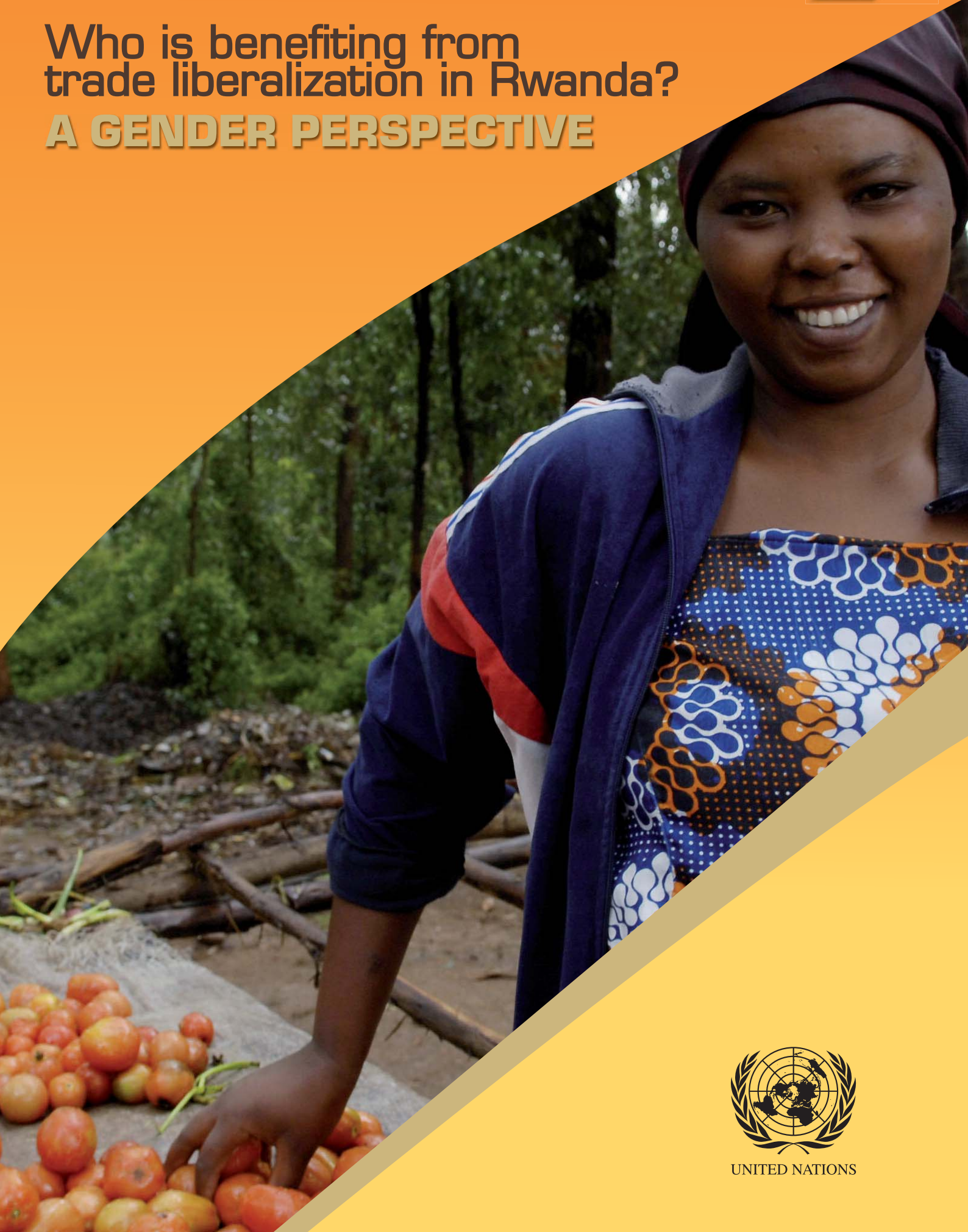


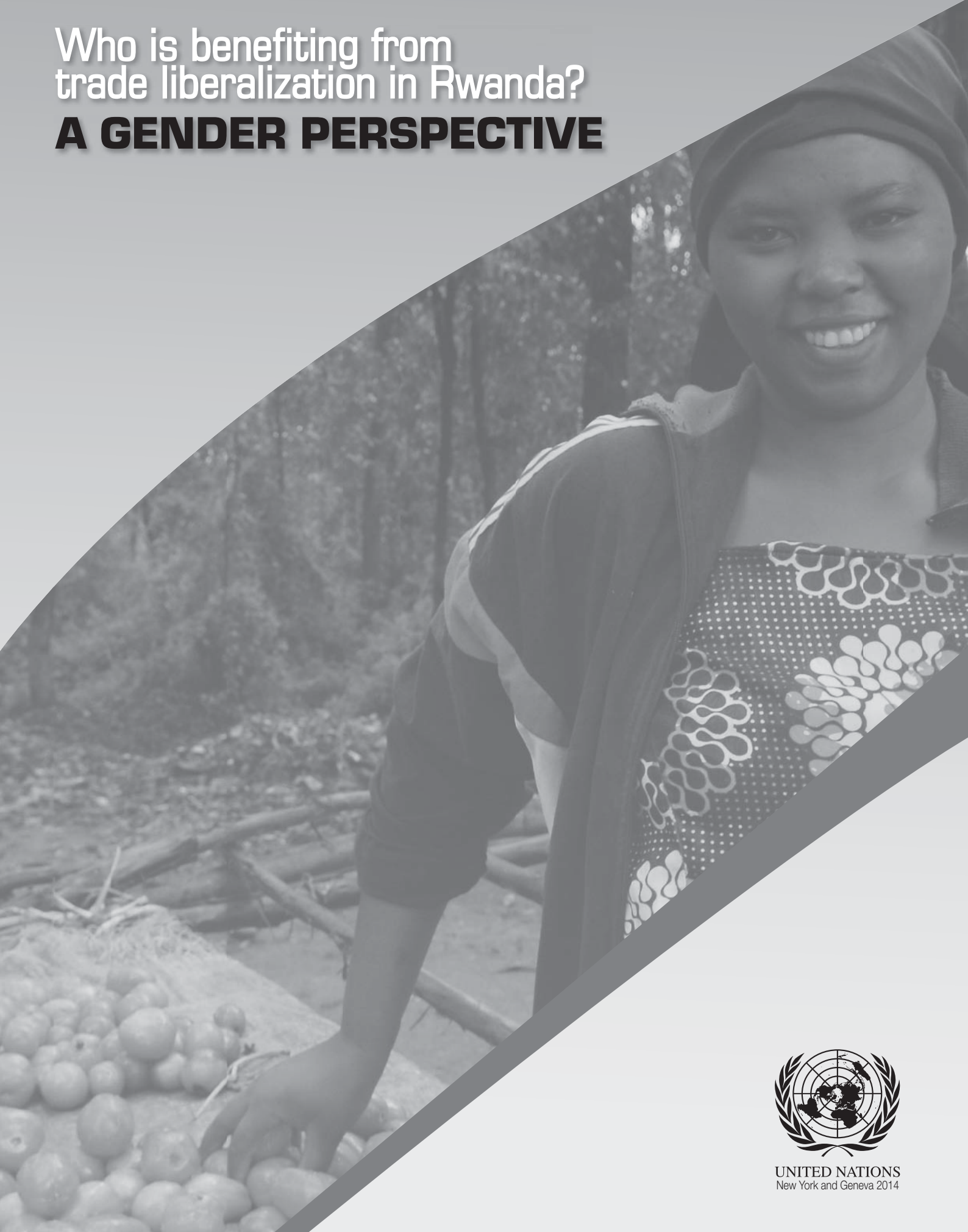


# Who is benefiting from trade liberalization in Rwanda? **A GENDER PERSPECTIVE**





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UNCTAD aims to contribute to the analysis of the linkages between trade policy and gender equality, and to the related international debate, by looking at specific country experiences. This study is one in a series of case studies that are being conducted by UNCTAD in seven developing and least- developed countries, namely Bhutan, Cape Verde, Lesotho, Angola, The Gambia, Rwanda, and Uruguay.

This study was prepared by an UNCTAD team including Irene Musselli and Filippo Gori, under the overall coordination of Simonetta Zarrilli, chief of the Trade, Gender and Development Section in the Division on International Trade in Goods and Services, and Commodities. The study benefited from insightful comments and suggestions provided by Lisa Borgatti, Elizabeth Jane Casabianca, Amata Diabate (on behalf of the UN Country Office in Rwanda), Murray Gibbs, Judith Kazaire (on behalf of the Ministry of Gender and Family Promotion of Rwanda), Maria Pia Lacarte, Armin Lalui, Mariangela Linoci, and David Rugamba Muhizi.

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## EXECUTIVE SUMMARY

Rwanda is a leading example of successful integration of gender considerations in all government programmes and laws, as well as in the main plans and strategies that form the country's development framework. In seeking to become a more prosperous and competitive nation, Rwanda has acknowledged the importance of women's participation and awarded special emphasis to gender equality. Through the institutionalization of gender equality and wide-ranging commitments to it taken at the highest levels of decision-making, Rwanda has made impressive advances in furthering the status of girls and women. In 2008, Rwanda became the first country in history to have more women members than men in its Parliament. In 2014, women held 63.8 per cent of the seats in the Lower House and 38.5 per cent in the Upper House. This makes Rwanda number one in the world in the political participation of women, superseding countries such as Sweden and Finland (Inter-Parliamentary Union 2014). In addition, while Rwanda has made impressive progress in educational attainment for its population in general, there has been particular progress for women: enrolment in primary education for girls in the relevant age group was 98 percent in 2012, higher than the boys' rate. The country has also made remarkable advances in health: maternal mortality dropped from 3,400 deaths per year in 2000 to 1,300 in 2013 (World Health Organization, Global Health Observatory).

There remains work to be done, however, particularly with regard to access to economic assets and resources (particularly for rural women) and security (gender-based violence). There is evidence that women, and rural women in particular, tend to be relatively disadvantaged in terms of de facto land ownership, access to supply-side services, and credit. For example, although women do most of the production work in the tea and coffee sector, only about 30 per cent of the family farms are reportedly owned and managed by women. Yet, it is important to acknowledge, several pieces of progressive legislation have significantly strengthened the de jure land rights of Rwandan women. Likewise, female-headed households are less likely than their male-headed counterparts to own durables – such as radios, mobile phones, and bicycles – that enhance the marketing capacity of farmers. Finally, as detailed in the study, rural women in Rwanda often lack the needed collateral to

secure credit, the ability to articulate a business plan, and the literacy skills required to navigate through the loan application process, all of which significantly hinder their ability to access credit, even government-backed credit. These gender-specific constraints result in significant competitive disadvantages and constrain women's ability to upgrade and scale up their operations.

It is also important to acknowledge gender-based cultural norms/mindset that still define men's and women's work, particularly in rural society, and that to some extent limit the reach and impact of "equalizing" legislation. Women, in particular, have the double burden of unpaid care and productive activities. This results in significant time shortages that constrain the ability of women to fully engage in income-generating activities.

Overall, these gender constraints continue to impinge on the ability of women to participate effectively in dynamic, commercially oriented activities. With specific reference to trade, the main finding from the study is that trade integration within the region and globally has not yet been able to reduce existing gender disparities in Rwanda. Rather, the tendency seems to be a growing polarization in terms of employment whereby women are increasingly segregated in the less-dynamic, contracting sectors (by and large, informal and non-tradable), while men engage in the expanding sectors.

Women could well benefit as much as men from the momentum that is slowly transforming Rwanda's economic structure from farming related activities to a high value-added service-based economy. But proactive measures are needed in this direction. Gender-based constraints need to be acknowledged and redressed by means of gender-specific and, as warranted, redistributive measures. To be effective, these measures should acknowledge the gender-differentiated effects of trade in more than one respect. Indeed, as discussed throughout the study, trade and trade policy tend to have discrete effects on women in all of the economic roles they play: as producers or wage-earners and traders; as consumers; as users of public services; and as taxpayers. Policymakers need to be cautious about the gender ramifications of trade in all these areas, and implement gender-specific and gender-redistributive measures as appropriate.

An important caveat is needed, at the very outset. The use of gender-disaggregated household data may introduce important biases in the analysis. These data are disaggregated by sex of the head of household (male and female heads of households). Comparisons of male- and female-headed households are then used for gender analysis. Biases are so introduced in the analysis since male- and female-headed households are not comparable, in most cases. This is due to the fact that households recorded as “female-headed” in Rwandan statistics are frequently single-parent households that face specific social and economic challenges. Male-headed households include all other households in which women are married to men. By comparing male- versus female-headed households, the analysis thus compares two-parent families and female-headed single-parent families. This explains, in particular, higher rates of poverty among female-headed households. This warrants some caution when interpreting the findings from the analysis, which makes extensive use of household data disaggregated by the sex of the head of household.

## **MAIN FINDINGS: DISTRIBUTIONAL OUTCOMES OF TRADE BY GENDER**

### ***Employment effects***

This report tries to gauge the gains female workers can obtain from exports and the potential losses they can suffer from imports. The analysis moves from the gender division of labour along tradable and non-tradable lines, as defined by the export/import orientation of a sector. Export orientation is calculated as the ratio between the value of exports of a sector and the share of total GDP coming from that sector's output. Likewise, the index of import exposure is calculated as the ratio between the value of imports in a sector and the share of total GDP coming from that sector's output. With a degree of approximation, the index of export orientation measures how much a sector benefits from external trade, while the index of import exposure measures the potential competition that domestically produced products face vis-à-vis imports in internal markets.

Based on this methodology, the analysis points to some gender biases in the gains from trade: in relative terms, sectors that tend to be more female-intensive (agriculture) are less export-oriented, and hence less likely to gain from trade than sectors that tend to be more male-intensive (such as the mining, manufacturing, and utilities industries). In particular:

- Agriculture employs the vast majority of women (8 out of 10), with a gender ratio of 61 per cent. The share of female workers that may possibly directly benefit from exports is represented mainly by the relatively small share of farmers involved in the cultivation of export cash crops – slightly higher than 11 per cent of rural households (male- and female-headed) when considering only tea and coffee.
- Sectors that tend to be more male-intensive (such as the mining, manufacturing, and utilities industries) tend to be more export-oriented, and hence more likely to benefit from external trade. Female work participation in manufacturing and mining (export-oriented) is close to negligible, as the sector employs less than 2 per cent of all active women.
- An exception is the services sector, which is to a large extent non-tradable, with limited direct effects of trade on employment. Yet, in the tradable segment, the bias is in favour of women: imported services focus mainly on transportation and freight (typically male-dominated); and exported services are oriented to tourism (business and leisure travel) where the presence of women is higher than that of men. Yet, the overall impact on women's welfare in Rwanda is limited: the tourism sector currently directly employs a nearly negligible number of female workers (13,600), corresponding to 0.5 per cent of active women).

### ***Consumption effects***

Rwandans in general, and women in particular, tend to be relatively insulated from fluctuations in international (that is, outside the East African Community – EAC) food prices because of a number of factors:

- Rwanda imports (from outside the EAC) only about 10 per cent of the food it consumes internally. Most imported foods are directed to Kigali; in rural areas, inhabited by the vast majority of Rwandans, local markets are supplied by small-scale subsistence farmers. This attenuates exposure to external price fluctuations.
  - It is estimated that outside Kigali, on average, 50 per cent of overall household income is represented by in-kind consumption (consumption of goods produced from within the household); for poorer households, the share is significantly higher. Heavy reliance on food produced for self-consumption reduces exposure to international price shocks.
-

- In Rwanda, the incidence of extreme poverty is significantly higher for female-headed households. This translates into higher reliance on subsistence activities and consumption in kind. Accordingly, poor rural women tend to be less vulnerable to international price spikes, though they also are less likely to reap the benefits of cheap food imports, as they mainly consume what they produce.

### **Revenue effects**

The sharp decline in central government receipts from import tariffs following intra-EAC tariff liberalization has been more than offset by the surge in direct and indirect taxes and net grants. It does not appear that tariff liberalization has translated into reduced public spending, which would have had negative repercussions, especially on women, who tend to use public services (e.g. public transport) more than men:

- The decrease in international trade revenue receipts from fiscal year 2008/09 to fiscal year 2009/10 was RWF 22.8 billion (0.7 per cent of 2009 GDP and 3.1 per cent of total receipts for the same year), corresponding to a 35 per cent decline (Rwanda Revenue Authority, 2010).
- The overall fiscal collection for the same period, however, rose from RWF 381 billion to RWF 395.5 billion, thanks to the surge in direct and indirect taxes and net grants (RWF +68 billion).
- Social spending has not been impaired. Available data, for example, show that resources channeled to health have not decreased; to the contrary, the relative share of public spending on health appears to have increased between 2008/09 and 2010/11.

## **MAIN POLICY RECOMMENDATIONS**

### **Employment**

Proactive measures are needed to more tightly correlate female employment creation with the country's economic and trade performance. In particular, measures should be taken to increase women's participation in dynamic sectors and sub-sectors, and to dynamize informal, subsistence-oriented activities that mainly employ women.

### **Women in agriculture**

A central challenge is how to handle the gender implications of an intensification and market orientation

of agriculture. Policy interventions are needed to build a diversified, integrated, competitive, and dynamic rural economy that is also gender-sensitive and, overall, socially inclusive.

As regards staple food production:

- The government may wish to carefully consider in which direction its agricultural reform process is heading – whether towards a large-scale industrial model (which may pose specific challenges for rural women), or towards a more complex system that builds on knowledge-intensive, sustainable smallholder agriculture (more “gender-friendly”), or a combination of the two.
- For smallholder agriculture to be commercially viable, the key issue is to set up the right incentives in terms of support infrastructure and services as well as risk management. It is also imperative to tackle gender-specific obstacles that hinder women's ability to improve their production and its quality, and to engage in agricultural activities with more value added.

Turning to cash crops for export:

- It is imperative to tackle gender-specific constraints that limit women's ability to actively engage in dynamic, commercially oriented segments.
- Off-takers (buyers and local processing factories) may act as catalysts for the empowerment of rural women by structuring their procurement in a way that favours women farmers and by providing extension support, quality inputs, and finance.
- This “structured trade” may raise challenges such as dependency relationships between actors with different bargaining power, abuse of position by downstream actors, and difficulty of exit. This may invite a shift from bilateral contractual relationships (between farmers and off-takers) to triangular public-private partnerships involving farmers, off-takers, and the public sector.
- Public authorities can also proactively re-structure existing business incentives (e.g. special tax rates, exemptions, rebates, deductions, deferrals, and credit used to attract investors) in order to encourage gender-sensitive and socially inclusive practices by investors. This would also contribute to the better targeting and less general use of incentives, in light of the need for developing countries to maximize revenue generation.



### **Women in manufacturing**

If appropriate support measures are in place, a few export-oriented manufacturing sectors may emerge as significant growth drivers that offer opportunities for female employment. These include, in particular, agri-processing, the handicrafts industry, and specific “greenfield” sectors.

When focusing on women as entrepreneurs, due attention needs to be paid to small and micro enterprises, which are often informal and artisanal. This is a vibrant microentrepreneurial sector in Rwanda that has significant potential to contribute to poverty alleviation and the empowerment of women. If anchored in rural production, investment in these microentrepreneurial endeavours is a way to offer off-farm activities for rural women, and to transform a slow-moving subsistence-oriented sector into a vibrant, dynamic, small farm sector. Key interventions are detailed in the study.

### **Women in services**

A further expansion of the tourism sector, if well managed, is likely to create significant employment opportunities for women. At the same time, proactive and corrective measures are needed to avoid segregating women into the most-vulnerable jobs and to facilitate linkages between tourism outlets and local producers.

It is critical to tackle the gender-specific obstacles faced by informal cross-border traders. These include, in particular, limited access to capital, which translates into low levels of start-up capital and small scale; lack of awareness of rights and responsibilities, particularly as regards border taxes; and, as documented by the World-Bank (Brenton *et al.*, 2011 and 2013) harassment at the border. If these and other constraints are effectively tackled, the full entrepreneurial potential of female cross-border traders can be unleashed, which in turn is likely to promote export competitiveness, trade expansion, and economic growth.

### **Consumption**

At the household level, it is important to preserve some capacity to produce staple foods for self-consumption as a way to mitigate food price risks. This implies preserving and building on home gardening to enhance food security. The Rwanda Agriculture Board is currently active in this area through the provision of input and technical support for the establishment of home gardens (kitchen gardens) that meet family needs with the resources available.

At the sectoral level, the government may wish to continue pursuing risk-aversion strategies that combine family food production (for self-consumption) with commercial agriculture (production for the market).

### **Import revenue and taxes**

Due to pressure from trade liberalization, Rwanda will increasingly need to rely on direct and indirect taxes as a tool to mobilize domestic resources. This raises questions as to the complex gender ramifications of tax policy. Policymakers may wish to carefully consider the gender impact of the various tools for domestic resource mobilization.

On the revenue side, to the extent that the value-added tax (VAT) is applied to basic consumption goods, it may disproportionately affect women. Equity measures – notably in the form of zero-rating or VAT exemptions for basic consumption goods – are in order. Increased fiscal pressure on the informal sector is also likely to have an anti-poor and gender bias, as low-income women tend to be largely segregated in informal activities. Direct taxation of informal sector operators should thus be paralleled by measures to increase the benefits that these operators would derive from entering the formal economy.

On the expenditure side of the budget, a central challenge is to ensure transparency and accountability in the use of revenue. Women-inclusive and gender-sensitive consultations and mechanisms with regard to the use of public revenue can promote the channeling of resources towards public services.

I



Country  
overview

## 1. COUNTRY OVERVIEW

Rwanda is a small, landlocked country south of the equator in Central Africa. It borders Uganda, the United Republic of Tanzania, Burundi, and the Democratic Republic of the Congo, from which it is separated by Lake Kivu and the Ruzizi River valley. Located on the great East African plateau, the countryside of Rwanda is mostly comprised of grasslands on hilly and mountainous terrain. The country's high altitudes and the type of soil are favourable to growing high-quality Arabica coffee, which is an important source of comparative advantage with regard to specialty coffee production. There is also potential for high-value, low-volume tourism. The distinct and spectacular landscape – punctuated by high mountains that are home to mountain gorillas and by deep valleys – is being leveraged for the development of niche eco-tourism.

Rwanda's status as a landlocked country, together with its rugged terrain and the absence of a significant industrial rail system, represent major impediments to international and regional trade, despite the fact that the country has one of the most intensive road systems in Africa. As discussed in the following analysis, while relatively high transport costs have resulted in competitive disadvantages, they have also contributed to partially shielding local subsistence-oriented communities from import penetration.

Before its independence in 1962, Rwanda was part of the Belgian Congo. Just as for neighboring Burundi, its colonial origins date to the German administration, which then evolved into a trusteeship of the United Nations under Belgian mandate. Despite the fact that ethnicity constitutes only one facet of the complex structure of Rwandan society, Rwanda's recent history was dramatically marked by the 1994 genocide in which approximately 800,000 people were killed (United Nations, 1999).

The 1994 genocide decimated Rwanda's fragile economic structure, severely impoverished the population, and dramatically damaged the country's human capital base. However, Rwanda has made substantial progress in rebuilding its economic and social infrastructure since the mid-1990s. The country held its first local elections in 1999, and its first post-conflict presidential and legislative elections in 2003. National GDP has rebounded with average annual growth of 7-8 per cent since 2003, while inflation has

been reduced to single digits. Throughout the same period, Rwanda also achieved significant progress in reducing poverty: the poverty rate dropped from 56.7 per cent in 2005/2006 to 44.9 per cent in 2010/2011 (National Institute of Statistics of Rwanda, 2012c).<sup>1</sup> However, an important share of the population still lives below the poverty threshold.

With a population of about 10.5 million in 2012 and an area of 26,338 square kilometers, Rwanda has a population density of 416 persons per square kilometer, the highest in all Africa (National Institute of Statistics of Rwanda, 2012a). The high population growth rate – estimated at 2.6 per cent over the past decade – together with the soaring population density represent a threat to Rwanda's land productivity, which is negatively affected by both soil erosion and production fragmentation. Rwanda's 2012 census indicates the presence of 93 men for every 100 women. This national average ratio is accentuated in rural areas, where women represent the majority of inhabitants and are typically involved in subsistence agriculture.

Rwanda's economy is mainly centered on agricultural production, which, together with services, was the major driving force for the country's recent economic success. On the other hand, a scarcely specialized light industry and a few mineral resources are only minor contributors to national output. Roughly 80 per cent of the labour force is engaged in agriculture, which is performed predominantly for subsistence purposes at the household level and on small plots (National Institute of Statistics of Rwanda, 2010). The average size of an agricultural household is 4.9 persons, all typically belonging to the same family.<sup>2</sup> Of these members, on average half are between 15-64 years old (for statistical purposes, part of the labour force), while the remaining members are under 15 or older than 64 (not counted in the labour force). Agricultural productivity is generally low due to land fragmentation and soil erosion, which come as a consequence of continuous use of plots.

Except for heavily eroded regions, the soil has good humus content and is fertile, especially in the alluvial valleys and in the volcanic area of the northwest. More than 95 per cent of the farm area is supplied with water from rainfall (National Institute of Statistics of Rwanda, 2010). However, the fairly rare use of irrigation, drainage, or watering, which is mostly due to the hilly terrain, makes crops vulnerable to rainfall shocks.<sup>3</sup> About 1.7 million hectares were under cultivation in

2010. Food and cash crops cover about 71 per cent of total farm area, with the remaining area is covered by forage, pasture, and forestation (National Institute of Statistics of Rwanda, 2010). Despite a positive trend in the amount of cultivated soil, land in Rwanda is a scarce resource due to a growing population combined with a strong reliance on agriculture. Scarcity of arable land significantly constrains the possibility of expanding the area dedicated to export cash crops without crowding out the production of basic staples for domestic consumption.

Rwanda is a net importer and has constantly reported a trade deficit in the past decade. The country's trade balance has been worsening since the mid-2000s as a consequence of an increasing import balance versus a substantially stable export flow. The country's main export crops are coffee and tea: together they represented almost 40 per cent of overall export earnings in the first three quarters of 2012. Rwanda also has some limited mineral exports, mainly tin, vanadium, niobium, and tantalum. Because of the limited offering of domestically produced manufactured goods, there is a wide range of imports ranging from consumer and intermediate goods to capital goods. As a consequence of Rwanda being a landlocked country, its export partners are almost entirely located in the East African Community (EAC) region, mainly the United Republic of Tanzania, Kenya, and Uganda. Import destinations are almost evenly distributed between Asia, Africa, and Europe.

Rwanda has coherently set national development goals and strategies. The country's "Rwanda's Vision 2020" is the key programmatic document on which all sectoral policies are based (Republic of Rwanda, 2000). The major aspiration of Vision 2020 is to transform Rwanda from a low-income, subsistence-oriented agrarian society into a middle-income, knowledge-based economy. Vision 2020 revolves around six pillars: good governance and a capable state, human resource development and a knowledge-based economy, a private sector-led economy, infrastructure development, productive and market-oriented agriculture, and regional and international economic integration. The pillars are interwoven with three cross-cutting issues: gender equality, environmental protection, and science, technology and ICT (information and communications technology). Drawing on Vision 2020 and the United Nations' Millennium Development Goals (MDGs), the country's 2008-2012 Economic Development and Poverty Reduction Strategy (EDPRS)

provided a medium-term framework for policy action (Republic of Rwanda, 2007b). Rwanda is now implementing Vision 2020 under the Second Economic Development and Poverty Reduction Strategy (EDPRS 2), covering the 2012-2018 period (Republic of Rwanda, 2013a). Under EDPRS 2, the private sector is expected to take the main role in economic growth and poverty reduction (Republic of Rwanda, 2013a). This has translated, in agriculture, into greater emphasis on value-chain development and private investment, as detailed in Box 1. A number of sectoral policies and strategies complement EDPRS 1 and 2.

### 1.1. COMPOSITION OF GDP

Rwanda's economic structure is strongly reliant on agriculture, which employs the vast majority of the labour force. Despite the dominant role of agriculture in terms of employment, however, services have been the most important economic activity for the country in terms of both growth and size during the past decade. The role of industry in the Rwandan economy remains fairly limited.

At the aggregated level, the contribution of agriculture to total output has steadily declined since the mid-1990s, and in 2012 it represented roughly one-third of Rwanda's GDP (Table 1). The ratio of cultivated land to overall arable land reached 79.3 per cent in 2011, up from 37 per cent in 2005 (National Institute of Statistics of Rwanda, 2012c). The increase in cultivated land is reflected in a relevant surge in agricultural output, especially of sugar cane (+98 per cent) and tea (+37 per cent), in the same period. These two crops are also the most important cash crops together with coffee. This increase, however, did not offset the steady decrease of agriculture's contribution to Rwandan GDP.

In 2008, only 3.9 per cent of total agricultural land was devoted to cash crops, while the vast majority was used for food (67.1 per cent) and forage (10 per cent) crops. Despite the widespread food crop production, over a third of agricultural households in 2008 reported having experienced problems of food self-sufficiency (National Institute of Statistics of Rwanda, 2010). Agricultural production is characterized by low productivity and low economic value. Cultivation is mostly carried out at the household level on parcels of land often smaller than 1 hectare (National Institute of Statistics of Rwanda, 2011a).

### Box 1. Main sectoral policies and strategies

The 2011 National Export Strategy (NES) identifies as priority sectors in the short and medium term the traditional export sectors of tourism, tea, coffee, and mining; and the non-traditional export sectors of business process outsourcing, horticulture, and home décor and fashion (Republic of Rwanda, 2011c). In the long term, greenfield sectors – e.g., bio-pesticides from pyrethrum, which thrives in Rwanda – are identified as a largely untapped and transformative engine of economic growth for Rwanda. The NES is in the process of being revised.

Rwanda's Industrial Policy, issued in April 2011, outlines strategic interventions in manufacturing. It focuses on easing structural impediments that affect Rwanda's competitiveness – such as investing in energy so as to lower input costs (e.g., electricity tariffs) and improving roads. Detailed policy prescriptions to upgrade the handicraft sector are spelled out in the five-year (2009-2013) Rwandan Handcraft Strategic Plan (Republic of Rwanda, 2009b). The Ministry of Natural Resources' Mining Policy and the Geology and Mining Authority's Strategic Plan for 2010-2013 provide a roadmap for the extractive sector.

A new Tourism Policy was developed within the framework of the 2009 Sustainable Tourism Master Plan (Republic of Rwanda, 2009c). Rwanda aspires to establish itself as a leading wildlife and eco-tourism destination and a regional conference hub.

In accordance with Vision 2020, Rwanda's agricultural policy is oriented towards transforming the current traditional and subsistence system into a “productive, high-value, market-oriented sector with forward linkages to other sectors.” Rwanda issued its National Agricultural Policy (NAP) in 2004 (Republic of Rwanda, 2004). The NAP has recently been updated under the Strategic Plan for the Transformation of Agriculture in Rwanda Phase III (SPTA3). Under SPTA3, there is increasing emphasis on commercial agriculture: value-chain development and private sector investment have been added to the traditional pillars for agriculture transformation (namely, soil conservation and land husbandry, irrigation, and agricultural mechanization) (Republic of Rwanda, 2013b). The NAP is complemented by specific sectoral strategies for key traditional export sectors, such as the 2008 Rwanda Tea Strategy and the Revised Tea Strategy for Rwanda 2009-2012 (Republic of Rwanda, 2008a); and Rwanda's National Coffee Strategy 2009-2012 (Republic of Rwanda, 2008b). The Agriculture Gender Strategy (Republic of Rwanda, 2010a) has also been developed within the SPTA3 framework.

