



**MINISTRY OF TRADE, INDUSTRY AND
EAST AFRICAN COMMUNITY AFFAIRS**

**STRATEGIC OPERATING PLAN 2016/2017 – 2019/2020
FAST TRACKING PRIVATE SECTOR LED GROWTH**

NOVEMBER 2016

FAST TRACKING PRIVATE SECTOR LED GROWTH STRATEGIC PLAN 2015/2016-2019/2020

TABLE OF CONTENTS

LIST OF ABBREVIATIONS AND ACRONYMS	III
EXECUTIVE SUMMARY	4
I. STRATEGIC SETTING: ACCELERATION OF RWANDA'S GROWTH THROUGH A STRENGTHENED PRIVATE SECTOR	6
A. RWANDA'S ECONOMIC DEVELOPMENT LANDSCAPE	6
B. STRUCTURAL CONSTRAINTS BINDING GROWTH	7
C. OPPORTUNITIES FOR PRIVATE SECTOR LED GROWTH	9
II. ESTABLISHING OURSELVES AS A CREDIBLE FACILITATOR OF PRIVATE SECTOR LED GROWTH: OUR MISSION, ROLE, GOALS AND APPROACH	11
A. OUR STRATEGY, OPERATIONS, ASSETS AND OPERATING REALITY (SOAR) AUDIT	11
B. STRATEGIC CONSIDERATIONS AND GUIDING PRINCIPLES FOR A REVITALISED MINEACOM	12
C. OUR VISION, MISSION AND OBJECTIVES	13
III. INTEGRATED PROGRAMMES FOR PRIVATE SECTOR LED GROWTH: OUR RESPONSE	15
A. FIVE PRIORITY PROGRAMMES WITH A CLEAR FRAMEWORK FOR ACTION	15
B. DEEP DIVE INTO PROGRAMS	15
<i>Programme 1: Trade Development and Promotion Programme</i>	<i>15</i>
<i>Programme 2: Industry Development and Promotion</i>	<i>19</i>
<i>Programme 3: Entrepreneurship & SME Development</i>	<i>23</i>
<i>Programme 4: Deepening Regional Integration</i>	<i>26</i>
<i>Programme 5: Human and Institutional Capacity Development</i>	<i>29</i>
C. ALIGNMENT WITH EXISTING STRATEGIC FRAMEWORK	31
D. RESOURCE REQUIREMENT	33
IV. RECONFIGURING FOR EXECUTION: INCREASING OUR EFFECTIVENESS	35
A. PERFORMANCE MONITORING	35
B. COORDINATION WITH STAKEHOLDERS	38
END NOTES	37

FAST TRACKING PRIVATE SECTOR LED GROWTH STRATEGIC OPERATING PLAN 2016/17-2019/20

LIST OF ABBREVIATIONS AND ACRONYMS

BDE Unit:	Business Development and Entrepreneurship Unit
BDS:	Business Development Services
BRD:	Development Bank of Rwanda
CPCs:	Community Processing Centers
EDPRS II:	Second generation of Economic Development and Poverty Reduction Strategy
FDIs:	Foreign Direct Investments
GDP:	Gross Domestic Product
GIP:	Gikondo Industrial Park
IGC:	International Growth Center
Industry & Entrepre:	Industry and Small and Medium Enterprise Directorate
IPs:	Industrial Parks
KWCs:	Kora Wigire Centers
MINECOFIN:	Ministry of Finance and Economic Planning
MINEACOM:	Ministry of Trade, Industry and EAC Affairs
NAEB:	National Agricultural Export Board
NES:	National Export Strategy
NIRDA:	National Industrial Research and Development Agency
OTP:	Office of the President
PAD:	Project Appraisal Document
PME:	Planning Monitoring and Evaluation
PMO:	Prime Minister's Office
PSDS:	Private Sector Development Strategy
RCA:	Rwanda Cooperatives Agency
RDB:	Rwanda Development Board
RECPC:	Resource Efficiency and Clean Production Center
RGAI:	Rwanda Growth Anchor Initiative
RSB:	Rwanda Standards Board
SCT:	Single Customs Territory
SGR:	Standard Gauge Railway
SMEs:	Small and Medium Enterprises
SPIU:	Single Project Implementation Unit
Trade and Inv.:	Trade and Investment Directorate

EXECUTIVE SUMMARY

The Second Economic Development and Poverty Reduction Strategy (EDPRS II) has set ambitious targets. The GDP per capita is expected to reach \$1,240 in 2020. Throughout its 5 years of implementation, the EDPRS II key targets call for 11.5% annual GDP growth, 28% annual export growth and the creation of 200,000 off farm jobs every year.

Our strategic plan draws from existing national policies, strategies and other key documents and brings together key interventions that the Ministry will deliver on up to 2020. This is in line with our mandate to catalyse Rwanda's economic development by strengthening trade and industry activities to contribute to the welfare of Rwandans and reduce trade deficit.

Annually, we will be designing comprehensive action plans to inform the domestic budgeting process. We will be drawing interventions from the Strategic operating plan and priorities that might arise from forums like National Dialogue Council (NDC), Leadership Retreat (NLR), among others. This process will help us to increase the level of focus and strengthen the medium-term planning process.

Our Strategic Operating Plan will fast-track private sector-led growth through five programmes:

- Trade Support and Development Programme: i) Promote External Trade, ii) Enhance Domestic Trade and Distribution and iii) Protect Intellectual Property Rights
- Industry Support and Development Programme: i) Support competitiveness of existing industries, ii) Attract investment in new strategic industries and iii) Avail infrastructure for growth and development
- Entrepreneurship & SME development: i) SME competitiveness promotion; and ii) Promote entrepreneurship, innovation and creativity
- Deepening Regional Integration: i) Strengthening understanding of and commitment to EAC integration; ii) Coordinate implementation of EAC commitments and iii) Monitor and evaluate progress and impact of Rwanda's integration into EAC
- Human capital & institutional development: i) Sustainably build internal skills in critical areas; and ii) reinforce internal and external coordination and implement effective information sharing.

For each program, the strategic plan outlines key subprograms that have to be implemented, detailing specific activities and responsibilities. In addition, indicators, baselines, targets, timelines, budget and responsible directorate/affiliated agency are clearly delineated in the accompanying detailed excel implementation plan.

The total required budget to implement the strategic plan is estimated at RWF 250 billion. This includes several key infrastructure developments as well as facilitating support mechanisms as detailed throughout this report.

Table 1: MINEACOM Strategic Plan Budget Summary

	Programme Resource Distribution	2016/17	2017/18	2018/19	2019/20	Total (RWF)
1	Trade Development and Promotion	55,746,952,522	19,494,952,522	19,422,952,522	19,422,952,522	114,087,810,089
2	Industry Development and Promotion	26,246,955,341	28,930,351,825	28,656,351,825	28,656,351,825	112,490,010,816

3	Entrepreneurship and SMEs development	1,566,000,000	7,349,040,000	6,858,000,000	6,858,000,000	22,631,040,000
4	Deepening Regional Integration	294,000,000	294,000,000	294,000,000	294,000,000	1,176,000,000
5	Human Capital and Institutional Development	76,000,000	220,000,000	76,000,000	76,000,000	448,000,000
Total		83,929,907,863	56,288,344,347	55,307,304,347	55,307,304,347	250,832,860,905

The private sector will play a key role in completion of planned interventions. From policy discussions to address issues facing trade and industry activities to spearheading implementation of key projects and joint ventures with the government. Key private sector projects include the construction and operation of Industrial parks, trade logistics projects, export financing among others.

I. STRATEGIC SETTING: ACCELERATION OF RWANDA'S GROWTH THROUGH A STRENGTHENED PRIVATE SECTOR

The revised Vision 2020 sets ambitious targets to move Rwanda into middle-income status by 2020. To achieve this, the Second Generation Economic Development and Poverty Reduction Strategy (EDPRS II) aims at maintaining GDP growth at an annual rate of 11.5%. Rwanda has identified the private sector as the engine for economic growth and transformation.

Our mandate is central in ensuring that the private sector assumes its leading role. This section will review Rwanda's economic development landscape and targets, review binding constraints to private sector growth and identify opportunities for promoting private sector-led growth.

A. Rwanda's Economic Development Landscape

Rwanda has successfully achieved economic growth and poverty reduction since 2000. Rwanda's economy grew at an average rate of 7.9% between 2000 and 2014. In this same period, Rwanda's poverty rate fell from 60.4% in 2000 to 39.1% in 2014, thus lifting more than a million people out of poverty (NISR).

Economic progress accelerated when Rwanda joined the East African Community (EAC) in 2007. Rwanda has been a key driver of regional integration efforts in the economic block, leading on issues such as immigration and the establishment of the single customs territory. The EAC treaty sets out 16 areas of concern that the countries have committed to promoting, ranging from trade development and investment to human resource development and environmental protection.

However, Rwanda needs to keep breaking its own records to achieve and surpass EDPRS II and Vision 2020 targets. While the last decade has been dominated by tremendous achievements on socio-economic development, more innovative solutions are needed to keep the momentum and to achieve more.

EDPRS II serves as Rwanda's Roadmap for economic development and echoes Vision 2020's goal of achieving middle-income status by the year 2020. Four key themes, namely economic transformation; rural development; productivity and youth employment; and accountable governance are identified as the key pillars for achieving this goal.

Rwanda has made strides towards achieving its Vision 2020 objectives, but EDPRS II recognised the need to set even higher targets for 2013-2018. Some of the overarching targets around economic transformation include 11.5% GDP annual growth, 28% annual export growth and creating 200,000 off farms jobs every year, which will be needed to push Rwanda towards its ambitious goals.

“Accelerating progress to middle-income status and better quality of life for all Rwandans through sustained growth of 11.5% and accelerated reduction of poverty to less than 30% of the population.” – EDPRS II

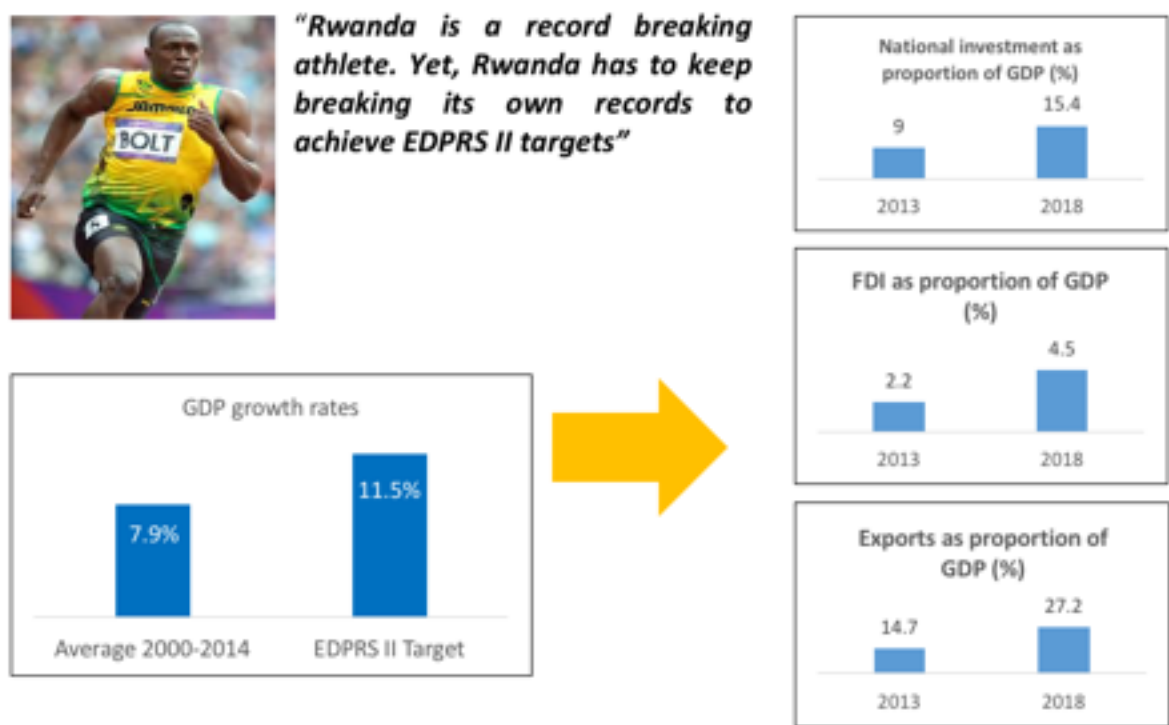
Under EDPRS II, Rwanda’s economic growth will be driven by investment and exports. Exports are supposed to rapidly increase by 28% on an annual basis. Private investment is expected to increase from 10% in 2013 to 15% of GDP by 2018. The growth in exports and investments is expected to come from not only traditional export sectors but also from new sectors such as manufacturing, ICT, private equity and BPO.

