

Rwanda has come a long way in the last 30 years. From a country plagued by poverty and inequality in the past, it is now a rising economic power aspiring to become a middle-income economy, attracting more foreign investments.

The Rwandan Government's efforts to promote a business-friendly investment climate played a major role in this, with a growing number of foreign investors coming into the country so quickly since the country was liberated from a genocide regime.

Beyond implementing various market-oriented strategies that helped the country boost cross-border trade and increase trade volumes with her neighbours, especially East-Central Africa, equitable and inclusive support policies also helped better motivate the business sector and other private actors to grow.

Various incentives and facilities, such as Special Economic zones (SEZ), have been very effective in attracting more investments in the country.

The country's eagerness to drive business innovation by easing the doing business environment led it to be ranked among the top on the continent and has offered more incentives to investors.



The establishment of Special Economic Zones in 2007 was designed to offer certain business incentives and facilitate economic growth through the use of reduced tariffs and more efficient custom controls.

Efforts to improve the business environment focus primarily on promoting fair competition, protecting intellectual property rights, and easing market access. As a result of these business innovations, Rwanda's economy has been ranked as the top in the lower middle-income group, with consistent improvements in scores in human capital and research, market sophistication, and knowledge and technology outputs.

The Global Innovation Index, sponsored by the World Intellectual Property Organization (WIPO), provides a comprehensive perspective on innovation, encompassing political environment infrastructure and business sophistication.

Rwanda has laid out a blueprint for its development, aiming to achieve upper middle-income status by 2035 and high-income status by 2050. To realize this

vision, the country is implementing various programs through medium-term development strategies, starting with the first National Strategy for Transformation (NST 1). The goal is to increase the current GDP per capita from 1,002 USD to 12,476 U.S. dollars by 2050.

Enterprises play a crucial role in driving innovation, and this role has been strengthened with the establishment of Norrsken Kigali House, Africa's largest hub for entrepreneurship and innovation. This hub accommodates corporate companies and also supports emerging entrepreneurs who are expected to contribute significantly to Rwanda's economy.



The innovation hub was established in 2019 to provide Rwandans with a platform to exchange ideas that would help in developing their business plans.

Norrsken, a non-profit foundation created in 2016, is focused on supporting future entrepreneurs by assisting them through every step of their business ideas.

Aligned with government strategies, continued strong economic growth driven by the private sector is increasingly critical for the country to achieve long-term sustainable development.

## **Agribusiness entrepreneurship**

Since 1994, various projects have been implemented to improve basic infrastructure, including the construction of roads, industries, and the installation of fiber optic-funded power generation. These initiatives are crucial for economic growth, promoting development, and enhancing the performance of the private sector.



In the agriculture sector, the country has made efforts to increase agricultural yields and transition to higher-value agricultural commodities such as horticulture, speciality coffee, vegetables, poultry, pork, and fisheries to encourage agribusiness entrepreneurship.

Despite Rwanda's modernization into a knowledge-based economy, agriculture remains the backbone of sustained economic growth, providing high-quality

livelihoods and living standards for the population.

In recent years, the government has made significant investments in irrigation, aiming to expand the irrigated areas from 48,508 hectares to 102,284 hectares. Additionally, efforts to combat land erosion will continue, with plans to increase radical terracing from 110,906 hectares to 142,500 hectares and progressive terraces from 923,604 hectares to 1,007,624 hectares.

To improve market connections and link production with processing, the country has engaged the private sector in productive alliances to develop both physical and logistical infrastructure along the value chains. This includes expanding storage facilities from 295,495 metric tons to 350,431 metric tons, establishing 240 drying grounds and 40 local cold room facilities, and creating a fully operational cold chain for farmers.

Official estimates indicate that the private sector is contributing to the current Agriculture transformation strategy in areas with a positive expected financial return. Investors are contributing 15% of the total investment through incentives and partnerships. Over the last 30 years, Rwanda's service sector, from the banking industry to the hospitality sector, has rebounded and played a significant role in sustaining economic growth.



## **Unlocking services sector**

The growth of the service sector has been a significant contributor to the country's economic performance, accounting for up to 46 percent of the GDP.

According to the National Institute of Statistics, the country's gross domestic product (GDP) increased year over year to 4,486 billion FRW in the first quarter of 2024, up from 3,904 billion FRW in Q1 of 2023.

Over the last 30 years, policymakers have implemented innovative macroeconomic regulations, implementing targeted, precise, and timely measures, in addition to broader regulations. This has helped to promote economic stability.

In recent years, Rwanda has successfully implemented a doing-business reform agenda to foster a competitive and favorable business environment, as well as attract significant private sector investments.



Last year alone, the country registered 513 projects totaling \$2.47 billion, a noticeable increase from the \$1.6 billion recorded in 2022.

Estimates from the Rwanda Development Board (RDB) indicate that these registered businesses are likely to create more than 40,198 jobs, with the majority of employment opportunities emerging in manufacturing, agriculture, forestry, fishing, and real estate sectors.

The latest annual report from RDB reveals that domestic investors have committed to investments totaling \$959.5 million, accounting for 38.8% of the total investments recorded in 2023.