*Source: UNCTAD Secretariat, based on a review of the following documents: Republic of Rwanda, (2004, 2008a, 2008b, 2009b, 2011c, 2013b).*

The services sector today is the largest single contributor to Rwanda's GDP, making up almost half of the country's economy (Figure 1). Service activities are also the main driving force behind the country's recent economic success. Rwanda's tertiary sector is centered on wholesale and retail trade, but a relevant role is also played by real estate, transportation, and business services (Figure 2). Tourism has shown particular dynamism in recent years, although it was severely affected by the global downturn. Rwanda's main touristic assets are its national parks, which attracted more than 45,000 visitors in 2010. That represented a major increase with respect to the 24,000 visitors in 2005 (Rwanda Development Board, 2011).

The prominent role of services in the Rwandan economy is the result of a significant effort to deepen reforms,

especially those aimed at improving the business environment and supporting the private sector: Rwanda moved up to 32nd on the World Bank's 2013 Ease of Doing Business Index (World Bank and IFC, 2014) from 139th in 2006 (World Bank and IFC, 2006). Rwanda's progress is remarkable: the country figures as the top improver in sub-Saharan Africa since 2005 on the index, and as the easiest place to start a business in sub-Saharan Africa (World Bank and IFC, 2014).

The industry component of GDP stayed roughly constant from 1996 to 2010 in relative terms, though the sector expanded in absolute terms. The Rwandan industrial sector is primarily made up of a large number of microenterprises operating mostly in manufacturing and with an ownership structure based on sole proprietorship.

**Table 1. Rwanda: GDP by economic activity (per cent)**

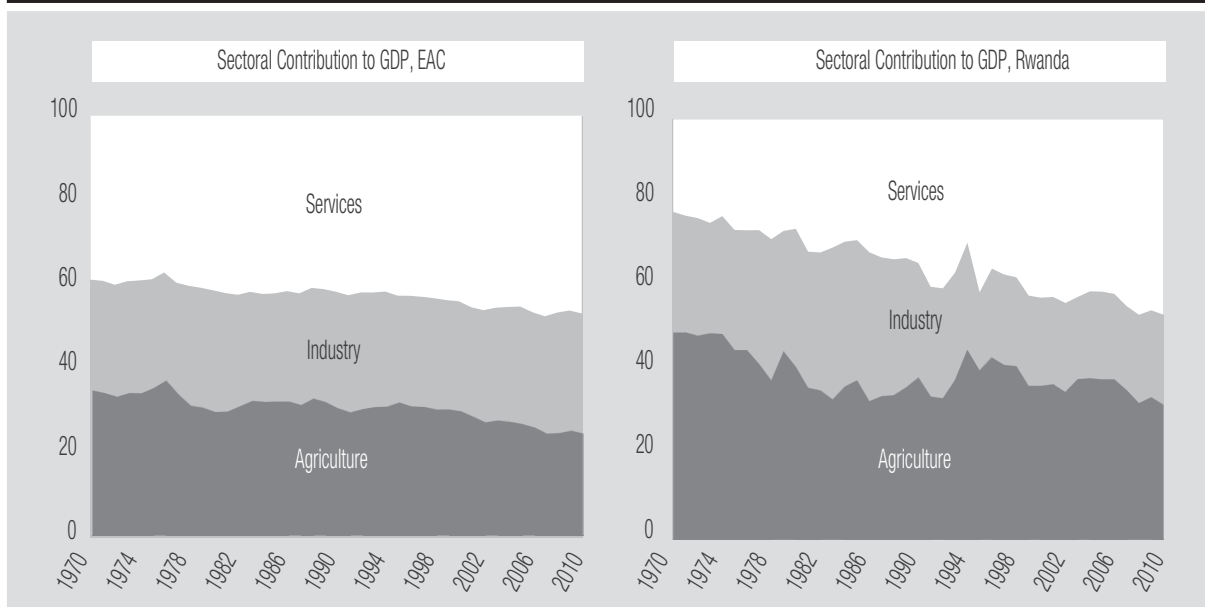
	1994	1996	1998	2000	2002	2004	2006	2008	2010
Agriculture, hunting, forestry, fishing (ISIC A-B)	45.1	43.3	41.2	36.5	35.1	38.4	38.1	32.4	32.0
Industry	25.5	21.2	21.2	21.0	21.2	20.7	20.4	21.0	21.5
<i>Mining, manufacturing, utilities (ISIC C-E)</i>	12.0	8.7	8.7	7.9	8.2	7.7	7.6	7.3	7.5
<i>Manufacturing (ISIC D)</i>	11.3	8.1	7.7	6.9	7.4	6.9	6.7	6.2	6.6
<i>Construction (ISIC F)</i>	2.3	4.4	4.7	6.3	5.6	6.1	6.1	7.5	7.4
Services	29.4	35.5	37.6	42.5	43.7	40.9	41.6	46.5	46.5
<i>Wholesale, retail trade, restaurants and hotels (ISIC G-H)</i>	16.6	10.7	11.0	10.9	11.5	12.1	13.4	16.1	15.2
<i>Transport, storage and communication (ISIC I)</i>	0.7	3.0	3.7	5.6	6.6	6.1	6.7	7.6	7.8
<i>Other activities (ISIC J-P)</i>	12.1	21.8	22.8	25.9	25.7	22.8	21.4	22.8	23.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: UNCTAD Secretariat based on data from the United Nations Statistical Division.

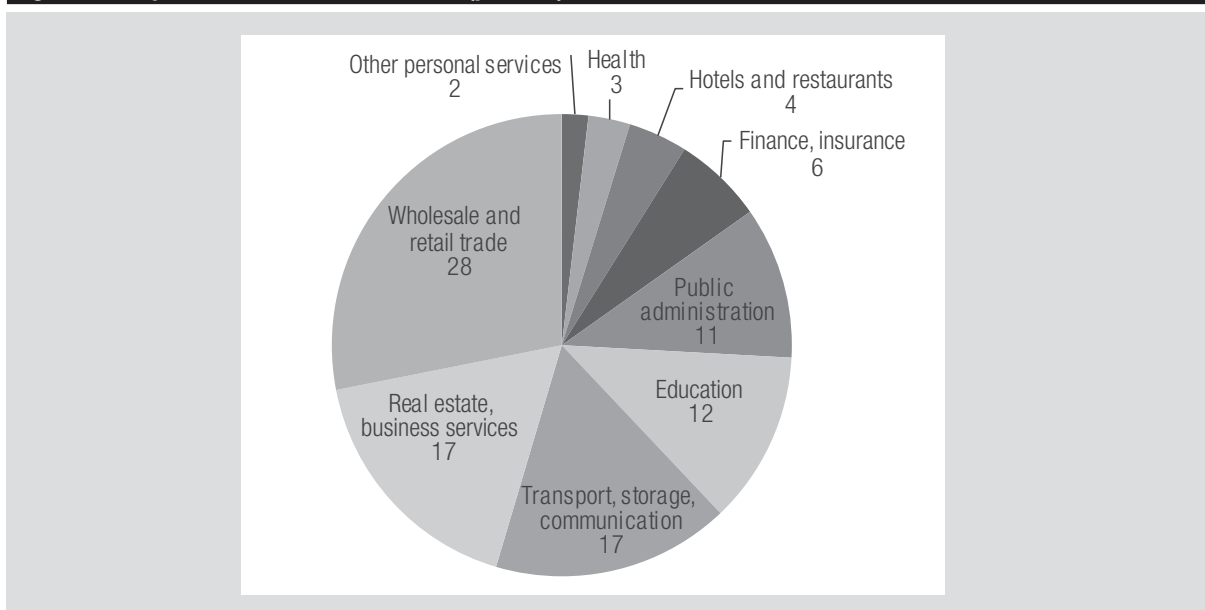
The role of manufacturing in industrial production has steadily decreased since the mid-1990s. Most manufacturing activities center on food processing, although noteworthy production also exists in beverages (beer), tobacco (cigars), and furniture. The typical manufacturing establishments are microenterprises with artisan characteristics; in most cases these are comprised of 1 to 2 (68 per cent), or 3 to 10 (25 per cent) workers (Republic of Rwanda, 2012f).

Construction has been booming since 1994, and it is now the second contributor to Rwanda's industrial GDP. Over 80 per cent of construction firms operate in the Kigali City province, and roughly one-third of them are microenterprises (with less than 10 workers) (Republic of Rwanda, 2012f).

The mining industry in Rwanda is in a state of transition: while still characterized by a number of small cooperatives and individual artisanal miners producing from scattered locations, the industry is now generally moving from artisanal operations to larger-scale concessions. The contribution to industrial GDP was less than 7 per cent in 2011. The weaknesses that have limited a more substantial contribution of the mining industry to national output might be found in the industrial organization that – based on microenterprises and artisanal production – has not encouraged large-scale investments. Other issues are the absence of high-grade ores, the country being landlocked, and high transportation costs (due to the limited industrial railway network).

**Figure 1. Sectoral contribution to GDP, East African Community and Rwanda (per cent)**

Source: United Nations Statistics Division.

**Figure 2. Composition of services in Rwanda (per cent)**

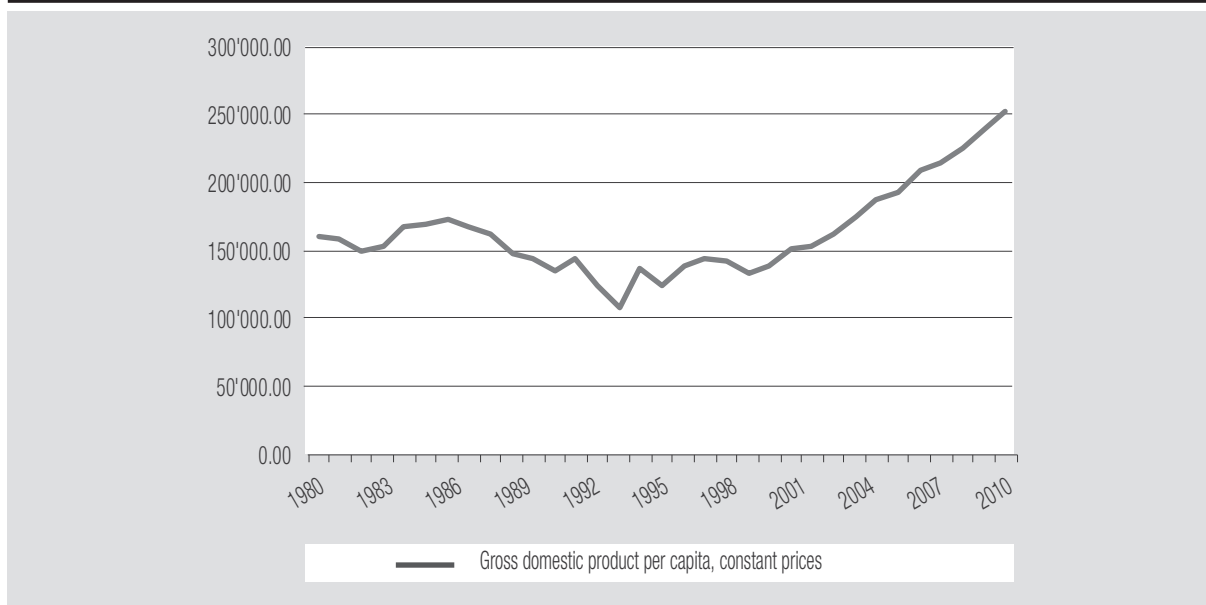
Source: UNCTAD Secretariat based on National Institute of Statistics of Rwanda (2011b). GDP National Accounts.

## 1.2. RECENT ECONOMIC PERFORMANCE

In the past two decades, Rwanda has made substantial progress in recovering and consolidating its economy to pre-1994 levels. Throughout this time the country has experienced strong economic performance that has translated into substantial growth of real per capita GDP (Figure 3).

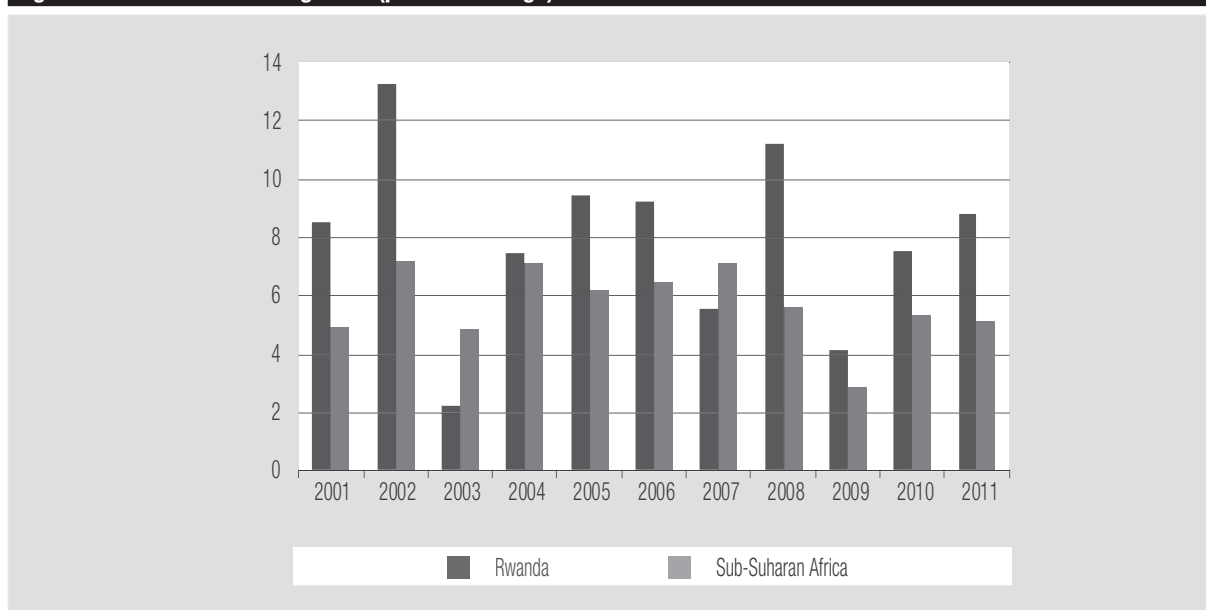
Operating in a remarkably stable macroeconomic framework given the difficult post-crisis environment and Rwanda's position as a landlocked country, the economy has consistently achieved a remarkable economic performance during the past decade, with an average growth rate of 8 per cent, compared to an average of 5.68 per cent for the whole sub-Saharan African region (Figure 4).

**Figure 3. Rwanda: Real gross domestic product per capita (constant prices, national currency)**



Source: UNCTAD Secretariat based on data from the International Monetary Fund.

**Figure 4. Rwanda: Real GDP growth (per cent change)**



Source: UNCTAD Secretariat based on data from the International Monetary Fund.

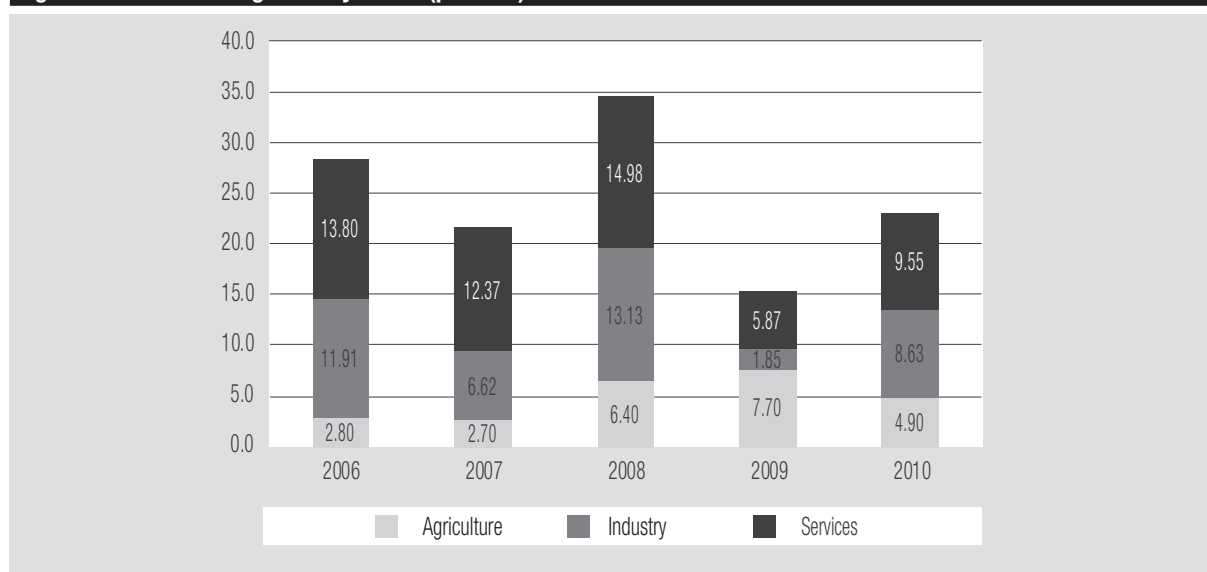
Growth from 2006 to 2010 remained strong despite the global economic downturn (Figure 5). The services sector has been the main growth engine since 2006, registering double-digit growth that was slowed only by the global slowdown in 2009.

Industry performance was strong, representing the second main driver of growth until 2008, but it was seriously affected by the global crisis through reduced

mineral exports and the slowdown in construction.

The best-performing economic activity throughout the global crisis was agriculture, which achieved sustained rates of growth from 2006 onward (Table 2). The robust expansion in agriculture in 2008-2009 was also aided by both the government's crop-intensification program and by an increase in the international price of the country's major cash commodities.



**Figure 5. Rwanda: GDP growth by sector (per cent)**

Source: United Nations Statistical Division.

**Table 2. Rwanda: GDP growth by economic activity during the global financial crisis period (per cent)**

	2006	2007	2008	2009	2010
Agriculture, hunting, forestry, fishing (ISIC A-B)	2.8	2.7	6.4	7.7	4.9
Industry	11.91	6.62	13.13	1.85	8.63
Mining, manufacturing, utilities (ISIC C-E)	9.6	4.4	3.5	1.3	7.9
Manufacturing (ISIC D)	13.4	0.8	5.6	3	9.2
Construction (ISIC F)	13.1	15	28.2	1.4	8.8
Services	13.80	12.37	14.98	5.87	9.55
Wholesale, retail trade, restaurants and hotels (ISIC G-H)	19	12.8	17.2	2.6	8.3
Transport, storage and communication (ISIC I)	22.5	15	23.8	9.2	8.7
Other activities (ISIC J-P)	7.6	11.2	10.1	6.8	10.7
Total value added	100.0	100.0	100.0	100.0	100.0

Source: United Nations Statistical Division.

### 1.3. FINANCIAL SYSTEM AND INTERNATIONAL FINANCE

Foreign direct investment (FDI) is an important source of financing for developing countries. However, for over a decade after the 1994 genocide, Rwanda never succeeded in attracting a notable amount of FDI. Rwanda's traditional low attractiveness for foreign investors has its roots in the country's small size and in the predominantly agricultural nature of the

economy. But there are other factors as well, such as the poor quality of infrastructure and the country being landlocked, which is at the origin of high levels of operating and transportation costs. Unlike in Uganda and the United Republic of Tanzania, the relative scarcity in mineral resources did not encourage mining-oriented FDI, and the remaining industrial activities were too small and domestically oriented to present attractive opportunities for foreign capital.

Despite the fact that some of the specificities of Rwanda’s economy have hampered FDI inflow in the past, the country’s capacity to attract foreign capital has significantly improved since 2006. From 2006 to 2011, the amount of net inflow of FDI to Rwanda increased from US\$103 million to US\$583 million, an increase of over 550 per cent in five years. This compares with an average increase of slightly over 200 per cent for the EAC countries (Figure 6). EAC membership and other factors (the 2005 Investment Law and other important reforms) appear to have contributed to the increase in FDI flows.

The overall share of FDI in Rwanda’s GDP rose from a minimal average of 3 per cent between 1994 and 2005 to 9.44 per cent in 2011 (Figure 7). This is still significantly lower than the increases in neighboring countries Uganda and the United Republic of Tanzania, but considering that Rwanda is a resource-scarce country, it is rather notable. The net inflow of foreign capital has contributed to increasing the country’s successful economic performance.

The roots of this change can be found in the government’s effort to promote FDI through the creation of the Rwanda Investment Export Promotion Agency in 2000; and in a generally improved and favorable business environment. The latter is comprised of political stability, healthy economic performance (with

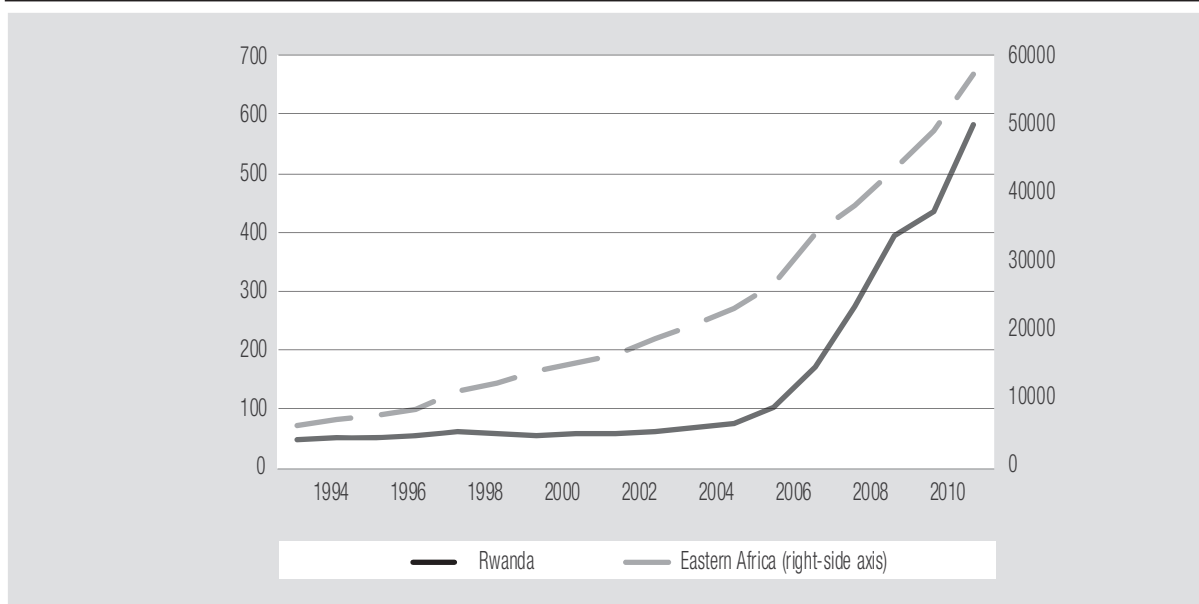
an average growth rate of 8.5 from 2005 to 2011), and an investor-friendly climate.

The primary recipient of foreign inflows in 2010 was information and communication technology, with 46.3 per cent of total inflows, followed by mining with 18.1 per cent, wholesale and retail trade with 12.4 per cent, and manufacturing with 8.2 per cent (Figure 8) (National Bank of Rwanda, 2012b).

Banks are the largest providers of credit in the country, and represent a necessary instrument for Rwanda’s economic transition to more value-added activities. The national banking system has recovered from a period of restructuring in 2007 and 2008, and is now better capitalized and liquid. Over the past five years the share of households with access to credit increased from 57.8 to 73.7 per cent, while the share of individuals with a savings account rose from 9.2 to 20.6 per cent, according to the International Monetary Fund. Gender-specific data are reported in Section 2.2.2. All the provinces across Rwanda benefited from improved access to credit and savings.

In an effort to improve the productivity of the agricultural system and stimulate investments, recently established Savings and Credit Cooperatives (SACCOs) have been authorized to grant loans so as to improve financial intermediation in rural areas.

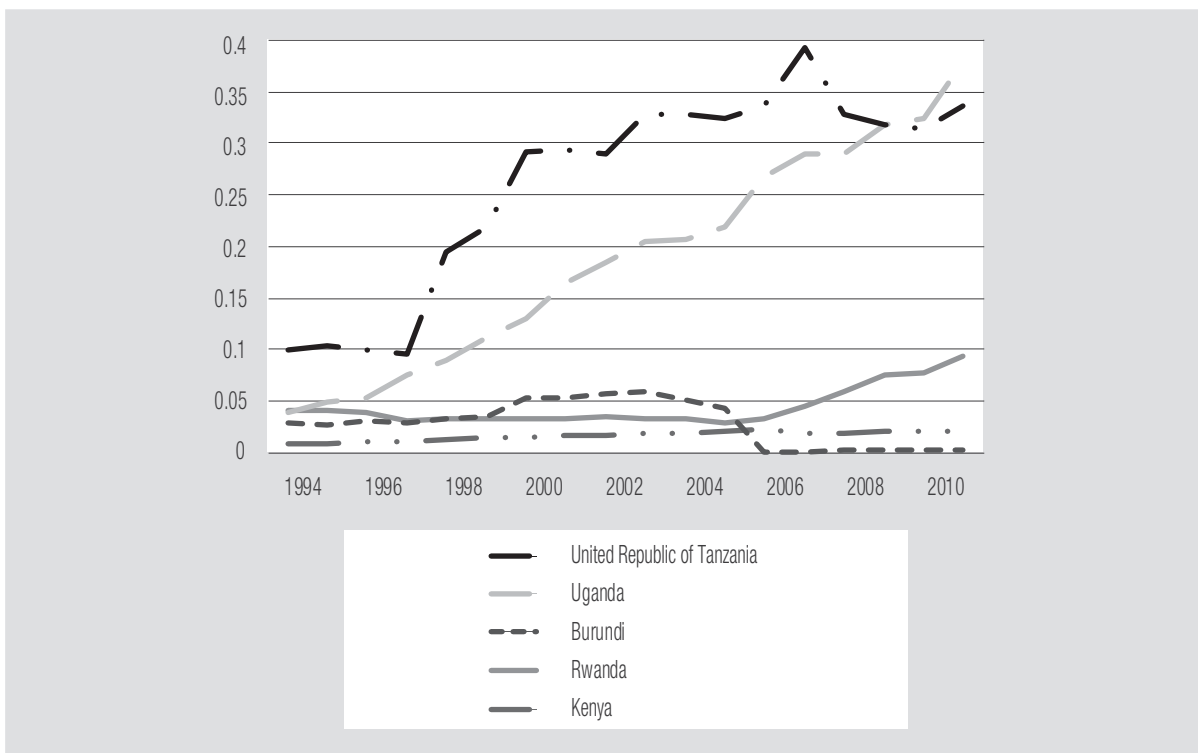
**Figure 6. Net foreign direct investment inflows to Rwanda and Eastern Africa (millions of U.S. dollars)**



Source: UNCTAD database.

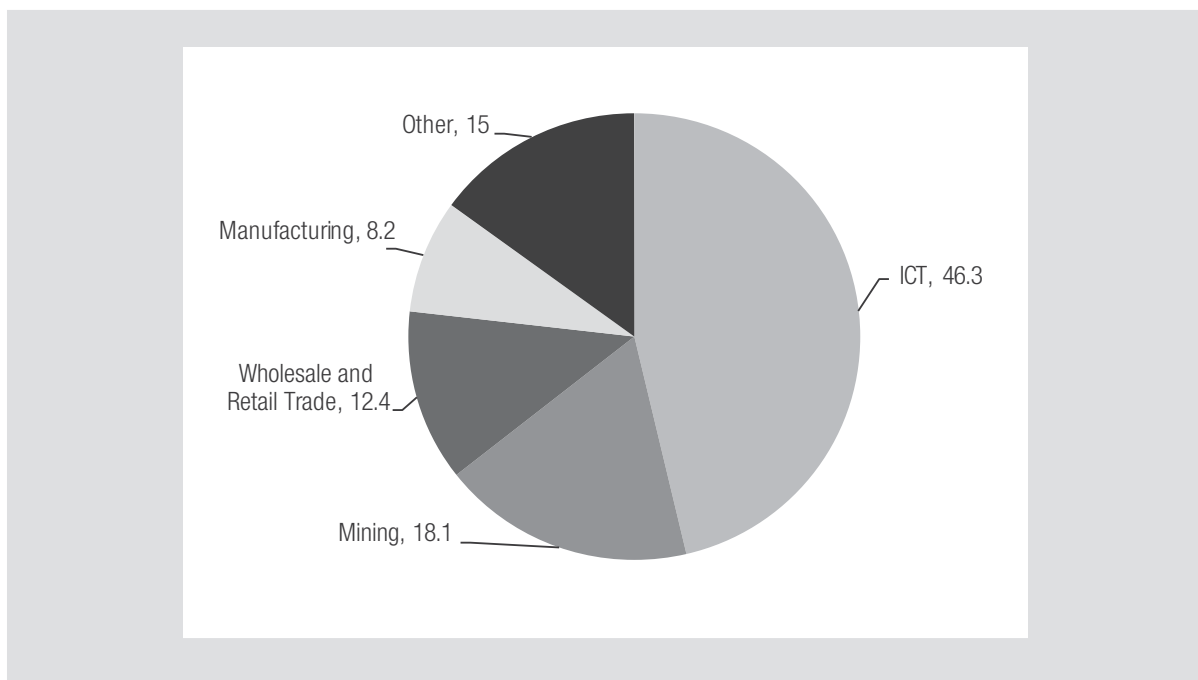
Note: Eastern Africa includes Burundi, Comoros, Djibouti, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Mayotte, Mozambique, Rwanda, Seychelles, Somalia, Uganda, United Republic of Tanzania, Zambia, and Zimbabwe.

**Figure 7. Net foreign direct investment inflows to GDP: Rwanda, Burundi, Kenya, Uganda and United Republic of Tanzania (millions of U.S. dollars)**



Source: UNCTAD database.

