

COURTESY OF THE RWANDA DEVELOPMENT BOARD



Open for Business

Clare Akamanzi explains how Rwanda is encouraging private sector development

CLARE AKAMANZI spends her days working on innovative ways to bring more business to her country. As CEO of the Rwanda Development Board (RDB), a multiagency governmental department billed as a “one-stop shop” for investors, Akamanzi has seen the country earn accolades for its business-friendly environment, recently winning the #2 spot regionally in the World Bank’s ease of doing business rankings. Prior to her RDB role, Akamanzi served as head of strategy and policy for Paul Kagame, president of Rwanda. She was also Rwanda’s commercial diplomat in London and its trade negotiator at the World Trade Organization in Geneva. Akamanzi holds a law degree and a master’s degree in international trade and investment policy. She spoke with *F&D*’s Andrew Kanyegirire in early March.

F&D: What is the RDB’s role in getting the private sector to contribute to Rwanda’s development?

CA: Our vision is to transform Rwanda into a dynamic global hub for business, investment, and innovation. We are responsible for promoting investments and exports. We provide services covering a range of issues faced by the business community: negotiating contracts with the private sector, helping investors to secure concessions, and settling disagreements. We are also in charge of the privatization of government assets and tourism promotion, including the management of national parks.

Since the RDB’s establishment in 2009, doing business in Rwanda has gotten easier, and the private sector has contributed more toward Rwanda’s economic growth. About 25 years ago, we were 100 percent reliant on aid, but today we are 86 percent self-reliant, which means that we depend on aid for only about 14 percent of our budget. On average, the private sector now creates about 38,000 jobs per year, many of which are targeted toward our young people.

F&D: How have you improved the business environment?

CA: Along with the Ministry of Economic Planning, we have spent a lot of time thinking about those sectors that require private sector engagement, what the challenges are, and whether these sectors can indeed help to generate wealth and jobs for Rwandans. We took a very focused approach to this, and it is therefore not surprising that today the World Bank’s *Ease of Doing Business Report* ranks Rwanda the 29th easiest place to do business in the world and the second in Africa. A few years ago, we were ranked at 150. This is the result of some concrete reforms put in place to simplify the processes for starting a business, registering property, filing taxes, and accessing tax-related information. Today, you can register a company in six hours. In some instances, digital solutions have played a key enabling role.

We have also focused on promoting Rwanda as a place to come and do business. Last year, by the time we closed our investment books, we had registered \$2 billion worth of investments. In 2010, it was about \$318 million. So we have grown considerably in the space of eight years, which shows

that the reforms that we are putting in place are working. Some of the investments are practical ones, and we are very proud of them. For example, Volkswagen is assembling in Rwanda. We have a company from Latin America called Positivo that is assembling laptops. We have an American-Nigerian company, Andela, that is going to train about 700 local programmers. And we have a company that has begun refining our coltan. If you break down the \$2 billion that we have attracted, you realize that these are investments in sectors that can help transform the lives of Rwandans by providing jobs, incomes, and broader economic diversification.

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F&D: What factors have most enabled you to push for reforms?

CA: One key factor has been the leadership’s concerted efforts to transform the country. You can call it political will. The Cabinet, a related steering committee, and the president himself have taken an avid interest in understanding the reforms that we are pushing for. President Kagame has made himself available to us, and we have found this to be extremely important. Because without buy-in at that level, it can be difficult to try out new, bold, and even risky initiatives.

Let me give you an example. We wanted to automate our business registration system. That meant cutting out the revenue sources of some of the private players in that process. To make it easier to start a company, we had to take out a step that requires every company to have articles and memoranda of association. We estimated that the cost for getting these documents done via a lawyer was about \$400, and so it was quite clear to us that this cost was deterring potential companies from registering. However, to eliminate this step also meant that lawyers were losing out on

clientele. It was a bold decision—we needed political support to get it done. But we were able to show that if you make it expensive and difficult to set up a company, the private sector will not grow. We were registering on average about 500 companies at the time, and today we are registering about 13,000 companies a year. Having that political will helped us to show that sometimes there is a short-term cost to be paid for longer-term gain.

F&D: How about the challenges?

CA: Here, there are mainly two issues. The first has to do with the fact that we are a landlocked country. The high cost of transportation, especially for imported goods, is evident in almost every sector of the economy. This is a challenge that creates an additional cost for Rwanda. The second, related to the first, is that although we have done very well in removing red tape, we need to do more about cutting the overall costs of doing business. We need to bring down the costs of financing, energy, and infrastructure. We have tried to put in place many reforms to mitigate these challenges, but these ongoing structural issues still must be dealt with.

F&D: What are you doing specifically to overcome these challenges, and how do they relate to the reforms you are pushing for?

CA: When we think about the Rwanda of the future, we consider the advantages and challenges that we have as a country. It is for this reason that we want to position ourselves as a knowledge and services hub, given that this sector does not rely heavily on transport and logistics. We have also been promoting leisure tourism, such as the push to visit the mountain gorillas in the national park. In addition, we are promoting a new sector called MICE, which stands for meetings, incentives, conferences, and exhibitions, and it is already accounting for about 10 percent of our tourism receipts. It is the fastest-growing segment of our tourism sector, and through this we are making Rwanda a hub for regional and global events. In this way, we have invested in service-based sectors to respond to our challenge of being a landlocked country. **FD**

This interview has been edited for length and clarity.