



TRADE POLICY AND SUSTAINABLE DEVELOPMENT MEETING

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TRADE POLICY AND SUSTAINABLE DEVELOPMENT: RWANDA'S EXPERIENCE

Session-1

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Trade Policy and Sustainable Development - Rwanda's Experience



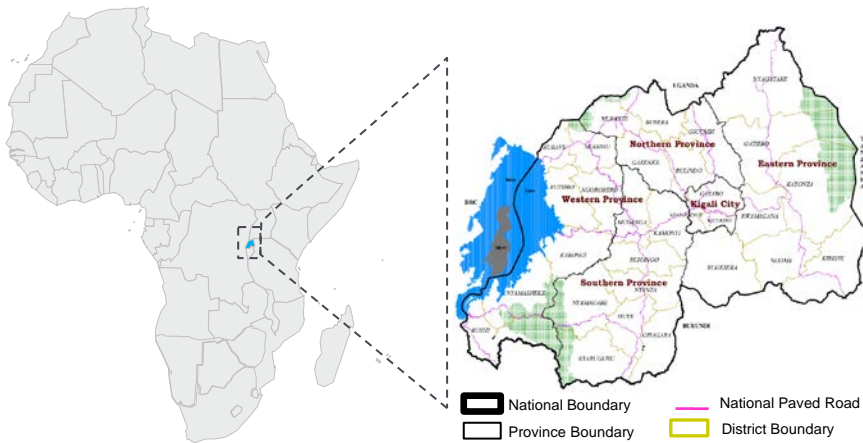
Outline of Presentation

1. Rwanda in the World – Fact sheet and integration status
2. Rwanda's Transformation Vision and Policy Mix – A Path to Sustainable Development;
3. The Development Journey so Far;
4. A Practical Example – A Comprehensive Programme to Facilitate Cross Border Trade;
5. Challenges linked to attainment of SDGs;
6. Recommendations;



