RWANDA

TRADE MARK EAST AFRICA
Growing Prosperity Through Trade
Rwanda’s rapid, systematic, and comprehensive approach to containing COVID-19 was widely praised, as the country became the first in East Africa to impose a nationwide lockdown and install handwashing-stations and temperature checks in all public spaces.

Among Rwanda’s hailed innovative interventions were its robust risk communication and community engagement. At the onset of the pandemic, the National Bank of Rwanda reduced the key Repo rate to 4.5 percent in April 2020 from 5 percent in 2019 to stimulate growth. Although socio economic consequences of the pandemic and its containment measures, such as collapse of some businesses, job cuts and rising poverty, were unavoidable, Rwanda’s economy has recorded steady growth since quarter one of 2021.

According to Rwanda’s National Institute of Statistics, the services sector expanded by 24 percent in the second quarter of 2021, backed by strong performances in trade and transportation at 41 percent, wholesale and retail trade at 34 percent, information and communication at 28 percent, and financial services at 19 percent.

National Bank of Rwanda predicts that the economy will expand by 5.1 percent in 2021 before a bounce back to double digit growth post 2022. This will be driven by an aggressive vaccine roll-out, fiscal stimulus package, accommodative monetary policy stance and improved agricultural performance.

TradeMark East Africa (TMEA) Rwanda interventions remained aligned to the Rwanda Government’s priorities and sought to address key barriers to trade including elimination of non-tariff barriers, customs efficiency enhancements and facilitation to women in cross border trade, which combined will contribute to Rwanda’s export dynamism and regional integration agenda.

We renewed focus on cross-border trade by for example fast-tracking the Lake Kivu transport project, the Rusizi II One Stop Border Post (OSBP), and direct support to cross-border traders, especially women. With the Ministry of Trade and Industry (MINICOM) efforts to eliminate Non-Tariff Barriers (NTBs) and consolidate national strategies related to exports and trade such as the National Trade Policy, the National Industrial Policy, and the National Export Strategy III continued. Combined, TMEA’s facilitation will contribute to reducing the time and cost it takes to trade; increase Rwanda’s exports; increase investments; and create decent jobs.

Emerging successes as outlined in this report have been made possible by the unwavering support of our donors, the Government of Rwanda and the private sector, to whom we remain indebted.

Patience Mutesi, Country Director
1. Industrial parks in Rwanda will support the government strategy of building an export-led economy and creation of sustainable jobs. In this regard, TMEA provided technical support to MINICOM and Ministry of Finance and Economic Planning (MINECOFIN) to file a proposal required to draw down US$100 million loan from India Exim Bank for the development of Bugesera and Rwamagana Industrial Parks.

2. Staple farmers continued to access markets and better prices through the East Africa Exchange (EAX), trading 26,000 MT of grains and surpassing the set target by 12,000 MT. Earnings from grain export was six times higher, at RWF 89M (US$88,344) against a target of RWF 14M (US$13,896), while the value of loans acquired through warehouse receipt financing was US$60,000 against the targeted US$50,000. Further, the 11,473 (out of the targeted 12,000) farmers trained on best agricultural and post production practices, posted improved grain quality, evidenced by near zero rejection at EAX warehouses. The training focused on quality assurance, agriculture best practises, calculation of production costs, post-harvest handling, trading and electronic warehouse receipts.

3. Post training and sensitisation assessments of women in cross-border trade programme implemented by Profemme Twese-Hamwe, indicated that more than 70 percent of the 7,590 (4,928 of them women) cross-border traders had good knowledge of Simplified Trade Regime (STR) and Cross Border Trade (CBT) issues, bolstering their confidence to access markets through formal routes and interactions with border officials.

4. Three cooperatives benefited from reduced time and cost of processing coffee for export after a coffee sorting and grading facility was installed at the National Agricultural Export Development Board (NAEB), and five staff trained on its use.

5. The second phase of the Rwanda Standards Board (RSB) Laboratory Information Management Systems (LIMS) was operationalised, after completing testing and training on all system modules, which include metrology, system certification, product certification, administration, standards and finance. Within the standards division, more than 1,990 standards were uploaded into the system. More than 100 training and service requests have been made. The upgrade will reduce testing turnaround time of samples sent by enterprises to RSB Laboratory from 7 days to 6 days.

6. Sixty eight Agri-food enterprises were trained and mentored in ISO 22000 and RS 184 HACCP. The cohort comprised of 117 professionals from RSB who reported achieving efficiency at work following the training. Training modules include production for feed, provision of transport and storage services for perishable food and feed, and provision of catering services.

7. Exporters were trained on third-party certification to enhance access to markets and reduce interception of agricultural commodities at ports of entry. In partnership with NAEB and Rwanda Inspectorate and Competition Authority (RICA), 16 horticulture producers and traders were trained on prevention and management of the false codling moth (FCM) and potato virus Y (PVY) to ensure system compliance comply with export markets Sanitary and PhytoSanitary measures. Trainings are expected to equip the exporters with knowledge and skills to comply with third party certification requirements and fulfill Global Gap practice requirements.
8. We supported improvements to key trade systems to simplify business processes and reduce transaction time and cost on selected imports. The Single Transaction Point Portal of the Rwanda Electronic Single Window (RESW) was developed, and installed with multi-language support for Kinyarwanda, English and French. Implementation of the Rwanda Utilities Regulatory Authority (RURA) license convergence system advanced with licensing services digitised and deployed online and the NAEB and RSB Single Window Information for Trade (SWIFTS) were rolled out.

