hands-off relationship with the Districts and does not closely monitor the implementation of the Ministry's objectives by them. The Ministry needs to ensure that it has a close relationship with the leadership of Districts in order to better communicate policy and to monitor and evaluate performance.
- *Development partners* have a key role to play in the Rwandan public sector. A number of partners support the Ministry in various areas of the policy cycle as well as in promoting the capacity building of MINICOM. They are a significant asset to Rwanda and the Ministry should seek to use their support and to encourage greater collaboration in areas of joint interest.
- *NISR* is a further partner to the Ministry. Statistics are a vital part of both monitoring and evaluation and policy analysis. MINICOM should work closely with the NISR in order to facilitate improvements in data collection, dissemination and analysis.
- *MINICOM's projects, RCA and RBS* all come directly under the Ministry and are significant implementing bodies in their own right. The Ministry has a relatively hands-off role in their management, acting mainly as a conduit for funding, but heads of these project and agencies do report to the Minister. MINICOM needs to act as a facilitating partner to these agencies, ensuring that they have the capacity to deliver their complex remits.

Ministerial organisation

The Ministry of Trade and Industry is presently structured around six departments in addition to the Office of the Minister and the Office of the Permanent Secretary. The Ministry's departments are as follows (number of staff in brackets):

- Office of the Director General for the Investment Climate and Intellectual Property (4) headed by a Director General
- Department of Trade (15) headed by a Co-ordinator
- Department of Industrial Development (6) headed by a Co-ordinator
- Petroleum Special Unit (5) headed by a Co-ordinator
- Private Sector Development Planning (5) headed by a Co-ordinator
- Department of Finance and Administration (10) headed by a Director (includes HR and ICT)

Human resources: building the capacity of the Ministry

All departments within the Ministry have insufficient capacity to fully implement the policy cycle in areas of the Ministry's responsibility. Skills shortages are particularly clear in the area of research and policy analysis, with very little of this key phase in the policy cycle currently taking place within the Ministry.

The Ministry requires specialised skills in areas such as trade economics and research analysis, trade negotiation skills, technology transfer and industrial policy. At present, it is significantly lacking skills in these areas and relies on consultants and donor agencies for the provision of analysis requiring these skill sets.

This is increasingly important as the Ministry has a complex array of policies and objectives. Staff should have the skills to undertake the full extent of the policy cycle in the areas of the Ministry's responsibility so that it can better aid Rwanda to reach its ambitious targets.

The Ministry has the opportunity over the next few months to develop its needs assessment for capacity building under the World Bank's Investment and Trade Development Project (ITDP). This opportunity should be taken to ensure that a detailed gap analysis is undertaken, this could include areas such as:

- ICT software packages such as Word and Excel
- More complex statistical software such as SPSS and Stata
- General research and analysis skills including effective use of the Internet
- Use of tools such as cost-benefit analysis for policy research
- Monitoring and evaluation used in practice
- Project management
- Results-oriented management
- Communication, negotiation and mediation skills

ICT: facilitating communication within the Ministry

Although the Ministry's staff are all largely equipped with computers, a number of these machines are old, infected with viruses and running outdated software. The Ministry should look to improve the base level of computers, ensuring that they have the speed to run the latest software and that they are adequately protected with anti-virus software.

Internet connectivity has improved since the Ministry has moved to its new premises in Kimihurura – however networking tools are still few and there is very little sharing of data between departments. The Ministry should also work to improve connectivity speeds so staff can take full advantage of the Internet tools available and move towards a paper-free office.

Along with this, the Ministry should work to improve ICT in the following areas in coming years:

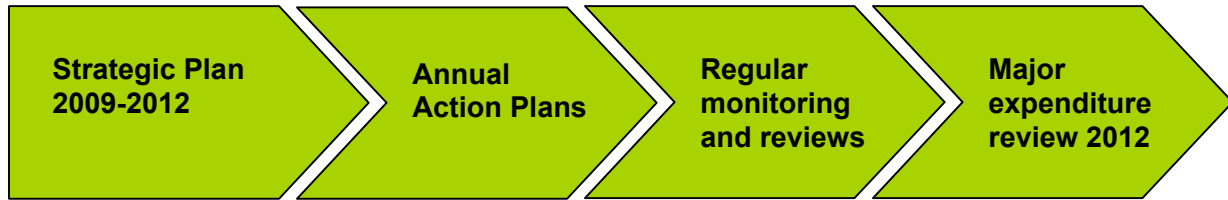
- Installing necessary infrastructure for video and tele-conferencing. These are key areas of cost saving, due to the potential to reduce foreign visits.
- Create a centralised backup database for Ministry work. This should provide storage and simple connectivity so staff can easily store and retrieve their and colleagues' work.
- Improve the network connectivity of staff, ensuring use of tools such as MS Outlook. Currently very little is done using Ministry email addresses, and time scheduling is not facilitated with online calendar tools.

