

## Sub-Saharan Report

Sub-Saharan Africa is one of the focal regions of Global Challenge 2015.

These reports are by Mr. Kenshi Tsunemine, an expatriate employee working in Johannesburg with a view across the region.

### Vol. 19: Rwanda

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Do you happen to know the most densely populated country in Africa? It is Rwanda, a country with 11.4 million people living within a land mass of only 26,000 square kilometers (about 1.4 times the size of Shikoku in Japan) (table 1).

**Table 1: Rwanda Country Information**

Basic Data (2014)	
Population	11.4 million
Land Area	26 thousand km <sup>2</sup>
Nominal GDP	\$8.5 billion
Per Capital GDP	\$743
Official Language	English, French, Kinyarwanda

Source: IMF



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In order for the Marubeni Research Institute to acquire live information from the field and contribute to the Company's strategy, young Marubeni staff well-versed in economic and industry analysis have been posted to the region.

On hearing the name Rwanda what may come to mind to many people is the genocide that occurred there in 1994, and the movie "Hotel Rwanda", which was based on that genocide (picture 1) (note 1). While this devastating tragedy took place about 20 years ago, the country that I will introduce to you this time, Rwanda, has made tremendous economic progress since then and has been called the "Miracle of Africa".



**Picture 1:** The entrance to the Hotel des Milles Collines, where the actual story behind the movie Hotel Rwanda took place.

Rwanda is a landlocked country located south of Uganda, which I introduced last time (vol. 18), and is also bordered in the east by Tanzania, in the south by Burundi and in the west by the Democratic Republic of the Congo. Rwanda is an extremely hilly country, and is referred to as the "land of a thousand hills" (picture 2). Positioned just south of the equator, Rwanda has a tropical savannah-type climate, however, the country's capital of Kigali sits in the highlands at an altitude of between 1,400 and 1,600 meters with a comfortable average annual temperature of around 21 degrees centigrade.



**Picture 2:** The capital Kigali is located among the hills with lots of greenery

Blessed with lots of rain, Rwanda is lush, and this reminds animal experts that Rwanda is home to mountain gorillas. It is said that there only 900 mountain gorillas in the world today, with many of them to be found in Virunga National Park along the border with the DRC. Gorilla-spotting trekking tours in the park have become very popular. In Kigali, many mountain gorilla-related art objects and novelty items can be found and the government seems to be using these gorillas as one of the pillars to promote tourism (note 2).

When looking at Rwanda it is usually unavoidable to discuss ethnicity, however the current ethnic make-up of Rwanda is said to be 85% Hutu, 14% Tutsi and 1% Twa. The government though, has not released any official numbers. The government abolished proof (identification) of ethnic origin in 1994 and established a National Unity and Reconciliation Commission in 1999 aimed at reconciliation and overcoming the country's tragic experience of genocide. Currently, the word genocide is rarely heard or uttered in public, and business travelers and tourists would be wise to avoid using the word, which is sensitive, in discussions in Rwanda.

English has been recognized as the official language since 2009, however, everyone understands Rwanda's native language of Kinyarwanda and due to historical reasons French is more widely used and understood than English in rural areas.

In terms of the Rwandan diet, it is very similar to neighboring Uganda in that bananas and cassava are main staple foods. Also, depending on the region, maize is mixed with hot water to form a dough or porridge-like food called ugali. Bananas, as I also mentioned in the previous report, are not the soft and sweet types we are used to, they are more like potatoes. In fact they are like "Satsuma" sweet potatoes (a regional Japanese sweet potato), but not sweet and rather tasteless. Regarding special food dishes, igisafuriya is a stew made up of beef and bananas that is left to simmer at a low temperature (braised) creating a soft texture that is very palatable to Japanese tastes (picture 3). Pork, lamb and freshwater fish are also widely eaten, and barbecued meat on skewers, called brochettes in French, are also quite popular and tasty (picture 4).



