



Import Substitution for Industrial Development?

Analysis of the Effects of the *Made in
Rwanda* Campaign and the Protective
Second-Hand Clothing Tariff Policy on the
Rwandan Textile and Garment Industry

Charlotte Lonitz

Master's Thesis



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A-1090 Wien, Sensengasse 3, Telefon: (+43 1) 317 40 10

e-mail: office@oefse.at, Internet: <https://www.oefse.at>, <https://www.centrum3.at>

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Preface

The topic of second-hand clothing illustrates the economic, social, and environmental impacts of global textile and garment value chains and, more broadly, the complex interrelations in production, trade, and consumption between the Global South and the Global North. The dynamics of global production networks in second-hand clothing have already been examined in several master's theses published in the ÖFSE Forum. Encouraging students to explore this field of research is one of the many contributions of Cornelia Staritz, who also supervised this thesis in her role as Associate Professor at the Department of International Development at the University of Vienna.

In her Master's thesis, Charlotte Lonitz focuses on the policies introduced in Rwanda to foster its domestic textile and garment sector by reducing the pressure from imported second hand clothing and by national initiatives and strategies. The thesis combines the theoretical approaches of Global Production Network (GPN) analysis and the economics of import substitution policies for industrialization and consumer behaviors. The research is based primarily on 48 semi-structured interviews conducted in Rwanda.

The thesis offers a precise overview on the global textile and garment industry as well as the global second hand clothing dynamics, followed by details on the national textile and garment sector and the supporting policies in Rwanda. These include the 'Made in Rwanda' initiative, the import tariff against second hand clothing – which Rwanda was able to keep as only countries in the East African Community – and the sector-specific strategies to promote local textiles and garments production.

The analysis highlights some positive effects of the policy mix in terms of investment and employment. However, the import substitution in the sector remained limited. This was due to the persistent perception of locally manufactured clothing as inferior, the rise in imports of new clothing from Asia, and the weak development of local linkages and inputs. Furthermore, the changes in the national import and production structures particularly affected local second-hand clothing retailers and low-income consumers in Rwanda. The thesis thus provides an excellent example of the complex interconnections and governance structures within value chains that shape the outcomes national industrialization policies in a low-income country that seeks to integrate into and upgrade within global production networks.

Bernhard Tröster

Senior Researcher, ÖFSE

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Abstract

English

This thesis examines the impact of two interlinked industrial policy measures - the *Made in Rwanda* (MiR) campaign and the protective tariff policy on second-hand clothing (SHC) imports - on Rwanda's domestic textile and garment (T&G) sector. Drawing on a combination of theoretical frameworks including Global Value Chains (GVC) and Global Production Networks (GPN) approaches, Import Substitution Industrialization (ISI), and behavioral consumer economics, it analyzes the effects on three differently affected stakeholder groups: domestic textile and garment manufacturers, SHC retailers, and Rwandan consumers. It aims to assess to which extent government intervention can alter global value chains in the apparel sector and whether ISI represents a successful policy approach for Rwanda to stimulate sectoral transformation, industrial upgrading and economic self-reliance. Methodologically, the study employs a mixed-methods approach, drawing on 48 semi-structured qualitative interviews conducted in Rwanda, in combination with secondary literature and macroeconomic trade data.

The findings reveal that the *Made in Rwanda* campaign succeeded in increasing visibility of and interest in Rwandan garments among consumers and entrepreneurs. The policy therefore stimulated demand for MiR fashion and attracted domestic and international investments, resulting in local business formation, intensified domestic garment production and a diversified the Rwandan T&G landscape. This increased production also triggered changes in employment: a pull effect for tailors into formal employment and slow upskilling of workers as predicted in industrialization theory. Still, import substitution remained partial because the product characteristics of imported used clothing are continuedly perceived as superior compared to *Made in Rwanda* clothes among many Rwandan consumers. Trade data shows that SHC imports into Rwanda have been only temporarily reduced and are increasingly replaced by cheap Asian first-hand clothing. Important factors that were identified to have hindered product substitution include the high price points, lacking large scale production capacities, the export- or B2B-orientation of mass producers and unequal spatial distribution of Rwandan garments. From a GVC-perspective, broad-based industrial upscaling and technological upgrading of the garment sector have failed to materialize, the country did not succeed in building up an upstream raw material or textile industry, local linkages remain rare, and local sector expertise is still limited.

The study eventually highlights the uneven distribution of policy outcomes between Rwandan clothing manufacturers, affluent consumers and Asian producers of first-hand clothes as direct and indirect beneficiaries vis-à-vis the deteriorated working and living conditions of informal SHC retailers and low-income consumer groups. It, therefore, underscores the need for more inclusive policy strategies that balance long-term industrial goals with the present socioeconomic realities of the Rwandan majority.

Deutsch

Diese Arbeit untersucht die Auswirkungen zweier industriepolitischer Interventionen Ruandas – der *Made in Rwanda* (MiR) Kampagne und der Schutzzollpolitik für Second-Hand Kleidungs (SHC) Importe – auf den heimischen Textil- und Bekleidungssektor. Die Studie stützt sich auf eine Kombination der theoretischen Ansätze der Global Production Networks, Import Substitution Industrialization (ISI) und behavioristische Konsumforschung und analysiert die Auswirkungen der Maßnahmen auf drei unterschiedlich betroffene Stakeholder-Gruppen: lokale Textil- und Bekleidungs-Hersteller:innen, SHC-Einzelhändler:innen und ruandische Verbraucher:innen.

Ziel der Studie ist es, zu beurteilen, inwieweit staatliche Eingriffe die globalen Wertschöpfungsketten im Bekleidungssektor verändern können und ob ISI ein erfolgsversprechender politischer Ansatz für Ruanda ist, um sektorale Transformation, Industrialisierung und wirtschaftliche Eigenständigkeit zu fördern. Methodisch verfolgt die Studie einen mixed-methods Ansatz und stützt sich auf 48 semi-strukturierte qualitative Interviews in Kombination mit Sekundärliteratur und makroökonomischen Handelsdaten.

Die Ergebnisse zeigen, dass die Maßnahmen erfolgreich nicht nur die Gründung lokaler Unternehmen förderten, in- und ausländische Investitionen anzogen, die ruandische Textil- und Bekleidungs-Landschaft diversifizierten und die heimische Produktion steigerten, sondern auch eine Beschäftigungsmigration hervorriefen, Kompetenzen aufbauten und die Sichtbarkeit von *Made in Rwanda* Bekleidung bei ruandischen Verbraucher:innen erhöhten. Dennoch blieb eine substantielle Reduktion des Handelsdefizits an Kleidungsprodukten und eine signifikante Importsubstitution aus. Dies kann einerseits zurückgeführt werden auf die unverändert wahrgenommene Inferiorität und die hohen Preisen von ruandischer Kleidung, gepaart mit unzureichenden lokalen Produktionskapazitäten, der Export- oder B2B-Orientierung der Massenhersteller und der daraus resultierenden lokalen Nichtverfügbarkeit von MiR Kleidung vor allem für ländliche und ärmere ruandische Haushalte. Die Second-Hand-Importe nach Ruanda gingen nur vorübergehend zurück und werden zunehmend durch billige asiatische Kleidung ersetzt. Darüber hinaus ist es dem Land nicht gelungen, eine heimische Textilindustrie aufzubauen, eine breit angelegte industrielle Produktion und Modernisierung blieb aus, Geschäftsbeziehungen zwischen lokalen Akteur:innen sind nach wie vor selten, und die Sektor-Expertise, die für eine langfristige Wettbewerbsfähigkeit notwendig ist, ist nach wie vor begrenzt.

Die Studie betont auch die ungleiche Verteilung der Effekte der Policies zwischen ruandischer Bekleidungsindustrie, gut situierten Konsumierenden und asiatischen Importeur:innen als direkte und indirekte Begünstigte versus SHC Händler:innen und ärmeren Konsument:innen, die unter verschlechterten Arbeits- und Lebensbedingungen leiden. Sie unterstreicht daher die Notwendigkeit integrativer politischer Strategien, die langfristige industrie-politische Ziele mit den sozioökonomischen Realitäten der Bevölkerung in der Gegenwart in Einklang bringen.

“No country has transformed industrially
without first protecting its local industry.

If you look at the countries that have industrialised such as the Asian tigers
(Singapore, South Korea), they had to protect their local industries.
So when you allow *mitumba*, it means that you are killing the local industries.

If you want to grow your industrial base,
you need to have the strategy in terms of import substitution.”

John Kalisa
CEO of the East African Business Council

(Anami 22.06.2022)

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List of Abbreviations

Abbreviation	Full Word
AfCFTA	African Continental Free Trade Area
AGOA	African Growth and Opportunity Act
CAGR	Compound Annual Growth Rate
CMT	Cut, Make, Trim
DRC	Democratic Republic of the Congo
EAC	East African Community
CIP	Competitive Industrial Performance Index
EU	European Union
FDI	Foreign Direct Investment
FHC	First-Hand Clothing
GPV	Global Production Networks
GVC	Global Value Chain
GoR	Government of Rwanda
ILO	International Labour Organization
IPRC	Integrated Polytechnic Regional College
ISI	Import Substitution Industrialization
MINICOM	Ministry of Trade and Industry
MIR	Made in Rwanda
MSME	Micro, Small and Medium-sized Enterprise
NGO	Non-Governmental Organization
NIRDA	National Industrial Research and Development Agency
OBM	Original Brand Manufacturer
ODM	Original Design Manufacturer
OEM	Original Equipment Manufacturer
PSF	Private Sector Federation
RDB	Rwanda Development Board
RFDA	Rwanda Fashion Designers Association
RRA	Rwanda Revenue Authority
RTW	Ready-to-wear
SEZ	Special Economic Zone
SHC	Second-Hand Clothing
SME	Small and Medium-sized Enterprise
T&G	Textiles and Garments
TVET	Technical and Vocational Education and Training
UK	United Kingdom
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNECA	United Nations Economic Commission for Africa
UNIDO	United Nations Industrial Development Organization
US(A)	United States (of America)
USAID	United States Agency for International Development
WB	World Bank
WDA	Workforce Development Authority

1 Introduction

Context and State of Research

Since the early 2000s, consumption of garments has nearly doubled, and demand for clothing and footwear in Europe alone is projected to increase by 63% by 2030 (Nørup et al. 2019). The imperial fashion lifestyle and ever-increasing "hunger" for cheap new pieces of clothing in the Global North have not only brought about a decade-long exploitation of workers and the environment in the Global South but also created a new subsequent industry of its own: the second-hand clothing (SHC) industry. For the longest time, there was little academic and public interest in global trade and value chains of used clothes. Few consumers are aware of the commercialization, value, global scale, and impact of the SHC sector (Norris 2012). Since the 2000s, a growing body of literature and policymakers have increasingly criticized this economic and environmental post- or neo-colonialism. One major point of discussion among scholars is the potentially harmful effects of cheap SHC imports on local textile and garment industries in developing economies (Frazer 2008, Brooks 2015, Mburu, Marandu & Amanze 2018). Confronted with heaps of low-cost used clothes flooding local markets, domestic manufacturers can hardly compete and are subsequently crowded out of the market. This can have detrimental consequences for local industrialization, value creation, and employment, according to critical economists. Also in Africa, the discussion of industrial decline and clothing culture on the continent must be linked to the analysis of the second-hand trade, posits Brooks (2015: 145), one of the pioneers with regard to the study of SHC.

In 2016, around USD 3.7 billion worth of used clothing was traded worldwide, of which around 20% went to Sub-Saharan Africa (Mwasomola & Ojwang 2021). Well aware of the region's need to revive and develop its own textile and garment (T&G) industry the leaders of the East African Community (EAC) in 2016 therefore decided to gradually phase out the importation of second-hand clothes (*mitumba*) over a time span of three years. However, under pressure from both the local mitumba lobby and external threats from the United States to dismiss participating countries from the African Growth and Opportunity Act (AGOA), which grants them duty-free exports to the US, all EAC member states withdrew from the joint policy – except Rwanda.

Aspiring to become a middle-income country by 2035 and to support infant domestic industrial production, the small, landlocked country initiated the *Made in Rwanda* policy, which encompasses a range of protective and subsidizing policy tools. Among them (a) an awareness campaign to change consumer behavior and clothing buying patterns of Rwandans, (b) supportive infrastructural, financial, fiscal and capacity building measures to boost local T&G manufacturing

and (c) the implementation of the gradual tariff increase on imported second-hand clothes (*chagua*) from USD 0.2/kg to USD 5/kg between July 2016 and December 2018. Through this move the Rwandan government intended to “artificially” render *chagua* expensive and unattractive to Rwandans, thereby stimulating a consumer shift to *Made in Rwanda* alternatives, whose demand in return triggers a growth in domestic T&G production, value creation, industrialization, employment and economic independence.

Though not explicitly labeled as such, this approach represents a classic example of import substitution industrialization (ISI). ISI is a state-led, protective trade and economic policy that seeks to incubate a country's infant industries by shielding them from international competition. By imposing trade barriers consumers are pushed to substitute imported goods with domestically produced alternatives which is supposed to stimulate business growth and industrialization. ISI has a long history, going back to pioneers like List in the 19th century, and it was applied by many of today's "industrialized" countries, such as the United States, Germany, and Japan. In the mid-20th century, structuralist economic thought and development practice "rediscovered" the approach and adopted it across Latin America, Asia, and Africa to foster domestic manufacturing, reduce import dependency, and promote postcolonial national economic sovereignty.

However, the effectiveness of such protective policies has always been the subject of controversy, and most ISI policies were dismissed in the 1980s due to unsatisfactory results and the rise of the neoliberal free trade paradigm. Nevertheless, economic sovereignty and industrialization pathways in an interconnected world shaped by colonial continuities and concentrated power in global production networks remain pivotal issues for "developing" countries like Rwanda in the 21st century.

Research Interest, Gap and Scientific Relevance

Hence, it is of utmost interest to analyze whether such ISI policies in Rwanda were able to achieve the intended effects, in order to situate the unique case study in the heated debate around impacts of protective trade policies, second-hand clothing trade, and global textile and garment production. Historically, research on second-hand clothing has mainly focused on its usage in countries of the Global North (Nørup et al. 2019). Although there is a growing body of academic literature on second-hand clothing in Sub-Saharan Africa, relevant gaps remain in connecting and quantifying the different sides, actors, and nodes of the industry. While some authors try to demonstrate the overall global interconnections, power structures and predominantly negative effects of SHC trade (Hansen 2000, Baden & Barber 2005, Frazer 2008, Brooks & Simon 2012, Brooks 2015), others purposely highlight the economic importance and employment options of SHC. The latter warn

against negative consequences of banning SHC in Sub-Saharan Africa due to the popularity of *mitumba* among consumers, low internal production capacities, and competition from Asia (Prashar 2022, USAID 2017, Calabrese, Melchin & Mendez-Parra 2017, Oxford Economics 2024). Case studies collecting primary data have focused either on garment manufacturers (Mwenda 2018), SHC retailers (e.g. Brooks 2012, Sumo 2022, Panju 2024) or consumers (e.g. Chipambwa et al. 2016, Abubakar et al. 2018, Nørup et al. 2019, Mwasomola & Owjang 2021).

With regard to Rwanda, there is little scientific literature on the T&G industry, but some commissioned reports by national or international institutions and students' theses:

- Second-hand clothes
 - Influence of SHC imports on employment and value generation (Haggbjale 1990)
 - Examination of the policy space and power dynamics in phase-out decision between Kenya, Uganda and Rwanda (Wolff 2021)
 - Contextualization within market recapturing strategy of Rwanda (Behuria 2017, 2019)
- General sector benchmarking and mapping (HEVA 2017, Msingi 2020, Gatsby Africa 2022)
- Assessment of technological capacities and shortcomings of T&G manufacturing (NIRDA 2017, ITC 2020)
- Mapping of actors and working conditions in the industry (ILO 2018)
- Analysis of success of MiR policy (Mbonigaba 2019, Fashion Revolution 2021)
- SWOT analysis of Rwandan garment producers (Dahllöf & Svansbo 2014, Kagayo 2021)
- Study of business practices/learning at Chinese investor *C&H Garments* (Eom 2018)

There is, however, no analysis systematically looking at “both sides” of the clothing market (imported vs. domestically produced clothes), taking into account multiple stakeholder groups and assessing the vivid interplay and outcomes of the SHC restrictions and the *Made in Rwanda* policy. The aim of this thesis is to close this gap, evaluate whether the goals of the policies were achieved and deliver valuable insights into not only the realities and challenges of Rwandan T&G manufacturers, retailers and consumers.

The research question this work intends to answer therefore reads:

“What were the effects of the Made in Rwanda campaign including a tariff increase on imported used clothes on different actors of the country's textile and garment industry?”

The sub-topics and -questions are listed in [chapter 3.1](#).

The present study is, to the knowledge of the researcher, the first in-depth investigation of Rwandan T&G manufacturers of that scope. The thesis does not claim representativeness of the entire T&G sector in the country, but it provides a comprehensive picture of the current state of a wide range corporate industry actors, their capacities, and current struggles.

Structure of the Thesis

The theoretical framework of the thesis is presented in chapter 2: the Global Production Networks study field, broader theories of industrialization, trade, and development, with a focus on Import Substitution Industrialization (ISI) strategies, and behavioral consumer economics. Chapter 2.4 synthesizes these approaches and highlights their relevance for studying the multifaceted dynamics of Rwanda's T&G sector and the influence of the policies.

Chapter 3 elaborates on the study's research design and methodology. It details the research scope and questions, followed by a description of the applied data collection and analysis methods. These include a secondary literature review, empirical field research, and quantitative trade data, jointly analyzed using qualitative content analysis methods. Chapter 3.3 reflects on the ethical considerations and challenges faced during the research process.

Chapter 4 and 5 provide contextual overviews of both sides of the global T&G industry: FHC manufacturing and SHC trade. Chapter 4 presents figures and regional developments of T&G manufacturing, describes the structure of the sector's GPNs, and discusses the broader relevance of the industry for economic development. Chapter 5 similarly offers an overview of the expansion of global SHC trade, analyzes its underlying logics, key actors and steps, and lastly discusses the diverging academic perspectives on the effects of SHC on Global South economies.

Chapter 6 forms the empirical core of the thesis and presents the case study of second-hand clothes versus *Made in Rwanda* garments in Rwanda. Chapter 6.1 provides an overview of the national T&G landscape, while chapter 6.2 introduces the regulatory environment, and the two main policies studied. Chapter 6.3 continues with a detailed impact evaluation of the two policies across multiple dimensions and stakeholders: (1) Rwandan imports and exports of different categories of textiles and garments over time, (2) domestic manufacturing (business formation and ownership structures, production steps and volumes, employment creation, working conditions and skills development, technological capacities, and persisting challenges), (3) SHC retailers and how they were impacted with regards to business continuity, profitability, and employment, and (4) consumers with particular attention to demand, availability, affordability, perception of *Made in Rwanda* clothing versus other imported clothes. Chapter 6.3.5 summarizes the results by outlining positive outcomes, negative unintended effects and unrealized goals/limitations.

Chapter 7 brings together the findings in a broader discussion while reflecting on the unequal distribution of benefits and losses across different stakeholder groups, embedding the empirical insights back into the theoretical framework, and discussing possible future policy actions as well as open questions for continued research.

2 Theoretical Framework

2.1 Global Value Chains (GVC) and Production Networks (GPN)

The production, distribution and consumption of goods and services has never been purely local, but since the surge of colonialism and even more since the second half of the 20th century they increasingly “occur through complex webs of production circuits and networks” that are “highly geographically extensive and functionally integrated across national boundaries” (Dicken 2015:54). Since the 1990s, disciplines such as geography, economic sociology, international trade and development economics, and international business studies have increasingly examined these structures. Given the varying academic focuses, different theoretical perspectives, key questions, and methodological approaches have led to the emergence of distinct chain and network concepts.

The **Global Value Chain (GVC)** approach analyzes inter-firm networks and relationships, governance structures, enterprise decisions regarding production site allocation, and opportunities for upgrading within value chains (Fischer et al. 2021). Yet, GVC analyses also study the outcomes of these relations and decisions: structural trends in the “design” of value chains and the global distribution of economic activities, technology, know-how, value capture, and development opportunities across countries and regions. Research has found that global production is increasingly dominated by multinational enterprises in the Global North that act as “lead firms” and exert power on value creation and capture in GVCs through investment and sourcing decisions (Crescenzi & Harman 2022). The distribution of activities along value chains is typically unequally distributed: low value adding steps like manufacturing is often outsourced to networks of domestic suppliers in the Global South, while pre- and post-manufacturing activities that generate higher rents, such as design, research and development, marketing, or distribution, are performed by the lead firms – a phenomenon referred to as the “smile curve” (ibid., Baldwin & Ito 2021).

Thus, a core element of GVC analyses involves studying upgrading opportunities of firms, countries or regions along this curve. **Economic upgrading** describes the process of moving from low-value-added activities that rely on low-cost production and minimal wages into higher-value activities through skill acquisition, technology transfer innovation, productivity improvements in order to increase the benefits (e.g. security, profits, value-added, capabilities) from participating in global value chains (Gereffi & Bair 2003, Crescenzi & Harman 2022). Humphrey and Schmitz (2002) outline four types of economic upgrading: (1) *Process upgrading* (Increasing efficiency by reorganizing production or introducing new technologies) (2) *Product upgrading* (Moving toward more

sophisticated or higher-quality product lines) (3) *Functional upgrading* (Expanding the range of functions performed or shifting toward higher-value tasks) and (4) *Inter-chain upgrading* (Leveraging capabilities from one chain to enter another, more technologically advanced chain). Additionally, Morris and Staritz (2014) identify *Channel upgrading* (Diversifying markets by targeting new buyers, geographic regions, or product categories) and *Supply chain upgrading* (Establishing or strengthening backward linkages within supply chains).

The “Asian miracle” of countries like China, Hong Kong, Singapore, South Korea, Taiwan, and Japan between the 1950s and 1990s that succeeded in industrially upgrading their economies put hope on the development opportunities arising from integration into global trade and value chains (Gereffi 1999). Nonetheless, scholars like Gereffi and Bair (2003) or Bernhardt and Pollak (2015) also caution that participation in GVCs creates winners and losers, does not always yield positive social outcomes, and may even lead to downgrading.

Thus, next to economic upgrading, a growing body of literature also studies **social upgrading** within GVCs. It refers to improvements in workers' well-being, including wages, employment type, working hours, and social protection and workers' rights (e.g. non-discrimination, freedom of association, and empowerment) (Barrientos, Gereffi & Rossi 2011, Bernhardt & Pollak 2015).

The study of GVCs, upgrading processes and industrialization is also closely linked to the concept of **linkages**: investments and business relations into related industries (Hirschman 1987/2025). Economic literature distinguishes between *vertical* (between firms at different production stages) and *horizontal* (between firms in the same industry) linkages, as well as *forward* linkages (connections to buyers) and *backward* linkages (connections to suppliers) (Morris, Kaplinsky & Kaplan 2012). When a company decides to venture into upstream or downstream industry and take over those activities in-house, this process is called backward or forward **integration**. In the case of the apparel industry, backward linkages or integration possibilities constitute the natural and synthetical fiber or textile production, as well as research and design activities, while forward linkages go into marketing and distribution activities (more see [chapter 4.2](#)). The potential for upgrading and linkage formation depends on several factors, including the type of commodity (e.g. soft commodities vs. heavy industries), ownership structures (local or foreign), physical and social infrastructure (e.g. transportation, utilities, regulatory frameworks), domestic capabilities (e.g. skills, technological capacities), and policy environments (ibid.).

Upgrading processes are always accompanied by **human capital development**. Foreign Direct Investments (FDI) and the inclusion into global value chains is said to go hand in hand with skill acquisition to local suppliers and workers through both intentional upskilling as well as dynamic

“learning-by-doing” processes or demonstration effects (Melitz 2005). Carswell and de Neve (2024: 723–727) find that, particularly in the garment sector, learning commonly takes place informally through observation, repetition, and task-based trial and error rather than through formalized training programs. Yet, Staritz & Frederick (2014:2020) also highlight that these knowledge spillovers are defined by the government type and degree of interaction between lead firm and supplier.

In contrast to the rather micro- and meso-level lens of the GVC framework, the **Global Production Networks (GPN)** concept integrates these perspectives with socio-political, cultural, and institutional factors. Rather than adopting a linear logic of value chains, the GPN approach perceives production as a configuration of dynamic interactions among diverse actors within complex production networks. Therefore, this interdisciplinary approach also accounts for non-corporate actors such as states, international organizations, unions, civil society actors, and consumers (Coe, Dicken & Hess 2008). It intends to holistically capture the relational structures, global embeddedness, power relations and actor agency as well as labor regimes within such networks. Thus, the GPN framework contributes to broader macro-economic discussions around territoriality of production, variegated regional development, the distribution of value capture and structural constraints. (ibid., Dicken 2015, Henderson et al. 2002)

2.2 Industrialization, Trade and Development Theories

2.2.1 Industrialization and Structural Change

Throughout the history of capitalism, industrialization has played a central role in driving economic development. Few nations have achieved high-income status without first establishing a robust manufacturing base (UNECA 2016). This close link is reflected in the synonymous use of the terms “developed” and “industrialized” countries. Traditional development economists, such as Chenery (1975) and Kuznets (1966), refer to development as a stylized unilinear modernization path that all countries must undergo in which they transition from agrarian (primary sector) to industrial (secondary sector) and ultimately to service-based (tertiary sector) societies. While current development paradigms are more holistic, industrialization continues to be recognized as a key pillar of structural transformation and growth. This is evidenced by industrialization’s central place in the Agenda 2030 (Sustainable Development Goal 9: *“Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.”*) and the surge in industrial policy measures around the world in the past years (Mold 2015, Ohnsorge, Raiser & Xie 2024).

Processes and Changes through Industrialization

Industrialization describes a structural re-organization of the economy, shifting from pre-industrial small-scale, low-technology and sometimes self-sufficient modes of agrarian production to an industry-based labor- and technology-intensive economy producing consumer goods and services. This process is typically characterized by a reallocation of factors of production (labor, capital, land, know-how) to manufacturing, the emergence of factory-based large-scale production, intensified use of mechanization and automation, and therefore increasing efficiency and productive output. Thanks to the processing of primary goods into industrial or consumer commodities, a higher level value addition and retention can be achieved, since those goods are more specialized, more easily tradeable and usually benefit from higher income elasticity of demand as well as lower volatility on global markets. The manufacturing sector is said to be the center of learning and innovation of countries, which may diffuse into other sectors and contribute to productivity gains, upgrading, diversification and capacity building of the domestic economy. Industrial production has strong backward and forward linkages into other sectors, thereby stimulating spill-over effects and overall growth. Industrialization usually comes with broad labor market transformations as well: the intensification of the division of labor, the surge of formal employment relations, increasing wages, enhanced labor mobility, and urbanization. A higher degree of industrialization may allow economies to meet the local demand for consumer goods with domestic supply, reduce dependence on imports, advance national and international competitiveness and thereby foster exports and integration into global production networks. (Morris & Fessehaie 2014, UNECA 2016, Bernhardt 2018)

The stylized industrialization pathway often begins with labor-intensive, low-skill light manufacturing (e.g. garments or processed foods) and progresses through stages of technological and skill upgrading toward more complex and capital-intensive sectors such as electronics or automobiles (Altenburg et al. 2020).

Industrial development is lauded as a “major driver of poverty alleviation and shared prosperity” as it “unleashes dynamic and competitive economic performance which generates income and employment, facilitates international trade and increases resource efficiency” (UNIDO 2020: 11). UNIDO also argues that there is a notable positive correlation between levels of industrialization and human development, noticeable in that most countries now classified as high-income and highly developed states have undergone some form of industrial transformation (UNIDO 2020: 18f).

Regional Industrialization Pathways and Patterns

Industrialization may even have an emancipatory impact: some “newly industrializing countries” in Latin America and East Asia were able to significantly expand their world share in the production and export of manufactured goods in the second half of the 20th century, creating competition for the “traditional” industrial centers and challenging the hegemonial world order (Gereffi 1990).

As industrial capabilities expand and productivity increases, wages rise, eventually prompting global investors and multinational corporations to relocate to countries with lower labor costs. This rent-seeking behavior might open a cycle of subsequent industrialization as less industrialized countries might use that opportunity and embark on their own industrialization trajectory – a phenomenon described by Kaname Akamatsu as the “flying geese” paradigm (Kojima 2000). In the case of the textile and garment industry this means that regions like East Africa can enter the lower tiers of global value chains and gradually upgrade their capabilities as the “leading goose” (e.g. East Asia or Europe) moves towards more capital and knowledge-intensive industries (Eom 2018).

Nevertheless, the success of industrialization processes for broader development is shaped by contextual factors such as colonial legacies, global trade regimes, governance structures in such value chains which is why global patterns of industrial development remain highly unequal.

In UNIDO’s Competitive Industrial Performance index (CIP) “industrialized” countries like Germany, China and the United States receive scores between 0.29 and 0.38 in 2022, while most African, Latin American and Asian countries only reach scores between 0 and 0.9. Rwanda ranks 136th with a CIP of zero (UNIDO 22.01.2015). Similar patterns emerge when looking at manufacturing value-added share in national GDPs or global manufacturing export indexes.

Replicating past industrialization paths has become increasingly difficult since the global context in which today’s late industrializers operate is markedly different from that of the 20th century. As Lopes (2015) argues, the traditional models of import substitution or export-driven growth are no longer viable options for African economies, given their structural exclusion from high-value segments of global production. Mold (2015: 577 f.) similarly contends that limited access to global manufacturing networks and low levels of foreign investment in East Africa constrain opportunities for industrial upgrading.

Lastly, for industrialization to serve as a transformative force, it must be inclusive. This implies that growth not only benefits large-scale industrial actors and owners of capital but also includes micro, small, and medium-sized enterprises (MSMEs). Inclusive industrialization must be regionally balanced, gender equitable, and integrative of marginalized communities and developmental aspects like broad-based social protection, education, infrastructure, and the environment.

2.2.2 Infant Industry Argument and Import Substitution Industrialization (ISI)

Since the emergence of development economics, it has been debated whether inward-oriented strategies – as seen in many American economies since the 1930s – or outward-/export-oriented industrialization (EOI) strategies – exemplified by the “Asian tigers” of the 1970s – present the better development approach (Gereffi 1990).

Theoretical Justifications and Objectives of ISI

One major inward-looking approach whose effectiveness has been extensively debated through the past century is the Import Substitution Industrialization model. ISI is a state-led industrial strategy aimed at protecting, developing and industrializing infant domestic industries by replacing manufactured imports with local production. It aims to shield economies from external risks, foreign economic relations, and monopolies while stimulating economic growth, industrialization, and production diversification (Shafaeddin & Pizarro 2007, Vorotnikov, Muravyova & Petrov 2018). The underlying assumption of ISI is that, in a free-trade environment, producers in less industrially advanced economies struggle to enter higher-value-added markets due to their inferior productive capabilities, lack of advanced technology, limited large-scale production, and consequently, higher prices and lower product quality compared to global competitors.

The concept of ISI is historically rooted in the infant industry argument, initially formulated by Alexander Hamilton in 1791 and further developed by Friedrich List in “Das nationale System der politischen Ökonomie” in the mid-19th century. List argued that economies should selectively and temporarily protect emerging industries until they reach competitive maturity (Corden 1997). Even classical economists like John Stuart Mill later acknowledged the validity of this argument. It was later taken up again by dependency development, trade and structural change theories again. Especially Latin American Structuralist schools developed the theoretical basis further, highlighting deepening imbalances in trade and prosperity because of extractivist commodity-based development models in the “periphery”. The Prebisch-Singer hypothesis, for instance, suggests that such economies experience a long-term deterioration in terms of trade due to the declining relative prices of primary commodities compared to manufactured goods (Prebisch 1950). Therefore, ISI may open a way for subaltern countries to break this cycle by producing their own manufactured products. The strategy is, therefore, closely linked to aspirations for self-sufficiency and independence from the world economy, particularly from former colonial powers (Behuria 2017, Baer 1972, Irwin 2020).

Implementation ISI strategies

ISI policies employ various both protective and supportive instruments, including quotas and exchange controls or tariffs on imported goods, preferential import exchange rates for industrial raw materials and intermediate goods, currency devaluations to make imports more expensive and exports more attractive, subsidies and cheap capital for domestic producers, governmental investments in infrastructure and heavy industries to facilitate industrialization.

According to Goldar (1986), Gereffi (1990), Jauch & Traub-Merz (2006), UNECA (2016), and Jackson & Jabbie (2020), ISI is typically implemented and passed through the following stages:

1. Government artificially shortens the supply and increases prices of imported “simple manufactured” goods, incentivizing citizens to opt for locally produced alternatives.
2. Increased demand for domestic substitutes, coupled with government support, leads to greater investments in manufacturing and production outputs.
3. The growing manufacturing sector necessitates high numbers of workers and skills, machinery, raw materials, and intermediate products, therefore triggering demand of linked branches, labor migration and investments in human capital.
4. Total factor productivity and efficiency improve through technological advancements, capital investments, economies of scale, and learning effects – the sector industrializes.
5. The replacement of imports moves “upstream” to higher levels of processing (backward integration) and “sidestream” to additional sectors, typically transitioning from non-durable consumer goods to more sophisticated and capital- or technology-intensive industries (e.g. automobiles, petrochemicals, steel, heavy machinery).
6. Ideally, domestically produced goods become competitive in global markets, fostering a country’s exports, diversifying its export portfolios and reducing trade deficits.

Application of ISI strategies throughout the centuries

Historically, many, if not all, now-industrialized countries employed ISI-like strategies during their early industrialization phases. Mercantilist practices in 16th-century France and Italy, trade restrictions in 18th-century Britain, and widespread import restrictions throughout the 19th century in countries like the USA, Germany, France, Canada, and Australia all reflect this approach. (Baer 1972, Wade 2003, Chang 2012, Brooks 2015, Wolff 2021) UNECA (2016: 39) even goes as far as claiming that “it is not an exaggeration to say that, unbeknownst to most people, the theory of infant industry promotion is the economic theory that has done the most to change the world.”

A new wave of ISI policies emerged in the mid-20th century due to global trade disruptions caused by World War II and independence movements in Latin America, Africa, and Asia. Early development economists of the 1950s and 1960s, such as Raúl Prebisch, Gunnar Myrdal, Arthur Lewis, and Albert Hirschman, advocated for interventionist state and protectionist trade policies. Even the World Bank initially supported ISI strategies (Jauch & Traub-Merz 2006). Countries like Mexico, Argentina, Brazil, India, Indonesia, Tunisia, and Ghana adopted ISI as a principal method for achieving economic growth and socio-economic modernization (Baer 1972, Jackson & Jabbie 2020). During the 1950s-1970s, industrial output, investment, employment, and human capital substantially increased in many economies implementing ISI – at least in the short run (Adewale 2017, Cherif & Hasanov 2024). Nonetheless, many of these countries also increasingly faced problems resulting from, among other things, an overly focus on similar consumer goods and lacking investments in capital goods, inefficient small-scale production and failed modernization (Baer 1972, Irwin 2020). By the 1970s and 1980s, ISI strategies faced increasing criticism in that they failed to create expected job opportunities and wealth redistribution, led to inefficient state micromanagement, distorted markets, prices, and consumption, restricted consumer choices, encouraged inefficient allocation of resources, resulted in uncompetitive domestic firms reliant on protectionist policies, and discouraged investments in innovation, product development and improvement (ibid., Melitz 2005, Lanka & Lalanie 2023, Cherif & Hasanov 2024). With the neoliberal shift in global economic policy, ISI fell out of favor. The "Washington Consensus" promoted free markets and structural adjustment programs in "developing economies". Rapid growth in economies that liberalized trade, such as the "Asian Tigers" reinforced the perception that export-led strategies were superior and the true engines of industrialization (Irwin 2020, Kawakami & Gotō 2021). Consequently, many governments transitioned from ISI to EOI approaches, including in the T&G sectors (Tewari 2008, Dedeoğlu 2010). Yet, it is important that both Latin American as well as Asian all combined both import- and export-oriented measures to both protect their industries and harness the benefits of GVCs which is why Gereffi (1990) calls for a reconsideration of the dichotomous typology between inward- and outward-oriented strategies.

In the 21st century, domestic industrial policies, protective measures, and tariff wars have resurged, particularly in the Global North. Jackson and Jabbie (2020:12) maintain that the high dependence of many African economies on basic commodity imports is the "primary reason for the backward state" primary which is why protectionist ISI strategies are needed for them. Some Global South countries, such as Rwanda, Ghana, Uganda, and South Africa, therefore, now combine targeted protectionism with export orientation (Irwin 2020, Behuria 2019).

2.3 Behavioral Consumer Economics

Import substitution is a multifaceted process that also requires a shift in consumer preferences from imported goods to locally produced alternatives. The study of consumer decision-making and purchasing patterns has been extensively explored within the fields of consumer psychology, marketing, and behavioral economics. These disciplines analyze "how individuals, groups, and organizations select, buy, use, and dispose of goods, services, ideas, or experiences to satisfy their needs and wants" (Kotler, Keller & Chernev 2021: 79).

The Relevance of Price

Traditional neo-classical microeconomic theories model consumption as a rational optimization problem, where consumers with fixed preferences aim to maximize their utility from a bundle of product attributes within budget constraints (e.g. Lancaster 1966).

Disposable income and price are indeed crucial determinants of consumer decision-making. Supriadi et al. (2023: 125) for example find that price constitutes 51% of consumers' buying decision in Indonesia. The importance of price (price sensitivity) varies per product but also among consumer groups, though. Clothing and shoes are traditionally products that people across diverse countries are very price-conscious about (Statista 2023). Lower income households are usually more sensitive to price differentials or increases, while the price component plays a lesser role in higher socio-economic strata (Urbany, Dickson & Kalapurakal 1996, Witschi et al. 2021). Wakefield & Inman (2003) additionally conclude that price sensitivity not only depends on income but also on consumption occasion (functional or hedonistic) and the social context.

Qualitative Factors influencing Buying Patterns

Beyond price and utility, more recent behavioralist research incorporates contextual variables, acknowledging the role of irrational consumer behavior, social influences, emotional factors, and decision-making under uncertainty (Kahneman, Knetsch & Thaler 1991, Damasio 1994, Gigerenzer & Selten 2002, Aliev & Huseynov 2014). Price, for example, is often related to brand positioning and status consumption (Goldsmith, Lynn & Kim 2010), but also triggers impulsive sub-optimal purchase decisions (Eunhee & Sangjoo 2012). One "irrational" factor influencing consumption, for example, are habits: consumers tend to stick to products and brands they are familiar because that reduces searching costs, risk and cognitive effort (Wood & Neal 2009).

Empirical studies have also observed that the country where a product is produced plays an essential role in its appeal to consumers. Athar et al. (2024) find that the country of origin's image has positive or negative influence on the trust in product quality and consequently on buying decisions – also in SHC markets. This effect in combination with the fact that some consumers

exhibit biases favoring domestically manufactured products is exploited in "Made in ..." campaigns (Batten & Johansson 1989, Higgins & Glover 2023).

Gupta (2017: 10) categorizes the factors influencing consumer choices into direct and indirect variables. Direct variables are inherent to the product itself, such as price, availability, brand reputation, size, features, quality, appearance, durability, and exclusivity. Indirect variables, on the other hand, are consumer-specific, encompassing aspects such as personal intentions, economic status, tastes, lifestyle, social standing, gender, and age. A widely referenced classification by Kotler, Keller, and Chernev (2021: 80-90) further refines these factors into four key dimensions:

1. *Cultural factors* – Socialization processes that shape preferences, attitudes, values, and styles, influenced by national, religious, cultural, racial, and socioeconomic group affiliations.
2. *Social factors* – The impact of reference groups, including membership, aspirational, or dissociative groups, as well as family influence.
3. *Personal factors* – Variables such as age, life cycle stage, family status, occupation, economic standing, lifestyle, values, and individual personality or self-concept.
4. *Psychological factors* – Underlying cognitive and emotional drivers, including motivation, perception, emotions, selective attention, memory, and learning.

All those product- and consumer attributes influence the perceived value that a product offers to a buyer. Berezyuk et al. (2023) postulate that the purchasing intention for second-hand clothes is derived from the perceived economic, emotional, social and quality value of a piece of garment. This classification can be transferred to other types of clothes and shows that purchasing decisions are not merely influenced by factual quality or price but by how their value and potential needs' satisfaction are perceived by consumers.

Changes in exogenous or endogenous product attributes, such as fluctuations in relative prices, production costs, consumer perceptions, or rising household incomes, can lead to adjustments in consumption behavior. The extent to which consumers substitute one product for another depends on their specific preference structures within the product-characteristic space and their sensitivity to price variations (Batten & Johansson 1989: 23).

The concept of product substitutability refers to the degree to which goods or services can replace one another in fulfilling the same purpose (Moradi 2021: 221). Substitutability of products is often quantified through the cross-price elasticity of demand, which measures how demand for one product changes in response to price fluctuations of another. A positive cross-price elasticity indicates that two goods are potential substitutes (Marshall 1920, Gu 2014). Actual substitution and replacement rates of one product for another depend not only on their relative prices but also their similarity in other features.

2.4 Synopsis: Applying GVC, GPN, ISI and Behavioral Consumer Economics

GVC and GPN

The thesis will draw on GVC analysis in order to assess both the domestic manufacturing as well as the SHC value chain at the meso level with regards to their processes and production steps, the characteristics of its (economic) actors (size, ownership, employees, formality, etc.), employment creation, their participation in global commodity chains, realized upgrading and linkages, as well as strengths and challenges of the manufacturing sector. This research, however, does not examine the entire value chains or specific governance structures or power relations between different actors within the MiR or SHC networks.

GPN theory helps embedding the Rwandan case and T&G market within the national and international geopolitical, trade, and industrial policy context. Its broader theoretical lens allows for analyzing how the government intervention has shaped both SHC distribution and consumption as well as Rwandan T&G manufacturing.

Industrialization and Import Substitution Theory

Industrialization theories offer the theoretical basis of Rwanda's industrial policy, as they explain how economies foster economic growth as they transition from small-scale "primitive" production to high-output, technology heavy and high value addition industries. They offer macroeconomic perspectives to situate Rwanda's development within trade dynamics and sectoral transformation, including labor migration or technological upgrading. ISI is the blueprint of Rwanda's domestic market recapturing strategy, that includes the *Made in Rwanda* initiatives and the SHC import tariffs. The theoretical outcomes and practical experiences of other economies having applied ISI form the comparative basis of this research to evaluate and contextualize the effectiveness of the ISI strategy in the Rwandan case.

Behavioral Consumer Economics

The consumer behavior models help examine import substitution and the success of the mind-set change component of the MiR policy at the micro level. They offer explanations on whether, how and why consumers shifted in between the different clothing categories and what factors (e.g. price, perceived quality, national identity) drove these decisions and production substitutions. This is essential for assessing the consumption step in the Rwandan market where all commodity chains (SHC, MiR and imported FHC) intersect.

Beyond individual consumer behavior, Batten and Johansson (1989: 24) highlight that product substitution can also drive spatial substitution of production, influencing the relocation of

manufacturing hubs, regional specialization, and transformations in trade patterns. This underscores the interconnectedness between micro-level consumer behavior and macroeconomic and meso-level industrial dynamics, illustrating how firms' decisions regarding product mix, trade, and location are shaped by the same principles governing consumer preferences.

Synopsis

Together those three theoretical frameworks provide a holistic understanding of how Rwanda's T&G sector is simultaneously shaped by globally embedded value chains, state intervention, and consumer adaptation. Industrialization and GPN theory contextualize the policies on the macro level of government intervention, industry transformation and global dynamics, the GVC approach offers a tool to analyze market actors and their relations at a meso and micro level, while behavioral consumer economics adds the micro perspective on consumers. Jointly, they deliver a suited approach to look at "both sides" of T&G market (domestic manufacturing *and* second-hand clothes) and evaluate the effects of the policies in a multiscale fashion.

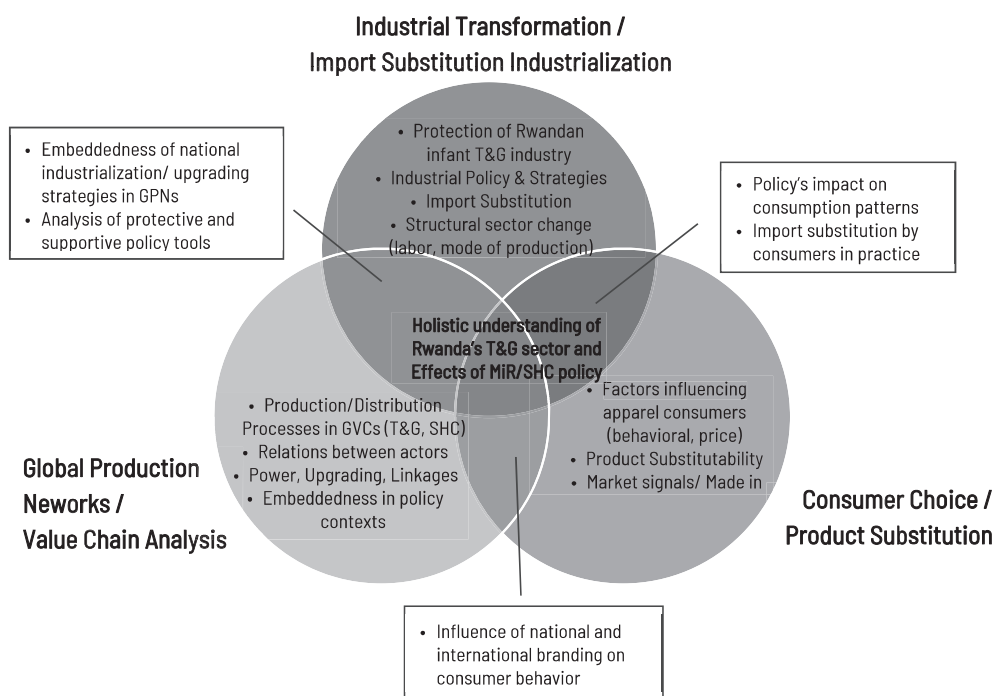


Figure 1: Visualization of Intersections between Theoretical Approaches Applied in the Thesis (Source: own visualization)

3 Research Design and Methodology

3.1 Research Design

Research Questions

In order to answer the overarching research question, which effects the MiR and SHC policies have had on different actors of the T&G sector, the following subsets of questions per topic and stakeholder group were formulated. They were guided by the intended impact areas defined in the MiR policy as well as typical developments found in literature:

- Trade with T&G products: How did Rwanda's imports and exports of different types of textiles and garments develop since 2016/17? Was the curbing of SHC imports, the push of MiR exports and the reduction of Rwanda's trade deficit successful?
- Domestic T&G Manufacturing:
 - o Company Landscape and Business Formation: (How) did the policies stimulate local and foreign investments and entrepreneurial activity in the sector? How does the industry's landscape look like (number, size, ownership, formalization and location of companies)?
 - o Production: Which value chain steps are performed in Rwanda by whom? Which, how many and for whom are T&G products manufactured? Did structural economic transformation, upgrading processes and backward or forward integration occur?
 - o Employment: How many jobs were created in the sector, for whom (gender, nationality and education) and what are their working conditions (wages, etc.)? Did upskilling and knowledge-transfer happen?
- SHC Sector: What are characteristics of Rwandan SHC retailers? Which effects has the policy had on prices and consumption of imported second-hand clothes? How did that alter the sales, incomes and employment of SHC vendors?
- Consumption: (How) did the influence consumer perceptions of *Made in Rwanda* garments vis-à-vis other types of clothes? How did consumption patterns of SHC and FHC change and have the policies led to a substitution from SHC imports to locally manufactured alternatives or why (not)? How were different consumer segments and socio-economic strata affected by the SHC import restrictions?
- Summary & Analysis: Was the ISI strategy successful, i.e. were the intended effects achieved? Which positive and negative effects did the policies have and how were they distributed between different industry stakeholders? What are persisting challenges and hindering factors that affect the Rwandan T&G industry and the effectiveness of the policies? Which industrial strategy and development path should Rwanda pursue?