Implementation Approach

This Strategic Plan should provide the overarching framework for the Ministry's activities over the three year period 2009-2012 – the three budget years being 2009/10, 2010/11 and 2011/12. The Plan should inform Annual Action Plans (AAPs) – detailed plans of activities to be carried out department by department every year. These AAPs should accord with the Ministry's strategic priorities and should be specifically linked to a particular target

in the Ministry's monitoring and evaluation framework (see Annex 1). Activities outlined in these AAPs will become the responsibility of line departments.

Figure 16: Implementing the Strategic Plan 2009-2012



Regular monitoring of the progress of annual action plans should then take place in the MINICOM management meetings – with quarterly reviews providing the inputs to annual reviews of performance and expenditure. This should ensure the performance of the Ministry's staff as well as the effective implementation of projects and programmes.

As shown in Figure 16, the Ministry should then aim to have a major review of expenditure in 2012. This should provide a comprehensive review of the efficiency and effectiveness of the work in the sectors of MINICOM's work in the previous periods.

Annex 1 provides details of the key performance indicators the Ministry should be monitoring its performance against. It also provides details of the two indicators under the Common Performance Assessment Framework (CPAF) for which the Ministry is responsible, through the Private Sector Cluster, for ensuring performance. Annex 2 provides a detailed implementation framework, while Annex 3 gives an overview of costs.

ANNEX 1

Monitoring and evaluation framework

The following table provides details of the key performance indicators the Ministry should be measuring performance against. The table is not exhaustive, but gives a good overview of the types of indicator the Ministry should be continually monitoring, together with the 2012 target to move towards and the best source of data for the indicator. Monitoring and evaluation is the responsibility of the entire Ministry, although an effective statistics department will be required to source the data regularly.

| | Base | Target | Actual | Target | Actual | Moving forward | |
|---|---------|--------|---------|--------|---------|----------------|----------------|
| | 2006 | 2007 | 2007 | 2008 | 2008 | 2012 target | Source of data |
| j) INCREASE THE VALUE OF EXISTING EXPORTS | | | | | | | |
| Exports per capita (\$/person) | 15 | | 18 | | 26 | 46 | BNR |
| Export revenue from coffee \$millions | 54 | 37 | 30 | 51 | 47 | 115 | OCIR-Café |
| Output of fully washed coffee (tons) | 3,100 | 6,000 | 3,150 | 9,000 | 4,800 | 19,000 | OCIR-Café |
| Export revenue from tea \$million | 32 | 35 | 35 | 40 | 45 | 80 | OCIR-Thé |
| Export revenue from tourism (\$millions) | | | 138 | 56 | 208 | 278.5 | RDB |
| Export revenue from minerals (\$million) | 37 | 54 | 71 | 63 | 93 | 106 (2011) | MINIRENA |
| ii) DIVERSIFY INTO NEW EXPORTS AND DEVELOP RWANDA AS A REGIONAL HUB | | | | | | | |
| Concentration of exports in coffee, tea and minerals | 86% | 75% | 78% | 65% | 68% | 60% | BNR |
| Ratio of export v import growth | 0.95 | 1.2 | 0.91 | 1.2 | 0.88 | 1.2 | BNR |
| Imports of capital goods as a share of total imports | | | 26% | | 33% | 40% | BNR |
| Export revenue from horticulture (USD '000s) | | 511 | 297 | 738 | 167 | 2,153 | RHODA |
| Export revenue from leather (\$ million) | 2 | 3.6 | 3.6 | 4.4 | 2.9 | 9.6 | BNR |
| Export revenue from handicraft (\$'000s) | 293 | 340 | 422 | 391 | 1,945 | 3,000 | BNR |
| iii) FACILITATE TRADERS THROUGH INTEGRATION AND BY PROMOTING STANDARDS | | | | | | | |
| Cost to export container | \$3,840 | | \$2,975 | | \$3,275 | \$2,750 | World Bank |
| Days to export container | 60 | | 47 | | 42 | 35 | World Bank |
| Documents to export | 14 | | 9 | | 9 | 5 | World Bank |
| Cost to import container | \$4,080 | | \$4,970 | | \$5,070 | \$4,000 | World Bank |
| Days to import container | 95 | | 69 | | 42 | 35 | World Bank |
| Documents to import | 20 | | 9 | | 10 | 5 | World Bank |
| iv) INCREASE THE LEVEL AND QUALITY OF INVESTMENT IN PRODUCTIVE SECTORS | | | | | | | |
| % of private investment to GDP | 16% | | 18% | | 18% | 24% | MINECOFIN |
| FDI as a % of GDP | 0.8% | | 1.8% | | 2.1% | 5% | RDB |
| Increase level of national savings % GDP | 3% | | 4% | | 5% | 10% | MINECOFIN |