Growing exports is critical to bridge the trade deficit. Exports constituted only 15% of overall GDP in 2015. This is not on track to reach the EDPRS II target of 27.2% by 2017/2018. Exports have been growing at an average annual rate of 15.6% between 2010 and 2015. The value of exports of goods and non–factor services is expected to grow from \$1.1 billion in 2013 to \$3.6 billion by 2018 (BNR).

Despite a rise in investment registration, private investment continues to contribute less to the GDP compared to public investment. Over the last five years, private investment’s contribution to GDP fluctuated between 10.5% and 13.3%. However, to achieve the targets of EDPRS II, this must reach 20% (BNR, RDB).

Aside from increasing exports and investments, EDPRS II also includes a high-priority goal of increasing the number of jobs through the creation of at least 200,000 off-farm jobs annually. This goal is to be achieved through stimulating entrepreneurship, access to finance and business development and increase off-farm employment, productivity and new job creation driven by the private sector. Historically, job creation has been high but below to target, averaging 150,000 new off-farm jobs per year between 2010 and 2014 (NISR).

Figure 1: Understanding the Challenge



Source: National Bank of Rwanda, Monetary Policy and Financial Stability Statement, August 2014 & February 2015

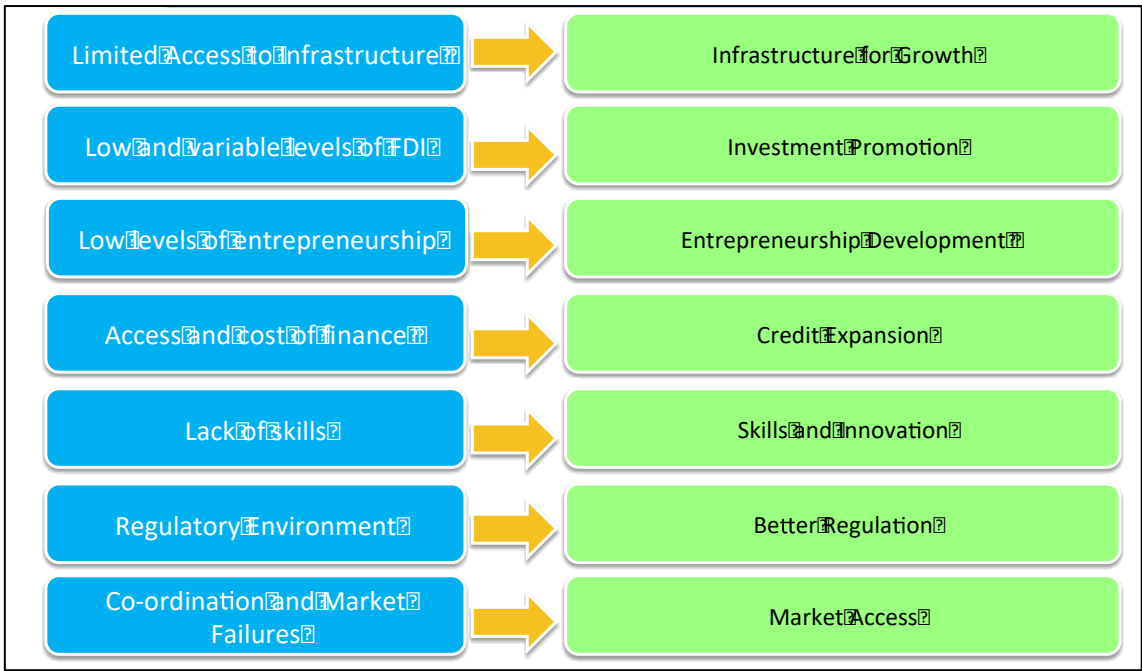
B. Structural Constraints Binding Growth

Achieving the EDPRS II goals will require a vibrant, productive, and innovative private sector and, as the Ministry of Trade, Industry and EAC Affairs, we will continue to serve as an enabling agent. Given the

right conditions, the private sector can and should take the lead in driving economic growth while serving as an engine for poverty alleviation. It is critical that binding constraints to growth are addressed.

The PSDS identifies seven binding constraints that hinder the competitiveness of the private sector. These constraints are consistent with others identified by the Industrial Survey, Business Investment Climate Survey as well as the Enterprise Survey 2006 and 2011. These constraints must be effectively addressed to unleash the potential of Rwanda’s private sector.

Figure 2: Structural Constraints Binding Private Sector Growth



Business entry rates have improved significantly over the past couple of years, from 0.78 new businesses per 1,000 working age people in 2011 to 1.49 in 2014. Rwanda has therefore now overtaken regional comparators such as Zambia (1.33), Nigeria (0.76) and even some high-income countries such as Germany (1.29) and Canada (1.28).

However, most businesses in Rwanda are SMEs focused on survival rather than growth and high-growth entrepreneurship remains low. In fact, less than 130 companies have grown 20% or more in the past three years. Research shows that Rwandan SMEs are generally three times less productive and less likely to export (12%) compared to their larger counterparts (46%).

FDI in Rwanda is dominated by a very small number of large investments. In the past ten years, the top ten investment pledges made up 72% of total FDI registered. Inconsistent investor follow-up, after-care and coordination among agencies continue to limit FDI inflows and operationalization. Persisting constraints such as high-cost and unreliable electricity and access to skills also hamper FDI growth.

High cost of capital rates as a significant constraint to businesses in the country. At 12-13% Rwanda’s real interest rates are amongst the highest in the region. Most SMEs in Rwanda are in the start-up, survival or early growth phase and therefore remain unattractive to banks. Most lending is also collateral-based, which is especially unfavourable to SMEs that often lack collateral and may operate in informal markets.

Rwanda's electricity prices are higher than any EAC country, and many other regional comparators. Most other comparable countries offer more significant discounts for industrial users of energy. High transport costs and greater distance from ports greatly inhibit export competitiveness. Poor roads and non-tariff barriers greatly increase both operating costs and time taken to export and import goods.

Lack of adequately skilled workers is a significant constraint to businesses across all of Rwanda's high growth sectors. There is a significant lack of both general and technical skills. The vast majority of Rwandan employees are deemed to be in need of additional training. Lack of skills negatively impacts firms' abilities to compete and expand their operations.

Several market failures across the Rwandan economy undermine investment returns. Lack of Information on demand trends, price formation and possible business models make investors unaware of potential business opportunities. Market and coordination failures are a binding constraint particularly for the agricultural and agro-processing industries. Distribution networks across the country are not efficient as a result and prices may vary significantly from district to district.

Tax and business fees collection lead to a high level of uncertainty and sometimes losses for businesses due to high fines incurred for "non-compliance". Taxes were identified as the biggest constraint in BICS 2013. Moreover 55% of respondents in a 2012 survey of foreign firms pointed to tax processes and enforcement as a serious constraint to investment.

C. Opportunities for Private Sector Led Growth

"The private sector will drive Africa's economic growth and bring about the prosperity our people need and deserve."

H.E. President Paul Kagame

Rwanda's Private sector has been singled out as the engine for socio-economic transformation of Rwanda. While the public sector has traditionally driven Rwanda's economic growth, the government has clearly stated that the next stage of Rwanda's development will be private sector led. Private investments are expected to move from their current contribution of 13.3% in the GDP to

reach 20% in 2020. The same private sector is expected to drive exports, job creation and socio economic development.

The Rwandan policy environment has been upgraded to ensure economic growth and transformation through a strengthened private sector. Over the past three years, through our leadership, Rwanda has updated the Private Sector Development Strategy (PSDS) and its implementation plan, the National Export Strategy (NES II), the Domestic Market Recapturing Strategy (DMRS) and the National Employment Programme (NEP). These documents all prioritise strengthening the private sector to drive Rwanda's economic transformation.

Regional countries are experiencing some of the highest economic growth rates worldwide and their private sectors are contributing significantly to this. The East African Community (EAC) countries' economic growth performance during the past decade was in the top one-fifth of the distribution of 10-year growth rate experienced by all countries since 1960ⁱ.

Regional integration is expanding market potential and economies of scale. Rwanda is now a member of the East African Community (EAC), Common Market for East and Southern Africa (COMESA) and

the Countries of the Great Lakes (CEPGL). These regional bodies provide market opportunities for Rwandan products, access to qualified human resources and simplified business processes among others, which all serves to increase the competitiveness of local firms.

EAC Common Market and Customs Union Protocols are facilitating Rwanda's export-import activity. The DRC accounted for 46% of all exports from Rwanda's non-traditional export sector in 2013, while the EAC accounted for 27% of non-traditional exports, growing at a rate of 21% per annum since 2008. This share of EAC is projected to increase due to initiatives like Single Electronic Window, elimination of Non-Tariff Barriers (NTBs) and other key interventions being implemented by EAC Partner States.

Joint regional projects are expected to provide world-class trade infrastructure. Rwanda and other neighbouring countries have fast-tracked the implementation of joint projects to fast-track trade and investments activities. Some of these projects that are focussed on transforming the Northern Corridor include the Standard Gauge Railway (SGR) Development, Single Customs Territory (SCT), Crude Oil Pipeline Development and the East African Commodities Exchange (EAX) among others.

The Single Tourist Visa will increase the length of stay of tourists and promote the overall regional tourism activity. As part of regional integration, one of the key developments in tourism sector is the introduction of a Single Tourist Visa, which currently covers Rwanda, Uganda and Kenya. This will make it easier for tourists to move across EAC countries using one visa and this is expected to increase their overall length of stay and spending.

II. ESTABLISHING OURSELVES AS A CREDIBLE FACILITATOR OF PRIVATE SECTOR LED GROWTH: OUR MISSION, ROLE, GOALS AND APPROACH

Our mandate is central to the achievement of the country's economic transformation targets. MINEACOM is the chair of the Industrial Development and Export Council (IDEC); chair of the Sector Working Group on Private Sector Development and Youth Employment (PSDYE) under EDPRS; and vice chair of the Economic Cluster, and we must leverage our strategic positions to foster economic development in Rwanda.

This strategic plan must effectively position us to deliver on our five key roles as stipulated by the new Prime Minister's Order establishing MINEACOM. This section will review our Strategy Operations, Assets and Operating Reality (SOAR), outline the guiding principles and finally establish a compelling vision, mission and objectives that will enable us to effectively deliver our mandate and focus our efforts to achieve the greatest impact.

A. Our Strategy, Operations, Assets and Operating Reality (SOAR) Audit

An audit of our abilities to effectively execute is the first step to position ourselves as a credible facilitator of private sector-led economic growth. For this strategic plan, we have focused on the three cornerstones of effective execution – strategy, operations and assets – while also being mindful of Rwanda's operating reality. Effective execution requires a balance among and equal emphasis on strategy, operations, and assets:

1. Strategy is a process of determining what specific priorities we want to address and how to address these priorities sustainably.
2. Operations are the systems, processes and specific projects that are required to translate the strategy into action.
3. Assets are resources required – mainly financial, human and institutional.
4. Operating Reality — Execution requires that strategy, operations and assets are aligned with the operating reality and context

On the strategy front, we benefit from clear national development goals and recently updated sector specific strategies such as the PSDS, NES II and NEP. We face the challenges, however, to ensure alignment and efficient coordination between these strategies and to keep focus on long-term goals and not be side-tracked by ad hoc daily requirements.

On the operations front, the SPIU has enabled us to effectively catalyse the coordination and implementation of highly relevant trade development projects. We need to strengthen our planning department's capacity to undertake research design and publish trade and industry reports, undertake financing analysis amongst others. Finally, we must ensure that staff resources are spent in the most efficient manner.

On the assets front, we have traditionally had access to qualified external skills and a robust IT infrastructure to support trade and industry development activities. Recent restructuring has also created a staff profile of young, highly qualified technicians. Ensuring effective skills transfer plans between external and local staff, however, remains a challenge and a threat to our sustainability.

On the operating reality, Rwanda's political commitment to private sector development, a favourable business environment as well as significant donor interest in collaborating on private sector development provide a conducive context for us to be successful. On the other end, low levels of entrepreneurship, small number of industries and exporters to drive export growth and inconsistent implementation of agreed trade agreements by partner states limit our effectiveness.

B. Strategic Considerations and Guiding Principles for a Revitalised MINEACOM

We've identified the following four strategic considerations that are integral to the role that we must play in delivering accelerated and sustained economic growth. These strategic considerations have been integrated into our Strategic Plan and its overall vision, mission and approach as well as interventions that are outlined in the next sections.

Strategic consideration 1 — *Position ourselves as an effective facilitator and coordinator of economic transformation efforts.* EDPRS II necessitated a new PSD Strategy and numerous other policies and strategies to drive it. Add to this a pool of numerous stakeholders and diverse beneficiaries. The result is a sector gravely in need of coordination. We must be positioned and empowered to coordinate.