**Figure 8. Rwanda: Share of foreign direct investment in total inflows by economic activity, 2010 (per cent)**



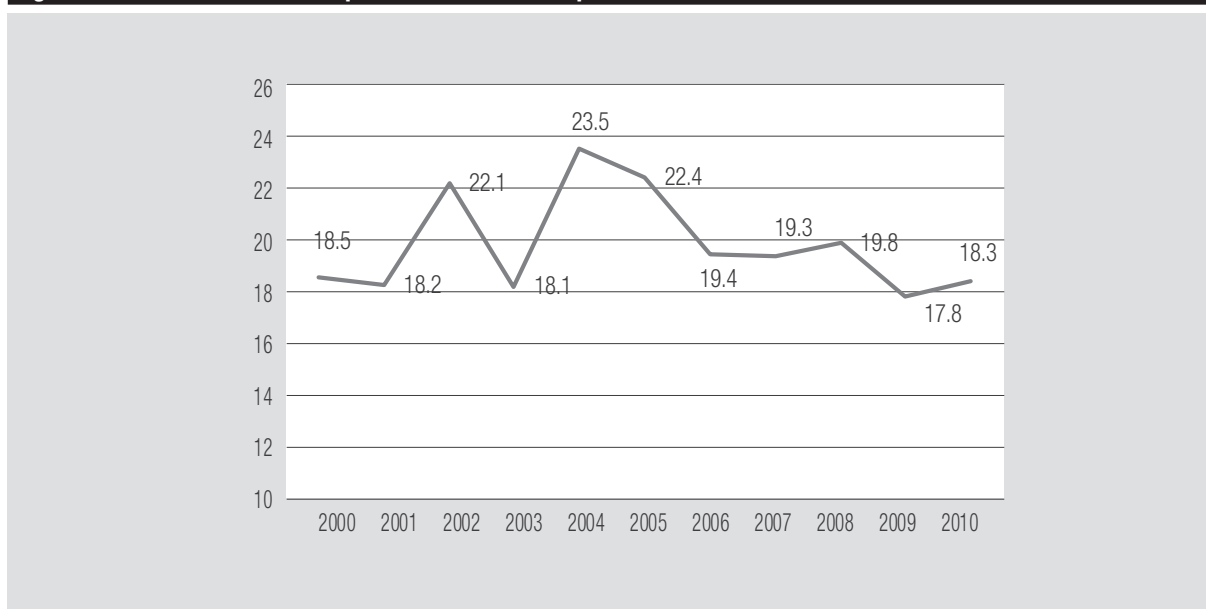
Source: National Bank of Rwanda (2011)

The country’s recent experience of emigration is one of the reasons that explain a significant inflow of remittances. In 2010, over half of remittances come from Uganda (US\$25 million), Belgium (US\$15 million), and the United Republic of Tanzania (US\$10 million) (UNCTAD, 2012). Remittances grew by an average rate of 35 per cent between 2002 and 2010, from US\$0.87 per capita in 2000 to US\$9.71 per capita in 2010 (current prices), corresponding to 1.82 per cent of per capita GDP and to roughly 20 per cent of the share of exports in goods and services in the same year. Remittances contribute significantly to poverty reduction and are an important contributor to national development in Rwanda. Channeled through formal

and informal systems, receipts from the Rwandan diaspora are typically used to meet education and health expenses, build houses, buy consumer durable goods, purchase animals and other important items, or invest in businesses (Rubyutsa, 2012). Major obstacles to the flow of remittances include high transaction costs, foreign exchange costs, taxation on remittances, and restrictive legislation in the host country (Rubyutsa, 2012).

Official development assistance (ODA) makes up a significant part of Rwanda’s economy, consistently representing between 18 to 24 per cent of national GDP (Figure 9).

**Figure 9. Rwanda: Official development assistance as a per cent of GDP**



Source: UNCTAD Secretariat based on World Bank data.

## NOTES

- <sup>1</sup> The national poverty rate is calculated at RWF 64,000 per adult equivalent per year in January 2001 prices (National Institute of Statistics of Rwanda, 2012d).
  - <sup>2</sup> The percentage of the agricultural population living inside the household without any direct parental relationship with the head of household was 10.6 percent (National Institute of Statistics of Rwanda, 2010).
  - <sup>3</sup> According to the 2008 National Agricultural Survey, the majority of households that declared having had food self-sufficiency problems mentioned drought/irregular rain as a primary cause (National Institute of Statistics of Rwanda, 2010).
-

# II



Gender Profile  
of Rwanda

## 2. GENDER PROFILE OF RWANDA

### 2.1. OVERVIEW

This chapter presents the gender situation in Rwanda by considering both gender-related outcomes – the relative position of men and women in key aspects of social life – and relevant policies and social institutions (input or “means” variables) that have contributed to creating the outcomes described.

Rwanda is a leading example of successful integration of gender considerations in all government programmes and laws, as well as in the main plans and strategies that make up the country’s development framework. Due to its recent history, Rwanda has strongly committed to a united, democratic, and inclusive post-conflict reconstruction. In seeking to become a more prosperous and competitive nation, Rwanda has acknowledged the importance of women’s participation and awarded special emphasis to gender equality. Through the institutionalization of gender equality and wide-ranging commitments to it taken at the highest levels of decision-making, Rwanda has achieved gender parity in primary education, as well as in the participation of women in Parliament. The country has also made advances in addressing women’s health and in other areas of concern to women.

There remains work to be done, however, particularly with regard to access to economic assets and resources (particularly for rural women) and security (gender-based violence). It is also important to acknowledge gender-based cultural/patriarchal norms that still define men’s and women’s work, particularly in rural society, and that to some extent limit the reach and impact of “equalizing” legislation.

As mentioned, the findings from this analysis are to be treated with some caution. The use of gender-disaggregated household data has limits. It may even introduce biases in the gender analysis. The following gender analysis in some cases compares male- and female-headed households, as household data disaggregated by the sex of the head of household was the only gender-specific data available. Biases were so introduced since, in many cases, male- and female-headed households are not comparable. This is due to the fact that households recorded as “female-headed” in Rwandan statistics are frequently

single-parent households that face specific social and economic challenges. Male-headed households include all other households in which women are married to men. By comparing male- versus female-headed households, the analysis thus compares two-parent families and female-headed single-parent families. This explains, in particular, higher rates of poverty among female-headed households.

### 2.2. GENDER-RELATED OUTCOMES

Taking into account its difficult history, Rwanda faces many challenges. Since 1980, it has been consistently ranked in the low human development group of the UNDP’s Human Development Index (HDI).<sup>4</sup> In 2013, Rwanda ranked 167th out of 186 countries, with an HDI of 0.434, which was below the sub-Saharan African average of 0.475 (UNDP, 2013).

Rwanda’s ranking in the UNDP’s Gender Inequality Index is also low, although notably less so than for the HDI: it is 82nd out of 146 countries (with a score of 0.453).<sup>5</sup> This seems to signal that although Rwanda faces several human development challenges as a whole, it has made notable progress in addressing some of its gender-related challenges. This is further reflected in the Organization for Economic Cooperation and Development’s 2012 Social Institutions and Gender Index (SIGI) ranking for Rwanda: 28th out of 86 countries, up from a 2009 SIGI ranking of 66th out of 102 countries.<sup>6</sup> The notable improvements in Rwanda’s SIGI rankings between 2009 and 2012 are due in large part to purposeful changes and reforms instituted by the government to promote (among other things) women’s political participation and legal reforms advancing women’s rights.

Gender-specific challenges are hereafter discussed under three domains: the capabilities domain, with reference to basic human abilities such as knowledge and health; the access to resources and opportunities domain, which includes access to economic assets and resources, as well as political decision-making; and the security domain, with specific reference to gender-based violence. As emerges from the analysis, while Rwanda has made remarkable advances in the health, educational attainment, and political empowerment of women, gender issues still arise in the security domain and in the critical area of women’s economic empowerment.

## 2.2.1. The capabilities domain: Health and education

### 2.2.1.1. Women's health

Total overall life expectancy at birth in Rwanda is at 63 years for men and 66 years for women, against an African average of 56 years for men and 59 for women (WHO, Global Health Observatory).

Women's sexual and reproductive health conditions are steadily improving in Rwanda: maternal mortality has historically been a significant problem, due in large part to difficulties for women to access health care, particularly in rural areas (Committee on the Elimination of Discrimination against Women, 2009). However, conditions have drastically improved in the past decade: maternal mortality dropped from 3,400 deaths per year in 2000 to 1,300 in 2013 (World Health Organization, Global Health Observatory). Total fertility rate is high by global standards, with 4.6 births per woman in 2012 (World Health Organization, Global Health Observatory). The adolescent fertility rate in Rwanda, although low for the region at 43 births per 1,000 girls aged 15-19,<sup>7</sup> remains a major obstacle preventing many young women from completing their education (Committee on the Elimination of Discrimination against Women, 2009). As such, it is a factor in the low rates of completion of secondary school and enrolment in tertiary education explored in section 2.2.1.2. HIV prevalence rates in Rwanda have been stable at about 3 per cent since 2005 (for the 15-49 age group), and are among the lowest in Eastern and Southern Africa.

### 2.2.1.2. Gender equality and education

Rwanda has made impressive advances in educational attainment for its population in general: the net enrolment ratio in primary education exceeded 90 per cent in 2010/11 (Table 3).

There is still work to be done to promote more participation of Rwandan youth in secondary and tertiary education: enrolment rates in secondary education total 20.9 per cent, with a gender breakdown of 23.3 per cent for girls and 18.6 per cent for boys (National Institute of Statistics of Rwanda, 2012b). Although this represents a decisive increase from the 10 per cent observed in 2005/2006, it is still one of the lowest rates in Africa (the average for Africa in 2009 was 43 per cent) (UNESCO Institute for Statistics, 2011). There is a pressing need to expand secondary and tertiary education further if Rwanda is to evolve from a mainly agrarian, subsistence-oriented economy towards a knowledge-based economy, as outlined in Vision 2020. Alongside general formal education, technical and vocational education training can play a critical role in ensuring that the skilled technicians and professionals needed are available.

Elementary and secondary drop-out rates in Rwanda are relatively high: 11.4 per cent for elementary school students and 7.4 per cent for secondary students in 2010 (Republic of Rwanda, 2012c). The majority of drop-outs are girls, due to the demands placed on them in the home, particularly in rural areas. In addition, several issues have been noted that affect the quality of girls' education, and thus their performance in secondary school: discriminatory curriculum; few women teachers, particularly in science and technology, where qualified women are scarce; and lack of adequate facilities (e.g., separate bathrooms for girls) (East African Community Secretariat, 2009).

Low performance in the primary leaving exam means girls are often admitted to lower-quality secondary schools, which in turn results in fewer young women going to higher education institutions (Huggins and Randell, 2007). Enrolment rates in general are low in tertiary education in Rwanda, and it remains a privilege of the urban population: about 3 per cent of

**Table 3. Rwanda: Net attendance ratios (per cent)**

Level	2010/11		2005/06	
	Male	Female	Male	Female
Primary	90.7	92.7	85.8	87.4
Secondary	18.6	23.3	10.9	10.0
Tertiary	3	2.1	1.4	1

Source: 2010/11 Integrated Household Living Conditions Survey - Thematic Report on Gender (National Institute of Statistics of Rwanda, 2012b).

Note: The net attendance ratio expresses the total number of students in the theoretical age group for a given level of education enrolled in that level, expressed as a percentage of the total population in that age group.



**Table 4. Rwanda: Literacy rate by gender of the head of the household, rural areas**

Literacy levels	Male heads of households		Female heads of households		All	
	Heads	Per cent	Heads	Per cent	Heads	Per cent
Cannot read nor write	350,742	28.7	282,606	62.4	633,348	37.8
Can read only	90,326	7.4	34,114	7.5	124,440	7.4
Can read and write	781,031	63.9	135,868	30.0	916,899	54.8
<b>Total</b>	<b>1,222,100</b>	<b>100.0</b>	<b>452,588</b>	<b>100.0</b>	<b>1,674,687</b>	<b>100.0</b>

Source: 2008 National Agricultural Survey (National Institute of Statistics of Rwanda, 2010).

the population aged 19-25 was attending college or university in 2010/2011 (twice the proportion observed in 2005/2006). However, according to recent local data, there are still fewer women than men within this population, with women making up 40 per cent of total enrolment in tertiary education (Republic of Rwanda, 2011b). This then translates into a general shortage of qualified labour, particularly highly skilled and qualified women able to take up new opportunities in expanding sectors of the economy.

Full adult literacy has not yet been achieved in Rwanda. Results from Rwanda's latest Integrated Household Living Conditions Survey (EICV3), carried out in 2010-2011 by the National Institute of Statistics of Rwanda (2011a), indicate that 64.7 per cent of women aged 15 and above are literate, compared with 75.7 per cent of men. Rural areas exhibit comparatively lower levels of schooling and higher rates of illiteracy among women (Republic of Rwanda, 2010a; National Institute of Statistics of Rwanda, 2010). The agricultural survey conducted in 2008 (National Institute of Statistics of Rwanda, 2010) found that 62.4 per cent of female heads of households in rural areas were illiterate, compared to only 28.7 per cent of male heads of households (Table 4). This translates into significant competitive disadvantages for rural female-headed households – for example, in accessing and using market information and extension services, or when completing the paperwork required to get credit.

## 2.2.2. Access to resources and opportunities

### 2.2.2.1. Political empowerment and female participation in decision-making

The story of women's political enfranchisement in Rwanda is a quite inspiring one and marked a courageous step towards lifting up the country in the aftermath of the 1994 genocide. The deaths of

many men in 1994 meant that in the immediate post-genocide period, a large proportion of households in Rwanda were headed by women: estimates range from 34 per cent of households (Koster, 2008) to 70 per cent (African Development Bank, 2008).<sup>8</sup> Women often became the sole breadwinners for their families, and so they organized into small community solidarity groups to be able to better cope and survive. These groups were eventually formalized with the help and support of the government and local NGOs (African Development Bank, 2008).

The new Constitution in 2003 established that at least 30 per cent of the seats in the Cabinet, Parliament, District Councils and other decision making organs shall be reserved for women (African Development Bank, 2008). This process has produced exemplary results in terms of women's empowerment, a shift in perception, and political participation in Rwanda, to the extent that most numbers for women's political participation have exceeded 30 per cent.

#### (a) Central level

In 2008, Rwanda became the first country in history to have more women members in its Parliament (56 per cent) than men. In 2014, women held 63.8 per cent of seats in the Lower House and 38.5 per cent in the Upper House. This makes Rwanda number one in the world in terms of women's political participation, superseding countries such as Sweden and Finland (Inter-Parliamentary Union, 2014). At present, women hold 12 ministerial positions, which represent roughly one third of the Cabinet. Ministries headed by women currently include Foreign Affairs and Cooperation, Agriculture and Animal Resources, Health, Gender and Family Promotion, Cabinet Affairs, Disaster Management and Refugee Affairs, and the Ministry of East African Community.

*(b) Decentralized levels*

Decision-making at the local level involves formal and informal structures that are multilayered and complexly intertwined.

At the formal level, local government entities are structured in four tiers: 30 districts (*akarere*), which constitute the primary local authorities; 416 sectors (*imerege*); 2,148 cells (*utugari*); and 14,837 villages (*imudungu*) (Commonwealth Local Government Forum, 2013).

Women's representation in these entities is relatively high: a quota system is in place whereby the share of women elected in local government cannot drop below 30 per cent at any level of local decision-making, including full council and executive committees. Data show that women have exceeded the minimum 30 per cent standard for representation in a significant portion of the national and local decision-making positions.<sup>9</sup> Women's accession to decision-making positions at the village level in Rwanda approaches 39 per cent in Village Executive Committees, 44 per cent in Cell Consultative Committees, and 45 per cent in Sector Consultative Committees (Republic of Rwanda, 2011b).

Yet, it is important to observe that, within these formal jurisdictions, informal structures contribute to framing decision-making outcomes. Intra-household dynamics, faith-based organizations, and other

informal structures all contribute to defining the outcomes of decision-making processes at the local level. The integration of gender equality policies at the grass-roots level is thus mediated by these informal institutions, which often endorse gender perspectives that are not fully aligned with the most progressive ones. This in turn may limit the reach and effectiveness of ensuring women's participation by means of quotas. Authorities at the Cell and Village levels bear the prime responsibility for local rural development – they prioritize needs, draw up development plans, and mobilize development resources. The quality of women's participation in these local governance entities is thus particularly important for the allocation of resources to projects that respond to the practical needs of women. Similarly important is women's effective involvement at the decision-making level in community-based development processes and initiative, including *ubudehe* (community assistance), *umuganda* (community works), and informal dispute settlement procedures (Box 2).

*(c) Cooperatives and civil society organizations*

Some gender imbalances still appear to exist in local decision-making processes in rural areas. In particular, although the membership of cooperative structures and farmer organizations in Rwanda include both men and women, survey results indicate that women tend to be under-represented at the managerial level and that, when represented, they tend not to engage actively in

**Box 2. Community-based development initiatives**

*Ubudehe* - Launched in 2001 by the Ministry of Finance and Economic Planning in partnership with the Ministry of Local Government, *ubudehe* is a social protection system of intra-community cooperation. Under the *ubudehe* program, community members identify priority actions to fight poverty at the local level and rank and identify the poorest households for purposes of financial support.

*Umuganda* - This refers to community work in which all village residents are mobilized to work on a community activity, ranging from tree planting to cleaning and maintenance of community infrastructure.

*Imihigo* - These are annual performance contracts used to monitor local government performance against its responsibilities.

Informal dispute settlement mechanisms include *Gacaca* (community courts) and *Abunzi* (community mediation). *Gacaca* courts were set up to handle genocide cases. *Abunzi* are local mediators that handle other cases, whether civil or criminal. They operate mainly at the cell level, typically when a dispute cannot be settled at the family level through the *inama yumuryango* or at the village level. The government of Rwanda deliberately instituted *Abunzi* mediation through statutory instruments. The Rwandan constitution underscores that any institution of governance, including the *Abunzi*, must be comprised of at least 30 per cent women.

Source: Republic of Rwanda (2008e, 2010b); Mutisi (2012).

decision-making, although things are evolving even in this area (Republic of Rwanda, 2010a, 2010b). It has been observed that women's organizations at the local level are too institutionally, financially, and technically weak to effectively negotiate or deliver efficient services to their constituents. In mixed organizations, even if women may outnumber men, the latter tend to have a stronger voice in leadership (Republic of Rwanda, 2010b).

#### **2.2.2.2. Access to economic assets and resources**

Some findings suggest that women, and rural women in particular, tend to be relatively disadvantaged in terms of land ownership and management, access to commercial inputs, extension services, transport facilities, and market information, as well as access to credit (National Institute of Statistics of Rwanda, 2012b). These aspects are briefly discussed below.

As discussed in Section 2.3.1, important legislation has significantly strengthened *de jure* land rights of Rwandan women; yet, male control over the land is still deeply entrenched. Traditionally, property matters fell within the purview of customary law, under which the man was the head of the household who controlled all the family assets; women did not inherit from their husbands, neither did girls from their fathers (Republic of Rwanda, 2010a; IFAD, 2010; Carpano, 2011). Through progressive legal enactments, important steps have been taken to redress customary practices. In particular, the 2005 land law has guaranteed equal ownership rights for men and women: 26 percent of the total registered land in Rwanda is owned by women; 54 percent is jointly owned by female and male spouses (2013 data from the Rwanda Natural Resources Authority). Yet, male control over the land remains deeply entrenched, particularly in cash crops. In coffee, for example, only about 30 per cent of the family farms are owned and managed by women, mainly widows and young orphan girls (Republic of Rwanda, 2008a); women are mainly employed as casual workers, or as unpaid family members. In this and other sectors, key implementation challenges remain when translating legal enactments into effective, or *de facto* rights. Major impediments include cultural/patriarchal norms embedded in customary practices, complexities associated with the formal registration process (e.g., the need for a formal marriage certificate to jointly register the land), and lack of legal awareness.

Lack of finance is still considered to be one of the greatest hurdles women face as economic agents. FinScope (2013) found that women were significantly more likely to be "financially excluded" than men: 32 percent of female adults were estimated to have no access to financial products and services (formal or informal), compared to 22.4 per cent of men. Among those who had access, men were more likely to be "formally served" by the commercial bank and non-bank formal sectors than women, who were more likely to depend on the informal sector for financial inclusion. In particular, rural women in Rwanda often lack the needed collateral to secure credit; the ability to articulate a business plan; the literacy skills required to navigate the loan application process; and an awareness of the facilities available to them.

The government has backed a number of rural investment guarantee funds to facilitate women's access to credit (Box 3). Yet, according to NGO representatives, the targeted beneficiaries have not been effectively reached. Major obstacles include a lack of awareness as well as the inability to comply with the lending requirements (in particular, the submission of a project proposal). It has been pointed out that cooperatives and other civil society organizations could effectively serve as a bridge between formal lending institutions and individual women. Yet, procedures to set up and register a cooperative are still cumbersome and involve high transaction costs, particularly compared to streamlined procedures for commercial ventures. Furthermore, civil society organizations often lack the financial and human resources to perform this bridging role on a large scale.

Access to improved seeds, pesticides products, and chemical fertilizers typically increase with income and land size. Rural female-headed households and child-headed households tend to be relatively poorer than male-headed households, and accordingly tend to have less access to commercial inputs (Republic of Rwanda, 2010a). In order to promote access to inputs, the government has put in place a fertilizer voucher system with identification (50 per cent of the fertilizer price is covered by the government). To acquire the subsidized fertilizer, the farmer must present the voucher and the cash to cover the unsubsidized portion of the market price. The farmer is responsible for transportation from the agro-dealer to the farms, which typically occurs by bicycle. In communal property, the voucher is issued to one person on behalf of the others. All these implementation details

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have gender ramifications. More in-depth analysis is needed to assess whether the system has effectively targeted rural women. Some constraints may arise from women's relatively limited access to cash income and private means of transport.

Another important issue is gender-bias in extension services. It has been pointed out that men usually have greater access to extension advice from technicians, which results in a higher level of skill and higher yields (IFAD, 2010). Extension services tend to be male-dominated (Table 5), and are not designed to respond to the practical needs of women, particularly as regards their time constraints (IFAD, 2010; Republic of Rwanda, 2010a, 2013b). The point has been made that access to training opportunities is affected by power dynamics at the community and household level, and as a result, women and youth tend to have comparatively less access than men to training (Republic of Rwanda, 2010a).

Finally, female-headed households tend to have less access than their male-headed counterparts

to durables such as radios, mobile phones, and bicycles. For example, female-headed households are less likely to own a telephone, with only 35 per cent of female-headed households having one as compared to 49 per cent of male-headed households (Republic of Rwanda, 2010a). This has important trade implications. For example, market information is increasingly disseminated via radio or mobile phones (Box 4), and bicycles are a convenient means to quickly transport coffee to the washing stations. Gender differences in the ownership of telephones and basic means of transport may result in significant competitive disadvantages. As discussed, the weak organization and managerial capacity of women's cooperatives and organizations add to these constraints.

This pattern is reinforced by gender-based norms that encroach on women's ability to profitably engage in the market economy in at least two important respects.

First, due attention should be given to the division of labour between non-market activities (reproduction, or unpaid care work) and market activities (production).

### Box 3. Guarantee funds for women

The government has set up a guarantee fund specifically directed towards helping women with no collateral or credit record access finance. The fund is managed by the Business Development Fund (BDF) in the Development Bank of Rwanda (BRD). Women or their association submit a business project to a bank; the bank then performs its credit analysis by considering both the commercial viability of the project and the integrity of the applicant. If the project is found to be viable, the application is sent to BDF for approval for the guarantee fund. A BDF credit guarantee is a commitment by BDF to reimburse a part of the loan in case of default. BDF credit guarantees are established for fixed asset/ investment finance (e.g., cottage industries, livestock, refrigerators, and sewing machines) and working capital finance. For fixed asset/ investment loans, BDF provides between 50 - 75 per cent risk coverage; risk on working capital loans is covered up to 60 per cent. Credit guarantee schemes are key instruments to increase access to debt financing for women and youth led SMEs. Yet, they imply some level of sophistication on the part of applicants, including the ability to articulate a sound business plan and to raise additional collaterals.

Source: MIGEPROF and BDF; see [http://www.migeprof.gov.rw/IMG/pdf/Women\\_and\\_Youth\\_Access\\_to\\_Finance\\_Program\\_English\\_Version.pdf](http://www.migeprof.gov.rw/IMG/pdf/Women_and_Youth_Access_to_Finance_Program_English_Version.pdf)

**Table 5. OCIR-Thé: Extension agents by gender**

Extension	All	Male	Female
Agronomists	75	62	13
<i>Capitas</i> (foremen)	75	69	6
Extension agents	111	106	5

Source: International Fund for Agricultural Development (IFAD) (2010).

Note: OCIR (Office de Cultures Industrielles du Rouanda, in French) is the Rwanda tea authority.

In Rwanda, women take on the bulk of caring responsibilities. This implies that women have the double burden of unpaid care work and productive activities, with days of more than 15 hours of work (Table 6), to which must be added travel time to fields and water points. This results in significant time shortages, which constrain women's ability to attend training, for example. Furthermore, women's critical role in the reproductive economy hinders their prospects for paid full-time work.

Second, women's control over household income, and their ability to set priorities for spending, largely depends on intra-household dynamics. A report by the International Fund for Agricultural Development on women and youth in the coffee and tea chains found that women in some cases have limited authority over the use of money earned, including the cash they earn from the subsistence crops they sell in the market

(IFAD, 2010). These concurring factors significantly constrain women's ability to upgrade and scale up their operations wherever they operate, be it in subsistence-oriented agriculture or in the commercial segments. As regards commercial agriculture, women are rarely found in managerial/leadership positions in agribusiness. According to the African Development Bank Gender Assessment, for example, the Rwanda Coffee Authority (Office des Cultures Industrielles du Rwanda [OCIR] – Café) had 120 coffee washing stations (80 owned by individuals and 40 by cooperatives), but only one of the 80 individually owned stations was owned by a woman coffee farmer. Of approximately 50 agribusiness entities, there were only about seven women-owned small businesses in flowers, vegetables, fruits, and other forms of agribusiness (African Development Bank, 2008).

#### Box 4. Mobile-based and Internet-based market information services: Gender considerations

Farmers have little chance to get a fair price for their product if they are unaware of market prices, including the price differential across markets. A number of projects are being implemented in Rwanda to convey price information to farmers. The E-soko Project, in particular, allows farmers to access timely and disaggregated price information via the Internet or by means of phone-based messaging (i.e., SMS). E-soko has partnered with MTN, the largest mobile operator in the country, so that MTN subscribers can access the service, for which they are charged only the SMS cost. Mobile-based (and Internet-based) market information services are playing a critical role in enhancing the bargaining power and marketing capacity of farmers. Yet, these tools are not gender-neutral. Gender issues arise from the fact that women tend to have less access to mobile phones than men. A key challenge ahead is to better structure women groups – including cooperatives – and to link them with facilities that can be used to access the prices, such as through the use of village phones.

Source: UNCTAD Secretariat based on information gathered during the ICT4Ag Conference (Kigali, 4-8 November 2013), co-hosted by the Technical Centre for Agricultural and Rural Cooperation and the Rwandan Ministry of Agriculture and Animal Resources.

**Table 6. Rwanda: Time allocation by gender (hours)**

Activities	Women	Men
Sleeping	7	8
Farming	10.5	7
Unpaid care work	5	0
Rest	1.5	9
Working time	15.5	7

Source: Republic of Rwanda (2010a).

### 2.2.3. The security domain

Gender-based violence is still an important issue in Rwanda. Rape and other forms of sexual violence against women were widespread during the 1994 genocide. Domestic violence is still a problem: in 2005, of the estimated 31 per cent of women who had suffered some form of violence, nearly 66 per cent reported that the perpetrator was their husband or ex-husband.<sup>10</sup>

Another issue of some concern in Rwanda is human trafficking, particularly as connected to the exploitation of women and girls for prostitution. According to some reports, Rwanda is a source country, a transit country, and sometimes a destination for trafficked women and children subjected to forced labour and sexual slavery (U.S. Department of State, 2012).<sup>11</sup>

The Rwandan government has taken important steps to address these situations. One of the key activities has been to establish One Stop Centers to prevent and respond to gender-based violence. These centers utilize a multisectoral team approach to address victims' needs across health, social services, legal, and police sectors. They combine medical and forensic capacity, and have strong links with policing structures. The model will be replicated in 21 districts of the country in close collaboration with the Royal Dutch Embassy, the Ministry of Health, the Rwanda National Police, the Ministry of Justice, and the Ministry of Gender and Family Promotion from 2014 to 2015 (phase 1 of the scale-up) (Bernath and Gahongayire, 2013).

## 2.3. GENDER-RELATED INPUT: RELEVANT POLICIES AND SOCIAL INSTITUTIONS

### 2.3.1. International and national legal framework for gender equality

Rwanda is signatory to a number of international legal instruments on gender equality.<sup>12</sup> A number of measures have been taken at the national level to complement and reinforce the commitments taken at the international level. This includes legislative enactments geared at ensuring equality between men and women and abolishing discriminatory practices and regulations with regards to inheritance, property and family rights, labour, and employment. Most significantly, the Rwandan Constitution and the Civil Code have re-sized the scope of customary law and ruled that custom is only applicable when it does

not contradict constitutional provisions, laws, and regulations or violate human rights.

The new Constitution, introduced in 2003 with a referendum, integrates the principles of gender equality and defines a legal framework to promote women's empowerment: men and women in Rwanda enjoy the same rights and duties and any discrimination based on gender is punishable by law. Only civil monogamous marriages entered into voluntarily by both parties are recognized and both parents have the right and duty to raise their children. By introducing electoral gender quotas of 30 per cent for women's representation in decision-making organs, the new Constitution paved the way for the changes described in Section 2.2.2.1.

Rwanda's 1988 Civil Code gives equal rights to men and women in their access to passports and travel, and in formal labour (ability to sign contracts, register businesses, and obtain bank accounts), and it provides the legal framework for divorce proceedings (World Bank and IFC, 2012). Yet, several discriminatory aspects persist in national legislation: in particular, Article 206 of the Family Code still designates the man as the head of the household, which awards him increased authority in cases of family disputes (Committee on the Elimination of Discrimination Against Women, 2007).

The 1999 Law on Matrimonial Regimes, Donations, Successions and Liberalities (Law No. 22/1999) stipulates equality between men and women in property and inheritance rights. Passage of this law constituted a groundbreaking legal reform in sub-Saharan Africa (Republic of Rwanda, 1999). The law states that all legitimate children inherit in equal parts without any discrimination between males and females. Furthermore, whatever the matrimonial regime chosen – community of property, limited community, or separation of property – the agreement of both spouses shall be required for the donation of an immovable property. This prevents the husband from giving away property to others at the expense of his spouse and children (IFAD, 2010). Nevertheless, since only civil marriage is recognized by the Constitution, the law on matrimonial regimes does not safeguard the interests of women married under customary or polygamous unions. Although polygamy is prohibited by law, polygamous unions are still common in some regions, especially in northern Rwanda (African Development Bank, 2008; International Development Law Organization, 2011).

### Box 5. The actual reach of legal enactments – access to land

There are some contradictions built into the Law Determining Land Use and Management in Rwanda passed in 2005 (Organic Land Law No. 08/2005). First, a particular concern has been raised that provisions against the fragmentation of land tenure encroach upon the principle of equal inheritance rights for children (IFAD, 2010). By law, land property not exceeding an area of one hectare cannot be further partitioned. The fact is that farmlands are extremely fragmented in Rwanda: on average, a farm has only a surface of 0.76 hectares; approximately 80 per cent of farms have an area that does not exceed 1 hectare (National Institute of Statistics of Rwanda, 2010). This means that, in practice, the land cannot be partitioned among the children: a single heir – commonly the male child – will be appointed to hold the land on behalf of the family (communal/familial possession).

Second, legal protection only covers women who are formally married. Women under polygamous or other unofficial forms of conjugality, or customarily married, have no legal entitlements.

Finally, lack of awareness of laws and legal venues, logistical and financial constraints, and fear of reprisal/ ostracism represent, even in Rwanda, obstacles to women's access to justice.

Source: IFAD (2010); and UNCTAD (interviews with civil society representatives).