| | Base | Target | Actual | Target | Actual | Moving forward | |
|--|------|---------|--------|---------|---------|----------------|----------------|
| | 2006 | 2007 | 2007 | 2008 | 2008 | 2012 target | Source of data |
| Number of current accounts (m) | 0.62 | | | | 1.1 | 2 | FSDP |
| Number of microfinance accounts ('000s) | | | | | 630 | 1,200 | BNR |
| Percentage of non-performing loans / net loans | | | 14.3% | | 9.3% | 7% | BNR |
| v) PROMOTE AN ENVIRONMENT CONDUCTIVE TO PRIVATE SECTOR GROWTH | | | | | | | |
| Cost of energy for industrial users | | 12c/kwh | | 10c/kwh | 24c/kwh | 15c/kwh | PSF |
| National roads in good quality (%) | | | | | 45% | 65% | MININFRA |
| Access to the Internet | 1% | | 1.5% | | 2% | 10% | MININFRA |
| Students in higher education ('000s) | 37 | | 41 | | 45 | 70 | MINEDUC |
| Time to start a business (days) | 16 | 14 | 16 | 10 | 14 | 5 | World Bank |
| Overall rank in World Bank Doing Business | 158 | | 150 | 130 | 139 | 90 | World Bank |

As well as monitoring the many indicators organised by strategic priority in the table above, under the EDPRS, MINICOM has two indicators to follow up as the lead Ministry in the private sector cluster. Both are composite indicators and have been developed by the Ministry in 2009. These indicators must be followed up annually under the joint sector review process.

EDPRS Indicator 1: Business Climate Indicator

The Business Climate Indicator replaced the Doing Business rank as the indicator for the business climate in 2009. It is a composite indicator that compiles measures from the World Bank's Doing Business Report on business regulations and their enforcement to provide an absolute measure of Rwanda's performance year by year.

The composite indicator is based on six World Bank Doing Business areas as well as their sub-indicators:

- Starting a business – time, cost and procedures
- Registering property - time, cost and procedures
- Paying taxes - time, Payments and Tax rate
- Trading across borders - time, cost and procedures for imports and exports
- Enforcing contracts - time, cost and procedures
- Dealing with construction permits - time, cost and procedures

The method takes the 90th percentile performance in the World Bank Doing Business Report 2009, for each of the sub-indicators above. It then analyses Rwanda's performance on the range from best performance to 90th percentile performance and gives a score from 0-1 for each sub-indicator on how well Rwanda is doing.

For example, for starting a business, the minimum number of procedures is 1, the 90th percentile performance is 13. Performance is then assessed on the range from 1 to 13. It took 8 procedures in Rwanda to start a business in 2008. Rwanda's score is therefore $1-(8-1)/(13-1)=0.42$.

Each sub-indicator is equally weighted and then aggregated to give an overall composite score on a scale of 0 to 100. Each of the six areas above have a 1/6 contribution to the total business indicator. Within each area the sub indicator has a weight of 1/3 of the overall area score with the exception of the area of trading across borders where each sub-indicator has a weight of 1/6. Therefore; the final weight of each sub indicator in the composite business index is 1/18 for all areas except trading across borders where the final weight is 1/36.

Wherever Rwanda's position on a sub-indicator is above the worst situation (i.e. exceeds the 90th percentile), the score is given zero rather than a negative value.

The following table shows how the indicator was constructed in 2009, as well as improvements since the 2008 and 2007 scores.

| World Bank Doing Business area | Contribution to index |
|--|---------------------------------|
| Starting a Business | 8/100 [from maximum 17] |
| Enforcing Contracts | 9/100 [from maximum 17] |
| Paying taxes | 10/100 [from maximum 17] |
| Registering Property | 9/100 [from maximum 17] |
| Trading Across Borders | 1/100 [from maximum 17] |
| Dealing with Construction Permits | 9/100 [from maximum 17] |
| Overall Index 2009 | 46/100 |
| 2008 Score | 38/100 |
| 2007 Score | 36/100 |

EDPRS Indicator 2: Investor Perception Indicator

The Investor Perception Indicator is a composite indicator measuring the perceptions of new investors. The areas of interest for the indicator are as follows:

- 1) Legal framework
- 2) Governance
- 3) Taxation and investment framework
- 4) Infrastructure
- 5) Economic and financial framework
- 6) Domestic resources
- 7) Support services
- 8) Trading across borders

This index is built on investors responses in an annual survey to questions on the areas above. Respondents are requested to give a numeric score reflecting their perception on the perceived quality or cost of a relevant area in Rwanda.

In a Public opinion survey of new investors, for each of the eight topic areas, investors are asked on their perception of the quality or cost of a particular area. A respondent is asked to give a score on a scale of 7 points, with 1 reflecting low quality and 7 reflecting high quality.

For each of the eight areas, five questions are used and then equally weighted to give an average. The total average is then weighted to make 100, and a score out of 100 can therefore be continually monitored.

The public opinion survey of Investors will be annual, with investors taken to be both local and foreign investors as registered by RDB in the period since year 2000. A random sample of these investors is taken (300) with the aim of a 33 per cent response rate (100 responses).

