

Rwanda

With a population of around 9 million, landlocked Rwanda bridges the gap between Central and East Africa and is a beacon of security and stability.



Rwanda's better connected with the Road Maintenance Fund

RWANDA

The only African country with a single common language, Rwanda is also known as the "land of a thousand hills" and borders the Democratic Republic of Congo, Burundi, Uganda and Tanzania. It is difficult to imagine that in just over 12 years since the genocide, Rwanda has now become a beacon of security and stability within the region and is starting to wake international investor confidence with sound governance and economic growth of around 5% annually.

This is in no small part due to the astute leadership of President Paul Kagame and his long-term strategy known as 'Vision 2020', which will see Rwanda transform itself into a middle-income knowledge-based service economy.

Spurred on by a lack of natural resources, Rwanda is determined to turn its landlocked geographical position into a favorable one by becoming a fully integrated regional services and transit hub, particularly for imported and exported Eastern Congo goods. Already a member of the Common Market for East and Southern Africa, Rwanda's strategy will get a further boost when it completes formalities and joins the East African Community.



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Given that almost all its products are imported and exported via the port of Mombasa in Kenya and the port of Dar es Salaam in Tanzania, it makes sense to tighten these economic links. However, Prime Minister Bernard Makuza is

eager to point out that benefits will not be a one-way street. He says: "Rwanda will bring advantages through areas such as good governance, promoting women to senior decision-making levels, zero tolerance of corruption and positive investment laws."

In order to realize its vision of becoming a regional service hub, it is essential that Rwanda continues to expand what is already considered one of Africa's best road networks. As Eng. Soteri Gatera, managing director of the Road Maintenance Fund explains: "The government has embarked on ambitious plans to invest heavily in infrastructure and committed capital investment to rehabilitate and expand the existing road infrastructure within Rwanda." This means the majority of Rwanda's trunk roads are paved and therefore free from potholes, while low vehicle volumes offer the rare privilege of traffic-free roads. Gatera notes: "Volume is definitely on the increase, so we

For every kilogram of coffee we sell, we donate one dollar to protect the endangered mountain gorillas

Thousand Hills Coffee

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Left: Bernard Makuza, PM Republic of Rwanda
 Center: Ephrem Niyonsaba, Director, Rwanda Coffee Board (OCIR Café)
 Right: Eng. Soteri Gatera, MD, Road Maintenance Fund

are already building a ring-road around Kigali so the main arteries through the center can be avoided."

Although agriculture currently accounts for 40% of GDP, a move towards a service-based economy will not signal the end of agriculture's importance to Rwanda. It is, however, being radically transformed as the government prioritizes modern farming techniques, introduces irrigation, increases harvest output and adds value to the original produce. Success has already struck in Rwanda's coffee industry, where a move into specialized coffee is starting to bear fruit. Dieudonné Itegegi, director general of Rwandex S.A., reveals that the distinct taste behind Rwanda's coffee comes from "a unique micro-climate and growing near the volcanic shores of Lake Kivu." With this unique advantage, Itegegi is confident its new brand "Thousand Hills" will be a great success and plans to penetrate deeper into the E.U., Japan and the U.S. with its next brand launch.



The Mille Collines is a four star hotel situated in a large exotic garden in downtown Kigali offering personalized service to the business and leisure traveler, plus high-speed internet.



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World wakes up to Rwandan coffee



As the coffee shop becomes a permanent and ever-growing feature of the high street, so the demand for a quality beverage increases. And the good news for bean lovers everywhere is that coffee producers are rising to the challenge of growing superior blends for discerning palates.

In Rwanda, for example, quality and professionalism are the watchwords of regulatory body OCIR Café, who have been promoting the Rwanda coffee bean around the world since 1978. Their mandate has grown considerably over the years and in 2003, Rwanda was officially recognized as one of Africa's specialty coffee producers.

As the "land of a thousand hills", Rwanda's peak climate is particularly conducive to growing excellent coffee, and award-winning brands such as Maraba, Karengera and Gatera are already earning a significant reputation for the coffee industry.

A significant turning point came two years ago, when global giant Starbucks began buying containers from Rwanda. Ephrem Niyonsaba, director of OCIR Café, says: "The Starbucks promotion was fantastic for our coffee and has added to our existing reputation. The potential for specialty coffee is huge, so we are focusing on raising awareness. We are working hard to meet consumer satisfaction in the USA and Europe and we are also looking forward to expanding our market to countries such as Japan and China.

"We are determined to mobilize as many resources as possible so that all our coffee production can be managed through modern post-harvest infrastructures to qualify as high quality specialty coffees.

"Once our consumers know they can rely on us for quality and supply, we can start to look into exporting roasted coffee directly from here."



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A nation transforms

Internationally credited for its good governance and pro-business policies, Rwanda is en route to becoming a knowledge-based service economy.