Law No. 22/1999 should be read together with the new land law. Within the framework of a national land reform – launched in 2004 to ensure a fair distribution of land, protect ownership rights, and avoid conflicts over land tenure – a Law Determining Land Use and Management in Rwanda was passed in 2005 (Law No. 08/2005). Traditionally, land rights were transferred from father to son, or male relatives, by inheritance. This patrilineal system, based on the assumption that a woman would gain access to land through her husband, effectively prohibited women from owning land. The 2005 land law provides a new framework for land administration and usage, defining land tenure categories and establishing that all land in Rwanda has to be registered and titled (Uwayezu and Mugiraneza, 2011).<sup>13</sup> It established equal property rights for men and women, prohibited any discriminatory practice based on sex, and mandated that all women be adequately represented at all levels of decision-making bodies and commissions on land management (Republic of Rwanda, 2005). Overall, the law now provides women with a legal basis for claiming their land rights. Nevertheless, its implementation is not straightforward, as discussed in Box 5.

The new Labour Code (Republic of Rwanda, 2009a) and 2003 Constitution recognize an equal right to work for men and women, and the right to equal pay for work of equal value. The new Labour Code protects women against sexual harassment and dismissal after maternity leave; it also ensures the right to breast-feed and provides a 12-consecutive week maternity leave.

However, full-pay leave was reduced from 12 weeks to the first six weeks of maternity leave, after which a woman can choose whether to extend her leave at 20 per cent pay, or to go back to work at full salary (Republic of Rwanda, 2009a). There is also paternity leave in Rwanda: four days after the birth of a child (World Bank and IFC, 2012).

### 2.3.2. Institutional framework and programmes for gender equality

Gender equality is at the center of national development. Gender considerations have been included as a cross-cutting dimension in the design of both medium- and long-term national development frameworks and key instruments such as Vision 2020, the Decentralization Policy, and the Economic Development and Poverty Reduction Strategy (EDPRS), which implements Vision 2020.<sup>14</sup> Policies such as the National Export Strategy (NES) and the Long-term Investment Framework also stress the importance of women's engagement in the market and investment sectors as an essential factor to accelerate growth.

In 2004, the government of Rwanda put in place a National Gender Policy with the objective to guide the inclusion of gender as a cross-cutting issue in all government practices and programmes. The policy, which was last reviewed in 2010, defines policy actions spanning all sectors of national development. The priority areas of intervention identified by the government include:

- (i) Gender mainstreaming aimed at ensuring that public, private, and civil society entities acquire adequate instruments to incorporate gender considerations in their mandates;
- (ii) Improving economic conditions and the welfare of women, taking into account issues related to food security; access to markets, market information and micro-finance schemes; access to employment opportunities in the private sector, infrastructure, transport, and ICT; the enhancement of agriculture productive capacities through the use of modern techniques and access to agricultural assets and services; and inclusion in land-use planning and management and in the water and sanitation management system;
- (iii) Health care, including family planning and reproductive health, and access to HIV treatment;
- (iv) Gender-sensitive measures taken into account to ensure women's and girls' access, performance, and completion at all educational levels and in vocational training; and
- (v) Consolidating good governance and justice by promoting women's participation at the decision-making level and enforcing human and women's rights principles and the rule of law (Republic of Rwanda, 2010c).

The government of Rwanda has set up extensive machinery to support its gender equality commitments. The participation of all other ministries and different national actors such as local governments is required to guarantee the effective implementation of the National Gender Policy. The Ministry of Gender and Family Promotion is primarily responsible for advancing the gender agenda and supporting sustained progress towards achieving gender-related goals. With its leading and advocacy role, the ministry has a mandate to coordinate the work of the gender machinery towards the implementation of the National Gender Policy. It has done this by supporting actions in social, economic, policy, and legislative areas (Committee on the Elimination of Discrimination Against Women, 2007). A set of supporting institutions was established for this purpose, including the following entities:

- The National Gender Cluster, which acts as a coordination mechanism, facilitates policy dialogue, and promotes progress and interventions in the area of gender.
- The Gender Monitoring Office, which is entrusted with monitoring the implementation of the National Gender Policy through auditing activities and measurement of progress in several sectors. It also launches capacity-building initiatives meant to sensitize civil servants to incorporate gender in their areas of work.
- The National Council of Women (CNF), comprised of committees all the way down to the local level, which serves as a discussion forum for women and as a means to promote women's active participation in daily life and local development activities. The committees operate at the grass-roots level and mainly have an advocacy role.
- A network of Gender Focal Points in the ministries and in all relevant institutions, which is ultimately in charge of ensuring the implementation of the gender mainstreaming strategy at the operational level, also through the collection and analysis of gender-disaggregated data (Republic of Rwanda, 2010c).

The government has identified several areas of intervention to promote women's participation in the economic development of Rwanda. A Gender Responsive Budgeting Programme (GRB) was adopted from 2002 to 2004, and again from 2008 to 2010, by the Ministry of Finance and Economic Planning, to ensure that budget allocations and public expenditures were gender-sensitive (Republic of Rwanda, 2007c). Initially, the GRB was carried out in five ministries (agriculture, education, health, local government, and infrastructure); however during 2011-2012 gender budget statements became mandatory for all ministries (UN Women/Republic of Rwanda Ministry of Finance and Economic Planning, 2011). The objective is to train government officers on gender-sensitive budgeting and in the gathering and analysis of gender-disaggregated data. Today, the Gender Budget Statement (GBS) is part of the Organic Budget Law (OBL, 2013), thus strengthening accountability on GRB. The Women and Youth Access to Finance Programme, launched in 2012, was designed to support women's and youth's access to finance, stimulate their financial literacy, and enhance their abilities to pursue economic opportunities (Republic of Rwanda, 2012d). Women also have access to support through the Umurenge Savings and Credit Cooperatives (known as Umurenge - SACCO) and the Peoples Bank for Women's Promotion, which encourage women's entrepreneurship and facilitate access to finance and microcredit.



Rwanda's 2007 National Employment Policy identifies priority areas of intervention and sketches a series of measures geared at creating a favourable labour market, supporting entrepreneurship, and encouraging human resource development. The policy recognizes the under-representation of women workers in wage-earning jobs and the engagement of the female population mainly in informal activities. Within this framework, the government of Rwanda aims to reduce the high levels of unemployment and under-employment among women. It therefore underlines the need to integrate women in the labour market by encouraging access to vocational training and on-the-job training in line with the actual needs of the economy; incentivizing the creation of women-owned enterprises and integration into income-generating activities; and promoting women's access to technical and financial support (Republic of Rwanda, 2007a).

The 2010 Agriculture Gender Strategy identifies specific gender gaps, challenges, and opportunities in agriculture. The strategy makes key policy recommendations in five areas: institutionalize gender mainstreaming in the agriculture sector; develop capacity in the agriculture sector to enable-gender sensitive programming; enhance the gender responsiveness of agricultural services; promote

equal participation in decision-making processes; and develop multi-stakeholder partnerships to respond to practical and strategic gender needs in agriculture (Republic of Rwanda, 2010a).

As far as education is concerned, Rwanda has made considerable efforts to increase girls' access, performance, and completion at all education levels and to stimulate girls' participation in fields where they are under-represented: the Girls' Education Policy launched in 2008 aims to reduce gender disparity in education and training and promote access of girls to fields related to science and technology (Republic of Rwanda, 2008c). In line with the government's programme to ensure access to education and technology, Rwanda in 2007 entered the One Laptop per Child Programme, which managed to provide access to a laptop to 110,000 students across 500 schools.<sup>15</sup>

Rwandan women also benefit from a National Reproductive Health Policy, which aims to reduce maternal mortality, guarantee maternal and child health as well as assisted delivery, and make access to family planning available to all. Included in the programme is the prevention and treatment of sexual violence and HIV/AIDS and other sexually transmitted diseases (World Bank, 2011b).

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## NOTES

- <sup>4</sup> The Human Development Index is based on health, knowledge, and standard of living measurements.
- <sup>5</sup> The UNDP Gender Inequality Index measures disadvantages suffered by women in empowerment, reproductive health, and labour market participation.
- <sup>6</sup> The SIGI ranking takes into account the prevalence of discriminatory social institutions such as early marriage, discriminatory inheritance practices, violence against women, and restricted access to public space and to assets such as land and credit. The index can be accessed at <http://genderindex.org/country/rwanda>.
- <sup>7</sup> Adolescent fertility rates (births per 1,000 girls aged 15-19) for some of Rwanda's neighbors are significantly higher: 135 in the Democratic Republic of the Congo and 159 in Uganda. The WHO Global Health Observatory Data Repository can be accessed at <http://apps.who.int/ghodata/?vid=5100&theme=country>.
- <sup>8</sup> By the end of 2011, the total number of female-headed households in Rwanda was down to about 28 per cent *de jure* and about an additional 6 per cent *de facto* due to prolonged male absence (Republic of Rwanda, 2011a).
- <sup>9</sup> In 2010, women accounted for 37.6 per cent of Mayors and Deputy Mayors in Rwanda. For more information, see the Make Every Woman Count website at: [http://makeeverywomancount.org/index.php?option=com\\_content&view=article&id=2800:rwanda-parliamentary-election-2011&catid=73:2011-elections-monitoring&Itemid=196](http://makeeverywomancount.org/index.php?option=com_content&view=article&id=2800:rwanda-parliamentary-election-2011&catid=73:2011-elections-monitoring&Itemid=196). In addition, recent data indicate that 42 per cent of Supreme Court judges and 50 per cent of Permanent Secretaries are women (Republic of Rwanda, 2011b).
- <sup>10</sup> According to the National Institute of Statistics of Rwanda and ORC Macro 2005 Rwanda Demographic and Health Survey, as quoted on the OECD Social Institutions and Gender Index (SIGI) webpage at <http://genderindex.org/country/rwanda>.
- <sup>11</sup> Rwanda was identified as a source for trafficking to neighbouring countries (Burundi, Democratic Republic of the Congo, Kenya, South Africa, the United Republic of Tanzania, Uganda, and Zambia), but also to Europe (Norway, the Netherlands, and Italy), China, and the United States (International Office for Migration, 2010, U.S. Department of State, 2012).
- <sup>12</sup> It ratified the Committee on the Elimination of Discrimination against Women Convention in 1981 and the Optional Protocol in 2008. It has committed to adhere to the principles contained in the 1967 UN Declaration on the Elimination of Discrimination Against Women and the Beijing Declaration and Platform for Action, and has ratified many other instruments that deal with women's and children's rights (Committee on the Elimination of Discrimination Against Women, 2007), including key International Labour Organization conventions for gender equality in the workplace. At the regional level, Rwanda ratified the Protocol to the African Charter on Human and Peoples Rights on the Rights of Women in Africa in 2004. The protocol addresses issues related to women's reproductive rights, violence against women, and women's political participation. As a member of regional bodies such as the EAC, the Common Market of East and Southern Africa (COMESA), the Economic Community of Central Africa States (ECCAS), and the African Union, Rwanda is committed to share the principles enshrined in their gender policies. It also endorsed the Solemn Declaration on Gender Equality and the New Partnership for Africa's Development (NEPAD) Programme (Republic of Rwanda, 2010c).
- <sup>13</sup> Women could acquire land under customary law, but only in certain circumstances, and only as a gift from a man – for example, from a father to a daughter on the occasion of marriage, birth of a child, or repudiation by a husband and return to the family home. These are all special and exceptional cases and the land would then pass only to a son or male relative (Uwazeyu and Mugiraneza, 2011).
- <sup>14</sup> The government's efforts in this sense are supported by the United Nations Development Assistance Framework (UNDAF, 2007), which defines the actions and strategies to be implemented to achieve the MDGs and national development priorities. Gender equality is one of the main outcomes of the UNDAF's objectives for 2008-2012.
- <sup>15</sup> See the One Laptop per Child website at <http://laptop.org/map/rwanda>.
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# III



Trade and  
Trade Policy in  
Rwanda

### 3. TRADE AND TRADE POLICY IN RWANDA

#### 3.1. OVERVIEW

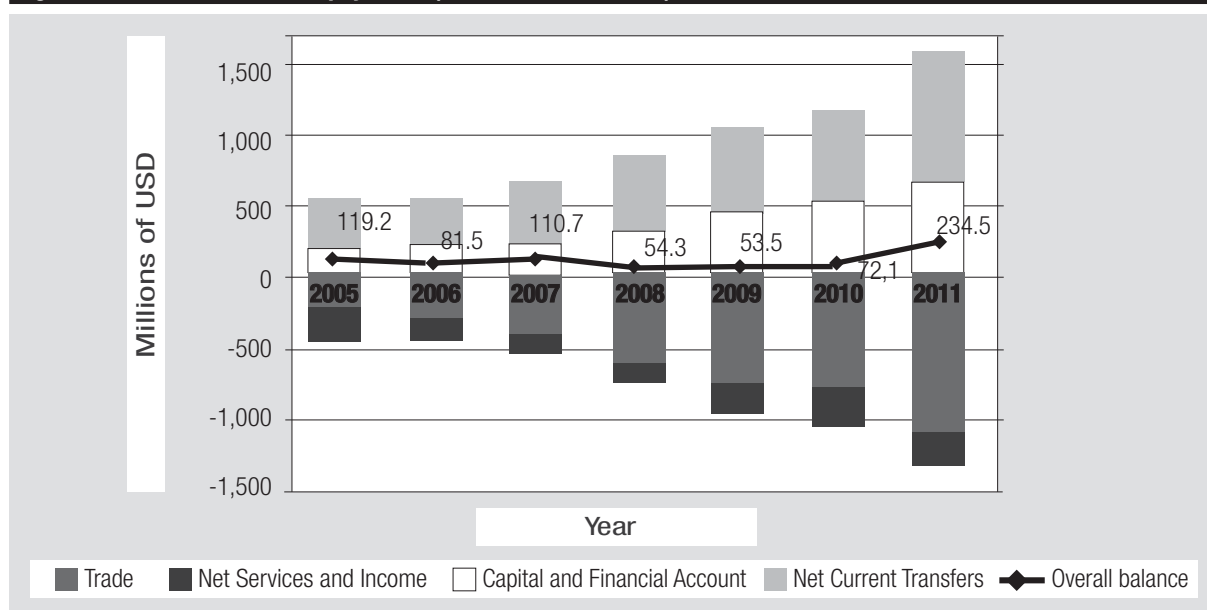
Rwanda runs a negative trade balance, but shows a balance of payments surplus (Figure 10). The currency outflow due to a negative current account is more than offset by the inflow of foreign currency thanks to the positive capital account. The country is thus able to sustain its negative trade balance with the inflow of foreign currency originating from capital and financial inflows, mostly represented by official development assistance (ODA). On average, since 2005, ODA has amounted to around 70–80 per cent of Rwanda's negative trade balance.

Rwanda's historically negative trade balance is explained by the significant reliance of the country's formal sector on imported goods as compared to limited exports. In past years this significant trade imbalance has increased Rwanda's reliance on external sources of financing, such as aid, while rendering the economy particularly vulnerable to fluctuation in terms of trade. In 2011, Rwanda's exports amounted to US\$466 million compared to over US\$2 billion of imports, resulting in a trade deficit of US\$1.55 billion, 24 per cent of the country's GDP (National Bank of Rwanda, 2012a).

Rwanda's main export flows are determined by a limited number of commodities, namely tea, coffee, tin ores, niobium, tantalum, and tungsten ores. These few products generated over 60 per cent of export earnings in 2011. On the other hand, as a consequence of limited domestic production of consumer and capital goods, import flows cover a large variety of product classes.

The immediate origins and destinations of external trade are mostly neighboring countries such as the United Republic of Tanzania, Kenya, and the Democratic Republic of the Congo. This is the result of Rwanda's landlocked status, as trade flows need to reach neighboring port facilities before entering the national market or being shipped towards other destinations. The main export route for Rwandan merchandise is via Mombasa Port in Kenya, followed by the Port of Dar-es-Salaam in the United Republic of Tanzania. However, a significant share of Rwandan exports is also directed to Uganda, which, being landlocked itself, serves as a trading platform in the eastern part of the Democratic Republic of the Congo. This reliance on foreign infrastructure constitutes a major impediment for the development of Rwanda's international trade with non-neighboring partners not only because of high transportation costs and long shipment time, but also because of the dependence on often inadequate infrastructure, poor administrative

Figure 10. Rwanda: Balance of payments (millions of U.S. dollars)



Source: National Bank of Rwanda, Account Balance.

procedures, and, ultimately, the risk of operating in potentially unstable countries.<sup>16</sup>

In 2006, Rwanda joined the EAC Customs Union, a large trade bloc unifying Burundi, Kenya, Rwanda, the United Republic of Tanzania, and Uganda in a common free trade area. The EAC common market made an important contribution to Rwandan trade flows to and from neighboring countries, increasing the country's trade integration with local markets. However, significant non-tariff barriers<sup>17</sup> such as product standards and packaging still reduce Rwanda's effective ability to export to key overseas markets such as the European Union and the United States, as well as regionally. Such barriers also constitute a major impediment to the country's efforts to reposition its exports towards higher levels of the value chain, a necessary step for reducing its exposure to commodity price fluctuations.

### 3.2. TRADE FLOWS OF GOODS

Rwanda's participation in international trade grew steadily during the past decade: both imports and exports showed rapid and sustained improvement, recording average annual growth rates of 17 per cent over the last 11 years.

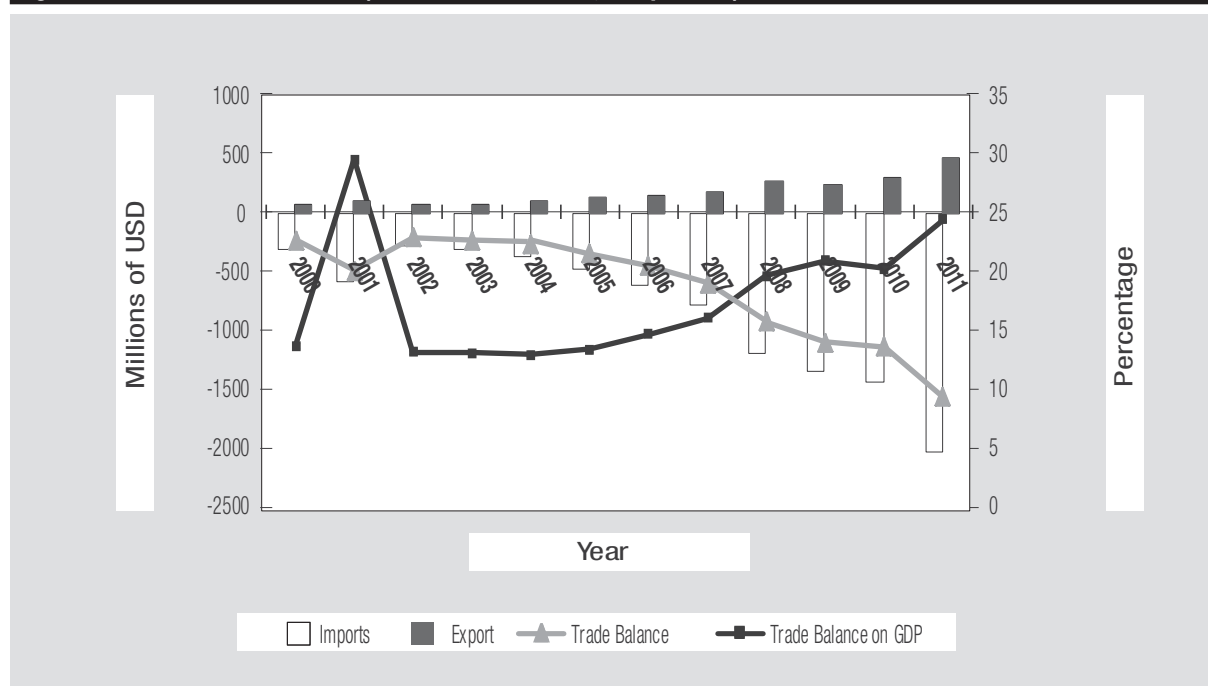
During the same period the trade balance deteriorated, decreasing from a negative value of US\$238 million in 2000 to minus US\$1,550 million in 2011 (Figure 11). Relative to the country's GDP, Rwanda's trade deficits increased from about 10 per cent in 2000 to 25 per cent in 2011, mainly as a result of the higher increase of trade inflows with respect to the national output.

#### 3.2.1. Merchandise exports

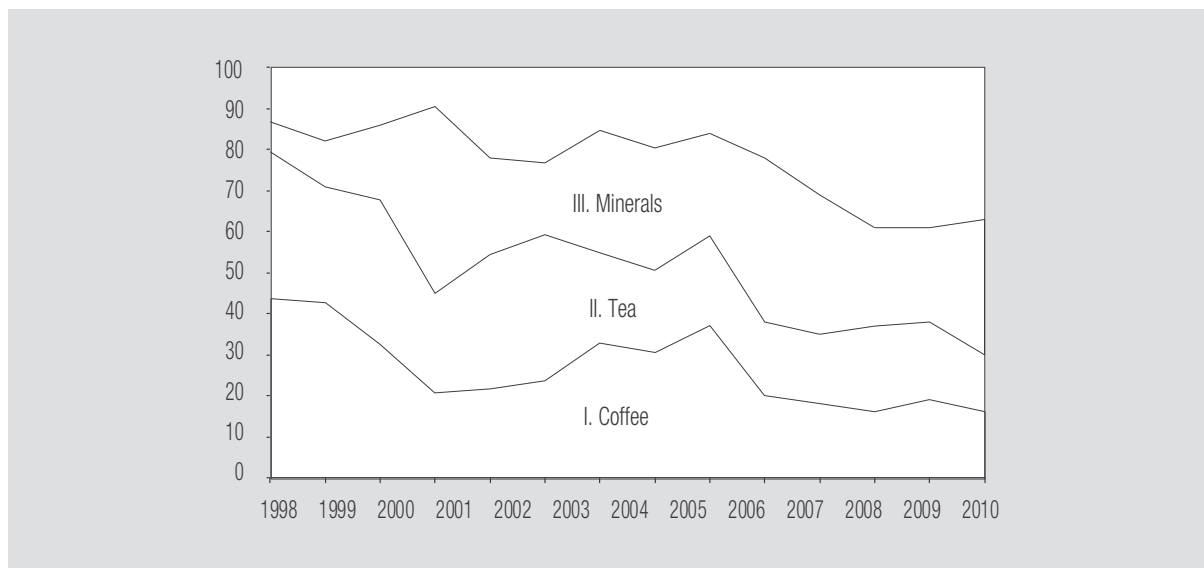
Rwanda's exports are represented by the country's main cash crops, coffee and tea, and by the extraction sector. In 2011, coffee and tea amounted to 30 per cent of the country's total exported goods, while minerals accounted for about one-third. Figure 12 presents the evolution of the three major export commodities as a share of total exports. The contribution of crop exports to trade outflows decreased from 80 per cent in 1999 to 30 per cent in 2011. Over the same period, mineral exports rose to represent 33 per cent of total outbound shipments by 2011, starting from less than 10 per cent in 1998.

Table 7 shows the evolution of values and volumes of Rwanda's main exports from 1998 to 2011. Coffee production for export varied throughout the time sample, with large variations but with no clear upward trend,

**Figure 11. Rwanda: Trade balance (millions of U.S. dollars; and per cent)**



Source: National Bank of Rwanda, External Trade Statistics.

**Figure 12. Main merchandise exports (per cent share of total merchandise exports)**

Source: UNCTAD Secretariat based on Rwanda National Bank data.

fluctuating at around 16,000 tons. Ninety per cent of coffee production, the vast majority of it Arabica, is exported before roasting. The export value for coffee is greatly affected by market unit price volatility, which largely determines the year-on-year value fluctuation of coffee exports. The sector for years showed a lack of dynamism as a consequence of a deterioration of quality. This was due partially to loss of soil fertility and plantation aging, but more substantially by a lack of producer organization<sup>18</sup> and by loose quality controls.

Tea has historically been the second most important export crop after coffee. The sector employs 53,000 workers directly and is a source of revenue for over one million people (Republic of Rwanda, 2011c). The country's tea industry is robust, benefiting from favorable climatic conditions and good soil quality. Over 90 per cent of Rwandan tea production is exported. Roughly three-quarters of the entire Rwandan tea production is sold at the Mombasa tea auction,<sup>19</sup> while the remaining part is sold directly to private customers; the selling price in Mombasa serves as a reference for setting prices to private clients. Export destinations for tea are the United Kingdom for "prime" grade tea, Egypt and Pakistan for medium grades, and South Africa, Sudan, and Yemen for lower grades.

Since the early 2000s, the coffee and tea sectors have undergone significant transformations, with a focus on increased production and productivity, and on the penetration of markets for higher-value products.

As regards coffee, Rwanda has made significant progress from standard or ordinary-grade coffee to specialty coffee production. Prior to 2001, Rwanda was unknown on the specialty coffee market; its coffee exports essentially consisted of bulk commercial grades sold at a discount from US\$0.10 to US\$0.20 per pound below the prevailing New York Commodity Exchanges "C" market price. By 2006, Rwanda had turned into a specialty coffee origin that supplied specialty roasters and large retail chains in the United States and Europe (USAID, 2006). The amount of specialty (fully-washed) coffee increased from 1 to 20 per cent of production from 2002 to 2007 (Republic of Rwanda, 2008b). In 2006, specialty coffee was sold by Coffee Washing Stations (CWS) at a premium of 45 cents per pound over the New York "C" price. By 2007, Rwandan-branded coffees were a standard Starbucks offering in Europe and the Middle East (Republic of Rwanda, 2008b).

The tea sector has similarly re-oriented towards high-quality and niche tea markets – branded tea, high-quality tea, and diversified tea. In particular, Rwanda is gradually pursuing a migration from bulk CTC (crush, tear, curl) black tea, the majority of which is sold at auction, to targeted sales of higher-value products (orthodox teas, which attract a premium of up to 75 per cent over CTC tea, green teas, and blended and packaged teas), sold over the counter directly to buyers with whom strong relationships have been built (Republic of Rwanda, 2008a).

**Table 7. Major exports (free on board) (millions of U.S. dollars; and per cent)**

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>I. Coffee</b>														
Value	28.14	26.47	22.52	19.36	14.65	15.01	32.2	38.3	54.04	35.67	47.05	37.29	56.08	74.6
Percent of total exports	44	43	33	21	22	24	33	31	37	20	18	16	19	16
Volume (tons)	14,998	18,333	16,089	17,788	19,797	14,700	27,085	18,398	26,534	13,673	18,191	14,992	18,235	15,597
<b>II. Tea</b>														
Value	22.87	17.54	24.28	22.71	22.02	22.52	21.55	24.38	31.86	31.52	44.95	48.24	55.71	63.9
Percent of total exports	36	28	35	24	33	36	22	20	22	18	17	21	19	14
Volume (tons)	15,129	12,710	13,717	15,166	14,574	14,331	13,064	15,481	16,523	18,375	19,828	18,689	21,528	23,732
<b>III. Minerals</b>														
Value	4.69	6.93	12.58	42.63	15.87	11.09	29.27	37.3	36.57	70.62	91.69	55.43	67.85	151.43
Per cent of total exports	7	11	18	46	24	18	30	30	25	40	34	24	23	33
Volume (tons)	509.7	943	1111	2256	2083	2310	4,571	6,150	5,995	8,220	7,009	6,093	5,466	8,848
of which:														
<b>Cassiterite</b>														
Value	0.41	1.17	0.95	1.13	1.41	4.49	15.88	17.86	15.87	31.97	41.25	28.58	42.21	96.82
Per cent of total exports	1	2	1	1	2	7	16	14	11	18	15	12	14	21
Volume (tons)	189	529	365	555	672	1458	3,553	4,531	3,835	4,565	4,193	4,269	3,874	6,952
<b>Coltan</b>														
Value	2.46	4.63	11.35	41.1	13.95	6.37	12.99	16.87	11.17	19.23	36.03	20.24	18.48	38.58
Per cent of total exports	3.83	7.47	16.44	43.93	20.71	10.06	13.25	13	8	11	13	9	6	8
Volume (tons)	199	330	602	1,540	1,086	732	861	1,061	724	968	1,190	949	748	890
<b>Wolfram</b>														
Value	0.23	0.11	0.27	0.4	0.52	0.23	0.4	2.58	9.53	19.42	13.41	5.76	7.1	16.03
Per cent of total exports	0.36	0.18	0.40	0.43	0.77	0.36	0.41	2.06	6	11	5	2	2	3
Volume (tons)	122	84	144	161	324	120	157	557	1,435	2,686	1,708	874	843	1,006
<b>Other Minerals</b>														
Value	1.59	1.02	0.01	0	0	0	0	0	0	0	1	0.85	0.06	0
Per cent of total exports	2.48	1.64	0.00	0.00	0.00	0.01	0.01	0.50	0.00	0.00	1.00	1.00	1.00	1.00
Volume (tons)	0	0	0	0	1	0	0	1	1	1	0	1	1	0

Source: Rwanda National Bank.



While these structural changes have succeeded in generating some dynamism in the industry, the bulk of production is still traded under commercial grades, subject to high price volatility: existing coffee production is still mainly Arabica/semi-washed, and existing tea production is mainly black CTC.

Rwanda exports all its mining production. Official trade statistics show that the role of minerals in total exports has increased remarkably in the past decade. From 2007 to 2010 the value of exported minerals doubled, thanks to a notable increase in international prices.<sup>20</sup> The main exported mineral is cassiterite, representing almost a third of overall mineral exports from Rwanda. Crops and minerals usually undergo little local transformation and branding before being exported.

Table 8 shows Rwanda's main (immediate) export destinations during the first three quarters of 2012. A thorough interpretation of these figures should consider that, Rwanda being a landlocked country, immediate export destinations may represent entry points to port facilities from which goods are shipped to different final markets. Even if reliable data on re-export for neighbouring countries do not exist, clearing and forwarding agents servicing Rwanda's trade have traditionally carried out their operations in the Mombasa Port in Kenya and more recently in the Dar-es-Salaam Port in the United Republic of Tanzania.<sup>21</sup>

### 3.2.2. Merchandise imports

Rwanda is highly dependent on imports. Imported goods are highly diversified and cover a roughly even mix of consumer goods, energy products,

**Table 8. Rwandan export destinations, quarters 1-3, 2012 (millions of U.S. dollars; and per cent)**

	Values in millions of U.S. dollars	Shares in per cent
Total exports	309.9	100.0
Tanzania, United Republic Of	111.7	36.0
Uganda	37.0	11.9
Congo, Democratic Republic of the	41.4	13.4
Kenya	70.8	22.8
Burundi	6.3	2.0
United States	3.8	1.2
Italy	1.6	0.5
Switzerland	7.3	2.4
Netherlands	1.1	0.3
South Africa	0.3	0.1
Malaysia	0.4	0.1
Burkina Faso	0.1	0.0
Canada	0.1	0.0
Belgium	2.8	0.9
Nigeria	0.1	0.0
United Kingdom	0.7	0.2
Cameroon	0.1	0.0
Sudan	16.4	5.3
Korea, Republic Of	0.1	0.0
United Arab Emirates	0.2	0.1

Source: Rwanda External Trade Statistics.

and intermediate and capital merchandise. Import penetration is therefore significant in all major sectors, as a consequence of relatively small and poorly diversified domestic production. Figure 13 shows the change in the contribution of major import categories from 1998 to 2011. Consumer goods represented the most important import category in 2011, covering 27 per cent of the overall inbound flow of goods. Food items accounted for about 10 per cent of imports in 2011. Rwanda's imports of food have been growing remarkably since 2003, which underlines the country's low level of food sufficiency that is also a consequence of its demographic dynamics.

The importance of major imported good categories has stayed roughly constant since 2002, showing homogeneous growth in imported products since that time (Table 9).