ANNEX 2

Implementation framework

| <u>Increase the value of existing exports</u> | | | | | |
|--|--|---|-----------|--------------------------------------|------------|
| Stage of policy cycle | Initiative | Expected outcome | Timeframe | Responsibility | Cost (RwF) |
| Monitoring & evaluation | Data collection on major export sector – mainly through the export agencies. | A regularly updated database of statistics on major export sectors | Ongoing | MINICOM Statistician and M&E Officer | - |
| | Assess the methodologies of data collection used by the export agencies, ensuring that they provide timely and accurate data on export sectors. | Dialogue with data collecting institutions and improved statistics continually collected. | Ongoing | MINICOM Statistician and M&E Officer | - |
| Policy analysis | The quality of customer care in the tourism sector focussing on the visitor experience. | Analysis of the policies suitable to improving customer care. | 2010 | MINICOM Industry Department | 50m |
| | The level of diversification of tourism services – the provision and revenue from boating and water sports, birding, mountain climbing, cave tourism, cultural tourism and conference tourism. | Analysis of the strategies suitable for diversifying tourism. | 2010 | MINICOM Industry Department | 15m |
| | The degree of community engagement in tourism and the level of impact on communities in terms of incomes and employment. | Analysis of the impact of community engagement programmes in the tourism sector. | 2010 | MINICOM Industry Department | 35m |
| | The effectiveness of strategies in major export industries to provide greater value addition, for example coffee washing and roasting. | Analysis of progress in value addition in major export sectors. | 2009-2012 | MINICOM Trade Department | 40m |

| | | | | | |
|--|--|---|------------|-----------------------------|------|
| | Identification of bottlenecks in the value chains for export industries – including technologies in use in coffee washing and tea factories. | Analysis of bottlenecks with policy proposals for removing them. | 2009-2012 | MINICOM Industry Department | 100m |
| | The Rwandan brand and marketing strategies. | Analysis of international perceptions of Rwanda brand. | 2010 | MINICOM Trade Department | 15m |
| Stakeholder engagement | MINICOM should be bringing together the agencies of the major export sectors together with private sector firms involved in exporting. | Regular use of the Private Sector Cluster forum for discussion of major export industries | Tri-annual | MINICOM EDPRS Facilitator | - |
| | Bring together agencies of major export sectors with MINICOM agencies RBS and RCA. | Regular use of the Private Sector Cluster forum for discussion of major export industries | Tri-annual | MINICOM EDPRS Facilitator | - |
| Formulation of policy and legislation | Use of co-operatives for coffee and tea producers – providing inputs such as fertilisers and pesticides, support | Policy on co-operative support to cash crop farmers | 2009 | MINICOM Industry Department | 10m |
| | Use of co-operatives for small miners | Policy on use of co-operatives for miners | 2010 | MINICOM Industry Department | 15m |
| | Harmonising taxation system for mining | Policy on taxation system for mining industry | 2010 | MINICOM Industry Department | 35m |
| | Use of privatisation for tea factories | Greater proportion of tea factories in private sector | 2009-2012 | MINICOM Industry Department | - |
| | Customer care standards in tourism | Improved customer care standards in tourism | 2009-2012 | MINICOM Industry Department | 25m |
| | Access to finance in major exports value addition | Improved access to finance for firms working in major export sectors | 2009-2011 | MINICOM Industry Department | 100m |
| | Conservation policy for National Park wildlife | Policy on conservation of National Park wildlife | 2009 | MINICOM Industry Department | 75m |

| | | | | | |
|--|--|---|-----------|-----------------------------------|------|
| | Rwanda Branding strategy | Branding strategy | 2009 | MINICOM Industry Department | 100m |
| | Hides and skins – partnering with the private sector to produce slaughterhouses and collection centres | Improved efficiency within the hides and skins industry | 2009-2012 | MINICOM Industry Department | 250m |
| | Handcraft centres – extension and development of training offered | Improved handcraft centre services | 2009-2012 | MINICOM Industry Department | 500m |

Diversify into new exports and develop Rwanda as a regional hub

| Stage of policy cycle | Initiative | Expected outcome | Timeframe | Responsibility | Cost (RwF) |
|------------------------------------|--|--|------------------|--|-------------------|
| Monitoring & evaluation | Work with RRA and RDB for latest data on diversification | Detailed database on trade data regularly updated. | Continual | MINICOM Statistician and M&E Officer | - |
| | Ensure export indicators are updated to add new sectors | Regularly updated export indicators | Annual | MINICOM Statistician and M&E Officer | - |
| Policy analysis | The degree to which sectors can be developed in Rwanda that can compete internationally. | Study on regional trade opportunities and Rwanda's areas of comparative advantage | December 2009 | MINICOM Trade Department | - |
| | How trade and industry policy can be integrated to promote diversification. | Analysis of existing trade and industry policy with respect to trade diversification | 2009 | MINICOM Trade Department and Industry Department | 100m |
| | The constraints faced by particular sectors and the requirements for policy to alleviate them. | Value chain studies by sector | 2009-2011 | MINICOM Industry Department | 180m |
| | The infrastructure needs of new industries, and how they can be combined with existing policy on infrastructure. | Sector studies for new clusters analysing their infrastructure needs | 2009-2010 | MINICOM Industry Department | 100m |