Definitions and Scope of Research

For the sake of demarcating the limits of the research, the research objects and subjects were defined and operationalized as follows. Many actors, products or topics could not be included as they are too numerous to capture appropriately and that would have surpassed the possible scope of the thesis.

	Included	Excluded
Actors	• Designer-led micro-, small and medium-sized garment enterprises • Large textile and garment manufacturers	• Independent own-account tailors • Cooperatives • Designers/creatives without commercial production • Predominantly social projects
	• CEOs/Founders • Statements about workers by employers	• Individual Workers/Tailors • Middle Management, clerical jobs, etc.
	• ADECOR (+ statements by other actors)	• Individual Consumers
	• SHC retailers	• SHC importers and wholesalers • Ancillary activities
Products	• Garments: clothes of any kind for final consumers	• Leather products • Accessories
	• Textiles: woven and knitted fabrics of any kind of yarn	• Raw and input materials (fibers, yarn, trims, etc.)
Topics/ Questions	• Mapping of T&G manufacturing industry and its development since 2016/17 • Realized consumption/ import substitution effects • Negative effects on SHC retailers & consumers	• Relations between different actors of SHC or T&G value chain • Environmental aspects • Governance of the policies and other state-related topics (e.g. tax earnings, GDP contribution)

3.2 Methodology

3.2.1 Data Collection

3.2.1.1 Literature Review and Document Analysis

The first pillar of this study is made up of an analysis of existing literature on the Rwandan T&G market and the expected effects of the SHC phase-out on East Africa (ILO 2018, HEVA 2017, USAID 2017, Calabrese, Balchin & Mendez-Parra 2017, Wolff 2021). Additionally, Rwandan government reports and policy papers (e.g. MINICOM 2017a, NIRDA 2017, T&G Sector Strategy 2022) were studied to capture the ex-ante and ex-post status of the T&G industry, the government's political rationale and intended effects of the policies as well as their evaluation of the real impact. This information was enriched by national and international media reports on the issue to capture different stakeholder opinions (especially consumers and SHC retailers) on the phase-out decision.

3.2.1.2 Empirical Research: Semi-structured Interviews

The empirical foundation of this research consists of a total of 48 semi-structured interviews, conducted during fieldwork in Rwanda between 2nd April and 29th May 2023¹.

Based on a review of secondary sources of the Rwandan T&G industry including sector reports, scientific papers and the policies in question the most relevant stakeholder groups to answer the research question were identified and selected: (1) Textile and garment manufacturers, (2) Second-hand clothing retailers, (3) Consumers, and (4) Institutions and Industry experts/ecosystem actors. While local T&G manufacturers represent the beneficiaries of the MiR and SHC policy, retailers of SHC clothes and Rwandan consumers were identified as important actors simultaneously affected by the governments actions. Lastly institutional actors and industry experts were interviewed to provide insight into the regulatory and support ecosystem surrounding the sector. The aim of the wide range of interview partners was to incorporate a wide range of perspectives on the industry and the research questions. A detailed list with all interviews can be found in the [annex](#).

Table 1: Stakeholder groups interviewed during field research

STAKEHOLDER GROUP	INTERVIEW PARTNERS	SOURCE & APPROACH	N°	FOCUS OF DATA COLLECTION
Local textile and garment manufacturing enterprises	Founder, managers or other representatives of Rwandan micro to large manufacturers	Online search engines, social media, press, listings and reports as well as personal recommendations Approached via email, telephone, whatsapp or social media	30	Business metrics (history, ownership structures, employees, production, target customers, sales volumes), recurring challenges, effects of the policy on their own business, perception of the effectiveness policy and the industry, business and industry outlook
Second-hand clothing retailers	Vendors of imported second-hand clothes at local markets, shops or on the street	Through acquaintances, "cold calling" at markets/shopping malls	10	Effects of the policy on their business and the SHC sector, personal perception of the policy, outlook on individual job future and industry
Consumers	Consumer rights association <i>ADECOR</i>	Email contact and personal visit at office	1	Perception of policy and its effects on Rwandan consumers
Experts & Institutional actors	Government officials (<i>N/RDA, MINICOM, RDB</i>), Industry ecosystem and experts (<i>Circular Economy Hub, IPRC, Rwanda Fashion Designers Association, Kuza Hub</i>)	Through literature review and online research, Approached via email, phone and personal referral	8	Rationale and actual outcomes of the policy, own evaluation of success of policy Perception of the T&G industry, its challenges, needed strategies and outlook

¹ All interviews were held in person in Rwanda, with the exception of one interview conducted via video call due to the travel schedule of the respondent.

Among the **domestic T&G manufacturers**, the 2017 NIRDA industry report was taken as a baseline company database. Supplementary new interview partners were identified through open online research, social media, news articles, reports by other institutions (e.g. ILO, HEVA, MINICOM, EAC Gazette), the *Visit Rwanda* and *Made in Rwanda* websites² and employing a snowball sampling technique in which industry actors were asked to provide additional contacts to other potential interview partners. This open method allowed for a constant widening of the research scope, increasing saturation of the sample and offering valuable contact information which are particularly important within informal or less publicly visible networks. Several interview partners were consciously excluded due to their small size, lacking business model, inactivity or product choice³. Various businesses were not responsive to interview requests⁴, five companies were approached but ultimately unable or unwilling to participate⁵, and three contacted companies turned out to no longer be operational⁶. At the end, a total of thirty T&G producers ranging from micro to large enterprises were identified, contacted and interviewed.

Most interviewees in this group are the founders and general managers within their companies or held other positions in middle management⁷. Interviews with manufacturers ranged between 1-2 hours and were usually conducted in the interviewees' office or workshop or a neutral location. Discussions were generally done in English, except for two interviews carried out in French.

Interviews with **second-hand clothing retailers** were carried out at Kimironko and Kimisagara market in Kigali, at SHC shops in CHIC and MIC mall in Kigali as well as on the street and an informal market in Gisenyi. The resulting ten interviews were partly arranged by local contacts of the researcher, partly through spontaneous "cold calling" on site. The retailers turned out to be much more reluctant and timid than other interview partners (more see [3.3.1](#)), which is why their interviews were done anonymously without recording and using local networks of contacts as gate openers to increase trust and access. Given the low levels of knowledge of English these discussions were carried out with the assistance of a personal translator, who provided simultaneous interpretation to and from Kinyarwanda.

Interview partners were not remunerated monetarily for their participation, but if possible, their business was supported through purchases after the interview.

² <https://visitrwanda.com/interests/made-in-rwanda/> and <https://visitrwanda.com/interests/made-in-rwanda/>

³ Focus on art&design: *Shema Gaetan, Maison Munezero, The Mysteries*; Focus on accessories, handicrafts or leather: *Inzuki Designs, Glo Creations, Gahaya Links*, Too small: *Kipepeo Kids, Zöi, Irebe Afro Designs, Knox&Kavanna, Lii Collection, Rexson, Nellystore*

⁴ *African Sewing Club, Excellent Design, Inco icyusa, O'Poma, Amizero, Albert Supply Ltd, TAI Rwanda, SORECO, and AZ MEDIA PLUS*

⁵ *House of Tayo, Rupari Design, Boldy Bonza, Sonia Mugabo, and T-Kay Garments*

⁶ *Made in Kigali, Kigali Garment Center Ltd, and HEMA Garments*

⁷ E.g. CEO's assistant manager, head of external relations, country manager, board member, head of HR and the production manager

The **consumers' perspective** was captured by interviewing the *Consumer's Rights Protection Organization ADECOR* that represents the rights of Rwandan consumers. Additionally, information on consumer preferences and changes in consumption decisions was indirectly extracted from statements of T&G businesses. Compiling a survey representative of Rwandan consumers and their response to the MiR and SHC policy would have pushed the limits of this research.

In order to complement the views of the involved industry actors and get a better understanding of existing challenges but also support structures, opinions and expertise of actors of the surrounding **institutional and sector environment** were also included.

Semi-structured interviews were chosen as a suited methodological instrument given the exploratory qualitative, yet partly quantitative and comparing nature of this study. To ensure comparability and thematic consistency across interviews, core interview guides were developed in advance. These guides included a predefined set of key questions used in all interviews, while still leaving space for dynamic exchanges tailored to the individual respondent's experience and knowledge. Questions included, on the one hand, questions on rather objective aspects like numeric business data and, on the other hand, open-ended enquiries on subjective evaluations of qualitative aspects (e.g. impact and success or failure of the policies). Especially the latter created space for depth of the data material as respondents were able to elaborate on their individual experiences and opinions. This was crucial for capturing insights and nuances that might not have emerged through more structured or survey-based formats. The in-person and semi-structured fashion of the interviews allowed an adaptation of the interview to the heterogeneous interview partners, reordering of questions to facilitate a natural flow of conversation or adding individual or clarifying questions depending on the interview's progression. This format also helped to mitigate the effects of interviewee biases or respondent discomfort and supported trust-building between interviewer and respondent, which constitutes an important aspect in such intercultural and politically sensitive research contexts. Lastly, the structured but open methodology enabled the researcher to follow up on unexpected insights, identify patterns across stakeholder groups, and adjust focus areas as the fieldwork progressed. This iterative and inductive process was particularly valuable in a context with limited prior research.

Most interviews were audio-recorded when the setting permitted and consent was given by the participant, allowing later in-depth analysis of the data material. In situations where recording was not feasible or appropriate, detailed written notes were taken by the researcher during the interview.

3.2.1.3 Macroeconomic Trade Data

The data acquired from secondary sources and own empirical research was triangulated with trade statistics from the UN Comtrade Database and compared to numbers available from Rwandan governmental sources (MINICOM, RRA). The analyzed data refers to the 4-digit product categories defined in the UN Harmonized System (HS). For worn second-hand clothes the existing HS code 6309 for worn articles is used like in other literature (e.g. Lampel 2020), new first-hand clothes include any knitted or not knitted articles of apparel and clothing accessories (HS 61 and 62) and textiles have been defined as a composite index of fabrics of diverse natural and man-made fibers.

HS Codes and Product Descriptions	
Worn/Second-Hand Clothes	6309 Worn clothing and other worn articles
New/First-Hand Clothes	61 Articles of apparel and clothing accessories, knitted or crocheted
	62 Articles of apparel and clothing accessories, not knitted or crocheted
New Textiles/Fabrics	5007 Woven fabrics of silk
	5112 & 5113 Woven fabrics of animal hair (combed wool, fine and coarse animal hair)
	5208 – 5212 Woven fabrics of cotton
	5309 – 5311 Woven fabrics of vegetable fibers (flax, jute, bast, paper yarn, other)
	5407 & 5408 Woven fabrics of synthetic and artificial filament yarn
	5512 – 5516 Woven fabrics of synthetic and artificial staple fibers
	58 Special woven fabrics, tufted textile fabrics, lace, tapestries, trims, embroidery
	60 Knitted or crocheted fabrics

Indicated values represent direct trade data on imports and exports, as reported by Rwanda, referring to the Cost, Insurance and Freight (CIF) value of the traded T&G goods in US Dollars. The examined timeframe lies between 2015 (before the policies) and 2022 (now), as 2022 constitutes the latest available data set.

3.2.2 Data analysis

After the collection of data, the recorded interviews were transcribed and manual notes were digitized. The thereby gathered material was then analyzed using the qualitative content analysis method of Mayring (2022). It was organized and coded following the policy's intended effects, involved stakeholders, thematic sections and research questions. Hereby deductive categories and codes originating from the prior literature review (e.g. categorization of companies according to size, type of production, target clientele, etc., mindset change, employment creation, consumption substitution, upgrading or linkages) were searched for, while other codes were created inductively when themes appeared recurrently (e.g. educational and national background of the manager, threat of Asian clothes, attractiveness of SHC, different generations of designers) which offered a structured but also flexible analysis approach. The analysis was thereafter step-by-step condensed into larger categories and contextualized with secondary data.

3.3 Challenges and Limitations

3.3.1 Empirical Research

Sample and Selection Biases

A primary limitation lies in the sampling and scope of the study. Firstly, individual tailors and small or informal businesses, though significant in Rwanda's garment sector, were excluded from the sample. Consumer perspectives were not gathered through representative surveys but instead inferred through interviews with producers and information from ADECOR. The sample size of SHC retailers is by far too small to capture the realities of the multitude of actors in the Rwandan *chagua* industry. Workers could not be interviewed at all, although important targets of the policies as well. Additionally, the selected interview partners were almost entirely located in Kigali. As the capital and main business hub of the country, Kigali naturally hosts a concentration of T&G actors, this urban bias limits the generalizability of the findings to rural and semi-urban regions, though. Most SHC vendors were approached via personal networks which might additionally affect their characteristics and homogeneity. Moreover, the sample included only active enterprises, potentially omitting the perspectives of businesses (both SHC and MiR) that have closed or failed – which might deter the impact evaluation of the policies towards an overly positive assessment. Identifying existing companies was not always easy – some manufacturers seemed out-of-businesses although actually operating or were only found late through recommendations or in-depth research (e.g. through non-related government reports). The selection might therefore be skewed toward publicly known or digitally visible companies and still not cover blind spots. Accessing respondents also presented challenges. Because the field study was conducted in April and May, the dates overlapped with multiple holidays like Easter and the Rwandan Genocide Remembrance Month which limited working days and availability of interviewees. Some companies had outdated contact information or did not respond to messages, some interviews had to be rescheduled multiple times.

Interview Barriers

Even when interviews were successful, not all respondents were able or willing to provide information on every research aspect – either due to limited knowledge, hesitation, or a lack of time during the interview itself. Thus, there remain some data gaps in the gathered material. The quality and depth of interview data was sometimes affected by language barriers. While English is one of Rwanda's official languages, it was only adopted as such in 2008, which is why many older respondents, or those with limited formal education, lacked fluency in English. In some cases, this

limited the expressiveness of the interviewees, possibly leading to misunderstandings or missing nuances in responses. Where possible, interviews were conducted partly or entirely in French or translated from Kinyarwanda to lower the language barrier. However, this also potentially affected the richness of the data negatively due to aspects and information getting lost in translation.

Accessing SHC retailers proved to be particularly difficult, as many encountered requests for participation in the research with suspicion, hesitation and reservedness. This became noticeable in short answers and incomprehension of the meaningfulness or individual value-added of the study for them. One *chagua* vendor explicitly asked whether the researcher was a “spy”, which mirrors the general authoritarian environment in Rwanda which is shaped by surveillance and mistrust. In combination with cultural norms of politeness and deference this political context may have led to self-censorship or withheld criticism regarding the evaluation of the policies. Therefore, the sampling technique (majoritarily) through personal contacts and the presence of a trustworthy local person as a gate opener, was needed to priorly explain the purpose of the study for SHC retailers to open up. Additionally, the researcher intended to explicate her independence, the respondents’ anonymity (when desired), and to create a relaxed and respectful atmosphere.

Social and political desirability of answers may have also influenced the responses of institutional interviewees (e.g. with regards to successes of policy) and companies (e.g. about working conditions or production volumes).

A final but significant dimension of limitation is the researcher’s own positionality. As a white European academic engaging with Rwandan business owners, workers, and informal vendors, the interviews were shaped by actual and perceived power and privilege asymmetries. Despite conscious efforts to establish rapport, communicate respectfully and “at eye level”, and involve local collaborators in the process, such imbalances cannot be entirely removed. They may have contributed to guarded answers, particularly from more vulnerable or informal actors. In addition to that, the selection and interpretation of material is shaped by the researcher’s conscious and subconscious presuppositions about the research objects and subjects.

3.3.2 Quantitative Trade Data

The study also encountered challenges in working with quantitative data, especially concerning SHC trade flows and local production figures. Available statistics were often inconsistent across sources (UN Comtrade, MINICOM, ITC Trademap, Statista).

In the case of SHC, many goods are traded through informal and opaque channels, making it likely that not all transactions are captured in national registries (Brooks 2015). Brooks and Simon (2012: 1275) estimate that only 0.6% of SHC goods are traded and documented formally.

But even in formal trade with T&G goods, volumes differ largely across sources and applied method: reported imports and exports between Rwanda and the rest of the world were not congruent, which indicates that they are under- or over-reported by national revenue authorities. USAID's analysis for example shows a 10-fold difference in records of Chinese clothing exports and EAC clothing imports statistics in 2015 (USAID 2017:10).

Moreover, scopes and definitions of which goods were included in the analyses (e.g. intermediate textile products, fabrics or used textiles, footwear or leather products) were not always stated or not congruent. This complicates efforts to triangulate interview findings with official figures.

Informality and lacking targeted collection of data concerning the Rwandan T&G additionally aggravate the scarcity of quantitative data on domestic actors, production volumes and the like.

Last but not least, reports and analyses by government sources (e.g. MINICOM or USAID) as well as specific industry actors (e.g. Kenyan Mitumba Association) should be met with caution due to possible political intentions behind their postulated findings or successes.

4 The Textile and Garment Industry

4.1 Historical and Regional Developments in the T&G Industry

The textile and garment industry stands as “one of the oldest, largest, and most global industries in the world” (Keane und te Velde 2008: 7). It has kickstarted industrialization processes in many economies, provides jobs to millions of people and accounts for large shares of global manufacturing and trade. Due to rising demand for fashion global clothing production has doubled in the past 20 years alone (Filho et al. 2022: 2). According to UNCTAD (2024), the T&G industry was valued at USD 1.6 trillion in 2023 and is projected to grow even further to USD 3.3 trillion in 2030. In 2022, clothes worth USD 576 billion and textiles valued at USD 339 billion were traded, jointly accounting for about 6% of all traded goods (WTO 2023a: 14).

Employment

Since textile and garment production are labor-intensive processes the industry has been and continues to be an important employer – not only, but even more pronounced in “developing economies”. The textile and garment sectors combined are estimated to employ around 91 million workers globally (ILO 2022: 5). The industry’s workforce is typically predominantly female: 50 million of the latter are women (ibid.). In garment manufacturing even up to 80% of all workers are said to be female (ILO 2019: 19). In Bangladesh even 90% of garment workers are young women (Keane & te Velde 2008: 29). Therefore, the sectors offer chances for women, youth, but also generally workers with low levels of education to enter employment and earn an income. At the same time women are often restrained to low-skill tasks and remain underrepresented in better remunerated decision-making clerical, administrative, and managerial positions (UNCTAD 2004, Keane & te Velde 2008, Frederick 2016). Investments in their training and career pathways within the industry are often limited, which leads to large gaps in upward mobility, skills and wages between the genders. Moreover, the industry is also known for its deficits in decent working conditions. Unions, human rights organizations and researchers have documented various violations of labor rights and poor working conditions including low wages, excessive working hours, poor occupational health and safety measures, insufficient social benefits, limited rights for workers to organize, and gender discrimination (Barrientos, Gereffi & Rossi 201, Anner 2018, ILO 2022, Islam & Dey 2023).

Trade and geographical distribution of T&G production

The T&G industry has undergone significant transformations over the past several decades, evolving from a historically localized regional production landscape to one of the most globalized industries worldwide. Since the 1970s, trade in garments and textiles has outpaced that of other manufactured goods (Jauch und Traub-Merz 2006) and the T&G industry has become a symbol of globalized production and consumption. This shift began accelerating with the neoliberal turn, driven by the liberalization of trade and the emergence of global production opportunities. Over the past fifty years, the industry has consistently relocated across the globe in pursuit of low-cost labor, productivity differentials and preferential trade access (Altenburg et al. 2020, IADB 2022). T&G production gradually moved from the former hubs of industrialized textile manufacturing in Europe or North America to developing countries, particularly in East, South and Southeast Asia. With its highly interconnected regional value chains Asia represents the most important producing and exporting region, generating 70.6% of total world T&G exports in 2022 (WTO 2023a: 3). Particularly, China has solidified its dominant position in the industry, increasing its share of global textile exports from 10.3% to 43.6% since 2000 and controlling 31.7% of global garment exports (ibid.: 79 f.). Other significant players in the market include the European Union (USD 227 billion, although mainly through internal trade), Vietnam (USD 47 billion), Bangladesh (USD 45 billion), India (USD 37 billion), and Türkiye (USD 35 billion)⁸ (ibid.).

While these players continue to dominate the market, wage inflation and lack of sustainability standards have triggered trends like *nearshoring* and *reshoring* among lead firms. Seeking to optimize their cost-risk-ratio, clothing companies are exploring new suppliers in regions with even cheaper labor costs, including Africa (TBI 2017, Altenburg et al. 2020).

While the production side of the T&G network is typically located in the Global South, consumption of finished garments remains concentrated in the Global North: Europe accounts for 41.2% of global clothing imports, and the USA and Canada for 21.5% (WTO 2023b: 80). This makes the T&G sector an example of typical post-colonial asymmetric production networks.

Textile and Garment Production in East Africa

Textile and garment production in localized, artisanal manner has existed in East Africa since Ancient times (Clarence-Smith 2014). The proto-industrial history of T&G production in the region started in post-colonial times when the newly independent countries invested in larger scale

⁸ Figures refer to combined textile and garment exports, while some countries are stronger in textile production (e.g. China, India), others focus more on garment manufacturing (Bangladesh, EU).

clothing manufacturing and for this purpose used import substitution as a central element of their industrial strategies. Between the 1960s and 1980s, domestic firms in the T&G sector experienced noticeable growth, producing fabrics and apparel both for the local and export market, employing thousands of people (Jauch & Traub-Merz 2006, Katende-Magezi 2017, Taifa & Lushaju 2020, Mwasomola & Ojwang 2021). However, the neoliberal turn of the 1980s marked donor-driven industrial strategies, macroeconomic reforms, privatization and trade liberalization led to a rapid decline and de-industrialization of the sector in East Africa (Wade 2003, Brooks 2015, Wetengere 2018, Wolff 2021). The abolition of protective trade measures and international agreements like the Multi-Fibre Arrangement (MFA) presented the infant T&G industries with new international competition from imported used and cheap first-hand clothes from Asia. This negatively impacted the East African T&G manufacturing landscape on the long run (Giovannetti & Sanfilippo 2009). Wangwe et al. (2014:12) report that 22 out of 24 T&G factories in Tanzania and 85% of Kenya's textile plants had to close since the 1990s (Mwasomola & Ojwang 2021: 2).

Presently, Africa's visibility in international T&G statistics is minimal, with the region comprising a mere 4.6% of added value in T&G trade (WTO 2023: 5). However, recent trends indicate a potential reshoring of production from Asia to Africa due to Africa's vast pools of low-skilled cheap labor and preferential trade agreements such as AGOA and EBA (Staritz & Frederick 2014, Altenburg et al. 2020). Within the last decade, countries like Ethiopia and Kenya, but also Tanzania, Uganda or Mauritius with beneficial logistic conditions and infrastructure (access to ports, cheap land and energy, availability raw materials) as well as an abundant young working-age population have invested heavily in export processing zones and attracting investors to become sourcing locations within global T&G production networks (Berg et al. 2015). These efforts are showing certain effects of a resurgence of the region's T&G industry: Kenya, for instance, has lately become the fourth-largest apparel exporter in Africa (Tyce 2019: 556).

4.2 The Textile and Garment Value Chain

As described earlier, textile and garment production are both organizationally and geographically highly fragmented and conducted through complex global inter- and intra-firm networks. The steps and actors involved in the design, production and distribution of garments from the original fiber to the final piece of clothing are the following:

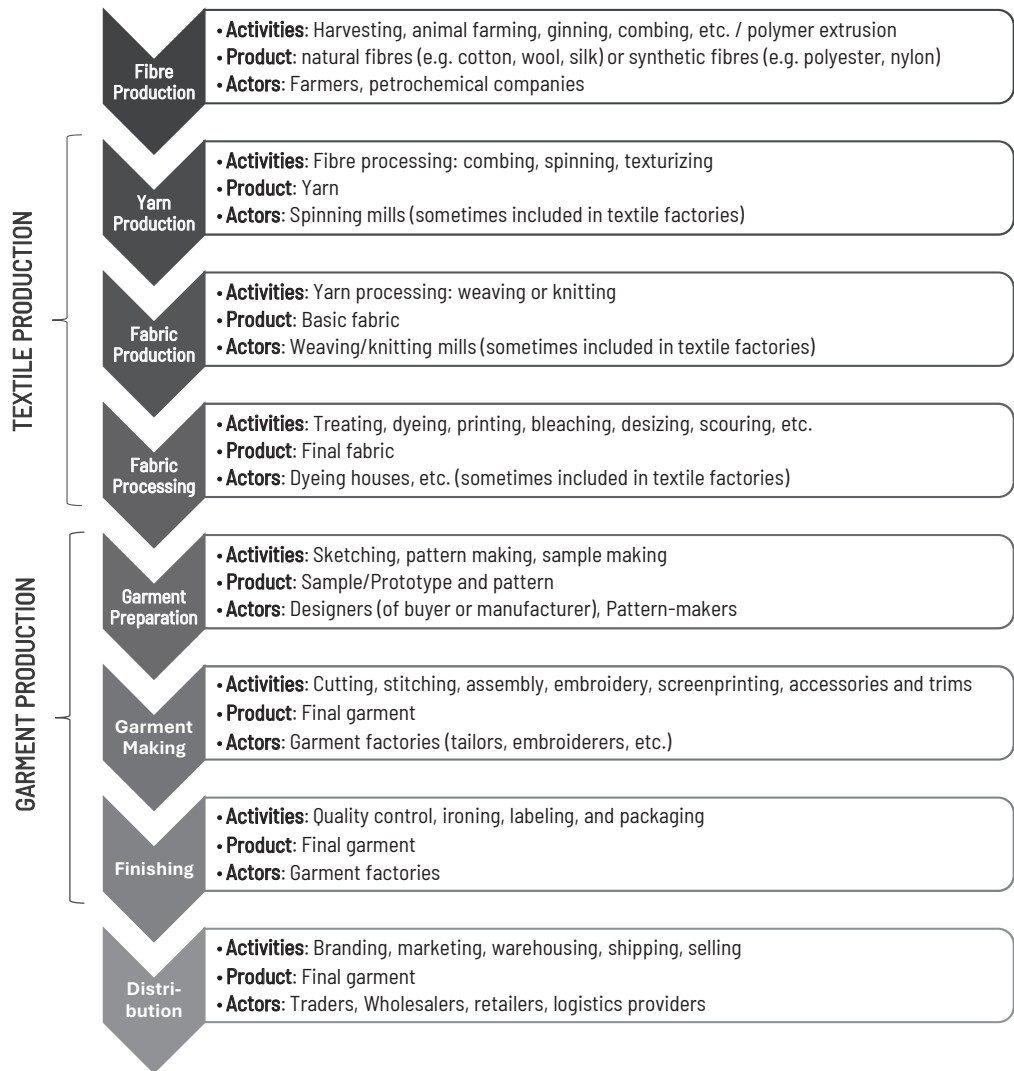


Figure 2: Simplified Textile and Garment Value Chain (Own illustration, adapted from Bishop & Smith 2004, Keane & te Velde 2008, Fernandez-Stark, Frederick & Gereffi 2011)

There are different models of how this production and distribution process is organized and managed. Yet, textiles and garments represent a classic example of a buyer-driven production network coordinated by lead firms in the Global North that control the value chain through their concentrated market power. While the buyers take over high value-added activities (design, branding, marketing and distribution), they outsource the low value-adding manufacturing activities to a global network of suppliers. (Staritz and Frederick 2014) Although buyers are not directly engaged in the production process, through their sourcing strategies and requirements the lead firms exert substantial control over the manufacturers, their activities and upgrading

possibilities (Altenburg et al. 2020). Within the past years, different models of cooperation between clothing suppliers and buyers have emerged (Fernandez-Stark, Frederick and Gereffi 2011):

- **Cut, Make, Trim (CMT):** The garment manufacturer processes the fabric procured by the client according to their wishes into a garment, but is not involved in other processes.
- **Original Equipment Manufacturing (OEM):** The garment manufacturer additionally takes care of the sourcing of all input materials (fabric, trims, etc.), finishing as well as logistics.
- **Original Design Manufacturing (ODM):** The garment manufacturer takes over the design and product development steps in consultation with the client.
- **Original Brand Manufacturing (OBM):** The garment manufacturer develops its own or a client's brand and might take care of its sales as well.

As described earlier, the labor intensive but repetitive tangible assembly functions (CMT) are ascribed the lowest value-addition and are typically taken over by supplying garment manufacturers in “developing economies”. Meanwhile, up- and downstream intangible activities like research, design, branding or marketing which are less labor- but more knowledge-intensive functions are associated with higher value addition and usually located within the apparel brands in the Global North. This phenomenon is often referred to as the “smile curve” (see figure 3). The goal of many producers and countries is therefore the upgrade along the u-curve into higher positioned functions.

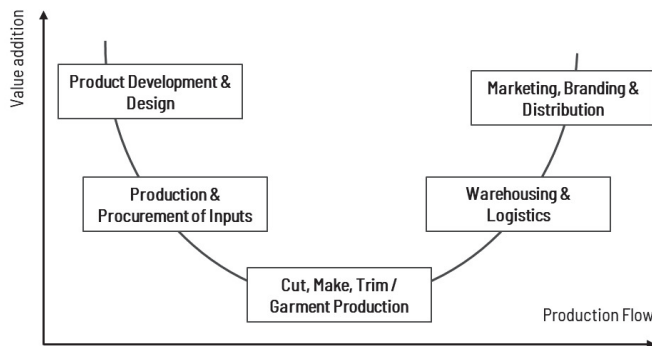


Figure 3: Production steps and value addition within garment production (Adapted from: Kawakami & Gotō 2021: 77)

Therefore, the industry has experienced an increasing shift in business models and responsibilities over the past few decades: Bangladesh, Indonesia, Mexico, and Vietnam have more T&G firms offering full-package OEM services, while China, India, and Turkey have begun taking over design activities and developing their own brands for domestic markets (Staritz & Frederick 2014: 215).

In return, the requirements for first-tier suppliers to be able to handle input sourcing, inventory management, financing, logistics and product development have increased significantly, thereby

imposing entry barriers for new low-capacity entrants willing to join global T&G value chains (Altenburg et al. 2020). Consequently, a major question is whether Sub-Saharan Africa will be able to integrate and upgrade in these GPNs or whether the inherently unequal and post-colonial structures of the T&G industry will restrict them to basic CMT functions and recipients of clothes.

4.3 The Importance of the T&G Industry for Development

Throughout history, the T&G sector has played a crucial role as a "kick-starter" or first step on the ladder to industrial transformation of numerous low-income countries (Fukunishi & Yamagata 2013). As a light manufacturing industry, the textile and garment sector is often among the first ones to experience accelerated development and value addition, serving as a steppingstone towards broader industrialization (Wolff 2021, Keane & te Velde 2008, Jauch & Traub-Merz 2006). Several factors make the T&G industry an "easy starter sector" (Keane & te Velde 2008: 7) and suited in fostering industrial development (Brenton & Hoppe 2007, Staritz & Frederick 2014, KIPPRA 2020): (1) *Low Capital Requirements*: The sector requires relatively low initial investments and operates with simple technology, making it easily accessible, (2) *Labor-Intensive Nature*: T&G manufacturing absorbs large numbers of unskilled and semi-skilled workers, making it a critical source of employment, (3) *Catalyst for Investment*: T&G production stimulates investments in related sectors, such as logistics, retail, and textile machinery, (4) *Upgrading Opportunities*: The industry offers future upgrading possibilities into fields like advanced manufacturing, design or branding. Even the success and industrialization of many economies now considered "developed", like the UK, the US or Germany, based largely on their upscaled and mechanized T&G industry during the late 18th and 19th century. Also many Asian economies in the second half of the 20th century took the "textile road of development" and relied on T&G for their economic takeoff (Jayan & Johny 2018). However, "at no point in time (in the pre-WTO world) did any country ever try to develop its T&C sector without applying some protection for its infant industries before opening up to competition" (Jauch & Traub-Merz 2006: 9). Governments commonly implemented protective measures like customs duties or import bans to shield their growing textile and garment sector and to equalize productivity differentials before engaging in open market competition, so the authors. Such ISI-like policies were, for example, employed by today leading textile and garment producers like Turkey (Dedeoğlu 2010) or India (Tewari 2008).

Despite different global configurations and development possibilities for "latecomers" in the T&G industry today, the sector as well as its surrounding trade and industrial policies remain vital for the development prospects of many developing and African countries (Jauch & Traub-Merz 2006).

5 Global Second-Hand Clothing Trade

5.1 History and Development of SHC Trade

The trade in second-hand clothing is far from a recent phenomenon, although it has for the longest time not gotten large public and scientific attention. As authors such as Ginsburg (1980), Lemire (2012) or Manieson and Ferrero-Regis (2023) have argued, it is deeply intertwined with the rise of capitalism, industrialization, colonialism, and globalization. Global SHC structures arose during colonialism and expanded in the post-colonial world whereby charity or Christian organizations collected worn clothes as donations to distribute them to “the poor” in the Global South (Norris 2012). While initially conceived as a charitable win-win exchange, both non-profit organizations (NGOs) and merchants soon discovered the potential of those low-cost goods for commercial trade generating monetary income streams for NGOs and profits for traders. This commercialization regarding worn clothes as a globally tradable commodity gained momentum in the 1980s, catalyzed by trade liberalization and the restructuring of many post-colonial economies. From accounting for less than 1% of global garment trade in the 1980s (Haggbjale 1990: 508), SHC trade grew more than sevenfold to over USD 1.5 billion by 2000 (Hansen 2004). Fueled by the fast fashion and ultra-fast fashion lifestyle of the Global North, from there on it turned into an accelerating global multi-billion-dollar industry including diverse actors connected through complex commercial networks.

Today, according to UN Comtrade data, a total of 3.78 million tons of worn clothes valued USD 5.53 billion were exported globally (UN Comtrade n.d.⁹). The market value of second-hand clothes, i.e. the gross merchandise value, is estimated to be much higher at USD 197 billion (2023), predicting it to grow to USD 350 billion by 2028 (ThredUP 2024). Yet, it remains difficult to determine exact global flows and sales of second-hand goods, as well as profits and power structures within SHC value chains since they remain fragmented, untransparent and largely informal and undocumented (Brooks 2015, Manieson & Ferrero-Regis 2023).

The large majority of collected garments is exported to the Global South, often via intermediary sorting hubs in South-East Europe, Northern Africa, the UAE, China, or Pakistan. The largest exporters of used clothes in 2023 were the EU (USD 1.1 billion), headed by the United Kingdom (USD 487 million) and Germany (USD 333 million), the USA (USD 899 million) and China (USD 657 million) (UN Comtrade n.d.¹⁰). The top five importers, on the other hand, were Pakistan (USD 387 million),

⁹<https://comtradeplus.un.org/TradeFlow?Frequency=A&Flows=X&CommodityCodes=6309&Partners=0&Reporters=all&period=2023&AggregateBy=none&BreakdownMode=plus> (own calculations, last accessed 16.04.2024)

¹⁰<https://comtradeplus.un.org/TradeFlow?Frequency=A&Flows=X&CommodityCodes=6309&Partners=0&Reporters=all&period=2023&AggregateBy=none&BreakdownMode=plus> (own calculations, last accessed 16.04.2024)

United Arab Emirates (UAE) (USD 237 million), Guatemala (USD 212 million), Kenya (USD 187 million) and Ukraine (USD 170 million) (ibid.). Global SHC trade become an increasingly complex system of distribution since new trade and sorting hubs like the UAE, China, Pakistan and India have emerged as re-exporting turning tables of second-hand goods (cf. Brooks 2015, USAID 2017, Prashar 2022, Oxford Economics 2024). Despite these changing dynamics a clear pattern of an uneven trade from the Global North to South becomes visible. Among the top 15 importing countries four are from Sub-Saharan Africa (Kenya, Tanzania, Malawi, Ghana) and when subtracting re-exports the relevance of Sub-Saharan Africa as a final destination of discarded clothes becomes even more visible (ibid.). According to Oxfam, 70% of used clothes eventually end up in Africa (Kubiana 06.07.2015).

5.2 Logics of SHC trade: Actors, Structures and Global Production Networks

Although SHC trade is often framed as a form of recycling or humanitarian reuse, it functions as a highly lucrative international commodity trade. The used clothing production network is centered around the re-creation of value of discarded textiles and garments by re-entering them into the global export market as capitalist commodities (Norris 2012). In this transnational flow, the profit margins and power over prices, conditions or destinations tends to be heavily concentrated in the Global North. Sorters and traders capture the bulk of value added through selection and grading, while local importers and retailers in destination countries often operate on thin margins and within informal economies (Norris 2015). These dynamics underscore the embedded power asymmetries in global SHC trade (see also Lampel 2020, Mayer 2024).

Value creation and distribution steps include the following:

Collection

The value chain of second-hand clothes therefore typically starts in the Global North with the collection of worn apparel. In Europe each citizen buys an average of 26 kg of textiles per year and discards 11kg (European Parliament 2020). As clothing is increasingly produced for obsolescence, the volume of used clothes available for redistribution has surged drastically. Pieces that are considered to be reusable are often given to containers or shops of charitable organizations, municipal collection systems, commercial collectors or take-back schemes of clothing retailers. According to Fairwertung (n.d.), in Germany alone roughly one million tons of used clothing and textiles is collected like this each year. Charities in Europe and North America have increasingly outsourced their clothing collection to private firms, increasing the profit-maximizing logic of this sector (Norris 2015).

Sorting

Most donated clothing is sold to commercial sorting and recycling companies in South-East Europe, Northern Africa, Asia or Central America that classify garments according to their condition, brand, material, and potential resale value into different quality grades. Thereafter, T&G items are categorized as (a) clothes suitable for retail in Europe, (b) those destined for markets in the Global South, (c) textiles that are non-reusable but recyclable, and (d) clothes that cannot be repurposed (Oxford Economics 2024). Data from German sorters suggests that only about 55% of the collected garments, textiles, shoes and accessories are good enough to be resold abroad (grade I: 6-8%, grade II and III: 30-32%), another 32-26% is downcycled into industrial rags, insulation material, or fiber fill and 10% represents waste that needs to be burnt (Fairwertung n.d.). Data from the UK suggests that only 10-30% of collected clothes is resold as vintage clothes domestically, the largest share goes abroad (Brooks 2015:88). The key drivers behind this sorting process are market demand in recipient countries and the price paid per kilogram by overseas importers. The most desirable garments, often referred to as “cream”, are destined for relatively affluent or fashion-conscious consumers in emerging markets, while lower grades are routed to informal or low-income segments of Global South economies (Brooks 2015). Even in that group one can observe imperial hierarchies and the global attribution of value to regions: the better graded SHC is exported to Southeast European or Central American countries, while lower grades are usually shipped to Africa and Asia (Anami 2022).

Trade

Once sorted, second-hand garments are packed into vacuumized bales of around 45kg and exported through global logistics networks. The trade is dominated by large-scale commercial operators headquartered in Europe and North America. Prashar (2022) holds that also migrant and diaspora populations play key roles in coordinating these activities between exporters and importers. Shipping typically occurs via maritime freight, with containers full of clothing bales arriving every day in key ports in East, West, and Southern Africa, Southeast Asia, and Latin America. At the port of Ghana’s capital Accra some 15 million used garments arrive every week (Greenpeace 2022: 6).

Distribution

Large importers there sell multiple bales of SHC to wholesalers who usually sell single bales to brokers who open them and sell the included items to large numbers of retailers on designated markets around the country (USAID 2017). Often the exact content of the bales is unknown to the buyers and since mixing different grades or categories of clothes remains a common practice

(Brooks 2015), this represents a major risk factor to wholesalers and brokers. Additionally, Greenpeace (2022:6) estimates that despite the prior sorting around 30-40% of the textiles arriving in East Africa cannot be sold due to poor quality and therefore end up in landfills or as rags.

After ancillary activities like washing, repairing and ironing the clothes for better display, the garments are then sold at general or designated SHC markets, shops, on the street or by mobile vendors who come to people's homes. These sales environments and channels differ in their degree of formality and offered clothing categories. Specialized shops tend to carry high-grade items in good condition, often from well-known international brands, catering primarily to middle- and upper-class consumers. In contrast, market stalls typically offer a wider range of lower to medium quality items, while street vendors sell the cheapest and lowest-grade clothes, including outdated styles, garments made of poor-quality fabrics, or items with visible damage such as holes (own research, USAID 2017, Nattabi et al. 2024). Data from Uganda demonstrates the importance of markets as retail points in East Africa: approximately 83.5% of second-hand garments are sold through markets, 7.4% in specialized shops, and 6.2% by street vendors (Nattabi et al. 2024: 9). Qualities and structures also differ between urban and rural contexts.

Vendors of SHC are usually own-account entrepreneurs operating informally and therefore carrying any entrepreneurial, occupational or health risk. Since selling clothes does not require a specialized skill set, SHC retailing offers jobs even for people with low educational levels. In study in Ho district in Ghana, 66% of interviewed SHC retailers did not attend school at all, 28% only primary school (Emefa et al. 2015: 42). As the needed stock is relatively cheap and retailing does not necessarily require a physical store, the sector does not necessitate a large initial capital and therefore offers low entry barriers and promising business opportunities to many (ibid., Mhango & Niehm 2005, du Plessis & Abdoolla 2022). SHC retailing is done by both males and females, although a certain dominance of female vendors seems to exist. Studies from different countries (Ghana, Liberia, Kenya, and Mozambique) found women to make up 40% to 77% of retailers (Emefa et al. 2015: 41, Ahiabile & Triki 2021: 6, Sumo 2022:146, Oxford Economics 2024: 5). Women tend to both sell and buy more women's and children's clothes, whereas men sell predominantly males' clothes (Sumo 2022). The SHC business is also characterized by a young to middle-aged workforce: according to studies in Ghana, Kenya and Mozambique the majority of retailers are 30-45 years old, with many also being younger (~30%) and some vendors (~20%) even above that age bracket, though (Emefa et al. 2015: 42, Ahiabile & Triki 2021, Oxford Economics 2024). The vast majority of SHC retailers are self-employed and work on an informal basis (Mhango & Niem 2005, Norris 2015, Ahiabile & Triki 2021).

Consumption

Consumers in the Global South appreciate second-hand clothing for a combination of economic, stylistic, and quality-related reasons.

Affordability arises as the number one purchasing factor influencing SHC purchases across countries. In many countries second-hand garments cost as little as half to one-tenth the price of new imported or domestically manufactured items (Baden & Barber 2005:10, ILO 2018:8, Choi & Zhang 2021:1, du Plessis & Abdoolla 2022). A study by the Kenyan Institute of Economic Affairs (IEA 2021:3) showed that the median value of purchased used clothes per household was Ksh 280 (ca. EUR 2) over three months – 91% lower than the median expenditure for new clothes. Therefore, SHC is especially relevant and popular among lower-income households (Katende-Magezi 2017), which is even more relevant for rural households (IEA 2021: 14f.). A cross-country study from Mozambique, Kenya and Angola shows that low prices (31–46%) and the better price-quality ratio of SHC are the most cited motivational factor (Nørup et al. 2019). This data shows that purchasers of second-hand clothing are very price conscious. Due to their limited overall household income, poorer households show the highest price sensitivity with regard to clothing. Empirical data from South Africa found that price elasticity of demand of apparel items among the lowest income quartile was -1.19 , meaning a price increase in clothing goods significantly reduces consumption, while higher-income consumers displayed much lower price responsiveness (Burger et al. 2017).

SHC are not only economically accessible but also widely available through the wide-reaching distribution networks and thereby easily accessible for consumers (Field 2000, Nørup et al. 2019, Mwasomola & Owjang 2021). Aside from price, the perception of superior quality of second-hand clothes plays a major role in shaping demand: SHC, particularly from Europe or North America, is often regarded as of better quality and more durable compared to domestic or Asian-made alternatives (Baden & Barber 2005, Chipambwa et al. 2016, Abubakar et al. 2018, Katende-Magezi 2017, ILO 2018, Nørup et al. 2019, Mwasomola & Owjang 2021, Sumo 2022). This is closely tied to the positive reputation of Western brands, whose labels are interpreted as signals of status, style, trendiness and fashionability (Hansen 2014, Chipambwa et al. 2016, Abubakar et al. 2018, Mwasomola & Owjang 2021, IEA 2021). Consumers also cite the variety, uniqueness, diverse styles and possibility to create individual outfits as an advantage of SHC compared to mass-produced off-the-peg apparel (Hansen 2014, Chipambwa et al. 2016, Mwasomola & Owjang 2021, Taylor et al. 2023). Therefore, SHC offers the opportunity to aspirational consumers to afford high quality apparel or even luxury labels on a budget (du Plessis & Abdoolla 2022).

