

Rwanda

Rwanda's economy grew 7.4% in 2010, up from 4.1% in 2009, as it recovered from the global economic crisis and domestic liquidity constraints faced by banks. The outlook for the coming three years is one of robust growth.

Rwanda is on the path to becoming a knowledge-based, service economy in the region by investing in ICT capability, e-government, power generation, and air and land transport.

Rwanda's South-South partnerships have made notable progress in the last few years, particularly with China, and to a certain extent with India, in the areas of trade, investment and technical co-operation.

In 2010, the economy of Rwanda recovered from the sharp downturn it experienced in the previous year by growing at 7.4%. The outlook for 2011 and 2012 remains robust. The rebound is driven mainly by increased exports, expansion in the growth of services and construction sector. Inflation also has declined considerably in 2010 compared with 2009 when food prices increased by more than 20% in the wake of the global food crisis. The macroeconomic balance also improved in 2010 and is expected to remain stable in the mid-term.

Table 1: Macroeconomic indicators

	2009	2010	2011	2012
Real GDP growth	4.1	7.4	6.5	7
CPI inflation	10.3	2.3	5.2	5.5
Budget balance % GDP	-2.2	-0.5	-3.5	-1.4
Current account % GDP	-8.4	-6.7	-9.1	-6.5

Source: National authorities' data; estimates and projections based on authors' calculations.

Figures for 2010 are estimates; for 2011 and later are projections.

StatLink  <http://dx.doi.org/10.1787/888932406821>

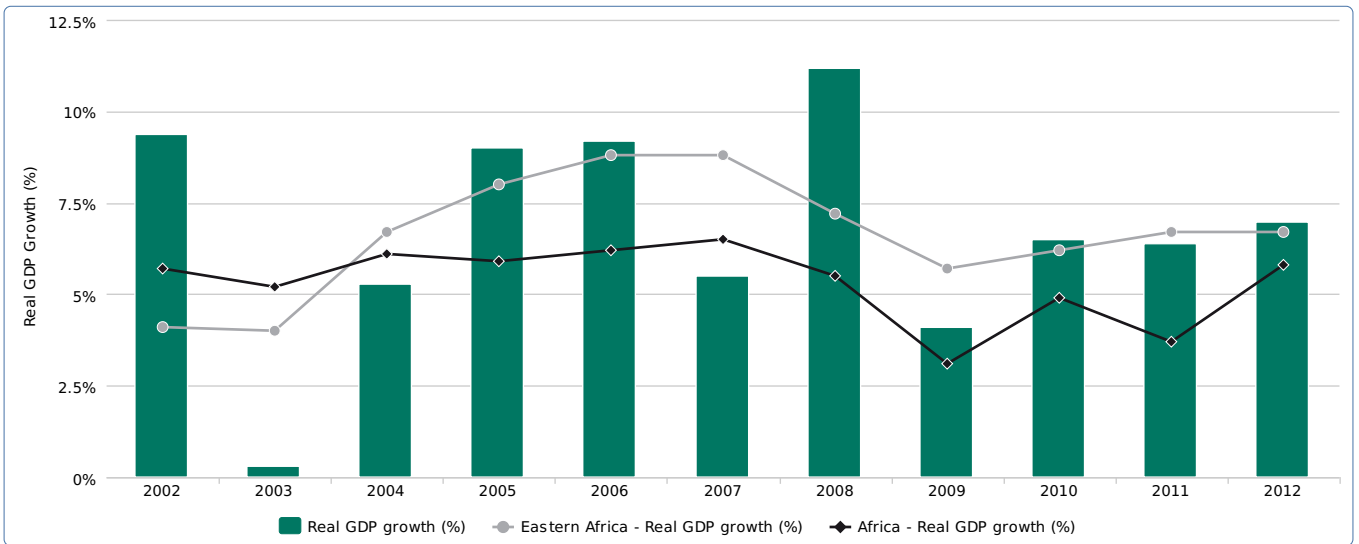
In the last decade and a half, Rwanda's economy has progressed by improving factor productivity, achieving a considerably higher level of output per worker. The mid-term outlook now depends on increased investment in core sectors. Public investment to improve power generation capacity, air transport, e-government and other sectors is expected to help sustain current growth. But the country's continued dependence on a few export commodities represents a serious constraint and the mobilisation of domestic resources to finance investment remains low.

Rwanda has undertaken impressive reforms to create a business-friendly environment for the private sector. It has the status of best reformer in the world and is one of the freer countries in economic terms. The hope is that these achievements will translate into increased economic activity in the private sector and attract investment from around the world.

There is impressive social as well as economic progress. Rwanda is on track to meet most of the Millennium Development Goals (MDGs).

Rwanda has the potential to achieve a much higher rate of economic growth. Investment in creating a skilled labour force, removing infrastructure bottlenecks and improving farm productivity could make a huge difference in the years to come. These are some of the priorities of the government's Economic Development and Poverty Reduction Strategy and Vision 2020.

Figure 1: Real GDP growth (E)



Source: IMF and local authorities' data; estimates and projections based on authors' calculations.

Figures for 2010 are estimates; for 2011 and later are projections.