| | | | | | |
|--|---|--|---------------|-----------------------------|------|
| | Identifying sources of finance for the risky business of cluster development. | Sector studies for new clusters analysing their finance needs | 2009-2010 | MINICOM Industry Department | 150m |
| Stakeholder engagement | Bring together entrepreneurs willing to take the risk in new industries, banks willing to fund them, development partners keen to see diversification take place. | Regular use of the Private Sector Cluster forum for discussion of export diversification | Tri-annual | MINICOM EDPRS Facilitator | - |
| | Ensuring that the Kigali Free Trade Zone (FTZ) is co-ordinated with plans for cluster development. | Establish meetings between those responsible for FTZ with team compiling sector studies for clusters | December 2009 | MINICOM Industry Department | - |
| Formulation of policy and legislation | Policies for cluster development | Policy on cluster development | 2010 | MINICOM Industry Department | 100m |
| | Policy on the Kigali Free Trade Zone | Policy on the Kigali Free Trade Zone | 2010 | MINICOM Industry Department | 100m |
| | Policy for making Rwanda a services hub | Policy for making Rwanda a services hub | 2010 | MINICOM Industry Department | 50m |
| | Policies for development of South-North corridor | Policies for development of South-North corridor | 2010 | MINICOM Industry Department | 50m |
| | Promoting a Rwandan packaging industry | Policy and promotion of Rwandan packaging industry | 2009-2010 | MINICOM Industry Department | 200m |

Facilitate traders by integration and by promoting standards

| Stage of policy cycle | Initiative | Expected outcome | Timeframe | Responsibility | Cost (RwF) |
|------------------------------------|--|---|--------------------------------|--|------------|
| Monitoring & evaluation | Develop a market information system (MIS) that will collect and collate data on international trade, include tariff and non-tariff barriers and levels of trade. | A fully functional MIS | Fully operational by June 2010 | MINICOM Statistician and M&E Officer | 50m |
| | Work with PSF, RDB and others, particularly in ensuring that accurate data is received on the costs and time taken to trade through the Northern and Southern Corridors. | Full set of continually updated statistical information on the non-tariff barriers faced by traders | Ongoing | MINICOM Statistician and M&E Officer | 50m |
| | Work with RBS to develop database on the standards required across sectors and adherence to standards by firms. | Updated data on the standards required by sector. | 2010 | MINICOM Statistician and M&E Officer | 30m |
| Policy analysis | Provide research into trade related issues, including on rules of origin and trade in services, with the goal of providing evidence positions for Rwandan negotiators. | Six research papers on trade related issues per annum | 2009-2012 | MINICOM Trade Department | 200m |
| | Combined work with industry to assess the degree to which protection is required. | Integrated trade position with industrial policy | 2010 | MINICOM Trade Department and Industry Department | - |
| | The effect of standards provision on Rwandan firms, particularly on exporters. This should include the costs of gaining certification. | Study on the costs of becoming compliant with national and international standards | 2010 | MINICOM Trade Department | 50m |

| | | | | | |
|--|---|---|------------|-----------------------------|-----|
| | The effect of non-tariff barriers on the marginal cost of export. Estimates on how they affect the total level of Rwandan trade. | Study on the cost of non-tariff barriers on Rwandan traders. | 2010 | MINICOM Trade Department | 50m |
| | Assess current access to export credit and develop plan to improve access. | Study on the access to export financing | 2009 | MINICOM Trade Department | 30m |
| Stakeholder engagement | Bring together RBS and other agencies involved in exports to promote dialogue around the delineation of responsibility. | Create forum to discuss issues of responsibility in the area of standards. | 2009 | MINICOM Industry Department | 10m |
| | Bring together private sector firms with RDB and RRA to discuss bureaucratic barriers to trade. | Regular use of the Private Sector Cluster forum for discussion of bureaucratic barriers to trade. | Tri-annual | MINICOM EDPRS Facilitator | - |
| | In the area of trade negotiations the National Development Trade Policy Forum, the High Level Taskforce on the EAC Common Market and the Regional Integration Committee should be consulted, as well as their membership assessed to ensure that they include a wide range of stakeholders. | Regular and productive meetings of the National Development Trade Policy Forum, the High Level Taskforce on the EAC Common Market and the Regional Integration Committee. | Continual | MINICOM Trade Department | - |
| | Work to enhance the role of the National Monitoring Committee on NTBs to promote Rwanda's position in bilateral negotiations and at the annual EAC Regional Forum on NTBs. | Regular and productive meetings of the National Monitoring Committee on NTBs | Bi-annual | MINICOM Trade Department | - |
| Formulation of policy and legislation | Rationalise the tariff structure in order to reflect trade policy rather than tax policy objectives. | Tariff structure aligned to trade policy | 2009 | MINICOM Trade Department | - |