5.3 Effects of SHC imports on markets in the Global South

5.3.1 Positive Effects of SHC Trade

Economic Benefits: Creating Employment and Generating Value

The SHC industry is without doubt a large employer, particularly in the places of consumption. It generates employment across the various stages of the value chain, including transportation, sorting, trading, retailing but also in ancillary jobs like repair, laundry services or upcycling (Baden & Barber 2005, Mhango & Niehm 2005). USAID¹¹ estimated that in 2017, the SHC industry provided a total of 355,000 jobs in East African countries, which sustain some 1.4 million households (2017: 11). Also more recent studies ascribe the industry a large employment potential: Oxford Economics¹² (2024: 5) estimates the SHC imports from EU27+ alone create around 3,600 formal and 68,000 informal jobs in Kenya, outnumbering the Kenyans employed in domestic manufacturing (Prashar 2022: 16). Kenyan *mitumba* retailers, moreover, argue that their sector not only employs many people, but especially accommodates people with fewer opportunities like women or people with lower education due to its largely informal nature and low low-threshold business opportunities (Panju 2024). Hagglblade (1990: 514) comes to the conclusion that SHC retailing has slightly inferior consumption-employment creation ratio than domestic T&G manufacturing (5.4 vs. 4.8 jobs per USD 10,000 in sales) but that it relatively creates many more jobs than imported FHC (0.2 per USD 10,000 sales) and that it offers the best income ratio (USD 702 vs. USD 504 for local tailoring). Although largely informal, SHC business is also said to contribute to national GDPs of recipient countries through wages, taxes and multiplier effects. In Ghana the SHC trade contributed USD 76 million to its economy and made up 0.4% of the total national tax revenues in 2023 through import duties and VAT (Oxford Economics 2024: 5). Sumo (2022) therefore describes the SHC industry as a relevant promoter of economic growth for developing economies like Liberia.

Social Benefits: Supplying Affordable Clothing

Imported second-hand clothes constitute a major source of clothing for people in low-income countries, particularly poorer populations. It is estimated that SHC represent over 50% of total clothing trade in Sub-Saharan Africa (Baden & Barber 2005:1). Commonly noted reasons for choosing second-hand clothes are easy accessibility, affordability, uniqueness, quality and durability, lack of alternatives and brand reputation (Mwasomola & Ojwang 2021: 6). Diverse studies

¹¹ It is important to note that the numbers were gathered by a US institution when the EAC had recently announced the introduction of a SHC phase-out which the US strongly opposed and used commissioned research to underline the importance of the sector.

¹² This report was commissioned by *Humana*, a global SHC player, which is why the selection and presentation of data might be biased in favor of positive outcomes. As Brooks (2015: 172 f.) demonstrates one needs to be careful with similar statements by industry actors, possibly following a biased intention.

have documented that second-hand clothes are consumed by all socio-economic strata (Haggblade 1990, Baden & Barber 2005, Wetengere 2018, Frank 30.07.2018, du Plessis & Abdoolla 2022). Nørup et al. (2019: 1032), for example, found that in Malawi almost one fifth of households from diverse strata have wardrobes consisting exclusively of second-hand garments and in Angola 44% buy around half of their clothes from SHC. But especially for low-income households SHC offers the primary and sometimes the only clothing choice apparel due to their low price points compared to first-hand clothes (Field 2000, Hansen 2000, USAID 2017, Nørup et al. 2019, Prashar 2022). This is because poorer households need to allocate a proportionally larger share of their limited income on basic needs like clothing. In Malawi, 51% of interviewed consumers reported having a total apparel budget of less than USD 10 per month (Nørup et al. 2019: 1030). Therefore, price was cited as the primary motivation to buy used clothes in 31% to 46% of cases in a comparative study across Malawi, Angola, and Mozambique (ibid.: 1031). Studies from Rwanda (Haggblade 1990: 516) and Uganda (Nattabi et al. 2024: 8) similarly found that households in the lowest income quintile buy more SHC and use around half (45-55%) of their total clothing budget on used clothing, whereas the wealthiest quintile allocates only 20-22% of their T&G expenditure to SHC and spends 3.5 times more on new clothes. Therefore, SHC is in some countries like Zambia also seen as a form of democratization of consumption that transcends socio-economic barriers (Hansen 2000).

Environmental Benefits

Lastly, the second-hand use of clothing, both at regional and international level, has been hailed as a “seismic shift towards a more circular fashion ecosystem” (ThredUp 2024: 2) among fashion brands, second-hand lobbyists and associated scholars. They hold that by offering a sustainable afterlife to garments the embedded water or carbon footprint can be “reused” and negative ecological effects of the fashion industry on our planet can be significantly reduced (Prashar 2022, Klooster et al. 2024, Oxford Economics 2024). Farrant, Olsen and Wangel (2010:726) calculate that the purchase of 100 second-hand clothing items of clothing saves between 60 to 85 new garments.

5.3.2 Negative Effects and Critiques

Economic Impacts: Barrier to Development of Local T&G Manufacturing and Industrialization

Scholars have consistently highlighted the threat SHC poses to domestic textile and garment industries. Since trade with SHC does not incur any production costs, their final price is solely composed by the sorting and transport costs and markup of the involved traders, which is why used clothes outcompete locally produced alternatives (Calabrese, Balchin & Mendez-Parra 2017).

Due to this price differential and competition domestic T&G industries were either driven out of the market or not able to get a foot in the door. Many scholars like Hansen (2004), Frazer (2008), Brooks (2015), Chipambwa et al. (2016), or Osanjo (2020), therefore draw a direct correlation between the significant surge in SHC imports in Africa and the dramatic decline in domestic T&G manufacturing since the 1980s. Frazer (2008) calculated that a 1% increase in SHC imports correlates with a 0.61% drop in domestic textile production, attributing approximately 40% of Africa's production decline and 50% of employment loss between 1981 and 2000 to SHC imports.¹³ Mburu, Marandu and Amanze (2018:44) postulate that for every SHC job five jobs in the production and distribution of textiles and garments are lost, due to the lower labor intensity of the sector. Until today, citizens and researchers criticize Africa's over-dependence on SHC imports to the detriment of the continent's T&G manufacturers, hindering its industrial upgrading, undermining opportunities for new market entrants, and contributing to overall economic dependency on the Global North (Brooks & Simon 2012, Emefa et al. 2015).

Culture and dignity

Coupled with the decline of locally produced fabrics and garments, the influx of Western second-hand garments can weaken traditional dress cultures and reinforce Eurocentric fashion norms. Synonyms for second-hand garments like *kafa ulaya* in Nigeria or *obroni w'awu* in Ghana describing SHC as 'the clothes of the dead whites' (Brooks 2015, Manieson & Ferrero-Regis 2023) express the awareness of Africans that they are wearing inferior discarded clothes of privileged "Westerners". This raises critical questions around dignity and self-esteem of consumers and countries in the Global South as pointed out by Wetengere (2018). Abubakar et al. (2018) therefore describe that SHC represents a form of "cultural imperialism" and criticize that it has eroded the rich cultural heritage of traditional dress culture and identity in Nigeria. Also other authors like Chipambwa et al. (2016) and Katende-Magezi (2017) point out that SHC can lead to cultural and traditional value conflicts.

Health

Another concern, often raised by governments and researched by a handful of scholars are the health risks associated with pre-worn clothes. Authors like Rakhshanpour et al. (2021) and Guo & Choi (2024) warn that SHC can carry bacteria, fungi, parasites and viruses causing skin diseases such as dermatitis, scabies or fungal diseases.

¹³ His conclusions have been contested, partly due to the inadequacy of available data (Wolff 2021). It is difficult to draw up a direct causality that second-hand clothes crowded out domestic products. Some authors posit that East Africa never had a thriving T&G industry and that it was mainly the cheap Asian mass products that drove local producers out of the market (Calabrese, Balchin & Mendez-Parra 2017). Most probably SHC together with the SAPs and the influx of cheap FHC contributed to a mutually reinforcing dynamic in which young existing local companies were unable to cater the region's demand - a gap which was filled with second-hand and first-hand imports which in return increased the pressure on and outcrowding of African garment manufacturers.

Environmental Impact

Last but not least, scholars, actors from recipient countries of SHC and environmental organizations increasingly draw attention to the fact that the notion of circularity and sustainability of SHC does not hold true and, on the contrary, disguise the paradox profit-driven linear value chains causing dramatic ecological consequences of the industry (see Norris 2015, Hansen 2014, Brooks 2015, Panju 2024). Research from East and West Africa or even remote places like Atacama Desert in Chile have shown how massive amounts of textile waste accumulate there, polluting landscapes, water bodies, soils and eventually local communities. Since 30-40% of worn items arriving in East Africa are not reusable, in Kenya alone every day about 150 to 200 tons of textile waste end up dumped or burnt on landfills, rivers or streets, as reports from Greenpeace (2022: 11).

Colonial Continuities

Some authors like Hansen (2004), Brooks (2015), Abubakar et al. (2018) and Manieson & Ferrero-Regis (2023) highlight how the trade with worn clothes is interlinked with colonial structures and manifests a form of “white imperialism” in which the Global North uses the South as a dumping ground for their waste in order to protect their home environment and create markets and dependency in the receiving country for their discarded products. The worn, lower quality, outdated or even damaged SHC is often exported to poorer countries, reinforcing global hierarchies of value and consumption. Thus, while being sold as sustainable circular business models and generous donations to poorer countries, these global SHC practices represent unidirectional value chains with unequally distributed power, a form of ecological and capitalist neo-colonialism that builds upon environmental and social exploitation to maintain the Western imperial lifestyle and the externalization of problems of the Global North to subaltern spheres by dumping clothing of inferior quality in countries of the Global South (Norris 2012, Abubakar et al. 2018, Panju 2024).

Government Actions: Import Restrictions

Due to the above-mentioned economic, cultural, health and sustainability concerns diverse governments including Uganda, Nigeria, Ethiopia, Zimbabwe, the Philippines, China or India have at least temporarily banned the importation of worn clothes, shoes and textiles (Prashar 2022). Other countries like South Africa have limited the importation of worn clothes to charity donations or for the processing into industrial wiping rags, while In Ghana prohibits the importation of pre-used underwear and handkerchiefs due to sanitary concerns. The implementation of such bans or restrictions often remains ineffective because of continued smuggling and informal economies, though (Abubakar et al. 2018).

6 Case Study: *Made in Rwanda* Clothes vs. Imported SHC

6.1 The Rwandan Textile and Garment Sector

6.1.2 Clothing Demand and Consumption

With a population of approximately 14 million, Rwanda represents a relatively small consumer market. The annual demand for apparel stands at around 82.5 million items, according to MINICOM estimations (2022: 6). Rwandans purchased an average of 6.4 garments per year (Statista 2024). These items are almost exclusively (99%) non-luxury items, with women's apparel constituting the largest segment (41%) (ibid.). This demand is largely covered through imports of second-hand and first-hand clothes, which account for around 95% (ibid.). But the market has seen growing demand for domestically produced garments in recent years as well (ILO 2018, MINICOM 2022, Statista 2024). According to Statista (2024), Rwanda's apparel market generated a total revenue of USD 426 million in 2024 and is expected to grow slow but steadily, with a compound annual growth rate of 3.4% until 2028. Rwandan consumers can choose from the following sources of apparel items:



Figure 4: Available clothing segments and sources for Rwandan consumers (Source: own research and visualization)

These products are produced and distributed to consumers by the following actors:

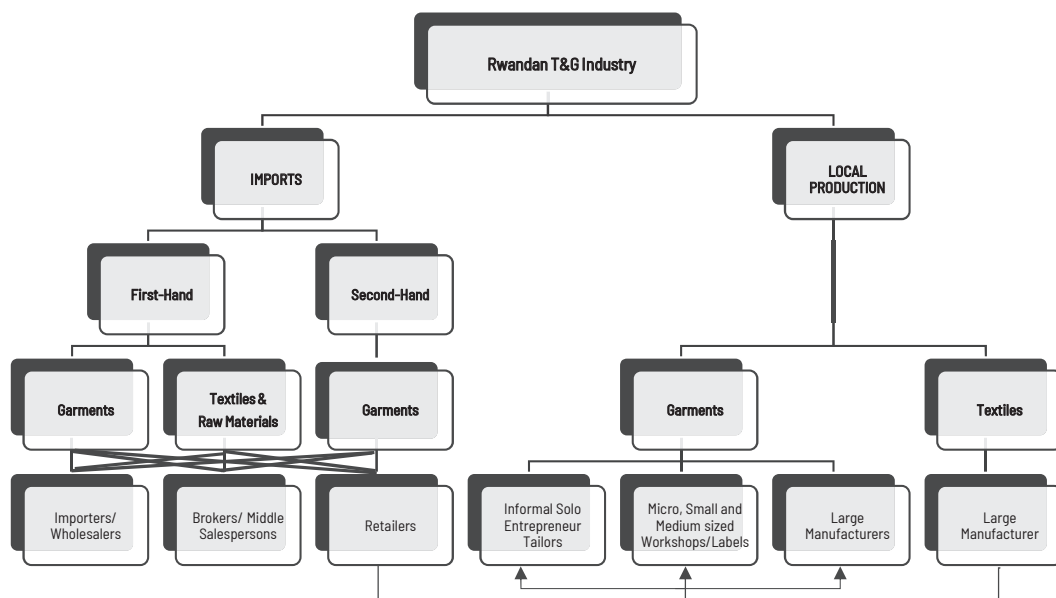


Figure 5: Typology of relevant actors in the Rwandan Textile and Garment Industry (Source: own research and visualization)

6.1.3 Textile and Garment Manufacturing in Rwanda

In contrast to neighboring countries such as Tanzania, the Democratic Republic of Congo (DRC), and Kenya Rwanda has no history in industrial textile or garment manufacturing. The first and, for many years, only large-scale T&G producer in the country was *Usine Textile du Rwanda (Utexrwa)*, established in 1984. Therefore, for much of its modern history, the country's clothing needs have been met through a combination of local micro-scale tailoring and large volumes of imported garments from Asian manufacturing hubs as well as from East African trading partners (ILO 2018). Until today, comprehensive data on the number and type of Rwandan garment producers remains scarce. As proposed by literature (ILO 2018) and NIRDA (Interview NIRDA II), MiR garment producers can be categorized into these three groups:

(1) Micro Businesses: Independent Own-Account Tailors

According to the National Labour Force Survey (NISR 2024b: 41), approximately 124,247 people are currently engaged in tailoring-related work. By far the largest share of these are independent, own account tailoring businesses. The overwhelming majority of these tailors are said to operate informally or semi-informally (ILO 2018). They typically work either independently or in cooperatives, often in shared workshops (e.g. at Kigali City Market), small shops, or even from their homes or street-side locations. Unlike other manufacturers, these

tailors can be found all over the country, from Kigali to the smallest village. They primarily produce custom-made garments according to the specific wishes of clients. Their work is generally characterized by a high degree of manual labor and variable quality, with some showing advanced expertise, others limited tailoring and fashion skills. Products are sold directly to individual clients (usually loyal customers or interested tourists), with occasional small-scale orders coming from local businesses or designer brands.

(2) Small and Medium-Sized Designer Businesses

Some tailors, designers and entrepreneurs have founded their own label, contributing to a growing number of small- and medium-sized enterprises. They are typically founded and run by a fashion designer and employ between a handful and 50 tailors. Operating on a boutique production model, they rely on rather small-scale manual production processes and also take care of the distribution of their *Made in Rwanda* apparel lines. Product offerings in this category are relatively elaborate, high-quality, and expensive ready-to-wear collections and bespoke garments. Styles typically span everyday wear, business casual chic and formal attire for festive occasions. Their target clientele includes middle- and upper-class Rwandans, expatriates, tourists, and members of the diaspora. While some of the more experienced brands have gained national and even international recognition, there is an upcoming new generation of lesser-known designers as well.

(3) Large T&G Manufacturers

Although still limited in number, Rwanda has seen the emergence of several large-scale MiR garment manufacturers in recent years. These enterprises employ between 100 and 4,000 workers, making them the sector's largest employers. Three large companies are foreign-owned by Asian investors, while six are fully Rwandan-owned. Their production portfolios focus primarily on uniforms, promotional textile items, on-demand export apparel and affordable mass-produced basic clothes for the domestic market. Their customer base includes Rwandan government institutions and private businesses, international buyers as well low-income consumers within Rwanda. Unlike all other T&G producers, two of these large manufacturers are integrated into global production networks as garment suppliers for foreign clients.

All the above-mentioned manufacturers produce and sell garments, majoritarily by using imported fabrics and trims. There exists only one textile mill in the country, run by *Utexrwa*. Fiber or other raw or input material production as part of the T&G value chain is virtually non-existent.

The textile and garment sector is embedded in an **ecosystem** of sector associations, regulatory bodies and other educational or supportive infrastructure, which are listed in the [annex](#).

6.1.4 Second-hand Clothes in Rwanda

In Rwanda, second-hand clothing is widely known as *chagua*, a Kinyarwanda term meaning “to choose” or as *mitumba*, the Kiswahili word for “bundle” or “bale” (Kagayo 2021: 3). The trade in used clothing has a long-standing presence in the country. In the 1980s, Rwanda ranked as the world’s fifth-largest net importer of second-hand clothing and the largest in Sub-Saharan Africa (Haggblade 1990: 506). At the time, used clothing accounted for 5% of the value of all T&G imports and made up more than half of all garments consumed within the country (ibid.: 509). The commercial structure of the SHC sector was already complex in 1980, comprising 14 importers who sold bales to approximately 40 wholesalers who in turn supplied around 700 distributors across the country who then sold the items to an estimated 4,700 individual retailers (ibid.). While exact and up-to-date figures are lacking today due to the high informality of the sector, available data suggests that the fundamental structure has remained largely unchanged. USAID (2017:12) suggests that the SHC sector accounts for 18,000 direct and 4,000 indirect jobs in Rwanda¹⁴. Large-scale SHC imports enter the country via overland routes from Uganda, Tanzania, or the Democratic Republic of Congo. Used clothes today make up 19.1% of all T&G imports (UN Comtrade n.d.). Since the introduction of the restrictive tariff policies, informal importation through individual brokers or vendors into the country has increased. Kimisagara market in Kigali serves as a central hub for the wholesale of *chagua*, from where it is distributed in all districts to a multitude of retailers. Retail distribution takes place across various “modes” that differ by degree of formality and price range.

- At the most informal end, **street vendors** sell garments directly to passersby or visit households, offering clothing selections door-to-door. These usually represent inferior grade B or C clothes, as those are the most accessible and affordable options for retailers.
- A more structured mode of sale occurs in fixed **markets**, such as Kimironko or Kimisagara in Kigali, or in central markets in provincial towns. These include temporary market days, especially weekends, which attract a large range of urban and rural consumers.
- At the more formal end of the spectrum are small, privately operated **shops** located in shopping centers such as MIC or CHIC in Kigali or along commercial streets in urban neighborhoods. These shops typically stock higher-quality or curated selections and target more affluent customers.

¹⁴ The US-American agency does not explain the methodology and validity behind these figures, though.

6.2 Policies and Government Actions

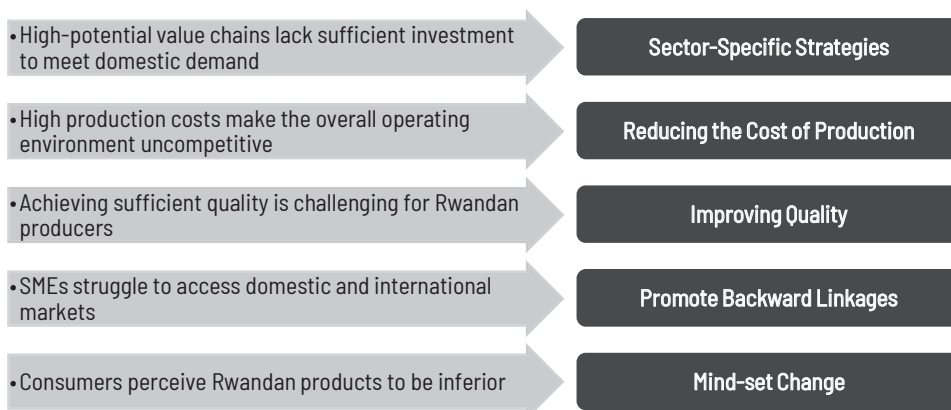
The Government of Rwanda is “committed to promoting the textile, apparel and leather sectors for import substitution, reduction of balance of trade deficits, decent employment, and job creation” (MINICOM 2022: Foreword). Therefore, the *Made in Rwanda* Policy and the SHC tariff increase are embedded in and preceded by a series of Rwandan industrial and trade policies like Rwanda’s *Vision 2020/2050*, the *National Industrial Policy* (2011), the *National Export Strategy* (2011), the *Domestic Market Recapturing Strategy* (2015) and the *National Strategy for Transformation* (2017). More information on this legislative and regulatory environment can be found in the [annex](#).

6.2.1 The Made in Rwanda Policy

The *Made in Rwanda* (MiR) policy emerged as a central component of the 2015 Domestic Market Recapturing Strategy and represents a holistic, cross-sectoral policy framework for industrial development and trade competitiveness. The overall goal of the MiR policy is to “increase the competitiveness of the Rwandan economy. This will improve the trade balance both by recapturing the Rwandan market from imports and by improving the ability of Rwandan producers to compete in exports markets, creating productive jobs in dynamic and resilient firms.” (MINICOM 2017a: 2).

It draws on the experiences of other “Made in ...” campaigns (e.g. South Africa or Ireland) and intends to navigate in between the country’s focus on private-sector-driven growth and commitment to free and open markets, on the one side, and its small developing economy struggling with competitiveness and supply-side capacity issues, on the other side.

Concretely, the policy identifies an array of challenges for *Made in Rwanda* production and accordingly formulates five pillars to address these (ibid: 1 f.):

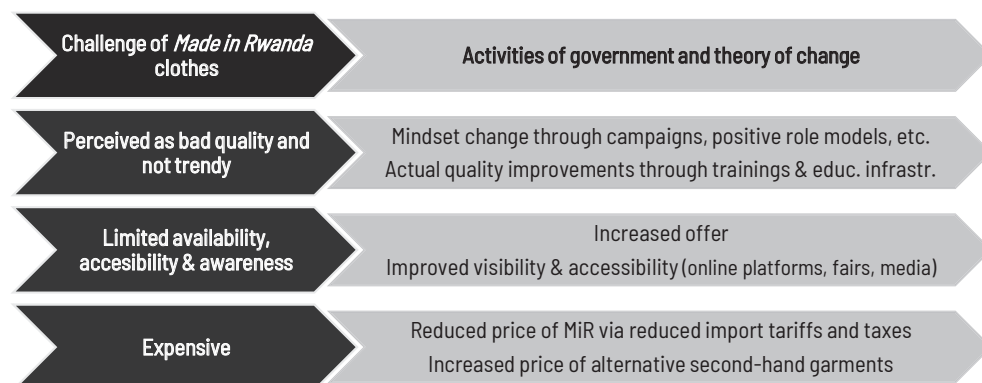


By addressing these barriers, the Rwandan government follows these long-term goals (ibid: 2,10,15-17), which laid the basic analysis dimensions of this thesis:

- Reducing the trade deficit (by USD 450 million p.a.)
- Growing exports and increasing foreign exchange earnings (17% growth per year)
- Encouraging self-reliance
- Promoting a sense of patriotism and pride in local capabilities
- Stimulating sustainable demand for competitive, value-added Rwandan products
- Growing local investment
- Facilitate economic transformation and establishing a domestic industrial base
- Encouraging entrepreneurship and creativity
- Safeguarding existing jobs and creating 1.5 million decent jobs and reducing poverty

Identified priority areas are labor intensive sectors like mining and quarrying, construction materials, agro-processing, but also light manufacturing like textiles and garments.

With regards to *Made in Rwanda* products such as clothing the government identified the following shortcomings and consequent arrays of action (MINICOM 2017a: 7 f.):



6.2.2 The SHC Import Tariff Policy

As shown in chapter [5.3.2](#), the detrimental effect of imported clothes and shoes has been discussed in Africa for years. In 2015, the East African Community (comprising Kenya, Tanzania, Uganda, Rwanda, Burundi) accounted for 12.5% of global SHC imports (USAID 2017: 7) – a significant share given the region’s relatively small market size. The idea of banning second-hand clothing had already been discussed in political circles in Rwanda since 2011 (Wolff 2021: 1320) and so did the members of the EAC. During their summit in 2015 they convened on the issue, looking for ways to promote the development of the region’s textile and apparel industry. As a result, Heads of State

published a joint communiqué in March 2016 in which they “directed the partner states to procure their textile and footwear requirements from within the region where quality and supply capacities are available competitively” in order to “promote vertically integrated industries in the textile and leather sectors” (EAC 02.03.2016: 17). The directive constituted an attempt by the EAC states to coordinate their industrial and trade strategy as a way to gain more self-reliance from international markets and execute collective agency (O'Reilly & Heron 2023). Simultaneously, they announced a planned gradual phase out of imported used textiles and footwear within three years, i.e. until 2019. In alignment with this goal, the EAC started increasing its Common External Tariff on used clothing from USD 0.20/kg to USD 0.40/kg or 35% (EAC 30.06.2016). As an almost immediate response, the Secondary Materials and Recycled Textiles Association (SMART), a US-American federation of used clothing exporters, filed a petition to the United States Trade Representative to suspend the East African countries from their eligibility under the African Growth and Opportunity Act (AGOA). AGOA represents a preferential trade agreement, enacted in 2000, offering duty- and quota-free access for over 6,5000 products from Africa countries to the US market (Phelps et al. 2009). In return, the African partners must establish “a market-based economy” and pursue “the elimination of barriers to U.S. trade and investment” in order to receive those benefits (Caporal 2018). SMART therefore argued that the EAC's directive equaled an import ban, violating AGOA's core open market requirement and posing “significant economic hardship” to them (SMART 21.03.2017). In response, the US launched an out-of-cycle review of the EAC's AGOA eligibility in June 2017, which intimidated most East African countries (Wolff 2021). Especially Kenya, Tanzania and Uganda rely on relatively large T&G sectors and their economies depend much on exports to the US¹⁵ – a suspension from AGOA might have had serious consequences for them. Thus, due to the external but also internal pressure from SHC lobbyists and consumers first Burundi and Kenya, then Tanzania and Uganda quickly reversed their course on the planned policy.

Rwanda, in contrast, was the only country that maintained its decision. The Rwandan government through market analyses had come to the conclusion “that without strong measures to increase prices of secondhand clothes, the garment industry in Rwanda would never take off.” (MINICOM 2017b: 3). They also highlighted that the US SHC exports to Rwanda only represent 0.2% of their total SHC exports –resulting in negligible negative impact of the policy on US-American exporters– while the move is crucial for the development of the infant Rwandan T&G sector (ibid.). Next to purely economic motives, they also argued with the concept of *agaciro* and *kwigira*, a philosophy

¹⁵ In Kenya, for instance, the exports to the US stood at USD 557 million in 2016, representing 8.8% of overall exports, and with textile and garment products making up almost 70% of exports to the United States (OEC n.d.).

of self-reliance and dignity, to justify the need of the policy (Behuria 2019). President Paul Kagame in a statement explained his stance by being left no choice and having to take tough decision for long-term benefit and development:

“We are put in a situation where we have to choose, you choose to be a recipient of used clothes [...] or choose to grow our textile industries, which Rwandans deserve at the expense of being part of AGOA. [...] As far as I am concerned, making the choice is simple, we might suffer consequences, [but] there is always a way.” (Mwai 13.06.2017)

In contrast to other EAC partner states, Rwanda engages in comparatively little trade with the United States which reduced the potential pressure and leverage of external retaliation. Wolff (2021) also argues that Rwanda's authoritarian political structure might explain why the dominant ruling Rwandan Patriotic Front was able to resist internal opposition to the ban.

The new tariff regulation which became part of the new T&G sector strategy took effect December 2016. Tariffs on imported worn clothing and footwear were risen from USD 0.20/kg to USD 2.50/kg, then climbing to USD 4.00/kg by December 2017, and finally to USD 5.00/kg by December 2018 (MINICOM 2022: 11), representing a proportional increase of +2,500%. The ultimate goal was to completely ban such imports until 2019, a move which has since been reconsidered and postponed due to the lacking readiness of the domestic industry to supply the Rwandan population and unprecedented events like the Covid-19 pandemic (ibid.).

In the following AGOA out-of-cycle-review the Trump administration pressured Rwanda to withdraw from the tariff increase. Despite negotiations and diverse international media outlets reporting on this David-against-Goliath-like trade war (Uwiringiyimana & Bavier 24.05.2018, John 28.05.2018, Sabiiti 29.05.2018) the US government did not show understanding. In May 2018 the US administration repealed Rwanda's benefits for apparel. Since then, Rwandan textile, garment and footwear products are taxed with a 30% levy when entering the US-market (Caporal 2018).

Since the implementation of the protective tariff policy, the smuggling of second-hand clothes into the country grew in order avoid the increased import duties. Interviewed SHC retailers report that the government therefore intensified luggage screening of people travelling into Rwanda, especially from DRC and Uganda, looking for second-hand apparel through visual and olfactory checks. In the second half of 2017 alone, authorities impounded 230 tons of illegally traded used clothes (Esiara 03.02.2018), and the National Police continuously publishes reports of smugglers being found with multiple smuggled bales of SHC (RNP 03.07.2021, RNP 28.07.2022, RNP 01.11.2022). The government introduced high sanctions on such acts of illicit trade to deter possible imitators: traders have to compensate for the evaded tax and may be imprisoned for a time span between six months and three years, while smuggled goods are usually auctioned.

6.2.3 Textile, Apparel and Leather Sector Strategy (2022/23–2026/27)

This specific sector strategy succeeds a previous strategy of 2016 and seeks to “develop and professionalize the textile, apparel and leather value chains, empower operators at different components of the value chains to effectively grow their businesses and contribute to the industrialization and national development” (MINICOM 2022: Foreword).

It formulates the following objectives for the sector:

1. Facilitate access to affordable raw materials
2. Promote local manufacturing of textile accessories
3. Promote capacity development along the value chains
4. Promote access to finance for SMEs in the textile, apparel and leather industry
5. Capitalize on regional trade opportunities

Concrete planned interventions in order to achieve those objectives include

- Promoting bulk importation of raw materials for the textile industry
- Strengthening local capacities for production of fabrics and textile accessories
- Promoting standard compliance and quality of locally made textile and apparel products
- Promoting environmental protection and circular economy in the textile and apparel sector
- Strengthening the capacity of IPRCs and TVETs to support the industries
- Enhancing the capacity of operators in the textile, apparel and value chains
- Supporting textile, apparel and leather MSMEs to access adequate equipment and facilities
- Leveraging existing funding facilities
- Promoting import of cotton from the region
- Strengthening export of textile, apparel and leather products to the region and beyond

The government plans to spend RWF 4.49 billion (USD 5 million) over the time span of five years, implemented through diverse institutions like MINICOM, PSF, RDB, NIRDA, or the TVT Board.

6.2.4 Complementary Measures and Instruments

Awareness Campaign and Promotion of *Made in Rwanda*

To change consumer behavior the government aimed to improve the image of Rwandan products, branding them as high value-for-money products and educating consumer on the benefits of buying locally. The campaign also draws on traditional Rwandan values like *agaciro* (value, dignity, self-worth), *ubwiza* (quality), *ihiganwa ku isoko* (competitiveness), and *kwigira* (self-reliance) to appeal to Rwandan consumers. The government continuously showcases and advertises MiR products and services through various platforms like TV, radio, printed materials (brochures, flyers, posters), digital media or initiatives like the “local wear Friday”. Government officials actively supported these efforts by wearing Rwandan-made garments at public appearances, thereby signaling political backing. Events such as the *Made in Rwanda Expo* and the *Rwanda Fashion Week* are organized to promote domestic designers, with some receiving support to represent the country at high-level international forums (e.g. CHOGM, FIFA Congress). At international level the government also tries to create visibility for MiR producers via dedicated websites and platforms (e.g. madeinrwanda.eu, <https://visitrwanda.com/interests/made-in-rwanda/> and Rwandamart). They also introduced a “Made in Rwanda” label, which certifies that a product is wholly or substantially transformed in Rwanda.

Regulatory Environment and Fiscal Incentives

To facilitate business entry and growth, Rwanda introduced a streamlined registration process via the Rwanda Development Board (RDB), praised by manufacturers and investors for its efficiency. Garment manufacturers benefit from a reduced corporate income tax rate of 15%, with qualifying investments receiving up to 10 years of tax holidays.

Public procurement regulations were also adjusted to support local producers. For example, at least 60% of public uniform orders are now intended to be sourced locally, and producers demonstrating a local value addition of 30% benefit from a 15% bid advantage.

RDB, PSF and NIRDA also support RFDA with consultations, trainings, and advocacy work.

Infrastructure and Industrial Zones

Specific plots in Kigali’s Special Economic Zones have been designated for apparel production. Here, key infrastructure such as electricity, water, and waste management is provided, and land is allocated under subsidized or installment-based models. In general, industrial electricity tariffs have been reduced to regional standards. These infrastructure measures aim to reduce the cost of production and attract both domestic and foreign investors.

Production Inputs and Logistics

In order to offset the disadvantages of Rwanda's lacking textile production and landlocked geography *Made in Rwanda* garment producers can request an exemption of import duties on raw materials (fabrics, trims, etc.) and machinery needed for their production. The interviews revealed that this incentive is not used by all MiR manufacturers by far because of information gaps, bureaucratic processes, transaction costs and low order volumes that are preferably purchased at local markets. The government subsidizes land transport from major ports in Tanzania and Kenya to make Rwanda's logistics more competitive. They also partnered with *RwandAir* and *DHL* for discounted shipping rates of fashion exports. These discounts do not seem available and known to all producers, though. The government also intends to group smaller producers together for bulk procurement to reach necessary minimum order sizes and achieve favorable purchasing conditions. Designers have not embraced such ideas, though, emphasizing their need for unique materials and creative autonomy.

Access to Finance and Equipment

To address funding barriers for local producers, the Development Bank of Rwanda offers matching grants of up to USD 100,000, covering 50% of project costs. Additional instruments include subsidized loans under the Export Growth Facility with interest rates between 10% and 13%, and export guarantees covering up to 80% of order values. NIRDA through its "Open Call" for the T&G industry, additionally mobilized funds for manufacturers to acquire technology through grant, at a discounted price or a 0% interest rate. These initiatives are designed to improve production capacity and reduce capital constraints for emerging and growing firms.

Skills Development and Training

In order to address critical skill gaps investments have been made into skills development, particularly through public-private partnerships. The Workforce Development Authority (WDA) funds six-month training programs for employees of new textile investors, and the government has established the dedicated *Rwandan Centre for Design and Clothing* at IPRC Kigali with the help of international experts from Kenya and Zimbabwe. Occasionally, MINICOM, RDB and NIRDA facilitate trainings for business owners on different business and production related topics, inviting international experts or financing study trips to experienced T&G destinations like China. In one case, the President even funded the fashion studies of one designer in Italy.

6.3 Analysis of Effects per Stakeholder Group

6.3.1 Effects on Trade with Textiles and Garments

6.3.1.1 Textile and Garment Imports

Prior to the implementation of the SHC tariff policy in 2016/2017, Rwanda imported a total of USD 61.8 million USD worth of clothing and textiles annually (UN Comtrade n.d.). Almost half of these imports were constituted by second-hand clothes (49%), 44% by new clothing, and only a minor share by textiles.

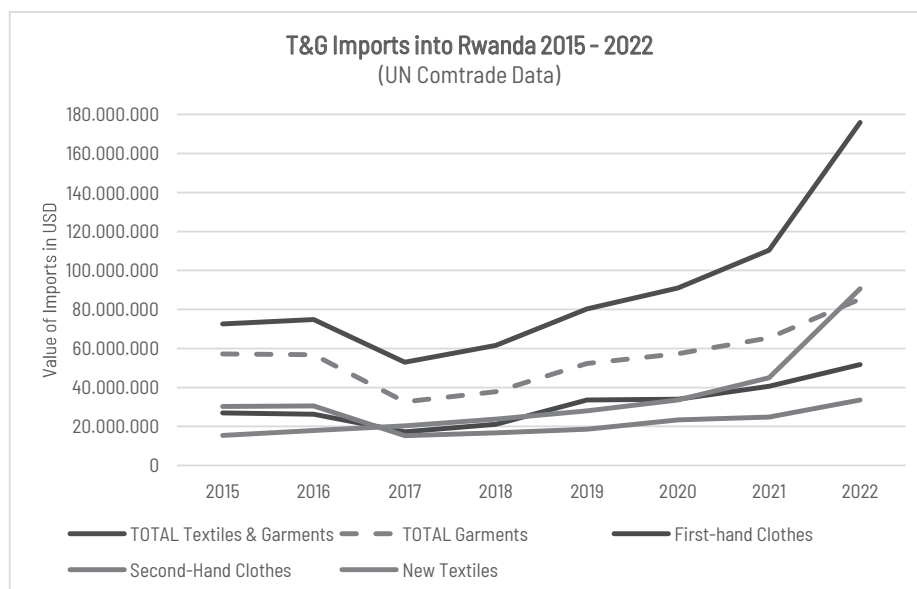


Figure 6: Evolution T&G Imports into Rwanda (Source: UN Comtrade Database, own calculation and visualization)

Effects on Second-Hand Clothing Imports

The SHC import tariff had an immediate and visible effect on SHC imports: Their value almost halved from USD 30.5 million in 2016 to USD 15.3 million in 2017 (ibid.). However, this decrease proved temporary - SHC imports began growing slowly but steadily again in subsequent years. By 2022, SHC imports reached USD 33.5 million, surpassing pre-policy levels.

Effects on First-Hand Clothing Imports

FHC imports also reacted strongly as an immediate aftermath of the policy. Their imported value fell from USD 26.3 million to USD 17.3 between 2016 and 2017. However, also this dip was short-lived: since 2017, FHC imports were always stronger than SHC imports and grew significantly. In 2022, the value of imported new garments stood at USD 51.8 million - nearly double when compared to 2016. This growth reflects how FHC filled the newly opened gap left behind by the weakened SHC market.

Effects on Textile Imports

The trend in textile imports further underscores changes in supply and production dynamics in Rwanda. According to UN Comtrade data textiles have experienced an exponential development in the past years: while still far below all other T&G imports in 2015 (USD 15.4 million) fabric imports tripled until 2021 (USD 45 million) and then spiked up to an import value of USD 90.6 million in 2022, driven by a steep increase in demand for cotton and synthetic fabrics. This rise of +488%. over a period of 7 years can be interpreted as a positive indicator, reflecting increasing demand for input materials like fabrics and trims of an expanding domestic apparel production.

Summary and Interpretation

Rwanda saw a marked import decline in all T&G categories between 2016 and 2017 which showcases the initial market shock of the SHC policy. Starting from 2018, all product types began growing again and by 2022 total imports of clothing and textiles had risen well above pre-policy levels. Despite the government's intention to protect the local market from foreign T&G products and decrease the trade deficit, their imports grew by +120% since 2015 to USD 135.9 million (2022). The UN Comtrade data suggests that the growth is mainly driven by the large increase in imported textiles (average annual growth rate of +142.1%). The Rwandan market today is more saturated with imported garments (both new and worn) than before the policy was introduced: clothes worth USD 85.3 million are still imported today - USD 28.1 million or 49.2% more than in 2015. Although first-hand clothes today constitute the majority of all imported garment in Rwanda (60%), second-hand clothes are far from phasing out, as the Comtrade data suggests (still USD 33.5 million - 11% more than in 2015 before the restriction measures).

Table 2: Textile and Garment Imports into Rwanda 2015 and 2022 (Source: UN Comtrade, own calculations and visualization)

	2015	2015	...	2022	2022	Total Growth	AAGR
New Garments	26.949.114	37,1%		51.782.395	29,4%	92,1%	13,2%
Second-Hand Clothes	30.236.120	41,7%		33.551.831	19,1%	11,0%	1,6%
TOTAL Garments	57.185.235	79%		85.334.227	49%	49,2%	7,0%
New Textiles	15.400.434	21,2%		90.594.995	51,5%	488,3%	69,8%
TOTAL Textiles & Garments	72.585.669	100,0%		175.929.222	100,0%	142,4%	20,3%

These trends suggest that the policy succeeded in reducing SHC imports in the short term but that the long-term substitution effect has been largely absorbed by rising FHC imports, rather than by local production. At the same time, the growth in textile imports may signal a simultaneous growth of domestic manufacturing, assuming that these inputs are used in local garment production.

Comparison to National Depiction of Evolution

The prior analysis draws on data from the UN Comtrade data base as a relatively “neutral” repository of trade data. Yet, it is interesting to compare these findings with the depiction of the effects of Rwanda’s government as they show noticeable differences. According to the 2022 MINICOM sector report, total T&G imports first fell and then grew again strongly after 2017. With regards to textiles and new clothes, both sources concur mostly - according to MINICOM, however, SHC imports fell to almost zero and did not recover significantly ever since (see figure 7). These inconsistencies and overly positive reporting of policy successes by the media (e.g. Bizimungu 02.01.2019) raise concerns about selective framing and the political intention behind the displayed data.

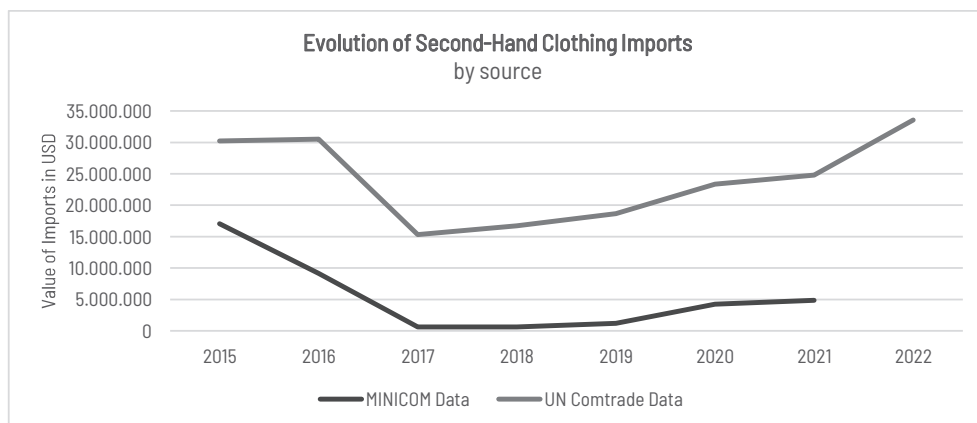


Figure 7: Comparison of data on SHC imports by MINICOM (2022: 6) and UN Comtrade (n.d.) (Own calculations and visualization)

Trade Partners

When zooming in on where the textile and garment imports come from it becomes visible that they are highly concentrated geographically. China strikes as the dominant supplier across all product categories: it supplies almost all fabrics (90.6%), 85.9% of first-hand clothes and even two thirds (60.1%) of Rwandan SHC imports.

Although quantitatively much less relevant, other suppliers of new clothes and textiles include the traditional T&G producers India (2.3/2.4%) and Turkey (3.1%/0.1%), the re-export hub UAE (2.3%/1.6%) neighboring countries like Kenya, Tanzania, or DRC (0.1-2.8%). SHC import origins are a little more diversified including Global North countries as “traditional” emitters of worn clothing (France (10.4%), Canada (5.3%), US (3.1%), Belgium (3.2%)), but also new sorting and re-exporting hubs such as China (60.1%), India (8.5%) or the UAE (3.6%).

This reflects a strong dependency on China as a source not only for fabrics, inputs and garments of all kinds. While Rwanda’s policy discourse has often emphasized reducing dependency on Western SHC, the data rather indicates shifted toward Asian T&G products.

6.3.1.2 Textile and Garment Exports¹⁶

Before the introduction of the policies there were only two exporting T&G companies: *C&H Garments* and to a much lesser extent *Utexrwa* (see also NIRDA 2017: 11). The total value of exported T&G products stood at USD 4.1 million in 2015, although largely constituted by second-hand clothes (67%, USD 2.8 million) interestingly (UN Comtrade n.d.). The value of net exported ready-made garments was only USD 810,000 and *Utexrwa* exported fabrics valued USD 392,500 to Burundi that year. The value of all textile and garment exports rose 13-fold to a value of USD 53.9 million in 2022, however, mainly driven not by local produce but by re-exports. The latter made up 73.8% of total exports in 2022. More details see tables 9 in the annex.

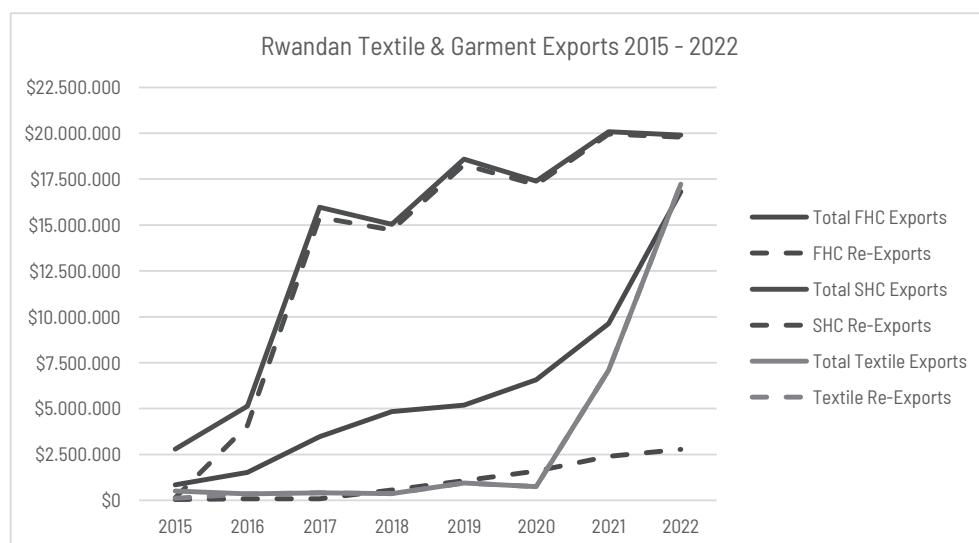


Figure 8: Evolution of Value of Rwandan Exports of T&G Products 2015-2022 in USD (Source: UN Comtrade, own calculations and visualization)

Effects on Second-hand Clothing

The exports of SHC rose strongly after 2016 and moderately since 2017 – in total + USD 17.1 million over six years. In 2022, SHC still constitutes the largest export T&G product category although 99.9% of exports are made up by re-exports. The comparison to the SHC import data indicates that in 2022 around 41% of *chagua* (USD 13.6 million) stayed in the country and 59% (USD 19.9 million) were re-sold – almost exclusively (98.4%) sold to the neighboring DRC.

¹⁶ MINICOM data is not much considered here, as it mainly provides data on exported quantities and does not disaggregate T&G categories consistently.

Effects on First-Hand Clothing

Also the value of re-exported first-hand clothes rose from almost zero in 2015 to USD 2.8 million in 2022. Differently from SHC, among the new clothes one can see a strong net increase in exported garments as well which signifies that those are garments that were manufactured in Rwanda. These locally produced clothes grew strongly by +1633%. or USD 13.2 million since 2015.

