

OBJECTIVES OF EU SUPPORT IN PRIVATE SECTOR

Rwanda has a well-articulated policy framework to guide its developmental aspirations. Rwanda's **Vision 2050** identifies the country's overarching objectives to transform its economy and modernize the lives of Rwandans, with the aim to reach upper-middle income status by 2035 and high-income status by 2050. The first years of Vision 2050, up to 2024, are operationalised through Rwanda's 7-year plan: **The National Strategy for Transformation (NST1)**. Both Vision 2050 and the NST1 have a strong focus on private sector-led growth.

Rwanda has been performing very well in the World Bank's Doing Business report. Government of Rwanda gives priority to business environment reforms and deploys intensive efforts to promote Rwanda as an attractive business and investment destination. All these factors have resulted in important improvements in Rwanda's business environment. Rwanda ranked 38th out of 190 economies in the Doing Business 2020 report. This makes it the only low-income country in the top 50 ranking. Rwanda has the most favourable business climate in the East African Community and the second best in Africa, after Mauritius.

However, the private sector in Rwanda still faces a number of structural constraints including lack of skills, difficult access to finance, low labour productivity, and relatively high transport and energy costs. Regulatory issues such as contract enforcement and dispute resolution further hamper foreign investment in some specific. New entrants, for instance, often face a struggle to operate in an environment dominated by large domestic incumbents. Competition issues and barriers to entry to some economic sectors need to be addressed. Despite the high position in the overall World Bank's Doing Business ranking, Rwanda's position is much lower in some sub-categories: Protecting Minority Investors (114), Trading across Borders (88), Dealing with Construction Permits (81), Resolving Insolvency (62) and Getting Electricity (59).

Therefore, **the EU aims to foster Rwandan economic and social development**, including by fostering EU-Rwanda trade and investment relations, which could contribute to creating jobs and driving growth.

EU considers the following areas, which need to be developed to underpin this evolution, *inter alia*:

- Good economic governance and a conducive business environment
- Effective public-private dialogue
- Increased access to finance
- Improved technical and entrepreneurial skills
- Improved innovation ecosystem
- Trade facilitation