| | | | | | |
|--|---|--|-----------|-------------------------------------|-------|
| | Ensure that trade policy clearly sets out the mandate for trade negotiators in line with defined objectives. | Trade policy established and providing mandate for trade negotiators | 2009 | MINICOM Trade Department | - |
| | Promote the alignment of trade policy with Rwandan macroeconomic policy. | Trade policy and macroeconomic policy aligned | 2009 | MINICOM Trade Department | - |
| | Ensure that the investment code, standards in hotels, customs law, petroleum law, competition law and policy and other laws and policies all assist in Rwanda's regional integration. | Policies aligned towards goal of regional integration | 2009 | MINICOM Trade Department | 30m |
| | Ensure better maintenance of Rwanda's strategic petroleum stocks | Increased capacity at depots through expansion and new depots | 2009-2012 | Petroleum Special Unit | 4000m |
| | Ensure that RBS has sufficient access to technical equipment for testing compliance with standards. | RBS provided with sufficient equipment or plans to acquire. | 2009 | MINICOM Industry Department | 300m |
| | Ensure that Rwanda's commercial attachés roles are clearly defined and that they act to promote Rwandan trade and investment, working on WTO-related issues in the EU, U.S., and in South Africa. | Trade policy sets out clear role and goals of commercial attachés. | 2009 | MINICOM Trade Department | - |
| | Improve sensitisation on international trade issues. | Trade policy promoted to stakeholders | 2009 | MINICOM Planning Officer | 20m |
| | Ensure that agencies providing advice regarding access to international trade, also provide information from RBS on the standards that need to be met for export. | Information on standards established in business service centres | 2010 | MINICOM Industry Department and RBS | 30m |

| | | | | | |
|--|---|---|-----------|-------------------------------------|------|
| | One stop shop for exporting including Sanitary and Phytosanitary testing, certificates of origin and other export standard support. | One stop shop for standards established | 2010 | MINICOM Industry Department and RBS | 250m |
| | Lobby Kenya, Tanzania and Uganda on non-tariff barriers (NTBs), especially relating to transport and customs procedures. | Successful lobbying on NTBs takes place | 2009-2012 | MINICOM Trade Department | 60m |

Increase the level and quality of investment in productive sectors

| Stage of policy cycle | Initiative | Expected outcome | Timeframe | Responsibility | Cost (RwF) |
|------------------------------------|--|---|--------------|--------------------------------------|------------|
| Monitoring & evaluation | The level of investment expenditure and more importantly its distribution among sectors and the degree to which it is public or private. | Regular updated data on investment expenditure, credit to the private sector, and both by sector. | Continual | MINICOM Statistician and M&E Officer | - |
| | The level of FDI by source | Regular updated data on FDI by sector and country of origin | Continual | MINICOM Statistician and M&E Officer | - |
| | Information on the number of SMEs and their investment | Regular updated data on firm size, investment and challenges. | Continual | MINICOM Statistician and M&E Officer | - |
| | Information on co-operatives, services provided and attitudes to them of members | Regular and wide-ranging information on co-operatives | Continual | MINICOM Statistician and M&E Officer | - |
| | Investor Perception Survey | Regular information on services provided to investors and their perceptions of Rwanda | Annual | MINICOM Statistician and M&E Officer | 40m |
| Policy analysis | On the job technical and management training in strategic sectors | Identify skills gap from the above audit of existing processing facilities | October 2009 | MINICOM Industry Department | 30m |

| | | | | | |
|--|--|---|-------------|-----------------------------|------|
| | Conducting a study on the issues of connectivity between and to trade centers, in particular for cassava and bananas | Study on connectivity with policy suggestions | August 2009 | MINICOM Trade Department | 50m |
| | Value chain analysis on off-farm sectors. This should complement moves to promote commercial farming for wheat and maize, as well as fruits and other produce, and should include the packaging industry | Value chain analysis of a number of off-farm sectors | 2009-2010 | MINICOM Industry Department | 80m |
| | The degree of technological upgrading by Rwandan firms. | Analysis of technological upgrading in manufacturing | 2010-2011 | MINICOM Industry Department | 80m |
| | The value for money of international offices aiming to attract foreign direct investment. | Analysis of the amount of FDI attracted by international offices | 2010 | MINICOM Industry Department | - |
| | The benefits and constraints to procuring public infrastructure using private finance and management. | Study on the use of private finance in procuring public infrastructure | 2010 | MINICOM Industry Department | 75m |
| Stakeholder engagement | Extensive use of the Integrated Development Programme (IDP) committees on post harvest processing and marketing, cooperative development and off-farm employment. | Collaboration with other ministries, agencies and development partners in the area of investment through the IDP. | Quarterly | MINICOM Industry Department | - |
| | Bring together private sector firms with stakeholders to discuss investment in industry and in services. | Regular use of the Private Sector Cluster forum for discussion of investment. | Tri-annual | MINICOM EDPRS Facilitator | - |
| Formulation of policy and legislation | Develop turnaround plans for factories which are struggling but are strategic and have real potential to be profitable and competitive | Turnaround strategies developed and implemented | May 2010 | MINICOM Industry Department | 600m |