This data is congruent with information reported by interviewees. Nonetheless, the overall export readiness and capacities are still very limited: Out of the 30 interviewed companies, over one third (12) reports no export activity at all, 10 manufacturers sell small amounts abroad (< 10%) and only 8 firms export on a regular basis. 99.8% of exported items within the sample are produced by the number one export-oriented manufacturer *Pink Mango C&D*, who is also responsible for the noticeable quantitative increase in FHC exported from Rwanda.

Major destinations of Rwandan produced garment in 2022, according to UN Comtrade, were the United Kingdom, Türkiye, DRC, Germany, Belgium and the USA, although exports to DRC were again 99% composed of re-exported garments. Exporters in the sample similarly reported Europe and North America as their main target markets (largely driven by the diaspora there), as well as neighboring East African countries to a lesser extent. The potential of the regional market through the African Continental Free Trade Area (AfCFTA) seems to be not (yet) attractive and harnessed.



Figure 9: Main Destinations of Rwandan FHC Exports in USD in 2022 (Source: UN Comtrade, own calculations and visualization)

Textile Exports

Net exports of textiles, however, have been zero since 2016. The value of exported fabrics also grew strongly USD 16.7 million or +3316%. but the last export of domestically produced fabrics was the before-mentioned order in 2015 to Burundi. Since then, all exported textile products simply passed through the country as re-exports - majoritarily to DRC (94.9% in 2022).

6.3.1.3 Summary: Effect on Trade Deficit

Comparing the overall T&G imports and exports shows that the SHC policy had a positive impact on the trade deficit in the beginning: driven by the stark decrease in SHC imports between 2016 and 2017, the deficit also halved from USD -67.8 million to USD -33.1 million. Since then, the gap between exports and imports began rising again though, illustrated by the diverging lines in figure 10. Around 2020, the trade deficit already reached pre-policy levels (see figure 11).

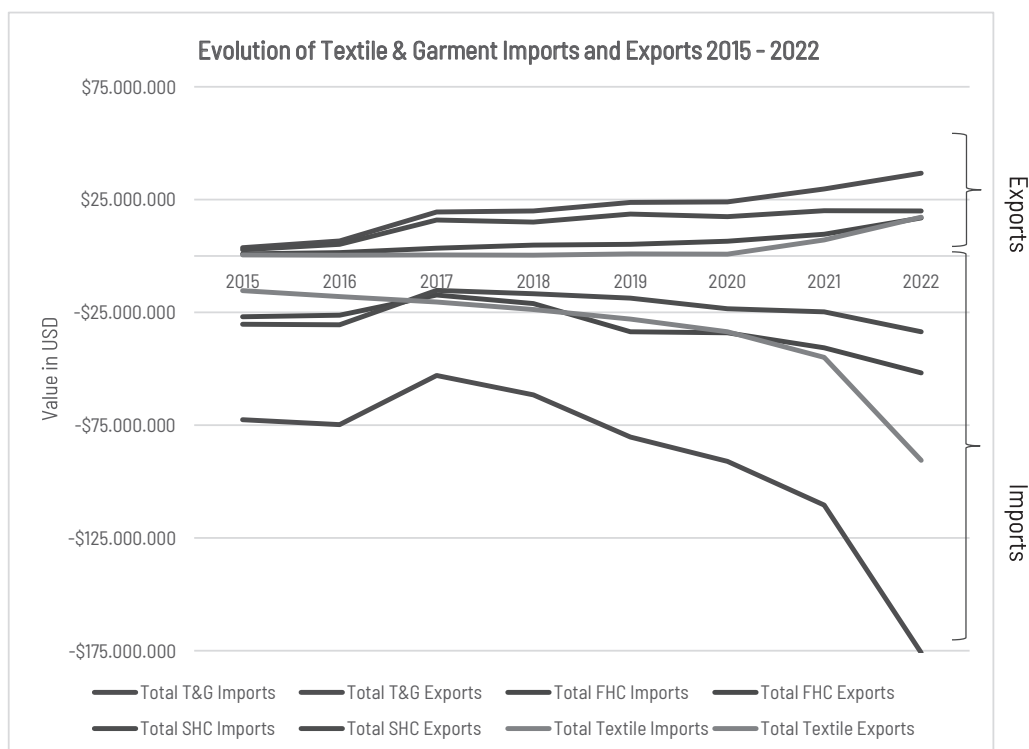


Figure 10: Evolution of Imports and Exports of T&G products compared (Source: UN Comtrade, Own visualization)

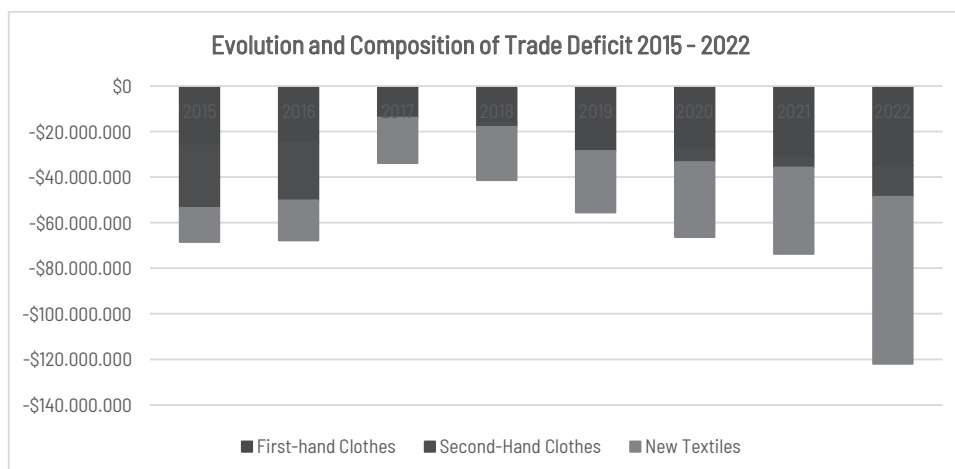


Figure 11: Evolution of the T&G Trade Deficit 2015 - 2022 (Source: UN Comtrade, Own visualization)

Currently, Rwanda's trade deficit in the T&G sector stands at USD - 122 million (see [Figure 11](#)). It is strongly shaped by the large numbers of imported textiles (USD 90.6 million), compared to low numbers of fabric exports (USD 17.2 million, almost exclusively re-exports), but also first-hand clothing imports strongly exceed their exports (USD -35 million).

Hence, the policy did not succeed in its goal to grow (net) exports substantially, create more foreign exchange earnings and decrease dependence on international produce through a narrowed trade deficit in the long run. The high share of re-exports among Rwanda's exports has severe implications on the value creation through such exports and illustrates a limited standing of Rwandan T&G products on international markets.

Table 3: Sum of Textile & Garment Imports and Exports in 2022 (Source: UN Comtrade, own calculations)

	Imports	Exports	Trade Deficit
First-hand Clothes	\$51.782.395	\$16.818.652	-\$34.963.743
Second-Hand Clothes	\$33.551.831	\$19.900.277	-\$13.651.554
TOTAL Garments	\$85.334.227	\$36.718.929	-\$48.615.297
New Textiles	\$90.594.995	\$17.223.029	-\$73.371.967
TOTAL Textiles & Garments	\$175.929.222	\$53.941.958	-\$121.987.264

6.3.2 Effects on Textile & Garment Manufacturing

6.3.2.1 Company Landscape and Business Formation

6.3.2.1.1 Founding dynamics: Number and Age of Companies

Status Quo

There is no reliable data on how many textile and garment manufacturers exist in Rwanda, since there is no comprehensive database including all industry professionals. Neither literature nor experts were able to quantify the exact number of companies or the impact on that of the policies. *Utexrwa's* CEO Ritesh Patel who knows the industry very well talks about around 50 garment houses currently existing (although not all are operational), Rwasibu Nshuti (*Maison Inkindi*) about more than 30. Given my extensive research and observations, the formalized T&G sector does not seem to be much bigger than the 30 companies interviewed. There certainly exist more micro and small MiR garment producers, not many more medium-sized or large manufacturers, though.

Changes since policy introduction

Both institutions and industry actors report more entrepreneurial activity after the introduction of the MiR and the SHC policy. Rwasibu Nshuti recalls that since the genocide in 1994 until around 2009 there was no single *Made in Rwanda* T&G brand, except for *Utexrwa*, while today there are many more which is very promising (Interview *Maison Inkindi*). "We have so many locals who ventured into that industry", agrees Yves Ntabana (Interview *Pink Mango C&D*). Also *Matheo Studio*, *MiR Company #A*, *Izubaa*, *KUZA Hub*, and *IPRC* concur in that the policy has encouraged designers and entrepreneurs to enter the sector and create their own labels, which consequently led to the industry's growth. Especially MSMEs appear to have embraced the sector as something lucrative which is visible through the increased number of MiR shops on streets and markets (Interview NIRDA I, RDB, MINICOM).

According to the ILO report (2018: 7) there were 22 T&G producers officially registered with RDB in 2016, which is coherent with the database of 16 companies sampled in the 2017 NIRDA value chain assessment (2017:9). Compared to today's estimated number of companies, this would signify a 1.5- to 2-fold growth of formal Rwandan T&G enterprises. Christian Turahirwa from NIRDA sees a strong causality between the policies and the increase in founding activities (Interview NIRDA II).

Age and Maturity of Researched T&G Companies

Year of est.	# of oper. years	Companies	# of companies	
1984	39	Utexrwa	1	10
1998	25	New Kigali Designers (rebranding in 2010)	1	
2009	14	Promota Creations	1	
2012	11	Rwanda Clothing, Inkanda House	2	
2013	10	Afrik (although new concept since 2018)	1	
2014	9	Haute Baso	1	
2015	8	Karssh (business in Kampala since 2008), UZI Collections, Moshions	3	
2016	7	Umulinga	1	20
2017	6	Africa Uniforms (in HongKong since 1970s, in Africa since 2010)	1	
2018	5	DIKAM, Vision Garment, Touch of Rwanda, Ufaco	4	
2019	4	AMG, Kanyana, Pink Mango C&D (C&D: 1998, Pink Mango Group: 2011)	3	
2020	3	MiR Company #A, Kezem, FL Collections, Mr. Endowed, Matheo Studio	5	
2021	2	Urotozi Gakondo, Berabose Designs, Izubaa	3	
2022	1	Asantii, Aria Designs, Inkindi	3	

Table 4: Overview of Year of Establishment and Age of Companies¹⁷

The predominantly young age of enterprises further underscores the sector's renewal. Out of the interviewed firms, two-thirds (20) were founded after 2016, suggesting a strong policy-induced entrepreneurial response. Both many designer-led SMEs as well as larger manufacturers launched their business after the policies which is a positive sign of diversifying actor landscape. A large proportion is still in their start-up phase: the median company age is five years, only five companies have been in business for more than a decade and only *Utexrwa* even operated before the genocide. Since the sector is characterized by SMEs, the average young age of the companies is not surprising due to typical growth and survival processes of firms: large companies tend to be older (in Rwanda 17.9 years), while small companies tend to be less mature (7.7 years) (World Bank 2024: 11).

Looking at these findings, the sector appears to be flourishing, with high levels of founding activity and a dynamic influx of new players, suggesting that the policies have positively incentivized entrepreneurship and contributed to dynamic and diversifying textile and garment industry.

These numbers must be interpreted with caution, though, since they might be positively distorted due to the fact that the sample only looks at active firms, not how many companies existed and had to close down¹⁸. For a full understanding of the sector a closer examination of business mortality, survival rates, and exit causes would therefore be necessary.

¹⁷ Many entrepreneurs started working in the industry informally or in a different country (e.g. *Karssh*, *Africa Uniforms*) several years before, here the year of formal registration in Rwanda is taken into account. Companies that completely stopped business activity or changed owners (e.g. *C&H*, *HEMA*) were not considered.

¹⁸ During research at least 10 companies, identified in government reports and media¹⁸, either never launched their business or are no longer operational. Cited reasons for discontinuation include Covid-19 (*Kigali Garment Center*), bad management and finances, acquisition (*C&H*, *HEMA Garments*) or personal reorientation phases (*Made in Kigali*, *Kolbe*). Even MINICOM admits that survival rate of garment companies is "not the best", an observation shared by *Utexrwa* and *Pink Mango C&D*.

6.3.2.1.2 Company Size

Micro (1-2 employees)	Small (3 – 20 employees)		Medium (21 – 100 employees)	Large (> 100 employees)	
1 – 2	3 – 9	10 – 20	21 – 100	101 – 1000	> 1000
▪ MiR Company #A: 3 founders ▪ Aria Designs: 1 founder ▪ Inkindi: 3 founders - all: + freelancers	▪ FL Collections: 4 ▪ Mr. Endowed: 4 ▪ Karssh: 3 ▪ Touch of Rwanda: 4 ▪ Urutozi Gakondo: 6 ▪ Afriek: 8 ▪ Berabose Designs: 6 ▪ Matheo Studio: 6	▪ Izubaa: 10 ▪ UZI: 10 ▪ Inkanda House: 10 ▪ Kanyana: 11 ▪ Kezem: 10 ▪ Haute Baso: 16 (working with 300 artisans)	▪ Moshions: 32 ▪ Umulinga: 37 ▪ Rwanda Clothing: 50	▪ Asantii: 100 ▪ Africa Uniforms: ~100 ▪ Promota: 109 ▪ Ufaco: 150 ▪ NKD: 187 ▪ DIKAM: 240 ▪ Vision Garment: 350 ▪ Utexrwa: 500	▪ AMG: 1500 (indirectly through 35 shareholding societies) ▪ Pink Mango C&D: 4000
3	9	5	3	8	2
3 (10%)	14 (47%)		3 (10%)	10 (33%)	

Table 5: Distribution of T&G Companies according to size¹⁹

The sample reflects a predominantly small-scale enterprise structure in the Rwandan T&G sector, with almost 50% of all businesses (14 out of 30) classified as small enterprises, most of which employ fewer than ten people. Ten companies fall into the Rwandan category of large enterprises, though with substantial internal variation: six companies employ between 100 and 250 people, two range from 350 to 550, and AMG counts around 1,500 tailors distributed across 35 decentralized small-scale societies, though. Pink Mango C&D, with 4,000 employees, stands out as the largest firm by far. Based on the sample's finding, the sector lacks a strong medium-sized segment (only three companies). Additionally, the sample includes three micro enterprises, that center around their founders and contract independent freelance tailors.

In comparison to the national enterprise landscape, where 92.2% of businesses are micro-enterprises, and only 0.2% are large (NISR 2024a: 29), the researched companies reflect a higher degree of formalization and scaling within the T&G sector. However, the sample likely underrepresents the significant number of individual tailors and micro-enterprises, which exceed 120,000 (NISR 2024b: 41) but were not included in the research design.

This observed enterprise structure, moreover, aligns with global and regional patterns in early-stage T&G industries. In Kenya, for instance, over 74,000 micro and small enterprises coexisted with only 170 medium and large firms in 2015 (World Bank 2015: 9). The dominance of SMEs in this sector also reflects the industry's relatively low capital requirements and low entry barriers compared to more technology-intensive sectors (ILO 2019: 16).

¹⁹ This categorization applies the definition of enterprises from the *Entrepreneurship Development Policy* 2020 (MINICOM 2020: 9). Freelance, part-time or temporary workers were not counted as part of the permanent workforce.

Changes since policy introduction

Analyzing dynamics in the sector's company size structure, again, is difficult due to lacking historic and macro-economic data. In NIRDA's 2017 baseline study out of the surveyed 13 manufacturers²⁰ two only worked with artisan subcontractors, three had up to 20 employees (small enterprise), four could be classified as medium-sized and four as large companies with over 100 employees. Large differences existed even within this class, though: *NKD* and *Promota* employing 105 to 160 workers, *Utexrwa* 500 and *C&H Garments* 1,450 tailors. (NIRDA 2017: 46 f., own calculations)

When comparing to today's sample, there seem to be many more small garment labels, especially young designers (e.g. *Matheo*, *Izubaa*, *Berabose*, *Touch of Rwanda*, *Kanyana*, *Urutozi Gakondo*, etc.). But the number of large manufacturers like *Ufaco*, *DIKAM*, *Africa Uniforms*, *AMG* or *Vision Garment* has significantly grown.

6.3.2.1.3 Type of Enterprises and Formality

The Rwandan T&G sector used to consist largely of informal businesses which can also be seen in low number of formally registered manufacturing companies before the policy (ILO 2018:7).

Within my sample, though, all interview partners indicated to be formally registered businesses. This could be a positive result of Rwanda's government constantly pushing for the formalization of its economy, but also due to social expectedness of the answer and the interviewee selection. As described earlier, until today, there are no official numbers on the size of the sector because it is still characterized by informality and has a large figure of uncountable own-account tailors, small workshops, cooperatives and caritative projects (Interview RDB).

The prevalence of informality is not surprising as around 90.1% of Rwandan private sector enterprises, particularly micro-enterprises, operate informally (NISR 2024a: 31) and 76.3% of workers in manufacturing are estimated to be employed without a contract (ibid.: 110).

The majority of the businesses in the sample are registered as privately owned companies with limited liability or as sole proprietors. Exceptions with different business models and ownership structures are *Pink Mango C&D* (Rwandan subsidiary of Pink Mango Group and C&D Products Group), *Utexrwa* (shareholding of the Indian Jobanputra Family), *Africa Uniforms Rwanda* (daughter of multinational Hong Kong based company Africa Uniforms), *Apparel Manufacturing Group (AMG)* (shareholding of a group of 35 tailoring associations, a government initiated project), *Vision Garment* (shareholding of a group of reservists of the Ministry of Defense).

²⁰ Total sample size was 20, but seven had not even started operations yet or did not disclose any employment data.

6.3.2.1.4 Ownership Structures: Rwandan owned or Foreign Direct Investment

Among the 30 manufacturers interviewed, the majority (18) of founders and managers were born and raised in Rwanda. A notable portion (8) of T&G business owners have a diaspora background, reflecting the country's violent history. Among this cohort, some were born in Rwanda, forced to emigrate during the 1994 genocide and returned to Rwanda in the post-genocide era²¹. The younger generation consists of children of exiled Rwandans raised in the diaspora and are now embarking on a "self-journey going back to [their] roots" (Interview *Izubaa*).²²

In addition to that, four of the companies interviewed are foreign owned enterprises: *Utexrwa* is owned by an Indian shareholding, reflecting the long history of Indian investment in East Africa. Lately, China increased its presence in the Rwandan T&G sector as well. The first Chinese investor to settle there was *C&H Garments* in 2014, whose facilities were later acquired by the *C&D Products Group*, that founded *Pink Mango C&D* together with the Belgian-Rwandan CEO Mbonyumutwa. In 2018, *Africa Uniforms*, a Hong-Kong based multinational enterprise with manufacturing sites in different African countries, started operations in Rwanda. *AfrieK* was founded by a Dutch entrepreneur who traveled to Rwanda and wanted to start a Dutch-Rwandan fashion business.

Listed reasons for foreign companies to invest in Rwanda or diaspora Rwandans to come back to their home country for business included:

- ease-of-doing-business and support by the state: easy administrative processes, quickness and responsiveness of institutions, fiscal and logistical incentives, willingness of the government to cooperate and invest, the valorization of foreign investors,
- a favorable business environment: general safety, stability and low levels of corruption,
- low labor costs, and
- free trade agreements²³
- personal ties to Rwanda, sense of belonging and identity, wanting to "give back" to the country

Compared the Rwandan average where 1.8% of companies show foreign or joint ownership structures (NISR 2024b:13), the T&G industry seems more in international hands (13% of firms). This high presence of foreign investments is typical of African manufacturing and the export-oriented T&G sector, as different scholars observe (Staritz & Frederick 2014, Kennedy 2017, Wolff 2021).

When examining the size and importance of the firms in question, it is noticeable that three of the foreign-owned companies are among the largest manufacturers with 4,000 (*Pink Mango C&D*), 500

²¹ *Pink Mango C&D/Asanti*(Belgium), *Haute Baso*(USA), *Rosalie Gicanda/AMG*(France), *Ufaco*(Belgium) and *Karssh*(Uganda)

²² *Berabose Designs*(Belgium), *Izubaa*(France), the country manager of *Asanti*(Belgium).

²³ *Africa Uniforms* was urged by a major US-American buyer to relocate to Africa due to the lower import duties compared to Asian manufacturers thanks to AGOA, before Rwanda lost its beneficiary status.

(*Utexrwa*) and 100 employees (*Africa Uniforms*), respectively. This can be explained through their higher available capital, industry expertise and business contacts, but it has serious implications on relative market power, decision-making, value capture, working conditions and the target markets of those big players. The company's decisions are less rooted in Rwanda but depend almost entirely on the management and investors abroad, which creates dependency. FDI companies tend to be more efficiency- and profit-seeking, basing their manufacturing location decision primarily on labor cost differentials, productivity, rents, lead times and market access. Unlike locally owned companies, foreign firms are also more likely to withdraw from the host country if business is not 100% profitable anymore. (Staritz & Frederick 2014: 213) These mainly economic investment motifs and constant donor-orientation could be seen in all interviews with non-Rwandan owned firms as well. *Utexrwa*, for example, has been considering stopping operations in Rwanda due to disputes with the Rwandan government and lacking return-on-investment (Interview *Utexrwa*).

6.3.2.1.5 Locality of Businesses

The vast majority of interviewed textile and garment businesses (29 out of 30) are located in Kigali, with *Africa Uniforms* as the only exception owning a factory in Musanze. This observation may partly be traced back to a possible selection bias, but the broader structural trend of business concentration in Kigali was also confirmed by other surveys (NIRDA 2017, ILO 2018). Kigali's dominance can be explained by its role as the country's central trade hub, hosting the only international airport in the country and easier access to both imports and exports. Additionally, the key B2B (large companies and government institutions) and B2C clientele (educated, high-income households) with strong purchasing power and demand for *Made in Rwanda* products are mostly concentrated in the capital. The government's efforts to centralize industrial activity in the Kigali Special Economic Zone (KSEZ) reinforces this centralization. Within Kigali, businesses are distributed correlating to their clientele profiles and the industrial nature of their production. High-end boutiques are usually found in neighborhoods like Kimihurura, Gacuriro or Kiyovu, fewer known designers with middle to high-income clientele in districts like Kicukiro, Remera or Gikondo and large producers are all located in industrial and semi-industrial zones like KSEZ and Gisozi.

While tailoring and small-scale production exist in rural areas around the entire country, upscaled and formalized T&G manufacturing remains almost non-existent outside Kigali.

This unequal spatial distribution, however, has severe implications for inclusive employment, long-term development prospects and availability of MiR products to consumers. There are derisive remarks that criticize that *Made in Rwanda* should rather be called *Made in Kigali*.

6.3.2.1.6 Motivational Factors for Business Formation

Made in Rwanda campaign as a source of inspiration and encouragement

Among the 20 entrepreneurs that ventured into the T&G industry, 9 companies mentioned the MiR and anti-SHC campaign as one of their motivational factors. Given the policy's central goal of business formation that is less than one could have expected. Chris Gentle, however, holds that the Made in Rwanda campaign "was the most influential factor", underlining that "the whole idea came because of it, because of the government policy of supporting the locally made stuff" (Interview *Umulinga*). Long Ngan also reflects that they "kind of started because there's a policy" and "wanted to do something about it", so they created the *Afriwear* line for the local market (Interview *Africa Uniforms*). Also *Mr. Endowed* and *Kezem* described the policies as a window of opportunity which they intended to seize. Others like *DIKAM* proudly promote that they are part of a large governmental strategy in their marketing material: "DIKAM Ltd Company was started in 2018 in line with the government policy to promote made in Rwanda products" (flyer).

More indirectly, the policies impacted new entrepreneurs by creating awareness and visibility for the sector. This particularly seems to hold for SME designers. Chris Gentle illustrates the omnipresence and call-to-action by the campaign: "By then, in 2016, *Made in Rwanda* was supported everywhere by the government. [...] I would be watching TV, I would see people wearing *Made in Rwanda* clothes, scrolling on Instagram, you know, Snapchat – all these different media". Since he was a young graduate with some savings, he therefore felt the urge to "do something as well" and started his clothing company (Interview *Umulinga*). Similarly, Shiny Abdallah compares the campaign to a platform that allowed Rwandan designers to showcase their talent and asked them to proactively do something with that opportunity (Interview *Mr. Endowed*). Nadine Kanyana (*Kanyana World*) and Rwasibu Nshuti (*Maison Inkindi*) talk about how they lacked self-confidence to start with fashion design, but that the campaign represented an encouraging turning point to them. This attention of the government to the sector did not only directly affect upcoming designers but also gave confidence to their social networks who then supported their career plans. Chris Gentle, for instance, asked one of his relatives on whether to proceed with fashion who responded: "I think you can do this. Because, you know, the government is supporting it" (Interview *Umulinga*). This abstract emotional support came largely from symbolic actions of public influencing figures like the President as a token of trust. Patrick Muhire recounts how the President used to wear clothes produced abroad but now wears locally made shirts "because he also believes in us now" (Interview *Inkanda House*). But also the rise of other MiR designers as positive and encouraging examples were cited by some industry actors. Matheo Niyigena, for example, tried to convince his parents who

thought that fashion design was not a serious career by telling them about *Moshions* and showing them the clothes that he had designed for the President. “That’s when they actually started to realize that, maybe me involving in doing this, it might be something”, says the designer (Interview *Matheo Studio*). Experienced fashion houses with national and international reputation such as *Moshions*, *Rwanda Clothing*, *Haute Baso* or *House of Tayo* have become a pull factor for some upcoming designers (*Kezem*, *Maison Inkindi*, *Matheo*), but most Rwandan entrepreneurs still cite international labels, creators and media like Dior, Gucci, Balenciaga or Yves Saint Laurent as their major role models, source of inspiration and aspiration which shows that the industry is still very dominated by European influences.

Cultural Meaning of *Made in Rwanda* fashion

Even where the policy was not directly cited as a founding motivation, it has significantly shaped many producers’ brand identity and marketing. Several entrepreneurs articulated a strong aspiration to use fashion as a medium for cultural expression and a tool to reframe Rwanda’s international image. Rather than viewing fashion solely as a commercial endeavor, many designers described it as a means to represent Rwandan identity, history, culture, and creative richness. The designers’ pride in their country and resulting will to share it with the world are mirrored in quotes like this one by Shiny Abdallah: “As a Rwandan I love my country, my continent and to see the richness we have in our culture, in our traditions. [...] I want to do something that’s going to go beyond the region, that’s going to represent our culture” (Interview *Mr. Endowed*). He describes how being confronted with internationals who were unaware of Rwanda, rose his desire to educate the global community about his home country. Similarly, *Izubaa* puts forward that Rwandans “have a lot to say more than just the tragedy that happened. [...] We have a lot of talent and we want to show it to the world, [...] because people know Rwanda for other things” (Interview *Izubaa*). This aim of changing the narrative of Rwanda by using fashion as a communicative tool also expands to showing that Rwanda is not only a “poor developing country” but able to produce high-quality products that can compete in international markets (Interviews *Urutozi Gakondo*, *Haute Baso*, *Mr. Endowed*, *DIKAM*, *FL Collections*, *Berabose Designs*).

Many businesses also highlight that they are a proud *Made in Rwanda* enterprises in their promotional material. *Urutozi Gakondo*, for instance, writes on his website that „the entire production is proudly made in Rwanda” and *Rwanda Clothing* emphasizes “We are a Rwandan fashion brand. Everything of RWANDA CLOTHING is made in Rwanda and designed in Rwanda”. The connection to their home country is also reflected in many company names (e.g. “Rwanda Clothing”, “Touch of Rwanda”, “New Kigali Designers”, “Made in Kigali”) or logos (e.g. Haute Baso’s: shape of

Rwanda, Kezem: cow horns). Rwandan culture and heritage also plays an important role in the fashion of most SMEs. Elodie Fromenteau posits that *Izubaa's* "identity lies the rich tapestry of Rwandan culture" and *Karssh* "aims at creating Rwandan fashion trends upholding the beautiful uniqueness of Rwandan culture, climate and nature". Many fashion houses use traditional Rwandan aesthetics and combine them with modern elements. For example, *Moshions* has become known for incorporating *imigongo* patterns, reviving the *amasunzu* look or drawing inspiration from the *umushanana* dress. *Kezem* uses the cow, a culturally very significant animal in Rwanda, as a central motif, *FL Collections* uses the *mukotanyi* fabric of the Rwanda Liberation Army in many of their clothes and *Izubaa*, for example, features the image of a historic Rwandan queen on her t-shirts.

Patriotism, Desire for Social Impact and National Contribution

The above-mentioned national pride is also mirrored in an array of answers from companies of all sizes, but especially larger ones, that desire to have a positive economic impact on their country. As job creation and increased national self-reliance are among the policies' objectives, this can also be seen as an indirect effect of the MiR and SHC policy. For a substantial number of respondents, the founding of their business was closely linked to a sense of social responsibility, patriotism, and a wish to contribute to Rwanda's development. Two entrepreneurs describe how they used to have different jobs before and decided to venture into MiR garments in order to do something with tangible impact, meaning and innovation (Interviews *FL Collections*, *Berabose Designs*). Shiny Abdallah agrees that fashion is not only about the making of clothes, but beyond that: "it's about the impact you make to the world" (Interview *Mr. Endowed*). Maryse Mbonyumutwa, CEO of *Pink Mango C&D* and *Asantii*, calls upon Rwandan citizens and the African diaspora to not remain in their victimized role as formerly colonized, but become protagonists in the betterment of their countries:

"There is a tired discourse coming out of the university and African intellectual circles in Europe [...]: the situation of our continent is the fault of the colonizer or the neo-colonizer [...] I always ask the question: and after these observations, what do you do? My project takes this message to the diaspora. Whatever the state of our countries and our economies, the development of Africa is our primary responsibility. We must stop victimizing ourselves, even if the grip of the neo-colonialists is strong, the answers to Africa's problems must come from Africans." (Bangda 31.03.2023)

As a Rwandan, she believes "that we must all be part of the solution to our countries' problems" and there comes a time when "you have to give something back to your country" (Cissé 30.05.2021). This thankfulness to the state and feeling of responsibility to help the compatriots also came up in other interviews: Chris Gentle describes how his target is "serving the whole nation. [...] It's about the community" (Interview *Umulingu*).

Even foreign-owned companies like *Africa Uniforms* or *Pink Mango C&D* declare that their business activity in Rwanda, among other things, originates from the will to have a positive impact on the country. Long Ngan emphasizes how they want to help Africans set up their own production because “they don’t really have access to affordable, good-looking clothes that are being made in Africa.” He recalls that his father was so impressed by Rwanda the first time he visited and wanted to “contribute something to the country” (Interview *Africa Uniforms*). Since then, contributing to the Rwandan community is their self-acclaimed “first priority”, even if the factories there are not profitable anymore. Also *Pink Mango C&D* has set ambitious goals with nation-wide impact in its cooperation contract with the government: It is supposed to provide 7,500 jobs, train 500 Rwandans and increase export revenues to USD 19.4 million until 2025.

Domestic job and income creation generally seems to be a very important topic for many T&G companies. “It’s all about the prosperity, the money you are bringing back, create more jobs on the land here”, declares Joselyne Umutohiwase (Interview *Rwanda Clothing*). Diane Mukasahaha, CEO of DIKAM, reminds that the labor-intensive local production offers greater employment opportunities and positive spillovers for the country than imported ready-made clothes: “When you open a factory here you offer more jobs [...] than those who import. A person shipping 10 containers of cloths may create 5 jobs, but making those containers here could generate more than a hundred jobs” (Bizimungu 18.11.2019). Especially job creation for vulnerable groups like the youth, women (especially mothers, single moms or widows) or uneducated tailors seems to be a concern of MiR entrepreneurs (*Haute Baso, UZI, Umulinga, Ufaco, DIKAM, Pink Mango C&D*).

Beyond Policy: Broader Motivational Factors in Business Formation

Motifs related to the *Made in Rwanda* campaign were not always cited as the pivotal or only reason for starting a business. In fact, many companies mentioned other influential factors like dissatisfaction with the previously available both imported or MiR clothing options²⁴, rather profit-driven business logics and seeing market opportunity and uncatered niches²⁵ or simply a personal passion for fashion, styling and self-expression²⁶.

This analysis shows that the policies were not the only, but significant factors in the establishment of many of today’s Rwandan T&G firms by appealing to national pride and a sense of cultural as well as economic togetherness.

²⁴ *Matheo Studio, UZI, Berabose, Rwanda Clothing, Kanyana, MiR Company #A, Haute Baso, Urutozi Gakondo, Moshions*

²⁵ *New Kigali Designers, Promota Creations, Africa Uniforms, Pink Mango C&D, AMG, Mr. Endowed, Kanyana, Izubaa, MiR Company #A or Inkanda House*

²⁶ *Matheo Studio, UZI, Berabose, Moshions, Kanyana, Karssh, Izubaa, Kezem, MiR Company #A, Umulinga*

6.3.2.2 Expanding Local Production of Textiles and Garments

6.3.2.2.1 Value Chain Steps

Production of raw, input and working materials

Large-scale production of raw and working materials for textile and garment manufacturing is virtually non-existent in Rwanda²⁷. Neither synthetic nor natural fibers are produced locally for industrial use. As far as natural inputs like cotton are concerned, the lack of domestic production can be explained through the country's geographical setting, inappropriate climatic and soil conditions, limited available land and smallholder farming structures resulting in globally uncompetitive prices (Esiara 02.07.2016, ILO 2018: 9). Since the early 2000s, sericulture was promoted as part of the *National Industrial Policy* and a potential avenue for upstream integration but did not succeed eventually.²⁸

Likewise, all other working, input and intermediary materials like yarn, needles, elastics, trims (e.g. buttons, zippers, beads, laces), dyes, labels, or machinery (for weaving, cutting, sewing, buttonhole-making, embroidery, printing, dyeing, ironing, etc.) are not locally procured but imported – mainly from Asia. *Utexrwa*, for instance, indicated to source its cotton from Uganda and Tanzania, polyester from China, India and Indonesia, chemicals from India and dyes from Europe (Interview *Utexrwa*). Larger firms with higher order quantities and sourcing capacities like *Pink Mango C&D*, *Utexrwa*, *AMG*, *NKD*, *DIKAM*, *Ufaco* or *Vision Garment* purchase their inputs directly at the source, while SMEs typically purchase these materials locally from Kigali markets. The documentation of the duty remission scheme on imported raw materials and inputs shows the extent and variety of such imported materials: *Ufaco*, in the first half of 2023 alone, shipped 100 irons, 31 t of laces or 70t of labels into the country (EAC 21.04.2023: 9-12).

Fabric Production and Sourcing

Fabric manufacturing keeps being carried out by one textile mill in the country only: *Utexrwa*. Despite this monopolistic position, linkages to domestic garment producers remain minimal and the company mainly produces for its own garment production or textile products like bedsheets. The vast majority of Rwandan garment firms source their fabrics from abroad. Reasons given by respondents include the lower price, better quality and greater variety of imported fabrics as well as high minimum order volumes (e.g. minimum of 50 pieces and 1,000 m of fabric for printing at

²⁷ Rwanda is the only country in East Africa that does not grow cotton at commercial scale. Even in the neighboring countries the majority of the regionally produced cotton is not processed on site, though, but exported to Asia (Mwasomola & Owjang 2021).

²⁸ In cooperation with *Utexrwa*, a Korean investor and farmer cooperatives, the government invested in nearly 2,000 hectares of mulberry plantations and established the Kigali Silk Factory, designed to process 70–100 tons of cocoons annually (Esiara 02.07.2016, MiR Policy 2017: 5). However, the initiative collapsed due to poor coordination among stakeholders, low production volumes, inferior silk quality, and the impact of Covid-19 (Interview *Utexrwa*, Behuria 2019, MINICOM 2022).

Utexrwa) that impede small firms from using those services (Interview *Africa Uniforms*, *NKD*, *Matheo Studio*, *Karssh*, *Umulinga*). Long Ngan explains that “it’s really hard to find a fabric mill with good quality in Africa right now” and that locally “either there’s no supplier for certain things or the price would be too high, or the quality would be worse” (Interview *Africa Uniforms*). Concretely, Derrick Kanyona reports that domestic fabrics are on average 40% more expensive than their Chinese competitors (Interview *NKD*). Generally speaking, fabrics of *Utexrwa* seem to have a bad reputation among Rwandan entrepreneurs.

Exceptions of positive cases of local linkages and (temporarily) successful collaborations with *Utexrwa* constitute the cooperation with *Afriek*, *Berabose* and *Moshions*. *Afriek*, willing to use regionally grown organic cotton in their clothes, sourced the raw material on its own from Tanzania and had it woven into a custom fabric by *Utexrwa* which was then also used by *Berabose* and *Moshions* later with different prints.

Among the sourcing locations China (14 responses) and India (5 responses) remain the major players, 7 companies said to purchase their fabrics in Dubai and 2 in Turkey. The Middle East, and Dubai particularly, has emerged as a turntable and hub for materials produced in East and South Asia. Secondly, East Africa surged as an important source of fabrics with 7 companies buying their fabrics from their neighboring countries Kenya and Tanzania, either because they offer a bigger fabric variety than Rwanda or special fabrics like *batiki*. High-end designers such as *Moshions*, *Haute Baso*, *Rwanda Clothing* or *FL Collections* with a need for high quality and specialized fabrics (like wool, cotton or linen) source them from Europe (Italy, UK, Netherlands or Germany).

Product Development and Design

Design and product development are largely carried out domestically, though with varying levels of capacity and professionalism. Among the interviewed micro and small brands the design was always done by the founder. Some medium-sized companies like *Moshions* or *Rwanda Clothing* have been able to hire additional designers to support the CEO in the creative process. Two internationally oriented brands, *Asantii* and *Afriek*, work with reputed and upcoming external designers. The large MiR garment manufacturers employ dedicated in-house design staff. *Pink Mango C&D* which operates under a buyer-driven OEM model is provided the designs and desired materials by the client: “Our external buyers like Navahoo, LC Waikiki, ... come up with the material they want, we buy it from Asia, they provide the design, we just follow and export to them”, explains Yves Ntabana. *Africa Uniforms* offers both OEM and ODM services, depending on the client’s wishes. Since Rwanda currently lacks the educational infrastructure to train professional textile and garment designers, researchers and product developers most designers in SMEs are self-taught

(see chapter [6.3.2.3.3](#)) and even most large manufacturers lack the capacities to hire seasoned external designers and establish professional product development units.

The newly established study program at the IPRC Kigali intends to close that gap, however, it remains questionable whether the existing design skills will suffice to scale up to internationally competitive design and production in the near future. Yet, professional ODM capacities are “a vital attraction factor for potential export clients” (NIRDA 2017: 12) and functional upgrading endeavors.

Garment Production

The CMT activities to assemble the final piece of clothing are usually carried out by the tailors of the respective company, except for a few different production models:

- Micro designer brands, like *MiR Company #A*, *Izubaa*, *Inkindi* and *Aria Designs*, that don't have the capacity to hire their own workers yet rely on on-demand free-lance tailors
- *Haute Baso*, since its inception, has outsourced the garment-making to a network of 10 cooperatives comprising around 300 tailors and artisans. Design, sampling, sourcing and marketing and sales are organized in-house by the office in Kigali.
- *Mr. Endowed* has opted for outsourcing their entire production to Chinese mass manufacturers due to available machinery and industrial production capacities, tailoring skills and quality of the final product, material variety and professional work attitude there.

The actual production processes vary depending on the size and capacity of the enterprise. In designer SMEs most steps are performed with manual or basic electric sewing machines by one tailor finishing the entire garment. This production style marked by small batches, involving a lot of manual work, artisanal skills and low standardization could be described as a “boutique style production model” (cf. HEVA 2016: 16). Medium and larger companies work more functionally disintegrated with multiple production lines and workers assigned to partial tasks like cutting, sewing specific parts, filling, buttoning, finishing, ironing or packaging. Additional steps like embroidery, printing, weaving additional parts like collars or accessory-making (e.g. beading) are either performed in-house by large manufacturers (*Pink Mango C&D/Asantii*, *Utexrwa*, *NKD*, *DIKAM*, *Promota*, *Africa Uniforms*) or outsourced to specialized individuals, cooperatives or local subcontractors by MSMEs without the respective expertise or technology.

The degree of automatization and endowment with specialized machinery varies strongly: while *Pink Mango C&D* stands out for its modern and advanced technology, most smaller and domestic producers appear to have rather outdated machinery not at international industry standard (see also NIRDA 2017, ITC 2020).

Marketing and Distribution

Since only *Pink Mango C&D* and *Africa Uniforms* operate under a buyer-driven contract-manufacturing model, all other Rwandan T&G businesses handle all post-production branding, marketing, distribution and retail activities on their own. Within the B2C business retail takes place

a) Via the producer's own shop or showroom

All MSMEs operate or plan on having their own store or showroom since having a physical retail space remains crucial, as Rwandan customers seem to prefer in-person shopping, valuing the personal interaction, physicality of the fabrics and a proper fit (Interview *MiR Company #A*, *Inkanda House*). Special arrangements include showrooms in private residences (*UZI*, *Izubaa*, *Matheo*, *Urutozi Gakondo*, *Mr. Endowed*) or shared retail (e.g. *Aria Designs* at Kuza Hub, *Kanyana* and *Kezem* at the joint Art Rwanda Ubuhanzi shop). More established designers like *Moshions*, *Rwanda Clothing*, and *Haute Baso* have upgraded their stores with auxiliary business activities like a café or home décor unit to enhance the shopping experience and create consumption synergies. Hospitality spaces as points of contact with international demand-rich potential customers generally constitute attractive retail points (e.g. *Touch of Rwanda* is located at café Casa Keza, *Rwanda Clothing* has outlets at luxury hotels near national parks and *Izubaa* has had pop-ups at Marriott Hotel Kigali). Some high-end designers with an international client base even have branches abroad: *Moshions* has had pop-ups across all important African, European and Asian fashion metropolises, *Asantii* operates stores in Johannesburg, Accra, Abidjan, London, New York and Brussels and *AfrieK* has a shop in the Netherlands.

The large MiR T&G manufacturers typically do not operate retail stores, focusing instead on B2B and export. Exceptions include *DIKAM* and *Vision Garment* with small outlets at CHIC mall in Kigali. *Africa Uniforms* previously tested three shops but closed them due to lack of turnover. *Ufaco* said to offer their pieces for sale from the factory in the KSEZ.

b) Via retailers

Wholesale distribution via networks of individual dealers is common among large manufacturers supplying the domestic market (Interviews *DIKAM*, *NKD*, *AMG*, *Africa Uniforms*, *Utexrwa*). They sell their clothes in bulk to what they call “representatives” or “agents”, mobile intermediaries and retailers more or less closely linked to the company, who take the items to markets or shops around towns in the Rwandan districts. *Ufaco* also described assuming that task internally by regularly going to 13 Rwandan markets across Kigali and the country, promoting and selling their produce there themselves.

Internationally, some designers are featured in fashion boutiques or concept stores which sell selected designer *Made in Rwanda* pieces (e.g. *Inkanda House* in Canada, *Umulinga* in USA and Europe, *Urutozi Gakondo* in USA and Dubai, *Haute Baso* in Nairobi)

c) Via online platforms

Despite global growth in fashion e-commerce, online sales remain limited in Rwanda. Out of all researched companies only 60% (18 out of 30) have a (functioning) website. Still, some of these are outdated or only accessible temporarily. Out of these only six companies operate a working web shop. Even among these, sales remain low because Rwandans are not used to shopping online, consumers prefer physical interaction with the pieces (see above) and internationally the high shipping costs make e-commerce unprofitable (Interviews *Haute Baso*, *Rwanda Clothing*, *Inkanda House*, *Moshions*, *Karssh*). Likewise, the government's effort to create online retail touchpoints during COVID-19 by launching the online platform RwandaMart for Rwandan products has seen little acceptance locally (Interview *Inkanda House*).

Nevertheless, most businesses rely on online presence, especially social media, for visibility, marketing and customer acquisition. Instagram and WhatsApp serve as affordable, far-reaching tools for showcasing one's work, especially among young designers. *MiR Company #A*, *Izubaa*, *Matheo*, *Umulinga*, *FL Collections*, *Urutozi Gakondo*, and *Kanyana* reported significant portions of their clientele coming from online marketing (e.g. *Kanyana World*: 70%). Still, word-of-mouth promotion and recommendations from existing clients or friends and family remain the most important marketing channel among most SMEs (Interviews *Urutozi Gakondo*, *Afrik*, *NKD*, *FL Collections*, *Aria Designs*, *Kanyana World*, *Karssh*, *Inkanda House*).

6.3.2.2.2 Linkages, Backward Integration and Upgrading in Practice?

When looking at the entire textile and garment value chain, the *Made in Rwanda* and SHC policy have stimulated growth in downstream activities like garment production and retail, most upstream steps, i.e. raw material production and textile processing, are still performed outside the country. As the earlier chapters have shown, fiber production projects remained unsuccessful. Since 2016 *Utexrwa* remains the sole textile mill in the entire country and yet unpopular among sourcing companies resulting in a capacity utilization rate of a mere 20% (Interview *Utexrwa*). Although some apparel producers with a Pan-African vision demonstrate a clear willingness to strengthen backward linkages and exclusively source regionally, these wishes currently remain future visions (Interviews *Asantii*, *UZI*, *Berabose Designs* and *Moshions*). Collaborative projects like the joint sourcing of *Afrik* and *Moshions* from *Utexrwa* raise hope but remain anecdotal, with little

indication of deeper long-term supply chain linkages. As a result, the sector continues to exhibit a high dependency on imported input materials from Asia. In other words, despite the government's goal to achieve **backward value chain integration**, **supply chain upgrading** to textile or fiber production did not occur. The fact that these upstream industries are particularly capital-, scale-, and skill-intensive and therefore comparatively difficult to establish (Staritz & Frederick 2014: 219) raises the question whether this particular industrial development path is the right one for Rwanda with its geo-strategical and early-industrializing context.

