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Business Environment Reforms Experience from Rwanda and Georgia

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Rwandan reform agenda

Effective reform requires a clear vision, committed leadership and capable institutions reinforcing - rather than undermining - each other

- Vision 2020: good governance, private-sector as an engine for growth
- The President called for DB reforms - DB2008 (in 2007)
- RDB created, to take over RIEPA and others
- Private - Public sector dialogue informs reforms
- Consensus and shared commitment at Leadership retreats
- Support of Parliament and Judiciary: e.g. fast-tracking legal reforms



Reform Impact – Georgia

Average Growth Rate (during 3 years of '05-07) – 10.4 percent.

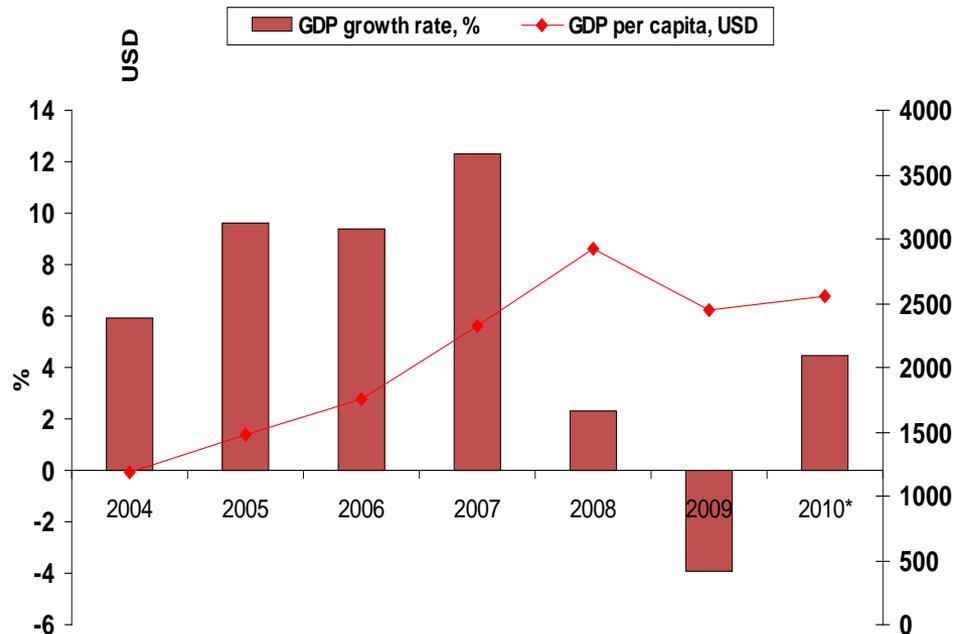
GDP growth rate reached 12.3 percent in 2007.

Contribution from exports nearly doubled over 5 years.

Increasing Labor Productivity and high FDI inflows were the major driving forces of growth.

Despite global economic crises and war in Georgia in 2008, the country was highly resilient to political and external economic shocks.