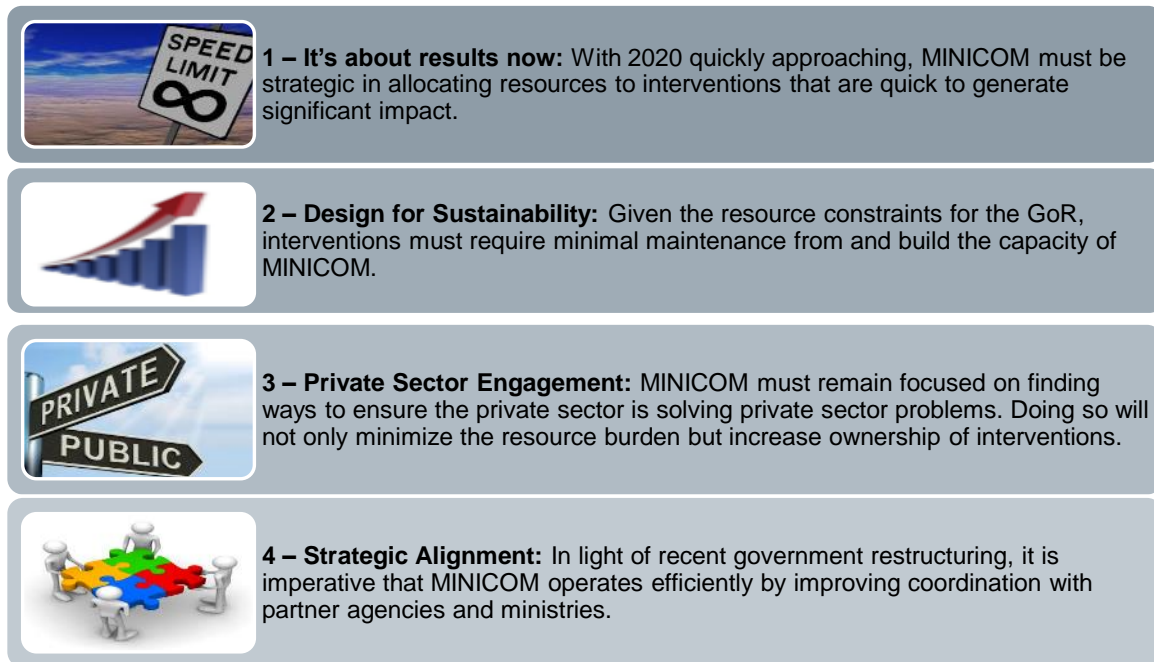
Strategic consideration 2 — *Clarify our roles and responsibilities vis-a-vis other stakeholders.* Without this, there is a risk of overlap and even duplication of activities across ministries, independent agencies and our affiliated agencies. Our strategic plan clearly highlights areas where we should play a supervisory, coordination and/or implementing role.

Strategic consideration 3 — *Improve our ability to enable a competitive private sector.* The EDPRS II rightly identifies the private sector as the engine of Rwanda's economic transformation. Private sector development efforts must include national level reforms to lighten the burden that entrepreneurs must carry as well as efforts that improve firm-level competitiveness. The strategic plan provides guidelines on how to leverage the private sector to execute projects benefiting members of the private sector.

Strategic consideration 4 — *Our strategic plan is mindful of a restructuring process that was recently concluded in the public sector.* The Government of Rwanda recently undertook restructuring of the public sector for effective delivery. Our strategic plan takes into consideration the new structure and scope of work resulting from the restructuring process to ensure alignment and avoid duplication of activities.

In order to achieve these strategic considerations and drive accelerated and sustained economic growth led by a dynamic and competitive private sector, it will be critical that we are strategic in how we develop and select programs. Based on a review of a wide range of case studies, four key criteria were selected to ensure that the programs we choose maximize impact.

Figure 3: Programme Selection Criteria



“It’s about results now”: If we are to be effective we must be mindful of the ticking clock. We must be mindful to develop and select programmes based on their ability to quickly generate meaningful impact.

Design for Sustainability: Limited resources require that we think strategically about how to best achieve our objectives. This means prioritising programmes that have the potential to be driven with minimal operational inputs.

Private Sector Engagement: The Government of Rwanda has done well to realise the pivotal role of the private sector in its economic development. We must ensure that programmes are developed to not only engage members of the private sector, but to also empower and enable them.

Strategic Alignment: Rwanda’s objectives can only be achieved if all its players are working together effectively. We have a strategic role to play and our programmes must leverage well-coordinated partnerships with ministries, agencies and other stakeholders. It is critical that this collaboration be built into project design and the stakeholder responsibilities are well understood.

C. Our Vision, Mission and Objectives

As we look to increase our focus, it is important to begin with a clear understanding of our mission and vision. We have as our ambitious mission, “Fast track Rwanda’s private sector led growth by catalysing foundational investments to strengthen trade and industry activities”.

We have a wider and crosscutting vision, “To achieve and sustain double digit trade and industry growth led by a dynamic and competitive private sector”. It is important to note that we are not expected to serve as an implementing institution, but rather we should focus our efforts on overseeing

Our vision is to “achieve and sustain double digit trade and industry growth led by a dynamic and competitive private sector.”

Our mission is to “fast-track Rwanda’s private sector-led growth by catalysing foundational investments to strengthen trade and industry activities.”

programs and shaping policies.

We have a unique role to play in Rwanda's economic transformation. As stipulated by the Prime Minister's Order establishing MINEACOM, our five key roles are defined as:

1. Developing, disseminating and coordinating the implementation of sector policies, strategies and programs related to trade, industry and EAC policies, strategies and programs
2. Regulating the trade and industry sector, including through enforcement of standards and intellectual property rights
3. Improving EAC and national laws and regulations
4. Leading the EAC integration process and advocacy efforts
5. Developing institutional and human resource capacities in both private and public sectors and improve the general business environment, including through trade negotiations and mobilising resources for implementing programmes

With limited resources and high expectations, it is critical that we increase our focus. We must be strategic in how we achieve our mission. To enable such focus, the following five strategic objectives have been set for the period of 2016/17- 2019/2020.

Strategic Objectives:

- Promote trade integration into regional and global markets with a focus on improving Rwanda's trade balance and maintain 28% annual exports growth
- Address structural challenges facing services and industry sector in Rwanda as well as the EAC to increase their share in the GDP and maintain per annum growth of 14%
- Support private sector growth and job creation with a focus on SMEs and contribute to the creation of 200,000 off farm jobs every year
- Enhance a business environment conducive to business growth and the protection of consumers
- Build strong human and institutional capacity to deliver on Ministry's Mandate

III. INTEGRATED PROGRAMMES FOR PRIVATE SECTOR LED GROWTH: OUR RESPONSE

A. Five priority programmes with a clear framework for action

Trade Development and Promotion Programme; Industry Support and Development Programme; Entrepreneurship and SMEs Development: Deepening Regional Integration and Human and Institutional Development are the five key programs that will guide our work until 2020. For each program, detailed subprograms, activities, inputs and key output and outcome indicators have been defined. These are supplemented by financial resource requirements and key timelines.

Objectives and targets have been identified and defined. Executing each program within the Strategic Operating Strategic Plan requires a shared vision for what must be achieved to unlock key constraints to private sector growth in Rwanda and achieve desired outcomes. In addition to national goals, there must be clarity in terms of the role we are expected to play.

Transformative interventions under each programme are defined to understand the role of each stakeholder contributing to the shared vision of economic development. This will help us to understand specifically what, when and how to execute key actions and deliver on our targets.

An Execution Framework focusing on required budget and responsible directorate and affiliated agencies has been outlined. Implementing a complex set of programs under the Strategic Operating Plan to 2020 is a challenging endeavour even under the best of conditions. Given the limited financial resources and capacity constraints, successful execution requires transformational leadership & coordination skills.

Alignment with existing strategic frameworks has been ensured and key performance indicators have been developed. Drawing out our existing strategic directions and establishing clear monitoring frameworks which are reported on annually will be key to ensuring that the transformative interventions outlined in this strategic plan deliver on their potential.

B. Deep dive into programs

Programme 1: Trade Development and Promotion Programme

Objectives and Targets

EDPRS II calls for export to grow by 28 percent annually. In 2010 exports totalled \$544 million. In 2015 this figure was \$1.1 billion, indicating annual growth of 15.5%. Moving export promotion forward must remain an utmost priority in order to achieve and maintain a minimal annual growth rate of 28%.

Figure 4: Strategic Programme 1 - Trade Development and Promotion Programme

Objectives / Targets	<ul style="list-style-type: none"> • Coordinate national efforts towards realisation of a 28% annual export growth rate by 2017-2018 • Strengthen internal trade through promotion of fair competition, standards and certification services 		
Sub-programmes	External Trade Promotion	Domestic Trade Promotion	Intellectual Property Rights Promotion
Transformative Interventions	<ul style="list-style-type: none"> • Facilitate exporting firms to address supply side constraints • Operationalise EGF • Develop trade logistics capabilities incl. CBT infrastructure 	<ul style="list-style-type: none"> • Develop value chain and market linkages • Promote EAX • Develop e-commerce • Competition and consumer protection 	<ul style="list-style-type: none"> • Develop and implement IP strategy • Provide TA for firms and innovators (for protectable IPs)
Execution	MINEACOM Trade and Inv. Department, IDEC Technical Team and RSB	MINEACOM Trade and Inv. Dept and RICA	MINEACOM Trade and Inv. Department

Key Constraints

As noted throughout the National Exports Strategy (NES II) and the Private Sector Development Strategy (PSDS), access to regional and international markets is crucial for Rwandan firms. This will develop exports and reach targets for overall export growth and for export diversification. In addition, though, the high cost to access international markets increases the cost of imports, many of which are crucial inputs for production for Rwanda's private sector.

Supply side export constraints include scarce land for production as well as insufficient power to fuel activities. Limited power (availability, reliability and affordability) negatively impacts the competitiveness of export-oriented sectors especially manufacturing. Aside from increasing their costs, it limits their ability to expand and increase their operational capacity.

Market access constraints are mainly two fold; costs associated with entering foreign markets and limited information. Rwandan exporters lack the financing needed to upgrade their distribution and marketing channels for the export market. In addition, they have limited information on the demand, pricing and quality requirements of export markets. These combine to greatly limit their competitiveness.

Rwandan agri-business exporters have to increasingly deal with the challenge of meeting international standards. Lack of information on requirements needed to fulfil these standards is a critical issue. Finally, exporters lack the financial and technical support needed to meet these standards. Although Rwanda has signed trade and investments treaties with some regions and countries, including AGOA

with USA and EPA with Europe in the framework of EAC, general knowledge of these agreements' existence and their associated benefits is limited.

While there are no tariff barriers to trade within the EAC, there are multiple non-tariff barriers (NTBs) which hinder trade flows. If we are to promote trade within the EAC and beyond, removing formal tariff barriers won't be enough. Non-tariff barriers take many forms and need constant reporting, monitoring and senior attention. They range from technical requirements to bureaucratic inefficiencies and differences in culture and practises and evolve over time.

Transformative Interventions

a) Unlock exports' binding constraints

Facilitate firms to address supply side constraints. In line with the National Export Strategy II (NES II) we will continue to upgrade the exporting capacity of Rwandan firms through availing export advisory services, supply chain development support, concerted trade promotion efforts and buyer outreach initiatives. We will support the operationalisation of the Trade Information Centre at RDB and we will proactively share information about benefits to Rwandan exporters stemming from Rwanda's international trade opportunities such as AGOA and EPA. An IDEC technical team in MINEACOM will coordinate these activities.

Rwanda Standards Board (RSB) will facilitate companies to access certification services. The starting point will be building RSB's capacity to effectively drive certification and standards services benefiting members of the private sector as recommended by the Private Sector Development Strategy (PSDS) Implementation Plan. Part of the initiative will be regular training of the staff members and the second aspect will be acquiring new equipment.

We will operationalise the Export Growth Fund (EGF). To address financing issues facing potential and established exporters, we will coordinate with other stakeholders to establish this fund that is expected to boost export activity. This fund will have three major components: Investment Catalytic Fund, Export Guarantee Facility and Matching Grants Funds. As a starting point we will mobilise \$50m for the fund which will be housed in the Rwandan Development Bank, BRD. We will work with key stakeholders including the National Bank and BRD among others to operationalize this fund.

We will address logistics challenges through continuous monitoring of the Integrated Trade and Logistics Project and Cross-Border Trade Infrastructure development. Key components which will address logistics bottlenecks are the Kigali Logistics Platform (KLP), foreign Multi-Service Centres in Dubai, Brazzaville, Libreville and Lagos and bonded warehouses in Rusizi and Rubavu. Additionally, our work to support cross-border trade will continue, with the development of eight cross-border markets.