Most Rwandan apparel producers operate **functionally integrated business models** by default, performing nearly all steps from fabric sourcing to design, production and retail in-house by themselves, as they operate their own brands themselves and are not integrated into GVCs as suppliers. While this vertically integrated model does allow for a greater degree of value capture, it does not necessarily reflect the functional upgrading, but seems a product of the localized, small-scale, and often founder-driven nature of most enterprises that simply do not have the capacity to functionally outsource tasks or become part of global production networks. *Pink Mango C&D* and *Africa Uniforms* are the only export-oriented companies embedded in international value chains as garment suppliers. They work mainly under an **OEM production model**, in which Rwanda is primarily leveraged as a low-cost production base, while strategic decisions such as site selection or product scope are completely buyer-driven (see Interview *Africa Uniforms*, *Pink Mango C&D*) and value-adding functions like design, branding, marketing, and retail are retained by the international lead firms. Nonetheless, them taking over tasks such as financing and sourcing of inputs, finishing, packaging, and logistics of the final goods already represents a **functional upgrading** compared to simple CMT activities. *Africa Uniforms*, additionally offers design services as well and has even developed its own brand, which signifies that they are "moving up" the value addition ladder. Also some larger non-exporting domestic firms like *DIKAM*, *NKD*, and *Promota Creations*, however, reported small scale functional upgrading through the acquisition of embroidery and knitting machines, allowing them to internalize such previously outsourced processes. In terms of **process upgrading**, a number of manufacturers have invested in new technologies to enhance productivity. *Pink Mango C&D*, for instance, has introduced an intelligent hanging garment transportation system that improves the efficiency of its production lines.

In the realm of **product upgrading**, designers such as *Matheoor Umulinga* have expanded from basic products like t-shirts to complex items including tailored suits and haute couture pieces. Similarly, *Pink Mango C&D* has evolved from producing simple export items like uniforms and polo shirts to more sophisticated outdoor and sportswear collections or launching its spin-off *Asantii*, which

targets a completely different high-end consumer segment. This goes hand in hand with **channel upgrading**: Rwandan designer labels like *Asantii*, *Moshions*, *Matheo* or *Umulinga* have been able to enter new target markets and explore new clients in Europe, Asia, Africa and North America. *Rwanda Clothing* also showed signs of **inter-chain upgrading** when venturing into the home décor section and using her experiences, contacts and design and handicraft skills from garment manufacturing to explore this related value chain.

Domestic horizontal linkages were only peripherally studied during this research. Manufacturers of all sizes reported relying on specialized and non-specialized support functions, either through formal contracts (e.g. for logistics, catering or printing), via freelance work agreements (e.g. with bookkeeper, marketing persons or photographers) and sometimes such service providers are even counted as part of the team (e.g. cooking or cleaning lady, driver purchases and delivering orders). In summary, there are some examples of process, functional, and product upgrading, but the broader transformation of the sector through vertical integration, diversified linkages or entry into higher-value chain functions remains limited.

6.3.2.2.3 Garment Production and Sales

Production Volumes

As table 16 in the [annex](#) shows, yearly production volumes vary widely among the surveyed textile and garment manufacturers in Rwanda from 50 pieces to 14 million pieces produced yearly.

Eight companies produce fewer than 500 items per year (all micro and small companies with less than five employees) and nine SMEs fall in the bracket between 1,500 and 10,000 pieces. Among the large manufacturers, five produce between 100,000 and 500,000 garments annually, while one enterprise, *New Kigali Designers* exceeds one million pieces. *Pink Mango C&D* spearheads production with around 14 million produced items per year.

It is important to mention, though, that production numbers vary largely in between product categories due to differing levels of complexity in production but also depending on the season or year and fluctuating number of orders which makes it difficult to determine and compare production levels (Interviews *MiR Company #A*, *UZI*, *Kanyana*, *Izubaa*, *Ufaco*, *Africa Uniforms*).

Most MSMEs produce small to medium-sized collections with not more than 30 pieces per design. Yet, many also just produce single pieces of outfits – either out of limited investment possibilities, lacking demand and risk aversion i.e. only reproducing an item on demand when a previous one has been sold (e.g. *MiR Company #A* or *Aria Designs*) or in order to showcase their artful couture pieces and create an image of exclusivity (e.g. *Matheo*, *Moshions*, *Rwanda Clothing* or *Inkindi*).

The significant jumps between production brackets illustrate the diverse landscape of the Rwandan T&G sector and underline the stark differences in mass production capacity. Despite the relatively large number of MSMEs their contribution to total output remains minimal. Based on available data, less than 1% of total production is accounted for by MSMEs, highlighting the pivotal role of large enterprises in upscaling and industrializing the sector (see table 15 in [annex](#)).

Changes since policy introduction

According to the 2017 NIRDA study the sector produced roundabout 4.63 million T&G items when the policies were introduced (NIRDA 2017: 46f.).

Extrapolated from the recent data gathered as part of the field research, local production appears to have increased significantly, reaching an estimated 17 million items in 2022/23.

While comparisons must be made cautiously due to differing data sources, this would signify a net plus of 12.37 million items and a 3.7-fold growth over a time span of six years.

As described earlier, most companies in the sample were founded post 2016/17 and thus provide no basis for historical comparison at company level – but constitute a net plus for the sector output. Therefore, the illustrated increase, on the one side, reflects the establishment of new T&G companies, mainly driven by new large players like *Africa Uniforms*, *Ufaco*, *DIKAM*, and *Vision Garment*. On the other hand, it has profited from the growth of existing firms, particularly the takeover of *C&H Garments* by *Pink Mango C&D*. The latter now produces approximately ten times the output of its predecessor (from 1.4 million pieces to around 14 million pieces). But also other firms existing prior to the introduction of the policies reported notable growth since 2016/17: *Rwanda Clothing* increased its output by a factor of 5.5 (from 1.800 to 10.000 pieces yearly) and *New Kigali Designers* by a factor of 7.5 (from 200.000 to 1.5 million pieces yearly).²⁹

However, not all companies experienced growth. *Karssh* and *AfrieK* reported slight declines in production since 2017, while *Promota Creations'* output fell by around 50%. *Utexrwá's* textile production decreased fivefold, with capacity utilization halving since 2018 (50% to 20%).

Several new entrants reported rapid initial growth around 2018/19 – indicating a positive impetus on demand and production as a result of the MiR and SHC policies – but suffered sharp setbacks later. *Touch of Rwanda*, for example, experienced her peak in business activity with several shops and 25 employees before Covid-19, while she is now down to 4 employees tailoring a mere 50 pieces per year due to the effects of the pandemic. *Africa Uniforms*, which used to operate three factories

²⁹ All baseline data is taken from the 2017 NIRDA report (NIRDA 2017: 46 f.)

producing up to 3 million garments, had to close down two of them and now only produces 4% of their previous production output because of the loss of AGOA. *AMG* which was started in late 2019 and would have had a promising production capacity of up to 60 million pieces yearly thanks to its large base of tailors, has suspended production entirely since the outbreak of Covid in 2020 due to slumping demand, debts and mismanagement.

Gaps between National Production and Demand

The study commissioned by MINICOM in 2019 comes to the conclusion that Rwanda's population generates an annual demand for garments of 82.6 million (see table 6x).

Of this, only about 4 million pieces or 5% are supplied by domestic producers, leaving a 95% gap that is filled by both formal and informal imports. It remains unclear whether the given data includes garments that are destined for export or corporate clients, which would make the coverage of domestic demand even smaller. When comparing given national demand of garments to the production volume data collected as part of this research, the coverage gap appears even larger: the extrapolated total production of 442,000 pieces for private domestic consumption covers only around 0.5% of the total demand (see [chapter 6.3.2.2.2](#))³⁰. This inability of local production to quantitatively cover the Rwandans' need for clothes was also critically raised by some interview partners (*ADECOR, UZI, Afriek, Berabose*). "[Rwandan designers don't] give enough clothes for not even only people in Kigali", warns Laurene Rwema Umutohi (Interview *UZI*).

Despite national demand exceeding national production of fabrics and clothing several interviewees operate far below their potential. *Utexrwa* currently utilizes only 20% of its production capacity, a notable decline from 50% in 2018 (ILO 2018: 28). Also *Africa Uniforms* operates at around 20% of its capacity, *NKD* at least at 75%. *AMG* theoretically has a huge production capacity but is currently completely inactive due to internal problems³¹. This pattern of underutilization is consistent with earlier findings: a 2016 industrial survey conducted by MINICOM (2017: 8) found an average capacity utilization of only 45% among MiR firms, suggesting that sector-wide efficiency has not substantially improved over time. Contributing factors include limited domestic demand, outdated or inefficient machinery, the loss of AGOA eligibility, and challenges related to management and production planning.

³⁰ It is important to note that these numbers only refer to the numeric quantity of pieces produced and not which products or how intense their production process is (i.e. how many pieces can be produced in a given time). A direct comparison of the different data sources should, therefore, be done cautiously.

³¹ The shareholding with 1,500 tailors in total was able to produce up to 60 million simple items (face masks) within four months – which is equivalent to an annual capacity of around 180 million pieces.

Table 6: Rwandan garment production and demand (Source: MINICOM 2022:6, own calculations)

Type of Product	Local Production (pcs)	Estimated National Demand (pcs)	Gap (total)	Covered by local production	Gap (%)
Jeans	140.285	8.110.596	-7.970.311	2%	-98%
Socks	50	7.322.216	-7.322.166	0%	-100%
Undershirt / -vest	2.528	7.019.987	-7.017.459	0%	-100%
Pants	12.977	6.907.361	-6.894.384	0%	-100%
Shorts (men's)	246.390	6.778.204	-6.531.814	4%	-96%
T-shirt - knit (unisex)	1.222.808	7.659.060	-6.436.252	16%	-84%
Panties - knit (women)	439	4.774.523	-4.774.084	0%	-100%
Dresses	401.453	4.634.315	-4.232.862	9%	-91%
Woven shirt (men)	88.901	3.857.428	-3.768.527	2%	-98%
Skirts	450.477	3.832.719	-3.382.242	12%	-88%
Blouse - woven	145.397	3.461.515	-3.316.118	4%	-96%
Polo (golfer)	807.840	3.971.862	-3.164.022	20%	-80%
Kitenge	136.531	3.293.151	-3.156.620	4%	-96%
Underwear	2.988	2.975.194	-2.972.206	0%	-100%
Bras	4.095	2.800.701	-2.796.606	0%	-100%
Sweater (knit) or jumper	837	1.627.905	-1.627.068	0%	-100%
Scarf	12.980	1.009.498	-996.518	1%	-99%
Table cloths / apron	215.266	788.379	-573.113	27%	-73%
Non-leather bag	106.297	610.142	-503.845	17%	-83%
Night dress	14.549	502.506	-487.957	3%	-97%
Hats	11.964	453.086	-441.122	3%	-97%
Mushanana	48.910	169.513	-120.603	29%	-71%
Traditional dancing attire (Ishabure)	3.734	28.156	-24.422	13%	-87%
TOTAL	4.077.696	82.588.017	-78.510.321	5%	-95%

Produced Products

Unfortunately, there is no quantitative data on which specific products are produced in which quantities in Rwanda. The latest available data at national level is study commissioned by MINICOM from 2019. According to it the most produced products are t-shirts (1.2 million pieces) and polo shirts (800,000 pieces), followed by skirts (450,000 pieces), dresses (400,000 pieces) and shorts (246,000 pieces)(MINICOM 2022: 6, own calculations, see table 6).

Table 18 in the annex shows which products are produced by which manufacturer in the sample. Table 7 below summarizes which product categories are produced by which group of companies.

Table 7: Produced Product Categories per Producers (Source: Own research)

Category	Types of clothes	Group of producers	Producing companies
Casual wear and basic garments	t-shirts, simple shirts, trousers, etc.	- large manufacturers - SMEs in addition to their existing collections	Utextrwa, NKD, DIKAM, Pink Mango C&D, Ufaco, AMG, Vision Garment, Africa Uniforms e.g. Urutozi Gakondo, Izubaa
Smart casual elevated basics	tops, shirts, trousers, skirts, dresses, jackets, etc. for everyday use but more elaborate than simple basics	MSMEs with lower to upper middle income target clientele	Urutozi Gakondo, MiR Company #A, Berabose Designs, Aria Designs, Afriek, AMG, Rosalie Gicanda, Touch of Rwanda, Haute Baso, Rwanda

			<i>Clothing, UZI, Inkanda House, Touch of Rwanda, Matheo</i>
Formal business wear and apparel for festive occasions and celebrations	chic shirts, suits, blouses, trousers and dresses, partly traditional attire for special occasions or work contexts	• middle to high-end designer SMEs	<i>Rwanda Clothing, Kolbe, MiR Company #A, Haute Baso, Izubaa, Karssh, Asantii, Afriek, AMG, Rosalie Gicanda, FL Collections, Inkanda House, Umulinga, UZI, Inkanda House, Touch of Rwanda, Matheo, Moshions</i>
Artistic outfits for creatives & Haute Couture	entire outfits for artists for events, video and the like	• young playful and creative designers	<i>Matheo, Urutozi Gakondo, Moshions, Izubaa, Maison Inkindi</i>
Functional sports and outdoor wear	Sport trousers and tops Outdoor jackets (e.g. for winter)	• large exporting manufacturer • dedicated small designer houses	<i>Pink Mango C&D, Mr. Endowed, Berabose, FL Collections</i>
Children's wear	Shirts, dresses, skirts, trousers, jumpers, etc. for boys and girls	• Large manufacturers • dedicated medium-sized designer house	<i>DIKAM, Ufaco, Rwanda Clothing</i>
(Work) Uniforms & Promotional items	Shirts, trousers, jackets, vests, etc. for military, police, corporations, printed and embroidered t-shirts	• Large manufacturers	<i>DIKAM, Promota Creations, NKD, Pink Mango C&D, Ufaco, AMG, Utexrwa, Vision Garment, Africa Uniforms</i>

As the compilation above shows, the largest number of interviewees in the sample focusses on smart casual elevated basic fashion items for everyday use (tops, shirts, skirts, dresses, jackets) and more elegant attire for work settings or festive and formal occasions (suits, dresses, elegant shirts, etc.). This correlates with high number of SMEs in the sample, their small-scale boutique style production and their target clientele, namely middle to upper class Rwandans (see [chapter 6.3.2.2.3](#)). An interesting insight from research was also that almost all SMEs complement their pre-produced ready-to-wear (RTW) pieces by offering made-to-measure apparel services (see figure 12). Designer businesses explained that RTW constitutes a “difficult business” (Interview *Haute Baso*) and would not ensure their survival, which is why bespoke wear remains the core business for many, often representing over 70% of their stream of income (e.g. *Kezem, FL Collections, Karssh, Inkanda House, Matheo, Aria Designs, Rwanda Clothing, Haute Baso*). Joselyne Umutoniwase elucidates that she as a medium-sized producer cannot compete with large-scale manufacturers or SHC over prices and therefore needed to find their niche and unique selling point:

“I won't create a hoodie for 10, 20€ and make money here. I knew because the bigger brands produce millions of those pieces and are going to be cheap. I needed to focus where people need more knowledge in terms of creating clothes, which is like the work attire and special occasion attire where you need to put a lot of effort. [...] That's what customers will need and can't find in the second-hand. So I can offer that.” (Interview *Rwanda Clothing*).

As mentioned in the quote many entrepreneurs brought up that MiR garments are especially popular among Rwandans for occasional targeted purchases (e.g. traditional attire, gifts or elaborated outfits) for special occasions like birthday, weddings, funerals, church visits and the like, due to

their customization, cultural meaning, craftfulness and higher price points (Interviews *Kanyana World, MiR Company #A, FL Collections, Rwanda Clothing, NKD, Umulinga*).

At the same time, some studios complement their more elaborate and expensive designer pieces with more basic items like printed t-shirts, caps or other ready-to-wear articles to offer lower price points and generate a more constant cash flow (e.g. *Matheo, Izubaa, Urutozi Gakondo*).

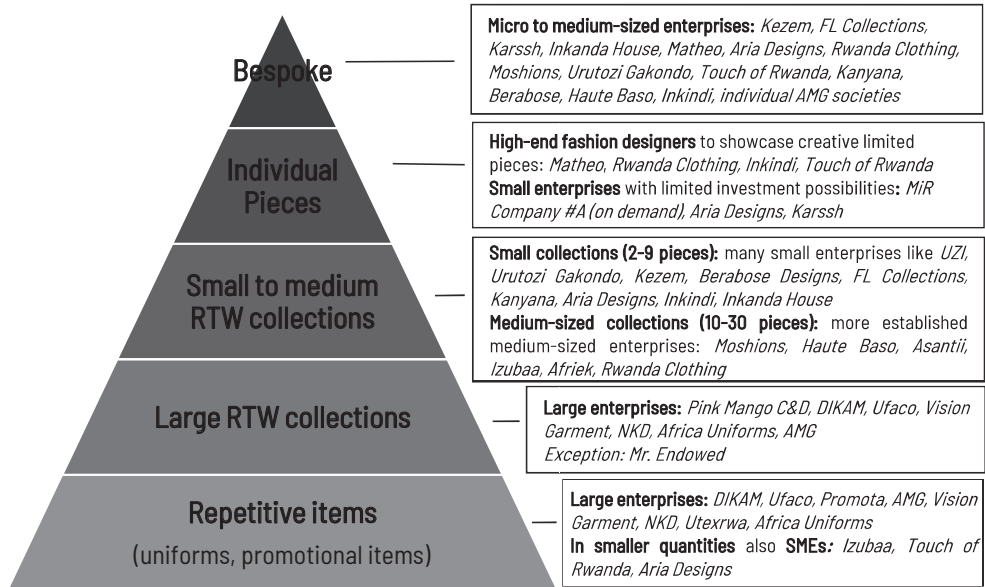


Figure 12: Product categories from bespoke wear to mass repetitive items (Source: Own research and visualization)

The large-scale Rwandan T&G manufacturers, on the other side, focus on large RTW production of basic casual items like t-shirts, simple shirts, dresses or trousers for the B2C market, and uniforms, work wear and promotional items for corporations, schools, and institutions on the other side. Both product categories require and profit from relatively simple designs, high-volume production, repeated orders, low unit costs and economies of scale. *Mr. Endowed* constitutes a notable exception in this product category as they outsource their production of casual and sportswear to Asia which allows them to produce at higher volumes and lower costs.

Changes since Policy Introduction

The 2017 NIRDA survey found that out of the 4.63 million domestically produced and sold garments only 0.2% (ca. 10.000 pieces) were fashion items like dresses, shirts, skirts or trousers. Around one half (47%, ca. 2.2 million pieces) were made up of basic shirts and t-shirts, mostly for promotional use, and the rest (52.8%, ca. 2.5 million pieces) represented uniforms and work wear. (NIRDA 2017: 21,46 f., own calculations) In other words, around the time of the introduction of the policies only the smallest portion of *MiR* clothes was meant for Rwandan B2C consumers.

Comparing these numbers to estimated production volumes within the sample (see table 15 in annex), the following trends may be approximated³²:

- The volume of locally available fashion items produced by MSMEs has more than doubled from approximately 10,000 to around 22,400 pieces in 2023. Yet, this category still represents less than 0.2% of total national production.
- The number of uniforms, workwear, and promotional items destined for Rwandan B2B customers has grown modestly from around 4.7 million to 5.35 million pieces.
- A significant change goes back to the emergence of locally available mass-market clothing: around 442,000 items like shirts, t-shirts, dresses, and jeans manufactured by large producers are now available – a category that was almost non-existent in 2017.
- Quantitatively most noticeable, however, is the rise in production of garments destined for exports (more see [chapter 6.3.1.2](#))

Gaps in Product Categories

As the previous [chapter on types of produced garments](#) has illustrated, there is a concentration on smart and smart casual wear among MiR clothing producers, particularly SME designer studios. These disparities can also be seen in the table above: the largest shortfalls between domestic supply and demand can be found in basic mass-market items such as trousers, t-shirts, socks, and undershirts with local coverage rates of around 0% and gaps ranging from 6 to nearly 8 million pieces annually. Also complex items requiring specific materials, intricate production processes or high quality like jackets and coats, jeans or sportswear are generally underrepresented in Rwandan garment production. Other products almost non-existent in Rwandan garment production are basic items like underwear, socks or children's wear – a gap that has been also acknowledged by interviewees (Interviews *Rwanda Clothing, FL Collections*).

These gaps reflect the technological and mass production limitations of Rwandan garment manufacturing, the export- and B2B-market orientation of most large manufacturers and perceived lacking demand or profit in the domestic mass consumption market (more see [next chapters](#)).

Target customers

The actual availability of *Made in Rwanda* garments to Rwandan consumers is closely linked to where producers see demand and therefore which products they produce for whom. The following

³² Quantitative comparisons shall be handled with care due to differing sources, unclear definitions of clothing categories and possible data gaps or non-conformity.

chapter therefore analyzes the target customers of MiR T&G producers along the lines of type of buyers (final consumers (B2C) or corporate/institutional buyers (B2B)), nationality and location.

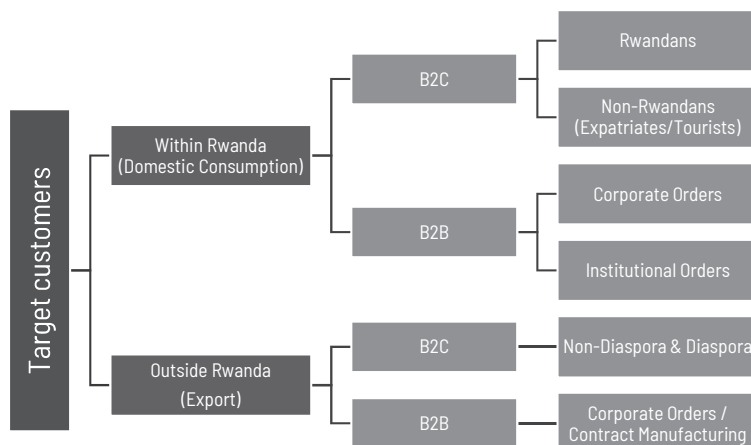


Figure 13: Categorization of Target Customers (Source: Own research, 2023)

Type of Buyers: B2C vs. B2B

The clientele of Rwandan T&G enterprises reflects the segmentation of the sector between MSMEs and larger manufacturers. MSMEs primarily operate on a business-to-consumer (B2C) basis, catering to individual customers, often through bespoke tailoring or limited ready-to-wear collections. There are some exceptions in which also these producers occasionally secure small corporate orders, for example for uniforms or promotional garments for hospitality businesses (e.g. *Aria Designs, Izubaa, Touch of Rwanda, Izubaa, Rwanda Clothing*).

In contrast, large-scale manufacturers predominantly pursue business-to-business (B2B) models, with B2B accounting for 50 to 100 percent of their total activities. These firms supply a range of corporate clients including Rwandan companies (e.g. *RwandAir, Inyange, MTN*, hotels, restaurants or security firms), locally operating NGOs like *UNICEF* or *World Vision*, as well as international textile companies and brands like *Otto, Zara, Intersport, Navahoo, LC Waikiki* or *Cintas Uniforms*. The second large customer group is made up of government institutions like the military, police, correctional services and schools, hospitals. Public procurement deals account for 20% to 70% of their total revenue (Interviews *Vision Garment, NKD, DIKAM, Ufaco, Africa Uniforms*).

The preference for institutional and corporate clients is attributed to the reliability, predictability and risk-reduced nature of large-scale orders vis-à-vis fragmented consumer markets. Long Ngan explains that for them as a factory-based manufacturer “B2B is easier” because they are not a retailer and in B2B they “just find one customer to buy everything.” (Interview *Africa Uniforms*).

Similarly, Yves Ntabana makes clear that *Pink Mango C&D* prefers having a guaranteed market by external corporate buyers and those “those big big takers like National Police” over designing and producing products for the B2C market unsure whether there will be demand on them (Interview *Pink Mango C&D*). In addition to that, Ritesh Patel (*Utexrwa*) notes that the Rwandan end consumer market is too limited in size and already saturated with competition, making it unattractive to them. Nonetheless, more hybrid models are emerging as more manufacturers combine production of uniforms and promotional items with the development of their own fashion brands for the domestic market. Examples include *NKD* with its HIPPO label, *Africa Uniforms* through Afriwear, *Ufaco Garments*, and *Pink Mango C&D* through its B2C-oriented subsidiary *Asantii*.

Africa Uniforms and *NKD*, however, acknowledge a lack of expertise in direct-to-consumer infrastructure and know-how which hinders their growth on the domestic B2C market: “We’re a manufacturer, we are not a retailer. But we want to kind of do both.” (Interview *Africa Uniforms*).

Despite these developments, the overall market remains skewed toward B2B. Based on mean production volumes reported by the sample³³ (see table 8, for more details see table 15 in annex), only about 2.5% of garments produced (approximately 442,000 pieces) are destined for private consumption in the country. The remaining 97.5% goes to businesses or institutional buyers. Of that share, only around one third is bought by Rwandan buyers (22.7% by national institutions and 8.8% by Rwandan private companies), the large majority (~ 66%) is exported to international business customers (mainly by *Pink Mango C&D*).

		Within Rwanda	Outside Rwanda	Total	
B2C	Rwandans	442,342	0	442,342	2.4%
	Non-Rwandans	9,852	5,734	15,586	0.1%
B2B	Corporate Orders	1,516,164	11,212,000	12,728,164	74.8%
	Institutional Orders	3,830,250	0	3,830,250	22.7%
Total		5,798,608	11,217,734	17,016,342	100%
		34.1%	65.9%	100%	

Table 8: Distribution of Produced volumes by type of buyers and location (Source: Own research)

This leaves little room for local market development and import substitution by Rwandan consumers. At the same time, the heavy reliance of non-exporting large manufacturers on public procurement contracts raises concerns about overreliance on government demand and competitiveness in private markets. While this form of state-driven substitution replaces previous imports and contributes to local employment and value creation, it may create overdependence on the state and fail to foster competitiveness in private markets.

³³ Data considers current mean production based on statements of manufacturers and are therefore just rough approximations of total available clothes. Some data might differ when operations go back to their initial intention (e.g. AMG returning to serving the Rwandan mass market, *Africa Uniforms* exporting again).

Nationality of Buyers: Rwandan vs. Non-Rwandan

The national composition of the customer base of *MiR* garment producers is highly heterogeneous, ranging from only targeting exports or international clients to only catering Rwandan customers.

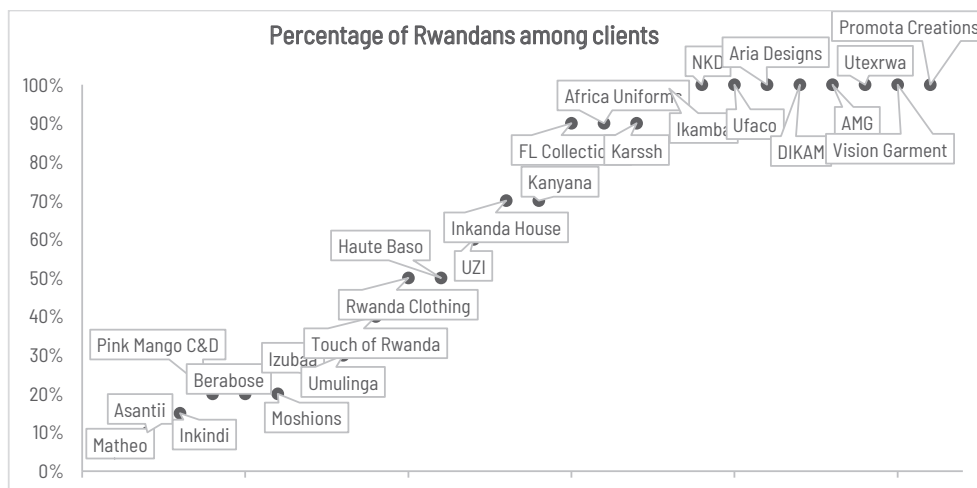


Figure 14: Estimated share of Rwandans among companies' customer base (Source: own, 2023)

Figure 14 shows which share of the producer's current clients is Rwandan. Next to the large range one can distinguish different groups of T&G producers:

- Large Rwandan-owned manufacturers** (*AMG*, *Vision Garment*, *DIKAM*, *Ufaco*, *NKD*, *Promota*, *Utexrwa*) that focus on mass-produced basic garments have a client base that is entirely domestic, but also because they are not capable of exporting (yet). An exception in this category is *Africa Uniforms*, that used to be an export-oriented manufacturer but is currently only able to export 10% of its production (more see [chapter 6.3.1.2.2](#)). It is important to note that 86% of their products are absorbed by corporate or institutional orders, though, and only 14% go to the local B2C market.
- Group B comprises **micro and small enterprises** that have a predominantly Rwandan clientele (70–99%). Some, like *Inkanda House*, *Karssh*, *FL Collections*, and *Kanyana*, because they pride themselves in producing for loyal local customers and focus on made-to-measure apparel, as expressed by Sano Olivier "We want Rwandese to buy our clothes, we don't need the ones from outside." (Interview *FL Collections*). Others, because they don't have the visibility, means and outreach to international customers (e.g. *Aria Designs*, *MiR Company #A*, *Inkanda House*, *Karssh*, *shareholders of AMG*). Respondent *MiR #A*, for example, notices that tourists only go to the known brands or straight to local markets (Interview *MiR Company #A*).

- c) A third group includes **well-established SME designers** like *Haute Baso*, *UZI Collections*, *Rwanda Clothing*, *Touch of Rwanda*, and *Umulinga* that produce very good quality clothes and have achieved visibility and recognition among tourists, expats and internationals as well as affluent Rwandans (shares between 30–60%). For Joselyne Umutoniwase Rwandan customers are crucial multipliers and stable buyers: “I feel like for us to look inside is better than looking for outside. [...] Those are the one who sustain your business. [...] Local customers are the best because they are local and brand ambassadors” (Interview *Rwanda Clothing*).
- d) A significant number of manufacturers primarily target international consumers and only have between 5–25% Rwandans in their customer base. This includes the **export-oriented contract manufacturer** *Pink Mango C&D* and newer **high-end designer brands**, such as *Matheo Studio*, *Moshions*, *Asantii*, *Maison Inkindi*, *Berabose Designs*, *Urutozi Gakondo* and *Izubaa*. Their products and retail prices reflect both brand positioning and style preferences, often aligned more global audiences. „People who buy [...] my brand are very few: it's like 3% of the population. [...] It's the people who mostly come from abroad. It's Rwandan diaspora, Rwandans who live abroad. It's people who are visiting Rwanda. [...] Our shopping is 80% from foreigners”, illustrates Moses Turahirwa (Interview *Moshions*). Other designers deplore that they do not have more Rwandan customers but blame the lacking understanding of average Rwandans for their fashion (see also [chapter 6.3.4.1.1](#)). Elisabeth Berabose notes that “the target audience is not here” and the “local market is complicated” (Interview *Berabose Designs*), while Matheo Niyigena reflects that he finds himself “working with people from outside, mostly. Maybe few people here in the country who like have a high fashion sense.” (Interview *Matheo Studio*). Therefore, but also due to their higher expected purchasing power many *Made in Rwanda* garment makers target tourists, expatriates, the diaspora and other buyers abroad who are willing to pay premium prices and seek locally inspired fashion pieces and souvenirs. Therefore, most MiR designer boutiques can be found in international neighborhoods in Kigali or close to hotels, restaurants and sights with a flow of tourists.

Yves Ntabana justifies *Pink Mango C&D*'s exclusive focus on international consumers and their reluctance to explore local market potentials with missing Rwandan demand, the lacking appropriateness of their current expensive niche products for the domestic market and the complicated and risky retail business (see [chapter 6.3.4.1.2](#)). “The local market for clothes or garment is very small I don't see the trend to grow. [...] It would be not really rational to invest in producing some jacket to local market [...] because there is no demand on that [and] “that would oblige us to change the production design” (Interview *Pink Mango C&D*). Similarly, Ritesh

Patel of *Utexrwa* explains that the local market is complicated because 90% of Rwandans live below the poverty line and, thus, there are “very few you can attract to purchase because they don’t have the buying power.” He continues to tell that “people are not even able to purchase [...] the shirt that we are putting in the market at a value of RWF 5,000.” (Interview *Utexrwa*).

Looking at total numbers of how much of the domestically produced clothes is offered to Rwandans reveals an alarming reality: less than 2.5% of *Made in Rwanda* production is available for private Rwandan consumers.

These dynamics are also viewed critically by some interviewees. Moses Turahirwa (*Moshions*) postulates that people who buy *Made in Rwanda* “are very few: [...] it’s the people who mostly come from abroad [...]. But Rwandans themselves, that’s not encouraged”. Likewise, Nadine Kanyana observes that “most people here, they target tourists or not-Rwandan people. [...] They just want to sell on a higher price, that’s why they target people from abroad. [...] That’s why there was a big gap because everyone was producing for the tourists.” (Interview *Kanyana World*). Joselyne Umotoniwase shares the feeling that Rwandan producers always target and favor the Global North “We have this thing like ‘Oh, I can tell people, I sell this in Europe and I sell this in US and so’. Like, you’re proud about it. [...] I tell people ‘The money you make here is the same, has the same color as the money you can make in whatever, Europe, US’.” (Interview *Rwanda Clothing*). She extends this criticism to “the large scales, they are all exporting” (ibid.).

Similar patterns have been observed in other T&G producing countries. Calabrese, Balchin & Mendez-Parra (2017: 13) therefore voice concern that “the marked export-orientation of the small domestic production casts doubt on the usefulness of an import phase-out. If domestic producers are oriented towards the export market, they are less likely to be interested in the small domestic market, even when this is sheltered by tariffs.” This interdependence of demand and supply creates a circular dilemma: manufacturers do not produce for the local market due to lack of demand, while demand cannot develop without accessible, desirable, and affordable local products. Breaking this cycle requires both stimulating domestic purchasing power and helping producers recognize the untapped potential of the local consumer base.

At the same time, there are signs of a slow but meaningful shift. Some established designers like Joselyne Umotoniwase (*Rwanda Clothing*) show a certain shift in clientele focus and report increasing demand from local consumers: “When I started, I had a lot of tourists and expats. Rwandans were really few. [But] now it’s really equal.” On the other end, the rise of Rwandan-based mass producers has broadened the availability of affordable MiR clothing for local consumers, which is very promising.

Prices and Target Clientele

The pricing of *Made in Rwanda* clothing varies significantly across producers and is closely tied to their production model and target clientele. Table 15 in the annex shows a detailed list of price points per company and product type.

When grouped according to own indications of their target customer group and price range, it becomes visible that most surveyed MiR T&G producers (12 out of 30) target the middle and upper class, although with a large range of product prices even within that (see figure 16).

Shiny Abdallah pinpoints this imbalance as follows: “If you’ve actually checked around the fashion designers here, they are only producing high-end stuff that cannot be affordable by everyone, you know, the majority. [...] I’m not really criticizing the rest, but [...] we won’t be producing for our own people” (Interview *Mr. Endowed*). Alexis Kabayiza admits that lower income groups are not very attractive and profitable for *Made in Rwanda* clothing producers, but also attributes that to the growing competition from Chinese FHC that serve this customer group (Interview *MINICOM*).

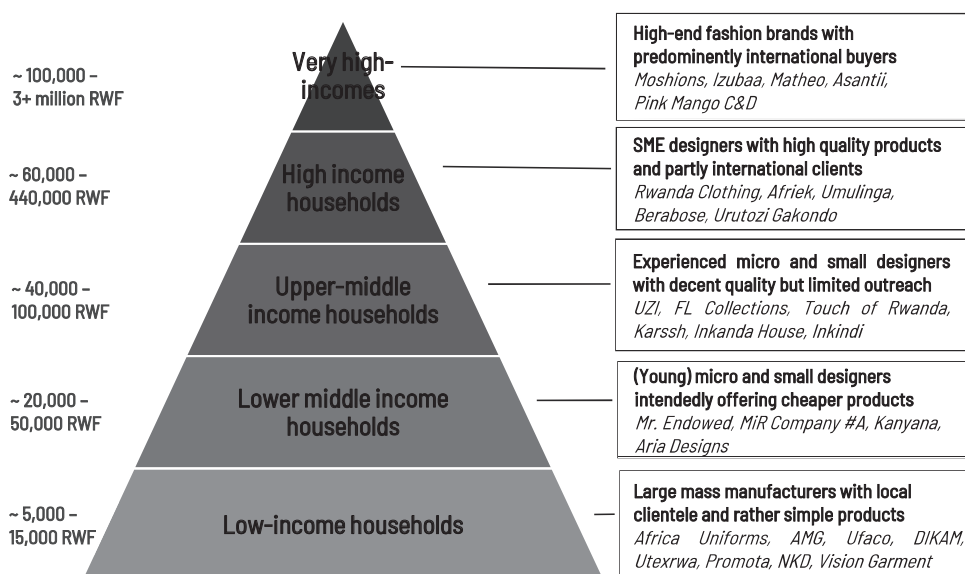


Figure 15: Target groups and pricing as per income groups (Source: own research)³⁴

Only the large-scale non-export-oriented manufacturers offer garments that are affordable to lower income households. They offer t-shirts for 2,500 to 5,000 RWF, shirts or dresses for 5,000 to 10,000 RWF and trousers/jeans for 10,000 to 15,000 RWF. For some, providing affordable clothing

³⁴ These categorizations represent rough groupings, often with intersections since the product and price range of some brands is significant (e.g. *Urutozi Gakondo*: 60,000 – 440,000 RWF). Classification of income groups does not refer to income brackets used by Rwandan statistical authorities as those do not offer such detailed categories, but rather to statements of interviewees.

is an explicit part of their mission: Rosalie Gicanda highlights that the mission behind the creation of *AMG* was to “produce much and cheap” (Interview *AMG*). Likewise, Long Ngan explains: “We try to make products made in Rwanda and then we sell it at a very affordable price so that everyone can afford wearing good clothes, [...] even from the village.” (Interview *Africa Uniforms*).

A number of young start-ups position themselves just above this lowest price tier, purposely catering to lower middle-class Rwandans, in particular young customers or urban households with limited income. They produce casual, everyday wear in the range of 15,000 to 50,000 RWF. Shiny Abdallah declares that he consciously decided to go for outsourced mass production in China to be able to cater to majority of Rwandans. “For me, I’ve chosen to produce for mass population. [...] I want my stuff to be affordable by the majority.” (Interview *Mr. Endowed*). Respondent MiR #A echoes this goal: „We try to be affordable and reach out to those people who don’t have the cash to buy these expensive clothes.” (Interview *MiR Company #A Apparel*). And Nadine Kanyana describes her clients as Rwandans who “don’t have that much money to spend” but want trendy clothes and “be part of the *Made in Rwanda* group – but on a budget” (Interview *Kanyana World*).

The largest share of MiR fashion producers, mostly established designer-led SMEs, openly target upper middle and high-income consumers, such as educated professionals with good and stable incomes, corporate executives, politicians, ambassadors, international NGO employees, tourists, and celebrities. Their cheapest products cost around 50,000 RWF, the majority ranging between 100 - 250,000 RWF though, with limited pieces exceeding 400,000 RWF.

Charlotte Shema describes her customers as “Rwandans who are really middle class and high class. But [not] the ones which are like low, like, you know, the average”. She also observes that all designers’ goal and marketing goes towards “hav[ing] more and more of those rich Rwandans who are in the high level like ministers, like ambassadors, like those who work in the good NGOs.” (Interview (*Touch of Rwanda*). Particularly politicians, CEOs and artists seem to be an attractive customer group for these entrepreneurs: “I have worked with every celebrity, only the President I haven’t met. [...] I dress ministers and big people, you know, like all the artists or journalists”, says Chris Gentle proudly (Interview *Umulinga*). Sano Olivier illustrates how these high-income and publicly visible customers are favorable because of their large per unit spending: “They are few, but when they buy, they buy” (Interview *FL Collections*).

At the very top of the market, a small group of fashion brands such as *Moshions*, *Matheo Studio*, *Izubaa*, and *Asantii* position themselves within the luxury or haute couture segment. Their clientele includes national and international celebrities, diplomats, and artists. Prices in this category range from approximately 100,000 RWF for simpler pieces to several million RWF for intricate, bespoke

garments. Moses Turahirwa (*Moshions*) embraces this exclusivity: “My clientele, the people that buy my brand, they are exclusive. [...] Few people but very, very, very high end. Very less accessible.” He says that he intentionally chooses exclusivity over mainstream and will continue producing few, handmade expensive pieces that “you can buy it at €900 or €1,000.” (Interview *Moshions*). Elodie Fromenteau describes her brand *Izubaa* as an “affordable luxury” brand – affordable meaning prices between 100 and 500 USD.

Particularly celebrities and creatives like musicians, actors or models are an important revenue source for these high-end brands as they require special, artful designs for performances and public events on a regular basis. *Inkindi* as an example makes around half of their revenue with artists (Interview *Inkindi*). *Moshions* has dressed many famous clients like Kylian Mbappé, Didier Drogba, several NBA players or South Sudan’s basketball team for Olympic games 2024, as well as musicians like John Legend, the Kenyan band Sauti Sol or actors and actresses like Rossy de Palma or Ncuti Gatw.

Locality: Urban vs. Rural

As outlined in [chapter 6.3.2.1.5](#) nearly all examined Rwandan T&G manufacturing businesses are concentrated in Kigali with the exception of *Africa Uniforms* and independent tailors or cooperatives scattered across the country (ILO 2018). This unequal spatial distribution has severe consequences on the dissemination and visibility and, hence, on the awareness but also availability and accessibility of *Made in Rwanda* clothing between urban centers and rural areas.

Among the producers interviewed, only large manufacturers report systematic outreach to rural provinces through their own distribution activities going to the major towns around the provinces and via their decentral networks of retailers. Rosalie Gicanda highlights that their garments are sold “in the entire country – in the East just like in the West” (Interview *AMG*) and *Africa Uniforms* indicates to explicitly target “village people”. *DIKAM* reports that around 50% of its sales occur upcountry.

In contrast, all MSMEs sell almost exclusively in Kigali and to Kigali-based customers. Moses Turahirwa, for example, observes that people who buy his brand or *Made in Rwanda* clothes in general are all from Kigali, “nothing, zero [from] the districts.” (Interview *Moshions*). Similarly, Chris Gentle points out that “It’s complicated for the local, especially the people in the countryside. They don’t buy [*Made in Rwanda* wear] at all” (Interview *Umulinga*). Rwasibu Nshuti adds that many people outside the capital remain unaware of the MiR campaign altogether (Interview *Maison Inkindi*). Anecdotal evidence from interviews with upcountry retailers and consumers indeed suggests that

MiR clothing produced by formalized manufacturers carries a mixed reputation outside Kigali: mass-produced items are usually perceived as low-quality, while designer pieces are viewed as elitist or impractical.

The fact that, even six years after the introduction of the policy, almost no larger scale garment producer operates outside the capital produces spatial inequality in production and consumption. But also a signifies missed (labor) market opportunities: with only 13.2% of Rwanda's population residing in Kigali (NISR 2023: 3), tapping into rural demand through adapted product lines, pricing strategies, and targeted outreach could substantially broaden the consumer base for MiR garments.

6.3.2.3 Employment Creation

As elaborated in [chapter 4.3](#), a fundamental reason to utilize the T&G sector as a kick-starter for industrialization lies in its promise to offer easy entry jobs for unskilled workers, creating a pull-effect for agrarian households (Keane und te Velde 2008). This chapter therefore looks at how many jobs were created since policy introduction, for whom, and how working conditions are.

6.3.2.3.1 Number of employees

In its T&G sector strategy of 2022 MINICOM postulates that the textile and garment sector accounts for nearly 15% of all workers employed in the manufacturing sector and ranks the third largest source of employment within the craft sector (MINICOM 2022: 4). Put in absolute numbers, the ministry specifies that 57,527 individuals were employed in the sector in 2021 (ibid.)³⁵. The Rwandan Labour Force Survey 2023 comes to the conclusion that 61,069 Rwandans work as tailors, dressmakers or associated professions (furriers or hatter) (NISR 2024b: 14).

The companies covered in this study's sample jointly employ 7,442 workers (see [table 9](#)). This figure only includes the number of reported full-time employees. Many T&G producers additionally rely on occasional part-time workers, freelancers or interns/workers in training³⁶. Particularly micro and small enterprises rely heavily on freelancers both for garment making, accessories (e.g. beading) and services like photography, modeling, marketing, financing/bookkeeping or IT because they do not have the capacity or need to hire someone full-time for those tasks.

³⁵ The data presented in the report stems from RRA data, but does not describe how employment is defined here.

³⁶ In total, interviewees declared to hire 325 freelancers and 62 part-time workers and more than 155 interns or apprentices. It is important to note that conceptions and definitions of full-time, part-time or freelance work might differ between Rwanda and Austria and between the respondents themselves.

Change since policy introduction

According to MINICOM (2022: 4), the number of jobs in the Rwandan T&G sector rose starkly by 70% from roughly 50,000 in 2017 and to 71,200 in 2019. This upward trend was, however, interrupted by the COVID-19 crisis, resulting in a decline to around 57,500 jobs until 2021 (the latest available year). Still, the sector recorded an overall employment growth of 37% over the four-year period.

When looking at the Labour Force Survey, the estimated number of Rwandans who have completed a vocational training in tailoring and are now working in the field rose from 88,400 in 2017 (NISR 2018: 49) to 124,200 in 2023 (NISR 2024b: 41), marking a 40% increase over six years.

Table 9: Number and Change of Workforce since 2016/17 (Source: own research, 2023)³⁷

Company	2016/17	Peak	2023	Total change	Change in %	Notes
Pre-2016 Established Companies						
Karssh	5		3	-2	-40%	
Afrik	30		8	-22	-73%	
Inkanda House	5		10	+5	+100%	
UZI	4		10	+6	+150%	
Haute Baso	2		16	+14	+700%	full-time employees, artisans: from 4 in 2014, 52 in 2015, 200 in 2018 and 300 in 2023
Moshions	20		32	+12	+60%	
Umulinga	1		37	+36	+3600%	
Rwanda Clothing	20		50	+30	+150%	2014: 2 tailors + sisters
Promota	140		109	-31	-22%	
New Kigali Designers	105		202	+97	+92%	1998: 5, 2005: 20
Utexrwa	565		500	-65	-12%	2010: 740 employees
C&H Garments // Pink Mango C&D	1500		4000	+2500	+167%	After acquisition: 2019: 370, 2021: 1800, 2022: 2,500, Goal: 7,500 employees
Total	2397		4977	+2580	+108%	
Post-2016 Established Companies						
Touch of Rwanda	0	25	4	+4	-	peak: 2018/19 (before Covid-19)
FL Collections	0		4	+4	-	
Mr. Endowed	0		4	+4	-	
Matheo Studio	0		6	+6	-	
Berabose Designs	0		6	+6	-	
Urutozi Gakondo	0		6	+6	-	
Izubaa	0		10	+10	-	
Kanyana World	0		11	+11	-	
Kezem	0		12	+12	-	
Asantii	0		92	+92	-	
Africa Uniforms // HEMA Garments	0	1000	100	+100	-	HEMA Garments: 2018 ~ 250 workers, peak: 2020
Ufaco	0	192	150	+150	-	2018: 50, peak: 2019
DIKAM	0		210	+210	-	2018: 30 to 124
Vision Garment	0		350	+350	-	
AMG	0		1500	+1500	-	
Total	0		2465	+2465	-	
TOTAL	2397		7442	+5045	+210%	

³⁷ Free-lance employees, subcontracted service providers and solo entrepreneurs like *Aria Designs*, *Mir Company #A*, *Maison Inkindi* were not included because they were not counted as employees – with that the positive effect would have been even higher.