GDP and GDP per capita Growth Rates, 2004-2010*

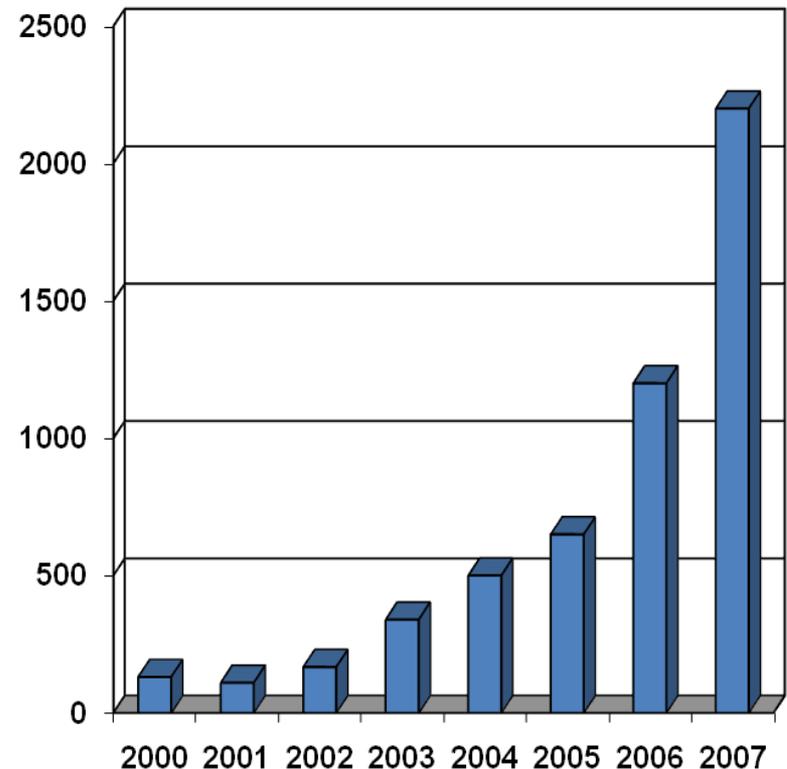




Reform Impact – Georgia

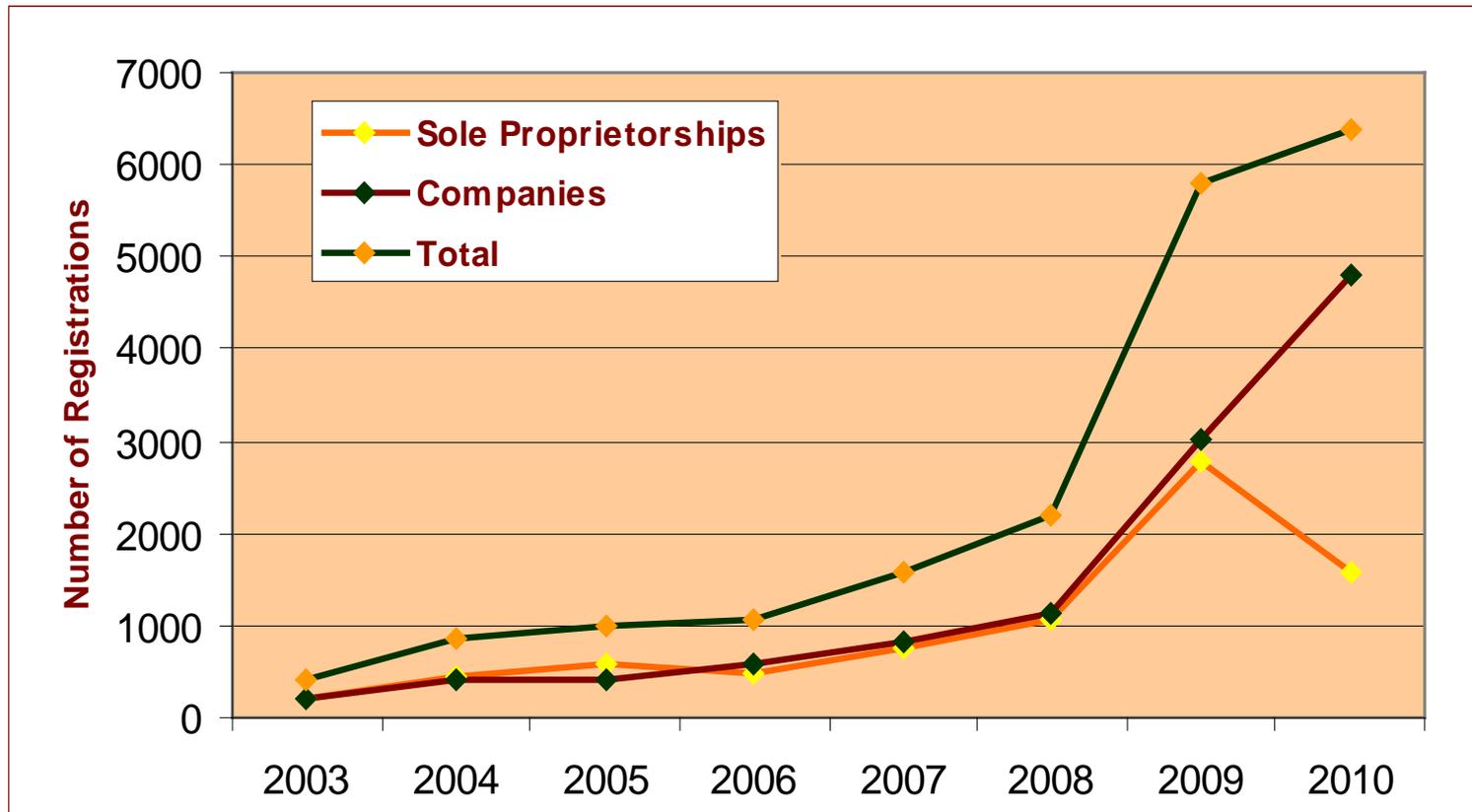
- FDI sharply increased from 2004 and reached \$2.2 billion in 2007.
- The largest investors in 2006 were: UK, USA, Kazakhstan, Turkey, and Norway.
- Denmark, Netherlands and Czech Republic became the top investors by investing in 2007.
- Proceeds from privatization in 2007 totaled \$253 million.
- After the war in 2008 and global financial crises in 2008-2009 FDI shrank, but is recovering year by year.