| | | | | | |
|---|--|--|-----------------------------|---------------------------------------|-------|
| | Identify and attract strategic investor for technology transfer in packaging | Significant investment undertaken in Rwandan packaging plant | June 2009 | MINICOM Industry Department | 100m |
| | Develop a skills strategy for the financial services sector | Strategy developed | 2010 | MINICOM Investment Climate Department | 75m |
| | IT software for Microfinance institutions procured | Purchase of Accounting and Financial Softwares for selected Micro Finance Institutions. | 2010 | MINICOM Investment Climate Department | 115m |
| | Improve capacity of non-banking financial institutions | Audits of insurance companies, and an insurance law | 2009 | MINICOM Investment Climate Department | 260m |
| | Develop Rwanda Integration Payment Processing System (RIPPS) | Recruit consultant and provide training to FSDP | 2010 | MINICOM Investment Climate Department | 1500m |
| | On the job technical and management training in strategic sectors | Conduct technical and management trainings of at least 100 persons | July 2010 | MINICOM Industry Department | 20m |
| | Provide part financing and technical support for cooperatives for fermentation and drying and storage facilities for the Cassava harvest | 10 fermentation and drying and storage facilities for the Cassava 2009 harvest in 6 districts supported. | 2009 | MINICOM Industry Department | 200m |
| | Revise the existing draft SME policy/strategy for a large expansion of SMEs | SME Policy developed | November 2009 | MINICOM Industry Department | 20m |
| | Disseminate and implement the SMEs policy and strategy | Widespread dissemination of SME Policy and Strategy | 2010 | MINICOM Planning Officer | 5m |
| | Develop supply chain system for internal trade (for cassava and banana) | Supply chain for cassava and banana developed with improved efficiency | July 2010 | MINICOM Trade Department | 45m |
| Ensure that each district has adequate storage capacity in siloes and cold facilities where required. | Adequate silo capacity in every district | 2009-2010 | MINICOM Industry Department | 100m | |

| | | | | | |
|--|---|--|-----------|-------------------------------------|------|
| | In collaboration with RDB, sector strategies for milk, cassava and processed fruit and vegetables. | Sector strategies developed for milk, cassava and processed fruit and vegetables | 2010 | MINICOM Industry Department | 50m |
| | Establish industrial parks in each district of Rwanda. This should begin with five pilot parks and then be extended. | Industrial parks in place in each district in Rwanda | 2011 | MINICOM Industry Department | 300m |
| | Ensure that training is provided to co-operative leaders, managers and members. Work with RCA to develop the specialised centres for this training. | Widespread training to co-operative leaders, managers and members | 2009-2010 | MINICOM Industry Department and RCA | 50m |
| | Support the establishment of a Cooperative Bank. | Co-Operative Bank established and operational | 2011 | MINICOM Industry Department and RCA | 200m |
| | Establish additional credit lines to support access to finance | Additional credit lines set up with BPR | 2010 | MINICOM Industry Department | 500m |

Create an environment conducive to private sector development

| Stage of policy cycle | Initiative | Expected outcome | Timeframe | Responsibility | Cost (RwF) |
|-------------------------|--|---|-----------|--------------------------------------|------------|
| Monitoring & evaluation | Work with PSF to advocate additional questions for Business Investment Climate Survey (BICS) | Improved timely data on business climate issues. | Biannual | MINICOM Statistician and M&E Officer | - |
| | Analyse the source of data for the World Bank Doing Business survey. | Collection of sources for the WB Doing Business survey | 2009 | MINICOM Statistician and M&E Officer | - |
| | Data on procedures from RDB and on infrastructure from MININFRA. | Collection of data on business climate indicators from RDB and on infrastructure indicators from MININFRA | Biannual | MINICOM Statistician and M&E Officer | - |