Rwanda a at Glance

Rwanda in the heart of Africa



East Africa is one of the fastest growing regions in Africa

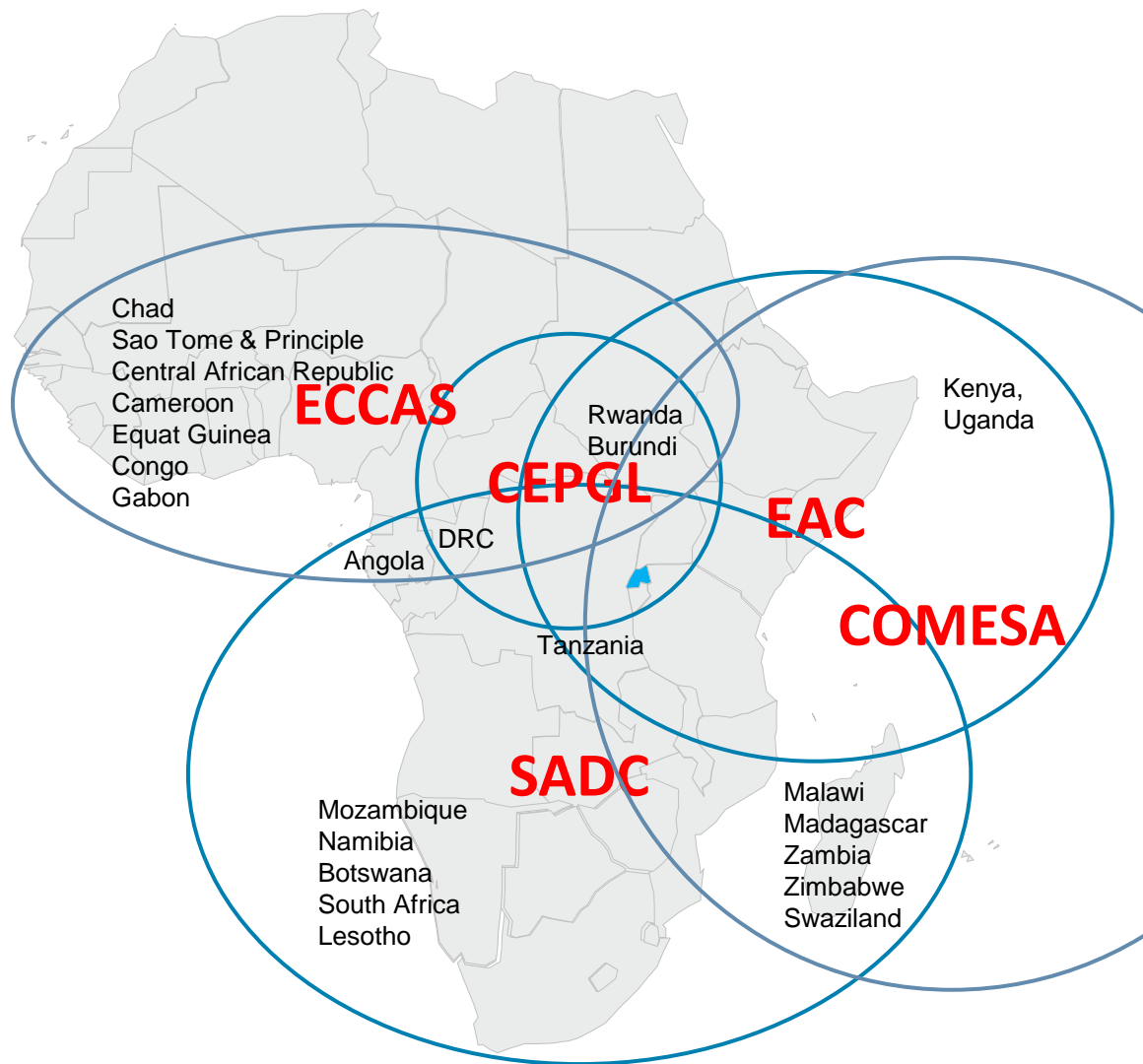
Key Facts

Capital	Kigali
Population	11 million (2014)
Land Mass	26,338 Km ²
Nominal GDP	RwF 5389 billion (2014, approx. US\$ 7.9 billion)
GDP Growth	7.0 % (2014)
GDP Per Capita	US\$ 718
Literacy Rate	71%
External Debt (% of GDP)	22.3% (End 2014)
Time to Start a Business	6.5 days
Credit Rating	B+ (Positive); B+ (Stable)
Currency	Rwandan Franc (750 RwF = 1 US\$ as of end September 2015)



Rwanda's Integration Status

- ▶ **COMESA**
 - GDP – US\$ 550 Billion
 - Population – 390 Million
- ▶ **EAC**
 - GDP – US\$ 110 Billion
 - Population – 143 Million
- ▶ **TFTA (SADC – EAC – COMESA)**
 - GDP – US\$ 1.2 Trillion
 - Population – 600 Million
- ▶ **ECCAS**
 - GDP – US\$ 170 Billion
 - Population – 121 Million