Table 2: Key activities for External Trade Promotion

	Programme/Sub-programme	Responsible Department	Total (RWF)
1.1.1	Facilitate firms to address supply side issues	Department of Trade and Investment	944,354,089
1.1.2	Operationalise Export Growth Facility		36,000,000,000
1.1.3	Develop Trade Logistics Infrastructure: <i>Monitor the Integrated Trade and Logistics Project</i> <i>Promote Cross-Border Trade</i>	SPIU	76,306,528,000
1.1	Total External Trade Promotion		113,250,882,089

b) Promote Domestic Trade and Distribution

We will strengthen value chains for key commodities. We will train farmers in maize, beans, cassava, wheat, rice, dairy and leather value chains in contract farming. By doing so, we will address a key constraint to especially the agro-processing sector, namely access to raw materials, and thereby increase the capacity utilisation of this important sector.

We will continue to promote the East Africa Commodity Exchange (EAX). We will mobilise farmers in key value chains to use the commodity exchange and the warehouse receipt system, also working with commercial banks to facilitate the use of warehouse receipts as collateral. Additionally, we will work with the exchange to add more commodities to it and to diversify the range of sales contracts available, by including forwards and futures contracts too.

We will establish a firm policy and regulatory foundation for developing e-commerce in Rwanda. The petroleum supply chain has led the way and our work up to 2020 will focus on expanding e-commerce infrastructure and uptake across selected value chains.

Implementation of consumer protection law will be monitored and RICA operationalised. We achieved a major milestone in 2012 when the Competition and Consumer Protection Law was approved. Throughout the implementation of this strategic operating plan, the focus will be on ensuring that relevant implementing orders get designed and approved by the cabinet. In the case of Rwanda Inspectorate and Competition Agency (RICA), we will ensure that operationalisation is expedited smoothly. In addition, outreach campaigns will be undertaken in order to increase the level of awareness of this law among the members of the private sector.

Table 3: Key activities for Domestic Trade and Distribution Promotion

	Programme/Sub-programme	Responsible Department	Total (RWF)
1.2.1	Value Chain Development and Market Linkages	Department of Trade and Investment	1,728,000
1.2.2	Develop the East African Commodity Exchange		288,000,000
1.2.3	Develop e-commerce		108,000,000
1.2.4	Competition and Consumer Protection		331,200,000
1.2	Total Domestic Trade and Distribution Promotion		728,928,000

c) Protect Intellectual Property Rights (IPRs)

We will finalise the review of the IP Law. This will strengthen the business environment and ensure our companies are able to protect their intellectual property just as they are their physical property, but without stifling technological transfer. This will include protection of trademarks, innovations, research and processes. We are working closely with the World Intellectual Property Organisation (WIPO) to ensure that Rwanda's legal framework is in line with international best practise.

We will also design a strategy to ensure the protection of protectable intellectual property rights. While implementing this, we will develop a clear policy on the protection of intellectual property rights and we will train lawyers and judges in IP law. We will provide consultancy services on protectable intellectual property to private companies, working with all relevant stakeholders. This will also promote innovation and creativity in the creative industries, a key sub-programme of Strategic Programme 2.

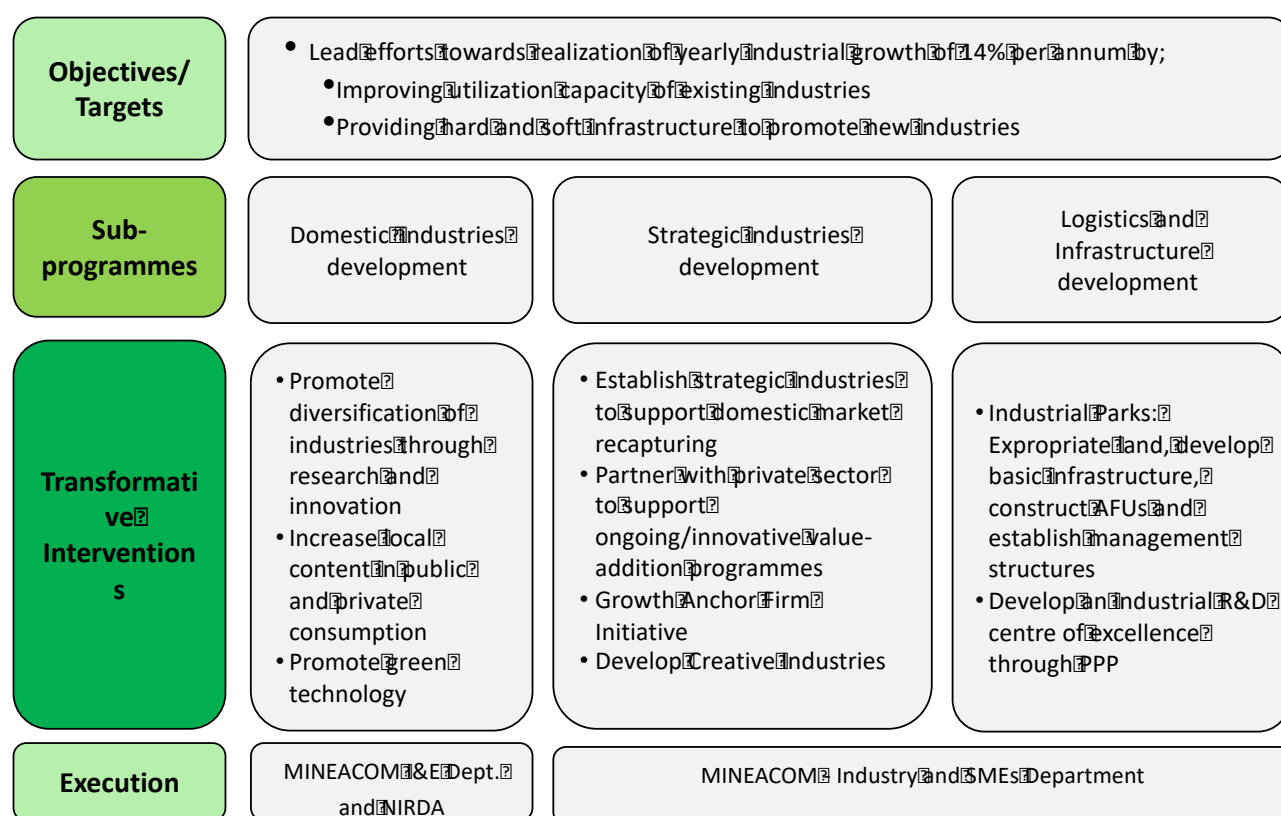
Table 4: Key activities for Protecting IPRs

	Programme/Sub-Programme	Responsible Department	Total (RWF)
a.	Finalise IP Law Review	Department of Trade and Investment and PS Office	-
b.	Develop National IP Strategy	Department of Trade and Investment	108,000,000
c.	Coordinate implementation of IP strategy		-
1.3	Intellectual Property Rights Promotion		108,000,000

Programme 2: Industry Development and Promotion

Objectives and targets

We will lead GOR efforts towards realization of 14% yearly industrial growth by 2018 as stipulated by the EDPRS II. Our interventions will be two fold; firstly, coordinate and where necessary undertake programs geared at increasing production capacity of existing firms and secondly, provide legal, policy framework and the right infrastructure to facilitate the establishment of new industries.

Figure 5: Strategic Programme 2 - Industry Development and Promotion Programme

Key Constraints

Limited serviced industrial land. For quick establishment of new industries, basic infrastructure such as electricity, water, roads, internet and so on have to be availed. Such infrastructure reduces the costs of establishment and expansion of industry. Where possible, advance factory units (AFUs) have to be availed in order to easily attract investors. Faced with a general industrial infrastructure gap and in order to protect the environment from the negative side-effects of uncoordinated industrialisation,

Rwanda should provide integrated solutions that facilitate new industries to establish themselves in designated areas.

Gaps in industry value chain affect both large and small firms. While larger firms face issues related to lack of raw materials, smaller firms struggle with accessing adequate know-how about how to increase their production or take their products to market. Many SMEs and farmers/cooperatives also struggle to access sub-contracting opportunities from larger firms due to issues of standard compliance and quality.

Big and small firms are yet to embrace green technology practices. Availability of some inputs (water, electricity, etc.) is limited or come at high costs. More efficient technologies can help to minimize the costs and also reduce potentially negative side-effects of industrial production. Moreover, partnerships between large and small firms would also help in fostering technology transfer which would benefit existing SMEs.

Research in efficient, appropriate technology has been limited and not focused on addressing challenges facing members of the private sector. GOR has been spearheading industrial research-related activities but limited availability of required equipment, broken linkages between academic, scientific and industrial research has led to low levels of uptake by members of the private sector.

Transformative Interventions

Interventions in industry will help first to improve the competitiveness of existing firms and secondly facilitate establishment of new facilities.

a) Support the competitiveness of existing industries

We will support the growth and diversification of our existing industrial sector. We will systematically track and facilitate the solving of issues affecting Rwandan firms and we will continue to rollout and institutionalise the Companies Issue Tracker. We will find innovative solutions to issues such as lack of access to packaging and we will work with our partners in other government institutions to address other constraints such as insufficient skills, inadequate or unreliable energy and unnecessary regulation.

We will promote local content in public and private consumption. We will review the Public Procurement Law with the aim to increase local content requirements from its existing 10% and we will facilitate the implementation of this to help Rwandan firms access tenders and encourage sub-contracting. At the same time, we will continue to roll out our communications campaign to encourage private consumers to buy Rwandan products, namely the 'Made in Rwanda' campaign and expo.

The two above transformative interventions will benefit directly from work carried out under Programme 1 to strengthen value chains and support SMEs to obtain certification – which will also benefit from work carried out under this sub-programme.

We will promote the use of green technology in our industrial sectors. Given that access to raw materials is a key constraint to Rwandan firm and that there are significant environmental benefits from cleaner production, promoting green technology will be a central aspect of the Ministry's work to 2020. We will therefore implement the Rwandan Resource Efficiency and Cleaner Production Centre (RRECP) and E-Waste Project. NIRDA's work on adapting industrial research to the Rwandan context and promoting research uptake in the private sector will also continue.

Table 5: Key activities for Promoting Competitiveness of Existing Industries

Programme/Sub-Programme	Responsible Department	Total (RWF)
2.1.1 Promote industrial diversification through research and innovation	Department of Industry and Entrepreneurship	216,000,000
2.1.2 Increase local content in public and private consumption	Department of Industry and Entrepreneurship and Department of Planning, Monitoring and Evaluation	774,043,516
2.1.3 Promote green technology		4,799,647,300
a. Establish RECP centre	NIRDA	3,672,000,000
b. Implement e-waste programme	SPIU	1,127,647,300
2.1 Total Domestic Industries Competitiveness		5,789,690,816

b) Attract investment in new industrial sub-sectors

The Domestic Market Recapturing Strategy (DMRS) identifies a number of key strategic sectors, including agro-processing, construction materials, manufacturing. Promoting these will promote both economic transformation and reduce the import bill. Other strategic industries include packaging, wood products, fertilisers and mosquito nets. It will be key to set up PPPs for each of these. One such project already starting is the 210 billion RWF Nasho-Ndego Sugar Development Project, a PPP between ACS Ltd. and GOR running from 2016 to 2020. This project will grow sugar cane on 10,000 ha, increase raw sugar production by 100,000 tonnes annually in order to recapture the domestic market, reduce the import bill by an estimated \$126 million by 2020 and directly generate 4000 jobs. Additionally, this project will also generate electricity from waste material. GOR is providing land and connecting infrastructure, while the investor will develop the plant and pay back the cost of land over a period of 12 years.

With imports of second-hand clothing and shoes being phased out over 2016-2019, it will be paramount that our domestic apparel and leather industries expand to meet local demand. Currently, Rwandan imports of textiles, apparel and footwear is \$124 million (\$28 million of which is second-hand products), growing rapidly from \$51 million in 2010. Given the large impact this has on Rwanda's balance of payments and the enormous employment potential apparel and leather sectors have, promoting these two sectors domestically is a government priority, led by MINEACOM. We will therefore implement our Strategy to Transform the Textile, Apparel and Leather Sectors in Rwanda; a 20 billion RWF action plan which will among other things see 60% of government apparel and leather procurement being sourced locally, several model garment factories set up around the country and a special apparel manufacturing zone (AMZ) established.

Given supply chain challenges faced by many firms, it will be of paramount importance to invest in a large scale support program to integrate and strengthen industrial value chains. The Growth Anchor Firm Initiative (GAFI) will map ongoing efforts to this manner and identify gaps in priority industrial sub-sector supply chains. We will then partner with lead anchor firms in these supply chains to encourage transfer of technology and upgrade productive capacities of SMEs. In cases where no lead anchor firm may be found, focus will be on attracting suitable investment to the sub-sector. Identified

priority subsectors are textiles/garments, agro-processing (especially dairy), wood products, construction materials and light manufacturing such as electronic assembly and packaging.