Table 10 shows the main countries of origin of Rwanda's imports during the first three quarters of 2012. As is the case for exports, goods coming from countries outside the EAC enter Rwanda through neighboring countries.

### 3.2.3. Informal cross-border trade

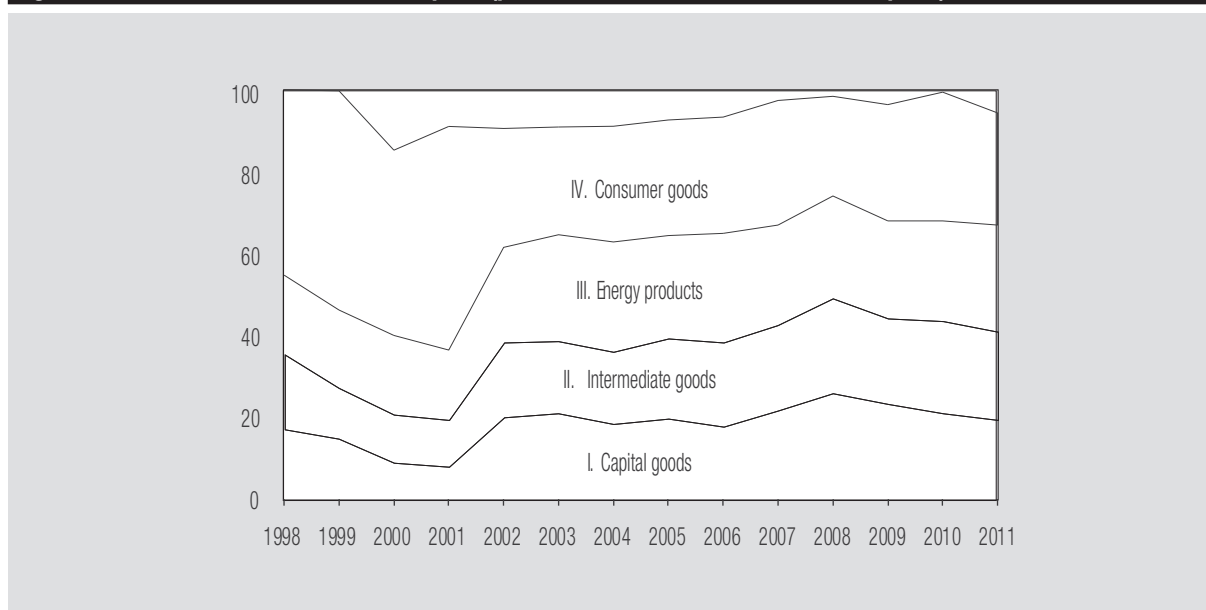
Official trade data do not fully capture the extent of informal cross-border trade between Rwanda and its neighboring countries. Though not officially included in the country's national accounts, informal cross-border

trade is estimated to account for about 14 per cent of all Rwanda's export trade (formal and informal) (Table 11); informal exports to neighboring countries in 2011 were estimated to be 51 per cent higher than formal exports (Republic of Rwanda, 2012e).

Rwanda's largest cross-border market, the Democratic Republic of the Congo, absorbs almost 80 per cent of informal cross-border exports from Rwanda. Typically, informal cross-border trade is proximity trade involving the move of produce between markets close to the border, such as Goma-Gisenyi and Kamembe-Bukavu.

Goods that are traded informally mainly include agricultural produce (40 per cent of Rwanda's informal exports) and livestock (26 per cent). Also significant are certain manufactured goods, including processed foods, fast-moving consumable goods (soaps, beauty products, basic household items, etc.) and re-export of paraffin (Republic of Rwanda, 2012e). Findings from UN Women/International Alert (Titeca and Kimanuka, 2012) point to discrete gender patterns in the composition of traded goods: women sell mainly foodstuffs (e.g., manioc flour, tomatoes, corn, onions, fish etc.), alongside a few other specific products (e.g., firewood and palm oil), while men sell a wider variety of products, often with a higher value (e.g., used clothing, beer, household items, and other fast-moving consumable goods).

**Figure 13. Rwanda: Main merchandise imports (per cent share of total merchandise imports)**



Source: UNCTAD Secretariat based on data from the Rwanda National Bank.

**Table 9. : Rwanda: Major imports (cost, insurance, and freight) (millions of U.S. dollars; and per cent)**

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>I. Capital goods</b>														
Value	60.17	55.37	33.03	55.81	68.01	75.95	80	109.9	126.8	202.5	367.29	372.4	357.56	465.35
Per cent of total imports	20.20	17.48	10.74	9.51	23.98	24.91	21.74	23.31	21	26	31	28	25	23
Volume (tons)	-	-	-	9,501	12,119	12,279	12,493	17,506	20,803	31,551	39,860	53,136	43,076	50,523
<b>II. Intermediate goods</b>														
Value	65.67	47.95	43.32	55.48	61.76	64.81	79.2	111.16	146.15	189.91	323.87	332.46	381.97	526.55
Per cent of total imports	22.05	15.14	14.08	13.59	21.77	21.25	21.53	23.58	25	25	28	25	27	26
Volume (tons)	-	-	-	80,165	91,637	93,097	107,716	154,363	206,831	274,574	367,938	408,677	481,644	609,175
<b>III. Energy products</b>														
Value	34.82	40.92	44.92	39.51	42.2	53.39	68.64	78.16	108.56	115.65	161.49	177.97	210.84	345.57
Per cent of total imports	11.69	12.92	14.60	12.80	14.88	17.51	18.66	16.58	18	15	14	14	15	17
Volume (tons)				102,740	102,050	104,520	123,282	128,819	172,818	183,252	186,722	189,347	195,785	220,493
<b>IV. Consumer goods</b>														
Value	132.93	167.15	137.26	109.79	81.21	79.1	102.46	131.17	166.54	229.1	284.08	363.99	439.01	553.11
Per cent of total imports	44.63	52.78	44.61	53.85	28.63	25.94	27.86	27.83	28	30	24	28	31	27
Volume (tons)				114,714	94,484	90,499	109,210	120,855	173,743	285,259	253,662	359,314	468,472	453,195
of which:														
<b>Food</b>														
Value	57.44	34.61	46.59	44.17	29.63	24.73	33.16	35.26	47.93	71.76	87.07	122.72	154.18	207.63
Per cent of total imports	19.28	10.93	15.14	16.04	10.45	8.11	9.02	7.48	8	9	7	9	11	10
Volume (tons)				94,283	70,554	65,890	75,744	79,854	122,832	223,979	172,073	265,599	372,488	343,935
<b>Other consumer goods</b>														
Value	75.49	132.54	90.67	65.62	51.58	54.37	69.3	95.91	118.62	157.34	197.01	241.27	284.83	345.48
Per cent of total imports	25.34	41.85	29.47	37.80	18.18	17.83	18.84	20.34	20	20	17	18	20	17
Volume (tons)				20,431	23,930	24,610	33,465	41,001	50,911	61,280	81,589	93,715	95,985	109,259

Source: Rwanda National Bank.

**Table 10. Origin of Rwandan imports, quarters 1-3, 2012 (millions of U.S. dollars; and per cent)**

	Values in millions of U.S. dollars	Shares in per cent
Total imports	1,263.4	100.0
China	161.0	12.7
Uganda	178.7	14.1
India	101.1	8.0
United Arab Emirates	85.8	6.8
Kenya	104.4	8.3
Tanzania, United Republic Of	62.0	4.9
Japan	40.5	3.2
Russian Federation	29.2	2.3
Belgium	35.9	2.8
Germany	40.9	3.2
Hong Kong	16.6	1.3
United Kingdom	18.9	1.5
United States	32.8	2.6
Italy	15.7	1.2
South Africa	29.3	2.3
Saudi Arabia	23.3	1.8
France	16.0	1.3
Sweden	26.2	2.1
Switzerland	26.2	2.1
Egypt	17.1	1.4

Source: *Rwanda External Trade Statistics*.

**Table 11. Rwanda: Trade with neighbouring countries, 2011 (billions of RWF)**

	Exports	Percent of total exports	Imports	Percent of total imports
Formal cross-border	21.9	9	162.4	18
Informal cross-border	33.2	14	11.5	1
Rest of the world	187.6	77	712.1	80

Source: *Republic of Rwanda (2012e)*.

As regards agricultural crops, cross-border trade in the major cereals, including maize, wheat, rice and sorghum, is mainly through formal channels. As regards traditional staple foods such as cassava, trade is largely through informal channels with neighboring countries (informal cross-border trade), and the volumes traded are generally small relative to domestic consumption. For cassava, for example, total imports into Rwanda over the 2009-2012 period were less than 1 per cent of estimated consumption; cassava imported into Rwanda has entered from Uganda (59 per cent), the United Republic of Tanzania

(27 per cent), and from Burundi and the Democratic Republic of the Congo (less than 4 per cent) (USAID, 2013). In the case of cassava, as for other traditional staple foods, small trade volumes may suggest that relative domestic production/consumption equilibrium is maintained for these products, or that transaction costs between the markets of neighboring countries are high enough to constrain trade (USAID, 2013).

Informal cross-border trade has important poverty and gender ramifications: over 80 per cent of cross-border trade is estimated to take place in Rwanda's western

province, where the incidence of poverty is particularly high. And the majority (74 per cent) of informal cross-border traders are women (Republic of Rwanda, 2012e; Titeca and Kimanuka, 2012).

### 3.3. TRADE FLOWS OF SERVICES

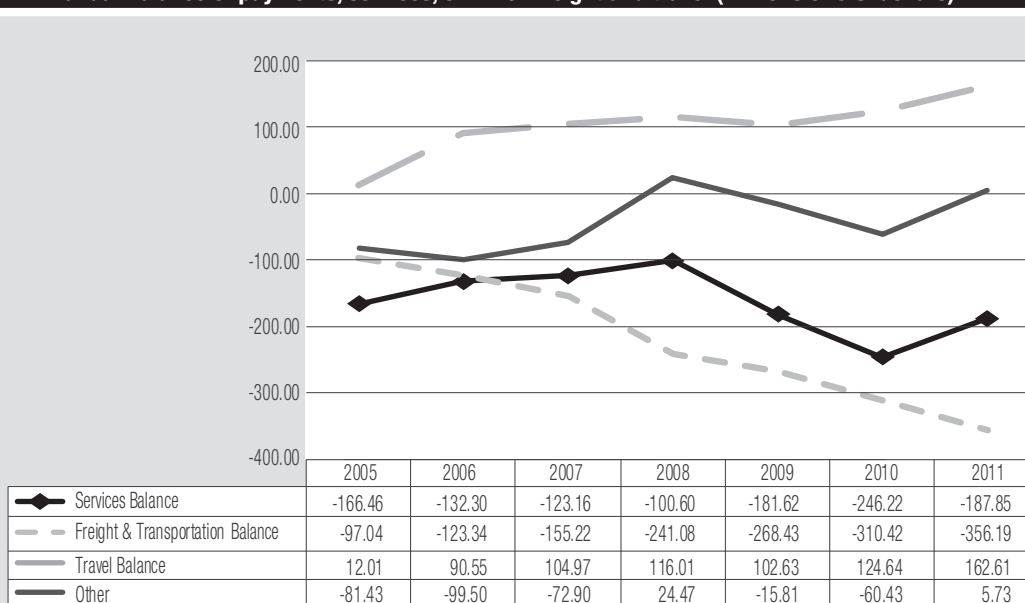
As for the case of goods, Rwanda is a net importer of services. The net service balance is negative mainly because of freight costs. Importers and exporters operating to and from Rwanda rely heavily on international freight operators for the shipment of goods. Transportation costs are typically high in the region; freight costs per kilometer in the EAC are estimated to be 30 per cent higher than in South Africa. For Rwanda and other landlocked countries, transport costs can be as high as 75 per cent of the value of exports (World Bank, 2012).

The only positive account in the service balance is due to travel services, which showed sustained growth from 2005 to 2011 (Figure 14). This gives an indication of the role tourism is playing in Rwanda's economy. The considerable efforts to upgrade the tourism sector have started to deliver positive results, putting Rwanda in a position to capitalize on its location within one of the most visited regions in sub-Saharan Africa. The most attractive tourist locations in Rwanda

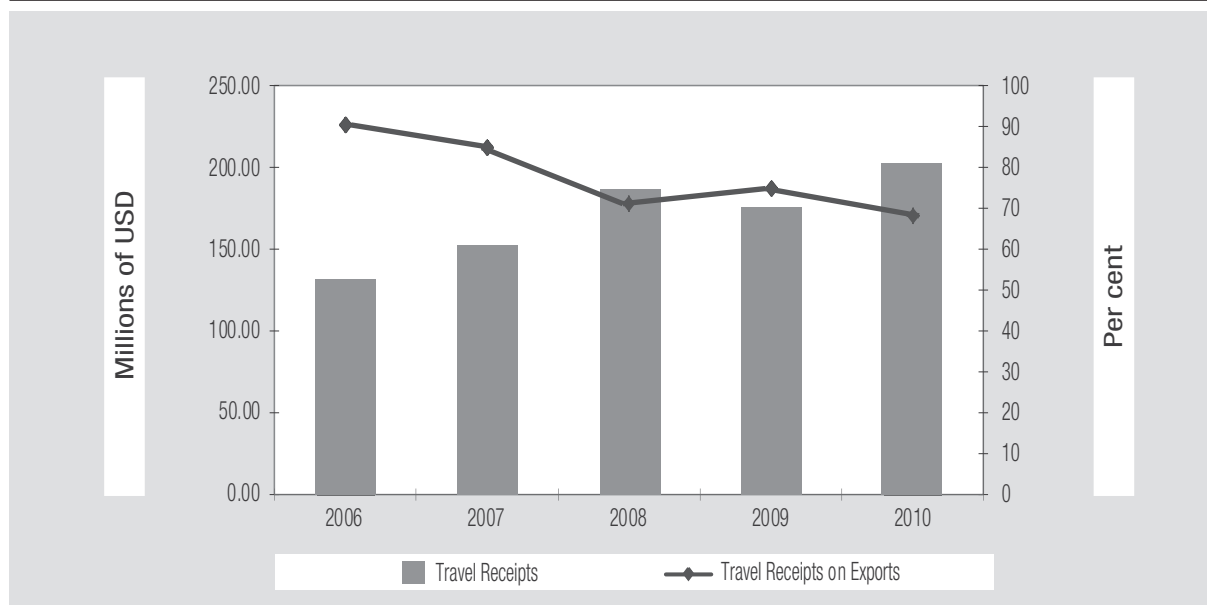
are its natural sites: the Volcanoes National Park (in the northwest), the Akagera National Park (in the east), the Nyungwe National Park (in the southwest), and Lake Kivu. Together with Uganda, Rwanda is the only country where mountain gorillas can be watched safely. Rwanda's recent effort to rebuild an international reputation after the 1994 genocide and its plans to leverage local tourist attractions, are proving to be successful: tourism receipts grew at an average annual rate of 8.5 per cent from 2006 to 2010, and today tourism is one of the top foreign exchange earners for the country (Figure 15).

Gorilla tourism has important spillover effects for local communities. Gorilla permits – managed by the Rwanda Development Board (RDB) Tourism and Conservation Office – cost US\$750 per person for non-nationals for one hour with the gorillas. This amount covers conservation costs, including opportunity-costs associated with the conservation of gorillas' common heritage. Under a revenue-sharing scheme, 5 per cent of all tourism revenue from the park is re-injected in local community projects, and an additional 5 per cent is provided for compensation for damages caused by the gorillas. As for disbursements of community funds, the RDB issues calls for proposals, and a locally-owned project selection process is made

**Figure 14. Rwanda: Balance of payments, services, of which freight and travel (millions of U.S. dollars)**



Source: UNCTAD Secretariat based on data from the Rwanda National Bank.

**Figure 15. Rwanda: Tourism indicators (millions of U.S. dollars; and per cent)**

Source: East African Community, *Tourism Indicators*.

at the sector and district levels. The quota in favour of women (30 per cent) also applies at these levels. The projects for which the funds have been used range from conservation to education/training, water and sanitation, basic infrastructure, and food security (Nielsen and Spenceley, 2010).

Gorillas have been a major source of tourism revenue, with over 90 per cent of the industry's earnings driven by gorilla tours (Republic of Rwanda, 2009c). A number of diversification options are being considered, including meetings, incentives, conferences, and exhibitions; birding; cultural tourism; agro-tourism; and adventure products (Republic of Rwanda, 2009c).

### 3.4. TARIFFS AND TRADE POLICY

Rwanda is a signatory to regional and multilateral agreements, and it benefits from non-reciprocal preferential treatment under a few bilateral arrangements.

#### 3.4.1. Multilateral: World Trade Organization membership

Rwanda has been a member of the World Trade Organization (WTO) since May 1996. In terms of policy space, thanks to its Least Developed Country (LDC) status, Rwanda enjoys significant flexibility under WTO disciplines. In agriculture, as

an LDC Rwanda was not required to undertake tariff reduction commitments. Special treatment is also provided with respect to domestic support: besides green box subsidies (generally available to all WTO members), Rwanda as a developing country is free to provide investment subsidies (if generally available to agriculture) and agricultural input subsidies (if generally available to low-income or resource-poor producers). Major constraints in terms of policy space stem from Rwanda's regional, rather than multilateral, commitments.

It has been observed that WTO multilateral trade negotiations will not bring any substantial improvement in market access to Rwanda. Indeed, as discussed below, the country already enjoys duty-free access to its key export markets under non-reciprocal preferential treatment schemes (UNCTAD, 2010). Accordingly, the priority areas for Rwanda in multilateral trade negotiations relate to policy areas other than tariff liberalization. These include the removal of non-tariff barriers in key export markets; greater opportunities in services, particularly through the movement of natural persons; extension of geographical indications coverage; and the provision of trade facilitation, including addressing supply-side constraints.

When considering strategies to dynamize local staple food production in Rwanda, farm issues discussed

at the 3–6 December 2013 Ministerial Conference in Bali may also become relevant to Rwanda. These include the stockholding and food aid proposal from the G-33 group of developing countries. The proposal presses for provisions that would allow developing country governments to buy food for food security purposes at administered prices (which may provide price support for producers) without having to count it as trade-distorting support.

### **3.4.2. Bilateral: Non-reciprocal preferential schemes**

Rwanda enjoys non-reciprocal preferential treatment under the Generalized System of Preferences (GSP), the U.S. African Growth and Opportunity Act (AGOA), and the Everything-but-Arms (EBA) preferential scheme of the European Union. In addition, it has bilateral agreements with individual countries, including China, Malaysia, South Africa, and Thailand (WTO, 2012; UNCTAD, 2010).

Rwanda currently receives duty-free treatment for all its exports except arms to the European Union under the EU's EBA initiative. It should be observed, however, that Rwandan exports to the European Union are subject to zero or minimal Most Favourable Nation rates, implying that other country members of the WTO that are not LDCs can also export these products to the EU market duty free (UNCTAD, 2010). Therefore, there is little preferential margin and competitive advantage for Rwanda exporting under the EBA scheme.

As a member of the EAC, Rwanda is involved in the African Caribbean, Pacific–European Union (ACP–EU) Economic Partnership Agreement (EPA) trade negotiations. The EAC countries and the European Union established an interim framework agreement (FEPA) on 27 November 2007; the negotiations for a comprehensive EPA are ongoing (WTO, 2013). As Rwanda already benefits from duty-free access to the European Union under the EBA, it is not going to gain additional market access from the EPA. Yet, benefits are expected to accrue from enhanced trade facilitation and trade capacity-building assistance channeled through the EPA, and from concerted action to tackle non-tariff barriers and market entry issues relating to such issues as standards and rules of origin. Rwanda could also gain in terms of market access in the services area (UNCTAD, 2010).

Rwanda also enjoys preferential access to the United States under the AGOA. Furthermore, in July 2008, the EAC signed a Trade and Investment Framework Agreement (TIFA) with the United States. Like the EPA, the AGOA and the TIFA provide a framework to tackle trade facilitation issues and deliver trade capacity-building assistance.

### **3.4.3. Regional: East African Community**

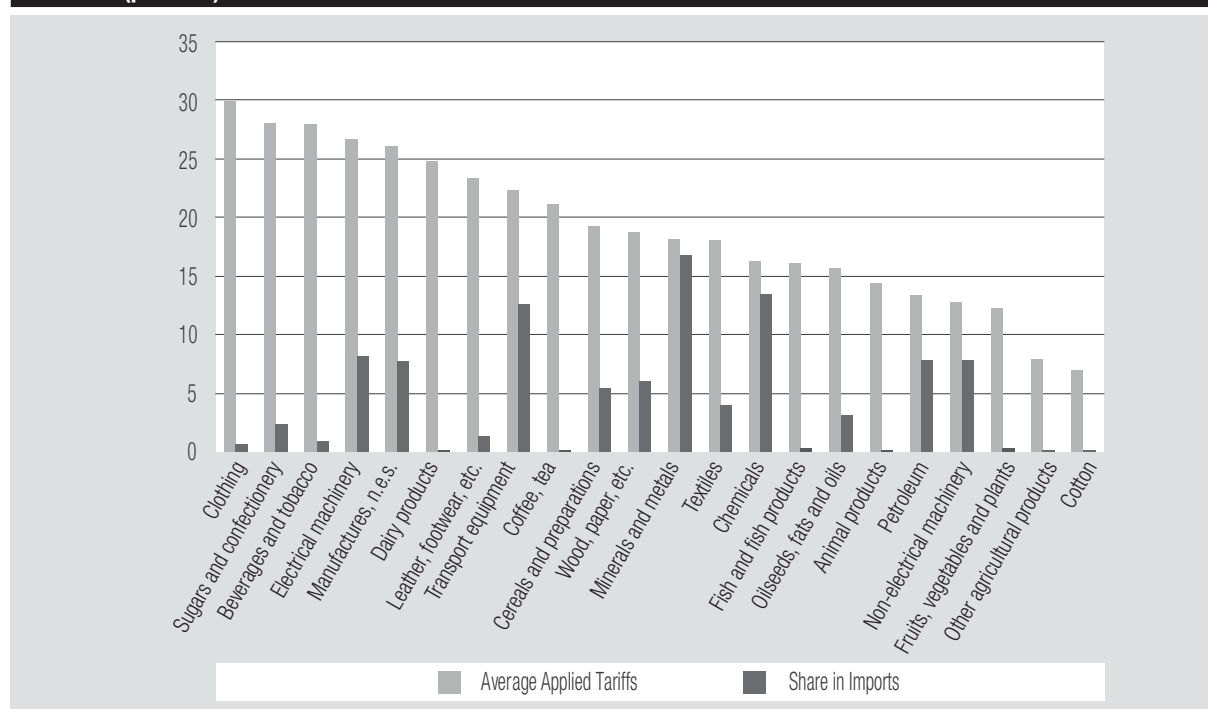
The EAC was originally comprised of Kenya, the United Republic of Tanzania, and Uganda. Rwanda and Burundi became full members on 1 July 2007. All EAC countries are also members of two or more regional economic communities – in the case of Rwanda, the African Union (AU), the Common Market for Eastern and Southern Africa (COMESA), and the Economic Community of Great Lakes Countries (CEPGL).

The integration process, as framed by the EAC Treaty, provided for a Customs Union, then a Common Market, subsequently a Monetary Union, and ultimately a Political Federation (WTO, 2013). The establishment of the Customs Union has implied the harmonization of tariffs on imports from non-EAC countries (the common external tariff - CET); the elimination of tariffs on goods originating from the EAC states and fulfilling the conditionality stipulated under EAC Rules of Origin (elimination of internal tariffs); the removal of non-tariff barriers (NTBs); and the harmonization of common rules of origin.

#### **3.4.3.1. Common external tariff**

Rwanda started implementing the CET – fully operational for Kenya, the United Republic of Tanzania, and Uganda – in January 2009. The EAC CET now represents Rwanda's tariff policy (and also that of other EAC members) vis-à-vis the rest of the world. Agreed-upon rates are put into three bands: 0 per cent on raw materials imports; 10 per cent on intermediate product imports; and 25 per cent on finished imports. Food crops like maize, rice, wheat, sugar, and milk belong to the so-called "sensitive list." Within the framework of the common tariff agreed to under the EAC Customs Union, they are subject to import duties ranging from 35 to 75 per cent of the EAC border price. According to the EAC Secretariat, the region has faced challenges in implementing the CET due to membership in multiple agreements. These challenges are being addressed within the framework of the EAC/COMESA/SADC tripartite negotiations (WTO, 2013). Figure 16 shows Rwanda's average applied tariffs by product group prior to implementation of the CET.

**Figure 16. Rwanda: Average applied tariffs by product group prior to implementation of the common external tariff (per cent)**



Source: WTO, International Trade Centre, and UNCTAD (2011).

**3.4.3.2. Gradual elimination of internal tariffs and non-tariff barriers**

Rwanda started implementing tariff cuts on intra-EAC trade in July 2009. Local authorities report that there are no longer any internal tariffs on intra-EAC trade. Trade between Kenya and Rwanda had already been liberalized under the COMESA.

The regional integration process also envisages the elimination of non-tariff barriers as well as trade facilitation measures (including improved transport infrastructure). In practice, intra-EAC trade continues to be severely constrained by non-tariff barriers, including cumbersome customs procedures and multiple charges at intra-EAC border crossings; non-harmonized technical regulations; non-harmonized rules of origin; and police road blocks (UNCTAD, 2010; WTO, 2013). Major impediments to trade also stem from supply-side constraints and infrastructure deficiencies.

Increased integration with the EAC brings challenges as well as opportunities for Rwanda. On the one hand, full implementation of the Customs Union is expected to have positive repercussions on Rwanda’s

foreign trade. In particular, the elimination of intra-EAC customs procedures can significantly increase the country’s access to international markets, reducing administrative costs and the time required for the clearance of both incoming and outgoing merchandise flows. In addition, the decline in cost, insurance, and freight (CIF), together with the elimination of freight charges in the computation of duties on imports by air, is likely to provide additional inputs for the development of the services sector.

On the other hand, there are factors that inhibit the country’s ability to benefit from its improved access to EAC markets: a major proportion of the aggregate EAC population – over 100 million people – has limited or no access to market products. In addition, the unprocessed nature of Rwanda’s exports make them unsuitable for final EAC consumers.

Overall, the direction of intra-EAC trade flows will largely reflect competitive and comparative advantages, as proactively shaped by trade policy. Between 2006 and 2010, Rwanda’s intra-EAC imports grew much faster than the country’s exports towards other EAC countries (Table 12).



**Table 12. Rwanda: Intraregional trade between Rwanda and the East African Community (EAC) (millions of U.S. dollars)**

	2005	2006	2007	2008	2009	2010
Rwanda intra-EAC imports	139.8	139.8	201.9	303.3	363.5	344.6
Rwanda intra-EAC exports		36.6	45.1	43.4	93.2	50.4

Source: World Trade Organization (2013).

So far, the most significant drawback of tariff liberalization has been the loss of government revenues from custom duties: revenues from import taxes dropped from RWF 63.9 billion (US\$114 million) in 2008/2009 to RWF 41.1 billion (US\$74 million) in 2009/2010, representing a 35 per cent decline (Rwanda Revenue Authority, 2010). This

is because roughly a third of Rwandan imports originate from EAC countries. Import duties are a significant component of Rwanda's fiscal revenues, accounting for almost 29 per cent of fiscal revenues in 2008/2009 (Rwanda Revenue Authority, 2010). The contribution of custom duties dropped to 10 per cent.

## NOTES

<sup>16</sup> As a consequence of the Kenyan post-election violence in 2007, Rwanda's export flows were hit by severe disruptions.

<sup>17</sup> In all major Western European markets and in the United States, coffee imports are subject to sanitary and phytosanitary measures and technical-barriers-to-trade (TBT) measures. In terms of TBT measures, coffee exporters must comply with product characteristics requirements such as labeling and packaging meant to protect human health (UNCTAD, 2009).

<sup>18</sup> Coffee is produced by approximately 400,000 smallholders under the supervision of the Coffee Board, which manages the stocks. There are no large estates (WTO, 2004).

<sup>19</sup> This represents the largest tea market of the region, and it is managed by The East Africa Tea Trade Association.

<sup>20</sup> Mineral export figures from Rwanda should be treated with some caution on account of smuggling of minerals into Rwanda from the Democratic Republic of the Congo (United Nations Security Council, 2012), despite efforts by the government of Rwanda to curb this unofficial cross-border trade.

<sup>21</sup> A rough indication of the final destination of Rwanda's export of tea and coffee can be obtained by looking at major final markets for trade flows concerning these two commodities and originated from Kenya. Most of the tea and coffee produced in the region for export is in fact traded from the Port of Mombasa in Kenya. The three most important export markets for tea and coffee (coffee, tea mate and spices, SITC 09) shipped from Kenya are Egypt, India, and the United Kingdom, all roughly absorbing 15 per cent of the 2010 exports of these commodities. Other important markets are the United States (10.8 per cent), Sri Lanka (7 per cent), and Afghanistan, Yemen, Russian Federation, China, and the United Arab Emirates, all with an export share below

# IV



Gender and  
Trade Policy in  
Rwanda

## 4. GENDER AND TRADE POLICY IN RWANDA

This chapter focuses on the relationship between trade and gender in Rwanda. The analysis first considers the gender characteristics of the labour market. It then moves on to consider the employment effects of trade across gender, including the benefits women as producers might obtain from export flows and the challenges represented by import competition, as well as the extent to which trade can generate non-farm employment opportunities for women. The chapter then focuses on two channels through which trade can influence women indirectly: first, the effect of changes in import prices on female welfare (consumption effect), and second, how the loss in revenues following tariff reduction has affected government social spending (revenue effect).

### 4.1. GENDER CHARACTERISTICS OF THE LABOUR MARKET

Labour force participation in Rwanda is generally high. The share of economically active individuals age 16 and above has been persistently higher than 80 per cent since 2001, although there has been a slight decreasing trend. Women's participation in the labour force is on average higher than men's, with a difference of roughly 2 percentage points. In 2011, students accounted for over two-thirds of inactive individuals (11.3 per cent of the entire working-age population), while only 2.7 per cent of the sample was involved in full-time domestic duties.

It should be noted that Rwanda's labour force is relatively small – less than 5 million out of a total population of almost 11 million at the time of the most recent household survey (2011) (Table 13). Indeed, Rwanda has an overwhelmingly young population, with over 42 per cent of inhabitants below the age of 14 and thus outside the labour force. This is due to the country's booming demographics over the past two decades in which its prevalent agricultural economic structure and its recent violent past played a role. Traditional agriculture, which employs the vast majority of Rwandans, is performed at the household level on small plots, mostly making use of unpaid, intra-family workers. Within this cultural framework, a large family is seen as a way to ensure against a labour shortage. Moreover, even if at present land is starting to be scarce in relation to the country's demographics,<sup>22</sup> Rwanda's recent violent past contributed to shaping the belief that a large family could be beneficial to sustain a household. The genocide in fact significantly reduced the country's male manpower, contributing significantly to the feminization of the country's agricultural labour. It also was at the origin of the significant under-exploitation of land after 1994. These phenomena tend to affect the beliefs of Rwandan society even today.

