

# Public-Private Dialogue

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## RWANDA PUBLIC PRIVATE SECTOR PARTNERSHIP FORUM

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### **Background and Context**

The Government of Rwanda (GoR) together with the Ministry of Commerce, Trade, Industry and Cooperatives, and support from Development Partners, has embarked on strategic programs of reforms to enhance the right environment for investment and private sector development in the country. Founded in the post war era, December 1999, the Rwanda Private Sector Federation (RPSF) is the key institution entrusted with paving most of the needed reforms. To date, the RPSF forms the core counterpart and umbrella organisation in the Public Private Sector Partnership framework in Rwanda.

The RPSF is funded by the development partners, membership associations through its 9 Chambers and GoR which alone contributes 30% of the entire budget. In Rwandan context, this does not translate into government control and domination of the RPSF's activities, but rather it reveals the friendliness and the proactive nature of the government toward private sector development. These resource contributions have enabled the RPSF reorganise itself into 9 active Chamber and have a strategic plan in place, in which a proactive management with a fairly professional team is steadily structuring itself. The area that needs urgent attention in terms of strengthening is the advocacy and a thorough communication strategy.

### **Objectives**

The main focus of the RPSF clearly shows the kind of transition for Rwanda from tragic conflict and war to rebuilding an economy with a more sustained economic development based on making major economic bold reforms capable of propelling the country to its long term vision 2020, in which Rwanda is expected to be a middle income economy i.e. moving from the current \$250 to \$900 per capita by 2020. The RPSF as stated in the Economic Development Poverty Reduction Strategy (EDPRS) is charged with making most of the contributions to the vision by mobilising and initiating the transformation of the Private Sector and Economic Development in Rwanda. This means that the RPSF must create more jobs especially to the youth and women.

### **Status of partnership**

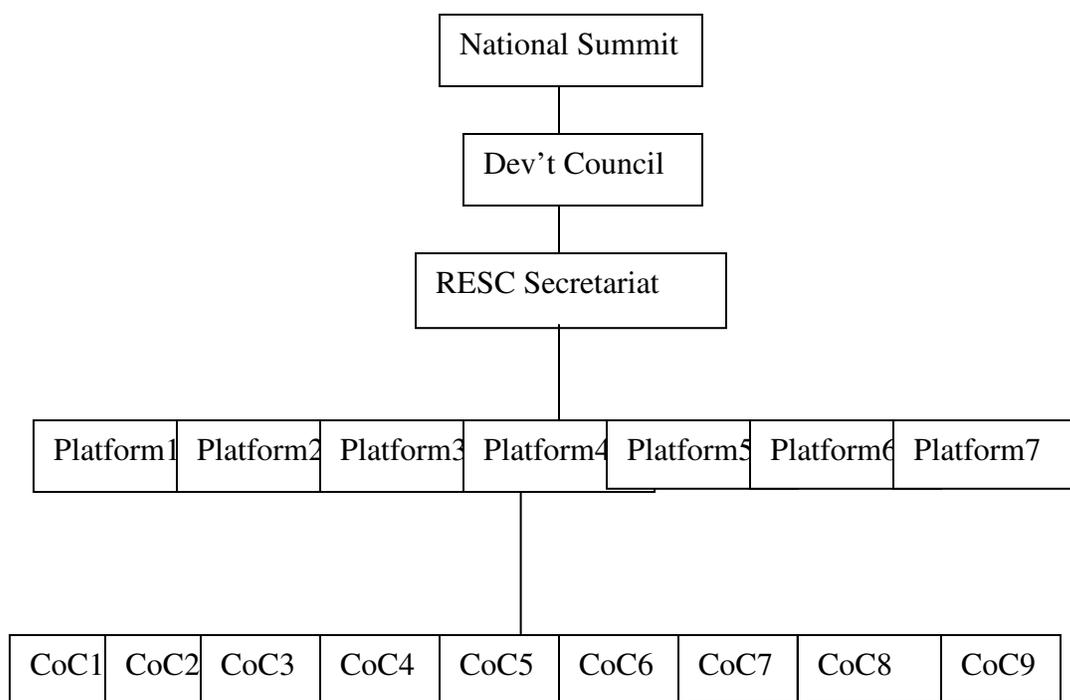
The GoR has taken a leading role in shaping the kind of partnership framework without even being pushed by the private sector (still a very weak sector). The most important framework, apparently, is the recently created **Rwanda Economic and Social Development Council (RESC)** at the Office of the Prime Minister. The RESC secretariat is solely charged with providing a "framework for improved dialogue and enhanced

consensus building of nationally owned, integrated and evidence-based development policymaking between Government, Business Community and Civil Society in Rwanda with the aim of improving the social and economic development process of the country”. The RPSF will make use of RESC secretariat to raise policy and regulatory reforms with the government, as these economic reforms are required for the private sector to flourish in Rwanda. Other opportunities for RPSF to interface the government also exist. The most important being the **Economic Week** in which His Excellency the President is engaged in the private sector development issues and includes a full week of activities such as paying visits to businesses and a high-level dinner forum and includes at the end, a Presidential Investor Round Table.

