

Rwanda Water Market

Opportunities for the Dutch Water Sector

Dutch Government asked Aidenvironment to advise on potential Product Market Combinations for the Dutch Water Sector in 12 developing countries, Rwanda being one of them, and how the Dutch Water Sector can position itself in order to get a better access to the market.

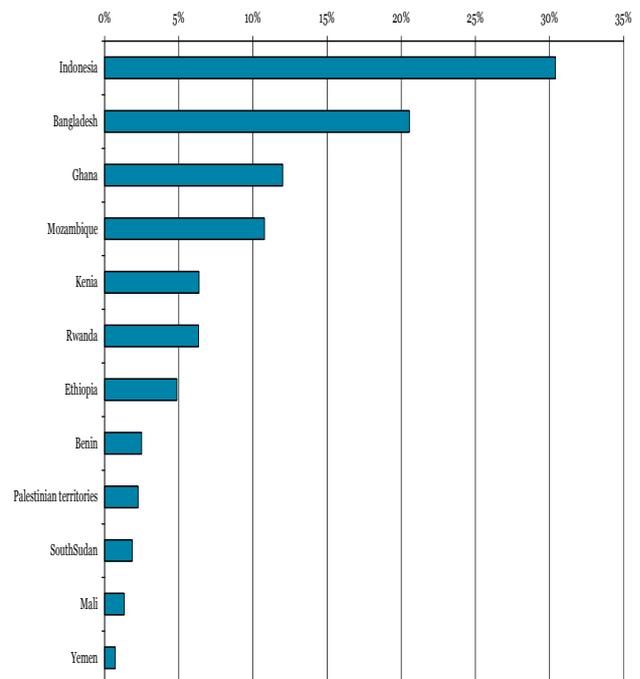
These reports describe the physical ‘water situation’, how the water sector is being organized, the legal and policy framework, trends and entry barriers in a simple way as well. Finance and climate change are special topics in each report. These reports are available on the [aidenvironment](http://aidenvironment.nl) website.

Demand:

The IMF identifies climatic vulnerability, such as flooding and droughts, as the main internal risk to growth and poverty reduction in Rwanda. Creating opportunities for more climate-resilient agriculture, for example through the construction of extensive irrigation facilities, could lead to more sustainable economic growth, as the agriculture sector employs 90% of the labor force. Losses of fertile soil due to deforestation, especially in upper watersheds, and unplanned land use changes have resulted in serious erosion problems. Lack of adequate budgets, institutional capacities (human resources, insufficient cooperation) and knowledge on IWRM are binding constraints for Rwanda to meet its increasing multiple water demands, while sustaining important economic, environmental and social functions. Although there is a large need, especially in rural areas, for WASH service delivery, budgets from main donors are declining.

Potential product market combinations:

Product market combinations are mainly seen in supporting the current reform of the agricultural sector and further development IWRM sub-sector. This can include technical support on the integration of water and soil conservation measures in agricultural practices, water management and land-use plans. Sustainable WASH service delivery (mainly in rural areas), but more importantly capacity strengthening of local CSO's is an area which should be build upon.



Breakdown of Dutch exports in the water sector to the 12 OS-countries, in % of turnover, source: Web survey Panteia, 2014/2015

Current interest and activities of Dutch organizations:

Dutch organizations active in Rwanda focus mainly on WASH, IWRM and agriculture. Water for food production as well as water for other productive purposes are seen as most interesting.

Suggestions on positioning strategies for future activities:

Dutch organizations can assess opportunities in Rwanda through the current contacts of the Dutch Embassy with governmental and private sector players in the agricultural sector. Dutch organizations can assess opportunities for local tenders, supported by the Dutch Embassy through its connections in the Joint Action Development Forum (JADF) which is recognized by Rwanda as the key platform for business integration, as well as opportunities of joint EU programming. Opportunities through instruments like FDOV and G4AW could be assessed, since there is a growing local private sector in the agricultural sector.

Successes and lessons learnt: examples

A knowledge institute works through larger Nuffic/NICHE supported programs in Rwanda. They have been successful through partnerships with local knowledge institutes and large network of alumni in the countries they are active in.

This is also reflected in the strategy used by another organization. This organization works through long term relationships with local knowledge institutes and jointly develop and acquire projects in the public and private sector markets, making use of alumni networks. Next to this, the organization learned that their independent status, as being a knowledge institute, is recognized by clients as an important asset.

A consortium won the tender for the Technical Assistance of the Integrated Water Resources Management Project, which is a project between the Dutch Embassy and the Rwanda Government. The strong consortium, the excellent reputation of all organizations involved and the combined track record led to a competitive positioning and eventually in winning the tender.

Another organization works as a trusted engineer for the Government of Rwanda. They worked on the development of the business plan for an investment program with a total value of \$2 billion. This program offers many opportunities for SMEs specifically in agribusiness and food processing. The company invested in preparing a business plan themselves, which was a key factor for success. Besides this, to enter the market, the organization follows a step by step approach, which consists of:

- Participating in tenders and be successful in winning and executing projects
- Project based presence, sometimes with Dutch government support, mostly by following private sector clients, such as contractors, water companies or industry.
- Multiple projects, building on local presence and experience
- Representative office, stepping up business development and project implementation
- Branch office or local company, as a basis for a permanent local presence

Cooperation with other parties is 'key' in this approach, especially to access the international market. The company looks for partners based on complementarities of skills, know-how, geographical presence or capacity.

Facts and Figures

Government type:	Democratic republic
Language:	Kinyarwanda, French, English, Swahili
Population:	12,337,138
Population growth:	2.63%
Economic growth (GDP growth in %):	4.7 (2013), 7.2% (2014), 7.4% (2015), 7.4% (2016)
GDP (PPP):	USD 16.37 billion (2013)
GDP (PPP) per capita:	USD 1,500 (2013)
Unemployment rate (in%):	3.4%
Inflation rate + forecast 2020 (in %):	-3.1% (2014), -3.59% (2015), 0.19% (2020)
Foreign direct investments (in % of GDP):	1.5%
ODA in % of GNI:	12.3%
Imports:	USD 1.937 billion (2013)
Import partners:	Kenya (17.3%), Uganda (15.6%), UAE (8.9%), China (7.2%), India (5.6%), Tanzania (5%), Belgium (4.5%), Canada (4.1%)
Doing business index:	48 out of 189
WEF Global competitive index:	64 out of 144

Trade and Aid strategies

Aidenvironment advises Water Sector players how to combine goals on Trade and Aid. Our advice strengthens the reputation and license to operate of businesses, opens new windows for finance, and enhances growth while contributing to development goals.

Our team performs market research and advices on effective Public Private Partnerships and engagement strategies, and facilitates organizations in tapping into local networks and finance.

Interested?

Contact Frederik Claasen to find out what we can do for you.

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