At the aggregate level, unemployment is remarkably low for both gender groups, averaging less than 2 per cent between 2000 and 2010. At first glance, the economy of Rwanda runs essentially at full employment, offering both women and men a remarkably inclusive economic environment. Unemployment is solely an urban phenomenon: the overall unemployment rate in 2011 was 4.5 per cent

**Table 13. General characteristics of the Rwandan labour market (number of persons and per cent)**

	2001		2006		2011	
	Male	Female	Male	Female	Male	Female
Employed (thousands)	1,884	1,679	1,927	2,372	2,234	2,725
Unemployed (thousands)	24	31	33	47	16	29
Labour force (thousands)	1,960	2,419	1,960	2,419	2,250	2,754
Inactive population (thousands)	298	203	373	362	438	445
Employment rate (%)	85	88	83	85	83	85
Unemployment rate (%)	1.1	1.6	1.4	1.7	0.6	0.9
Labour force participation rate (%)	87	89	84	87	84	86
Persons aged 16+ years (thousands)	2,206	1,912	2,333	2,781	2,688	3,198

Source: UNCTAD Secretariat based on data from the Integrated Household Living Conditions Survey 3 (National Institute of Statistics of Rwanda, 2011a).

in urban areas (essentially concentrated in the Kigali province, where unemployment reached a remarkable 7 per cent in 2011) and 0.3 per cent in rural areas. Female unemployment is persistently higher than that of males, although still low in magnitude.

It is common for Rwandan workers to be employed in more than one occupation, particularly in rural areas. Overall, almost 75 per cent of workers in Kigali had just one job in 2011, but that percentage was less than 50 per cent in rural areas. This difference is explained by the prevalent job types available in urban and rural areas: in the first case, mainly non-farm wage positions characterized by a full-time (40 hours per week) work schedule; in the second case, part-time or even seasonal occupations. There are no significant gender differences in the likelihood of having more than one job, with women on average being slightly less prone to multiple occupations (in 2011, 52.2 per cent of individuals declaring just one occupation were women).

In 2011, over 70 per cent of Rwandan workers were employed in agriculture (Table 14). Agriculture is overwhelmingly the main economic activity for working women, with more than 8 in 10 female workers active

in this industry. Although the majority of Rwandan males are also employed in agriculture, men also have a relevant presence in internal trade, construction, government, and other services.

The contribution of women to agricultural work is long established in traditional Rwandan farming. However, the feminization of the country's labour force, especially in rural occupations – aimed at having the number of female workers gradually overtake the number of males and towards a gender shift in the lead of the household – is a phenomenon that arose after the 1994 genocide. One of the most severe consequences of the genocide was the loss of a major share of the country's workforce, especially men. A vestige of this phenomenon can still be seen in the country's demographics, as there are 1.3 women for every man among the population age 19 or younger and age 40 or older, reaching a peak of 1.4 women for every man in the Southern Province.

After the genocide, hundreds of widowed women were forced to take the place of men as farm wage workers or to acquire more responsibility in managing their own farms. In a rural society where the ownership of assets is traditionally a male prerogative, over 70

**Table 14. Rwanda: Economic activity of main occupation, by gender, 2011 (per cent)**

	All Rwanda	Male	Female
Agriculture, fishing, forestry	72.5	61.4	81.6
Mining and quarrying	1	2	0.2
Manufacturing	2.3	3.1	1.6
Utilities	0.2	0.4	0.1
Construction	2.9	5.9	0.6
Wholesale and retail trade	8.9	10.1	8
Transport and communications	1.8	3.9	0.2
Financial services	0.4	0.6	0.2
Government	4.3	6.1	2.8
Recreation and tourism	0.5	0.5	0.5
Other services	4.1	5.1	3.4
Inadequately described	1.1	1.2	1
Total	100	100	100
All persons 16+ years of age usually working (thousands)	4,960	2,234	2,725

Source: *Integrated Household Living Conditions Survey 3 (National Institute of Statistics of Rwanda, 2011a).*

Note: *Based on all persons aged 16+ years working in the past 12 months.*

per cent of female-headed households<sup>23</sup> are led by widowed women (and over 16 per cent by separated/divorced women). The average ratio of female-to-male-headed households in the country is 2.4, and for household heads age 45 and over the ratio is 1.27.

Rwanda's post-conflict recovery indeed offered women a chance to increase their role in the country's economy, but the penetration of female labour in non-farm occupations has since been limited. As shown in Table 15, for a woman the likelihood of being employed in a non-farm activity is slightly higher than 16 per cent, while for a man it is 39.1 per cent. The likelihood to be employed in non-farm wage activity is 27.4 per cent for a male worker compared to only 8.3 per cent for a woman. The share of women in wage non-farm jobs is 26.9 per cent.

As agriculture is the country's most prominent sector in terms of employment, workers' occupations reflect the role of farming in Rwanda's economic texture. The vast majority of female and male workers (72.6 per cent) are employed as agricultural and fishery workers, and this is especially the case for women (Table 16). Men have a relatively significant presence even among semi-skilled workers and machine operators and drivers. Internal trade involves only 7 to 8 per cent of the working force of both sexes.

A common characteristic of employment in Rwanda is seasonality. This is particularly the case for farming: 86.9 per cent of jobs in independent farming and almost half of those in wage farming are seasonal. As seasonality is a peculiarity of farming, it mainly affects workers in rural areas. The estimated overall share of

women involved in seasonal work is 68.4 per cent, compared to 52.35 per cent of men.

Farm jobs are also characterized by underemployment. Overall, the median number of hours spent on all jobs in the week as determined in the 2011 survey was 29 hours (Table 17). Wage non-farm workers are generally involved in working activities for 45 hours per week, whereas farm jobs, waged or self-employed, occupy people for less than 30 hours a week. Independent non-farm business owners spend on average 36 hours a week on their businesses. Women typically spend less time employed than men, being involved in working activities 25 hours per week (compared to 32 hours for men). This is essentially due to the greater amount of time female workers devote to domestic duties (27 hours compared to 9 hours for men).<sup>24</sup>

In 2011, the work category that spent the most time on domestic activities was small-scale farmers (22 hours), followed by paid non-farm workers (10 hours).

Underemployment is less remarkable in Kigali, where a significant percentage of the population works more than 35 hours per week. This is due to the high incidence of non-farm wage jobs in the area.

The working poor are concentrated in agriculture: 61 per cent of wage workers on a farm are defined as poor by Rwandan authorities,<sup>25</sup> while that percentage decreases to 46 per cent for those working on their own farm and to 22 per cent for wage workers involved in their own activities in other sectors. The poorest people in the workforce are paid farm workers, while poverty is rarer among wage workers or workers working on their own or in non-farm activities.

**Table 15. Rwanda: Occupation type, by gender, 2011 (per cent)**

	Main job (per cent)					Total	Total number of persons (thousands)
	Wage farm	Wage non-farm	Independent farmer	Independent non-farm	Unpaid non-farm, other and not identified		
All of Rwanda	9.9	16.9	61.8	9.7	1.8	100	4,960
Male	10.2	27.4	49.4	11.7	1.4	100	2,234
Female	9.7	8.3	71.9	8	2.1	100	2,725
<b>Seasonality with the activity</b>							
Yes	47.70	5.70	86.90	8.50	6.60		
No	52.30	94.30	13.10	91.50	93.40		

Source: *Integrated Household Living Conditions Survey 3 (National Institute of Statistics of Rwanda, 2011a).*

Note: *Based on all persons aged 16+ years working in the past 12 months.*

**Table 16. Rwanda: Main occupations by gender, 2011 (per cent)**

	All of Rwanda	Male	Female
Professionals	2.7	3.5	2
Senior officials and managers	0.1	0.2	0.1
Office clerks	0.9	1	0.8
Commercial and sales	7.5	7.7	7.4
Skilled service sector	5.4	7	4
Agricultural and fishery workers	72.6	61.3	81.9
Semi-skilled operatives	7.4	12.9	2.8
Drivers and machine operators	2.6	5.2	0.3
Unskilled labourers	0.3	0.7	0.1
Missing information	0.6	0.6	0.6
Total	100	100	100
All persons 16+ years of age usually working (thousands)	4,960	2,234	2,725

Source: *Integrated Household Living Conditions Survey 3 (National Institute of Statistics of Rwanda, 2011a).*

Note: *Based on all persons aged 16+ years working in the past 12 months.*

**Table 17. Rwanda: Number of hours worked in each job, by gender and occupation**

	Male Median	Female Median	Total Median
Wage farm	30	28	29
Wage non-farm	45	48	45
Small-scale farmer	26	23	24
Independent non-farm	40	31	36
Other and not identified	37	30	32
Total	32	25	29

Source: *Integrated Household Living Conditions Survey 3 (National Institute of Statistics of Rwanda, 2011a).*

Note: *Based on all persons aged 16+ years working in the past 12 months.*

To sum up, it is worth noting that labour force participation of women is similar to that of men and is relatively high. However, penetration of female employment into non-farm employment is extremely limited: more than 8 out of 10 female workers are employed in agriculture, in most cases as independent farmers. This may protect them from the most severe poverty (typically higher among wage-earning agricultural workers), but it nonetheless exposes them to job seasonality. And although women's labour participation is high, female workers are severely underemployed, with the category (small-scale farmers) that has the most female employment being that of workers who work 23 hours per week.

#### 4.2. EMPLOYMENT EFFECTS OF TRADE ON WOMEN

This analysis first tries to gauge the gains female workers can obtain from exports and the potential losses they can suffer from imports, and then evaluates the link between trade and non-agricultural job creation for women. Gains are estimated both in terms of per-worker trade revenues and increased labour opportunities (elasticity of labour force participation to trade flows). The section then examines challenges and opportunities for women in economic sectors that may emerge as significant growth drivers. This analysis singles out areas where there is a greater need for gender-sensitive policy intervention.

### 4.2.1. Direct effects of exports and imports on women

When analyzing the gender ramifications of trade, it is important to assess the gender division of labour along tradable and non-tradable lines. This distinction is especially relevant in the case of Rwanda, where on aggregate women tend to be employed in non-tradable sectors.

Table 18 shows the two indexes that are proxies for trade orientation for each sector in Rwanda. Export orientation is calculated as the ratio between the value of exports of a sector and the share of total GDP coming from that sector's output; similarly, the index of import exposure is calculated as the ratio between the value of imports in a sector and the share of total GDP coming from that sector's output. The first index is a proxy for the value of exported goods of a sector on the overall value of goods produced in that sector; the second is a proxy for the value of imported goods in a sector on the overall value of goods produced in that sector. With a degree of approximation,<sup>26</sup> the index of export orientation measures how much a sector benefits from external trade, while the index of import exposure measures the potential competition that domestically produced products face *vis-à-vis* imports in internal markets.<sup>27</sup>

Table 18 also shows the gender composition and the share of women employed in each sector. If the indexes of export orientation and import exposure are rough measures for benefits and cost of trade, the share of the total female workforce shows the proportion of women being affected by trade, while the gender composition of the sector tells how these benefits and costs are partitioned among the two genders.

A high value for the index of export orientation in a sector that predominately employs women suggests

women benefit more than men from exports. The index of import exposure can be interpreted similarly.<sup>28</sup>

#### 4.2.1.1. Direct effects of exports on women

Figure 17 plots the index of a sector's export orientation against the share of women working in the sector. This analysis importantly points to some gender biases in the gains from trade: in relative terms, sectors that tend to be more female-intensive (agriculture) are less export-oriented, and hence less likely to gain from trade than sectors that tend to be more male-intensive (such as the mining, manufacturing and utilities industries).

##### (a) Agriculture

Agriculture, which employs the vast majority of women, exports less than 6 per cent of its production. As reported earlier, agricultural exports are made up mostly of tea and coffee, but also of limited production of cane sugar and sunflowers. Agriculture output is mainly used for household internal consumption (subsistence). The share of female workers possibly being directly affected by exports is represented mainly by the share of farmers involved in cultivation of export cash crops (most notably, tea and coffee). The share of households cultivating major export crops is limited, being slightly higher than 11 per cent of rural households when considering only tea and coffee.<sup>29</sup> Female- and male-headed households are equally likely to be involved in the production of export crops.

##### (b) Industry (manufacturing, mining, and utilities)

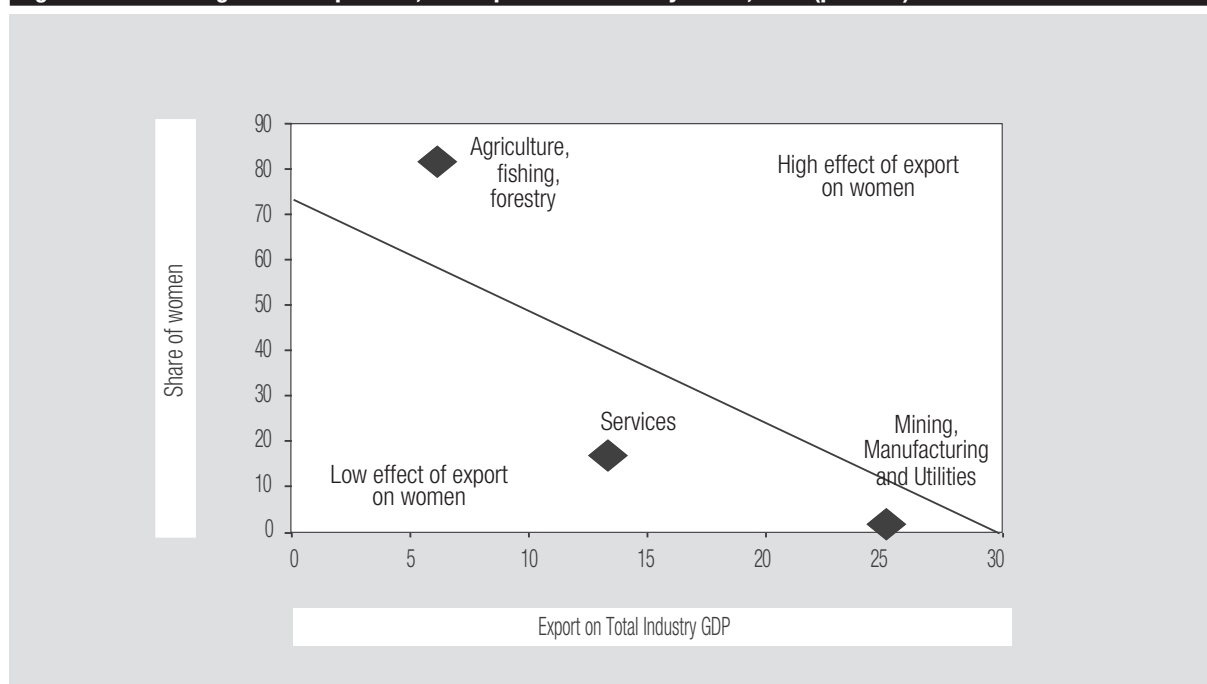
The most export-oriented sector is industry, which aggregates mining, manufacturing, and utilities. The export orientation of the industrial sector is almost solely due to mining exports.

The downward slope of the line in Figure 17 shows that, with a margin of approximation, the share of women in the sector decreases with its export

**Table 18. Rwanda: Indexes of import and export orientation by main activities and gender 2011 (per cent)**

Sector	Export orientation	Import exposure	Share of total female labour force	Gender composition
Agriculture, fishing, forestry (ISIC A)	6.16	10.67	81.60	61.84
Mining, manufacturing, utilities (ISIC B-F)	25.13	159.67	1.80	29.97
Services (ISIC G-U)	13.37	19.21	16.80	38.14

Source: UNCTAD Secretariat. Data on trade flows (import and export) and national accounts are from the National Bank of Rwanda. Reclassification of export classes into industries is made from HS 2007 to CPC Version 2 and from CPC Version 2 to ISIC Revision 4 (United Nation Statistics Division). Indexes of export and import exposure are computed as the ratio of the value of exported/imported goods/services of a sector on the contribution of that sector to national GDP.

**Figure 17. Rwanda: gender composition, and export orientation by sector, 2011 (per cent)**

Source: UNCTAD Secretariat based on data from the National Bank of Rwanda.

orientation. Women are the majority in those industries with a relatively limited export production, and thus from a macro perspective are not particularly affected by revenues from external trade. In particular, female participation working in mining and quarrying in Rwanda is close to negligible, as the industry employs 0.02 per cent of all active Rwandan women.

#### (c) Services

Services occupy almost 17 per cent of the female workforce. Even if this share is relatively small in comparison with female workers employed in farming, services is the second-largest employer for Rwandan women. Still, women are relatively under-represented in the services sector compared to men: only 38 out of 100 workers in this sector are women.

The services sector is still largely non-tradable. On the export side, Rwandan exports in services represent only 13.3 per cent of the overall amount produced in the country.

As regards the tradable segment, in this sector the female-male job partition plays in favour of women: imported services focus mainly in transportation and freight (typically male-dominated), while exported services are oriented towards business and leisure travel, where the presence of women is higher than that of men.

On the export side, one of the most significant tradable sectors, tourism,<sup>30</sup> tends to be a female-intensive sector. It is also a sector that exhibits significant growth potential. The share of women in the overall number of workers in tourism is 55.3 per cent, confirming the assumption that tourism is prevalently a female sector and that women are likely to benefit most from its expansion. The development of the tourism sector might thus provide significant job opportunities for women in Rwanda. However, to have a sense of its impact on the general welfare of women in the country, it should be noted that the sector currently directly occupies a negligible number of female workers (13,600), corresponding to 0.5 per cent of active women).<sup>31</sup>

#### 4.2.1.2. Impact of imports on women

Figure 18 is a scatter plot representing sectors on the axes of import exposure and gender composition.

As in the case of exports, sectors more exposed to imports – such as industry (due to the significant share of imports in consumer and capital goods) and to a much lesser extent services – are male-dominated. Imports of farming products – for the sector employing over 80 per cent of all working women and with a gender ratio of 61 per cent – represent roughly 10 per cent of overall agriculture output.



The sector most vulnerable to imports is industry. Due to its embryonic manufacturing production, Rwanda imports a large variety of consumer and capital goods that serve internal markets.

The country's imported services represent over 19 per cent of the total services produced by the economy. Of the imported services, 65 per cent are represented by freight and transportation, which, even though precise statistics on gender composition do not exist, are typically male-dominated occupations.

The negative sloping line fitting the three main occupations in Figure 18 shows a negative relationship between the sector's exposure to imports and its gender composition. As in the case of exports, sectors more exposed to international competition via imports employ a predominantly male workforce.

To sum up, with the notable exemption of tourism workers and export-crop farmers, women are largely isolated from direct benefits from trade. But they are also protected from its potential threats. Although only a small share of Rwandan women have access to export revenues, women are also little affected by international competition, which mostly affects manufacturing, the primary driver of Rwanda's imports and a male-dominated sector. Nevertheless, there are some important caveats and qualifications, as will be discussed in Section 4.2.3.

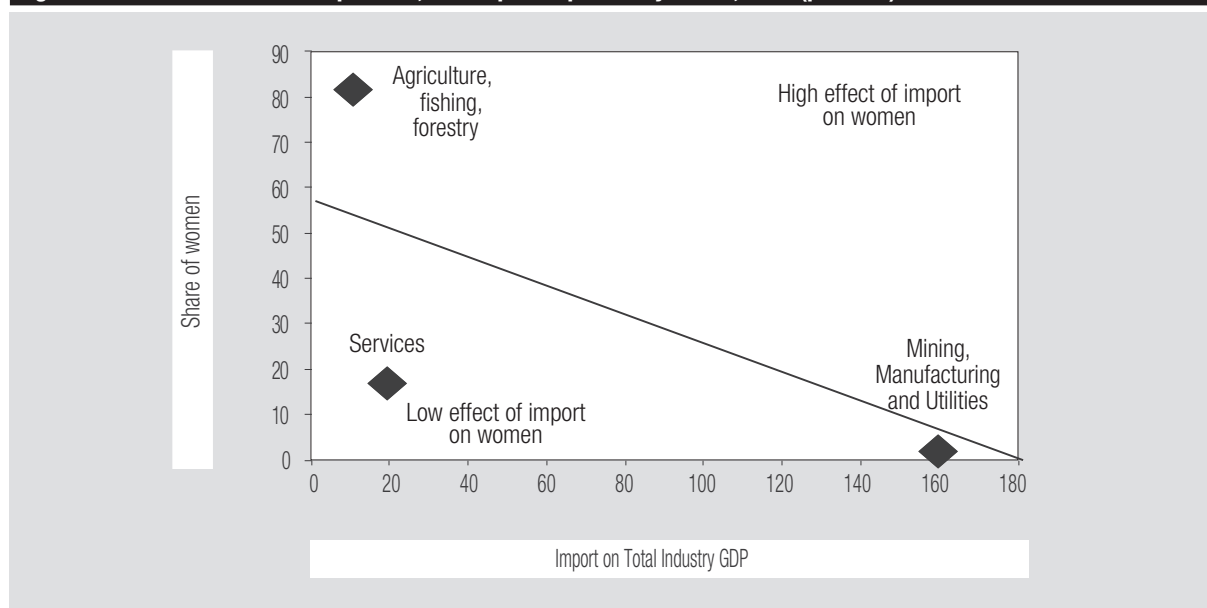
#### 4.2.2. Trade and labour market dynamics

The objective of this section is to evaluate the link between trade and non-agricultural job creation for women. In Rwanda, the presence of women in agriculture is solid, while female penetration in non-agricultural professions is still limited. Trade, by developing sectors and professional activities not directly related to the primary sector, is able to increase employment related to exported goods and services, such as tourism. By looking at the recent trade and growth experience of Rwanda, this section tries to establish the extent to which women can benefit from further development of the country's trade flows in terms of employment opportunities outside the primary sector.

If the main challenge for more and better female employment in Rwanda is to exit agriculture and increase the presence of women in wage occupations not related to farming, then trade could represent a significant opportunity for women to develop and consolidate their presence in the secondary and tertiary sector.

Table 19 reports the evolution over time of type of employment by gender, as recorded by the three household surveys completed in 2001, 2006, and 2011.

**Figure 18. Rwanda: Gender composition, and import exposure by sector, 2011 (per cent)**



Source: UNCTAD Secretariat based on data from the National Bank of Rwanda.

The share of non-farm wage employment shows a steady increase for both genders and especially for men. Female employment shows a less dynamic behavior to the extent that in the reference period the share of women in small-scale farming decreased by 18 per cent, which compares with a 29 per cent decrease for men. In this regard it can be observed that if a transition from farm to non-farm employment exists for both female and male workers, it is faster for men.

Figure 19 plots the evolution of the share of men's and women's non-farm wage employment together with

real GDP and trade flows, measured as the absolute value of the trade balance over total GDP.

Table 20 reports the estimated elasticities of non-farm wage employment to GDP growth and trade flows, measured as the absolute value of the trade balance.<sup>32</sup>

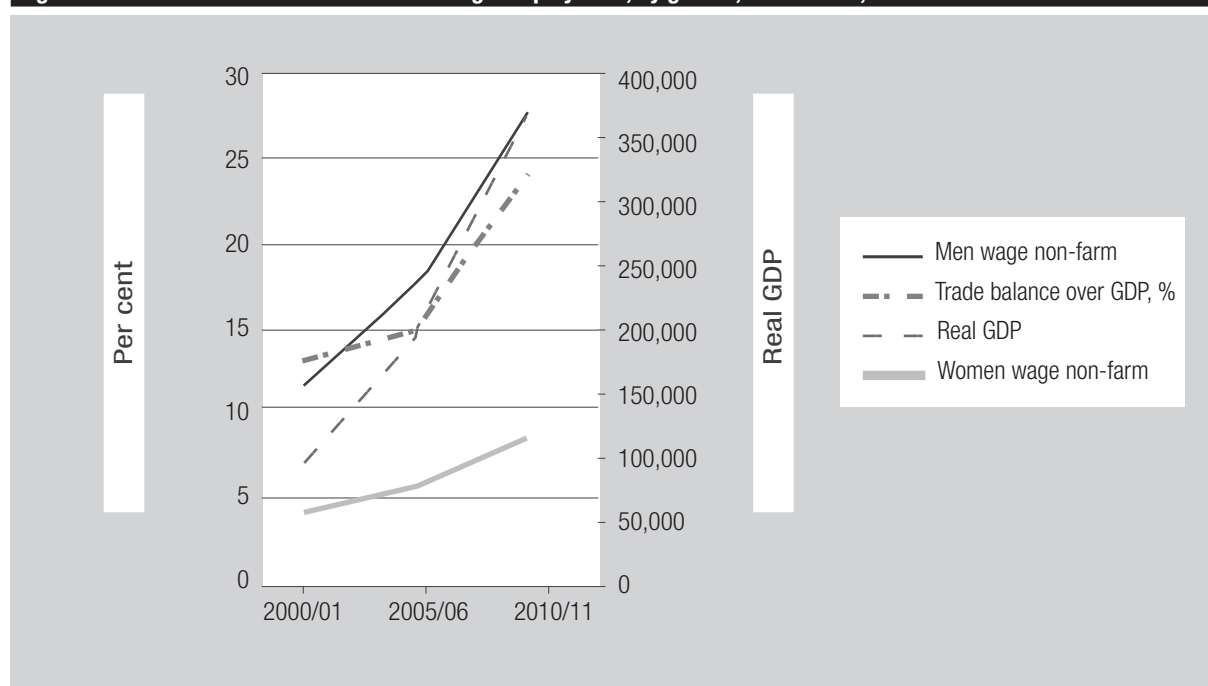
Men's non-farm wage employment is between three to four times more responsive to growth and trade than that of women. The picture on the dynamics of the labour market obtained from Table 20 is a worrying signal for future employment of women. The feminization of agriculture employment, which represented a

**Table 19. Rwanda: Evolution of type of employment, by gender (per cent)**

	Male				Female			
	2000/01	2005/06	2010/11	Per cent change	2000/01	2005/06	2010/11	Per cent change
Wage farm	5.10	10.07	10.16	5.06	2.60	6.62	9.65	7.05
Wage non-farm	11.30	17.44	27.39	16.09	4.30	5.56	8.33	4.03
Small-scale farming	78.70	61.03	49.46	-29.24	89.70	79.60	71.85	-17.85
Independent non-farm	4.60	10.59	11.64	7.04	2.80	5.99	8.04	5.24
Other and not identified	0.40	0.83	1.39	0.99	0.60	2.19	2.13	1.53
Total (persons 16+ years of age working in the past 12 months)	100	100	100		100	100	100	

Source: Rwanda National Institute of Statistics, EICV1 (2000), EICV2 (2005) and EICV3 (2011a).

**Figure 19. Rwanda: Evolution of non-farm wage employment, by gender, trade flows, and real GDP over total GDP**



Source: Rwanda National Institute of Statistics EICV1 (2000), EICV2 (2005), and EICV3 (2011a). Real GDP as reported by the International Monetary Fund.

Note: All adults (16+) working in the past 12 months. Real GDP on the right axis.

**Table 20. Rwanda: GDP growth and trade elasticities of wage non-farm employment, by gender (index)**

	Men	Women
Growth elasticity of wage non-farm employment	1.14	0.29
Trade elasticity of wage non-farm employment	1.5	0.4

Source: *Integrated Household Living Conditions Survey 3 (National Institute of Statistics of Rwanda, 2011a).*

Note: *Based on all persons aged 16+ years working in the past 12 months.*

first step towards female economic integration, now risks becoming a burden for further emancipation of female employment. Women in Rwanda run the risk of being left behind, while disparities that already exist between the two sexes on the basis of income and poverty might widen if women are not more fully integrated into the non-agricultural sector.

### 4.2.3. Challenges and opportunities for women in key tradable sectors

The above analysis points to the need to more tightly correlate female employment creation with the country's economic and trade performance. It is in fact crucial that women benefit as much as men from the momentum that is slowly transforming Rwanda's economic structure from farming-related activities to a service-based economy. Rwanda needs to prevent the transition to a service-based economy from resulting in employment polarization in which women work in the less-productive economic activities while men work in activities that are more growth-oriented. Towards this end, it is crucial that Rwanda take proactive measures to encourage women's employment in value-added sectors. Before turning to a review of the options for gender-sensitive intervention (Chapter 5), it is useful to highlight the challenges and opportunities that women face in discrete sectors of the economy.

#### 4.2.3.1. Women in agriculture

When examining the gender ramifications of agricultural trade policy in Rwanda, it is useful to distinguish between export cash crops, on the one hand, and the subsistence-oriented staple food segment, on the other.

##### (a) *Traditional export cash crops: tea and coffee*

Tea and coffee are still the most important single tradable sub-sector in terms of current female employment, absorbing about 13 per cent of the female workforce.<sup>33</sup> These sub-sectors are often the only source of cash income for rural women in Rwanda. Accordingly, developments in tea and coffee trade are

likely to have a significant effect on women. In particular, the shift towards premium quality and specialty buyers can create significant opportunities for women, while also magnifying existing gender disparities.

It should be recalled, in this connection, that the coffee and tea sectors are undergoing significant transformations. As discussed, Rwanda is repositioning itself from standard (bulk) grades to high-quality specialty products: from semi-washed to fully washed Arabica coffee, and from black CTC to orthodox loose leaf and green tea varieties. This reorientation of the sector towards premium quality has imparted new dynamism to the tea and coffee sub-sectors. According to project reports by the U.S Agency for International Development (USAID), approximately 50,000 rural households between 2001 and 2006 saw their income from coffee production more than double and some 2,000 additional jobs were created within coffee-washing stations (USAID, 2006).

What have been the distributional outcomes by gender? Further investigation is needed to assess whether the repositioning of Rwanda's main cash crops towards more lucrative specialty segments has contributed to reduce or magnify existing gender disparities within the chain. On the one hand, the shift towards premium quality and specialty markets may favour commercially-oriented farmers who have easier access to inputs and marketing networks – with a tendency to crowd out marginal and vulnerable rural smallholders, many of whom are women. On the other hand, the gradual migration to targeted sales of high-end products can also provide significant openings for women – specialty marketing involves the establishment of direct marketing links with off-takers (large processors, traders or retailers) that may support a reorganization of the chain beyond gender stereotypes. It is important to note in this respect that specialty importers and processors also buy and sell the stories and relationships behind the product they trade (USAID, 2006). The empowerment of women can become a centerpiece for their preferred supplier programmes.

In a related vein, questions arise as to whether the further expansion into specialty tea and coffee production in Rwanda would imply a change in mode/scale of production from peasant-type, small-scale agriculture to intensive, highly specialized, large-scale systems. This shift may pose significant challenges for rural women, who tend to be relatively disadvantaged compared to men in terms of capabilities (e.g., the lower literacy rate of rural women heads of households) and access to productive resources (land, credit, etc.). Premium quality production tends to be very knowledge-intensive: locally selected planting materials and cultural practices matter as much as external commercial inputs and capital equipment. However, well-developed, knowledge-intensive smallholder agriculture, if properly supported, can be commercially attractive. Furthermore, high-value specialty products often involve labour-intensive farming. In this setting, smallholder agriculture can perform better than large-scale plantation agriculture: greater efficiency arises from self-employed/family labour, which reduces the high transaction and monitoring costs of hired labour. Hence, greater emphasis on premium quality and

targeting of specialty markets does not necessarily involve a shift towards large-scale, capital-intensive production, with the gender bias that this shift would involve.<sup>34</sup>

A related issue is whether intensive large-scale farming is needed to yield marketable quantities sufficient for economic quality processing. Bulk volumes are typically required when factory processing is needed before the crop can be exported, as for tea.<sup>35</sup> It should be observed in this respect that planting on a large scale does not necessarily mean land consolidation under individual ownership (estate agriculture): land consolidation/coordination can also be achieved by groups of small farmers. Furthermore, different farming systems (a core estate and satellite production by peasant farmers) can coexist and serve the same factory (Box 6).

