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**DRAFT REPORT OF THE TRADE AND DEVELOPMENT BOARD  
ON ITS FIFTY-THIRD SESSION**

Held at the Palais des Nations  
from 27 September to 2 October 2006 and 10 October 2006

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**Investment Policy Review of Rwanda**

**Note for delegations**

This draft report is a provisional text circulated for clearance by delegations.  
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## INVESTMENT POLICY REVIEW OF RWANDA

3 October 2006

1. The Investment Policy Review of Rwanda was presented on 3 October 2006. Dr. Supachai Panitchpakdi, Secretary-General of UNCTAD, welcomed the high-level participation by the Government of Rwanda — led by the Hon. Mr. Bernard Makuza (Prime Minister) and H.E. Mr. Vincent Karega (Minister of State in charge of Industry and Investment Promotion) — and by high-level participants from abroad. He congratulated the Government of Rwanda on its efforts in reforming the economy and on the tremendous progress made in the past decade. The session was chaired by H.E. Mr. Gyan Chandra Acharya, Ambassador of Nepal.

2. The UNCTAD secretariat introduced the main findings and recommendations of the Investment Policy Review of Rwanda. Rwanda had made great progress and had carried out major reforms in the past decade, but the main traditional drivers of FDI were weak. The IPR proposed an unconventional strategy to attract FDI, based on three principal elements: (i) turning Rwanda into a centre of excellence in soft infrastructure and governance; (ii) putting in place a skills attraction and dissemination programme; and (iii) a series of industry initiatives. The secretariat noted that progress in implementation of the recommendations had already been made, but the ambitious programmes would require strong and long-term commitment from the Government and additional support from the international community. The secretariat stressed that it would continue to help Rwanda implement the recommendations of the report.

3. The representative of Rwanda thanked UNCTAD for the Investment Policy Review and the Investment Guide. He highlighted the importance of FDI for development. Noting that Africa received very small inflows of FDI, he stressed the need for the continent to reposition itself, and said that UNCTAD could assist countries in improving their business environment and mobilizing private resources for development. The IPR's recommendations were in line with the Government's reform policies. Rwanda had been one of the first countries to submit itself to NEPAD's peer review system, because it was committed to good governance. The Government wanted to turn Rwanda into a centre of excellence in soft infrastructure and governance. He outlined the major efforts made in creating an environment conducive to investment. These included restoring peace and security, introducing a new investment code, implementing free-market policies and adopting zero-tolerance policies on corruption. Furthermore, the Government had reformed the education system and improved the skills base in line with Vision 2020; a service culture was being introduced into the public administration and a national agency had been established to improve institutional and skills capacity. Also, the Government was promoting a "knowledge-based economy", and the private sector was being involved in decision-making. It was important that the world knew what Rwanda was doing, so that the clichés plaguing the country could be removed. He highlighted investment opportunities in Arabica coffee, tea, methane gas and high-end tourism, as well as ICT, the ambition being to turn the country into the "knowledge-based economy" to which he had just referred. Other niches included essential oils, horticulture and mining. Moreover, Rwanda's financial system was one of the most stable in Africa. However, like all LDCs, Rwanda had poor infrastructure and weak capacity, and it sought assistance from the donor community, including the African Development Bank and Aid for Trade.

4. Those making comments at the meeting included the President of the African Development Bank, the ambassadors of Finland, Mauritius, Singapore and Belgium, and government representatives of the United States, Canada, the Dominican Republic, Benin, Zambia, China and Burkina Faso. All delegates acknowledged that the IPR had raised pertinent questions and made concrete recommendations. They praised the significant efforts to tackle corruption, improve governance and strengthen public administration, in the face of the challenges confronting Rwanda as a small landlocked country.

5. The representative of the African Development Bank said that Africa had not attracted much FDI other than in the natural resource extraction and telecom industries. However, there were ample financial resources in the world in search of profitable investment opportunities, and Africa needed to tap those resources by further improving its investment climate. The IPR had asked the right questions and proposed a number of good ideas and concrete measures for moving forward. He stressed Rwanda's commitment to making good governance a platform for attracting investors. The African Development Bank had been promoting regional trade integration in Africa. Noting that Rwanda's infrastructure and skills base were improving, he said that this boded well for investment. The African Development Bank would increase its focus on infrastructure development in Africa from 30 per cent to 40 per cent of total loans, with other priorities including regional trade integration, the investment climate and private sector development.

6. The representative of Finland, speaking on behalf of the EU, Bulgaria and Romania, said that the EU was supporting Rwanda's peace and reconstruction efforts, as well as good governance and aid coordination. Economic partnership agreements, he added, were important for Rwanda's future. The IPR opened up new ways of cooperation with Rwanda, and it could be linked to the action matrix on investment in the Integrated Framework. The EU pledged continued support to Rwanda for implementing the follow-up recommendations of the IPR.