FDI Inflows, 2000-2007, mIn.USD





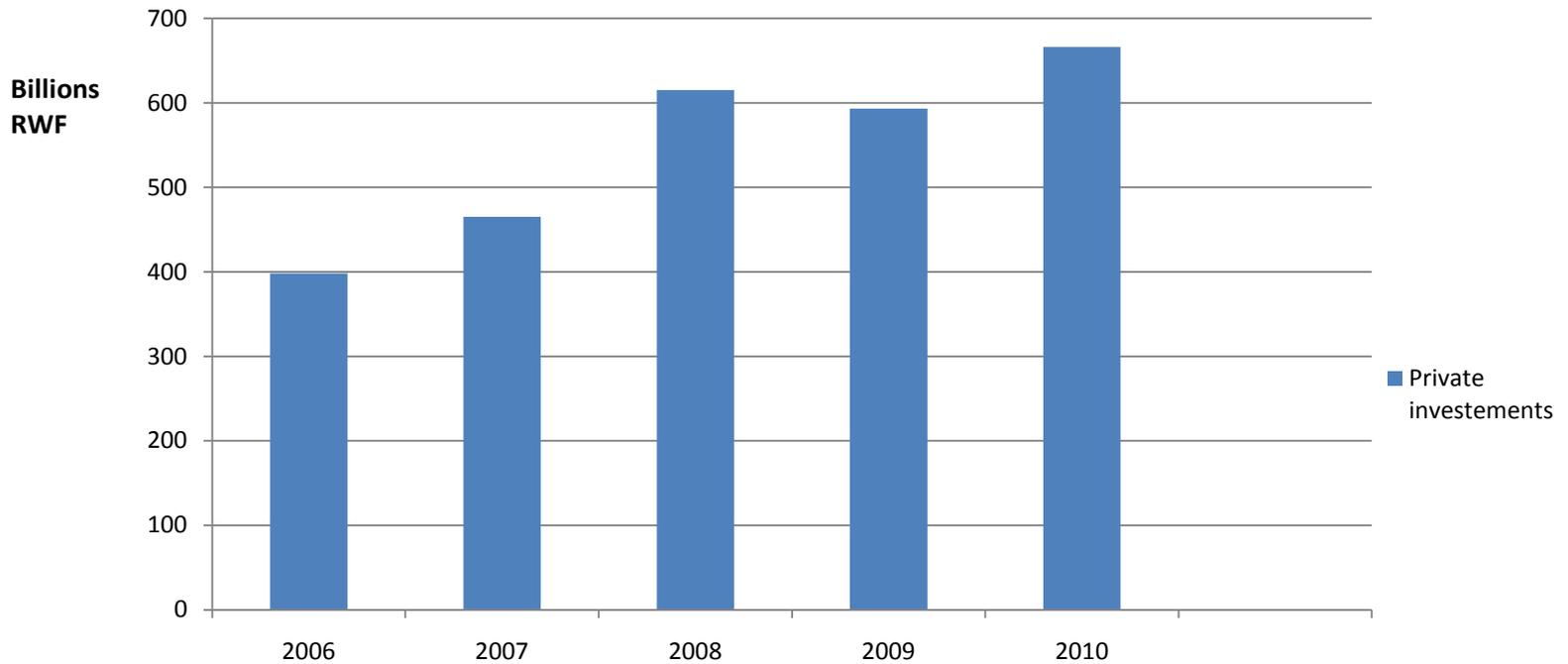
Reform Impact – Rwanda





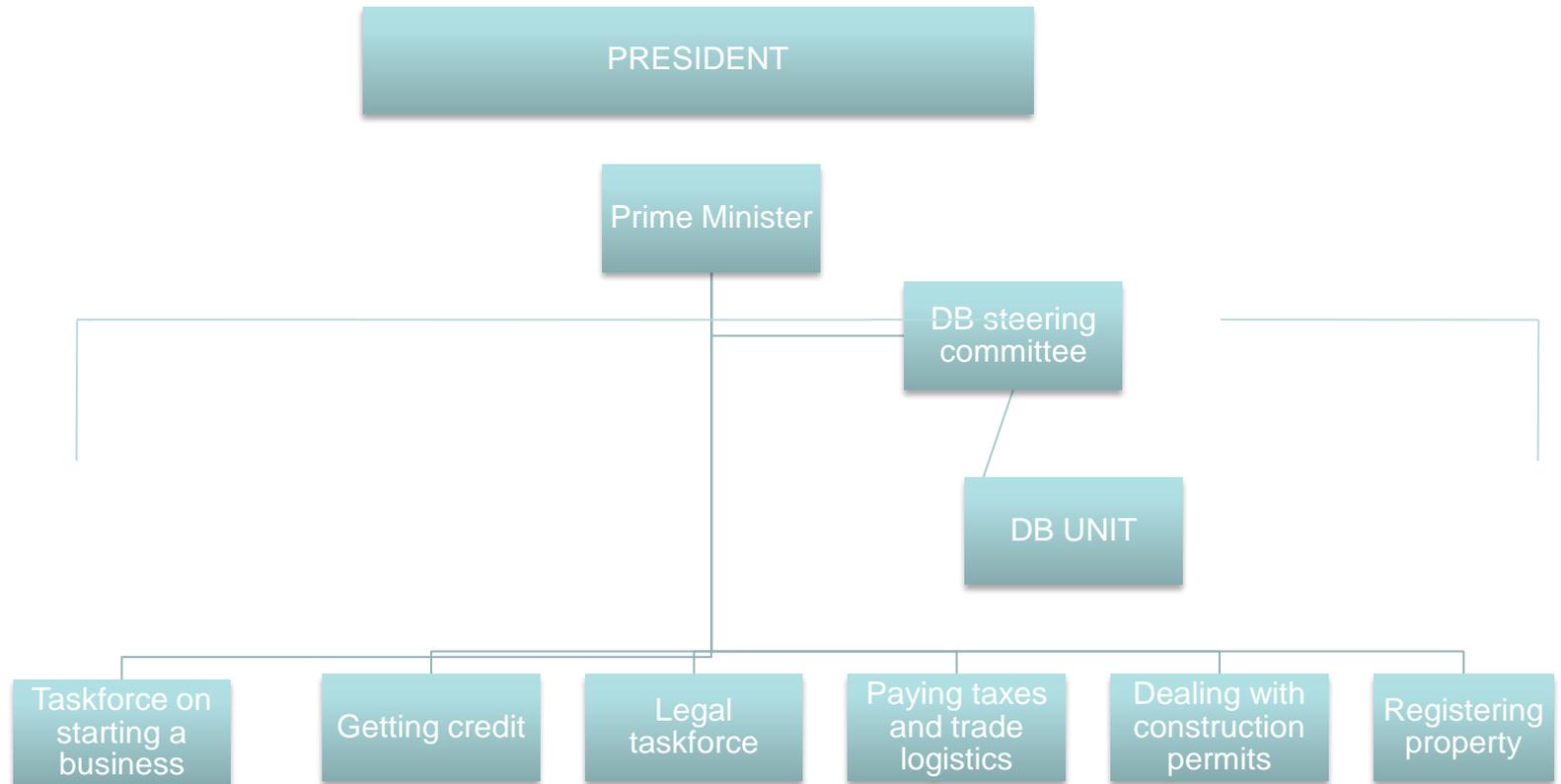
Reform Impact - Rwanda

Private investements





Doing Business Implementation Framework - Rwanda





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How Do We Get There From Here?

- High level support- is critical
- Reform boldly and broadly – reforms cannot happen without pragmatism, don't wait for a perfect start- perfection is achieved through work in progress.
- Treat licenses as a measure of safety and health , not as a source of revenue.
- Streamline and then automate- eg one stop center for company registration, National land center
- Private sector engagement is key