To sum up, the emphasis on high-value specialty tea and coffee does not automatically suggest a shift towards intensive, highly specialized, large-scale farms where women would essentially be employed as casual waged workers. If the right incentives are in place,

#### Box 6. Smallholder tea in Rwanda: the Mulindi tea factor

Tea grown in Rwanda falls under three categories: the “industrial block,” that is, tea grown by the tea company that owns the tea processing factory (tea pickers are then estate wage workers); tea grown under cooperatives (Cooperative de Théiculteurs or Coopthé); and the so-called Thé Villageois grown by individual small-scale tea growers not belonging to a cooperative. These three types of farms typically coexist in proximity to the factory, and serve the same factory.

The Mulindi Tea Company integrates these three components. The current shareholding structure in the company is as follows: 55 per cent (the former government stake) is held by Rwanda Tea Investments (RTI), a joint charitable company established by the Wood Family Trust together with The Gatsby Foundation; 35 per cent is held by Coopthé Mulindi; and 10 per cent is held by Thé Villageois (COTHEVM). The tea is marketed through the Kenya Tea Development Agency, a major processor of smallholder tea that has been contracted to manage the external marketing functions of Mulindi.

The Wood Family Trust and The Gatsby Foundation have committed to transfer free of charge the shares held in the factory through RTI to the farmer shareholders after a transitional period. The objective is to set up the small-scale tea management model used in Kenya, with a view to increasing smallholders’ share of the made tea price. Smallholders currently receive 30 per cent of the Mombasa auction price (less mark-ups for transport to the factory and for fertilizers). The factory plays an important price-stabilization function, stabilizing farmgate prices through three months.

Overall, processing factories like Mulindi can play a pivotal role in turning smallholder farmers into viable and efficient micro and small enterprises through the extension of appropriate financial incentives and professional support services. Furthermore, they can act as catalysts to empower rural women by structuring their procurement in a way that favours women farmers, if commercially sound.

Source: UNCTAD Secretariat (field visit to the Mulindi factory, November 2013).

there is considerable room for small-scale agriculture to supply the needed output on commercially attractive terms. The key issue is to set up the right incentives in terms of support infrastructures and services for small-scale agriculture to be commercially viable, and to tackle gender-specific obstacles that hinder women's ability to improve their product quality and quantity and engage in agricultural activities with more value added. These issues are taken up in the policy recommendations in Chapter 5.

*(b) Non-traditional export cash crops: floriculture and pyrethrum*

While the focus so far has been on traditional cash crops, it is also important to consider non-traditional cash crops that exhibit some export potential and dynamism in Rwanda (e.g., floriculture and "greenfield" sectors). Though the tradable segment of these sub-sectors is still relatively small, they show some potential and may offer significant employment

opportunities for women, typically through contract farming. However, there are important competitiveness issues that need to be addressed, such as the costs of energy. Furthermore, it is important to proactively structure business incentives so as to encourage gender-sensitive investment.

**Floriculture.** The gender ramifications of large-scale investment in floriculture in Rwanda are not straightforward. On the one hand, floriculture, traditionally a female-intensive sector, offers significant employment opportunities for many low-income women in peri-urban and rural areas. In this respect, it has the potential to change lives in hundreds of rural homes, and particularly to absorb subsistence-oriented rural women who may not have the capacity to scale up or upgrade their activities. On the other hand, questions arise as to the quality of the work generated and the associated socio-economic costs: in floriculture, a relatively labour-intensive sector,

#### Box 7. Floriculture

Floriculture is among the sectors that show some dynamic potential in Rwanda. The country's advantages include suitable agro-climatic conditions, relatively cheap labour (daily wages between US\$1.10 and US\$2.20), and the availability of water. As regards international transport, cargo freight flights of Turkish Airlines and Martin Air touch down in Kigali every Monday and Friday, respectively. The shipping charges are US\$1.6/kg to Amsterdam on Turkish Airlines (most cut flowers from Africa are sent to Dutch flower auctions, where they are sold to European flower distributors) and US\$1.0/kg to Dubai, Lagos, Johannesburg, and Accra on Martin Air, according to the Rwanda Development Board. To exploit this potential, Rwanda is promoting development of a flower park on 35 hectares near Kigali (the Gishary flower park) to produce greenhouse-premium, intermediate-standard roses for export.

Source: UNCTAD Secretariat; information on wage/freight rates from Rwanda Development Board.

#### Box 8. The Rwanda Pyrethrum Program

In Rwanda, pyrethrum as a cash crop is being developed under a public-private partnership involving SC Johnson, the U.S. Agency for International Development, and The Borlaug Institute for International Agriculture (the Rwanda Pyrethrum Program, a Global Development Alliance). The focus is on expanding production and improving quality. Strengthening farmers' organizations is an area of emphasis, as it is essential to aggregate produce on a sufficient scale for processing. The empowerment of women is also high on the agenda: the work plan includes the promotion of women's participation in the development of cooperatives and the development of a women-run waste composting enterprise. Ultimately, the sustainable and responsible development of Rwanda's pyrethrum industry will depend on the extent to which smallholders are integrated in a sustainable manner into the supply chain, and the extent to which the expansion of acreage under pyrethrum does not crowd out food crops.

Source: Rwanda Development Board; SC Johnson press releases; and UNCTAD Secretariat.

wages tend to be low and jobs precarious, including such problems as a lack of social benefits, short-term/seasonal conditions, and dismissal for pregnancy. The female workforce is typically segregated in the unskilled-labour-intensive nodes, with limited opportunities for skill development. Female workers in floriculture also tend to be significantly exposed to pesticides and other hazardous conditions, which can have extremely negative repercussions on fetuses. Finally, the sector is extremely vulnerable to external shocks (in particular, energy price developments and demand shocks in consuming countries), which are passed on to employees (workers are dismissed during periods of tightening orders). Therefore, in floriculture, costs and benefits should be carefully weighed and business incentives proactively shaped so as to encourage socially responsible investment (e.g., organically-grown, labour-friendly bouquets). Land diversion issues should also be carefully taken into consideration, given the scarcity of land in Rwanda.

More domestically oriented strategies that build linkages between tourism and traditional floriculture can be easily pursued, even in the face of land and other constraints. Pursuant to this strategy, flowers are grown on a small scale by women on part of their landholding along with staple food crops. Horticulture is, in this context, among the risk-hedging strategies that farmers use to reduce their vulnerability to external shocks by diversifying their on-farm activities.

**Pyrethrum.** A number of greenfield sectors, including pyrethrum, have been identified as transformative engines of economic growth for Rwanda (Box 8) (Republic of Rwanda, 2011c). Pyrethrum is a bio-insecticide extracted from the dried flower heads of chrysanthemum. It is a potentially valuable crop with

forward linkages to downstream value-added sectors, such as the local production of organic insecticides. If business incentives are carefully structured, pyrethrum may offer significant opportunities for social inclusiveness and the empowerment of women. It is important to note in this respect that pyrethrum flowers require labour-intensive farming and can perform well in small-scale agriculture. Furthermore, pyrethrum can be rotated with potato crops, which eases the tension between food and cash crops.

*(c) A cross-cutting issue: gender concerns regarding land (and water) diversion*

The expansion of traditional and non-traditional cash crops for export raises concerns about the risk of land (and water) diversion. This issue has specific gender ramifications.

As discussed earlier, Rwanda is a small country with limited total arable land, and it is one of the most densely populated countries in Africa. Currently, subsistence crops cover the majority of cultivated (and available) land, with only 4 per cent dedicated to export cash crops (Table 21). The cash crop acreage is expanding. For example, plans are under way to increase the area under coffee and tea production to 50,000 hectares and 18,000 hectares, respectively, between 2012 and 2017, while an additional 650 hectares are earmarked for floriculture up to 2017, according to the RDB.

Given limited land availability, the key challenge is how to expand cash crop acreage without encroaching on arable land under staple food production. As women are mainly engaged in the subsistence staple food sector, questions may arise as to whether an expansion of agricultural exports might contribute to

**Table 21. Rwanda: Land use by type of product (area and per cent)**

Land use	Area (in hectares)	Per cent
Food crops	859,640	67.1
Cash crops	49,560	3.9
Forage crops	21,040	1.6
Fallow	85,823	6.7
Uncultivated fields/Pasture	128,008	10.0
Afforestation	124,909	9.8
Other	11,711	0.9
Total	1,280,751	100.0

Source: 2008 National Agricultural Survey (National Institute of Statistics of Rwanda, 2010).

the further marginalization of women involved in the non-tradable subsistence segment. Options to ease possible tensions that may arise are discussed in Chapter 5.

*(d) Subsistence-oriented agriculture*

As discussed earlier, agriculture is a major engine of growth for Rwanda's economy and its modernization is one of the six pillars of the 2020 Vision (Republic of Rwanda, 2013b). In the long term, the goal is to move Rwandan agriculture from a largely subsistence sector to a commercial-oriented one, sustaining growth and adding value to products (Republic of Rwanda, 2000).

Given limited land availability, the modernization of agriculture and animal husbandry requires crop intensification. To drive productivity gains, emphasis to date has been on land, water, and input provision. Major interventions have included land initiatives (land consolidation, increased areas under irrigation, protection against soil erosion, and expansion of cultivated terraces); increased use of inputs, including agrochemicals and improved seeds; distribution of livestock to vulnerable groups, including women-headed households, through the Girinka program; and post-harvest infrastructure investments and subsidized transport (Republic of Rwanda, 2013b). Three other principal pillars have been recently added: skill development, value-addition/value-chain development, and private sector involvement (Republic of Rwanda, 2013b). The crop intensification strategy is yielding results: maize yields increased almost four-fold between 2000 and 2010, while wheat yields increased by 2.5 times over the same period; legume production reportedly increased by 73 per cent from 2005 to 2010, and cassava production registered notable increases from 2007 to 2010 (Republic of Rwanda, 2013b). It is important to note that the productivity increase came about largely in the production of staple food crops for the domestic and sub-regional market, with the notable exception of coffee.

This ambitious strategy for modernizing the traditional subsistence-oriented staple food sector has important gender ramifications. As a general observation, it should be noted that the shift towards more commercially oriented agriculture may pose significant challenges for rural women. As discussed in Chapter 2, rural women in Rwanda tend to be relatively disadvantaged compared to men in terms of capabilities (e.g., lower

literacy rates of rural women heads of households) and access to productive resources (land, credit, supply-side services). This can significantly hinder their ability to integrate efficiently into upgraded supply chains. Thus, proactive measures are needed to ensure a gender-sensitive and socially inclusive modernization of the traditional staple food sector.

Due attention should also be paid to the on-going process of regional integration. Increased integration with the EAC – particularly in terms of trade facilitation – brings challenges as well as opportunities for rural women. Since Rwanda tends to have comparatively higher costs of production within the EAC, increased imports can be expected. Where crops can be produced at a price that is competitive in neighboring markets (this seems to be the case for potatoes and Rwandan beans), further trade integration/facilitation can lead to increased exports. This is an area where gender-specific constraints that limit the competitiveness of women producers and traders may translate into overall competitive losses for the country: the direction of trade flows will largely reflect competitive and comparative advantages,<sup>36</sup> as proactively shaped by gender-sensitive trade policies.

#### **4.2.3.2. Women in manufacturing**

As discussed, women are underrepresented in those industries that tend to be more export-oriented. Yet, a number of export-oriented manufacturing sectors, still in embryonic form, may emerge as significant growth drivers. That may offer significant opportunities for female employment over time.

As identified in the National Export Strategy (Republic of Rwanda, 2011c), sectors that, if properly supported, may show some dynamism include (i) 19 agro-processing, including juices and dried fruits/chillies; (ii) handicrafts (embroidery and hand-sown textiles, traditional imigongo, jewelry, ceramics and pottery, and wood products, among others); and (iii) greenfield sectors (in particular, processing biological insecticides from pyrethrum, which the country is currently exporting in pale extracts). As discussed, government action is needed to create capacity and increase Rwandan competitiveness in these sectors. Attention should not focus exclusively on the industrial sub-segment: as discussed in Chapter 5, there are vibrant artisanal, microentrepreneurial initiatives that have significant potential for contributing to poverty alleviation and the empowerment of women if adequately supported.

#### 4.2.3.3. Women in services

Due attention should be given to the gender dimension of cross-border trade in traditional staple crops. Besides, tourism and other service sectors can be leveraged to upgrade and economically empower women.

##### *(a) Informal cross-border traders*

Informal cross-border trade is female-intensive: according to the Ministry of Trade and Industry's National Cross-Border Trade Strategy, women comprise up to 74 per cent of all informal cross-border traders (Republic of Rwanda, 2012e; Titeca and Kimanuka, 2012).

Women cross-border traders in Rwanda as elsewhere face gender-specific challenges that translate into significant competitive disadvantages (García Mora and Roshan, 2013; Titeca and Kimanuka, 2012; Higgings, 2012). In terms of basic skills, they are often illiterate or have little information and knowledge about cross-border trade regulations and procedures, which may lead to abuse. For example, due to lack of information women traders continue to pay tariffs, even if internal trade is duty-free, or to use illegal routes to move goods across border (Higgings, 2012). It is important to note that a range of non-tariff barriers still continue to operate at the border, in spite of the EAC's and COMESA's simplified trade regimes. These barriers include certificates of product origin, fees for various border services, and other informal taxes. Compliance with these multiple fees and certification requirements is particularly burdensome for informal women traders with little literacy skills and information, and it also exposes them to abuse. Note that the levy of informal taxes is not recurrent in Rwanda, where effective state authority has managed to curb informal taxation by officials (Titeca and Kimanuka, 2012).

Security issues also arise prominently. As documented in a number of survey studies, women informal cross-border traders are exposed to gender-based violence at border crossings. In extreme cases, this includes sexual harassment and even rape, as well as sexual favors demanded by male officials who threaten to arrest the traders or confiscate their goods (García Mora and Roshan, 2013; Brenton *et al.*, 2011; Brenton *et al.*, 2013).

Finally, female traders face significant competitive disadvantages relative to men in terms of logistics and access to productive resources. Start-up capital

(typically drawn from household resources, or loaned from family and friends) is very low, and the scale of operations is limited (Titeca and Kimanuka, 2012). As small-scale operators, informal female traders pay comparably high unit costs for logistics services (e.g., they cannot fill a container). Furthermore, they rely more heavily than men on walking and public transport to get their products to market (which translates into delays, missed market days, and perished goods; see Higgings, 2012). Finally, they trade in less-profitable goods than their male counterparts (Titeca and Kimanuka, 2012). In cross-border trade, women thus tend to be segregated in the least-profitable segment on account of structural (and gender-based) constraints.

It is critical to redress these gender-specific imbalances through the adoption of trade facilitation measures that are gender-sensitive and gender-redistributive. Attempts to formalize this largely unregulated trade should be carefully designed and implemented to ensure the inclusion of women. The concern is that with greater formalization of cross-border trade, the advantage of informal trade and the involvement of women would diminish (USAID, 2013).

##### *(b) Tourism and other services*

On the export side, one of the most significant tradable sectors, tourism,<sup>37</sup> tends to be female-intensive and is the sector that exhibits significant growth potential. At present the tourism sector employs only 0.5 per cent of active women, but its eventual development could provide significant job opportunities for women in Rwanda.

It should be observed, however, that the expansion of tourism may not automatically lead to pro-poor results. Research by UNCTAD on the distributional effects of tourism expansion in Cape Verde found that the gains would not be significant for the poorest households, especially gains originating in hotels and restaurants. Larger gains were expected from an expansion of commerce and transport, but they would be concentrated at the middle and especially at the top of the income spectrum (i.e., richer households are more likely to benefit). Conversely, gains from commerce seemed to be more centred at the bottom-to-middle part of the income distribution. In rural areas, the gains were very small because few household heads worked in tourism-related sectors (UNCTAD, 2011).

It is also important to consider patterns of employment segregation by gender in tourism. In tourism, women,



unskilled or semi-skilled, tend to work in the most vulnerable jobs where they are more likely to experience poor working conditions, inequality of opportunity and treatment, violence, exploitation, stress and sexual harassment. Important corrective measures should be adopted to ensure the quality and safety of the employment generated (UNCTAD, 2011).

Finally, questions arise as to the extent to which the benefits from tourism accrue to Rwandans rather than foreign tour operators. Particularly when large foreign tourism brands establish locally, local authorities may wish to proactively structure business incentives and disincentives so as to foster linkages and encourage positive spillovers into the economy.

Beyond tourism, other service sectors have significant dynamic potential in Rwanda and could generate employment for relatively high-skilled women. These include ICT and other business services in finance, administration, and marketing (what is known as the Business Process Outsourcing or BPO cluster). Major constraints to the development of the BPO cluster, as identified in the National Export Strategy, include the lack of a strong domestic ICT and business skills base, ICT infrastructure deficiencies, limited access to finance, and public procurement practices that do not promote competition (Republic of Rwanda, 2011c).

### 4.3. CONSUMPTION AND REVENUE EFFECTS

This section assesses the indirect impact of trade on women's outcomes. The main drivers on which the section focuses are, first, the effect of trade and trade policy on market prices in Rwanda, and, second, the implications on women's welfare of the loss in government revenues following implementation of the EAC Customs Union.

The impact determined from the analysis of these two channels is modest. Trade-channeled transmission of international price shocks is believed to have a limited effect on women's welfare, both because of widespread subsistence agriculture in Rwanda and because of regional procurement of food imports. Similarly, the revenue loss due to the tariff reduction (with reference to both intra-EAC tariffs and external tariffs) is not significant enough to decisively compromise government spending decisions, especially in light of the virtuous fiscal policy that Rwanda has maintained in recent years.

#### 4.3.1. Consumption effect: Impact of trade and trade policy on internal prices

Changes in import tariffs translate into changes in the border price of internationally traded goods. Similarly, international price fluctuations affect the cost of imports. If in the first case a price change is a consequence of a trade policy (change in tariff), in the second case trade represents a means through which international price shocks are channeled to internal markets.

To a variable extent, changes in imported goods prices also affect the price of non-traded goods in a mechanism called "pass-through." The assessment of how a change in import tariffs or international prices affects internal inflation is a key element to evaluate the welfare implications of trade and trade policy. Inflation in fact is a regressive consumption tax, more deeply affecting individuals and households with lower incomes. The asymmetric effect of inflation on welfare, which depends on individuals' incomes, becomes a gender bias to the extent that women tend to be poorer than men. This is the case in Rwanda: Table 22 shows the gender characteristics of poverty resulting from the last household survey (2010/2011).

**Table 22. Rwanda: Poverty levels, by gender of household head (per cent)**

	Poverty status			
	Extremely poor	Poor	Non-poor	Total
Male-headed	22.5	21.1	56.3	100
Female-headed	26	21	53	100
De facto female-headed	34.3	16.5	49.2	100
All households	24.1	20.8	55.1	100

Source: *Integrated Household Living Conditions Survey 3 (National Institute of Statistics of Rwanda, 2011a).*

Note: *De facto female-headed households are those where a married male head is absent for more than three months in the previous year.*

While on average women and men are equally likely to be poor, the incidence of extreme poverty is significantly higher for female-headed households and especially so for *de facto* female-headed households. The inflation tax then is likely to more severely affect households headed by a woman than those headed by a man. To have a complete assessment of the effect of inflation on women's welfare, however, we should also take into account the share of cash income in their overall earnings. Inflation only affects cash revenues and does not alter in-kind sources of income.

We will focus on the possible trade sources of internal price changes: trade itself, trade via imported good prices, and import tariffs.

Under the constitution of the EAC Customs Union, Rwanda is not able to control, independently from other EAC countries, tariffs applied on extra-EAC imports. However, international trade still affects the welfare of Rwandan households by channeling international price shocks into internal markets. What is the effect of imports on the prices of goods consumed in internal markets (consumption effect)?

Rwandan imports are diversified over a wide range of product classes, but household welfare is particularly affected by volatility in the international prices of food and energy. Rwanda imports about 10 per cent of the food it consumes internally. Most of the imported food is directed to Kigali and a few other urban areas, while in the rural regions where the vast majority of Rwandans live, local markets are supplied by small-scale subsistence farms. Despite the existence of a public crop-marketing board (the Rwanda Strategic Grain Reserve), food security at the household level is mostly achieved by domestic consumption-smoothing,<sup>38</sup> which works as a mechanism limiting the negative effect of internal food price fluctuations. Moreover food crops like maize, rice, wheat, sugar, and milk belong to the so-called "sensitive list," thus within the framework of the common tariff agreed upon within the EAC Custom Union these goods are subject to import duties ranging from 35 to 75 per

cent of the EAC border price. As a result, despite its limited food sufficiency, Rwanda's prices of edibles are relatively isolated from fluctuations in international prices, as the majority of food imports come from other EAC countries. This is especially the case for rice<sup>39</sup> and maize, the two main EAC food staples.

Table 23 reports estimates from the International Monetary Fund on the pass-through from international food and energy prices. A 10 per cent increase in world food prices produces on average a 1.03 per cent increase in headline inflation in Rwanda (the pass-through is then roughly 10 per cent). The same increase in the international oil price produces an increase of internal inflation of 0.29 per cent. In other words, only a tenth of a shock in international food prices and only 3 per cent of a shock in oil markets translate into internal inflation in Rwanda.

Of course this does not mean that food prices are not a significant determinant of inflation in the country. To the contrary, as food accounts for 35 per cent of the total Consumer Price Index basket, the contribution of food prices to Rwanda's inflation is conspicuous. Internal food price fluctuations in fact determine a vast part of the volatility in the internal headline price index. However, the mainly national and regional (EAC) procurement of food explains why the overall share of inflation affected by fluctuations in international food prices is limited when compared with food price volatility due to seasonality or regional weather conditions.

If food security in Rwanda is an issue – especially for vulnerable individuals (women and elderly) due to their limited ability to accumulate food for consumption-smoothing – the direct role of trade in determining internal inflation via imports or tariffs is limited. Trade, on the other hand, could represent a viable resource for increasing food security in Rwanda and at the same time for reducing the disruptive effects of price seasonality. This could be achieved by extending the number of trade partners for food and by diversifying food import outside the EAC.

**Table 23. Rwanda: Pass-through from world food and fuel prices (per cent)**

	Rwanda	East African Community average
World food price	1.03	0.71
World oil price	0.29	0.37

Source: International Monetary Fund (2009).

**Table 24. Rwanda: Source of income, on average, by region (per cent)**

	Agriculture	Wages	Business	Public transfers	Private transfers	Rents	Total
All of Rwanda	48.08	29.69	6.68	0.82	4.88	10.37	100
Kigali City	7.78	70.46	2.51	1.73	5.18	12.60	100
Other provinces	60.41	17.22	7.95	0.54	4.78	9.69	100

Source: *Integrated Household Living Conditions Survey 3 (National Institute of Statistics of Rwanda, 2011a).*

**Table 25. Rwanda: Source of income within agriculture income (per cent)**

	Sales of crops	Sales of processed food	Own consumption	Sales of livestock
Agriculture income	17.08	7.61	73.77	1.53
First quintile of income distribution	9.9	2.8	93.6	0.9

Source: *Integrated Household Living Conditions Survey 3 (National Institute of Statistics of Rwanda, 2011a).*

Having analyzed how trade and trade policy might affect prices, we move our analysis to how prices might affect women's welfare. Prices determine the purchasing power of cash incomes but do not directly affect consumption in kind. In the case of Rwanda, where subsistence agriculture constitutes a significant activity for most rural households, it is therefore important to assess the share of cash income upon which, on average, households rely. Table 24 reports the average share of agriculture income for households in Rwanda from the most recent household survey. On average, when excluding the Kigali region, agricultural income represents over 60 per cent of overall income of Rwandan households. Table 25 shows that almost 70 per cent of agricultural income is represented by own consumption. This figure reaches 93.3 per cent for the first quintile of the income distribution. Reading the data together, we can estimate that on average almost 50 per cent of the income of households living outside the capital is represented by in-kind consumption.

Unfortunately, a gender disaggregation of the Tables 24 and 25 is not available. However, it is likely that the share of subsistence income for women is higher than that shown by the unconditional mean and is closer to the value of the first quintile of the income distribution. This is to say that those individuals living across the two poverty thresholds, particularly women, in principle more likely to suffer from inflation shocks are in reality potentially less vulnerable to trade-channeled inflationary shocks due to their higher reliance on subsistence activities and consumption in kind.

The analysis shows that women, although more frequently than men within the most vulnerable income classes, are shielded from inflation shocks due to

international prices or trade policy (tariff changes). This is due to the widespread subsistence activity in Rwanda and the origin of imported food, which is supplied mostly by other EAC members.

It is worth noting that, even if the focus of this analysis has been on potential price increases due to the rising trend of international food prices, the partial isolation of poor or very poor women from cash activities and markets jeopardized their access to price benefits from Rwanda entering the EAC Custom Union. For the same reasons that we argued that very poor women can be isolated from international market shocks, the food price decrease due to the elimination of import tariffs for food originating within the EAC had a limited effect on increasing food security of poor and very poor women.

#### **4.3.2. Female fiscal spending and redistribution effect**

The main cost for Rwanda due to the establishment of the EAC Customs Union concerns the loss of tariff revenues due to the abolishment of intra-EAC trade taxes. This is especially relevant because of the country's landlocked status, as all merchandise entering Rwanda needs to be imported from countries like the United Republic of Tanzania and Kenya, both part of the EAC Customs Union.

This section assesses the possible effect of this loss in revenues on social protection programs, with a particular focus on women. Clearly, there is no automatic link between a reduction of government revenues and a cut in social expenditure. However, a higher fiscal deficit could create incentives for policymakers to reduce social expenditure.

The decrease in international trade revenue receipts from fiscal year 2009/10 to 2008/09 was RWF 22.8 billion (0.7 per cent of 2009 GDP and 3.1 per cent of total receipts for the same year), a 35 per cent decline (Rwanda Revenue Authority, 2010). The overall fiscal collection for the same period, however, rose from RWF 381 billion to RWF 395 billion, thanks to the surge in direct and indirect taxes and net grants (an increase of RWF 68 billion).

The contribution of tariff revenue to overall receipts and deficits in Rwanda is somewhat limited, being that most of the volatility of fiscal aggregates is due to non-trade related revenues such as grants, direct and indirect revenues, and current and capital expenses. Moreover, Rwanda succeeded in recent years in controlling the evolution of its deficit-to-GDP ratio, also thanks to its booming economic performance.

Rwanda has thus managed to control its fiscal deficit since 2009 despite the loss of import tax revenues related to the Customs Union.

Moving to the expenditure side, there is no evidence that the provision of public services has been jeopardized

by the loss in international trade receipts. Available data, for example, show that resources channeled to health have not decreased; to the contrary, the relative share of public spending on health appears to have increased slightly between 2008/09 and 2010/11.

In light of the above it can be argued with a reasonable degree of certainty that long-run maintenance of social protection programs implemented by Rwanda is likely to rely more on the country's continuous economic expansion and its ability to keep attracting grants than directly on its tariff revenue. Yet, tools for domestic revenue mobilization are not gender-neutral. If the government manages to replace tariffs with alternative taxes, these may have a gender-differentiated impact. A change in the income tax, for instance, tends to more directly affect men, as they usually earn more and own more wealth, while indirect taxes on basic consumption goods may affect women more, as necessities tend to form a more important part of their consumption basket. Further analysis is needed to assess whether the tax system in Rwanda has been a tool to counteract or simply reproduce existing gender inequalities.

**Table 26. Rwanda: Core indicators of health financing (per cent)**

	General government expenditure on health as a per cent of total government expenditure	Total expenditure on health as a per cent of GDP	General government expenditure on health as a per cent of total expenditure on health
1995	7.9	4.5	36.5
1996	8.3	4.6	40.3
1997	9.3	4.6	39.9
1998	13.5	5.3	48.4
1999	9.1	4.7	45.3
2000	8.2	4.2	39.2
2001	9.8	4.4	48.9
2002	9.1	4.2	52.3
2003	17.6	6.3	52.7
2004	14.6	6.2	53.6
2005	15.6	6.5	56.4
2006	22.4	10	49.9
2007	22	9.4	47.3
2008	21.9	9.2	48
2009	21.9	10	53.5
2010	23.3	10.4	54.8
2011	23.7	10.8	56.7

Source: World Health Organization, Global Health Observatory Data Repository. Available at <http://apps.who.int/ghodata/?vid=5100&theme=country>.