James Musoni



Minister of Finance and Economic Planning

By reaching the completion point of the Heavily Indebted Poor Country (HIPC) Initiative, Rwanda was rewarded as one of Africa's brightest economic performers and qualified for the Multilateral Debt Relief Initiative (MDRI) in 2005.

Furthermore, the World Bank Report ranked Rwanda the continental leader in terms of good governance and lowest level of corruption in 2003 and in its recent 2005 business report, the World Bank ranked Rwanda first in sub-Saharan Africa and twelfth worldwide as the best pro-business reformer. As Minister of Finance James Musoni explains: "Debt service exceeded U.S.\$50 million in 2004 and we now have the opportunity to use the savings to support our poverty reduction programs, agricultural productivity, health and education."

Rwanda is a poor country and still heavily reliant on donor aid. Yet this aid also highlights the importance Rwanda attaches to good governance as it creates a transparent and open economy, particularly in relation to public finances. Along with its development partners, the government has just devised an aid coordination policy, with a preference for budget support rather than sector specific aid and stand-alone projects. To attract this type of aid, the government has reformed its public finance management and procurement systems to create transparency. As Minister Musoni explains: "This will ensure better predictability and stability, and gives us greater ownership over policies that will enable faster and more efficient execution."

"Such examples of good governance ensure that most development partners now go directly through our budget," he says, adding: "The U.K., Sweden, World Bank, African Development Bank and European Union, among others, have all become budget supporters and we have firm commitments from Germany and Belgium."

The ultimate goal of the ambitious 'Vision 2020' initiative is for Rwanda to transform into a knowledge-based service economy and at the same time increase per capita income to U.S.\$900 and middle-income nation status. With an immediate catchment area of almost 100 km and wider market access through its COMESA and East African Community (EAC) membership, the idea of creating a seamless service hub to exploit fragmented service and goods supply looks very insightful.

To attain these goals, the Rwandan government identified several sectors, summed up by Minister Musoni as tourism, professional services, bank and

non-bank financial services, telecommunications and logistic services, or regional call center services as "areas where Rwanda can exploit its strong leadership and good governance credentials."

Serious about attracting investment, the government has collaborated with the private sector to produce a new investment code that creates a positive business environment while providing an array of incentives for investors. Williams Nkurunziza, head of the Rwanda Investment and Export Promotion Agency (RIEPA) explains just one example. He says: "It is a tax regime that allows financial service houses, insurance houses, mutual funds and other financial services to conduct business globally whilst using Rwanda's tax-free environment as a base." It is such incentives and transparency that are starting to attract international investors from around the globe.

Nkurunziza boasts: "An investment conference in May attracted nearly 300 people from outside Rwanda. There were many Americans, British, Australian, Canadian, Chinese and other entrepreneurs from around the world."

Privatization is just one strategy in the overall vision to ensure private businesses can become the engine of

"We are committed to seeing private investors succeed."

growth through easier access to markets and assets of production. It also highlights Rwanda's determination to prioritize business plans, economy transformation and project sustainability over hard currency. As Minister Musoni notes: "We need to promote the private sector to develop the country and have a strong commitment to support private investors in Rwanda to succeed."

A prime example of this is the government's decision to privatize the national telecommunications company RwandaTel that is committed to delivering a nationwide fiber optic network that will offer major future options and help Rwanda become a regional hub. A management contract was preferred for utilities company Electrogas to solve the looming energy crisis, while the first privatized tea factory has yielded 13% growth in less than two years, adding weight to the opinion that productivity can yield 3-4 times current levels without additional land.

During these early days, the government will continue to invest in key areas such as infrastructure, but hopes to



Image: ORTPN (Tourist Office)

Rwanda is home to an abundance of wildlife

scale back its operations by 2010 and ultimately become a facilitator and regulator of the economy.

With little natural resources, Rwanda's decision to transform itself into a knowledge-based service economy under 'Vision 2020' was a masterstroke by President Kagame and while the country is under no illusions about the challenges to come, they are not trying to reinvent the wheel. After studying foreign successes around the globe, the government quickly identified technology as a catalyst for economic growth and embedded ICT as the backbone to development.

A new regulatory framework was introduced, the national telecommunications company privatized and the Rwanda Information and Telecommunications Agency (RITA) created to oversee the market. Rwanda is set to become the first nation on the continent to develop a broadband fiber optic network countrywide. Also, within the next five years, most of Rwanda's schools and healthcare facilities will be linked and have access to broadband Internet. There are even ambitious plans to build five new hospitals that will all be linked by telemedicine. These developments on the ground and future plans have made Rwanda a pioneer on the continent in terms of ICT and is viewed as a center of excellence within the region.

To drive these developments forward, the government has invested heavily in education and human resources around ICT. They have established the Kigali Institute of Science and Technology, a leading scientific research center within Africa, and ensured that along with the National University of Rwanda, their two main higher learning institutions are now computer-centric and turning out cutting edge graduates tuned into the market's needs.