The other opportunity is the **Business Policy Conference** in which the RPSF holds an annual business policy conference aiming at engaging the senior government officials in a debate about the private sector policy questions developed over the year. This will have followed a **Public Outreach** campaign throughout the year by the RPSF communicating private sector position on business policies and issues.

### **Structure**

In Rwanda the typical PPD structure is yet to be in place, but the existing Rwanda Economic and Social development Council (RESC) could be utilised to improve working relations and gain an opportunity to have an effective engagement with the government and policy makers. This is in recognition that the RESC was put in place by a Presidential Order and this gives the secretariat full authority to execute its functions. As shown in the diagram and structure below, the RESC secretariat reports to the Development Council that seats three times a year and chaired by the Prime Minister and who in turn submits to the National Summit that is chaired by the President.



With this arrangement, the existing seven (07) platforms for RESC and their composition are required to each have a representative from the Business Community. The RPSF could make use of this opportunity to assign its nine (09) business chambers' representatives to all the RESC platforms. The 55 business associations are grouped into 9 sector-specific chambers.

**Communication Strategy**

Apparently the RPSF has relied on print media, including some irregular magazines as part of its communication and outreach. Ideally, the RPSF will seize the opportunity of the existence of the RESC to strengthen its communication strategy and advocacy. Once fully operational, the RESC discussed above provides the best opportunity to effectively engage all stakeholders in the private sector issues and reforms. Also other issues such gender and youth could be effectively dealt with under the RESC arrangement.

**Specific reforms to be tackled**

1. Limited access to finance: Rwanda is typically faced with stiff lack of access to and high cost of finance as a major constraint to private sector development especially for SMEs and to long-term financing. There has been some reforms in this regard, but this is still too slow for the private sector needs. For example, the MSSEs that require micro financing are often lack the necessary collateral required by commercial banking system.
2. Low levels of technical and business skills: no specific training institutions exist in Rwanda that typically target the SMEs except on a small scale the CAPMER.

3. Lack of entrepreneurial culture: there is general lack of entrepreneurship in Rwanda at levels including new grandaunts who continue to seek jobs in the civil service. With this trend it will take long to generate the kind of entrepreneurs needed for stimulating a competitive business environment and innovation for more investment and growth.
4. Weak infrastructure: in Rwanda is constrained by acute cost and limited access to infrastructure i.e. transport services, energy, communications and water. For example, industrial electricity tariffs in Rwanda are twice the cost compared to Kenya and Tanzania. The whole business environment is characterised by low purchasing power as the bulk of the population is still locked in the substance agriculture and informal business operations.
5. High costs of doing business: the Diagnostic Trade Integration Study (DTIS) show that a large number of enterprises are blocked by the high costs of trade, including, required documents to export and import (14 and 20 respectively); costly delays (i.e. average time for export and import is 60 and 95 days respectively); high official and unofficial charges (i.e. port charges and taxes). The DTIS also finds that doing business is affected by complicated system of land ownership and land registration which takes over a year, as well as rigid rules of bringing in expatriate workers.
6. Lack of access to legal services: although the Business Law Review that has just been concluded shall have a positive impact on the business environment, a number of legal constraints to business have still to be addressed. For example, the recovery rate after closing a business is currently zero, and there 27 procedures required in order to enforce a contract. Also, the recently established Arbitration Centre is yet to provide the private sector with the support it needs as it presents itself as a private cabin.

### **Challenges**

Numerous challenges face the RPSF and the most notorious are namely:

1. The RPSF is in dare need for capacity building to do research for proper policy analysis
  2. Once equipped with the capacity and required skills, the RPSF will be in good position to draft and present white and position papers which are seriously lacking. The government, however friendly it looks to be need to engaged scientifically.
  3. Indeed GoR leadership is proactive even in the private sector development, but the RPSF need to make use of the existing good will to promote its agenda by tabling well researched issues at the meetings.
  4. Obviously there also structural challenges faced by the RPSF but ideally most of which will have to be addressed through the RESC framework and forum as the one sure way.
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**By**

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Previously, I have been working for the government for over eight years with Ministry of Finance and Economic Planning in Dept for Strategic Planning and Poverty Reduction.