We will foster partnerships with members of the private sector in order to promote ongoing and innovative projects that add value to the economy. We will phase out the current Community Processing Centre (CPC) initiative and instead led the private sector take the lead, supporting where we can. This initiative, combined with Growth Anchor Firm Initiative and contract farming will help in addressing issues hindering small firms, farmers and cooperatives from selling their production at a competitive price or large firms facing uncertainty in sourcing raw materials.

Rwanda's creative industries are flourishing with little support to date. In the coming years we will promote these. In the first instance we will develop a clear policy framework on the promotion of creative industries. As part of this we will review the legal and regulatory framework of this sub-sector, revising where necessary to allow Rwandan cultural expressions to flourish. Once a clear policy framework is in place, it will be evident where further efforts are needed and we will design appropriate interventions accordingly.

Table 6: Key activities to Promote Strategic Industries

Programme/Sub-Programme		Responsible Department	Total (RWF)
2.2.1	Establish strategic industries to support domestic market recapturing	Department of Industry and Entrepreneurship	24,864,000,000
2.2.2	Implement Growth Anchor Firm Initiative		480,000,000
2.2.3	Partner with private sector to support ongoing innovative value-addition projects		1,500,000,000
2.2.4	Promote Creative Industries		324,000,000
2.2	Total Strategic Industries Development		27,168,000,000

c) Infrastructure for growth and development

We will continue to relocate industries from Gikondo Industrial Park to Kigali Special Economic Zones. As initially planned, we will avail further construction of infrastructure that will host industries that will be relocated from Gikondo Industrial Park. Not only will this program help in moving existing industries from high risk zones, it will also help them to have access to modern infrastructure in the special economic zones.

Partnership will be fostered with members of the private sector in order to develop Industrial Parks to strengthen industrial activity in different parts of the country. Beyond the Kigali SEZ, we will continue the development of four Provincial Industrial Parks. These are located in Bugesera (330 ha), Huye (50 ha), Rusizi (45ha) and Nyabihu (44ha). Also, districts will be facilitated to develop further parks in Muhanga (63ha), Rwamagana (60ha), Nyagatare (50ha), Musanze (50ha), and Kicukiro SME Park (43.3ha). In 2015 the area of serviced land available in the country was 295ha. With the development of these industrial parks, that will increase to more than 1,000 ha. In the medium term, however, we will focus our efforts on developing KSEZ and Bugesera Industrial Park. Development of the remaining parks will be demand-led and tailored to specific industry needs as and when required, including those of cottage-industries.

We will avail ‘plug and play’ facilities at the industrial parks. Feedback from prospective investors indicate that the availability of advance factory units (AFUs) is a key deciding factor for investment location. We will therefore avail AFUs in our industrial parks as part of our cross-GOR efforts to attract investment.

The SEZ regulatory framework remains a work in progress. We will undertake review of the current SEZ policy especially when it comes to incentives, benefits, and other major challenges that were identified while implementing Kigali Special Economic Zones project (KSEZ). This review will be extended to the implementation of the Industrial parks and advance factory units (AFUs) and we will develop a clear policy framework for the allocation of AFUs in a way that serves Rwanda’s long-term public interests.

In addition to physical infrastructure, we will also facilitate the availability of a variety of soft infrastructure needed for industrial development. We will work with park managements to avail a variety of business support services, such as transport, security, hospitality, legal and logistics services necessary for the viability of the industrial parks.

We will partner with a leading private sector operator to establish an industrial R&D centre of excellence. This centre will be tasked with building partnerships with the private sector to promote uptake of industrial research in Rwanda. Initially, analytical works will be commissioned to clearly delineate the mandate of this centre, its relationship with NIRDA and its financing model. Only then will potential partners be sought out.

Table 7: Key activities for Infrastructure for Growth and Development

	Programme/Sub-Programme	Responsible Department	Total (RWF)
2.3.1	Industrial Parks	Department of Industry and Entrepreneurship	79,460,320,000
2.3.2	Develop an industrial R&D centre of excellence through PPP	NIRDA	72,000,000
2.3	Total Infrastructure for Growth and Development		79,532,320,000

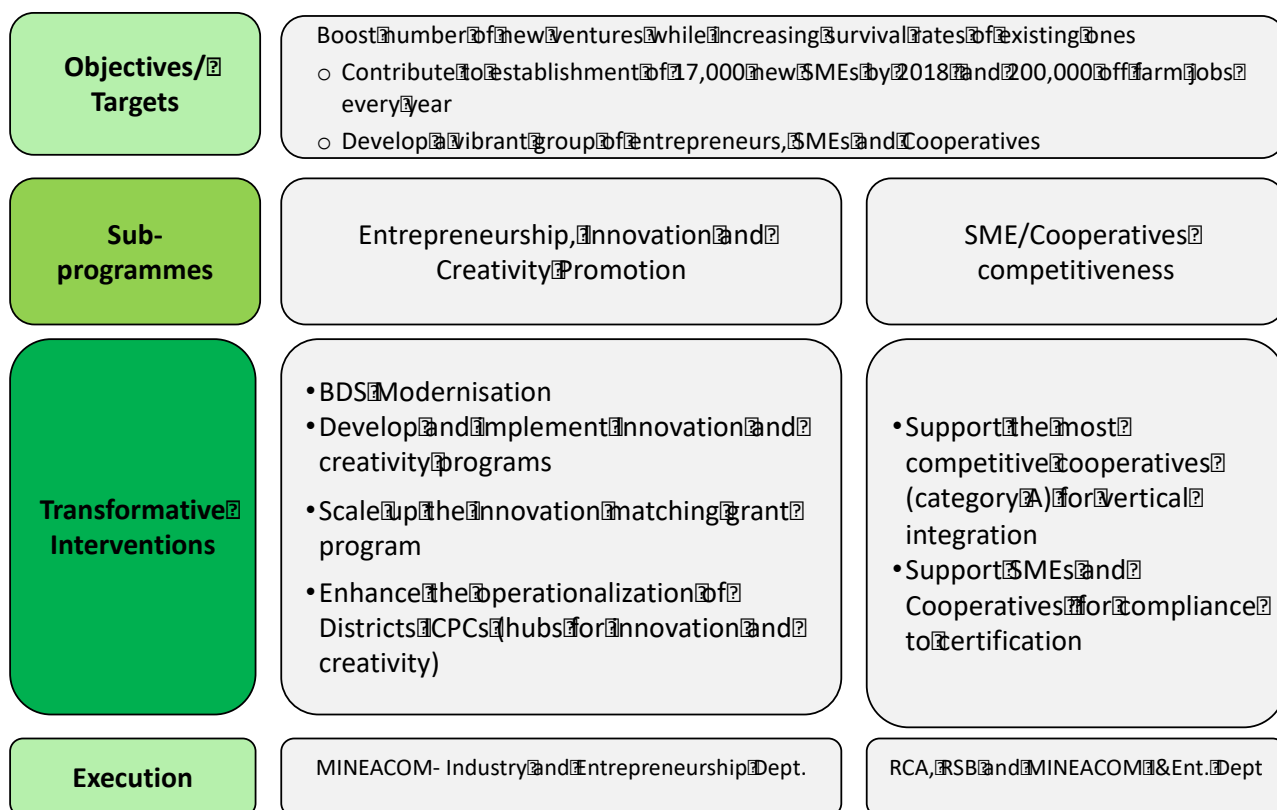
Programme 3: Entrepreneurship & SME Development

Objectives and Targets

Entrepreneurship is critical for Rwanda to create prosperity. Rwanda’s economic transformation depends on its ability to create more jobs, investments and exports. Concretely, entrepreneurs ultimately hold the potential to create jobs, implement investments and generate exports. Yet, most enterprises in Rwanda are micro and small-scale firms struggling for survival. We benefit from entrepreneurship and employment being high-level priorities and from having clear national policy framework in the form of the National Employment Programme (NEP).

We will contribute to the EDPRS II target of 200,000 new off-farm jobs per year. The objective of this programme is also to increase the rate of firm creation to reach 17,000 new SMEs by 2018 and develop the entrepreneurial culture of Rwanda.

Figure 6: Strategic Programme 3 - Entrepreneurship & SME Development Programme



Key Constraints

Research by the IGCⁱⁱ, shows that Rwandan SMEs are generally three times less productive than their larger counterparts. Rwandan SMEs are also less likely to export. While 46% of large firms export, just 12% of small firms do so. Further, the value added per worker of larger firms is three times higher than smaller firms, while employing double the capital stock. Small informal enterprises are also less likely to invest in the enterprise itself and its workers, providing at most minimal formal training for their staff.

The entrepreneurship development pillar of the NEP is under our leadership. The first challenge that the NEP identifies with regard to entrepreneurship development is “the scattered efforts of various institutions involved in meeting the same objective”. The second challenge is the financial sustainability and quality of services offered by Business Development Centres (BDCs). Closer analysis of the BDS sector also reveals that there is a high variability in quality and that many BDS providers employ opportunistic change models focused on developing business models and accessing start-up capital rather than well-researched, scalable, long-duration incubation or acceleration models.

Transformative Interventions

a) Promote entrepreneurship, innovation and creativity

The Ministry will work with key stakeholders to attract world class BDS providers. Learning from international business provision will help to attract world class providers who will effectively serve local entrepreneurs and invest in Rwanda’s long-term BDS sector. Where necessary, the Government will provide right subsidies in order for these providers to establish themselves and start serving local business community.

The Business Development Fund (BDF) will be strengthened in order to effectively deliver BDS. With the recent transfer of BDCs to BDF, and also the mandate given to the latter to coordinate all BDS provision activities working with BDE and Kora Wigire Centres (KWCs), it is of paramount importance to build institutional capacity of BDF. We will work with BDF management to identify relevant training for all BDF staff members involved in BDS oriented activities. Furthermore, additional staff members will be brought on board in order to effectively carry out business development services provision responsibilities.

Capacity of Business Development and Employment Units, Business Development Advisors and Kora Wigire Centers will be regularly strengthened. We will on yearly basis foster collaboration and partnerships with other stakeholders in order to consistently upgrade capacity of staff member in BDEs, BDAs and KWCs. This will help these entities to better serve entrepreneurs.

Innovation and creativity will be targeted. We will scale up existing Innovation Matching Grants and design and implement a locally-appropriate innovation support project. We will assess global experiences with attracting and keeping entrepreneurial talent and will adapt this to the specificities of the Rwandan context.

The operationalisation of the Integrated Crafts and Production Centres (ICPCs) will be enhanced. The ICPCs are designed as creativity and innovation hubs in districts, where the business environment is conducive and required services readily available. We will fasttrack the operationalisation of the ICPCs.

Table 8: Key activities for Entrepreneurship, Creativity and Innovation Promotion

Programme/Sub-Programme	Responsible Department	Total (RWF)
3.1.1 Attract International BDS providers to Rwanda	Department of Industry and Entrepreneurship	-
3.1.2 Strengthen capacity of BDF, BDE units and BDAs to offer BDS		3,767,040,000
3.1.3 Develop and implement creativity and innovation support project		12,996,000,000
3.1.4 Scale up Innovation Matching Grant Programme		36,000,000
3.1.5 Enhance operationalisation of District ICPCs		360,000,000
3.1 Total Entrepreneurship, Creativity and Innovation Promotion		17,159,040,000

b) Support SME and cooperatives competitiveness

Through our agency, the Rwanda Cooperative Agency (RCA), we will consistently build capacities of cooperatives. The focus will be on equipping cooperatives with leadership, technical and financial management skills in order to effectively run their business correctly and also improve on their financial practices. Specifically, we will support high-performing cooperatives (Category A) to integrate vertically, providing business development services and training as required. This will go along with daily regulatory activities as per the mandate of the RCA.

Operations of Umurenge SACCOs will be strengthened to pave way to the establishment of a cooperative bank. Areas of prime focus include automation of services by connecting different branches on network. In addition to this, more capacity building programs in areas of management, financial management, credit analysis and management will be facilitated.

Through another of our agencies, Rwanda Standards Board (RSB), we will facilitate SMEs to obtain standards certification. This will be a natural extension of the RSB's work under programme 1 to facilitate exports and programme 2 to promote local content in public and private consumption.