Also the companies of the sample reveal a considerable increase in employment since the introduction of the policies. Altogether, they report a total plus of over 5,000 jobs since 2016 which signifies a growth of +210% from the initial aggregated workforce of 2,397 employees. Among the 12 companies that already existed before 2016/17, eight were able to expand their workforce substantially, with several companies reporting employment growth well beyond 100%. The remaining four companies experienced job losses, ranging from two to 65 positions. These losses are small compared to the overall change within this group of companies that in sum more doubled their employment level from 2,397 to 4,977. In addition to expansion among established firms, new businesses founded after 2016 contributed significantly to overall job creation as well. Together, these newly established companies account for 2,465 new permanent jobs, making up almost half of the observed employment growth. The most notable contributor to this positive change was *Pink Mango C&D*, which acquired and expanded the workforce of *C&H Garments*, creating more than 2,500 new positions. Another quantitative driver is the group of recently founded large-scale enterprises such as *Vision Garment*, *Ufaco*, *Africa Uniforms*, *AMG* or *DIKAM* that have each contributed between 150 and 1,500 jobs to the T&G labor market.

This development reflects a largely positive outcome in terms of job creation, even though the sample does not cover the entire industry.

Nonetheless, several qualifications must be made: First, employment growth has not been linear. Some of the newer companies experienced workforce reductions after reaching their peak around 2020. For instance, *Africa Uniforms* downsized from 1,000 tenfold to approximately 100 employees or *Touch of Rwanda* reduced its staff from over 20 to just four. Additionally, the 1,500 tailors accounted for *AMG* do not fully reflect the current number of active workers, as the shareholding has currently stopped joint operations.

It is also important to acknowledge the limitations in sampling. Only currently active companies were interviewed in detail, meaning that businesses that have gone bankrupt or ceased operations but used to offer employment to significant numbers of workers (e.g. 400 tailors at *Kigali Garment Centre*) were excluded. This introduces a bias in favor of seeming employment growth.

6.3.2.3.2 Labor migration flows and educational background

Among workers (tailors)

The largest share of tailors employed by companies in the sample, particularly among MSMEs, previously worked as independent self-employed tailors, often operating informally or within

cooperatives³⁸. For smaller firms with a limited training capacity, hiring experienced individuals reduces onboarding costs and helps maintain quality standards. This aspect seems particularly important considering that some founders and CEOs do not even know how to sew themselves. However, many companies report substandard tailoring and finishing of own-account tailors which is why almost all manufacturers offer training on the job in order to upskill their workforce, teach them advanced tailoring techniques and align them with company-specific production expectations (Interview *UZI, Izubaa, Berabose Designs, Umulinga, Matheo*). In some cases, companies such as *Rwanda Clothing* even use entry exams to assess applicants' practical skills. Also some large T&G manufacturers take on independent tailors or workers hitherto employed elsewhere, but to a much lesser extent. They, by contrast, mainly recruit workers with little or no prior education in the field (Interviews *DIKAM, NKD, Pink Mango C&D, Utexrwa, Ufaco, Promota*). Derrick Kanyonya, for example, asserts that 40% of their workforce have been trained from scratch by the company (Interview *NKD*). The remaining recruitment happens in collaboration with government training programs and vocational tailoring schools (Interviews *Promota Creations, DIKAM, Ufaco, Utexrwa, NKD, Pink Mango C&D*). As an example, *Ufaco* works closely with Rwanda Polytechnic TVET school through the National Employment Programme to offer six-month training placements to approximately 100 interns per year. Yet, national statistics estimate that only around half (56.2%) of all tailoring graduates in vocational schools later find a job as an employed tailor (NISR 2024b: 41 f.), which shows the growing but still limited labor absorption capacities of the industrial T&G producers. Staff migration in between companies was less present in the interviews: only three companies mentioned to have hired from or lost workers to other garment manufacturers (Interviews *NKD, Utexrwa, Inkanda House*).³⁹

In summary, it is impossible to quantify the worker “streams” into the industry. As large manufacturers employ the majority of all T&G workers, and they tend to train newcomers, this group probably makes up the largest share quantitatively. Since several interviewees note that many of their tailors had previously operated as self-employed tailors their migration needs to be understood rather as a form of labor reallocation rather than net employment growth, though. This shift, nonetheless, contributes to the formalization of the sector and signals a positive structural change in the labor market in the T&G industry.

³⁸ Six SMEs indicated that 100% of their workforce used to be independent tailors before (*Afrik, Berabose, Izubaa, Kanyana, Urutozi Gakondo, Aria Designs*), four agreed that the majority of their tailors worked in the industry before (*Promota, Umulinga, Inkanda House, Rwanda Clothing*).

³⁹ The degree of horizontal mobility within the sector might be higher in reality, though, if respondents held back such responses due to their perceived non-desirability.

For founders and managers

The founders and managers in the sample come from diverse professional backgrounds, with few of them drawing back on long-standing professional experience in the industry. Six designers had no prior work experience and founded their businesses directly after or even during their university studies. A significant group of interviewed designer businesses (10) had previous experience in adjacent creative industries (e.g. modelling, styling, photography, music, film, or design) whose over lapses with the fashion industry appear to be a suitable entry point. Eight interviewees had, at least temporarily, worked for other T&G companies either in Rwanda or abroad⁴⁰ before deciding to start their own ventures. Alexis Kabayiza (Interview MINICOM) and Eom (2018) also notice an entrepreneurship-stimulating trend where former factory employees open their own fashion start-up using their formerly acquired skills. Other founders came from entirely different sectors, previously working in the private sector or at national or international public institutions⁴¹.

In summary, this analysis shows that the Rwandan T&G sector at management level is coined by lateral entrants with high educational and socio-economic backgrounds within the Rwandan context (university degrees, reputed prior employers, no agrarian households, etc.). At the same time, this high entrepreneurial activity from people from diverse branches also showcases the attractiveness and low entry barriers to the garment-making sector.

6.3.2.3.3 Skills and training

As described in [chapter 2.2.1](#), human capital formation and knowledge spill-overs are among the major ascribed outcomes but also the fuel the growth of an upcoming T&G industry.

Four MiR manufactures mirror this by highlighting the importance of empowering the Rwandan population through capacity building and skills transfer. Long Ngan calls “empowering the local community” to know how to make their own clothing one of *Africa Uniforms*’missions. Similarly, Ntabana from *Pink Mango C&D* points to the potential for vulnerable population groups: „We increase their skills in sewing, using semi-automated machines, designing. All this gives a positive impact on the big population of young people and the women without employment. [...] We need to consider also that aspect of capacitating the local citizens and make them more professional” (Interview *Pink Mango C&D*). *Asantiigo* as far as claiming that through upskilling of their workforce

⁴⁰ Kezem’s founder at *Moshions* and *Rwanda Clothing*, Aria Designs at *Vision Garment* in the Sales and Marketing department, Kanyana: internship at *C&H Garments*, the CEO of *DIKAM* used to be the chair of AMG and the founder of *Touch of Rwanda* worked with her sister at *Rwanda Clothing*. The founder of *Pink Mango C&D* and *Asantiigo* worked in the T&G industry for large Asian wholesalers for 20 years, *Ufaco*’s CEO as a *Wisco* wholesale trader before and *Izubaa* worked as a fashion stylist and sales assistant in London.

⁴¹ *MiR Company #A* and *Inkanda House*), *DIKAM*, *Karssh*, *Vision Garment*, and *Berabose Designs* - PSF, MINEACOM, GIZ, UN Women, UNAIDS, the Rwanda Biomedical Center, the Ministry of Health or the Ministry of Gender

and designers they are “enabling a vital transfer of the skills [...], which in turn greatly benefit the fashion and textile industries in Africa”⁴² and also *DIKAM* wants to “help [their] workforce thrive, addressing unemployment and contributing to Africa’s skilled talent pool”⁴³.

This chapter therefore looks at the actual current skill availability in the Rwandan T&G sector, practices of training and processes of learning.

Among workers (tailors)

As shown in the previous chapter skills acquisition of tailors in Rwanda takes place either through dedicated vocational tailoring programs, through on-the-job training of the employer or informally by learning from other tailors.

Among all TVET discipline, tailoring has consistently been the most popular training course in Rwanda for years, absorbing one third (32.3%) of all vocational trainees as of 2023 (NISR 2024b: 41). Still, most T&G producers invest in initial and continuous training of workers because of their unsatisfying skill levels (see also ITC 2020: 60). At large factories newcomers usually need to undergo a 3- to 6-month training, depending on their prior experiences. During this time, apprentices often get paid less than their “fully trained” counterparts (see chapter [6.3.2.3.5](#)).

Utexrwa claims to train 600 workers yearly and estimates that on fifth of all workers in whole sector were trained by them. As noted by Yves Ntabana, these trainings are needed to meet international standards and compete with T&G players that have been in the industry for 20 to 40 years (Interview *Pink Mango C&D*). The company has a training budget of USD 1,500 per worker (Benissan 15.09.2022).

Training topics cover a range of areas, including basic, industrial and premium fashion tailoring, the operation of new machinery, adherence to quality standards, and trend awareness.

In smaller firms, training is usually carried out informally and based on the expertise of the founder or lead tailor, while medium and large enterprises frequently employ external specialists from Asia, Europe or East Africa to provide regular technical trainings (*Pink Mango C&D*, *Asantii*, *NKD*, *Utexrwa*, *Rwanda Clothing*, *Umulinga*, *Africa Uniforms*). *Africa Uniforms* also recently sent workers to its facility in Mombasa to learn from their processes and experience.

Long Ngan, knowledgeable of skill levels and work attitudes of garment workers around Asia and Africa rates the overall skill set of Rwandan T&G workers satisfying for basic tailoring but lagging behind regarding productivity and advanced techniques. Nonetheless, he expressed appreciation

⁴² <https://www.asantii.com/pages/pink-ubuntu> (last accessed 01.04.2025)

⁴³ <https://www.dikam.rw/about.html> (last accessed 01.04.2025)

for Rwandan workers' learning capacity and motivation: "the people are more hardworking in Rwanda [...] and they are smarter" than Kenyans or Ethiopians (Interview *Africa Uniforms*).

The continuous investments in training seem to have materialized into a considerable degree of sectorial human capital formation over the researched time span. Ritesh Patel, having been in the industry for a long time, notices "a big, big change" concerning skills availability since 2016/17. "Today we have so many people who are experts in the garment production line. [...] Today, I don't think that [...] we are missing any good tailors or pattern masters" (Interview *Utexrwa*). Likewise, *DIKAM* noted that finding skilled workers was initially difficult, but no longer poses a major challenge. Similarly, *Pink Mango C&D* reported unsatisfactory efficiency levels of its workforce of 45% noted when it started operations but was able to bring it up to 80% thanks to intensive in-house training of its operators (ITC 2020: 60).

This upskilling process can also be observed in the fact that Rwandan workers are increasingly getting promoted into higher level positions, into floor supervisors or even middle management (Interview *Pink Mango C&D*, *Africa Uniforms*) (see also [chapter 6.3.2.3.4](#)).

Founders and managers

Among the interviewed founders and managers, the majority have completed secondary education and hold a bachelor's or master's degree, but only a small minority has had formal education in fashion. The only interviewee with a fashion-related university degree is Moses Turahirwa (*Moshions*) who was able to complete a master's degree in Collection Design at Polimoda Fashion School in Italy through the financial support of the Rwandan President.

Two respondents studied creative arts (film and design), but the large majority of interviewees (19 out of 30), come from completely different backgrounds (e.g. business, science, IT, or humanities)⁴⁴. Since most garment entrepreneurs have no formal background in fashion or manufacturing, they are largely autodidacts. Many designers (13) mentioned that they are self-taught and did not have any experience in fashion before but learned all needed skills – sketching, sewing, fashion trends, business administration and the like – from scratch. This learning mainly took place via online media, particularly video tutorials, fashion blogs, platforms like Pinterest, and social media as they offer easy and affordable access to inspiration, training, current trends and best practice examples⁴⁵. Chris Gentle describes how his first step when deciding to venture into MiR clothes was

⁴⁴ 11 interview partners hold business or finance related degrees (business administration, international business, finance, accounting, marketing), 5 studied in technical or science disciplines (natural sciences, civil engineering, computer science and IT, public health and palliative care) and two subjects related to social sciences (international relations, peace and conflict studies).

⁴⁵ Interviews *Kanyana*, *UZI*, *Umulinga*, *MiR Company #A*, *Aria Designs*, *Kanyana*, *Touch of Rwanda*, *Matheo*, *Kezem*

researching the most needed skills for a fashion designer online (Interview *Umulinga*) and *Matheo* recalls how after school he would watch YouTube video on sketching and tailoring techniques “because that’s what I could afford” (Interview *Matheo*).

The underlying reason why hardly any Rwandan T&G professional has enjoyed formal education in industry-related subjects can mostly be explained by the absence of structured educational offerings in fashion in Rwanda. Joselyne Umutoniwase recalls the situation in 2014 when “there was not even a small fashion school or institution or training. There was nothing!” (Interview *Rwanda Clothing*), while *Matheo Niyigena* comments that the situation has not improved until today (Interview *Matheo Studio*). Several interviewees emphasized this gap and named it as one of the largest persisting challenges of the sector (see [chapter 6.3.2.4](#)).

Although it is impressive how Rwandan T&G enterprises have built up their businesses despite these structural constraints, these gaps also pose challenges for the long-term professionalization, upscaling, and internationalization of the industry. The recently opened Rwandan Centre for Design and Clothing might be a good start to bridge this skills gaps.

6.3.2.3.4 Socio-demographic parameters

Gender

Workers/Tailors

As in many other textile and garment sectors around the world, Rwanda’s workforce in this industry is highly female dominated. Across the interviewed companies, women made up 84% of all employees. The Rwandan Labor Force Survey (2023) supports these findings, stating that 86% (52,517 individuals) of all workers in tailoring and related professions are women (NISR 2024b:14). The comparison to the share of females in Rwanda’s national workforce 41% (NISR 2024b: 81) shows that participation rate of women in the T&G industry is above average – even almost double.

Within the sample, 14 companies even showed female shares of three quarters or higher (see table 19 in the [annex](#)). Notably, the highest shares of female workers were found in Rwanda’s large manufacturing companies, such as *AMG*(98%), *Pink Mango C&D*(80%), *DIKAM*(80%), and *Utexrwa* (87%). In contrast, small designer-led brands displayed more variation, with some hiring mainly men (*Afriké*, *Urutozi Gakondo*, *FL Collections*) and others consciously employing exclusively women (*Berabose*, *Karssh*).

Most interviewees explained the high share of women among their workforce with either empowerment line of argumentation or women’s better quality of work. *Matheo* and *Berabose* hold that female tailors produce higher quality garments which *Matheo Niyigena* attributes to their

precision and eye on detail: “I love the touch and the love that women do their stuff with” (Interview *Matheo Studio*). Other managers appreciate the cooperative work attitude of female tailors while their male counterparts were described to feel superior, misjudge their own capabilities and behave rudely (Interviews *Karssh*, *Matheo Studio*, *Rwanda Clothing*). Moreover, Mbonyumutwa, CEO of *Pink Mango C&D* and *Asantii* adds that given the right environment women are more productive, conscientious and loyal than male workers (Bangda 31.03.2023).

Six companies (*Kanyana World*, *DIKAM*, *Ufaco*, *Haute Baso*, *Pink Mango C&D/Asantii*), all headed by women themselves, claim that female empowerment through employment and economic inclusion is one of their major company objectives and philosophies, using “fashion as a vehicle for positive change”⁴⁶. Claudine Kanazayire (*DIKAM*) exemplifies the positive effects of female employment by explaining how many of their female workers used to stay at home, doing care work and depending on their husband, whereas now they earn an income through their wage labor which makes them more self-reliant (Interview *DIKAM*). *Ufaco*, *DIKAM* and *Pink Mango C&D* also mention that they work particularly with young mothers, widows, sex workers or females with little school education, because such “women are most vulnerable” (Interview *Pink Mango C&D*).

According to other studies (ILO 2018) and accounts of interviewees professional tailoring in Rwanda historically used to be a male-dominated field. Joselyne Umutoniwase (*Rwanda Clothing*) describes how this inequality rooted in the limited access to formal tailoring training for women, who slowly entered into the profession via informal and autodidactic learning and empowerment processes. Today, however, 92% of all vocational tailoring students are female (NISR 2024b: 93), and Umutoniwase reports that today there are more female and male tailors in the industry.

Managers and Founders

Rwanda’s textile and garment enterprises stand out for a notably high share of women in ownership and leadership roles. In the sample of 30 enterprises, 16 were founded or led by women, compared to 11 by men, while three companies are led by shared team.

Female-led	Male-led
MiR Company #A, DIKAM, Afriek, Promota Creations, Asantii, Ufaco, Berabose Designs, Haute Baso, Aria Designs, Kanyana, Izubaa, Karssh, Rwanda Clothing, Touch of Rwanda, UZI, Vision Garment	Urotozi Gakondo, Umulinga, Kezem, FL Collections, Mr. Endowed, Utexrwa, Inkanda House, Africa Uniforms, Inkindi, Matheo Studio, Moshions
AMG, NKD, Pink Mango C&D	

⁴⁶ <https://www.hautebaso.com/> (last accessed 02.04.2025)

This equals a share of 63% businesses with female owner- or leadership across all sizes of companies which lies above the national average, where only 39% of company managers and 40% of sole proprietors are women (NISR 2024a: 71).

This gender distribution in leadership reflects both a generational shift and Rwanda's positioning as a leader in gender equality (Uwimama 2021). The higher number of female-led brands in the sample suggests that the *Made in Rwanda* policy may have resonated strongly with female entrepreneurs, offering new avenues for recognition, income generation, and self-expression. Fashion in particular seems to provide a culturally acceptable space for female entrepreneurship.

Nationality

Workers/Tailors

Across all company sizes in the Rwandan textile and garment sector, close to 100% of employed workers are Rwandan nationals, with few exceptions from neighboring countries.

Middle Management and Production Supervision

A different picture emerges at supervisory and management level in large manufacturing companies, though. In these positions, it is common to find expatriates as managers, supervisors, trainers and technical experts, particularly from Asian countries like China, Bangladesh, Thailand or Hong Kong (*Pink Mango C&D/Asantii*), India (*Utexrwa*) neighboring East African countries like Kenya (*NKD, Ufaco, Africa Uniforms*). The use of international experts in these positions is explained by the employers with the lack of local high-level know-how: Derrick Kanyona, for example, tells how they were unable to find a qualified Rwandan for a supervisory role (Interview *NKD*).

This reliance on international staff, particularly in foreign-owned or export-oriented firms, is a widespread pattern in African garment manufacturing, where expatriates often fill high-skill technical or leadership roles (Staritz & Frederick 2014).

Yet, this typical repartition of responsibility, skill and power within FDI-driven and internationalized T&G value chains seems to be slowly changing. As already noted in [chapter 6.3.2.3.3](#), domestic capacity-building and internal promotions seem to slowly unfold. *Pink Mango C&D, Africa Uniforms* und *Utexrwa* report that more and more mid-level management roles are being replaced through Rwandans now. At *Utexrwa* currently only five out of 50 non-production employees are Indian (Interview *Utexrwa*). Claudine Kanazayire proudly mentions that some of the supervisors at *DIKAM* used to be from abroad but now all employees at all levels are Rwandans. Especially larger Rwandan-owned enterprises like *DIKAM, Promota Creations, Vision Garment, Ufaco*, and *NKD* already do or strive to rely entirely on Rwandan labor, also in leadership positions.

These developments suggest that while foreign expertise and labor is still existent and relevant at technically demanding positions, a slow skills and power shift is underway.

Owners and Managers

As shown in [chapter 6.3.2.1.4](#), the majority of owners or founders and managers are Rwandans (18), with 8 having a diaspora connection and 4 non-Rwandan owners. Even the foreign-owned companies usually have Rwandan country or factory managers as their local counterparts.

6.3.2.3.5 Income⁴⁷

Wage Levels

Wage levels of Rwandan tailors vary significantly between companies, roles, and experience levels. Several employers stressed that remuneration depends on skill level, job function, and performance of the employee (Interviews *Rwanda Clothing*, *DIKAM*, *Promota*, *NKD*, *Matheo*, *Inkanda House*, *Asantii*, *Karssh*). Some apply merit-based systems or structured pay categories, for example, *NKD* uses three payment bands based on task difficulty, while *Asantii* reports that top performers earn three times more than their entry-level peers. *Pink Mango C&D* noted that employees can receive wage increases after a year under contract. Nonetheless, most workers are concentrated in lower pay brackets, and only a few reach the upper tiers such as specialized tailors or supervisors. Their monthly wages in the sample range from RWF 60,000 to RWF 500,000 per month.

Table 10: Categories of wages for tailors at Rwandan T&G companies (source: own research, 2023)⁴⁸

< RWF 100,000 / month	RWF 100 – 199,000 / month	RWF 200 – 299,000 / month	> RWF 300,000 / month
▪ NKD: in category C: 60-80,000 RWF, in category B: 80-100,000 RWF ▪ Pink Mango C&D and Asantii: 70,000 (with possibility for raise after 1 year) ▪ Ufaco: 70,000 RWF, during training 30,000 RWF ▪ DIKAM: 90-100,000 RWF	▪ Urutozi Gakondo: 100 (~ 150,000) RWF ▪ Africa Uniforms: ~120,000 RWF ▪ NKD: category A 100-150,000 RWF ▪ Utexrwa: RWF 150,000 ▪ Rwanda Clothing: 150,000 RWF for very basic activities like attaching buttons	▪ Touch of Rwanda: 200,000 RWF ▪ Rwanda Clothing: 200,000 RWF after staying for 3 years (most tailors) ▪ Inkanda House: 200 – 250,000 RWF (depending on level of experience) ▪ Matheo Studio: ~250,000 RWF ▪ FL Collections: 250,000 RWF	▪ Karssh: up to 400,000 RWF (depending on experience and productivity) ▪ Rwanda Clothing: up to 500,000 RWF for very experienced tailors, delicate finishing

⁴⁷ Data on income was only collected and analyzed for employment-related income of wage laborers in tailoring positions. Adding a differentiated picture of all positions within the companies would have pushed the envelope of this thesis. Incomes of the self-employed owners/founders were similarly not included since they rely much more on more irregular income streams and payouts to themselves resulting from the remaining profit between gross turnover and expenses (more see ILO 1998).

⁴⁸ Some companies are missing (*UZI*, *Promota*, *Kanyana*) because they did not want to disclose data on the wage levels of their employees. Other rely on other payment structures, like on a per piece basis (e.g. *Aria Designs*, *MiR Company #A*, *Izubaa*, *Haute Baso*, *Mr. Endowed*) which is why they are not listed here.

It is striking that large manufacturers across the board pay less than their small and medium-sized competitors. *NKD*, *Pink Mango C&D* and *Asantii*, *Ufaco* and *DIKAM* pay their workers less than RWF 100,000 per month, at least for new entrants, *Africa Uniforms* pay around RWF 120,000 and *Utexrwa* RWF 150,000 per month. During the six-month training phase beginners at *Ufaco* are paid as little as RWF 30,000 per month.

While a remuneration of RWF 150,000 per month signifies the upper end of salaries among large T&G producers, it represents the bottom of wages for simple tasks among garment SMEs. Most tailors in this group receive around RWF 200 to 250,000 per month (*Touch of Rwanda*, *Rwanda Clothing*, *Inkanda House*, *FL Collections*). Some very experienced tailors performing delicate tasks can receive a salary of up to RWF 400,000 or 500,000 per month (*Karssh*, *Rwanda Clothing*).

The discrepancy between salaries can partly be explained by the players' position in the market and the different nature of work between larger and smaller T&G producers. Since mass production involves more repetitive, lower-skill tasks and large manufacturers have near to oligopolistic positions in the T&G labor market, they have high wage-setting power and can exploit the competition between rather unexperienced young workers. Meanwhile, SMEs often require more specialized tailoring and tend to hire more highly skilled dressmakers (see [chapter 6.3.2.3.2](#)). Moreover, managers of small and medium-sized enterprises appear to have a closer relationship to their workshop and hence feel a stronger responsibility and sense of fair remuneration for them (more see [chapter 6.3.2.3.6](#)). Charlotte Shema, for example, explains that she prefers having fewer well-paid employees than hiring more at an exploitative wage (Interview *Touch of Rwanda*).

Wage levels in context

Opinions among employers on the adequacy of such wages varied, though. Some SME employers negatively commented on the low salaries of the large employers (Interviews *Kanyana*, *Haute Baso*, *Karssh*). Having worked at a large garment factory herself, Nadine Kanyana remarks that the salary she pays "is very good compared to the factories where I've been" (Interview *Kanyana World*). Two large manufacturers similarly acknowledge the average low wage level of tailors. Ritesh Patel, for example, admits: "Our workers, as salary they are getting 150\$ every month. 150\$, these people they are poor, you know, you can say they are basic standard. To live, the required minimum is 75,000 for food and other daily needs" (Interview *Utexrwa*). Derrick Kanyona also acknowledges that *NKD*'s wages are low and that they would love to lift them more than the yearly 5-10% but deplores that they cannot due to the price pressure from the market (Interview *New Kigali Designers*).

Meanwhile others even argue that the on average low wage level is one of Rwanda's comparative advantages from a merely cost-driven globalization perspective (Interviews *Pink Mango C&D*,

Ufaco). “The core good thing here is we have cheaper labor that makes the cost of making attractive. [...] Taking advantage of cheap labor and targeting the external market, that is some comparative advantage of Rwanda”, voiced Yves Ntabana (Interview *Pink Mango C&D*). Compared to both Asian and other East-African T&G producing countries, Rwanda indeed offers lower average wages at mass production⁴⁹. Long Ngan, however, also underlined that the favorable wage ratio in Rwanda is abrogated by its lower productivity and skills level (Interview *Africa Uniforms*). Agathe Nyiranshimiyimana emphasizes that the situation also needs to be seen in Rwanda’s context as a developing country with high levels of unemployment, which means that having stable wage is already an improvement to many Rwandans (Interview *Ufaco*). Matheo Niyigena supports this sentiment, saying that “having a full-time job here in Kigali or in Rwanda in general, it’s something very good” (Interview *Matheo Studio*).

Comparisons were also made with other professions and tasks. *Pink Mango C&D* states that even primary school teachers in Rwanda earn less than their tailors⁵⁰, *Matheo Studio* underlines that the wages paid to employed tailors usually exceed the unstable and low income of independent own-account tailors. *Touch of Rwanda* adds that one also needs to consider qualitative aspects of the job like responsibility, stress level and occupational safety: “It’s a good salary because there is some people who work in banks and they get less than that. You know people who do dangerous or stressful jobs” (Interview *Touch of Rwanda*).

When looking at national statistics, the wages of tailors indeed seem to be slightly higher than the Rwandan average. According to the 2023 Labour Force Survey (NISR 2024b: 20), Rwanda’s national average monthly income across all sectors is RWF 68,481 which corresponds to the lowest wage levels reported by large garment manufacturers. The median income, however, is only RWF 26,000, which means that half of the Rwandan population earns less than that. Just 16.5% of workers nationwide earn over RWF 100,000 (ibid.). In contrast, 70% of the companies in the sample that provided wage data reported paying more than RWF 100,000.

Nevertheless, it is important to consider urban-rural and sectoral differences in wages as well: in Kigali, where almost all interviewed companies are located, the average income is significantly higher at RWF 131,096 (ibid.: 112). Moreover, industrial sector wages are approximately 25% above the national average (ibid.: 21). In this light, the wages of the industrial T&G players do not seem very high for making a living in an urban setting, while salaries paid by SMEs are still above average.

⁴⁹ Ranges of average unskilled to skilled wages in T&G sector: Kenya: USD 115-200, Tanzania: USD 80 – 110, Uganda USD 50 – 300, India: USD 125 – 250, Bangladesh: USD 95-110, Sri Lanka: USD 200 – 250 (Gatsby Africa 2022: 22)

⁵⁰ Entry-level teachers in Rwanda earn a net monthly salary of around RWF 200,000 to 250,000 (after taxes)(Buningwire 22.08.2022), i.e. much more than tailors at Pink Mango C&D.

Payment Modalities and Positive Externalities

For freelance collaborations or irregular tasks other payment structures other than monthly wages are applied. For example, *Matheo Studio* pays freelancers RWF 15,000-20,000 per day when additional workers are needed, while designers like *Haute Baso*, *Izubaa*, *Aria Designs* or *Mr. Endowed* pay per produced pieces.

The rest of T&G employers, however, expressed to pay their employees regularly on a monthly basis⁵¹. If that holds true, it constitutes a positive characteristic of the formalized T&G industry compared to the broader national context, where only one third is paid out monthly and 61.5% are day laborers (NISR 2024a: 19). Stable incomes through formal employment can signify relevant socio-economic benefits and contribute to broader well-being and improved livelihoods for the contracted tailors and their families. *Inkanda House* mentions that his employees use their salaries to pay for food, clothes and school fees for their children, while *Umulinga* demonstrates the positive impact on the self-reliance of former school drop-outs and drug addicts: “Now they are making their life, they are supporting their families, they are providing for themselves” (Interview *Umulinga*). *Pink Mango C&D* and *DIKAM* both highlight the importance of having a contract and being paid on a regular basis through an official bank account as the foundation for taking out a loan from the bank, which can be used as capital for any kind of project like housing or transportation.

Changes since policy introduction

Although government data on historical tailoring wages is limited, available sources suggest a clear upward trend. In 2011, wages in the sector were so low (RWF 15,800 per month) that textile workers at *Utexrwa* organized a six-day strike (Kwizera 06.04.2011), which is not common at all in Rwanda⁵². According to the 2018 ILO report the average salary of an employed tailor at that time was still only RWF 40,000 (ILO 2018: 15). Nadine Kanyana, having worked at *C&H Garments* as an apprentice in 2017, likewise reports that entrants there were paid RWF 33,000 with upgrading opportunities to RWF 55,000 for experienced tailors. “The conditions were not good at all, [...] I was being paid RWF33,000 [...] for working five and a half days from morning till evening. [...] The bike transport fees were much more than what I gained” (Interview *Kanyana World*).

Comparing these wage levels to indicated salaries today, even the lowest wages reported in the 2023 sample are about double the 2017/18 wages. This increase indicates very positive progress

⁵¹ It is important to note that information on incomes was only gathered through interviews with the management levels. This analysis can therefore not deliver any statements on the reliability or practical extent of wages paid to workers.

⁵² This strike remains the only incident in Rwanda's history documented in the *Global Nonviolent Action Database* <https://nydatabase.swarthmore.edu/search/node?keys=rwanda> (last accessed 12.02.2025).

with regard to nominal wages in the sector. Alexis Kabayiza from MINICOM attributes these risen salaries to increased competition between employers today.

Nationally, the average income has increased by 17.5% since 2017 (from RWF 58,677 to RWF 68,951) (NISR 2018:vi, NISR 2024b:112), suggesting that wages in the T&G sector may have grown at a faster pace than the national average. Nevertheless, one also needs to account for general inflation and rising living costs in Rwanda that minimize the real wage growth.

6.3.2.3.6 Working conditions and benefits

Working conditions like formality of employment, employers' adherence to workers' rights, working hours, occupational health and safety, workplace facilities or additional benefits were not the focus of the interviews and therefore not analyzed in-depth here. Broader observations that were made but should be studied in more detail include the following:

Especially medium-sized and large manufacturers seem to offer formal but temporarily limited employment contracts (renewed yearly) which ensure stable wages, health care, social security and pension payments, employee rights like holidays or maternal leave. This may signify an improvement compared to the situation of own-account tailors and the national average which is coined by informality which usually involves fluctuating, insecure incomes, entrepreneurial risk and no security net. Most visited workspaces looked okay with regard to professional set-up, safety measures, daylight, ventilation, space and noise, while some were cramped, dark, dirty or very loud, though. Many employers reported providing in-kind benefits like lunch, water, allowances for food or even accommodation. *Pink Mango C&D* and *Asantii* additionally installed an infirmary, a nursery and a low-cost grocery store next to their factories. SMEs in particular describe close family-like and longstanding relationships between them and their employees and emphasize their personal responsibility for their workers' security and wellbeing. All given information should be treated with care due to possible interviewee biases and the lacking perspective of the workers themselves.

6.3.3 Effects on Second-Hand Clothing Sector

6.3.3.1 Prices and Consumers of SHC

Prices of second-hand clothes in Rwanda vary depending on (correlating) factors like quality (grade), vending location (Kigali or up-country) and type of retail business (market, own shop, mobile street vendor). From own observations and the existing literature, the following approximation can be made on average price points of *chagua*:

Table 16: Price ranges of second-hand clothes in Rwanda per product and retail point (Source: own observations)

	Street vendors	Market	Specialized shop
T-shirt	RWF 500 – 1,000	RWF 1 – 3,000	RWF 2 – 3,000
Shirt	RWF 1,000 – 2,000	RWF 2 – 5,000	RWF 5 – 8,000
Fabric trousers	RWF 3 – 5,000	RWF 5 – 15,000	RWF 10 – 20,000
Jeans	~ RWF 5,000	RWF 10 – 25,000	RWF 15 – 30,000

As described in [chapter 5.2](#), “second-hand clothes cater for people of all economic classes” (Frank 30.07.2018) but are particularly popular among low-income households.

The clientele of the interviewed SHC retailers can broadly be categorized into the following groups:

- (1) Two retailers report a mixed clientele across income groups (Interviews SHC #7, #8).
- (2) A notable group consists of relatively well-off middle-class customers, typically employed in urban office jobs that “make good money” and are “civilized” (Interview #5). These customers typically seek chic higher-grade garments that are fashionable and in good condition like trousers, shirts or blouses (Interviews SHC #1, #2, #5, #6).
- (3) Two respondents described their customers are urban young women and mothers with limited financial means who desire to “look good and stylish”, though (Interviews SHC #3, #4).
- (4) Last but not least, the two vendors from Gisenyi describe their clientele as normal people who like cheap clothes, i.e. average rather poor rural households (Interviews SHC #9, #10)

Some MiR manufacturers also observe that even Rwandans with high incomes use *chagua* to complement their wardrobe and create unique styles (Interview *Rwanda Clothing, Karssh, UZ*).

The tariff increase on SHC imports from USD 0.20 to eventually USD 5.00 per kilogram had a substantial impact on *chagua* prices throughout the value chain. According to government projections, the intended outcome of the policy was a retail price increase of approximately 30% to 60% (MINICOM 2022: 11). However, data from interviews with SHC retailers suggests that the actual price effects were significantly higher. Retailers reported that the prices they paid to

importers rose between threefold and up to eightfold per bale or per item (see table 18). While some of these cost increases were passed on to final consumers, that was not fully possible in fear of even higher customer losses (Interview SHC #3). Nonetheless, end-user prices rose by approximately 50% to 200% since the introduction of tariff policy – far exceeding the initial estimates. *ADECOR* commented that the prices of *chagua* in Rwanda are around three times higher than in its neighboring countries because of the new duties (Interview *ADECOR*). Given the average income levels of Rwandans, these shifts have had direct severe implications on the affordability and access to clothing in the country, particularly among low-income consumers.

Table 17: Price increases of SHC at wholesale and retail since introduction of the SHC tariff increase

Item	Before SHC policy	Now	Increase	Source
Wholesale prices				
Dress	RWF 5,000	RWF 20,000	+ 300%.	Interview n°1 & 2
Bale	RWF 100,000	RWF 300,000	+ 200%.	Interview n°1 & 2
Bale	RWF 100,000	RWF 600 – 800,000	+ 500 – 700%.	Interview n°5
Retail prices				
Jeans	RWF 5 – 10,000	10 – 25,000 RWF	+ 100 – 150%.	Interview n°6
Trousers		10 – 20,000 RWF	+ 3 – 6k RWF ≈ + 50%.	Interview n°7
Any item	RWF 4,000	RWF 7,000	+ 75%.	Interview n°3 (since 2021)
Shirt (good quality)	RWF 8,000 – 10,000	RWF 14 – 15,000	+ 50 – 75%.	Gahigi 17.11.2020
Children clothes	RWF 4,000	RWF 7,000	+ 75%.	Gahigi 17.11.2020
T-shirt	RWF 1,000	RWF 3,000	+ 200%.	Frank 30.07.2018

6.3.3.2 Effect on Consumption of SHC

The increased cost of second-hand clothes as a result of the tariff increase (as depicted in the previous chapter), also showed an effect on SHC consumption: multiple interviewees and media reports agree that the policy indeed decreased demand for used clothes – but also they are far from vanishing from the Rwandan market.

As seen in [chapter 6.3.1.1](#), trade data similarly shows that the tariff increase initially decreased the number of worn clothes coming into the country, although their demand and importation have since rebounded and reached pre-policy levels again since 2022.

Almost all interviewed SHC vendors described non-negligible declines in their sales and customer frequency (more see [chapter 6.3.3.3.2](#)). This observation was shared by various manufacturers (Interviews *Utexrwa*, *UZI*, *Rwanda Clothing*, *Moshions Touch of Rwanda*, *MiR Company #A*, *Matheo Studio*). Charlotte Shema and Respondent *MiR #A* agree that second-hand garments are still there but much fewer and less competitive. “It’s still a little bit of a problem, but not much as it used to be” (Interview *Touch of Rwanda*). Joselyne Umutohiwase is thankful that because of the policy the “second-hand madness” and overconsumption which was “really, really big” from the poor to the

middle class and especially among the youth was disrupted (Interview *Rwanda Clothing*). Patrick Muhire highlights that “there are customers who no longer have second-hand clothes in their wardrobes” but admits and that it depends much on the person’s stratum (Interview *Inkanda House*). Other interviews bring forward that the quantitative reductions in imported second-hand clothes were actually not that large due to the continued love of Rwandans for *chagua*. Numerous manufacturers and retailers coincide in that SHC remains a popular if not the most used source of clothing in Rwanda thanks to its affordable, accessible, unique, stylish and high-quality features⁵³. “They are still always in jeans or denim jackets or t-shirts, which are not made in Rwanda because that’s what they can afford,” remarks Matheo Niyigena (*Matheo Studio*). The average low income of Rwandans resulting in high price sensitivity, in combination with long-term consumer habits and persisting mindsets most probably contributed to them not completely renouncing from *chagua*. Thus, most Rwandans accepted the need to either allocate a higher budget to clothing or buy fewer or less frequently⁵⁴. “So what has happened? When these 90% [poor] people, they were buying five pairs in a year, they are minimizing: they are now buying three pairs”, says Ritesh Patel from *Utexrwa*. Joselyne Umutohiwase sees that people now buy SHC more consciously – less items but better quality: „Anybody [...] had to think twice. Before, if I was buying five t-shirts, now, with [...] the change of the market, I'm going to buy one and buy a good one.” (Interview *Rwanda Clothing*). She and *Inkanda House* also mentioned that during the first years after the implementation of the SHC policy some Rwandan consumers “got frustrated” and shopped abroad in Uganda or Congo.

6.3.3.3 Effects on SHC Retailers

6.3.3.3.1 Characteristics of SHC Retailers

Location and Type of Business

The majority of interviewed SHC retailers are located in Kigali, with two being conducted in Gisenyi (Interviews SHC #9, #10). This concentration is not representative of the vendors’ distribution in Rwanda, but stems from the researcher’s location focus on the capital as well as the sampling approach which majoritarily based on personal contacts as an entry point to acquire interested interviewees. According to observation and respondents’ information SHC retailers operate in urban and rural markets throughout the entire country. Kigali as the capital functions as the main trade hub and transshipment point, though. Therefore, importers and wholesalers of SHC are

⁵³ Interviews SHC #1, #2, #3, #4, *Afrik, Touch of Rwanda, Matheo, Aria Designs, Kuza Hub, RFDA*

⁵⁴ Interview *Utexrwa, Rwanda Clothing, SHC #1, #2, ADECOR*, Frank 30.07.2018, Essa 05.10.2018, Gahigi 23.06.2021

mostly concentrated in Kigali, while middlemen and women distribute the goods to smaller towns and retailers who then sell the goods to their clientele.

Four of the interviewed retailers operate their own shop in Kigali (two at CHIC and two MIC shopping mall), although often jointly with other retailers (Interviews SHC #1, #2, #5, #6). Three interviewees have their own stall at Kimironko and one at Kimisagara market, while one sells her clothes on an informal openair weekend market in Gisenyi and one as a mobile vendor on the street. All retailers are self-employed, the shop owners have an official business license while the others work informally.

Source of SHC and Import Channels

Retailers described a range of sourcing strategies: four retailers buy their products themselves at Kimisagara or Gisozi market in Kigali (Interviews SHC #1, #2, #4, #8), two interviewees receive their clothes from middlemen who buy selected items that might be fitting to the retailer's product portfolio and bring them to their shop (Interviews SHC #3, #4), two retailers have direct connections to wholesalers who get their SHC from Kenya, Uganda or DRC (Interviews SHC #5, #6) and four interviewees occasionally travel to Uganda, Kenya, or DRC themselves to source used clothes through informal suitcase trade (Interviews SHC #1, #2, #9, #10).

Offered Products

The *chagua* products offered by interviewees vary widely:

- Six retailers sell women's clothes (dresses, skirts, blouses, t-shirts, jackets) (4 to rather middle-aged women, 2 focus on younger women) (Interviews SHC #1, #2, #3, #4, #9, #10)
- One retailer focuses solely on baby clothes, four supplement their portfolio with clothes for children (Interviews SHC #1, #2, #3, #8, #10)
- Three retailers focus on jeans and trousers (2 for women, 1 for men) (Interviews SHC #5, #6, #7)
- One retailer offers mixed products (both male and female shirts, t-shirts, etc.) (Interview SHC #9)

It is striking that many retailers sell clothes to peers of their own age, gender and societal function (i.e. men selling men's clothes, women selling women's clothes, mothers selling children's clothes). This finding is congruent with reports from Liberia (Sumo 2022).

Nearly all interviewees reported that they source and offer only the best available grades, which was indeed also reflected in the physical condition of the products, which appeared to be of good to very good quality. Many items originated from unknown brands and appeared outdated in terms of fashion trends. Notable exceptions included interviewee SHC #9 and #10, whose cheaper items exhibited distinctly lower quality including stains, holes, outwashed or bad quality fabrics, a visibly

used appearance and outdated styles. This illustrates the stark variation in SHC quality depending on the vendor type and market segment.

Interestingly, some business owners complement their offering with imported first-hand clothes (e.g. for baby items) (Interview SHC #1, #2), others with African or Made in Rwanda fabrics and products (Interviews SHC #5, #6).

Gender Composition

Among the ten interviewed SHC retailers, seven are women and three were men. This female majority, however, does not necessarily allow conclusions to the broader gender distribution in the sector since it likely reflects a selection bias caused by the researcher's personal female contacts. Observations suggest that SHC retailing provides opportunities for both men and women, with a certain dominance of women among SHC vendors. Meanwhile, importation, wholesale and middleman positions appear to be much more male-dominated.

Market Entry and Duration in Business

The average time in SHC business among interviewees was 6.1 years, with a median of 4.5 years. Four retailers started their businesses before the introduction of the SHC import tariff policy in 2016, while six entered the sector afterward. Several interviewees cited friends and acquaintances that were already SHC retailers as convincing motivators and pull factors for joining the sector (Interviews SHC #1, #3, #8, #9). While some indicate to be passionate about second-hand clothing and fashion (interviews SHC #3, #4), others were more pragmatic, viewing SHC simply as a viable business option (interview SHC #10). The good income potential was mentioned several times (interviews SHC #2, #9, #10), in combination with the favorable low capital required to start a SHC business (interviews SHC #3, #10).

These findings challenge the assumption that the policy rendered SHC retail completely unprofitable since evidently a number of entrepreneurs still sees sufficient opportunities in it. That said, this picture might be skewed, as the sample includes only still-operating businesses and not retailers that worked in SHC before exited the sector due to the policy.

6.3.3.3.2 Effect on Sales, Profitability and Employment

Since importers handed down the increased product costs due to the rise in import tariffs, second-hand retailers were faced with increased wholesale prices and decreased demand from customers. Given the worsened business environment SHC retailers were faced with the decision to quit retailing completely and look for another job, switch to other apparel, resort to illegal trade with SHC, leaving the country or accepting the worsed income conditions. Quantifying the business responses and job losses due to the SHC policy is difficult due to the lack of macro-economic data.

Labor exodus

Essa (05.10.2018) and Jean Baptiste Hategekimana (Interview *ADECOR*) noted that SHC retailers emigrated to neighboring countries like Uganda or DRC with less restrictions and therefore a more beneficial businesses environment for SHC retailing. As described in [chapter 6.2.2](#), some wholesalers and retailers also resorted to smuggling second-hand apparel into the country to avoid the increased tariffs and maintain their low retail prices (see also Dijkstra 01.10.2020).

Many retailers simply quit their job due to the unfavorable new environment, though. "Since the second-hand clothes tax was implemented in Rwanda, business dried up and most people have lost their jobs here", reports Bayingana Mark, a SHC retailer Biryogo market in Kigali (Essa 05.10.2018). Similarly, three out of ten interviewees stated that many of their peers had left the business due to a lack of profitability (*Interviews SHC #3, #4, #7*). USAID (2017: 12) predicted that 62% of SHC jobs across the EAC would be lost, equivalent to 11,100 jobs in Rwanda, though the methodology behind this figure and the reliability of the data is debatable due to U.S. export interests.

Conversely, respondent #1 voiced that not many retailers had exited the industry and that those who did left for personal reasons. One interviewee decided to quit the industry after the introduction of the policy but resumed the businesses in 2021 (Interview SHC #2). This example illustrates both the signaling effect and the persisting attractiveness of the used clothing sector.

Even more difficult is to estimate how many of the prior SHC vendors remained unemployed and how many were able to take up a new occupation. Even Delphine Uwase from RDB upon request recognizes that many SHC businesses had to close and retailers are now starving (Interview RDB).