Rwanda's Transformation Vision

Approach to Develop Vision and Priority Areas

Economic Transformation pre-requisites and characteristics

Stable macro-economic environment

Increased investment and savings

Greater international integration

Commitment to market driven processes for resource allocation

Increased urbanization

Address environmental issues

Challenges that could jeopardize Economic Transformation

Unmet energy demand

Limited and over-concentrated exports

Low FDI

Weak logistics system

Limited availability of long-term savings and credit

Urbanization pressures

Strategic Direction - Prioritization

A. Sectors

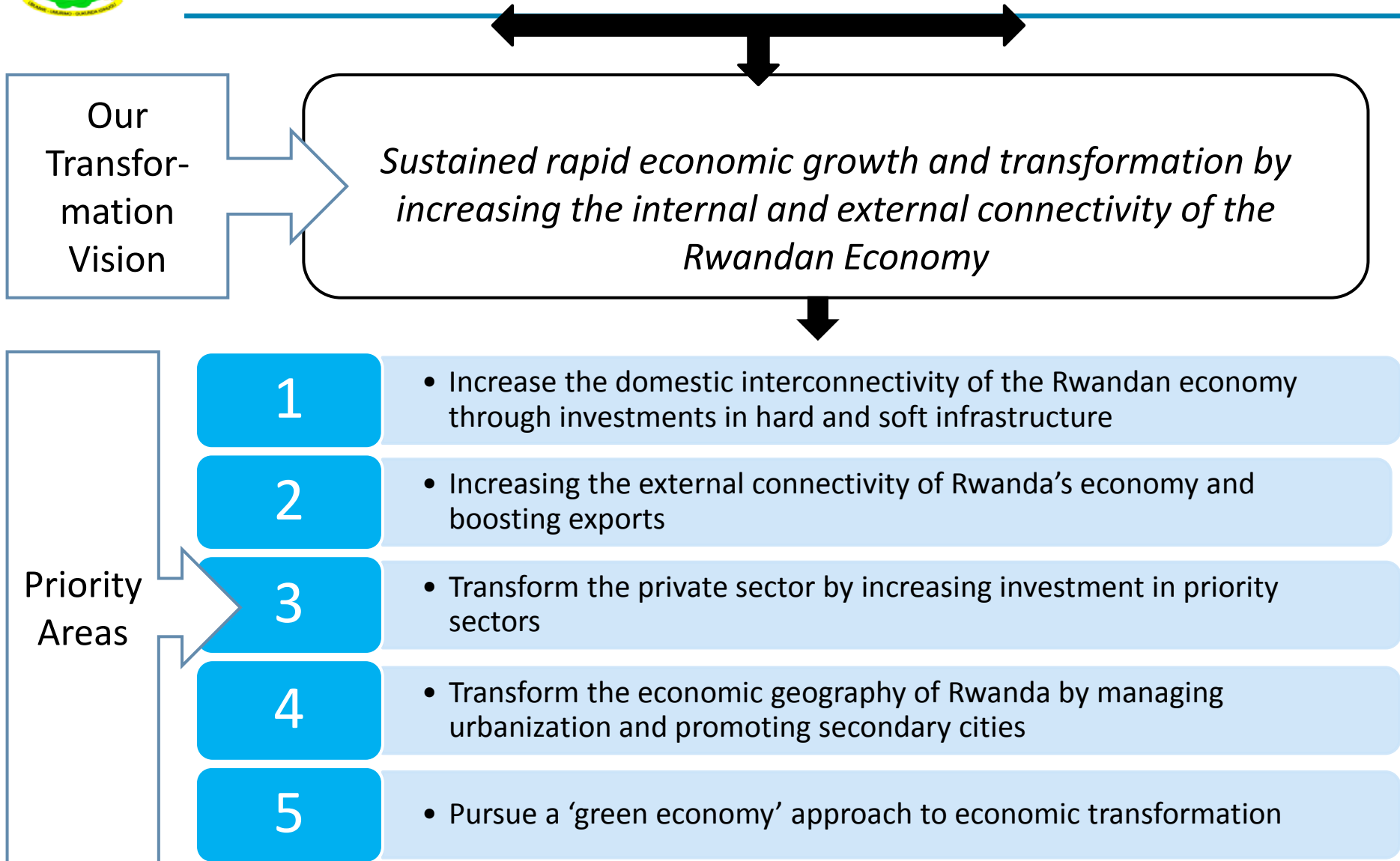
- Existing export-oriented sectors
- Emerging high-potential sectors
- Future areas of opportunity

B. Geographic

- Domestic – secondary cities
- Regional – EAC & DRC
- International – East & South Asia , EU



Rwanda's Transformation Vision – cont'd





The Trade Policy Mix

SDGs in focus

Goal 1 End poverty in all its forms everywhere

Goal 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Goal 9 Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Goal 10 Reduce inequality within and among countries

Goal 17 Strengthen the means of implementation and revitalize the global partnership for sustainable development

Overarching trade policy aims

Sustained rapid inclusive economic growth and transformation by increasing the internal and external connectivity of the Rwandan Economy through:

(a) Diversifying Rwanda's export destination mix while growing inward foreign direct investment

(b) Allowing the seamless flow of goods and services through Rwanda's borders (import and export)

Implementation

Multi-Lateral
WTO, EAC EPA, BITs

Regional Level
EAC (Single Customs Territory), COMESA, TFTA, CEPGL, Northern Corridor Reforms

Country Level
EDPRS 2, PSDS, Trade Policy, NES, CBT Strategy, DMRS, Industrial Master plan, Doing Business Reforms, Sector Specific strategies



Sustained Programme of Trade Related Reforms

Information

- E-Gov Portal
- E-licensing regulations:
- Alternative Dispute Resolution (ADR) portal;
- Export portal and export handbook;
- Call center in RRA on tax related enquiries
- WTO TBT National Enquiry Point:
- Business Development Services
- Ministry and Agency website with relevant documents available online.