Table 9: Key activities to promote SME competitiveness

Programme/Sub-Programme	Responsible Department	Total (RWF)
3.2.1 Support the most competitive cooperatives (category A) in vertical integration	RCA	576,000,000
3.2.2 Support SMEs/cooperatives to comply with certification	RSB	4,896,000,000
3.2 Total SME Competitiveness Promotion		5,472,000,000

Programme 4: Deepening Regional Integration

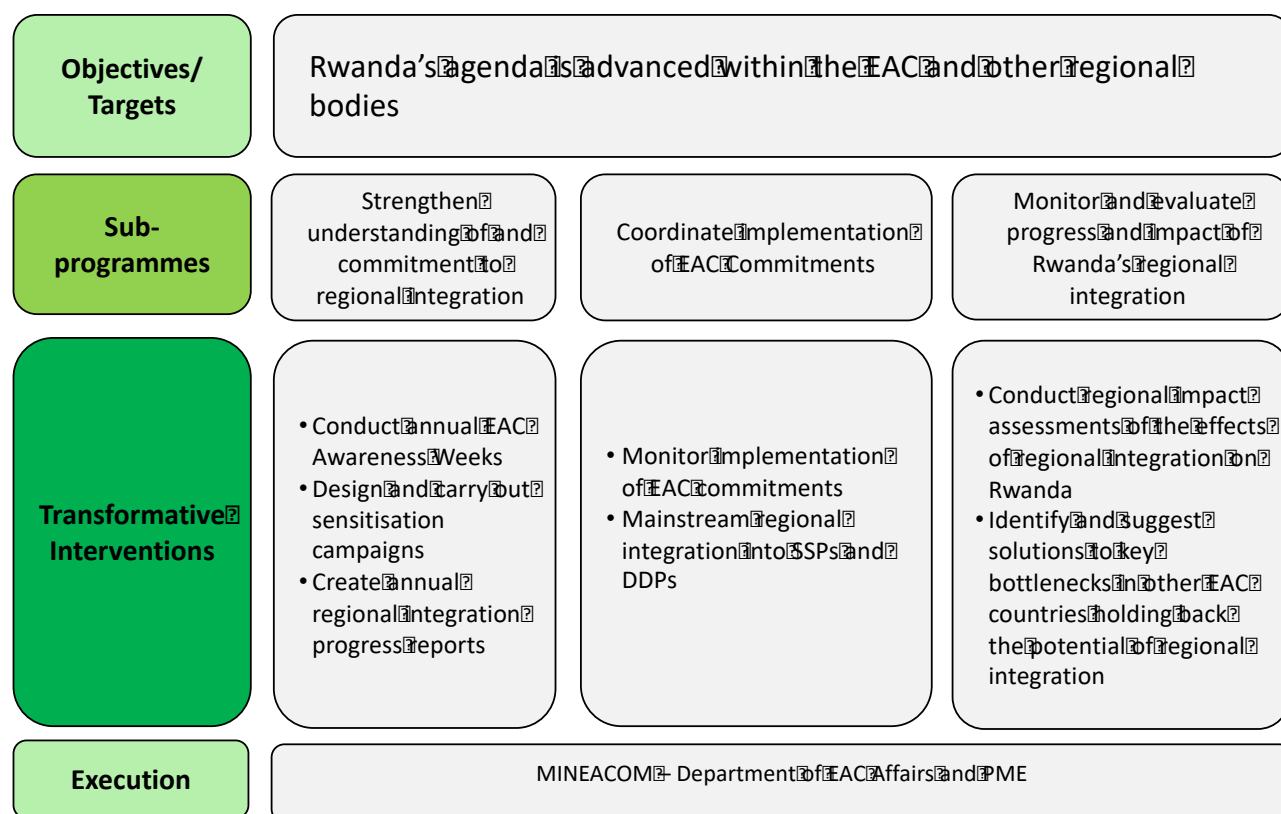
Objectives and targets

Being a landlocked country, regional integration into the EAC has brought tremendous benefits to Rwanda. One way this has been achieved has been by simplifying access to the port of Mombasa and Dar-es-Salaam through the implementation of various initiatives such as the Single Customs Territory, the Common External Tariff and the establishment of one-stop border posts. Such initiatives have directly contributed to the reduction of the time it takes to export from and import to Rwanda.

The free movement of people across our borders and the region has been a key achievement in the past years. Border communities can now freely move across the nearby border to do business, and provide or consume services by simply showing their national ID or student cards. Calls and text messages are charged at a local rate across Rwanda, Kenya and Uganda. Despite these efforts and success stories, there are still quick wins pending in our services integration agenda. We have to accelerate the signing and implementation of Mutual Recognition Agreements (MRAs) in the areas of professional services, as well as the liberalization of our airspace to reduce air transportation rates within the region.

We need to continue to advance Rwanda's agenda within the EAC and the other regional communities we are a member of. Going forward, we need to ensure that the EAC continues to focus on issues that constrains Rwanda's economic development, such as the cost of trade and access to skills, raw materials and finance. We also need to continue to shape the continental agenda, through engaging in the trade negotiations and regional initiatives that enhance trade, cooperation and economic transformation.

Figure 7: Strategic Programme 4: Deepening Regional integration



Key constraints

The Rwandan population and private sector has limited awareness of the possibilities and benefits of regional integration. Although Rwanda has been a member of the EAC for more than a decade, there are still many common misconceptions and a general lack of knowledge about the regional block and the benefits that membership brings. This lack of knowledge hinders Rwanda's private sector and general public from seizing the many opportunities and potential gains that are already available to them. Many EAC awareness activities, including the EAC awareness week, are carried out throughout the year to reach out to communities across the country and share the opportunities of the regional market has to offer.

There are risks involved with regional integration, with some parts of the economy potentially losing markets to competitors from abroad. When countries join their economies in common markets, a sector in one country may have the potential to outcompete its equivalent in another country. This needs to be carefully managed by supporting such sectors to improve their competitiveness or for people and capital to relocate to another. There is therefore a need to not only continuously assess aggregate benefits accruing from regional integration but also looking at specific sectors and find ways to continuously increase the productivity and competitiveness of Rwandan firms.

Transformative Interventions

- a) **Strengthening the understanding of and commitment to EAC integration in government, the private sector, civil society and the general public**

Regional Integration is key for our economic transformation through opening access to markets much bigger than Rwanda. Rwanda is a member of several regional blocks, including EAC, COMESA, ECCAS and the AU. EAC has a population of more than 160 people with a growing middle class, who generate increased demand for Rwandan products. The EAC Treaty specifies 16 areas of concern for regional integration, aiming ultimately at a political federation. These areas include trade liberalisation and development; monetary and financial affairs; environmental and natural resource management; and legal and judicial affairs. There is therefore a very important role to play for MINEACOM to sensitise stakeholders about the benefits of regional integration, to coordinate all these actors' engagement and to follow up on commitments made.

We design and carry out major communications strategies to raise awareness about the benefits and opportunities from regional integration. We have in the past years conducted an annual campaign – the EAC Awareness Week – where we travel around the country to answer questions about EAC and share information about the community, targeting all parts of Rwandan society including government stakeholders.

Table 10: Key Activities for Strengthening the Understanding and Commitment to EAC integration

	Programme/Sub-programme	Responsible Department	Total (RWF)
a.	Conduct annual EAC Awareness Week	Department of EAC Affairs	200,000,000
b.	Design and carry out sensitisation campaigns with private sector, civil society and the general public		400,000,000
c.	Create annual regional integration publications		-
4.1.1	Conduct sensitisation and communications campaigns		600,000,000

b) Coordinate implementation of EAC commitments

The Rwandan government interacts with the other EAC governments in a multitude of ways. Many public institutions have direct and fruitful relationships with their sister organisations in the other five countries. While beneficial for promotion regional integration, there is a need to coordinate all the stakeholders and follow up on commitments made. MINEACOM as the Ministry mandated to promote EAC integration that is aligned to Rwanda's strategic interests will support these institutions as they engage in regional integration and help ensure that commitments are implemented efficiently.

We also need to continuously support our local governments and lead ministries in each sector to mainstream regional integration. EDPRSII calls for the mainstreaming of regional integration into district development plans and sector strategic plans. Several of institutions in charge of this work may need support to do so and MINEACOM should be proactively offering our support. This is part of our routine work and is therefore covered by annual recurrent budgets.

Table 11: Key Activities for Coordinating Implementation of EAC Commitments

	Programme/Sub-programme	Responsible Department	Total (RWF)
4.2.1	Monitor implementation of commitments made at various EAC meetings, using the Sector Working Group Framework and supporting GOR stakeholders as required	Department of EAC Affairs	-
4.2.2	Mainstream regional integration into SSPs and DDPs	Department of EAC	-

c) Monitor and evaluate the progress of Rwanda's integration into the EAC and its impact and ensure Rwanda's interests are represented at the regional level

The EAC Treaty sets out 16 areas of cooperation. Progress on some areas comes more easily than others, with uneven progress as a result. MINEACOM will therefore monitor progress on all 16 areas, identify bottlenecks and come up with practical solutions that may be taken forward on a regional level.

Regional integration has widespread effects on economies and societies. Our society will be exposed to new ideas and technology, while our firms will be exposed to competition from abroad, pushing them to innovate and increase efficiency. Increased travel and business across borders helps facilitate a shared identity as East Africans, fostering friendships and closer ties with our neighbours. However, there may be parts of the Rwandan society and economy which is put under pressure from regional integration and it is paramount that we closely monitor and evaluate the impacts on our nation, both good and bad. Armed with this knowledge, we may push for a regional integration that caters to Rwanda's needs and aspirations, while carefully manage any potentially negative impact.

Table 12: Key Activities to Monitor and evaluate progress and impact of Rwanda's integration into EAC

Programme/Sub-programme		Responsible Department	Total (RWF)
4.3.1	Conduct regular impact assessments of the effect of regional integration on Rwanda	Department of EAC Affairs and PME	288,000,000
4.3.2	Identify and suggest solutions for key bottlenecks in other EAC countries holding back the potential of regional integration	Department of EAC Affairs	288,000,000
Total	Monitor and evaluate progress and impact of Rwanda's integration into EAC		576,000,000

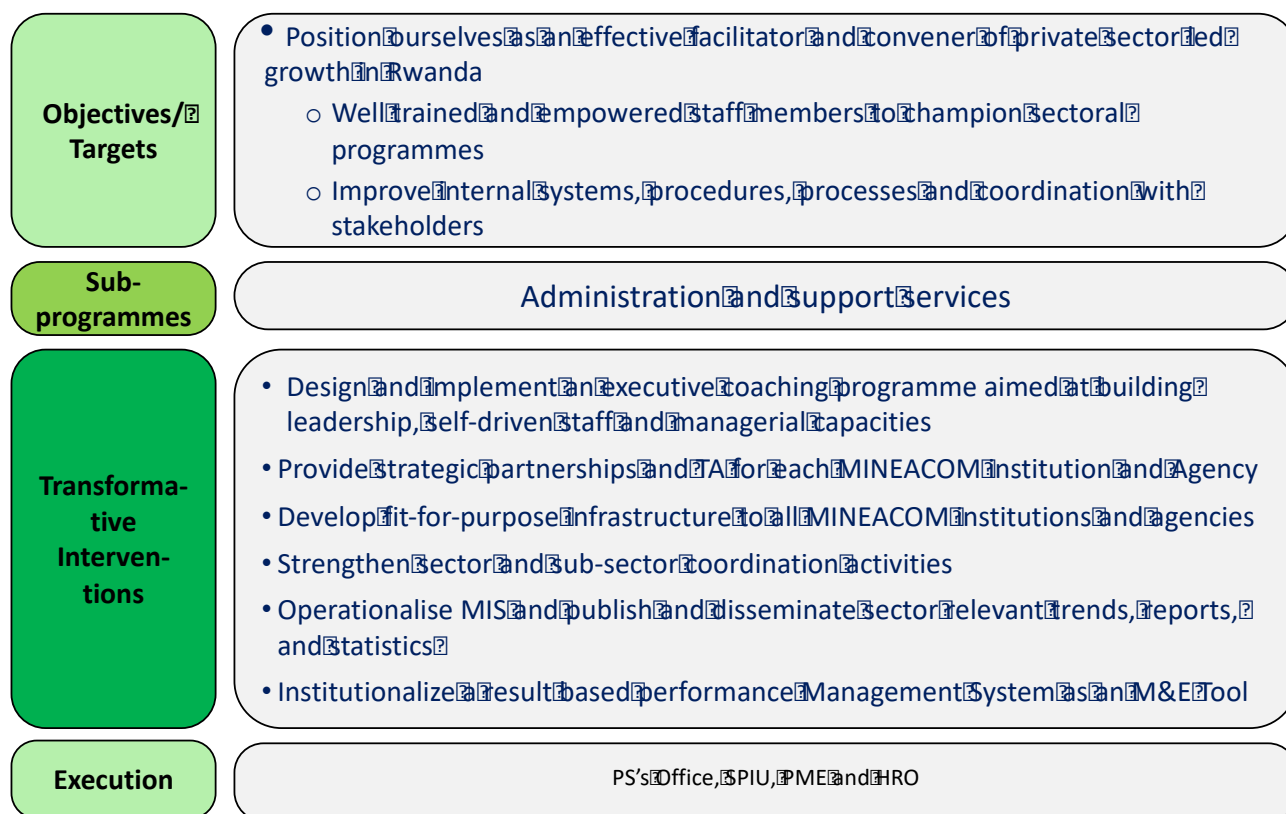
Programme 5: Human and Institutional Capacity Development

Objectives and targets

For us to achieve our vision we must make dedicated efforts to strengthen our human and institutional capacity. As such the fourth programme focuses on targeted capacity building interventions for staff and improved coordination and communication with stakeholders.

