



# Services Policy Review: Rwanda



Over the last decade and a half, Rwanda has implemented significant economic reforms, including privatization, investment facilitation and trade liberalization, which helped achieving strong economic growth. The services sector, which now accounts half of the Gross Domestic Product (GDP), played a major role in the recent economic boom. International trade has played a primary role in expanding the Rwandan economy far beyond national markets as exports of goods and services have increased from \$70 million in 1995 to over \$859 million in 2011, while services have increased as a share of total exports from 24 to 46 per cent, with a peak at 64 per cent in 2009.

Rwanda has gone a long way in developing sector strategies and upgrading the regulatory framework for the development of specific services. Furthermore, Rwanda has pursued a liberal approach in terms of investment attraction and trade liberalization in the services sector. Rwanda could complement existing strategies with the development of National Services Sector Policy and Trade in Services Strategy, with a view to ensure the overall development of services exports and a coherent approach encompassing policy-making at different spheres. Continued full and permanent cooperation from ministries and authorities involving policymaking and implementation of policies related to services is also important in this regard.

Three cross-cutting areas could contribute to strengthen the performance of Rwanda's overall services economy:

- The development of a culture of quality in the services sector, which will enable Rwandan service firms to be competitive enough to thrive against the competition from the region. In this regard, support programmes that ensure that (i) quality standards are adopted and maintained in the services sub-sectors and (ii) skills are enhanced are crucial;
- Increased cooperation with regional partners to strengthen regulatory institutions and policy making in the area of services, particularly those that have been prioritized for liberalization in East African Community (EAC), Tripartite Free Trade Agreement (FTA) and Economic Partnership Agreement (EPA) (to ensuring proper institutional and regulatory frameworks are in place prior to liberalization). This study finds there is need for a more systematic approach at the regional level for promotion of business ventures and joint projects on services;
- Enhanced collaboration and communication between the private and public sector, in terms of: (i) business development (i.e. improved partnerships with foreign companies for skills enhancement and technology transfer) and (ii) infrastructure development (for instance using public-private partnerships (PPPs)). The study finds that lack of access to finance and skills continue to impede a proactive participation of the private sector in the development of the services economy in Rwanda. Strengthening the capacity of local services suppliers requires specific policy measures and targeted strategies: the private sector is in a privileged position to inform policy making in this regard, providing first-hand information on obstacles to trade and business operations.