To harness human resources further down the system, Rwanda is now providing universal free primary education and will soon expand to cover free secondary education. Rwanda currently has 2,200 primary schools and planned expansion to meet capacity will see numbers exceed 4,000, while secondary schools are set to double in number to reach 800.

In a relatively small country, the relationship between government, academia and the private sector is extremely



Image: ORTPN (Tourist Office)

Kibuye, on the eastern shores of Lake Kivu

close and will form the basis of the National Council for Science and Innovation. Coming into being early 2007, it will coordinate ICT policy nationally, ensuring knowledge transfer supports the development of the country and is attuned to the needs of the private sector. This is helped further by government decentralization, as provincial leaders will be involved in the decision-making process, and open natural channels of communication. This means central government can be educated and trained first and then disseminate knowledge via government channels.

Showing its commitment to growing the sector, the government has now turned one of the biggest buildings in Kigali into a techno-park, and offers free space to any ICT company. Another interesting project and example of Rwanda ranking as a continental leader in ICT is the Kalisimbi Tower, which is capable of controlling air traffic and air space around Africa and is now being turned into a COMESA project.

Another sector with huge potential in transforming society and making a direct impact on its people is tourism. Tourism, particularly eco-tourism and high-end tourism, was first identified as an economic driver in 2001 after peace and stability had been achieved. A target of 70,000 visitors by 2010 was set and looking at the 25,000 visitors that arrived in 2005, it certainly looks attainable.

“Our attractions dictated our tourism strategy, as the gorillas need few visitors.”

Rosette Rugamba, director general of the Rwanda Office for Tourism and National Parks (ORTPN) explains the reasons they went for well-heeled visitors. She says: “Our attractions dictated to some degree our tourism strategy. While we need to limit the amount of exposure of the gorillas to tourists, we also need tourism for conservation and sustainability.” The mountain gorillas are Rwanda's flagship tourism product and gained international recognition through Dian Fossey's conservation work and are rightly given prominence when attracting tourists.

The government is working hard to promote Rwanda's



Image: ORTPN (Tourist Office)

Mountain gorillas—Rwanda’s top tourist attraction

other unique offerings, from the peaceful shores of Lake Kivu in the heart of Africa to the more traditional Safari in Akagera National Park. There is also Nyungwe Forest, now being touted as the true source of the Nile and home to troops of primates such as Columbus monkeys and chimpanzees.

One important aspect of developing tourism is the inclusion of the private sector to drive the industry forward. The sector is in its infancy and, with growing visitor rates, further physical and human capacity will be needed to meet demand, particularly for those with five-star tastes. It is not surprising that Rugamba responds positively to investment opportunities, saying: “It is a virgin market—so you only need to explore your mind.”

One company already taking advantage of this blossoming market is Primate Safaris, which was established in 2000. Managing director Joseph Birori says: “As security and stability increased, so did the booking numbers, so that today, we have very strong bookings and Rwanda is back on the world tourist map.” He also shares the belief in the potential investment opportunities when he reveals that tourism is “growing in terms of numbers and business opportunities.” These investment opportunities are not limited to international investors either, as he wisely points out: “We have to make sure that locals are involved and benefiting from the industry if it is to be a true economic driver.”

Tourism is also an area where membership to the EAC can bring immediate rewards. East Africa holds some of the world’s greatest tourist attractions where every country has a unique product in its own right. The potential of combining these into a single trip has not been lost on tour operators or hoteliers. Patrick Knipping, general manager of Hotel Des Mille Collines, which featured in the film “Hotel Rwanda”, backs up this idea when he says: “Rwanda and other East African destinations such as Kenya and



Lake Kivu stands 1,460 meters above sea-level

Tanzania really complement each other and I feel there is great potential there.” Currently undergoing major renovations that will finish in early 2007, the Des Mille Collines is set to re-establish itself as an ambassador for Rwanda in the heart of Kigali’s business district.

None of these targets will be achievable unless the government continues to develop its human resources, however. To speed up human capacity development, the

“Tourism is growing in terms of numbers and in terms of business opportunities.”

government has created the Human Resource and Institutional Capacity Development Agency. Its first role will be to conduct a comprehensive all-sector audit to establish exactly what skills shortages exist and what is needed to overcome them. In addition, Minister Musoni cites a project with the World Bank with a “fund of U.S.\$20 million and further funds set aside within our own budget to support governmental capacity building projects.” Rwanda also continues to send over 200 graduates annually to reputable educational institutions around the globe to specialize and obtain Masters and PhDs. Musoni elaborates on the commitment of Rwandan nationals to make a success of their country when he cites the United Nations Development Program that sees educated Rwandans from the diasporas spare two to three months a year to come to Rwanda to transfer their skills as doctors or accountants.

There can be little doubt that Rwanda has the leadership, investment climate and determination to see through its reforms and reach its goals. Its plans will not only benefit Rwanda, but support regional integration and quite possibly influence the way the whole of East Africa conducts its business.



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