In order to ensure the necessary institutional and human capacity, we must focus on three key levels of capacity: individual staff members; organisational capacity and institutional capacity. We will emphasise results-based management systems and invest in evidence generation to inform our policies, programmes and projects.

Figure 8: Strategic Programme 5 - Human and Institutional Capacity Building Programme



Key Constraints

Rwanda's private sector as a whole suffers from a critical shortage of skills and capacity. Lack of business skills, and specific technical skills are a challenge that must be addressed if Rwanda is to compete both regionally and internationally. It is critical that we find ways to increase the skills of the sector as well as our own.

Too often private sector players find themselves operating in a vacuum. Challenges become greater when faced alone and efforts needed to address these challenges are multiplied. We must find ways to serve as a coordinating force for Rwanda's private sector and the stakeholders involved in private sector development. This coordination will increase our effectiveness and that of other private sector facing institutions.

Poor communication and lack of information sharing hinder growth. Whether it is market information, information on financing or details of relevant private sector programs, it is critical that information be available to all stakeholders. In specific SMEs often scattered throughout peri-urban and rural areas can find it difficult to access important information.

Transformative Interventions

a) Skills development

Establishment and maintenance of a strong management team will be our priority. While our management team has been doing a very good job in terms of championing planned activities and interventions, it is of paramount importance that this team keeps gaining more knowledge and experience and that we keep an eye to the pipeline of tomorrow's managers. We will undertake a capacity need

assessment and develop a tailored coaching programme aimed at building managerial capacity and thereby also empowering staff to become more self-starting.

We will ensure that all institutions in the MINEACOM family has the physical infrastructure they need as well as establish strategic partnerships with external supporters. NIRDA recently signed a three-year capacity building agreement with KOICA, the Korean aid agency, and RSB has historically received and will most likely continue to receive support from TMEA. We will ensure that each institution is catered for and has an external supporter committed to the institution's development.

b) Reinforce internal and external coordination

Sound monitoring and evaluation efforts will be essential to our lasting impact. As part of government-wide efforts to improve performance, the Ministry has rolled out a result-based management system. While this system, will work to ensure speedy implementation and early corrective actions taken where necessary, we will also institutionalise an evaluation ethos across the Ministry's portfolio, meaning we will begin systematically collecting impact information and assess the effectiveness of our work, all with the aim of continuously improving and adapting to achieve our strategic objectives set out at the beginning of this document. Rolling such an evaluation system out will require training for all directorates and a new mandate to use the systems throughout the project lifecycle.

We will improve our coordination efforts at the sector and subsector levels and across ministries and agencies. We will build on our four years' experience as the Chair of the national Sector Working Group on Private Sector Development and Youth Employment to continuously carry out project needs identification and facilitate implementation, synergies, cooperation and knowledge sharing with all stakeholders. This will form the basis for enabling meaningful public-private dialogue and dialogue with our development partners.

We will serve as an information hub for relevant trends, reports and statistics. We will produce and publish online and in hard copy trade and industry quarterly and annual performance reports. We will update our website to serve as a library for relevant research data, trends, contacts and laws. Forums and information sessions will also provide a place for information sharing. Part of this effort will be to operationalise the Management Information System (MIS) which will be a key central source of information for the sector as a whole.

Table 13: Key activities for Human Capital and Institutional Development

	Programme/Sub-Programme	Responsible Department	Total (RWF)
4.1.1	Executive coaching program	PS' Office	72,000,000
4.1.2	Establish strategic partnerships for each MINEACOM institution and agency	All Agencies, HRO and PME	-
4.1.3.	Develop fit-for-purpose infrastructure for all institutions	PS' Office	72,000,000
4.1.4	Strengthen sector and subsector coordination activities	Department of Planning, Monitoring and Evaluation	-
4.1.5	Roll out and implement robust M&E System		144,000,000
4.1.6	Publish sector relevant trends, reports, statistics		160,000,000
4.1	Total Administration and Support Services		448,000,000

C. Alignment with existing strategic framework

This strategic plan is implemented in an already well-established strategic framework. Over the past five years, Rwanda's strategic framework for Trade and Industry promotion has been fleshed out. This strategic plan draws all these strategies together, distilling what MINEACOM's role is in their achievements and exposes their synergies and complementarities. The table below clearly maps out how the Strategic Plan fits within our existing strategic landscape:

Table 14: Strategic Plan Alignment with Existing Strategic Framework

Strategy	Programmes/Pillars	How does the Strategic Plan address this?
NES	Sector interventions in tea, coffee, minerals, agro-processing, manufacturing, agriculture, re-exports, informal trade, services	Overlap in terms of priority sectors supported by value chain development, market linkages and support to existing and new strategic industries in Programmes 1 and 2
	Improved Access to Markets	Covered by efforts to address supply side constraints and to promote regional integration
	Upgrade firm capacity to enter and grow in foreign markets	Covered by efforts to address supply side constraints and to promote regional integration
	EGF	Operationalising the EGF is an explicit intervention in this Strategic Plan
DMRS	Horizontal measures	'Made in Rwanda' campaign and increasing local content in public procurement are specific interventions in the Strategic Plan. Upgrading SMEs and the national quality infrastructure is covered by various parts of programmes 1, 2 and 3.
	Sector-specific measures for agro-processing, construction materials and light manufacturing	This strategic plan specifically targets the priority sectors from DMRS
	Priority Projects	Due to its strategic nature, this Plan does not highlight specific investments for the Ministry to undertake – these will be covered in annual single action plans
PSDS	Export Development	Programme 1, Trade Support and Development, sub-programme on External Trade Programme 4: Deepening Regional Integration
	Infrastructure for Growth	Programme 2, Industry Support and Development, sub-programme on Infrastructure Development
	Investment Promotion	This falls under RDB's leadership - MINEACOM plays supporting role, but leads on several projects to promote investment such as Industrial Parks, GAFI and intellectual property rights protection
	Entrepreneurship Development	Programme 3 focuses on entrepreneurship
	Institutional Capacity for Delivery	Programme 5 includes specific support to various implementing institutions
NEP Pillar 3 (MINEACOM lead)	Entrepreneurship and Business Development	Programme 3 is explicitly tailored to align with MINEACOM's responsibilities under NEP

D. Resource requirement

A total budget of RWF 250bn will be required to implement interventions across these four programmes over a period of 5 years. The required budget will fund infrastructure projects like the logistics platform and Industrial Parks and also implement other key projects from the private sector development strategy assigned to us. Other regular activities like market information dissemination and internal trade competitiveness that the Ministry has been carrying out will be financed through this budget as well.

Table 15: Resource Requirements

Programme Re-source Distribution	2016/17	2017/18	2018/19	2019/20	Total (RWF)
Trade Development and Promotion	55,746,952,522	19,494,952,522	19,422,952,522	19,422,952,522	114,087,810,089
Industry Development and Promotion	26,246,955,341	28,930,351,825	28,656,351,825	28,656,351,825	112,490,010,816
Entrepreneurship and SMEs development	1,566,000,000	7,349,040,000	6,858,000,000	6,858,000,000	22,631,040,000
Deepening Regional Integration	294,000,000	294,000,000	294,000,000	294,000,000	1,176,000,000
Human Capital and Institutional Development	76,000,000	220,000,000	76,000,000	76,000,000	448,000,000
Total	83,929,907,863	56,288,344,347	55,307,304,347	55,307,304,347	250,832,860,905

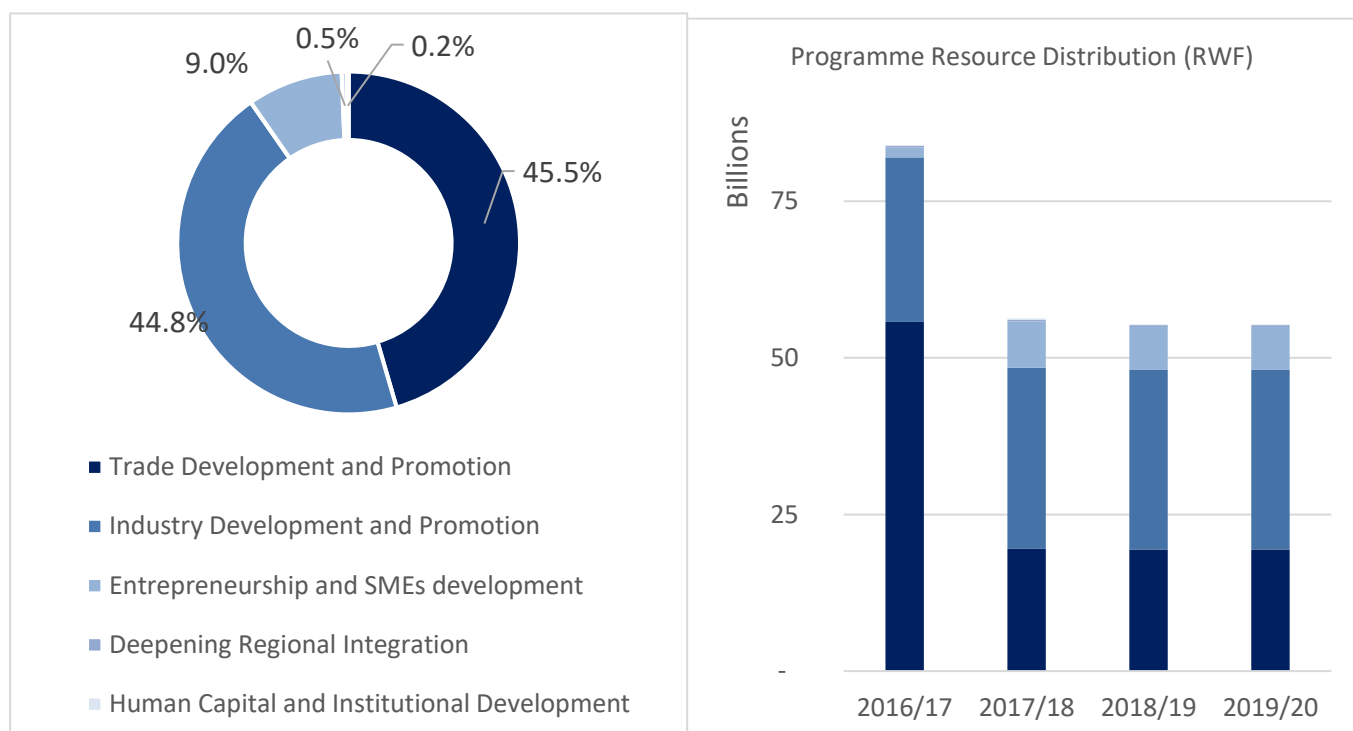


Figure 9: Programme Resource Distribution

Trade and Industry Development account for about 45% of the total budget each, while Entrepreneurship and SME Development account for another 9%. The remaining 0.5% and 0.2% go to Deepening Regional Integration and Human Capital and Institutional Development, respectively. The allocation of resources reflects the equal weighting that Trade and Industry have in the Ministry's strategic objectives, while regional integration and capacity development is cross-cutting measures which are mainstreamed.

Furthermore, 86.7% of the forecasted budget will fund PSDS related projects. The latter include logistics platform, construction of Industrial Parks, funding of the Growth Anchor Firm Initiative (GAFI), the Export Growth Fund (EGF), among others. While we oversee the entire PSDS programme, implementation of some of the projects such as the Export Growth Fund (EGF), projected to cost around \$50M will be done by BRD.

