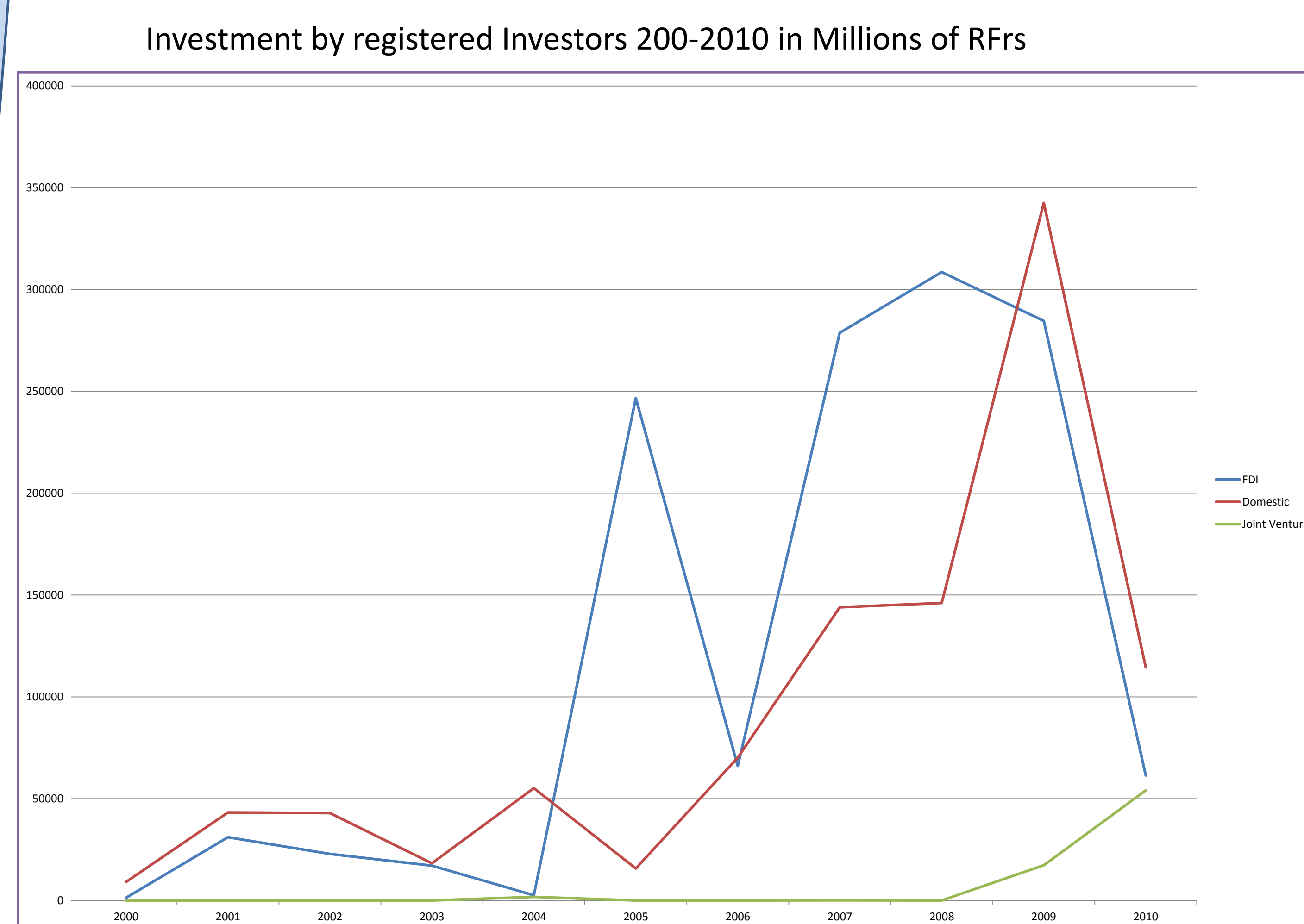


An Assessment of Business Processes and Implementation of Reforms in Private Sector-Facing Institutions 2007-2011

Rwanda has made dramatic progress in reforming the regulatory and administrative climate for business as measured by the World Bank's *Doing Business*. The country has embarked on an ambitious programme of regulatory reform explicitly designed to climb the *Doing Business* rankings. In just five years the country has moved from 150th position to 46th on the *Index*.

Rwanda's good performance in terms of the soft business environment is confirmed by its ranking on the Institutions Pillar of the *Global Competitive Index* where it is ranked 19th in the world. Comparison with competitor countries indicates that Rwanda has a competitive advantage in East Africa in providing a conducive soft business environment. Outstanding challenges remain trading across borders and closing a business. Rwanda also performs well on the World Bank *Governance Indicators* and is especially notable for its ranking on fighting corruption

There is some evidence that investment has increased since the introduction of the reform programme, both FDI and local investment.



However, there are a number of confounding factors so the increase cannot necessarily be attributed to the reforms. Also Rwanda's performance in attracting FDI is much lower than competitor countries including Tanzania and Uganda which perform significantly less well than Rwanda on *Doing Business*

Improvements in the business climate need to be measured by the actual experiences of the business community. Are they benefitting from the reforms? The available evidence on this is mixed. The findings from the *Investor's Perception Index* are indicative of relatively high levels of satisfaction and of businesses perceiving improvements. However, the inquiry by Senate using the *Better Business Index* as a framework suggests continuing dissatisfaction amongst the business community

Our research confirms that the reality of service delivery does not match the promise from the ranking on the *Doing Business Index*. There were general concerns about poor service delivery and a lack of sufficient, experienced staff in most government agencies. Service delivery out-of-Kigali was generally seen as poor. There was also concern about the lack of consultation about and communication about reforms

The conclusion must be that in the terms of what it set out to do, improve Rwanda's ranking on *Doing Business* the Business Climate Reform Programme was an undoubted success. There remains room for further reform in the legal and regulatory framework especially in terms of closing a business and trading across borders needs further attention

However, the reforms are only a first stage, they are outputs not outcomes. The short term outcome should be an improvement in the experiences businesses have in their interactions with government agencies and the medium term outcome an increase in local and FDI with all the benefits that brings to the economy. The next stage must be to focus on improving service delivery to the private sector. This must be comprehensive ensuring excellent service delivery to all businesses irrespective of their size and their location.

Some key Recommendations

1. Consolidating the reforms already under way before contemplating further reforms
2. Develop a standard for service delivery that specifies the requirements for ensuring service excellence
3. Developing a coordinated and integrated strategy for service delivery coordinating the various elements such as e-business, service delivery to the private sector and service delivery to citizens more generally



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