Streamlining Border Procedures

- **Simplified Certificate of Origin**
- Coordinated border controls and development of One-Stop Border Posts
- **Introduction of electronic single window submissions** which has so far connected over 95% of government agencies
- **Introduction of Single Entry EAC Visa on Northern Corridor**
- **Online tax payment system**

Other Reforms

- **Introduction of the Single Customs Territory:** Goods imported into the Customs Union shall be entered only once and released at the first port of entry to the destination Partner State.
- **Extended working hours:** Moving from 12 working hours to 24/7 operations; main borders operate either 24 hours (Gatuna, airport) or 16 hours for others
- **Harmonization of road tolls with Tanzania**
- **Use of Electronic Cargo Tracking System** along the corridors for safety of cargo and anti-dumping



The Journey so Far – Results Achieved

- Between 2001 and 2014, annual average GDP growth exceeded 9% a year.
- Reduction in number of households living in extreme poverty from 40% in 2000 to 24% in 2014.
- Rwanda has been ranked the 3rd easiest place to do business in Africa according to the World Bank's Doing Business Report.
- Rwanda has the lowest burden of **customs procedures** in the EAC and is ranked 16th globally (WEF Global Competitiveness Report 2015)
- Trade as a % of GDP increased from 20% in 2000 to 40% in 2014
- Reduction in time to import from 23 days to 11 days and continuing to fall (TMEA Trading Across Borders Assessment 2015)
- Single Entry EAC Tourist Visa for Rwanda, Uganda and Kenya



Cross-Border Trade – *A Practical Example of the role of Trade in fighting poverty*





What is Cross-Border Trade

- ✓ **CBT** is formal and informal trade between market centres and communities living in close proximity to the border;
- ✓ Trade in **legitimately** produced goods and services - does not include mineral trade;
- ✓ Often CBT is **not officially recorded** due to small quantities traded or formal trade procedures are not correctly applied hence - **Informal**;
- ✓ **Small trade** is any trade with transaction value below US\$ 1,000 (COMESA STR) or US\$ 2000 (EAC STR)