7. The representative of Mauritius called Rwanda a beacon of hope for Africa and praised the vision of its leaders and the resilience of its people. He noted that the country faced a number of challenges and constraints, similar to those that Mauritius had faced a couple of decades earlier. He thanked UNCTAD for the IPR of Mauritius in 2000, which had provided useful insights into how the country could make a strategic vertical and horizontal shift. FDI had played an important role in enabling Mauritius to diversify from a mono-crop economy into tourism, financial services and ICT. FDI could play a similar role in Rwanda, and he stressed the need for political stability, economic good governance, open policies, the provision of adequate infrastructure for start-ups and the improvement of education. Mauritius' policy stance had been influenced by the IPR, and he hoped that the IPR of Rwanda would have a similar effect on the latter.

8. The representative of Singapore praised Rwanda's progress, which he attributed to good political leadership, respect for property rights and macroeconomic reforms. He was also positive about the country's growth prospects and Vision 2020 strategy. Singapore had started, in the 1950s, from an economic position somewhat similar to Rwanda's, and both countries were committed to having good governance and no corruption. He commented on the IPR recommendation that a skills attraction and dissemination programme be set up in Rwanda, and drew lessons from Singapore's own experience with such programmes. He stressed the need to reduce red tape and create a single agency to deal with immigration issues. Also, he indicated the need to be targeted in attracting skills and to carefully structure

skills dissemination programmes. In conclusion, he commended the IPR recommendations, and said that the skills attraction programme could make a significant contribution to development in Rwanda.

9. The representative of Belgium stressed the close ties between his country and Rwanda, and commended the IPR's work on Rwanda. He emphasized the timeliness of the review, and said that it should be integrated into the updating of the Poverty Reduction Strategy Paper. Belgium and Rwanda were going to sign an updated version of their bilateral investment treaty the following day, and this could be a first step towards the implementation of the IPR's recommendations.

10. The representative of the United States welcomed the timeliness of the IPR and its contribution to improving Rwanda's investment climate. The United States, as a co-chair of the private sector cluster in Rwanda, observed that the Government had provided much more support for women than any other Government in Africa. While appreciating the initiative aimed at Rwanda's becoming a regional hub for investment, he added that it was important to tackle infrastructure and customs problems. USAID was assisting Rwanda in improving the coffee sector.

11. A representative from the private sector commended the transparency of the privatization process in Rwanda. The company that his company had bought had been performing poorly at the time of its purchase. His company had managed to replace 40 per cent of the labour force with better trained people without government interference. The Government was realistic in valuing assets for privatization and had a real sense of urgency in completing deals, which was a plus for investors. However, challenges remained with regard to the legal framework, and he stressed that the Government should not fall into the trap of complacency after the progress made in recent years.

12. A representative from the private sector noted that Rwanda had good security and an efficient investment promotion agency, RIEPA. However, he recommended that the one-stop shop be further strengthened, and that customs procedures be made less burdensome and, if possible, faster. Since Rwanda had an energy deficit, he proposed that efforts to improve energy infrastructure should focus on smaller-scale methane projects.

13. A representative from the private sector highlighted some initial difficulties that his company had encountered in a privatization deal, pertaining to compliance with the terms of the initial agreement. However, the problem could be resolved amicably, and his company was satisfied with its investment. Problems relating to corruption had not been encountered. Lastly, Rwanda should pay particular attention to aftercare services for its existing foreign investors, who could be the country's best advocates and promoters abroad.

14. Government representatives commended the steady progress made by Rwanda in diversifying the economy and in privatization. They encouraged the Government to continue to step up its efforts in order to achieve the objectives of Vision 2020. The representative of the Dominican Republic stressed the relevance of IPRs, not only for LDCs, but also for small, vulnerable countries such as his own and others in the Caribbean. He called upon the donor community to provide assistance with IPRs to low- to middle-income countries.

15. The representative of Benin, Zambia and Burkina Faso said that it was important that the UNCTAD secretariat continue to provide its support through the IPRs and follow up implementation of the recommendations. The representative of China noted Rwanda's rapid

progress in economic and social development, and said that the PRSP had achieved positive results. He commended the Government's efforts and announced that since January 2005 China had reduced to zero tariffs on 187 products.

16. The Chairperson noted that good governance by the Rwandan Government had contributed to the country's progress in economic and social development. The challenge was to sustain reforms and efforts to attract increased FDI. The IPR findings and recommendations would be helpful in that respect.

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