**Picture 3:** Beef and banana igisafuriya



**Picture 4:** Lamb brochettes with fried bananas

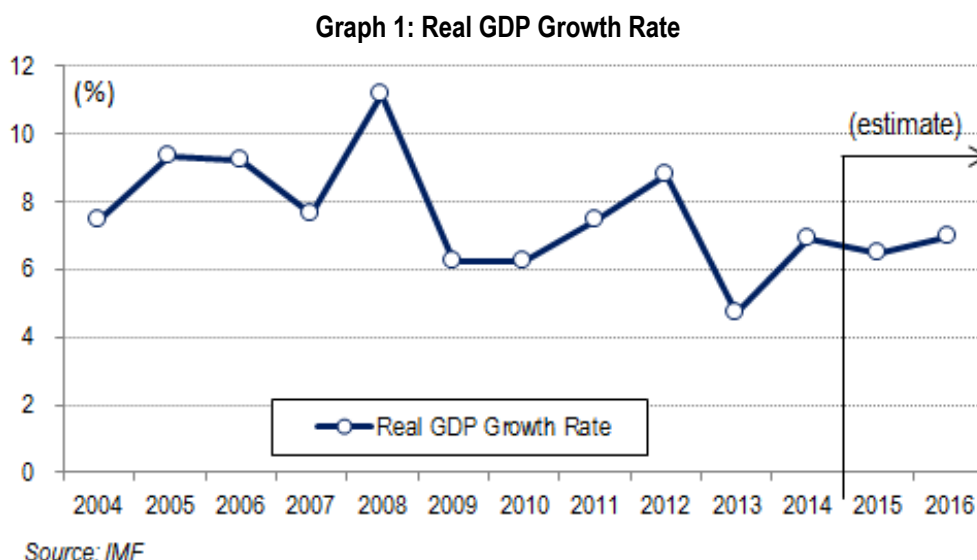
The country is ethnically made up mostly of Hutu, which took to farming, with the minority Tutsi being a mostly nomadic people and was led by a Tutsi formed monarchy in its early history. In 1889 it came to be governed as a German protectorate, and then following WWI was mandated to Belgium. Belgium favored a pro-Tutsi leadership policy during most of their rule before the Hutu revolted and gained Belgium's support as Belgium's power weakened and their relationship with the Tutsi worsened. With the Hutu now supported by Belgium, Rwanda, in 1961, began the process of becoming a republic which led to independence in 1962 with Gregoire Kayibanda, a Hutu, becoming the country's first elected (by parliament) president. President Kayibanda quickly adopted a policy aimed at eliminating the Tutsi which sent many of them into exile in neighboring countries.

Following this, in 1973 Major General Juvenal Habyarimana took power in a military coup and was named president. President Habyarimana initially sought reconciliation with the Tutsi, however as the economy worsened exiled Tutsi refugees in neighboring Uganda formed the Rwandan Patriotic Front (RPF) aimed at rekindling anti-government activity. This led to an anti-Tutsi stance by the government inflaming the Hutu-Tutsi conflict. The conflict between the Rwandan government and the RPF turned into an all-out civil war from 1990. The civil war continued until 1993 when due to an intensifying invasion by the RPF into northern Rwanda and criticism by the international community over the oppression of the Tutsi, a tentative peace agreement and cease fire called the Arusha Accords was signed between the government and the RPF apparently putting an end to the civil war. However, hardline Hutu extremists refused to recognize the agreement and tried to continue the conflict with the Tutsis. Then on April 6, 1994, the plane carrying President Habyarimana and Cyprien Ntaryamira, the president of Burundi and also a Hutu, was shot down in Rwanda killing them both and became the catalyst for the Rwandan genocide of Tutsis and moderate Hutus carried out by the Hutu-led government and Hutu extremists.

Over a period of about 100 days between April and June between 800,000 and 1,000,000 Tutsis and moderate Hutus were massacred, a true tragedy pitting neighbor against neighbor in the country. As a result of the slaughter, the RPF, which had signed the peace agreement with the Rwandan government, re-invaded the country and were able to eventually take full control of the country bringing an end to the genocide. In July (1994), a new national unity government was set-up with Mr. Pasteur Bizimungu, a Hutu (moderate), as president and Mr. Paul Kagame, a Tutsi, as vice-president. In 2000, Mr. Bizimungu resigned as president in a dispute over the cabinet, and Mr. Kagame then took over as president. In 2003, Rwanda carried out their first multi-candidate presidential election with Mr. Kagame emerging as the winner. In 2010, Mr. Kagame was re-elected to a second term which, for the most part, was warmly received.

It should be noted that in December of 2015 a referendum was carried out to eliminate the constitutional two term limit on presidents and passed with an overwhelming majority. As a result, it is highly likely that Mr. Kagame will again run for president in the upcoming 2017 elections (note 3).

Turning to the Rwandan economy, since Mr. Kagame’s inauguration and during his presidency from 2000 to 2014 Rwanda has achieved a high average annual economic growth rate of 7.7% which has led to the country, due to this robust economic growth, being dubbed the “miracle of Africa” (graph 1).



In terms of Rwanda’s GDP composition, agriculture makes up 33%, mining and manufacturing 14% and the service industry 48% with 80% of the population engaged in agriculture. In the agricultural sector, coffee, tea, bananas, cassava, maize and various vegetables are the main items grown. In particular, Rwandan coffee has attracted the likes of Starbucks, which is involved in the production and purchasing of Rwandan coffee, as the quality of its coffee is very high making it quite popular even though the amount of coffee produced in Rwanda is not that large. Also, mineral resources in Rwanda are not that plentiful, but it does produce tin, tungsten and tantalum which are termed the 3Ts (table 2) (note 4).