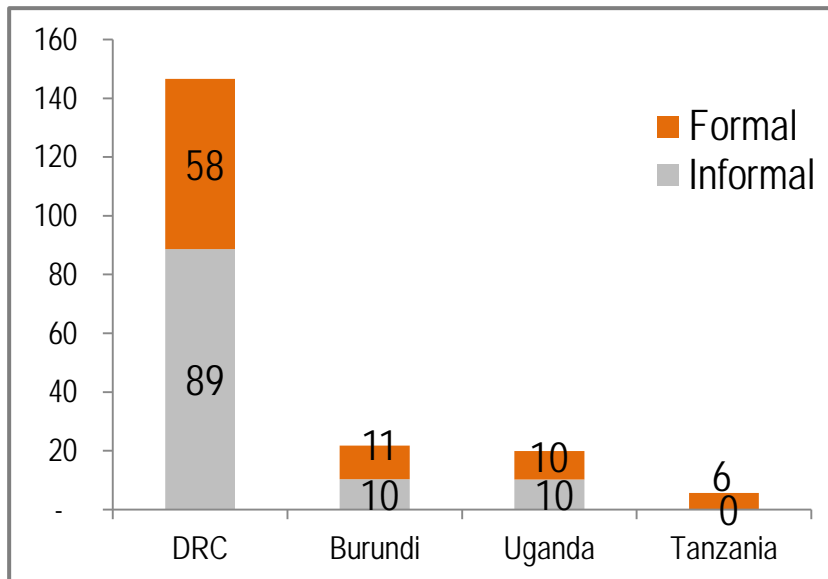




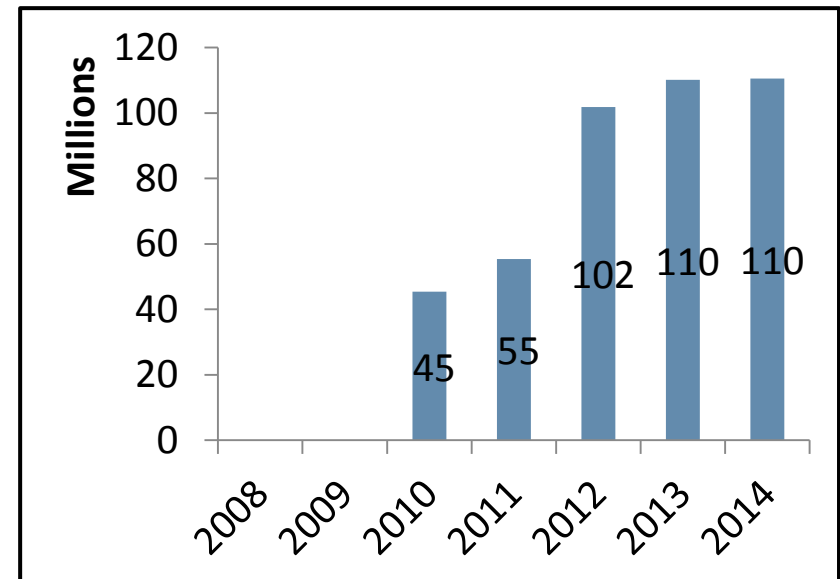
Why it's Important for Rwanda – Trade aspects

- Cross Border Trade accounted for 27% of Rwanda's total Exports in 2015
- 56% of Cross-border Trade is Traded informally

Exports To Neighboring Countries 2014
US\$ Millions



Informal Cross Border Trade 2010-14
(US\$ Millions)





Why it's important – Social dimension

- ✓ Among poorest provinces in Rwanda
- ✓ 70% - 85% informal traders are women who invest gains in household and education;
- ✓ Disabled groups are organised and active in CBT;
- ✓ Inclusive job creation which addresses poverty issues in the region;
- ✓ Reduces prices and increases availability of basic household goods (welfare);
- ✓ Regional food security (high trade in agricultural goods)





Rwanda's Framework to Support CBT

- ▶ Designed a Cross-Border Trade Strategy in 2012
- ▶ Created Cross-Border Coordination Unit in MINICOM

1: Border

Improving the Border
(Reducing thickness)

Border Facilities

Border
Regulation

Border
Management

2: Infrastructure

Upgrading Market and
Transport
Infrastructure

Markets

Storage

Road Networks

Waterways and
Ports

3: Capacity

Supporting Traders
and Producers

Traders and
Cooperatives
Capacity

Linking Production
with Markets

Accessing
Finance

Access to
Information

4: Cross-Cutting

Enhancing Social,
Political and Economic
Environment

Institutional
Capacity

Coordination
(Donors & Govt)

Social and Political
Awareness

Business
Environment



Comprehensive Package of Support

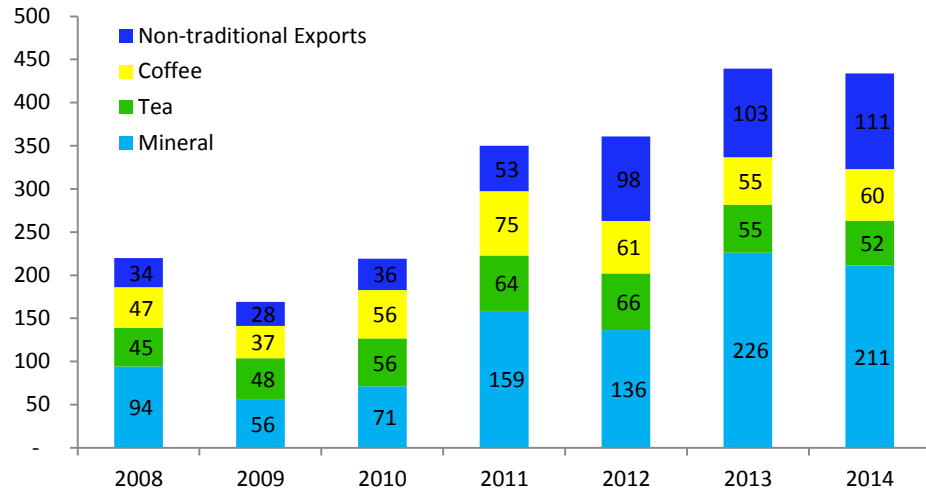
- **Border Facilities and Regulation:**
 - Howard Buffett Foundation, Trademark East Africa, and World Bank funding border infrastructure
 - COMESA and EAC Simplified Trade Regime implemented
 - MoUs signed with DRC to facilitate CBT
- **Upgrading Markets and Transport Infrastructure**
 - EIF, TMEA and World Bank funding markets;
 - EU funding road bridge to link borders.
- **Trade Support and Information**
 - NEPAD Spanish Fund CBT Cooperatives Finance
 - COMESA Trade Information Desks
 - TMEA Market Linkages Programme