IV. RECONFIGURING FOR EXECUTION: INCREASING OUR EFFECTIVENESS

A. Performance Monitoring

Clear linkages of daily activities with the overall mission and vision of the Ministry will help smooth implementation of this strategic operating plan. Each activity will contribute to realisation of one or more specific outputs as indicated below:

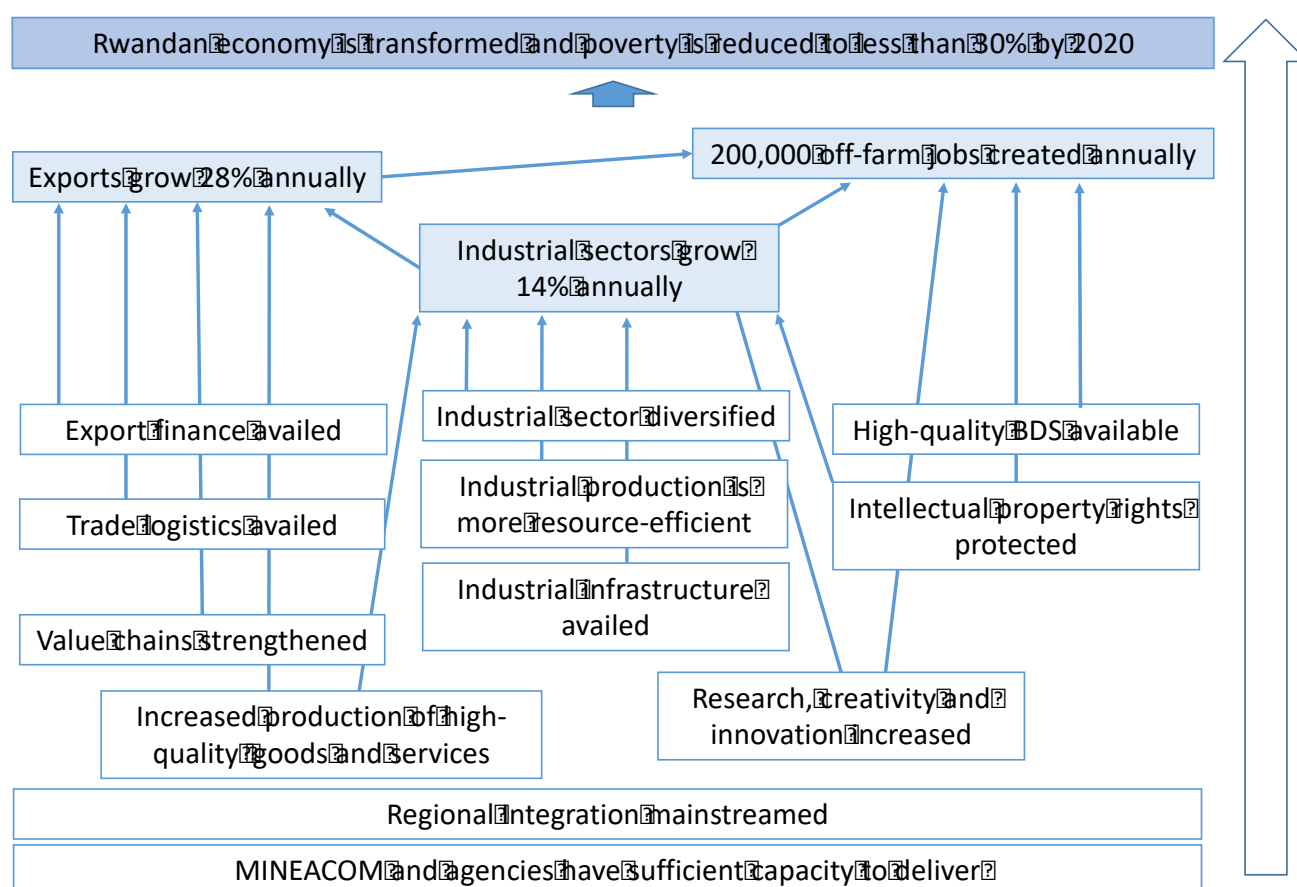
Table 16: Each activity links directly to one or more output

Activities	Corresponding Output(s)
Operationalise EGF	Export finance availed
Facilitate firms to address supply side constraints and overcome information gaps to trade	Trade logistics availed
Integrated Trade and Logistics Project	
Construct Cross Border Markets and facilitate CBT	
Provide training in contract farming and facilitate the signing of supply contracts	
Promote EAX	
Promote e-commerce	
Implement consumer protection law	Increased production of high-quality goods and services
Operationalise RICA	
Facilitate access to standards	
Design and implement intellectual property rights law	Research, creativity and innovation promoted
Track and facilitate the addressing of issues faced by Rwandan firms	Industrial sector diversified
Increase local content in public procurement	Increased production of high-quality goods and services
Promote private consumption of local goods and services	
Promote the use of green technology	Industrial production is more resource-efficient
Promote ongoing innovative value-addition projects	Industrial sector diversified
Develop clear policy framework for the creative industries and support them	Research, creativity and innovation promoted

Gikondo Industrial relocation	Industrial infrastructure availed
Construct industrial parks	
Construct advance factory units	Industrial sector diversified
	Increased production of high- quality goods and services
Establish industrial R&D centre of excellence	Research, creativity and in- novation promoted
Attract world-class BDS providers	High-quality BDS available
Strengthen GOR BDS providers	
Launch innovation and creativity project and scale up innovation matching grants	Research, creativity and in- novation promoted
Operationalise ICPCs	
Support category A cooperatives to integrate vertically	Industrial sector diversified
Automate SACCOS	
Implement executive coaching programme	MINEACOM and agencies have sufficient capacity to deliver
Establish strategic partnerships for each MINEACOM institution	
Roll out effective M&E system	
Improve sector and subsector coordination and communication	
Strengthen understanding of and commitment to regional integra- tion	Regional integration and co- operation promoted
Coordinate implementation of EAC commitments	
Monitor and evaluation progress and impact of Rwanda's integra- tion into the EAC	

Each output is then again clearly linked to one or more of our three overarching outcomes, namely exports growth at 28%, industrial growth at 14% and 200,000 new jobs per year. There are multiple synergies at activity level, output level and even at outcome level, where one aspect contributes to the achievement of another. The figure below indicates higher order contributions of each output to outcomes and impact.

Figure 10: Outputs (white boxes) link clearly to outcomes (light blue boxes) and the impact statement (top box)



Monitoring key outcome indicators will be central to affirm our theory of change. In addition to monitoring implementation of activities, monitoring key outcome or performance indicators will ensure that we achieve our overall outcomes. Keeping an eye on outcomes rather than outputs also focuses our attention on the things that matter in order to achieve our overall impact goal of structural transformation and reduced poverty. We therefore define our key performance indicators as follows:

Table 17: Key Performance Indicators

	Key performance indicator	Definition
1	Exports growth	Annual increase in exports value (fob)
2	Industrial growth	Annual increase in industrial output
3	Annual job creation	Annual new off-farm jobs
4	Non-traditional exports to GDP	Non-traditional goods export values (fob) as share of total goods exports (fob)
5	Trade logistics performance	World Bank Logistics Performance Index (LPI); weighted average of customs, infrastructure, international shipments, logistics competence, tracking & tracing, and timeliness performance.
6	Area of serviced land	Number of serviced hectares of land in industrial parks.

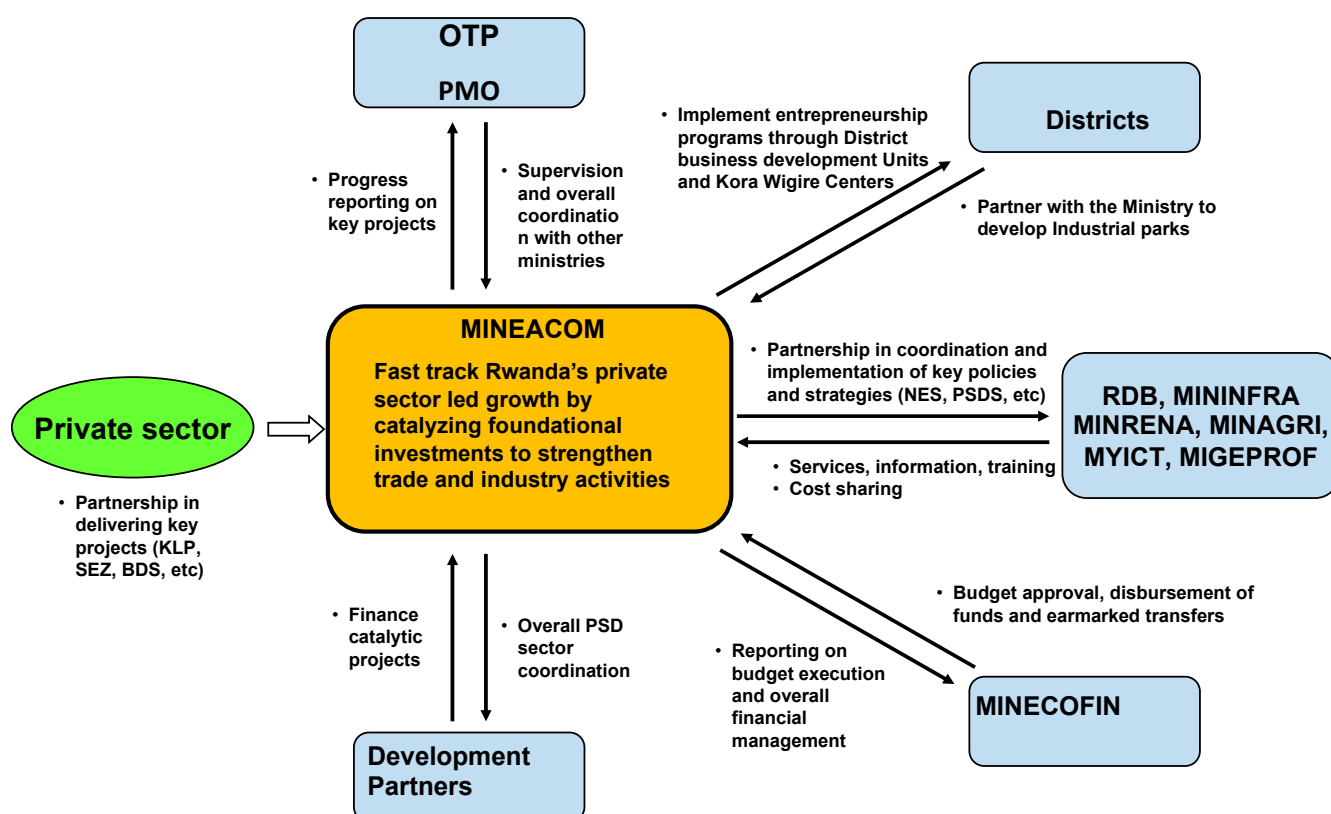
6a	Occupancy rate of industrial parks	Share of serviced land as per KPI 6 that is occupied and operational
7	Private investment to GDP	Value of total private investment as a share of GDP
8	High-growth entrepreneurship	Number of firms with: a) annual turnover above 10 million RWF, b) turnover growth above 20% for the past three years, and c) no negative growth on record.

These will be reported on an annual basis in line with ongoing monitoring of the Ministry's Imihigo and action plans.

B. Coordination with stakeholders

The implementation of the strategic plan will require effective coordination with stakeholders. The overall monitoring and handling will be done by our Directorate of Planning Monitoring and Evaluation (PME). We will work with stakeholders from different agencies in order to successfully implement planned activities. We will play different roles throughout the process, including coordination, implementation, supervision and partnership with other stakeholders.

Figure 11: Roles and Responsibilities of Stakeholders



CONCLUSION – RWANDA AT A CROSSROADS OF ACHIEVING VISION 2020

We have a huge task to drive key initiatives from the Economic Transformation and Youth Productivity thematic areas of the EDPRS II. These initiatives contribute on delivery of key targets mainly the overall economic growth rate of 11.5% with export growing by 28%, industrial output growing by 14% and 200,000 off farm jobs being created every year. Their importance also extend beyond the EDPRS II and will continue to be national priorities.

With limited human and financial resources, we will focus efforts on priority interventions that will be around 4 key programs cutting across 9 sub-programs. The programs include Internal and external Trade Development, Industry development, Entrepreneurship and SMEs Development and Human Capital and Institutional Development. The latter program is even more critical as it provides for foundation for success of the other programs.

A total budget amounting to RWF 250 billion will be needed in order to implement the aforementioned programs. This budget will not be allocated to us and affiliated agencies alone. Some funds will be channelled to other establishments and members of the private sector that will have been entrusted to implement some key programs. A case in point is the Development Bank of Rwanda (BRD) implementing the Export Growth Fund (EGF), an initiative that is projected to take up to \$50million.

Throughout the implementation period, necessary amendments will be undertaken in order to keep the plan as updated as possible and serve as our fully fledged roadmap to 2020. The amendments will be based on some changes that might be dictated by business environment, changes resulting from the implementation of key projects and also any other high level policy recommendations from forums such as the National Dialogue Council, leadership retreat, among others.

Yearly single action plans will serve as operational instruments. Every fiscal year, we will be drawing single action plans outlining priorities accruing to that particular year. These single action plans will be the ones that will reflect amendments that will have been done on some programs and sub programs of the Operating Strategic plan.

Throughout the entire implementation process, involvement of the private sector and effective coordination and collaboration with other stakeholders will be given special attention. The MINEACOM leadership is continuously engaging with private sector leaders within Rwanda and abroad to drive investments in flagship projects.

End Notes

ⁱ “How Solid is Economic Growth in the EAC?” IMF Working Paper, August 2014

ⁱⁱ IGC (2012) “SME Policy Note”