9. Working with NAEB and a steering committee comprising of Government agencies and development partners, TMEA continued to support conceptualisation of the Kigali Wholesale Market through the development of designs, assessment of backward and forward linkages to the market, Environmental and Social Impact Assessment (ESIA) and review of market operations and management models. The concept design of the Kigali Wholesale Market was completed and validated, assessment of the linkages completed, and operations models presented for validation.

10. Working with Rwanda Transport Development Agency (RTDA), construction of Rubavu and Rusizi Ports on Lake Kivu progressed to 10.3 percent and 9 percent completion, respectively, while designs for Karongi Port were completed. Based on lessons learnt in the procurement of the first two ports, we adjusted the approach for procurement of construction of Karongi and Nkora Port facilities, effectively transferring it to the Rwanda Government. This shortened project timelines and improved donor coordination. The projects have integrated elements of inclusion by either considering women and other special groups, such as people with disabilities, in their design and/or focusing on facilitating trade for vulnerable groups not just large-scale traders. Also, prioritisation of Environmental and Social Impact Assessments (ESIAs) in their inception and application of necessary safeguards has ensured value for money (VfM).

11. Concept designs for the Rusizi II One-Stop Border Post (OSBP) between Rwanda and the Democratic Republic of Congo (DRC) were completed. OSBP operational procedures and a bilateral agreement for the establishment and operationalisation of the OSBP were submitted for validation.
Trading in Rwanda received a boost following elimination of at least 8 Non-Tariff Barriers (NTBs), simplifying trade procedures in the Trade Information Portal and enhanced compliance to the World Trade Organisation (WTO) Trade Facilitative Measures. These were achieved under the project ‘Technical Support to National Trade Facilitation Committee (NTFC)’ implemented through the Ministry of Trade and Industry (MINICOM). This committee draws its membership from MINICOM, Rwanda Revenue Authority and the Private Sector Federation (PSF) among 32 other trade facilitation actors.

Major NTBs such as the requirement by Tanzania Food and Drugs Authority (TFDA) for companies exporting to Tanzania to register, re-label and re-test certified EAC products exported by partner states were removed. Other NTBs eliminated include: i) Removal of multiple police checks in Kenya along the Northern Corridor; ii) Requirement by Kenya for foreign exhibitors participating in trade fairs to have a trading license; iii) A fine by Kenya Revenue Authority of Ksh 100,000 (US$909) for trucks without Electronic Cargo Tracking seals; and, iv) A requirement by Tanzania for transit trucks carrying chemicals to have export and chemical transport permits.

Rwanda’s compliance to the World Trade Organisation (WTO) Trade Facilitation Agreement (TFA) category A measures was enhanced, from 26.89 percent in 2015 to 83.2 percent in March 2021.

Up to 30 export, import and transit commodities have been documented and uploaded in the Trade Information Portal to provide accurate and timely information to traders. This portal has been embedded and linked to the websites of 29 partner and 11 Rwandan Embassies, greatly raising awareness of Rwandan goods to export markets.

To ensure sustainability in the implementation of the trade facilitation measures beyond the life of the project, and support Rwanda’s push for positive positioning in the global market place, a plan of action was developed for a five-year horizon through a National Trade Facilitation Roadmap 2019-2024 and a National Strategy for elimination of NTBs 2020-2025.

Beneficiary Quote

“The Ksh 100,000 (US$909) fine per truck by Kenya Revenue Authority for cargo trucks without Electronic Cargo Tracking Seals was quite a pain to our businesses. I operate 4 trucks that make about 12 trips each month to Nairobi. So you can see how much savings I have made since the fines were dropped. In the cement industry alone there are about 40 trucks that make similar trips to Kenya, if you consider other industries, the savings made on this NTB alone will run into hundreds of thousand dollars.”

Mbonigaba Damien, Proprietor- Dignitas Trading Ltd.
Beneficiary Quote

"With the modern equipment, we will be able to sort and grade 64-80 Metric Tonnes per day. This will fill up to 4 forty-foot containers in a day, up from 1 forty-foot container in 8 days.

The modern equipment now raises the overall grading capacity at NAEB to 64-80 Metric tonnes a day and is expected to improve the fortune of the 400,000 small holder coffee farmers who exported 16,880 metric tonnes of coffee in the year, earning the country US$ 61.5 million.

TMEA in partnership with NAEB has rolled out plans to assimilate labourers into other functions at the facility such as the horticulture pack house. Similarly, support will be provided to train them in business management and mobilise them to form business associations/cooperatives to help them transition into self-employment.

The National Agricultural Export Development Board (NAEB) Coffee Warehouses in Gikondo, Kigali has been a beehive of activities as 32 coffee farmers’ co-operative societies served by the board deliver truck loads of the bean beverage for sorting, grading and export to foreign markets.

Automated sorting of high-grade coffee enhances ability to comply to standards and phyto-sanitary measures a key requirement for access to international markets. Lack of compliance has been a key barrier to Rwanda’s access to markets resulting in low prices and losses in the value of millions of dollars. On the other hand, the coffee sorting tables have significantly improved the working conditions of the sorters that still have to provide that extra check for buyers that require this additional layer of processing. Combined, the new equipment has enabled coffee exporting cooperatives to fill up to 4 forty-foot containers in a day, up from 1 forty-foot container in 8 days.

The huge capacity will greatly benefit the 32 coffee producer co-operatives that we serve. Previously it took a team of 35 workers, 12 days to sort and grade one container of coffee."

NAEB Chief Executive Officer Claude Bizimana.