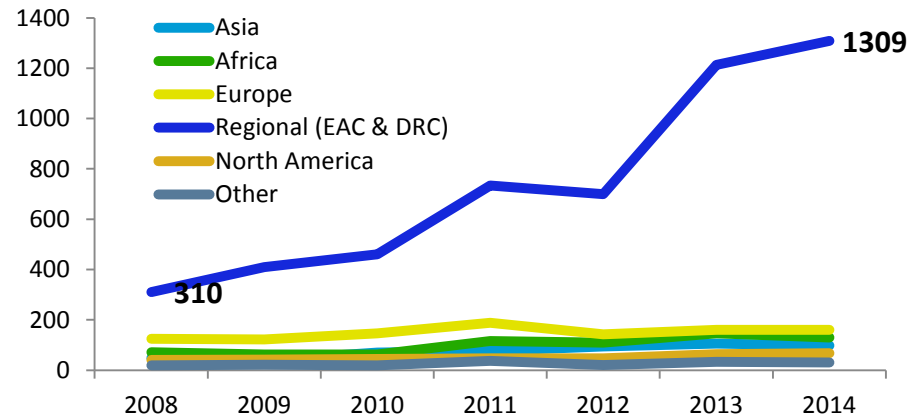
The Challenges to Delivering the SDGs from a Trade Perspective

- ▶ Future export growth constrained by supply side limitations;
- ▶ Traditional commodity exports continue to dominate
- ▶ Ability to Access Foreign Markets
 - Majority of firms export to regional markets but are failing to diversify beyond region
 - Tariffs are relatively low and preferential access in destination markets good but the ability to take advantage is not yet sufficient
- ▶ Skills deficit in services sector

Composition of Goods Exports 2008-14 (US\$ Millions)



Number of Exporting Firms (2008-14)





The Challenges to Delivering the SDGs from a Trade Perspective

- ▶ As a land-locked country import and export costs remain significantly high.
 - Average SSA Export Cost – US\$ 2,200;
 - Rwanda Export Cost – US\$ 3,245.
- ▶ Much of the constraints to Trade exist beyond the borders of Rwanda:
 - The Challenge of creating a regional response
 - Non-tariff barriers and technical barriers to trade within the region ;
- ▶ Finance related Challenges:
 - Cost of export finance still high
 - Competing with subsidized exporters from developed countries difficult
- ▶ Technology related Challenges: Limited value addition and innovation



Recommendations in the framework of SDGs

- ▶ The CBT example demonstrates how trade can work for the poor and how Rwanda has worked with development partners to deliver a comprehensive set of reforms to facilitate inclusive trade;
- ▶ Trade Related Support to Delivering SDGs could include:
 - Implementation of sustained supply related Capacity Support;
 - Technology Transfer and capacity building for the private sector to innovate and meet technical and safety standards;
 - Regional Investment in Transport Infrastructure (ports, roads, rail);
 - Investment in internal logistics and distribution facilities;
 - Improvements to regulatory environment to improve competitiveness, encourage investment and exporting.
 - Supporting export finance initiatives. Rwanda introduced the **Export Growth fund** that includes: 1. Export catalytic fund, Export Guarantee facility and matching grant facility for market entry



Thank You