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.

Improvements in the business climate need to be measured by the actual experiences of the business community. Are they benefiting 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, 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.

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.

The research was commissioned by MINICOM. For details, please contact IPAR or Write to j.rwirahira@ipar-rwanda.org.