**Table 2: World Tin Production/Reserves**

	2014 (t)	
	Production	Reserve
China	125,000	1,500,000
Indonesia	84,000	800,000
Peru	23,700	80,000
Bolivia	18,000	400,000
Brazil	12,000	700,000
Burma	11,000	NA
Australia	6,100	370,000
Vietnam	5,400	NA
Malaysia	3,500	250,000
DRC	3,000	NA
Rwanda	2,000	NA
Laos	800	NA
Russia	600	350,000
Nigeria	500	NA
Thailand	200	170,000
Other Countries	100	180,000
World Total	296,000	4,800,000

Source: USGS MINERAL COMMODITY SUMMARIES 2015

Still, Rwanda is a landlocked country with quite a small land mass and not being blessed with abundant natural resources Rwanda has found it quite difficult to attract foreign investment. As a result, the government has committed itself to creating a strong and open investment environment as part of its nation building process. Consequently, Rwanda is now ranked number 62 in the World Bank’s Doing Business Index and ranked number 2 in Africa after Mauritius in terms of having a good business climate (table 3). Also, Rwanda is ranked 4th in sub-Saharan Africa (44th in the world) in Transparency International’s Corruption Perceptions Index, showing that it is a country with relatively little corruption.

**Table 3: World Bank’s Ease of Doing Business Ranking**

1	Singapore
2	New Zealand
3	Denmark
4	Korea, Rep.
5	Hong Kong SAR, China
32	Mauritius
33	Spain
34	Japan *
60	Greece
61	Luxembourg
62	Rwanda
72	Botswana
73	South Africa
74	Tunisia
75	Morocco

*Source: WB Doing Business June, 2015*

Currently, Rwanda is focusing on promoting ICT (information and communications technology) as an industry with the aim of becoming a strong ICT country. Since the manufacturing of ITC products is fairly difficult, Rwanda is looking to foreign companies to develop an internet infrastructure throughout the country and connect IT to agriculture, tourism and other industries to further the countries industrial development.

In addition to this, Rwanda is actively seeking to gain foreign currency and activate its economy through its MICE (meetings, incentives, conferences, exhibitions) initiative (note 5). In the recent past, Rwanda has hosted such international events as the Africa Development Bank’s Annual Meeting and the Interpol General Assembly, and the World Economic Forum on Africa 2016 (May) and the African Union Summit (June) will be held in Rwanda with an ongoing rush in the construction of a convention center and hotels taking place.

In this way, Rwanda is trying to showcase the many charms of a small country and as a result is taking a little different approach toward its economic development than other countries in Africa, especially in terms of its service industry. Having



overcome its dark history, I'm very interested in seeing how far Rwanda's economy will go, given it seems to be seeking to develop in its own unique way.

Adding to its overall charm is the fact that now public safety and security in Rwanda is good. The sight of police officers and military personnel in the streets is common projecting a feeling of strict security. From the perspective of public safety one feels secure and has peace of mind, so in that regard Rwanda would be a comfortable place for tourists to visit.

In August of this year TICAD VI will be held in Kenya in East Africa, which is a region that is currently a major focus of attention by Japan. If you are going to Kenya for this, why not also take the opportunity to visit nearby Rwanda, a small country which is set on its own unique path of development.



**Picture 5:** History never to be forgotten, the Kigali Genocide Memorial (free admission museum)

For the popular mountain gorilla tours, the number of people for daily tours is limited, so if you are thinking about going on your summer vacation it would be best to make arrangement for the tour as soon as possible.

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**Note 1:** A 2004 film based on the Rwandan genocide. The movie was based on a true story about Paul Rusesabagina, general manager of the Hotel des Mille Collines, who harbored 1,268 Tutsis and moderate Hutus at the hotel during the genocide.

**Note 2:** Mountain gorillas are also found in Uganda and the DRC, and mountain gorilla trekking tours are also available in Uganda.

**Note 3:** In January of 2016, President Kagame announced his intention to stand in the next election. There are various views and criticism of extending presidential election limits both domestically and abroad. However, recently President Museveni of Uganda ran in an election for the 5th time, and while faced with much criticism and anti-election movements he received 60% of the vote. There are many of the opinion in Rwanda that President Kagame's decision to run in the 2017 election is welcome in that the current stable political situation should thus continue in the long-term.

**Note 4:** Rwanda does not have large reserves of mineral resources, however production of the 3Ts is relatively far advanced. As the U.S. makes the handling and trade of "conflict" minerals difficult, Rwanda has been working hard to ensure the traceability of their minerals. Although Rwanda is much less dependent on metal and mineral resources than other African countries, the economic growth rate in 2016 will likely slow somewhat due to the downturn in commodity prices in recent years.

**Note 5:** MICE is M for meetings, I for incentives, meaning incentive travel (training, education), C for conventions aimed at attracting international organization and groups for international conventions, and E for exhibitions/events aimed at sponsoring exhibitions, trade fairs and so on.

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