One very common observation by both interviewees and the media is that retailers simply switched from imported second-hand to imported first-hand clothes, majoritarilly from China (Interviews SHC #1, #2, #4, #5, #6, RFDA, John 28.05.2018, Dijkstra 01.10.2020, Gahigi 23.06.2021). These products offer similar price points and therefore target a similar clientele, which is why retailers can profit from their previous business experience. A switch to ready-made *Made in Rwanda* garments could hardly be observed. SHC retailers #5 and #6 expanded their portfolio to fabrics with African wax prints and Rwandan handicrafts, mainly targeting tourists. They say that they would love to also sell *MiR* clothes, but domestically produced garments are too capital intense (Interviews #5, #6).

Some government representatives voiced expectations that SHC retailers could take up the newly created tailoring positions in the *MiR* sector (Interview *NIRDA I*). There is no evidence of this labor migration flow since both tasks require very different skill sets, as also noted by one manufacturer: "You can't be selling second-hand and because you stop, you become a tailor, no! Those are two different things" (Interview *Inkanda House*).

Conditions for remaining retailers

For those who remained in SHC business, life became much tougher. Ibrahim Rutayisire reports that he has nothing else to do because "the customers have stopped coming. [...] I don't make enough money selling used clothes anymore. It's complicated now." (Gambino 29.12.2017)

Respondent #4 tells how sourcing second-hand clothes has generally become harder because of the restricted offer (Interview SHC #4) and interviewees #1 and #2 complain that the quality and trendiness of clothes arriving in Rwanda has declined (Interviews SHC #1, #2). At the same time wholesale prices have increased starkly (Interview SHC #1, #2, #7, #8): Interviewee #2 demonstrates that before the policy they were able to buy a bale for RWF 100,000 and resell the items for RWF 300,000 while now a bale already costs RWF 300,000 at wholesale, signifying an increase of 200%. At item level, a dress that used to cost RWF 5,000 in wholesale now incurs a quadrupled cost (RWF 20,000) (Interview #1) and the wholesale price per jeans likewise increased by RWF 3,000 to 6,000, as described by interviewee #7.

These increased sourcing costs also translate into higher retail costs, which have entailed significant drops in sales, though (Interviews SHC #1, #2, #3, #4, Krauß 26.02.2018). "My sales plumped because I had to increase my prices fivefold to be able to make a living", reports Rajabu Nzeyimana, a SHC vendor from Kigali (Dijkstra 01.10.2020). According to retailer #4, her sales have declined by 50%. Interviewee #2 explains that while previously 80% of purchased items could be sold in a month, while now the rate is just 60% and retailer #1 reports that sometimes two full days pass without a single customer buying anything. Cited causes for the diminished demand include the higher prices of SHC rendering them unaffordable to consumers (Interviews SHC #1, #2, #7), the general inflation and tighter household budgets (Interview SHC #3) and the resulting substitution of second-hand with cheaper first-hand clothes (Interviews SHC #4, #5, #6).

Since not all cost increases can be passed on to the price-sensitive consumers, SHC retailers are also faced with diminishing profit margins: While one was able to make a profit of around RWF 200,000 per bale, the remaining profit is now between RWF 100,000 – 150,000 (Interview #2). This reduced profit margin that constitutes the self-employed vendors' income has made many retailers' lives difficult and left them in precarious living conditions. Nzeyimana, for example, regrets that he cannot pay his children's school fees anymore (Dijkstra 01.10.2020). Interviewee #6 summarizes that the positive aspect of SHC retailing is, that it helps numerous people live a decent life. Given the increasingly tougher business environment, retailer #3 mentioned that she is considering leaving the sector because there is not enough profit in it anymore.

Despite these deteriorating conditions, many retailers have stuck to the business and more Rwandans seem to keep entering the sector, indicating promising business opportunities. Notably, six out of ten interviewees had started their business after 2016 and interviewee #3 even complained about new vendors entering the market and creating increased competition.

All interviewed SHC vendors underlined that Rwandans continue loving *chagua* because of its affordable, durable, qualitative, special, unique and stylish features and therefore will also keep preferring it over *Made in Rwanda* clothes. These differentiating characteristics and their loyal group of customers made retailers survive and stay in the business (Interviews SHC #1, #5, #6).

Other challenges that retailers frequently cited included high taxes (Interviews SHC #1, #2), expensive shop rents (*ibid.*), and growing competition from FHC sellers (Interview SHC #3).

6.3.4 Effects on Consumption and Consumers

Comprehensively assessing the effects of the SHC tariff increase and the MiR policy on Rwandan consumption of garments⁵⁵ is difficult due to the lack of extensive consumer data.

According to Wolff (2021) even government officials admit that the restrictive measures on used clothes were received with ambiguous feelings by citizens. The Rwandan Consumer's Rights Protection Organization *ADECOR* suggests that most consumers "did not appreciate" the decision. The organization has not received any officially filed complaints from consumers, but they anecdotally cite private conversations in which they have noticed certain discontent in the population⁵⁶. They criticize that the decision to phase out *chagua* was taken "over night" without prior consultations and condemns that consumers had and have no say in the policy. They hold that the policy is not consumer oriented or based on science, but rather reflects a hasty, sentimental decision (Interview *ADECOR*).

ADECOR comes to the conclusion that the overall effects of the SHC policy on Rwandan consumers were negative, depriving consumer from their right to choose. A central point of criticism is that Rwandans are left with fewer and expensive options due to the lack of sufficient and affordable domestically produced alternatives that can cover their demand.

⁵⁵ This chapter only looks at final consumers of garments as they were the main targets of the SHC policy, but does not look at demand for *Made in Rwanda* textiles of businesses since that is covered in [chapter 6.3.2.2.1](#).

⁵⁶ The absence of official complaints can possibly be explained by the repressive political climate in Rwanda that does not open many spaces for public petitions of the civil society without fear of consequences.

6.3.4.1 Perception and Awareness of Made in Rwanda Clothing

Perceived Features and Deficits of different types of clothing

The ascribed positive features of SHC found in other countries ([chapter 5.2](#)) in relation to domestically produced garments resonate with the description of perceived shortcomings of *Made in Rwanda* clothes. According to ADECOR Rwandans base their garment buying decision on the following factors in descending priority:

1. Price
 2. Quality of product
 3. Diversity, longevity and adaptedness
 4. Quality and variety of fabric
- **Price & Affordability:** As noted by ADECOR, price constitutes the number one decision criterion for most Rwandans when making clothing purchases. A large number of interviewees and media likewise acknowledge that Rwandan consumers, especially those from lower-income brackets, prefer and need cheap clothes. Since MiR is commonly more expensive than SHC or at least regarded to be so, this price differential remains significant barrier for broad adoption of MiR clothes among Rwandans.⁵⁷ In addition to that, Joselye Umutohiwase describes how other assets than fashion culturally inhere value and symbolic meaning in Rwanda, therefore holding back investments in fashion items: “Rwandans they're not really big consumers in terms of fashion. [...] They are not going to break the bank, get a loan to buy clothes. [...] We have so many other priorities than Europe. The pride here is more like 'I have a piece of land even if my shoes have a hole you can see'. Or I have a cow or field or a farm” (Interview *Rwanda Clothing*).
 - **Quality:** A frequently cited concern of consumers relates to inferior quality of MiR clothes (e.g. poor stitching, substandard fabric or unsatisfactory finishing).⁵⁸ In a survey by MINICOM from 2016, 38% of respondents stated they buy imported products because of their quality, whereas only 9% valued the same feature among MiR products (MINICOM 2017: 7). In contrast, SHC is highly regarded for its **durability** and long-lasting nature (*ibid.*).
 - **Variety & Uniqueness:** Diverse interviewees mentioned that Rwandans love unique clothes and they don't want similar pieces or dress “like everyone else” (Interviews *AMG, Karssh, Berabose*). MiR apparel, however, is said to be repetitive and all look the same, using the same rather

⁵⁷ Interviews *Berabose, Utexrwa, Afriek, Izubaa, Touch of Rwanda, RFDA*, SHC #1, #2, #4, #5, #6, #7, #10, John 28.05.2018, Frank 30.07.2018, Kagayo 2021: 7, MINICOM 2017, ILO 2018, MINICOM 2022.

⁵⁸ Interviews *Aria Designs, Afriek, SHC Interview SHC #1, #2, #3, #4, #10*, John 28.05.2018, Essa 05.10.2018, Frank 30.07.2018, Kagayo 2021: 7.

traditional fabrics, patterns and designs.⁵⁹ “When you see *Made in Rwanda*, everything is similar: shop A, the shirts they are producing, shop B can also produce. [...] They are selling almost similar things”, describes respondent MiR #1. She explains that therefore, especially the young generation turns to international brands searching for unique and outstanding apparel (Interview MiR Company #A). Second-hand markets offer a broad and diverse assortment with unique pieces, varying styles and different qualities and price points for everyone⁶⁰. „When you go in a second-hand store there's a bunch of different stuff. Somewhere that everyone finds themselves in”, highlights *Matheo Studio*. Rwandan customers have gotten used to the varied offer (*Aria Designs*), what Rosalie Gicanda calls the “*chagua* mentality” (Interview *AMG*).

- **Style & Taste:** Linked to the issue of repeated traditional MiR designs is also a perception of locally made apparel as old-fashioned, while SHC appears more modern, fashionable and trendy (Interviews *Touch of Rwanda*, *MiR Company #A*, Dijkstra 01.10.2020). Maximilien Kolbe explains that “people don't want to look like some tribal African prince anymore” (Celeste 27.05.2015). On the other hand, several designers *Izubaa*, *Rosalie Gicanda (AMG)*, *Berabose* and *Rwanda Clothing* observe that Rwandan consumers, differently from West Africans or Europeans, don't have much of a fashion, shopping and going out culture and therefore don't value clothing that much. According to Rosalie Gicanda Rwandans are rather reserved in their fashion choice and hesitant toward more experimental or daring styles (Interview *AMG*). Western-inspired unconventional avant-garde couturiers like *Moshions*, *Matheo* or *Maison Inkindi* are perceived as fanciful, overly artsy, “weird” (Interview *Maison Inkindi*) and not aligning with the local aesthetic tastes, realities or body shapes by some (Interview *AMG*). Matheo Niyigena notes that he has not had a Rwandan client in two months, which “shows you that what you are making may be not for them.” He summarizes that “few people here in the country who like have a high fashion sense.” (Interview *Matheo Studio*). Joselyne Umutoniwase is similarly astonished by the little (international) fashion knowledge and awareness of Rwandans. She establishes that styles of Rwandans are “just pure accidents” as nobody reads magazines or knows international designer brands “You can get a Birkin bag here of 10,000\$ – nobody cares. You can leave it on the street. They might steal things inside only” (Interview *Rwanda Clothing*).⁶¹

⁵⁹ Interviews *AMG*, *MiR Company #A*, *Matheo*, *DIKAM*, *Aria Designs*, *Karssh*, *FL Collections*, Gambino 29.12.2017, Frank 30.07.2018.

⁶⁰ Interviews *AMG*, *Aria Designs*, *Matheo*, *SHC #1*, *#2*, Frank 30.07.2018, Gambino 29.12.2017

⁶¹ These statements show that only high, Western-like fashion inspired by known brands is perceived as worthy fashion by some designers and that there is a growing disconnect between the contemporary Rwandan fashion and average local consumers.

Since *Made in Rwanda* garment production is not homogenous but includes increasingly more actors and products, the following illustration aims to capture the main ascribed advantages and disadvantages of the respective product group.

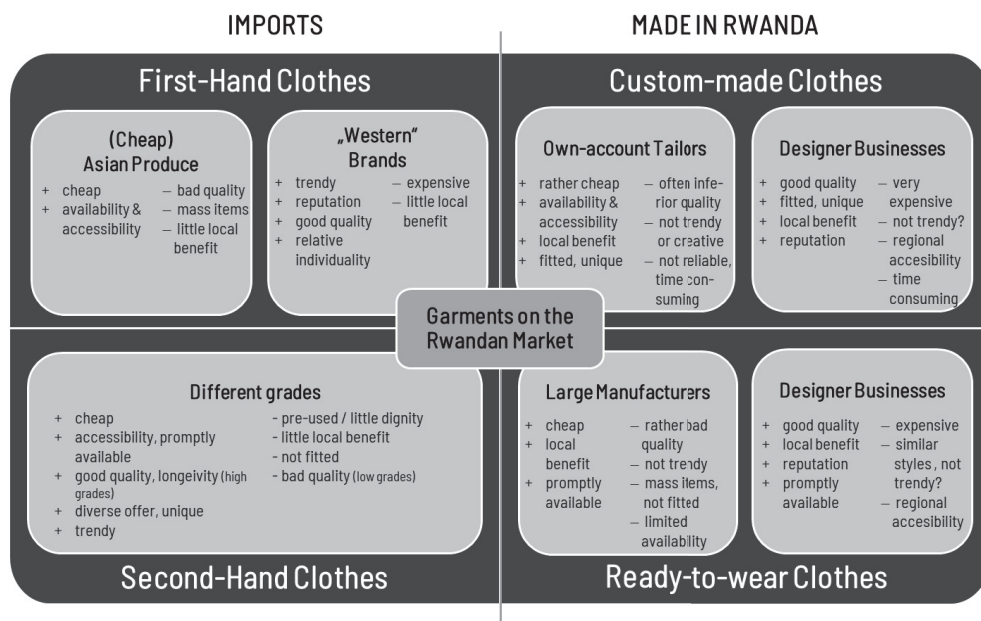


Figure 18: Perceived advantages and disadvantages per type of clothes (Source: interviews, ILO 2018, MiR Policy, own visualization)

Visibility and Mindset Change since Policy Introduction

As shown above Rwandan consumers were and sometimes still are skeptical toward *Made in Rwanda* garments. Since there is no numeric data on consumer perception then and now, the evaluation of the MiR campaign regarding the intended mindset change draws on retrospective judgements and narrations of interviewed stakeholders.

According to the 2016 MINICOM survey, 89% of respondents indicated that the MiR campaign had influenced their perception of local products (MINICOM 2017: 6⁶²), suggesting a broad awareness impact of the policy even if the nature of this influence remains nuanced. Several manufacturers confirmed a positive evolution in consumer attitudes towards MiR clothing after the policies.

Initial negative perception and reservations about MiR clothes

Many producers describe how Rwandan consumers were initially very skeptical and questioning the quality and legitimacy of the domestic textile produce.

⁶² The survey was carried out among 149 visitors of the 2016 Made-in-Rwanda exposition in Kigali. Therefore, generalizability of data is questionable and extrapolation to all of Rwanda should be done carefully since the survey was carried out by the government body that administers the policy and done in a small non-representative sample of Rwandans that are already interested in *MiR* products.

Chris Gentle (*Umulinga*) and respondent MiR #A describe how back then *Made in Rwanda* producers and clothes existed, but hardly anyone knew them. In addition to that, “people didn’t understand why they should buy from you”, recalls Chris Gentle. “You couldn’t convince them to wear *Made in Rwanda* things, they thought it’s cheap” (Interview *Umulinga*). Patrick Muhire adds that Rwandans were judgy “because they didn’t believe that we could do something good.” (Interview *Inkanda House*). Seeing the (high) quality of *Made in Rwanda* garments apparently made many customers think they were produced abroad. Rosalie Gicanda remembers that people used to come in, look at one of her jackets and ask “Is this jacket really made in Rwanda?” So we really had to give people confidence” (Interview *AMG*). For the same reason Joselyne Umutoniwase placed her workshop next to her shop as a means of transparency and convincing: “They would not even believe my tailors are Rwandan. [...] I’m like ‘No, actually it’s 100% Rwandan!’. [Therefore] the first important thing I put in place was to have my production close to the shop because people then can believe and see.” (Interview *Rwanda Clothing*). According to *DIKAM*, some retailers who purchased ready-made *Made in Rwanda* garments even removed the local label and replace it with “Made in China” or “Made in Turkey” which demonstrates the high level of distrust in the quality of Rwandan-produced apparel.

Incipient dismantling of preconceptions

Despite this immense initial headwind and mistrust, MiR producers also talk about slow improvements in the image of clothes made in Rwanda. “They started judgy but once they come to us and they get anything from us, they come and they won’t stop coming. [...] Now they no longer go [abroad to purchase clothes] because they know that they can have clothes they want made internally in their own country”, says Patrick Muhire from *Inkanda House*. Joselyne Umutoniwase recalls how Rwandan garment producers had to invest a lot in convincing Rwandan consumers of the equality and substitutability of their products with SHC. “We were like ‘We are here! Come to us! We can do this, whatever you are searching in the second-hand, we can try to come close to that!’” (Interview *Rwanda Clothing*). She says that it took a while, but that they eventually succeeded and that it was worth it. Chris Gentle and Matheo Niyigena observe how the value attributed to which type of clothing and the norm what is perceived as modern, trendy and fashionable have changed: “Nowadays, when you wear a Chinese shirt and somebody is wearing a *Made in Rwanda* shirt, people will look at the person who is wearing *Made in Rwanda*”, says Gentle (Interview *Umulinga*). Niyigena adds that “now anyone who wears the second-hand is considered a cheap person. [And] everyone who now wears designer, especially from Rwanda, is considered to be knowing what’s going on and going with the time” (Interview *Matheo Studio*).

Visibility and awareness

Almost all manufacturers acknowledged that the *Made in Rwanda* and SHC policy contributed to this change by creating awareness, visibility, interest and curiosity about MiR clothing manufacturers among consumers. According to Patience Chitura from *IPRC Kigali* the campaigns catalyzed the Rwandans' societal interest in fashion in general and thereby also put fashion made in Rwanda in the spotlight. Although personally also a critique of the policy, Moses Turahirwa suggests that sanctioning SHC "was probably needed [...] for that kind of awareness" (Interview *Moshions*). The ban on second-hand clothing constituted a crucial turning point and wake up call for many consumers, shedding light on the existence and offer of Rwandan T&G producers. "Before [*chagua*] got banned, [...] it was like [the Rwandans] never tried to go or approach their local designers or local tailors", says Matheo Niyigena (*Matheo Studio*). But the "ban" disrupted people's way of thinking and buying describes Patrick Muhire: "People started asking questions: 'If the taxes on second-hand clothes are going up, what are we going to do? And they got answers: We have local fashion designers, we have a local garment industry. [...] It was that time that they started to know that we existed" (Interview *Inkanda House*). Likewise, Joselyne Umutoyi holds that the governments interventions "brought a lot of visibility to what we were doing. People started then searching for brands [...]. For designers to be able to thrive and live, it had to be that people realize that we are there" (Interview *Rwanda Clothing*). Therefore, to Shiny Abdallah (*Mr. Endowed*) the *Made in Rwanda* campaign was a "platform" given to the designers to showcase their talent. The campaign minimized the "fear of contact" between producers and consumers and arose curiosity among Rwandans "to discover new things" (Interview *Touch of Rwanda*). Thanks to this new visibility even people who used to buy cheap SHC are now slowly by slowly "understanding the *Made in Rwanda* concept" (Interview *Kanyana World*) and willing to save for and buy it (Interview *Umulinga*).

Conscious spending to support the national economy

The MiR campaign also installed an elevated pride in national production and an understanding in Rwandans why they should buy locally to support the domestic economy. Rosalie Gicanda recalls that "people started to appreciate it and see the added value [of MiR garments]. [...] And above all, the pride of saying 'This thing is done in my own home and by someone I know.'" (Interview *AMG*). Claudine Kanazayire agrees and adds that Rwandans intentionally buy MiR garments to support their fellow citizens since it might also positively affect their own environment: "It might create employment for your own auntie working at a garment factory" (Interview *DIKAM*). This feeling of a tightly knit both social and economic fabric building up on mutual support and narratives around national unity was echoed by other designers, too. "When it's made in Rwanda it feels like family,

like someone from our family just made this. You are supporting our economy, you are supporting our people”, says Nadine Kanyana (Interview *Kanyana World*) and Matheo Niyigena adds that “wearing a designer here in Rwanda now, is considered like you are being supportive.” (Interview *Matheo Studio*). Laurene Rwema Umutoni states that the consumers “understood that what we’re trying to build is going to be best if they support the system”, which means that a joint effort from both the supply and the demand side is needed to advance the industry and the country. Joselyne Umutoniwase (*Rwanda Clothing*) confirms that the act of buying something made in Rwanda represents an act of support for brands that in return create jobs and revenue in Rwanda.

Pride and cultural meaning of *Made in Rwanda* clothes

This was accompanied and catalyzed by the underlying broader cultural and psychological meaning of purchasing MiR clothes. For some Rwandans, MiR garments seem have come to symbolize dignity, identity, and self-respect in contrast to the historical dependence on second-hand clothing (SHC). Laurene Rwema Umutoni reflects the beginning of this onsetting mindset change as follows:

“When the government started teaching ‘You’re wearing something that someone else was wearing and then, you know, they throw it away, then they bring it and then you pay money,’ they [Rwandans] started feeling something. They were like ‘No, we actually deserve more!’ [...] So mostly the behaviour change was that they understood that actually they can get better.” (Interview *UZI Collections*)

This sentiment is echoed by Linda Mukangoga Ndungutse (*Haute Baso*) and Rosalie Gicanda (*AMG*), who postulate that the policy was also about pride and self-worth because “nobody wants to wear something someone else has discarded” (Interview *Haute Baso*). Apart from these allusions, the discussions around dignity and breaking up colonial structures of consumption that are much more present in international discourses were not mentioned much by interviewees.

FL Collections, *Umulinga*, *Kanyana*, *UZI* and *DIKAM* report that their customers are happy and proud to be able to wear something that is locally made. Other manufacturers also highlight which importance MiR clothes have for the conservation of national heritage and cultural expression. According to Derrick Kanyonya (*New Kigali Designers*), MiR has restored pride and thereby encouraged Rwandans to wear more traditional Rwandan attire, while Nadine Kanyana (*Kanyana World*) notes that MiR apparel offers something unique and true to Rwandans’ beliefs or culture which makes them feel much more confident. High-end MiR designers describe their customers as informed Rwandans “that understand the philosophy or the ideology of *Made in Rwanda*” (Interview *UZI*) and want to “represent [their] country” because they are “proud of [their] culture.” (Interview *Izubaa*). It remains questionable whether this development toward a more conscious consumption of domestic products is supported and practical to all Rwandans.

Gradual improvements and long-term impact

Many interviewees, however, also admit that this mindset change took a while to unfold and constitutes a long, work-intensive and ongoing process. Joselyne Umotoniwase holds that the effect of the policies works “on the long run, gradually, not immediately. [...] You know, you cut off the system they are used to - of course they are in shock.” That is why “It took time for them to realize ‘Oh, this is a Rwandan brand we can embrace and love.’” (Interview *Rwanda Clothing*). Others like Claudine Kanazayire (*DIKAM*) or Rosalie Gicanda (*AMG*) remind that mind-set changes require time and patience due to sticky preferences: “You know, for *Made in Rwanda*, you have to change people’s mentality. But changing habits is difficult. [...] But little by little, when we started doing exhibitions people loved it. It wasn’t exactly easy, but it started slowly.” (Interview *AMG*).

Summary

In summary, almost all manufacturers and institutions say that thanks to the MiR campaign “the mindset of the local people changed” (Interview *Inkanda House*) and that it “has done a lot in terms of advocacy.” (Interview *MiR Company #A Apparel*). Therefore, it has been described in very positive ways, for example as a much needed “starting point” (Interview *Inkanda House*) and a “godsend” for Rwandan fashion makers (Interview *AMG*).

Despite this overall improvement, visibility within the MiR sector remains uneven. The general public seems to only know the largest manufacturers (*Utexrwa* and *Pink Mango C&D*) as well as the handful of established designers like *Moshions*, *Rwanda Clothing*, *UZI*, *House of Tayo* or *Sonia Mugabo* who are also spotlighted in public campaigns and events (e.g. *Visit Rwanda* site, side events at international conventions). Meanwhile others, longstanding designers like *Karssh* or *Inkanda House*, and large domestic manufacturers like *DIKAM*, *Ufaco*, *AMG* or *Vision Garment*, remain virtually unknown to consumers and even within the industry.

At the same time, the above-described impressions only mirror the experiences successful *Made in Rwanda* producers have made with their clientele. The image of *Made in Rwanda* clothing among SHC significantly lower, sometimes it is even encountered with disdain. MiR apparel, according to them, is still considered too expensive (Interviews SHC #4, #5, #6, #7), of inferior quality and durability compared to SHC (Interviews SHC #3, #4, #10) and disliked by Rwandans in terms of style (Interviews SHC #3, #4). If so, *Made in Rwanda* clothing is preferred mainly for special occasions like weddings (Interviews SHC #5, #6). Therefore “*chagua* will always win and never disappear”, believes retailer #1.

Growth in Demand

The majority of producers interviewed affirm that the attention and market for locally made clothing has increased since the introduction of the policies.⁶³ The main driver behind this observed shift in buying behavior of Rwandans, as indicated by the interviewees, has been the increased awareness and changed perception of *Made in Rwanda* clothes. Real betterments in product quality added to an improved perception of MiR clothing find *Umulinga*, *Inkanda House* and *Izubaa*.

While most interviewees cannot make statements on concrete changes because their business was established after 2016, some manufacturers indicate a positive direct impact of the measures on their enterprise's sales. Karen Uwera (*Karssh*) and Joselyne Umutonwase (*Rwanda Clothing*), for example, noticed a sharp increase in sales after 2016. Charlotte Shema (*Touch of Rwanda*) reports that the share of her Rwandan customers has risen from 20% to nearly 50% now. Likewise, Matheo Niyigena credits the policy with having the few Rwandan customers that he has: "If we still had them importing those clothes, I think those that I have, I wouldn't have them. [...] So I think it affected me in a good way." (Interview *Matheo Studio*).

The second important contributing factor to this consumption shift was the weakening of price competition from SHC and creating a level playing field for Rwandan manufacturers. "No one can produce and beat the second-hand", states Ritesh Patel (Interview *Utexrwa*), which is why "the second-hand is a major, very serious competitor for any company that produces for the local market", concurs Yves Ntabana (Interview *Pink Mango C&D*). Thus, "making *chagua* more expensive has helped us" (Interview *DIKAM*) and "balanced the prices" (Interview *Umulinga*). Joselyne Umutonwase highlights that the increased tariffs took away the comparative price advantage of SHC: "Now as it gets expensive, even the second-hands, you think: [...] 'Okay, if I'm paying so much money for second-hand, why wouldn't I go and have that jacket made by that brand?'" (Interview *Rwanda Clothing*). Similar views were also expressed by *Aria Designs*, *UZI*, and *MiR Company #A*.

Limited Direct Impact but Indirect Modes of Action

Other interviewees were not so positive about the real consumption effect of the policy. Ritesh Patel, for example, expressed strong hopes for the domestic T&G sector after the introduction of the policy (Dijkstra 01.10.2020), but seemed much more disillusioned about the practical substitution effects since the policies today (Interview *Utexrwa*).

⁶³ Interviews *Haute Baso*, *Promota Creations*, *Ufaco*, *Maison Inkindi*, *Aria Designs*, *Matheo Studio*, *MiR Company #A Apparel*, *AMG*, *DIKAM*, *UZI Collections*, *Karssh*, and *Touch of Rwanda*

In general, a surprisingly large number of interviewees, ten in total, stated that the SHC policy had no or hardly any direct impact on their personal customer base or sales⁶⁴. “I won’t say it translated into more customers and money”, says Joselyne Umutoniwase (Interview *Rwanda Clothing*). Patrick Muhire sees no causal link to the SHC policy: “I don’t think the increase of my customers is due to abolition of the second-hand, no.” (Interview *Inkanda House*). Moses Turahirwa is even more resolute with his evaluation: “If you ask me as a brand, I would say it did not affect anything, honestly. [...] I’m sorry to say, but it does not affect my brand at all” (Interview *Moshions*).

What is striking in this list of producers is their target clientele and product focus. Most of them are high-end designers whose customer segment was never reliant on SHC and as such, the policy did not shift their demand. Patrick Muhire reflects that his type of clients looking for fine bespoke wear has maybe “never gone for second-hand clothes” which is why he does not consider *chagua* a problem or competition for him (Interview *Inkanda House*). Moses Turahirwa concurs that his customers are exclusive and “not even queuing on the market to buy the second-hand clothes” (Interview *Moshions*). Elodie Fromenteau also believes that *Made in Rwanda* and second-hand clothes are “a different target market” (Interview *Izubaa*). That is because the offered garments differ completely in terms of quality and price, identifies Apollo Bahizire Bitorwa (*Afriek*).

Others like *NKD*, *Promota Creations* or *Pink Mango C&D* are mainly into business customers or promotional textiles, which is why SHC buyers are not their customers and the SHC policy did not have a direct impact on them.

Yet, even many of the producers who indicated to not have benefitted directly from the SHC ban acknowledge its indirect benefits and the impact of the MiR campaign as a whole. Patrick Muhire (*Inkanda House*) notes that the initiative did not affect himself, but it helped other actors and “the industry at large”. *Haute Baso* and *New Kigali Designers* appreciate the indirect effects on the sector though increased awareness, a stronger spotlight on the sector and improved skills.

Other consumer migrations

Another finding from the interviews is that the increased demand for MiR has not solely resulted from reallocated SHC consumption. In fact, in many cases, it appears to reflect a shift from imported ready-made apparel, particularly “Western” brands. Many upper-end brands report that their customers are high-income Rwandans who consciously decided to change to locally made garments. Patrick Muhire (*Inkanda House*), for example, recounts that President Kagame used to wear imported suits from Italy or West Africa but now bets on local brands. And Chris Gentle

⁶⁴ *Rwanda Clothing, Moshions, Inkanda House, Afriek, Haute Baso, Berabose, Pink Mango C&D, Promota Creations, NKD and Ufaco*

(*Umulinga*) concludes: “There is a big change. [...] Before even the government people, would not wear *Made in Rwanda* things. They wore only *Louis Vuitton, Gucci, Dior*, you know, those big brands.” Furthermore, as highlighted in earlier chapters, a significant share of demand for MiR clothes stems from diaspora clients, tourists, expats and global buyers but not Rwandans who purchase *chagua*.

6.3.4.2 Effects on Low-Income Households

The comparison between *Made in Rwanda* and imported second-hand clothing shown in the previous chapters demonstrates the large disparities between product prices and target customers of these apparel sources. Especially when contrasting SHC garments with the clothes tailored by Rwandan designer SMEs, which are the MiR products that are most known by the population, huge gaps manifest: while you pay around RWF 80,000 for a designer *Made in Rwanda* shirt, you can get a similar one for RWF 4,000 second-hand, as Karen Uwera exemplifies (Interview *RFDA*). Products of large domestic manufacturers get closer to SHC retail prices but are still up to 5 times higher than the imported worn clothes (see table 21).

Made in Rwanda Clothes				Imported Clothes		
Product	Mass Production	Own-account tailor	Designer SMEs	Second-hand	Cheap (Asian)	“Western” brands
Shirt	RWF 5,000 – 10,000	RWF 15,000 – 25,000	RWF 50,000 – 100,000	RWF 1,000 – 8,000	RWF 3,500 – 10,000	RWF 50,000 – 100,000

Table 19: Comparison of price ranges between Made in Rwanda and imported clothes (Source: Own Research)

These price differentials need to be seen in the socio-economic structure of the Rwandan society: 52% of the population are considered poor as they fall under the international poverty line of PPP USD 2.15 per day (UNDP 2023). According to the Labour Force Survey, the Rwandan average income in 2023 was 68,656 RWF (NISR 2024b: 20). The large income inequality in the country distorts this number, though. The lower 50% of the population earned less of the national income than the top 1% (12.8% vs 19.7%) (WID 2023). A better key figure to show the reality of the majority of Rwandans is thus the median income which stood at 26,000 RWF in 2023. Only one sixth of Rwandans earns more than 100,000 RWF per month (NISR 2024b: 20). In other words, except for the products offered by the large manufacturers, half of the Rwandan population can not even afford the cheapest MiR products offered by domestic small and medium T&G producers from their monthly income.

Impact of the SHC Policy on Poor Consumers

Therefore, the majority of Rwandans relied largely on second-hand clothes as a cheap source of clothing but is now facing rising prices and a diminished offer of imported SHC:

“Now if they ban second-hand and the second-hands were always for the majority and we are still producing for the few rich people, there's still a gap right there, a very huge one and we haven't really grasped the meaning of banning the second-hand out-fits. So where we

should come in is replacing and filling the gap that that campaign created. [...] Otherwise, people will be naked. They won't have anything to wear, you see? [...] They are the people we need to be producing for. Seriously. Because otherwise we are only going to, you know, keep importing." (Interview *Mr. Endowed*).

The media, especially foreign outlets, have repeatedly highlighted the adverse effects of the SHC policy on ordinary Rwandans, leaving particularly the poor and rural communities without access to basic clothing or affordable alternatives (Gahigi 09.02.2018, John 28.05.2018, Frank 30.07.2018, Essa 05.10.2018). Francois Habiyaambere from Bugesera District, for example, recounts how RWF 9,000 used to buy clothes for his four children, but now that amount isn't enough for two which is why they are still wearing the same worn-out clothes from several years ago (Gahigi 23.06.2021). And Fillette Umugwaneza, a mother of two, reports that "Before, even with a little money, you could buy enough second-hand clothes for a child. But some children in my neighborhood are now naked" (Uwiringiyimana & Bavier 24.05.2018). SHC retailer Bayingana Mark aptly summarizes this involuntary balancing act as follows: "Some people don't have a choice between dignity and necessity. They are too poor to be able to care much about that." (Essa 05.10.2018). Therefore, one consumer in Kigali holds that "It would have been fair if the government allowed second-hand clothes for the sake of the poor" (John 28.05.2018).

Exclusive *Made in Rwanda* garments

Upon question most SMEs targeting the middle- and upper class recognize the limited accessibility of their products to poorer strata. Joselyne Umutohiwase (*Rwanda Clothing*) admits: "I know what I'm offering is quite expensive for the average consumer who normally were into second-hands", and also Elodie Fromenteau declares that "obviously not everyone can afford it, I'm very aware of that" (Interview *Izubaa*). Charlotte Shema (*Touch of Rwanda*) and Laurene Rwema Umutohi (*UZI Collections*) express empathy for people that purchase their clothes second-hand and accuse MiR products of being expensive because they could get the same item for half the price at second-hand - "I totally understand them. And If I was like them, I would do the same. [...] I see that people would want to have more [MiR apparel], but there is this gap of the pricing." (Interview *UZI Collections*). Ritesh Patel emphasizes that "90% of the population don't have the buying power" to get their clothes made in Rwanda because they live under in poverty (Interview *Utexrwa*). Matheo Niyigana adds that therefore "everyone who is wearing designer clothes in Rwanda is considered to be rich." (Interview *Matheo Studio*).

Yet, few designers appear willing to lower their prices. Brands like *Moshions* or *Rwanda Clothing* openly say that they chose exclusivity and small production volumes over the mainstream market.

In addition, there seems to be a certain degree of ignorance on incomes and living realities of majority Rwandans among the comparatively privileged SME business owners. Karen Uwera poses that the poorer classes are “sorted” since they can go to the cheap local tailors (Interview *Karssh*) and some brands like *Izubaa* or *Mr. Endowed* call themselves affordable to the youth, offering products at a minimum of USD 45, though. Chris Gentle (*Umulinga*) and Amini Deodactus (*Urutozi Gakondo*) propose that people simply need to understand and save more for their MiR outfits. High-end designers Joselyne Umotoniwase (*Rwanda Clothing*) and Moses Turahirwa (*Moshions*) even hold that Rwandans were overconsuming clothes and the step was hence needed re-assess clothing needs for sustainability reasons: “So the poorer [...] most of them had too much clothes, they cannot even have space for. Because clothes were so cheap, like a euro, half euro, [...] You buy them in bulk. So people were overconsuming” (Interview *Rwanda Clothing*). This line of reasoning appears disconnected from the lived realities of poorer Rwandans, for whom clothing remains a basic necessity rather than a question of minimalism and conscious sustainability choice.

Some MiR producers express a desire to offer more affordable products but argue that their high production costs make price reductions currently impossible (Interviews *Rwanda Clothing*, *Berabose Designs*, *Haute Baso*, *Urutozi Gakondo*).

Others point out that the Rwandan T&G market has differentiated over the past years and that the price and product range has amplified (see also Interview MINICOM). Annette Mukayiranga is optimistic that the increased number of producers will help prices of MiR clothes go down (Interview NIRDA I). Sano Olivier (*FL Collections*) highlights that consumers can find different quality levels at different price points in the market now (e.g. a MiR shirt for 15,000 RWF). Chris Gentle draws attention on the large number of unknown and therefore cheaper small MiR brands (Interview *Umulinga*), while Nadine Kanyana and Patrick Muhire remark that also cheap industrially produced MiR clothes exist. “We have industries that make cheaper clothes for, for the poor people.”, says Muhire (Interview *Inkanda House*). Kanyana adds that “sometimes their prices, they just shock you. Like 5k a shirt, 7k a shirt. They have prices, you wouldn’t believe it’s made in Rwanda. [...] So you just need to know where to shop depending on your pockets” (Interview *Kanyana World*). Yet, hardly any interviewee could name the mentioned mass industries, which raises questions whether consumers are aware of those cheaper industrial garment options.

In sum, a current struggle of the Rwandan T&G industry at the moment is the availability and allocation of locally produced accessible and affordable clothes. ADECOR reminds that policy-making should look at the majority and not the minority of citizens and the current MiR model does

not meet the needs of most Rwandans. Ritesh Patel emphasizes that growing the T&G market is “very, very challenging” and that “the only one thing that makes it possible” is to “empower these people to have sufficient money to purchase” (Interview *Utexrwa*). Without addressing these structural constraints, MiR textiles and garments risk remaining an elite niche rather than a tool for broad-based import substitution and development.

6.3.4.3 Summary: Changes in Consumption

Changes in Demand for SHC and MiR Clothes

As shown in the previous chapters, demand for MiR clothes has risen which was to a large extent driven by increased visibility and promotion through the *Made in Rwanda* campaign. Perception of MiR clothes has improved but varies largely between different societal groups (see different depiction of manufacturers and SHC retailers). At the same time the SHC policy did, at least initially, reduce spending on imported worn clothes. Being confronted with higher prices and less SHC available on the local market, Rwandans were forced to reconsider their buying habits – some turned to domestically made alternatives, but many Rwandans stuck to *chagua*, either accepting the higher prices, reducing the number or frequency of SHC items, or searching suited alternatives abroad. Therefore, it remains difficult to estimate how much of that inflow was thanks to previous buyers of second-hand clothes. It is conspicuous that out of 30 interviewed companies many said that the SHC policy did not have a direct effect on them and only five named SHC as a major competition to their products. Meanwhile, most producers called the competition from first-hand clothes – either cheap Chinese products or reputed international brands – or other domestic garment producers as their largest competitors.

Shift Toward Asian First-Hand Clothing

Many interviewees commented that rather than shifting to MiR garments, many consumers redirected (at least part of) their demand toward low-cost Asian imports (Interview *SHC#4, #5, #6, ADECOR, Umulinga, Moshions*). Media reports and studies from other countries mirrored this development alike (Calabrese, Balchin & Mendez-Parra 2017, Gambino 29.12.2017, John 28.05.2018, ILO 2018:9, Gahigi 23.06.2021). Trade statistics ([chapter 6.3.1.1](#)) consolidate this impression: while SHC imports dropped after 2016, imports of new garments from Asia (especially China) filled the vacuum that was left behind and in 2019 surpassed SHC import volumes.

Apollo Bahizire Bitorwa (Afriek) and Chris Gentle (*Umulinga*) note that China and Bangladesh today produce almost everything that is imported and worn in Rwanda. Especially poorer strata substituted SHC through Asian FHC as they constitute the better substitute for SHC than expensive

MiR clothes (Interview SHC #4). Moses Turahirwa observes that people in the villages, both old and young, now mainly wear “fake brands from abroad, that are Chinese-made because that’s what they can access” (Interview *Moshions*).

The increased popularity of Asian FHC is also mirrored in the fact that many SHC retailers switched to those ready-made garments and that *chagua* vendors perceive cheap Asian imports as their strongest competition (Interviews SHC #5,#6).

Also many producers view this substitution as problematic and perceive Chinese mass produce as the largest competition – even more than second-hand clothes. “The first competition, of course, it’s *Made in China*. Their clothes [are] even more a problem [...] than second-hands,” says Charlotte Shema (*Touch of Rwanda*). The cited comparative advantage of Chinese T&G manufacturers lies in their high and professional production capacities, their aggressive dumping prices, unfair business practices and their better price-quality-ratio.

“Being cheap is the first thing that is a threat because of the lifestyle we have. [...] And you don’t want to compete with Chinese people. It’s crazy! [...] Even if you did it for cheap here, let’s say it’s something like a jumper of 15,000, the Chinese they will bring another jumper for 5,000. You will never compete.” (Interview *Touch of Rwanda*)

“What I can say is that the biggest competitor is [...] those international brands like *Shein*. [...] So if someone can find a nice dress, very inexpensive at 30k and I am also charging 30k for my dress with basic fabric, they will not buy this, they will go to *Shein* because it looks sexy, it looks good. That’s kind of a big problem.” (Interview *MiR Company #A*)

Especially large Rwandan manufacturers name Asian FHC as a serious competition since they compete mainly over price (Interviews *DIKAM*, *Utexrwa*, *NKD*, *AMG*). „China is really the most aggressive competitor“, says Rosalie Gicanda (*AMG*) because differently from SHC, Asian products are new and not worn. Therefore, her *AMG*s and *DIKAM*s goal is to offer cheaper prices than the products imported from China. Similarly, Derrick Kanyonya from *NKD* complains about the price dumping of Chinese and Indian producers of promotional textiles that drive the prices down. Concerning fabrics *Utexrwa* also perceives the (duty free) imports of Chinese and Indian textiles as the reason why they struggle finding a local sales market: “We are not able to sell [...] because there are Chinese products still being dumped in the market” (Interview *Utexrwa*). But also SMEs have voiced their concerns about the Asian competition.⁶⁵

Quite a number of Rwandan manufacturers therefore call for a more comprehensive regulation of imports of ready-made garments because they flood the local market with cheap clothes as well and do not create much domestic value addition (Interviews *Utexrwa*, *Moshions*, *AMG*, *Touch of*

⁶⁵ Interviews *Touch of Rwanda*, *Aria Designs*, *MiR Company #A*, *Karssh*, *Kanyana*

Rwanda, ADECOR). “It’s of no use to the country at all because it doesn’t even provide manpower. It gives us nothing”, stresses Rosalie Gicanda (*AMG*). In addition to the lacking economic value addition, some interviewees commented the bad quality of Asian garments (Interviews *AMG, Touch of Rwanda, Rwanda Clothing, Moshions, ADECOR*) which leads to very short product life cycles and the environmental risk of many of those clothes soon ending up as textile waste (Interviews *Rwanda Clothing, Moshions*). Thus, many industry actors are doubtful of the actual impact of the SHC policy: Elisabeth Berabose holds that Rwanda got rid of one problem but created a new one (Interview *Berabose Designs*) and Maximilien Kolbe deplores that the idea of the second-hand policy was great for the industry but not for long because of the following inflow of Chinese products (Interview *Circular Economy Hub*). Charlotte Shema (*Touch of Rwanda*) and Moses Turahirwa (*Moshions*) find that the government should apply similar measures and take care of the price dumping of Chinese producers, too. “If you ban second-hand but facilitate more *Made in China*, it is for me a leak”, says Turahirwa. “If you do this incentive and increase taxes, also have the same taxing policy on the imports made in China!” (Interview *Moshions*).

Successful Import Substitution?

As Calabrese, Balchin & Mendez-Parra (2017: 21) note, the effects of EAC SHC phase-out decision will depend on whether consumers consider domestic produce good substitutes for used clothing and on their price elasticity of demand. As seen in [chapter 2.3](#), buying decisions and thus, whether a product is perceived a suited substitute is based upon an array of characteristics of the product and the consumer including product price, availability, brand, quality, appearance, durability, exclusivity, customer’s intention, economic state, taste, lifestyle, gender and age.

When inquired whether SHC and MiR constitute good alternatives, many manufacturers responded that it depends a lot on their style, price, the occasion and garment category.

Strong substitution effects of second-hand garment are, therefore, more likely to emerge with cheap mass-produced MiR garments from large Rwandan manufacturers - or Asian producers. “Traditional” MiR clothes produced by MSMEs, on the other hand, mostly cater formal or ceremonial occasions by providing hand-made, delicate and custom-made pieces as explicated in [chapter 6.3.4.1.2](#). Meanwhile SHC mainly offers accessible ready-to-wear garments suited for everyday use. Therefore, most designers do not necessarily consider their products and second-hand garments substitutes or competition.⁶⁶ Muhire summarizes that for “people who are into casual kinds of clothes [SHC] might be a threat” but for designers like him not (Interview *Inkanda House*).

⁶⁶ Interview *Kanyana World, MiR Company #A, Urutozi Gakondo, Inkanda House, Rwanda Clothing, SHC #5*

Nonetheless, they highlight that MiR and SHC clothes complement each other. “The people buying our clothes are the same people that buy second-hand. But what they are looking for is all different”, delineates Joselye Umutohiwase. She says that customers might get a casual item from second-hand and pair it with something special made in Rwanda to “look really unique and different” (Interview *Rwanda Clothing*). A similar remark was made by Patrick Muhire: “You might put on the second-hand clothes from Monday to Friday and you need some nice clothes to go to church or to go to events with. So you need me for your occasional clothing, yet your daily attires are from the second-hand.” (Interview with *Inkanda House*). Identical trends of a combined consumption of imported second-hand for everyday casual wear and occasional purchases of locally made clothes have been observed in other Sub-Saharan countries as well (Field 2000).

These findings suggest that while MiR can partially replace SHC, its reach and relevance is largely influenced by product segments, socioeconomic strata, and other sources of garments. As shown in the theoretical background, consumption decisions are taken based on a bundle of characteristics of products. Thus, price only constitutes one variable that was addressed in by the SHC policy, other perceived positive and negative features of each clothing product segment remain (see figure 20) and influence the substitutability of second-hand garments for other garments. Income levels and elasticity, lacking visibility, product gaps and limited (local) availability of *Made in Rwanda* clothes further hinder successful substitution. Figure 22 aims to visualize indicative flows of consumers between different groups of apparel as indicated by the interviews.