## NOTES

- <sup>22</sup> Land will be even scarcer considering the large number of individuals who will enter the labour force in the next decade. The number of people of working age is expected to double in the next 10-15 years. Such a radical enlargement of Rwanda's workforce might pose serious problems to balanced development of the country's economy, especially considering the already-high levels of under-employment.
- <sup>23</sup> Data from the 2011 Integrated Household Survey 3 (National Institute of Statistics of Rwanda, 2011a). The total number of households was 2.253 million, out of which 27.7 per cent were female-headed.
- <sup>24</sup> The median numbers of hours spent on domestic duties for women in 2011 were three hours for foraging firewood, six hours for fodder searching, two hours for fetching water, three hours for going to the market, 14 hours for cooking, and five hours for other household chores.
- <sup>25</sup> Poverty is measured by the value of annual consumption. The national poverty threshold was set after the 2001 household survey (and kept constant for comparability since then) at 64,000 RWF (US\$101 in January 2013) per year per adult. The extreme poverty line was defined as 45,000 RWF (US\$71 in January 2013).
- <sup>26</sup> Re-exports and re-imports are not considered here.
- <sup>27</sup> Certain homogeneity in imported products and home-produced produces should be assumed for the index to be meaningful. Clearly, imports are not part of GDP independently from exports, but the rate of imports as a share of GDP can provide a general indication of the degree of competition that home-produced goods might face from imported goods. In general, these indexes should be interpreted as rough indicators. In particular, on the import side, imported products could also complement domestic production (especially when we talk about inputs of intermediate goods) and thus an increase in imports does not necessarily imply an increase in international competition.
- <sup>28</sup> As regards mining and utilities, however, the index is more problematic: the high import value reflects the value of the imported capital equipment used as inputs in production more than the value of import-competing products.
- <sup>29</sup> 10.8 per cent for coffee, 0.9 per cent for tea, 10.9 for cane sugar, and 6.8 per cent for sunflower. Coffee is mainly produced in the regions of Nyamasheke, Kamonyi, Nyanza, and Rusizi; tea is produced mainly in Nyamagabe and Karongi. However, the information available only concerns the number of households producing these crops and not the amount of the production, thus these data should be read with certain caution.
- <sup>30</sup> 58.5 per cent of exported services are represented by expenditure for travel (a proxy for tourism).
- <sup>31</sup> The number of men working in tourism is about 11,000, corresponding to 0.5 per cent of the male workforce.
- <sup>32</sup> Elasticities are defined as a percentage change in men's/women's non-farm wage employment following a percentage change in trade flows/real GDP growth. These ratios should be interpreted as rough measures and do not necessarily imply a causal link between the denominator and nominator.
- <sup>33</sup> According to IFAD (2010), about 410,000 people derive a substantial part of their income from tea in Rwanda, and women are estimated to account for approximately 55-60 per cent of the plantation workers. In terms of coffee, there were 394,207 coffee growers according to a census in Rwanda (Rwanda Coffee Development Authority, 2009), and an estimated 30 per cent of the farms were owned by women. This share does not represent the share of women working on coffee farms or in coffee factories, but rather the share of women who own the farm (mainly widows and young orphan girls). If out of the overall 800,000 coffee and tea workers the share of women in the coffee and tea sub-sectors is very roughly (and conservatively) estimated at 30 and 50 per cent, respectively, these cash crop sectors together would absorb about 13 per cent of all employed women.
- <sup>34</sup> Farming as defined here is distinct from downstream processing activities (coffee washing and roasting, or the making of green tea leaves into black tea). Factory processing is ordinarily beyond the resources of the peasant farmer, due to the capital equipment needed for processing and the technical skills involved, unless farmers pool their resources.
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- <sup>35</sup> The tea leaves need to be processed locally into made tea at the factory, which requires enough green-leaf throughput (i.e., large-scale farms in the proximity of the factory) to operate efficiently.
- <sup>36</sup> The principle of comparative advantage suggests that countries compete on relative unit costs: a country exports the goods and/or services it can produce at a relatively lower cost at home, and imports those goods that it can buy at a relatively lower cost from abroad. According to the principle of competitive or absolute advantage, countries compete on absolute unit costs (rather than relative costs) and use different strategies such as unit cost reduction and price-cutting to outperform their competitors and gain market share (UNCTAD, 2014).
- <sup>37</sup> See note 30.
- <sup>38</sup> Stocking food for the lean season.
- <sup>39</sup> The EAC set a 75 per cent ad-valorem common external tariff on rice imports in 2005. The reason for this decision was to support the establishment of a rice economy within the EAC. However, the protection of internal rice production and the increase in the production of rice in the EAC area came at the detriment of consumers, especially those with lower incomes. Even if not within the direct responsibility of Rwanda, the establishment of a significantly high tariff on extra EAC rice imports represents a negative trade policy outcome for Rwandan consumers, especially for poor and very poor women.
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V



Policy  
Recommendations



## 5. POLICY RECOMMENDATIONS

The main finding from this study is that trade integration within the region and globally is not automatically reducing existing gender disparities in Rwanda: the tendency seems to be a growing polarization in employment whereby women are increasingly segregated in the less-dynamic, contracting sectors – by and large informal and non-tradable – while men engage in the expanding sectors. Yet, women could well benefit as much as men from the momentum that is slowly transforming Rwanda's economic structure from farming-related activities to a high-value service-based economy. A key challenge is to dynamize those sectors where women work and create opportunities for women in expanding sectors. Proactive measures are needed in this direction. Gender-based constraints need to be acknowledged and redressed by means of gender-specific and, as warranted, redistributive measures. To be effective, these measures should acknowledge the gender-differentiated effects of trade in more than one respect. Indeed, as discussed throughout the study, trade and trade policy tend to have discrete effects on women in all of the economic roles they play: as producers or wage workers and traders, as consumers, and as users of public services and as taxpayers. Policymakers need to be cautious about the gender ramifications of trade in all these areas, and take gender-specific and gender-redistributive measures, as appropriate. Some policy options are discussed below.

### 5.1. WOMEN AS PRODUCERS AND WORKERS

As discussed in the study, a key challenge is to more tightly correlate female employment generation with the country's economic and trade performance. Measures should be taken to increase women's participation in dynamic sectors and sub-sectors, and to upgrade and dynamize those informal, subsistence-oriented sectors where women work.

#### 5.1.1. Gender and agriculture

A central but complex challenge is how to handle the gender implications of an intensification and market-orientation of agriculture.

As discussed in the study, the reorientation of traditional cash crop sectors towards premium

quality and specialty buyers can create significant opportunities for women, while also magnifying existing gender disparities. Similarly, the development of non-traditional cash crops offers significant employment opportunities for low-income women in rural and peri-urban areas, yet questions arise as to the quality of the work generated. In both respects, an expansion of the cash crop acreage can encroach onto arable land under staple food production, which would displace rural women engaged in subsistence-oriented activities.

Parallel developments are occurring in the still mainly subsistence-oriented staple food segment, which is moving towards a more commercially oriented focus. Land consolidation, increased use of commercial inputs and mechanization, and value-chain development and private sector involvement are among the prioritized drivers of productivity gains. This strategy may have important gender ramifications, as rural women tend to be relatively disadvantaged compared to men in terms of capabilities and access to productive resources. Thus there is a risk that women could be squeezed out.

Proactive measures are needed to build a diversified, integrated, competitive, and dynamic rural economy that is also gender-sensitive and socially inclusive. Some measures would intervene in the staple food sector, while others would be relevant for the cash crop sector, and some would cut across the two sectors.

#### 5.1.1.1. Gender-sensitive modernization of the traditional subsistence-oriented sector

As discussed in the study, there are gender biases in the transition from peasant-type small-scale agriculture towards intensive, large-scale, monoculture, and high-external-input-dependent farming systems. This shift may pose significant challenges for rural women, who tend to be relatively disadvantaged in terms of access to productive resources.

The government may thus wish to carefully consider in which direction its agricultural reform process is heading – whether towards a large-scale industrial model or towards a more complex system that builds on knowledge-intensive, sustainable smallholder agriculture. The latter is likely to be more socially inclusive and gender-sensitive. Furthermore, if properly supported, such a model could be commercially attractive.

For smallholder agriculture to be commercially viable, the key issue is to set up the right incentives in terms of support infrastructure (irrigation, feeder roads, post-harvest facilities, etc.); support inputs and services (adequate technology, agronomic support and market intelligence); and price risk management (so as to ensure at least stable intra-year prices to producers, by means of stabilization funds, market-based instruments or other schemes). It is also imperative to tackle gender-specific obstacles that hinder women's ability to improve their production and its quality and to engage in agricultural activities with more value added. Key policy interventions in this direction are outlined below.

*(a) Improved access to productive resources and suitable technology*

There is a need for targeted input support for resource-poor farmers, including women. This may include targeted subsidies for fertilizers and seeds, irrigation, and, possibly, electricity and diesel fuel. A voucher system has been developed by the Ministry of Agriculture and Animal Resources to better direct fertilizers to low-income farmers, many of whom are women. Yet, to ascertain whether the system actually benefits the targeted beneficiaries, there is a need for regular monitoring, which in turn requires well-planned studies with gender-responsive tools and additional costs.

Another critical issue is to promote investment in time-saving and labour-saving technologies that respond to women's needs. The focus here is on relatively simple technologies that can ease the time and work burden that women face in their dual role as care-givers and farmers. Water pressure pumps, for example, can significantly ease the task of gathering water. Relatively simple tools (e.g., harvesting knives/cutters, manually-operated weeders, threshing and cleaning equipment) reduce the drudgery of harvesting, weeding, and threshing operations. On the other hand, investment in costly, capital-intensive equipment suitable for large-scale farming (e.g., gasoline-powered tractors) is likely to benefit women farmers comparatively less than men. This type of equipment is typically used in traditional agrarian settings, so it would likely have less of an impact on women unless corrective measures were taken such as linking the provision of a tractor with diesel subsidies, providing well-designed training targeted at women, or strengthening of women's cooperatives.

*(b) Engendered extension and advisory services*

Improved access to agricultural inputs and technology should be accompanied by effective advice on such topics as crop husbandry practices and appropriate and timely use of inputs, among many other types of technical assistance. It is important to design extension services that respond to women's practical needs and constraints, such as their time constraints or limited access to ICT. Initiatives to improve gender balance among agronomists and extension workers – still a male-dominated sector – should also be considered. Efforts in Rwanda in recent years to encourage women to study science have been yielding results, but women are still under-represented in the field.

It is also critically important to engender market information and market intelligence systems (e.g., the Ministry of Agriculture and Animal Resources' Agricultural Management Information System and e-Soko). For these systems to be appropriate for women farmers and rural-based agribusiness women, there is a need to link them with community centres where women meet, work collectively, and can receive information (Republic of Rwanda, 2010b).

Farmer field schools, a group-based learning-by-doing process in which groups of farmers meet weekly in the field with facilitators, takes particular account of gender constraints and needs (e.g., female time constraints). These field schools can also provide a viable model to develop intra-household cohesiveness and collaboration, and to promote expertise at the household level.

*(c) Strengthened women's agrarian organizations*

Strengthening women cooperatives or associations should also figure prominently on the agenda. By pooling their resources, women can accumulate savings and access credit (e.g., by means of group lending schemes); rationalize their use of small and scattered lands; ease logistics constraints (small-scale operators pay comparably high unit costs for transport); and overcome key capability constraints (e.g., low literacy rates among rural women). For cooperatives to perform efficiently, it is critical to:

- (i) Streamline and speed up procedures for the establishment of cooperatives (as has been done for commercial companies);
- (ii) Train and professionalize cooperative personnel, including in the preparation of business plans;
- (iii) Link cooperatives with input distribution networks, post-harvest facilities, and marketing outlets; and

(iv) Facilitate cooperative access to credit, including guarantee funds for women (e.g., commercial off-takers may back and support cooperatives in the submission of bankable projects).

*(d) Greater land tenure security for women*

The International Fund for Agricultural Development has implemented specific projects that focus on land tenure security for women in Rwanda. The Rwanda Initiative for Sustainable Development has also been carrying out work related to women's land rights. Lessons learned are summarized in Box 9.

As regards land consolidation, such initiatives do not necessarily mean consolidation by individual large landowners. Coordination and economies of scale can also be achieved by groups of small farmers forming associations and rationalizing their land use. Communal forms of land tenure may also contribute towards consolidation (Department for International Development and MINITERE, 2003).

*(e) Enhanced access to rural credit*

As discussed in the study, the establishment of publicly-backed microfinance schemes (e.g., women-guaranteed funds) is important, but not sufficient. To effectively target rural women, these schemes may need to incorporate new terms such as informal guarantees/collateral (e.g., group lending and liability and other trust relationships) and more lenient repayment terms. Furthermore, the schemes need to be more tightly linked with training and mentoring. Indeed, many rural women, particularly marginal farmers, are not capable of articulating viable commercial projects. Some form of intermediation and external support may be needed, particularly for rural women who lack the capacity to articulate viable business projects. Cooperatives and civil society organizations, if well-functioning, could effectively bridge the gap.

It is also worth considering moving beyond the traditional emphasis on publicly backed schemes towards innovative supply-chain finance schemes. Off-takers can play an important role in this context by

### **Box 9. Land tenure security for women – lessons learned**

Awareness-raising and sensitization activities about women's land rights and the land legislation process should be carried out at the district, sector, cell, and village level. It is important to verify that the representation of women in entities at the district and village levels is effective. It may be expedient to have male champions who advocate for women's land rights – the focus should be on local leaders who deal with land-related issues on a day-to-day basis. Where customary norms are strong, it may be advisable to hold some village meetings separately for men and women to give the latter the opportunity to speak freely. Training and sensitization of local officials (land officers and community development officers) is held to have important multiplier effects.

Gender aspects should be considered in all steps of the registration process: data on attributed land should be collected and disaggregated by gender. Both men and women must be included in the process of identifying individual owners of parcels of land and the parcel limits for purposes of land registration. Where physical delimitations of plots of land are made, the team in charge of the delimitation should include both men and women, and the names of all the family members – including women – should be included in the registration. Titles should also be under the name of women through co-registering (under which family land is registered under the names of both spouses), and women-headed households should be titled under the woman's name. Special attention needs to be paid to unregistered marriages and children born out of formal unions, and to forms of shared ownership and management, such as vesting title into women cooperatives and self-help groups.

Land-related activities should be integrated and supported by training on livestock, agronomic practices, access to credit, cooperative management, etc. so that women can become efficient economic agents. Also, efforts to secure land tenure for women should be accompanied by legal literacy training for men and women.

Source: Carpano (2011).

backing producers within the framework of structured finance arrangements. The idea is to transfer counterpart (default) risk from vulnerable actors (small-scale producers) to stakeholder actors more equipped to sustain it (commercial off-takers), which in turn would reduce the cost of credit.

#### 5.1.1.2. Export-oriented cash crops

The issues discussed above, and the type of measures considered, are very important for the cash crop sector. Even in this area, it is imperative to tackle gender-specific constraints that limit women's ability to actively engage in dynamic, commercial-oriented activities. These constraints can better be tackled within the framework of organized supply chains, and when public authorities proactively structure business incentives and disincentives so as to promote gender-sensitive and socially inclusive outcomes.

Supply-chain finance and the other support measures considered above can be efficiently implemented within the framework of structured supply chains. A critical issue is thus to help rural women establish and exploit strategic linkages with downstream actors in the chain – for example, through out-grower schemes or looser forms of cooperation. The reorientation of export agriculture towards specialty marketing may be instrumental in this direction. Specialty marketing typically involves the establishment of direct marketing links with large buyers. This may create new openings for women, as these off-takers tend to be less vulnerable to gender stereotypes, and frequently integrate gender equality considerations as a component of their marketing strategies. Similarly, local processing factories (e.g., tea processing factories or coffee washing stations) may act as catalyst for the empowerment of rural women by structuring their procurement in a way that favours women farmers, and by providing extension support, quality inputs, and finance.

Yet, this “structured trade” may also pose challenges, such as a dependency relationships between actors with different bargaining power, abuse of position by downstream actors, and difficulty of exit. However, where costly reputational issues are at stake for the buyer, these risks are reduced when structured marketing links are established within the framework of fair trade or through similar initiatives. It is also important that local authorities step in and “frame” the broad terms of the bilateral deal. This may involve a shift from bilateral contractual relationships (between

farmers and off-takers) to triangular public-private partnerships (involving farmers, off-takers, and the public sector).

Public authorities can also proactively re-structure existing business incentives or, the awarding of concessions, to encourage gender-sensitive and socially inclusive practices by investors. For example, when rural women in subsistence agriculture are displaced by large-scale agri-business projects, it becomes crucial to absorb them into off-farm agri-processing activities or into farm work as waged seasonal workers, with due attention paid to the quality and security of the employment so generated. Leases/concessions should integrate these considerations in their terms.

### 5.1.2. Manufacturing

As discussed in the study, the share of women in industry decreases with its export orientation. Yet, if appropriate support measures are in place, a few export-oriented manufacturing sectors may emerge as significant growth drivers that offer opportunities for female employment. These include, in particular, agri-processing, the handicraft industry, and specific greenfield sectors. Several constraints need to be addressed to develop these industries.

#### 5.1.2.1. Agri-business

##### *(a) Industrial agri-processing*

Key constraints in this area are structural. They include comparatively high energy and transport costs, which alone significantly affect the export competitiveness of the country. This competitive disadvantage may be temporarily offset by subsidies, but this would entail costs and distortions, and may not prove sustainable in the long run. The development of agri-processing for export is dependent upon the ability to counter these structural impediments, which may require significant investment in infrastructure.

It is also important to acknowledge that large-scale agri-processing – which requires high-throughput to be commercially viable – typically takes place at the commercial farm level: current production structures and levels in Rwanda may not meet industry requirements (Republic of Rwanda, 2011c). The development of industrial agri-processing should thus proceed in parallel with efforts to increase agricultural production and productivity. As mentioned in the study, this does not necessarily involve a shift towards

intensive large-scale farming; well-coordinated small-scale farmers can yield marketable quantities sufficient for economic quality processing.

Industrial agri-processing offers employment opportunities for women mainly as wage workers. In this context, gender concerns may arise as to the quality and security of the employment generated. When seeking investors for agri-processing zones, the government may wish to carefully weigh the long-term costs and short-term benefits of easing labour standards.

*(b) Artisanal /informal agri-processing*

Beyond industrial agri-business, when focusing on women as producers and entrepreneurs due attention needs to be paid to small and micro agri-food enterprises, which are often informal and artisanal. This is a vibrant microentrepreneurial sector in Rwanda that has significant potential to help alleviate poverty and empower women.

Whether as prime producers or traders, women in Rwanda are currently engaged in a number of value-added activities in agriculture ranging from cutting and grinding cassava tubers to make flour or making juice from fruits and vegetables. If the right incentives are set up, these still largely informal and scattered entrepreneurial activities could be scaled up and rationalized in commercial terms. Besides, still largely untapped business opportunities can be seized: for example, informal cross-border women traders could trade bottled/processed tomatoes instead of fresh tomatoes to the Democratic Republic of the Congo, or women farmers could preserve part of the highly perishable agricultural produce in dried form so as to sell it when prices are higher, exploiting seasonal price fluctuations (Chamber of Women Entrepreneurs, field visit in Rwanda in November 2013). Investment in these microentrepreneurial initiatives is critically important in more than one respect: if anchored in rural production, it is a way to offer off-farm activities for rural women and to transform a slow-moving subsistence-oriented sector into a vibrant, dynamic small farm sector. If aligned with informal cross-border trade, such investments offer opportunities for better organizing the informal cross-border trade segment. Key interventions could include:

- (i) Public (or communal) investment in basic infrastructure and infrastructural services (grinding machines, basic storage facilities, etc.), prioritized for use by independent informal women

entrepreneurs clustered together (see below).

- (ii) Clustering of interested women around the processing facility through cooperatives or more informal arrangements.
- (iii) Transfer of know-how (e.g., post-harvest handling and processing techniques) and entrepreneurial assistance (mentoring, advice, training, etc.). The Chamber of Women Entrepreneurs and projects within the RDB, if endowed with sufficient resources, could play an important role in such an initiative.
- (iv) Setting up of contractual/institutional arrangements to secure market access for the processed product. Urbanization and food diversification offers opportunities for locally processed staples, as does public procurement (school feeding programs, catering for public administrations, etc.). The public sector could play an important facilitating role by providing market information and market intelligence and (jointly with commercial chambers) establishing business links. Procurements that entail higher levels of sophistication (e.g., by tourist outlets) can be framed through contract farming or other structured schemes.
- (v) Enhanced access to credit. Beyond the traditional emphasis on government-guaranteed lending, due attention should be paid to structured supply-chain finance schemes, possibly on concessional terms.

### 5.1.2.2. Handicrafts

The handicraft sector provides employment for an estimated 20,000 Rwandans, typically operating individually or through small cooperatives (Republic of Rwanda, 2011c). It is a typically female-intensive sector that can have important spillover effects in terms of employment generation and poverty alleviation. As acknowledged in Rwanda's National Export Strategy, a key challenge is linking with tourism and enhancing sophistication so as to establish the Rwanda brand internationally. It is also important to leverage fair trade and other niche initiatives, and then scale up and move to mainstream clients (Republic of Rwanda, 2011c). The key areas for policy intervention, as detailed in the Rwanda Craft Industry Sector Strategic Plan, are reported in the National Export Strategy (Republic of Rwanda, 2011c) as follows:

- Market information and market intelligence in

order to better understand market preferences in key target markets and develop local knowledge about these market preferences;

- The establishment of marketing links and networks, including through the Africa Growth and Opportunity Act (e.g., targeted buyers can be invited to work with cooperatives so as to stimulate innovation and enhance quality in the sector, and to overcome market entry barriers);
- Promotion of innovation and quality throughout the sector by means of targeted training and knowledge sharing, as well as branding, marketing, and packaging support;
- Flexible credit solutions customized for the handicraft sector and involving buyers in key export markets.

Work remains to be done: in the most popular tourist handicraft markets, Rwandan handicrafts are still sold alongside handicraft products from neighbouring countries, and it is sometimes difficult to sort quality handicraft products of genuine Rwandan origin. The Ministry of Commerce and Industry has opened showrooms to sell quality handicraft products and to enable the winners of the annual National Handcraft Excellence Award to exhibit, promote, and sell their products. The ministry could also consider setting up a certification scheme, patterned after the examples of other countries (such as the Bhutan Seal of Excellence and Seal of Quality). The programme should strive to establish a credible standard to ensure that the certified handicrafts are of high quality and are produced in Rwanda in a socially responsible manner. By establishing a quality benchmark and a certificate of origin for Rwandan handicraft products, the seal could be used as a promotional tool, as well as to guarantee the origin of the handicrafts, which matters for trade policy purposes. In terms of product coverage, the certification scheme could expand beyond handicraft products and also cover high-quality services (e.g., hotels and trekking) under a single brand image.

### 5.1.2.3. Greenfield sectors

As described in the study, Rwanda is exploring the commercial viability of processing and exporting biological insecticides manufactured from pyrethrum. The country is currently exporting pyrethrum pale extracts, and it has favourable conditions for growing chrysanthemum flowers, the source of pyrethrum (Republic of Rwanda, 2011c). Pyrethrum may offer

significant opportunities for social inclusiveness and the empowerment of women if business incentives and disincentives are carefully structured.

### 5.1.3. Services: Tourism

A further expansion of the tourism sector, if well managed, is likely to create significant employment opportunities for women. Rwanda has developed a clear tourism strategy focused on low-volume, high-value eco-tourism, which creates both opportunities and challenges for women that can be addressed in the following ways:

- *Protective and corrective measures.* As discussed in the study, unskilled or semi-skilled women tend to work in the most vulnerable jobs in tourism. In these occupations they are likely to experience poor working conditions, inequality of opportunity and treatment, and even gender-based violence. Important corrective measures should be adopted to promote women's lucrative employment in tourism. An important component is training and skills development, whether vocational or formal. Positive measures can take the form of scholarships, targeted training programmes for women tourism professionals, and practical/vocational training through internship opportunities. Flexible work arrangements and child care facilities at work are also critical to help women balance their family and professional obligations. Hotels and tour operators can play a key role in this area by designing and promoting flexible work arrangements for women, and by investing in training women in all areas (e.g., as hotel managers and service personnel, technicians, and guides). Public authorities should proactively structure business incentives and disincentives so as to encourage hotels and tour operators to take these measures.
- *Facilitate linkages between tourism outlets and local producers.* Hotels and restaurants can source their products locally from organizations of rural women, with important spillover effects. However, the focus on high-end consumers implies demand for products of consistently high quality. Particularly for fresh fruits and vegetables, this may be problematic: domestic-oriented farmers, particularly small-scale ones, may not be in a position to meet stringent requirements in terms of quality, quantity, timely delivery, and consistency of supplies. Local sourcing by

hotels from rural women can more realistically be arranged through the establishment of strategic partnerships that involve women cooperatives, hotels, and extension services. Out-grower schemes can also play a role. These schemes should be carefully designed and implemented to empower small farmers and women farmers, in particular, rather than intermediaries. It is also important to foster linkages with women in arts and crafts, particularly for handicrafts. Again, the focus on high-end consumers implies a certain level of quality of handicraft products. “Seals of Origin” owned by the Ministry of Trade could help improve marketing capacity and contribute towards branding. The challenge is to put in place a credible Seal Logo certification system that rewards high-quality products that are locally crafted.

- *Promote viable community-based tourism schemes.* This will also contribute towards facilitating the role of tourism in poverty alleviation in Rwanda. Hotels and tour operators should be encouraged to contribute to community development, including through revenue-sharing schemes.

## 5.2. WOMEN AS INFORMAL CROSS-BORDER TRADERS

As discussed in the study, women as informal cross-border traders face gender-specific obstacles that translate into significant competitive disadvantages. It is critical to effectively tackle obstacles so as to unleash the full entrepreneurial potential of women cross-border traders. This in turn is likely to promote export competitiveness, trade expansion, and economic growth.

A number of trade facilitation initiatives have been considered and implemented to empower women in this area. Recommendations towards a women in cross-border trade-responsive protocol and national legislation are being developed within the framework of a joint programme of UN Women in partnership with the United Nations Development Programme, United Nations Economic Commission for Africa, and the International Labour Organization to support women in cross-border trade. Key areas for policy intervention are also highlighted in the Rwandan National Cross-border Trade Strategy (Republic of Rwanda, 2012e), including:

- *Training, awareness-raising, and sensitization interventions targeted at women informal cross-border traders.* This includes training for women traders on their rights and obligations at border crossings, coupled with functional literacy and numeracy. Public information campaigns and advertising in public areas (e.g., posters on customs and border requirements) may help to increase information and reduce exposure to abuse.
- *Gender-sensitive cross-border-trade sensitization training for border agents.* Key policies include gender-awareness training for customs/logistics staff (traditionally a male-dominated sector) to ensure that they view cross-border trade as a legitimate form of trade, and initiatives to improve the gender balance among customs staff.
- *Improved interaction between female traders and public officials.* Multi-stakeholder platforms could be set up to bring parties together, possibly facilitated by a third party. This may help resolve the relationship of mistrust between informal cross-border traders and border officials (Titeca and Kimanuka, 2012)
- *Streamlined procedures at the border and improved information and transparency.* This includes one-stop window/fast-track clearance system for informal cross-border traders, and eventually tax concessions. The National Cross-border Trade Strategy points to the need to improve information and transparency at border cross-points, for example by clearly publicizing official fees and tax information on electronic advertising boards outside Trade Information Desks at the border. Coordinated national policies and effective monitoring mechanisms at the sub-regional level are needed to ensure coherent implementation of reforms across national borders.
- *Relaxation of registration requirements for informal cross-border traders and adjusted tax rates.* The National Cross-border Trade Strategy envisages removal of the need for informal cross-border traders to be formally registered as a business, as well as the setting up of facilities close to the border where informal cross-border traders can register as such and obtain (free of charge) a tax identification number (to be used for tracking purposes, not for collecting taxes).

- *Address key supply-side constraints that hinder the competitiveness of informal cross-border traders.* Key areas of intervention include promoting cooperatives and associations among female traders so as to pool/consolidate traffic volumes and reduce logistics costs; promoting suitable microfinance initiatives and more gender-sensitive market information systems targeted at women informal cross-border traders; and improved trade facilities for informal cross-border traders, including infrastructure at the border and feeder roads.
- *Develop further linkages between domestic production and informal cross-border traders by mainstreaming informal cross-border trade in agricultural and manufacturing strategies.*

On-going initiatives are being carried out in several of these areas. Training, sensitization, and legal support, for example, are being provided under the Pro-Femmes/Twese Hamwe Women Informal Cross-Border Traders Project and Microjustice4All. The Ministry of Trade and Industry is also engaged in separate initiatives to facilitate trade at the border. A key challenge ahead, as pointed out in the National Cross-border Trade Strategy, is to scale up and better coordinate initiatives. To this effect, the strategy envisages the establishment of a Cross-border Trade Facilitation Unit under the Ministry of Trade and Industry Directorate to oversee all cross-border trade-related initiatives in order to promote synergies and avoid duplication of efforts.

### **5.3. WOMEN AS USERS OF PUBLIC SERVICES AND AS TAXPAYERS**

One finding from the analysis is that the sharp decline in trade revenue receipts has been more than offset by the surge in direct and indirect taxes and net grants. It does not appear that tariff liberalization has translated into reduced public spending.

Due to pressure from trade liberalization, Rwanda will increasingly need to rely on direct and indirect taxes as a tool for domestic resource mobilization. This raises questions as to the complex gender ramifications of tax policy. Policymakers may wish to carefully consider the gender impact of the various tools for domestic resource mobilization.

On the revenue side, a few aspects deserve consideration. The overall trend in tax reform indicates a shift from direct to indirect taxes and

from taxing income to taxing consumption, through value-added-taxes (VAT). To the extent that the VAT is applied to basic consumption goods, women may be disproportionately affected, as necessities tend to make up a comparatively larger part of their consumption basket. More importantly, the poorest women would bear a disproportionately higher tax burden. Equity measures – notably in the form of zero-rating or exemptions for basic consumption goods – are in order. Rwanda has moved in this direction by exempting from the VAT certain supplies such as agricultural products (except processed ones), health services and supplies, education materials and services, transport services, and water supplies (Law No. 37/2012 of 9 November 2012).

Specifically, policymakers need to be cautious not to overburden poor women in the informal sector (Tax Justice Network, 2011). This can occur, for example, through the application of presumptive income taxes, or by other coercive means directed at forcing small informal operators to become tax-compliant. In most cases, in the Rwandan context, informality is not a means for tax avoidance, but a subsistence strategy. Increasing pressure to raise taxes on the informal sector is also likely to have an anti-poor and gender bias, as low-income women tend to be largely segregated in informal activities. This is not to say that informal operators shall stay informal, but that efforts to formalize these operators shall not push them out of business. Direct taxation of informal sector operators should thus be paralleled by measures to increase the benefits that these operators would derive from entering the formal economy: streamlined and simplified procedures for business registration and tax filing; zero-rating and exemptions for the most vulnerable operators; and capacity-building for women (tax literacy, record-keeping, and tax filing).

On the expenditure side of the budget, a central challenge is to ensure transparency and accountability in the use of revenue. Transparency is key to enhancing awareness on tax issues. It is important in this respect to disseminate information on revenues received by the government in a simple format (broken down by sector and by type of operators, whether large multinational companies, consumers, etc.), and to similarly disclose information on how revenues are spent (share spent on public services, etc.). It is also important to ensure the accountability of taxes collected from informal operators so as to guarantee that the contribution from the informal sector goes



into service provision or public projects that favour the poor, who disproportionately bear the burden of this taxation. Women-inclusive consultations and mechanisms with regard to the use of public revenue are one way to ensure that the taxes collected go into social spending.

Further analysis is needed to assess whether the tax system in Rwanda has been a tool to counteract or simply reproduce existing gender inequalities.

#### **5.4. WOMEN AS CONSUMERS**

In general, women tend to be more affected than men by changes in the relative price of basic consumption goods. This reflects the fact that necessities form a more important component of women's consumption basket compared to men (which reflects women's role as care-givers) as well the higher incidence of poverty among women. Accordingly, cheap food imports are often perceived as pro-poor and gender-sensitive.

In Rwanda, it has been argued, this is not necessarily the case. In rural areas, Rwandans rely heavily on food produced for self-consumption, which reduces their exposure to trade-channeled changes in consumption prices. This is particularly true for female-headed households, particularly *de facto* female-headed households. The incidence of extreme poverty is particularly high among these households, which tend to be particularly reliant on subsistence activities and consumption in kind.

Accordingly, poor rural women, in their capacity as consumers, tend to be relatively insulated from price developments, whether positive or negative, as they essentially consume what they produce. Yet, it should be observed, these same women may be affected as producers. Indeed, subsistence-oriented rural women do sell part of their produce. The surplus they sell in

local markets is often the only source of cash income/exchange they have for the purchase of essential services or non-edible goods. Thus, in their capacity as producers, they may well be adversely affected by price developments, to the extent that cheap food imports displace local sources on rural and peri-urban markets.

From a policy perspective, this holds two implications. At the household level, it is important to preserve some capacity to produce staple food for self-consumption as a way to mitigate food price risks. This implies preserving and building on home gardening to enhance food security. In Rwanda, home gardens typically have a wide diversity of trees and plants (cassava, coffee, potatoes, beans, etc.) and are an important complement to field agriculture. They contribute significantly to household food security by improving the quantity and quality of nutrients available, particularly for the poorest families. The Rwanda Agriculture Board is currently active in this area by providing input and technical support for the establishment of home gardens (kitchen gardens) that meet family needs and resources.

At the macro (country) level, the government may wish to continue pursuing a risk-averse approach that combines family food production (for self-consumption) with commercial agriculture (production for the market). In particular, agricultural modernization schemes should not be put in place at the expense of the secondary crops (roots and tubers, such as potatoes, cassava, and pulses). These latter crops have significant local importance in dietary terms and in cross-border trade. The commercialization of agriculture needs to preserve family production systems, which may co-exist alongside intensive, monoculture-based, and high-external-input-dependent production.

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