| | | | | | |
|------------------------|--|---|---------------------------------|---------------------------------------|-----|
| | Provision of data on prices should take place through MINICOM's market information system (MIS) on prices in internal markets. | A fully functional MIS. Use of the MIS to assess competition in Rwandan internal markets. | Fully operational by June 2010. | MINICOM Statistician and M&E Officer | - |
| Policy analysis | The performance of the commercial justice system. | Analysis on how the commercial justice system interrelates with the security of business assets and investment. | 2010 | MINICOM Investment Climate Department | 20m |
| | The performance of the business registration system | Analysis on costs and take up of business registration and barriers to informal sector firms. | 2009 | MINICOM Investment Climate Department | 25m |
| | The performance of the land registration system | Analysis on costs and take up of land registration | 2010 | MINICOM Investment Climate Department | 20m |
| | Rwanda's performance across the Doing Business rankings | Analysis of how Rwanda's policies lead to improved ranking in the WB Doing Business survey | 2009 | MINICOM Investment Climate Department | 20m |
| | Level and types of anti-competitive behaviour in Rwandan markets | Analysis of competition and anti-competitive behaviour in Rwandan markets. | 2009 | MINICOM Investment Climate Department | 40m |
| | The costs businesses face for infrastructure and the marginal costs they face when they reach larger levels of consumption. | Analysis on costs of infrastructure | 2010 | MINICOM Investment Climate Department | 30m |
| | Intellectual property applications to Rwanda | Analysis on use of intellectual property law | 2010 | MINICOM Investment Climate Department | 20m |
| | Business priorities for rural road infrastructure to influence District, Government and development partner decision-making. | Analysis on use of road infrastructure and associated costs. | 2010 | MINICOM Investment Climate Department | 30m |

| | | | | | |
|--|--|---|---------------|---------------------------------------|-----|
| Stakeholder engagement | Bring together private sector with stakeholders in private sector development to discuss business environment issues. | Regular use of the Private Sector Cluster forum for discussion of bureaucratic barriers to trade. | Tri-annual | MINICOM EDPRS Facilitator | - |
| | Bring together private sector with stakeholders in private sector development to discuss infrastructure needs and challenges. | Regular use of the Private Sector Cluster forum for discussion of bureaucratic barriers to trade. | Tri-annual | MINICOM EDPRS Facilitator | - |
| | Establish forum for government to discuss challenges with informal sector firms. | Informal sector forum established | 2010 | MINICOM Planning Officer | 20m |
| | Disseminate information regarding legislation to private sector. | Discussion forums with private sector on specific pieces of legislation | Continual | MINICOM Planning Officer | - |
| Formulation of policy and legislation | Establish a body with responsibility for enforcing the Competition Law | Competition Law established and operational | December 2009 | MINICOM Investment Climate Department | - |
| | Ensure that procedures regarding the importing of petroleum are aligned to the new competition arrangements as well as those from the EAC. | Petroleum Law established and in line with EAC regulation. | 2009 | Special Petroleum Unit | - |
| | Ensure that channels are established for consumers to identify and report suspected anti-competitive practices. | Established channel for consumers to report anti-competitive behaviour | June 2010 | MINICOM Investment Climate Department | 20m |
| | Promote the enforcement of the intellectual property rights law and policy. | Established and operational Intellectual Property Rights Law and Policy | December 2009 | MINICOM Investment Climate Department | 45m |
| | Ensure that insolvency laws are clear and well developed. These should be enforced under the Rwandan commercial court system. | Insolvency Law established and operational | 2009 | MINICOM Investment Climate Department | - |

| | | | | | |
|--|---|---|-----------|---------------------------------------|-------|
| | Ensure that secured transaction laws are clear and well developed. | Secured Transaction Law established and operational | 2009 | MINICOM Investment Climate Department | - |
| | Ensure that company laws are clear and well developed. | Companies Act established and operational | 2009 | MINICOM Investment Climate Department | - |
| | Provide clear incentives to informal sector firms to become formal, through increasing access to services. | Improved access to formal sector for informal firms | 2009-2012 | MINICOM Investment Climate Department | - |
| | Modernisation & computerisation of commercial courts, office of registrar general , National land center and RDB. | Upgrade the existing case management system for commercial courts. Acquisition of equipment for digital recording of court proceedings. Procure IT equipment Computerization and implementation of the business and land registries. | 2009-2010 | MINICOM Investment Climate Department | 1600m |
| | Strengthen the human resource capacity of the commercial courts, land center and business registration | Training of Judges, Registrars and all other staff in business & land | | MINICOM Investment Climate Department | 250m |
| | Upgrade Rwanda's trade centres and local markets. This should be in terms of the infrastructure traders have access to and the services provided. | Improved infrastructure of trade centres and local markets. | 2010 | MINICOM Trade Department | 100m |

ANNEX 3

Costs of implementation

The costs of implementation detailed in the implementation framework are indicative. They are not intended to align with the budget, since budgets are developed on an annual basis and respond to other Government demands and contingencies. However, the costs should give a guideline as to the major areas of expenditure in the coming three year period.

The following table shows how the costs of implementation vary by strategic priority, giving a total cost for the Ministry of Trade and Industry of 14,440 million RwF over 2009-2012.

| Strategic Priority | Cost (RwF) |
|---|----------------|
| <u>Increase the value of existing exports</u> | 1365m |
| <u>Diversify into new exports and develop Rwanda as a regional hub</u> | 1030m |
| <u>Facilitate traders by integration and by promoting standards</u> | 5210m |
| <u>Increase the level and quality of investment in productive sectors</u> | 4595m |
| <u>Create an environment conducive to private sector development</u> | 2240m |
| TOTAL COST | 14,440m |

REPUBLIC OF RWANDA



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