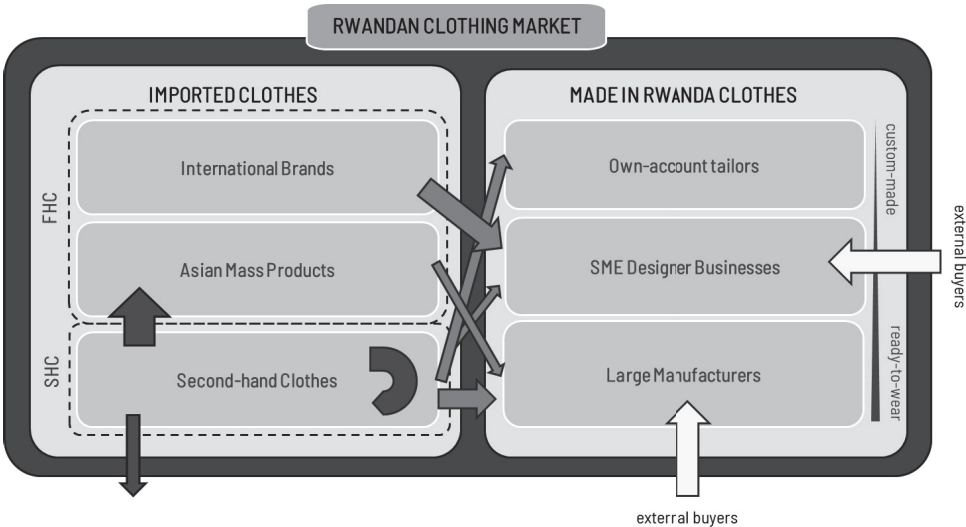


Figure 20: Visualization of estimated migration of garment buyers between different sources (Source: own research)

7 Discussion: Impact Evaluation

7.1 Summary and Comparison of Effects

The following table compares in which areas the policies (a) were successful in achieving the set targets, (b) did not (fully) succeed and outcomes still show shortcomings and (c) where the policies caused negative unintended effects.

	Positive Effects/Successes	Limitations/Failures	Negative Effects
TRADE WITH T&G GOODS			
Reduced SHC Imports	- Temporary reduction of SHC imports (from USD 30 million to 15 million in 2017)	- SHC imports today exceed import value before policy (USD 33.5 million)	- Accelerated growth of FHC imports, new dominance of Asian players and aggressive price competition for domestic producers
Growing Exports and Foreign Exchange Earnings, Increased Integration into GVCs	- Growth in Rwandan clothing exports	- Growth in exports mainly due to re-exports to DRC (hardly any value addition) - Little export readiness and volumes of most local producers, little integration into GVCs as supplier, exports driven by one export-oriented manufacturer	- Loss of duty-free access to US market due to suspension from AGOA has negatively impacted Rwandan T&G manufacturers with US focus
Reduced Trade Deficit, Growing Independence from Global Markets		- No reduction but widening of trade deficit - Increased self-reliance or independence from international markets not achieved	- Increasing import surplus, especially among textiles and FHC - Growing dependency on Asian imports
TEXTILE & GARMENT MANUFACTURING			
Company Landscape			
Stimulus for Investments and Entrepreneurial Activity	- Entrepreneurial optimism and increased sector attractiveness leading to the establishment of many new garment enterprises (from ~ 16-22 to ~ 30-50 formal companies, 20 companies in sample established after 2016/17) - Growth of most existing companies (in production and employment) - Formalization of industry: more formally registered businesses - New foreign investments (2 Asian investors and diaspora returnees) - Diversification of industry landscape: more large producers, diversified customer groups	- Low maturity of companies, closure and inactivity of some – survival rate and viability questionable - Few large manufacturers (only one > 1500 employees), many micro and small-scale actors - Three out of large factories foreign-owned – possible long-term effects on profit distribution, strategy and dependency - Foreign investments still very limited in international/East African comparison - Entrepreneurial opportunities for limited group (founders majoritarily socio-economically privileged background) - Urban-centric development: All except for one production sites are located in Kigali	

Production		
Expanding domestic production of textiles and garments // Production Volumes and Products	- Growth in domestic garment production output (~ 17 million items in sample, up from 4.6 million in 2017) - Diversification of domestic garment products: Wider range of MIR clothes (e.g. different price points, variety in style, new product categories)	- Production still mainly not industrial but very small scale (e.g. 8 companies produce < 500 items per year, large differences in productive output) - Production growth mainly driven by one company (produces ~ 82% of all products in sample) - Underutilization of production capacity, mismatch demand - supply (at some factories as little as 20%) - Not all companies experienced growth, some also decline or stagnation in demand and production - Large gaps in national demand and production (see below at consumption)
Increased Availability of Made in Rwanda Clothes // Target Customers	- More and wider range of MIR clothes are available (see above)	- Domestic garment production can quantitatively only cover less than 5% of estimated national clothing demand, probably even less for textiles - Focus on special occasions and formal attire (among MSMEs), large gaps in certain product categories (e.g. casual wear, underwear, children's clothes, sportswear, jackets) - Strong B2B- and export focus among large manufacturers – only ~ 2.6% of total production available for Rwandan end consumers - Within Rwandan B2C market: strong focus on Kigali, middle to high income groups and tourists or expatriates at target clientele (esp. among MSMEs), MIR clothes difficult to access in rural areas
Vertical and horizontal linkages/spill-overs into other industries, Backward integrated value chain: Increased production of textiles & raw materials Upgrading & Economic Transformation	- Few cases of new collaborations between textile manufacturers and garment labels - Some cases of product, channel and inter-chain upgrading (e.g. more sophisticated apparel, new customer segments and target markets) - Some technological and process upgrading (e.g. new machinery, increased productivity, more functions) - Functional upgrading: contract manufacturers increasingly take over OEM, partly even design and branding tasks; domestic brands/domestic	- No domestic raw or input material production (at industrial scale) - Still only one textile mill producing at low capacity utilization with unpopular fabrics, almost all inputs are sourced abroad - Vertical and horizontal linkages very limited and often not formalized → no backward integration, functional upgrading and structural transformation → continuously high sourcing costs
		- Duty remission on imported raw/input materials creates competition for domestic fabrics, can hinder development of textile industry

	manufacturers “by default” functionally integrated → higher value addition	- General technological capacity low, non-industrial and often outdated - Average process management, product development/ design skills and product quality relatively low or unprofessional in international comparison - Functional integration of brands/domestic manufacturers does not necessarily lead to higher value capture, may also hinder growth and professionalization	
Employment			
Decent Job and Income Creation	- More jobs at new or grown companies (in sample + ~ 5,000 workers) - Job opportunities for women, youth and Rwandans with limited education - Formalization of tailoring jobs – improved working conditions, job/income security and positive socio-economic effects - Increasing wages over time, compared to Rwandan average decent wage level - Favorable working conditions at SMEs - Capacity building for low skilled workers through internal training programs – solid basic expertise established - Knowledge spill-overs from international partners (e.g. invited experts, demonstration effects) - Upskilling of Rwandan employees into higher positions and tasks, replacement of international staff	- Labor migration instead of job creation: Large share of employed tailors used to be own-account tailors before - Wage levels at mass manufacturers still relatively low (RWF 60,000 – 100,000) Note: Informal employment and working conditions not fully grasped in research	
Skills Development and Knowledge Transfer		- Availability of advanced skills (e.g. in advanced tailoring, design & product development, production management, quality assurance or international marketing) locally still relatively low → Continued use of and dependence on external expertise, especially in key management and supervisory roles	
SHC SECTOR			
Increased Prices and Reduced Consumption of Imported SHC	- SHC prices have increased strongly due to elevated tariffs (~ 200 – 700 % at wholesale, +50 – 200 % at retail) - Reduced consumption of SHC clothes (partly because of lower per capita spending, partly because of substitution)	- Reduction of demand for SHC only temporary effect (see imports) - Continued preference for SHC products among many Rwandans (especially but not only low-income households)	- Left poorer, especially rural households (~ 85% of Rwandans) with no/few affordable clothing options - Tighter household budgets and reduced spending on other purposes

Effect on SHC retailers			- Continued interest and business opportunities within sector	- Deteriorated working conditions: shrinking demand, diminishing profit margins, decreasing income and growing insecurity and poverty - Job loss and re-orientation for many SHC retailers - No security due to informality and independent nature of business
CONSUMPTION				
Stronger Visibility and Improved Perception of Made in Rwanda clothes, Mindset Change	- Disruption of habitual buying patterns of Rwandans - Spotlight on <i>Made in Rwanda</i> clothing, closing of awareness gaps and creation of points of interaction between producers and consumers - Elevated interest in and stimulation of pride in national T&G consumption - Partial mindset change and improved societal attitude towards MiR apparel products - Increased international reputation and demand	- Persistent negative image and inferiority of MiR compared to second-hand clothes (regarding quality, style, uniqueness, modernness and price) - Lacking visibility of smaller brands and cheap mass producers		
Reduced Price Competition from SHC, Decreased prices for MiR textiles and garments	- SHC presents less competition and threat to Rwandan clothing producers - New players offering cheaper MiR garments, price points went slightly down due to upscaling of production and input material import scheme	- Majority of MiR garments continuously very expensive for Rwandan average incomes, target middle and high strata (price range among MSMEs: RWF 20,000 – 3 million vs. median income of RWF 26,000) - MiR clothes 5 to 100x more expensive than SHC - Most MiR labels no interest or possibility to reduce product costs → MiR garments not affordable and accessible for majority of Rwandans		- New price competition from Asian FHC
Substitution of SHC through MiR clothing	- Certain degree of some import substitution among consumers (especially affluent consumers, partly to cheap MiR products) - Increased domestic procurement by institutions and businesses	- Substitution effect very limited due to low substitutability (product characteristics), habitual consumption, limited availability and price barriers → limited direct demand effects on manufacturers - alternative adaptation behavior: - o reduction of SHC spending but no substitution - o alternative sourcing (e.g. purchasing abroad, smuggling) - o substitution through other FHC garment sources	- Consumers are left with less accessible SHC but few comparable Rwandan-made options	

Table 11: Summary and Comparison of Positive Effects, Limitations and Negative Effects (Source: own research)

The summary and comparison of positive, negative and limited effects of the policies shows that many of the government's goals were, at least partly, achieved. But also that the policies have numerous shortcomings in effectiveness and caused adverse outcomes beyond the intended objectives as well.

The drawbacks mutually influenced and hindered each other: while the *Made in Rwanda* campaign stimulated a general interest and demand in the Rwandan population for domestically produced textiles and garments and the SHC tariffs lowered the price differential, the gaps in availability, quality, diversity and affordability impeded the majority of Rwandans substitute their consumption. The (perceived) lack of demand continues to make investments into cheap but qualitative production for the local mass market unattractive, reinforcing the under coverage of Rwandan

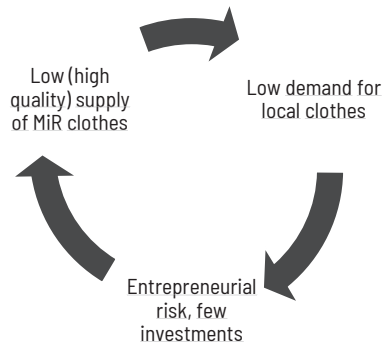


Figure 21: Reinforcing cycle of low domestic production and demand (Source: own visualization)

demand with domestic garments and continued importation. Such vicious cycles and complex networks of effects can be observed along the other observed impact fields as well.

Moreover, it is difficult to quantify the rents and welfare effects of the policies or weigh them up against each other. Zooming in on changes in employment, for example, many retailers lost their jobs, although their exact number is unknown, which is why it is impossible to estimate whether the number of newly created jobs in T&G manufacturing offsets that welfare loss. Taking into account qualitative aspects of employment like working conditions and accessibility makes measuring them even more complicated: SHC retailing exhibits very low entry and exit barriers in terms of needed skills or capital, therefore offering flexible jobs to less privileged society groups but also not providing much career options or security. Tailoring also offers jobs to Rwandans with little school education, particularly women, but requires more specialized know-how and investments in machinery (for own-account tailors). Meanwhile it has advantages in terms of job security and upskilling for employed tailors or value capture for independent tailors.

Quantitatively, the positive and neutral effects (unachieved goals) seem to be roughly equal in number and outnumber the unintended negative effects – which indicates a positive overall outcome of the policy. Additionally considering the “depth” and “breadth” of the effects, i.e. how many actors were affected and how severely they were hit, adds weight to the adverse results, though. Therefore, it is necessary to critically question the social compatibility, unequal distribution and severity of benefits versus hardships of the policy as well.

7.2 Winners and Losers: Affectedness and Evaluations per Stakeholder Group

T&G manufacturers and designers as the main target beneficiaries of the policies are generally very thankful for the state's intervention, even calling it a necessary "godsend" (Interview *AMG*). They, with some few exceptions, see the positive direct and indirect effects on them. While pointing out persisting challenges of the industry, they mostly cherish the country's and sector's achievements up to now and foresee a slow but steady ongoing growth of the Rwandan T&G sector towards a "bright future" (Interview *Urutozi Gakondo*). "It develops in all aspects – quality, quantity, the modernization of everything", summarizes Patrick Muhire. "We are industrializing each and every week unlike before" (Interview *Inkanda House*).

The **Rwandan government**, both in interviews, media reports and the 2022 sector report, mainly highlights the positive achievements as a result of the MiR and SHC policy, calling it an "overall success" (Interview NIRDA I). Negative effects, failures and persisting challenges were sometimes mentioned but usually only upon request.

In contrast, the policy's impact assessment of the interviewed **chagura retailers** and ADECOR, as the representative body of **Rwandan consumers**, is much gloomier as they predominantly witness the multiple negative effects of the SHC tariff increase on both consumers and vendors. While seeing the general necessity of the country to develop its own T&G industry most SHC retailers call the tariff increase unsuccessful and the wrong approach since *Made in Rwanda* clothing are still too expensive and unpopular – making the policy detrimental to almost all Rwandans, especially the poorest (Interviews SHC #1, #4, #5, #7). Jean Baptiste Hategekimana from ADECOR summarizes that the protectionist policy deprived consumers of their rights but also did not bring about the expected results in terms of competitiveness of local producers. Both groups therefore call for more inclusive policies targeting the majority of Rwandans, supporting both domestic FHC and SHC.

These differing views on the policies' impact are not surprising when considering the uneven distribution of benefits and negative effects between different stakeholders in the industry:

Winners/Positive Effects	Losers/Adverse Effects
Garment business owners and foreign investors benefitting from government incentives, reduced price competition and increased attention for their products	(mainly informal) SHC vendors that suffer from deteriorating business and income conditions, or even job loss
Well situated, mainly Kigali-based and foreign consumers who benefit from a larger variety of MiR clothes they can chose from	Rural, low-income and young consumers that are deprived of access to cheap, unique and durable clothing
Foreign (mainly Asian) T&G producers who were able to increase their sales to Rwanda	US-oriented exporting clothing manufacturers whose access to the US market is now impeded
Tailors and Rwandans (mainly women and youth) who benefit from new (formal) employment possibilities	[Textile industry due to increased competition from Asian fabric manufacturers]

Table 12: Comparison of Winners and Losers of the Policies

Rwandans that were already vulnerable like informal vendors and the majority of Rwandan consumers were hit most by the decision, while relatively privileged consumers and entrepreneurs, but also international producers and buyers were the main beneficiaries of the policies. Some government officials admit that SHC retailers and consumers were negatively affected by the *chagua* policy but argue that under economic policies some stakeholders will always benefit more than others and that some society groups might have to suffer for others (Interviews RDB, NIRDA I). Behuria (2019: 32) calls this a form of statal “picking of winners”.

7.3 Timing and Time Horizon of the Policies

A central question linked to this is the appropriateness of the timing of the introduction of the policy and duration until it reaches effectiveness. Some Rwandans criticize that the restrictions on SHC came too early and that the government should have waited until the country had built a mature domestic clothing industry that is able to cater for the Rwandan population before sanctioning the most important source of clothing for the majority of Rwandan (Interview ADECOR, Gambino 27.12.2017, Frank 30.07.2018, Dijkstra 01.10.2020). Since the local industry struggles to develop in the face of price dumping from *chagua*, it is difficult to determine the correct point in time, though. This chicken-and-egg dilemma opens up the question of long-term orientation and industrial ambitions versus short-term costs for vulnerable populations in development policy decisions.

NIRDA and RDB explained that the decision on second-hand garments was tough but needed for change to unfold arguing that every country goes through initial hardships when striving for higher national development plans (Interviews RDB, NIRDA I). Also designers like *Umulinga* and *Rwanda Clothing* hold that the positive outcomes of the policies justify initial suffering and that consumers have or will realize that on the long run: “Day by day, if you see the results of the policies, then you realize that they were right. [...] It was challenging to be honest, but people slowly get to understand that it's for our own development. It's not against them, it's for their own good - on the long run” (Interview *Umulinga*). Chris Gentle also shows understanding that such processes take long since Rwanda as a developing country needs to invest in several sectors at the same time (ibid.)

Industrial policies indeed necessitate long to unfold their complete impact and realize structural economic changes. In India, for example, ISI strategies it took around 20 years (1950 – 1970s) for the country to produce a high proportion of its consumption domestically (Cherif & Hasanov 2024). In Rwanda, around 7 years have passed since the introduction of the MiR and SHC policy, which means that the policies should now show their medium-term effects.

So is it just a matter of time and Rwandans simply need to “sit out”? For many low-income consumers and informal traders, the notion of future benefit or long-term development prospects for the country as a whole may remain abstract and detached from their daily survival needs. Industrial policy should not come at the cost of livelihoods and dignity of vulnerable Rwandans but constitute a gradual, participatory transition toward local industrial growth, ensure fair burden-sharing, and provide short-term mitigation measures (e.g. compensation mechanisms, subsidies for mass garment production, employment securities or retraining options for SHC vendors).

7.4 Internal and External Impediments

The interviews revealed a number of internal sectoral challenges and exogenous factors that have hindered and continue to limit the full effectiveness of the policies (see figure 24). Exogenous factors that the Rwandan government can hardly shape or foresee include international crises like the Covid-19 pandemic or the Russian war on Ukraine, the hegemonic free trade regime or the geographic location of the country and their consequences on the macro-economic situation and trade of the country. Negative contextual conditions at national level that were mentioned centered around high cost burden for companies regarding capital, infrastructure and taxes as well as the average low incomes of Rwandans. But also challenges regarding the choice and practical implementation of the policy instruments seem to have slowed down the impact of the interventions. Result but also reinforcing cause of the limited effectiveness are a number of sector-internal challenges that textile and garment producers indicated to be facing.

The Rwandan government will therefore need to continuously work on reducing those obstacles and gaps in order for the domestic T&G sector to flourish.

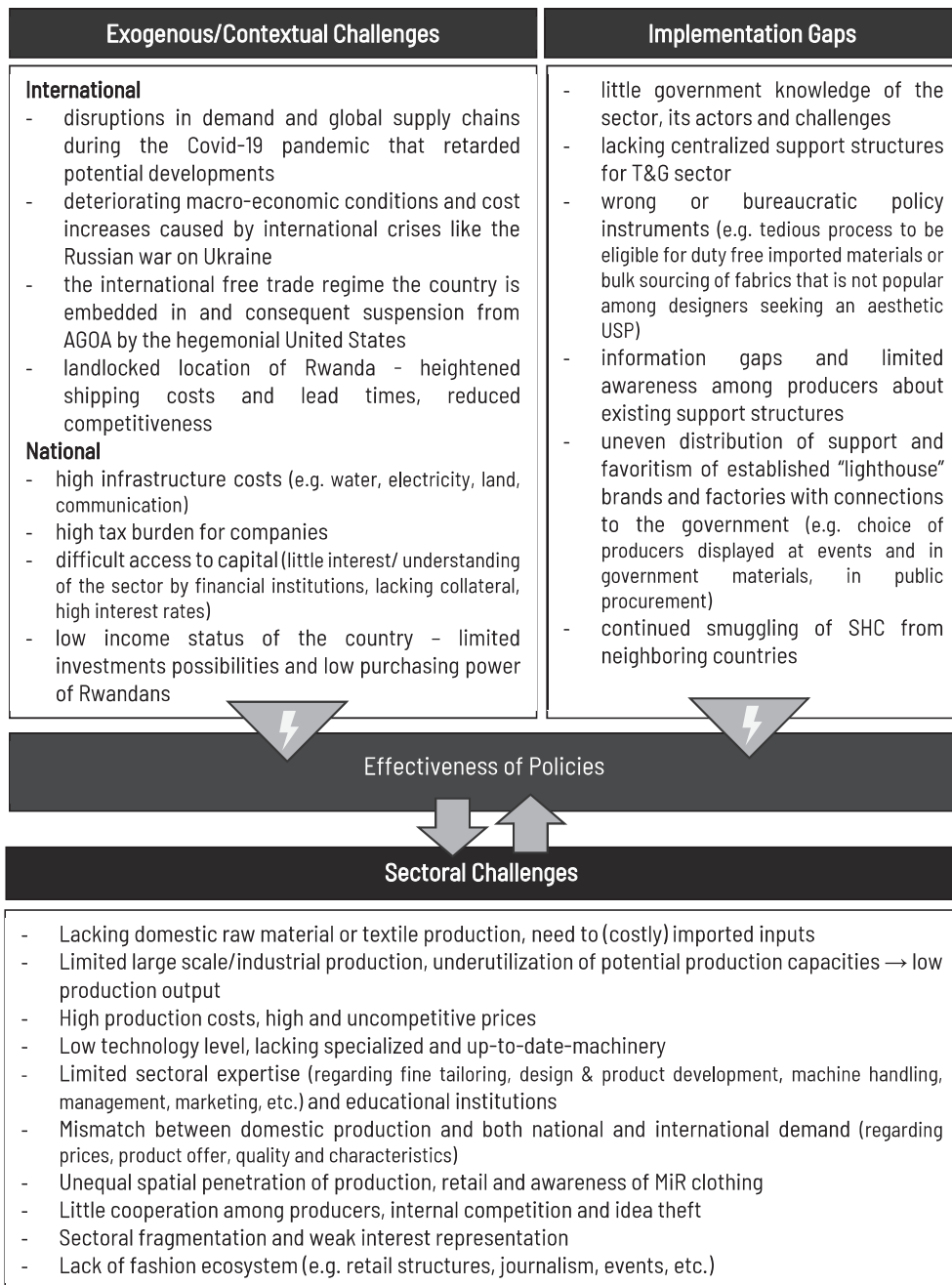


Figure 22: Factors hindering the policies' full effectiveness (Source: own research)

7.5 Way forward: Future Strategies

How to continue with imports and *chagua*

That the issue how African countries can achieve more independence from Western apparel cast-offs is still “hot topic” can be seen in the fact that Uganda’s President Museveni, for example, in August 2023 declared to officially ban SHC imports completely.

Based on the insights gathered during the field research, few Rwandans favor a complete banning of *chagua*. Even MiR producers who should most negatively impacted by it, do not consider SHC a big threat (anymore) but can image a “peaceful co-existence” (Interview *Rwanda Clothing*). Also the Rwandan government realized that due to continued “domestic gaps” they need to postpone a final ban of *chagua* “until when the domestic capacities are enough to fully substitute the imports of second-hand clothes” (MINICOM 2022: 12).

Other options how to deal with SHC in the future that were raised in interviews and literature include

- 1) *Quantitative Import Restrictions* (e.g. quotas how much SHC can be imported per year, Katende-Magezi 2017),
- 2) *Qualitative Import Restrictions*, i.e. establishing standards that used clothes must fulfill in order to enter the country or only allowing grade A products (Interview *ADECORA*),
- 3) *Allowing certain types of clothes/ recipients only* (e.g. only for charity use or products that are not produced locally like South Africa),
- 4) *Reusing chagua*, e.g. by down- or upcycling used clothes and textiles into fibers, industrial materials or upcycled apparel (Interviews *Circular Economy Hub*, *NIRDA I*, *Maison Inkindi*) or
- 5) *Upgrading within the SHC value chain*, for example, establishing sorting facilities for SHC, as that would create additional jobs and value within the GPN (Prashar 2022).

In addition to that, a local circular economy and internal second-hand clothing market could be encouraged (Interview *Circular Economy Hub*). A positive example of that in practice is *Moshions* where customers may already bring back old clothes which can be repaired, repurposed or resold. But as [chapter 6.3.4.2.3](#) showed, cheap Chinese imports are currently perceived as the major problem and threat of the Rwandan clothing market. Thus, one could even argue that first-hand clothes and China are the real winners of the policy. Therefore, both some SHC retailers and manufacturers as well as other authors (Katende-Magezi 2017, USAID 2017, Wetengere 2018) call for similar import duties and restrictions to create a balance between domestic, foreign first-hand and second-hand clothes. The detrimental effect on poor consumers who would be deprived of both sources of low-cost clothing needs to be considered in such decisions as well, though.

How to continue producing textiles and garments

Due to the high percentage of components of MiR clothes manufactured abroad, ILO (2018:10) postulates that labor is essentially “the only genuine *Made in Rwanda* component” of domestically produced garments – a critical view shared by some interviewees in the sample as well. That raises the question what being “made in Rwanda” really means, what can realistically be produced domestically, and which segment or production step(s) Rwanda should specialize in.

1) *Small- or Large-scale Production?*

Especially SME designers but also literature hold that Rwanda will not be able to catch-up to and compete with experienced mass production countries since “Rwanda will never be China” (Interview *Haute Baso*) due to its disadvantageous location, resources and fixed costs. Therefore, Rwanda should focus on what it is good at and what it can offer: small-scale high-end, boutique-style production, focusing on quality, handmade uniqueness and storytelling.⁶⁷ Others call for intensifying local large-scale industrial production to upscale production volumes, lower unit costs and make garments more affordable for the domestic market⁶⁸. Most manufacturers, however, acknowledge that every market needs different segments, therefore calling for a dual approach in which both larger and smaller producers are supported.

2) *Local or external market and ownership?*

With respect to market orientation and ownership, many interviewees were very positive about promoting foreign investments and integration into export-oriented GPNs. They argue that locally there are not sufficient investment capacities and are optimistic about outside investments bringing in jobs, valuable expertise and skills transfers, technology, buyer networks, value creation and tax contributions.⁶⁹ Both manufacturers and government representatives highlight that the state “is putting a strict eye on the investors” (e.g. in terms of minimum wages or production targets, Interview *Pink Mango C&D*) and that such cooperation models allow fair benefits and profits for both sides.⁷⁰ Potential risks of FDI and integration into GPNs such as being stuck in captive agreements and low-value addition activities, exploitation of cheap labor or profit-drain were not voiced by interview partners. Only two interviewees opined that Rwanda should focus on local investment and self-led development to ensure long-term economic independence (Interviews *Umulinga, Moshions*).

⁶⁷ Interviews *Rwanda Clothing, Haute Baso, Moshions, IPRC*, ILO 2018, ITC 2020.

⁶⁸ Interviews *NIRDA II, MINICOM, RFDA, Matheo Studio*.

⁶⁹ Interviews *MiR Company #A, Matheo Studio, FL Collections, Mr. Endowed, Touch of Rwanda, Pink Mango C&D, Ufaco, RFDA, MINICOM, RDB, NIRDA*.

⁷⁰ Interviews *RDB, NIRDA I, Matheo Studio, FL Collections, Pink Mango C&D*.

3) *Which production step(s) to focus on?*

Regarding the matter which production steps to intensify or establish in Rwanda, most garment manufacturers advocate for investing in upstream production of textiles and supplies citing its current lack (also NIRDA I, II). Given those industries' higher capital-, technology-, resource- and scale-intensity, paired with Rwanda's given resources, costs, location and experiences, it is questionable whether the country can catch up to international suppliers of such materials.

As an alternative, a regional division of labor within the East African region was proposed by RFDA and NIRDA I, in a way that every country specializes on their comparative advantages (e.g. Rwanda on tailoring and finishing, neighboring countries on fiber and textile production).

One further, more exceptional suggestion by Maximilien Kolbe (*Circular Economy Hub*) which is already applied by *Mr. Endowed* is to knowingly reverse patterns of value creation in GPNs and concentrate solely high value-added activities like design, marketing, and brand management while outsourcing manufacturing to other low-cost countries.

This decision which development path to follow will need to be taken by the Rwandan government after thorough investigation of associated investment costs, realistic outcomes, the international trade environment and expected rents for different Rwandan stakeholders.

8 Conclusion

This thesis sought to shed light on the question whether the *Made in Rwanda* campaign and the protective tariff policy on imported second-hand clothes led to their intended policy outcomes, but also which additional effects they had not only domestic textile and garment producers, but also other industry stakeholders like *chagua* retailers and Rwandan consumers. At the macro level this work also intends to examine how promising such industrial and import substitution policies are for a small developing country like Rwanda, wishing to protect and grow its own textile and garment industry, in a world shaped by value chains that allow powerful economies to dump their used or low-quality clothes on foreign markets.

In order to answer this, qualitative interviews were carried out with diverse Rwandan T&G companies, SHC vendors as well as consumer and institutional representatives and coupled with quantitative data from trade and sector statistics.

Summary of Findings

The results have shown that the Rwandan T&G sector has made significant advances since the introduction of the MiR and the SHC policy, especially considering that the country had almost no such industry before 2016. Especially with regards to visibility, business activity, production output, industry landscape and product diversification, formal employment creation and sectoral upskilling the *Made in Rwanda* campaign in combination with the SHC policy had a relevant stimulating effect on the domestic T&G sector. Nonetheless, the policies also fell short of achieving all their intended objective: The Rwandan clothing market is still mostly catered by imports – both from second-hands, that are popular among consumers and retailers, as well as increasingly from new Chinese textiles and garments that additionally flood the market. Substitution of consumption happened but limited in scope – due to major constraints in availability, accessibility, affordability, limited target market, variety and quality of *Made in Rwanda* textiles and garments. Major remaining challenges of the manufacturing industry include the low industrial intensity of production, resulting low productivity and high costs, the absence of backward linkages and an input material or textile industry, limited functional, technological or product upgrading, little advanced sector expertise and professional capacities as well as little cooperation within the sector.

These shortcomings can be partly explained by both external and internal impediments like the Covid-19 pandemic, implementation gaps and other challenging structural and sectoral conditions (see [chapter 7.4](#)).

Table 12 shows a summary of which of the intended goals were reached and to which extent.

Made in Rwanda Policy		
Growing exports and forex earnings	Partially succesful	Exports of MiR FHC grew slowly, overall export volume remains small though
Reducing the trade deficit	Negative	Trade deficit in T&G products widened
Encouraging self-reliance	Not successful	Domestic production is not able to cover demand, increased dependence on Asian imports
Promoting a sense of patriotism and pride in local capabilities	Successful	Positive mindset change, increased awareness and pride in domestic T&G production
Stimulating demand for competitive, value-added Rwandan products	Partially succesful	MiR products still not fully competitive, increased demand only in specific consumer groups
Encouraging entrepreneurship and creativity	Successful	Grown number of T&G businesses through new establishments, more creative diversity
Growing local investment	Partially succesful	More investments into industry, yet limited domestic large-scale investment capacities
Facilitate economic transformation, establish a domestic industrial base	Partially succesful	Industrial intensity of production increased but internationally still low
Safeguarding and creating decent jobs, reducing poverty	Success-ful	Negative Jobs created and formalized for tailors (esp. women, youth, low-skilled), okay working conditions; Jobs of SHC retailers more precarious
Protective Second-Hand Clothing Tariff		
Reducing Imports of Second-Hand Clothing	Not successful	Imports of SHC reduced only temporarily, currently back at pre-policy level
Protect Domestic Companies from Price Competition	Partially succesful	Less price competition from imported SHC, but increased pressure from cheap Asian FHC
Import Substitution	Partially succesful	Import substitution only among few customer and product groups, other adapative effects larger
Promoting vertically integrated T&G value chains	Not successful	No backward integration or linkages, forward integration to some extent
Textile, Apparel and Leather Sector Strategy		
Facilitate access to affordable raw materials	Partially successful	Duty remission scheme partly successful but materials still expensive, no local raw materials
Promote local manufacturing of textile accessories	Not successful	No competitive local textile manufacturing, low quality and capacity under-utilization
Promote capacity development along the value chains	Partially successful	Increased learning and upskilling through on-site trainings and governmental programs
Promote access to finance for SMEs in the textile, apparel and leather industry	Hardly successful	Some examples of loans from Rwandan banks, finance remains often-mentioned challenge
Capitalize on regional trade opportunities	Not successful	Little imports and exports from/to regional partners

Table 13: Summary of Evaluation of Achievement of Goals as set in Policies (Source: own research)

Besides only partially achieving most of their targets, the policies even left some stakeholders worse off. The impact analysis per stakeholder groups revealed that the interventions had a positive, yet not always direct effect on garment manufacturers and tailors, but adverse effects on the *chagua* ecosystem, particularly its informal vendors and price-sensitive consumers. Since those negative impacts were predictable, the government knowingly accepted them without providing equivalent employment or consumption alternatives.

On the grounds of this research, it is difficult to quantify, compare or weigh up the results against each other. The positive effects seem to outnumber the negative effects, which does not consider the severity and distribution of their impact on differently privileged stakeholders, though.

A final outcome assessment, therefore, needs a longer timeframe and more thorough investigation.

Contextualization within Theoretical Frameworks

These outcomes can, at least partially, be explained by and embedded in behavioral consumer economics industrialization theories (particularly the ISI approach) as well as development patterns found in GVC and GPN literature.

On the **consumption** side, substitution of second-hand clothing has occurred only to a limited extent. The hesitant adoption of MiR clothes even after heavy price increases for the imported SHC proves that apparel consumption is not only driven by price but moves in a complex space of consumer preferences. The perceived superiority of SHC compared to domestic alternatives in terms of quality, durability, uniqueness, fashionability and price-quality ratio has limited the uptake of MiR among the majority. This case study therefore highlights the limits of price-based policy mechanisms like tariffs alone and shows that they need to be accompanied by additional measures that address other qualitative constraints of domestic products, alter consumer perceptions and incentivize changes in established consumption behavior. Where substitution has occurred, it was mainly driven by the promotional activities of the MiR campaign that created awareness, visibility and points of interaction between producers and consumers, sensitized consumers for the positive effects of domestic market recapturing and referred to social or symbolic values of MiR clothes such as pride and cultural identity. The interviews therefore proved the importance of place-based consumption and the social and cultural dimension of domestic clothing purchases.

On the manufacturing side, large-scale **industrialization** and structural transformation of the economy including technological upgrading, backward integration, standardization and self-reliant production as well as the absorption of large chunks of migrating labor force into the T&G sector has - so far - also failed to materialize. Nonetheless, the upscaling of existing manufacturers like *Pink Mango C&D* and *Utexrwa* and the emergence of new large domestic players such as *NKD*, *DIKAM*, *Ufaco* or *Vision Garment* providing mass production and employment suggests the end of a purely "infant industry" phase of the Rwandan T&G sector. The analysis also showed that Rwanda intends to combine a targeted protective import policy with open borders to foster FDI, domestic exports and integration into GPNs. Although these both inward- and outward-oriented development approaches are not diametrically opposed as often displayed in the past, but may synergistically complement each other (Behuria 2017, 2019), an overly focus on exports will jeopardize the development of the domestic market (Calabrese, Balchin & Mendez-Parra 2017: 13) – a tendency also observed in Rwanda.

These outcomes illustrate that the success or failure of industrial policies of other countries in the 20th century cannot be generalized or replicated one-to-one to the Rwandan example. Firstly,

because of Rwanda's idiosyncratic national economic setup including specific challenges and comparative advantages and, secondly, because of the everchanging global market conditions that influence the industrialization opportunities for countries (see also Mold 2015). Cherif and Hasanov (2024), for example, note that the "Asian miracle" can partly be explained by fact that they benefited from a first-mover advantage since other developing countries were not exporting much manufactured goods yet. For "late industrializers" like Rwanda, however, the current international context with consolidated market dominance and captive post- or neocolonial value chains leaves shrinking opportunity spaces to gain export market shares. This observation also raises the question whether traditional manufacturing-based development is the way to go in the 21st century and the appropriate sector to invest in for Rwanda, given that the importance and global value addition of secondary sector is increasingly sinking as the world moves towards an increasingly service-based economy and industry 4.0 (WDI n.d.). Moreover, exporting manufacturing economies might potentially suffer from increasing commodification of manufactured goods like garments which comes with increasing price pressure and deteriorating terms of trade through power imbalances in GPNs (Giovannetti & Sanfilippo 2009).

From the lens of **Global Value Chain** and **Global Production Networks** theory the case study has shown how regulatory frameworks can shape textile and garment value chains (temporarily curbing clothing imports and growing domestic manufacturers), but that government intervention is limited in a free trade environment in which the in- and outflow of goods remains dominated by demand and supply and where hegemonial economies at the 'center' (e.g. USA) can sanction developing countries for protecting their domestic industries. The Rwandan case also illustrates that upgrading, upscaling and upskilling of production is a difficult and long undertaking. Except for one textile mill, all other domestic producers still work in downstream garment manufacturing activities with limited vertical and horizontal linkages. Only two companies are integrated into global production networks as CMT/OEM suppliers and unlike in neighboring T&G producing hubs like Kenya and Ethiopia the quota of foreign investments into the sector remains low. At the same time, a large share of the largest T&G manufacturers is foreign-owned, which is typical in export-oriented GVCs, but can have negative implications for sustainable profit capture, upgrading, and learning conditions. Rwandan-owned producers operate more independently and assume not only low valued added activities but also design, marketing and distribution tasks. In some cases of known high-end fashion labels have been able to capitalize on these design and branding activities. In other cases, this integrated business model, however, also incurs higher risks and does not necessarily lead to increased value capture but can even hinder upscaling and professionalization.

Summary

The analyzed case study presents an impressive example of how a low-income country can proactively seek to reshape trade dynamics, recapture its domestic market, and promote industrialization as a pathway toward economic development and greater sovereignty. While the examined policies have fallen short of achieving all intended goals, they nonetheless created a strong impetus for the production and consumption of *Made in Rwanda* garments. Full industrialization through import substitution as suggested in ISI theory did not occur due to various constraints on both the production and consumption side, but the policies helped create a favorable environment for T&G producers and lift the industry beyond the very infant low output stage. The case study, however, also demonstrated that protective tariff-based mechanisms alone are insufficient: shifts in consumer behavior and the expansion of local production capacity must be complemented by broader, coordinated government measures as tried by the *Made in Rwanda* campaign measures. To unfold the full potential of its domestic textile and garment industry, the Rwandan government needs to eliminate the remaining obstacles for the sector but also consider the suitedness of future industrial strategy decisions for the country, as discussed in this thesis. Eventually, the case study also showed that industrial policy must take into account its negative externalities and distributional effects to ensure that adversely affected stakeholders, particularly vulnerable citizens, are considered and compensated in an inclusive manner.

At international level, in order to regulate trade in clothing and particularly second-hand apparel, it is necessary to internalize external ecological costs on producers and disposers of textiles and garments, to de-incentivize fast fashion consumption, prohibit the Global North to export disguised textile waste and to put in place global quality and transparency standards for worn clothes.

Outlook on Future Research

In order to close remaining knowledge gaps and assess the practicality of ISI strategies for the clothing sector in Rwanda and other countries, further research is needed on the long-term impact of the policies, along with a mapping of all producing actors of industry (including the informal sector and tailors), further investigating the number but also living and working realities of SHC retailers and a quantitative survey on national consumer perceptions, price sensitivity and behavior. Additionally, expert assessments on technological, process and quality upgrading potentials as well as more in-depth analysis of the governance structures and relations between different actors within SHC and T&G value chains that Rwanda is integrated in would be helpful to compare value creation and value capture per clothing type and inform future sector strategies.

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Annex

Interview Partners

Textile and Garment Manufacturers

Company Name	Website	Email	Location	Interview Partner	Position	Date
Africa Uniforms Ltd	https://www.africauniforms.com/	long@africauniforms.com	Musanze	Long Ngan	General Manager	02.09.2024
Afriek B.V.	https://afriek.com/	info@afriek.com	Impact Hub, KN 41 St, Number 34, Kiyovu, Kigali	Apollo Bahizire Bitorwa	Production Manager	16.05.2023
Apparel Manufacturing Group Ltd (AMG)	-	promode1708@yahoo.fr	CHIC Shopping Mall, KN 2 Ave, Downtown, Kigali	Rosalie Gicanda	Vice President Owner of shareholding association	20.05.2023
Aria Designs	-	-	Kuza Hub, 44 KG 548 St, Gishushu, Kigali	Doreen Umotoni	Founder & Manager	10.05.2023
Asantii	https://www.asantii.com/rw	customercare@asantii.com	Shop: KN 14 Avenue, Kigali Production: SEZ	Aude Bisserbe	Country Director	08.05.2023
Berabose Designs	https://berabose.com/ (not working anymore)	contact@berabose.com	KK 708 KK 711, Gikondo, Kigali	Elisabeth Berabose	Founder, CEO & Designer	03.05.2023
DIKAM Ltd	https://www.dikam.rw/	dikam.fashion@gmail.com	KG 665 St, Umukindo Center, Gisozi, Kigali	Claudine Kanazayire	Assistant Manager	18.05.2023
FL Collections	-	purchase@flcollectionsgarments.com	KN 5 Road, Remera, Kigali	Sano Olivier	Co-owner & Manager	10.05.2023
Haute Baso	http://www.hautebaso.com/	info@hautebaso.com	KG 383 St #18, Gacuriro, Kigali	Linda Mukangoga Ndungutse	Founder & Creative Director	02.05.2023
Inkanda House	-	-	KK 625, Gikondo, Kigali	Patrick Muhire	Founder, CEO & Designer	04.05.2023
Izubaa	https://www.izubaa.com/	style@izubaa.com	KG 592, House 13, Kacyiru, Kigali	Elodie Fromenteau	Founder, Designer & Creative Director	05.05.2023
Kanyana World	https://kanyanaworld.com/ (not working anymore)	info@kanyanaworld.com	KK 341 St, Kicukiro, Kigali	Nadine Kanyana	Founder, CEO & Designer	24.04.2023
Karssh	https://karsssh.com/	info@karsssh.com	KG 684 St, Gate 132, Kacyiru, Kigali	Karen Uwera	Founder & Creative Director	26.04.2023
Kezem	https://kezem.rw/ (not working anymore)	info@kezem.rw kezem.info@gmail.com	KK 188 St, Remera, Kigali	Emmanuel Keza Niyonsenga	Founder & Creative Director	08.05.2023
Maison Inkindi	-	-	none	Rwasibu Nshuti	Co-Founder	19.05.2023

Matheo Studio	https://matheostudio.com	-	KK 709 Str, Gikondo, Kigali	Maurice Matheo Niyigena	Founder, CEO & Designer	28.04.2023
Moshions	https://moshions.rw/	contact@moshions.rw	43 KN 16 Ave, Kiyovu, Kigali	Moses Turahirwa	Founder, Designer & Creative Director	14.04.2023
Mr. Endowed	https://mrendowed.com/ (not working anymore)	info@mrendowed.com	KG 177 St, Remera, Kigali	Shiny Abdallah	Founder & Designer	10.05.2023
New Kigali Designers LTD	https://pink-mango.com/	sales@nkd.com.co	KG 693 St, Gisozi, Kigali	Derrick Kanyonya	Assistant Manager	20.05.2023
Pink Mango C&D	https://www.pink-mango.com/	info@pink-mango.com	Street R0 A/2, Special Economic Zone, Kigali	Yves Ntabana	Head of Corporate Affairs	02.05.2023
Promota Creations	https://www.promotacreations.com/	promotacreations@gmail.com info@promotacreations.com	KN 14 AV 46, Kimihurura, Kigali	Esther Kamikazi	Assistant Manager	15.05.2023
Rwanda Clothing	https://rwandaclothing.com/fashionrwanda/	info@rwandaclothing.com	KN 2 Ave, Nyarugenge, Kigali	Joselyne Umutohiwase	Founder, Managing Director & Designer	17.04.2023
Touch of Rwanda Fashion Designs Ltd	https://www.touchofrwandafashiondesigns.com/	shema@touchofrwandafashiondesigns.com	KG 573 NO 4, Kacyiru (in café Casa Keza), Kigali	Charlotte Shema	Founder & CEO	12.04.2023
Ufaco Garments Ltd	https://ufaco-garments.com/ (not working)	Info@ufaco.top	Special Economic Zone, Kigali	Agathe Nyiranshimiyimana	HR Manager	08.05.2023
Umulinga	https://umulingafashion.wordpress.com/	umulingafashionrwanda@gmail.com	KK 15, Kicukiro, Kigali	Chris Gentle (Emmanuel Chris Niyokwizerwa)	Founder & CEO	14.04.2023
Urutozi Gakondo	https://urutozi.rw/#home	info@urutozi.rw	KG 567 St, Kacyiru, Kigali	Amini Deodactus	Founder & CEO	02.05.2023
Utexrwa S.A.	no		KG 15 Ave, Gacururo, Kigali	Ritesh Patel	Managing Director	18.05.2023
UZI Collections	https://uzicollections.co/ (not working anymore)	info@uzicollections.co	KK 10 Ave, Kicukiro, Kigali	Laurene Rwema Umutohi	Founder, Managing Director & Designer	18.04.2023
Vision Garment Ltd	https://visiongarment.rw/	visiongarmentrwanda@gmail.com	Special Economic Zone, Kigali	Aline Mukantabana	CEO	22.05.2023
Anonymous Manufacturer #1						17.05.2023

Second-hand Clothing Retailers

Interview	Gender	Location	Date
#1	Female	own shop at CHIC Kigali	19.04.2023
#2	Female	own shop at CHIC Kigali	19.04.2023
#3	Female	own shop at MIC Kigali	20.04.2023
#4	Female	own shop at MIC Kigali	20.04.2023
#5	Male	stall in Kimironko	20.04.2023
#6	Male	stall in Kimironko	20.04.2023
#7	Male	stall in Kimironko	20.04.2023
#8	Female	stall in Kimisagara	27.04.2023
#9	Female	outdoor market in Gisenyi	01.05.2023
#10	Female	street vendor in Gisenyi	01.05.2023

Institutional Actors and Experts

Organization	Name	Interview Partner	Position	Date
National Industrial Research and Development Agency (NIRDA) I	Annette Mukayiranga		Industrial Development Analyst	25.04.2023
National Industrial Research and Development Agency (NIRDA) II	Christian Twahirwa		Operational Monitoring Division Manager	03.05.2023
Ministry of Trade and Industry (MINICOM)	Alexis Kabayiza		Acting Director General of Industry Promotion and Entrepreneurship	17.05.2023
Rwanda Development Board (RDB)	Delphine Uwase		Head of Strategy and Competitiveness Department	19.05.2023
Circular Economy Hub	Maximilien Kolbe		Fashion and Sustainability Consultant	27.04.2023
Integrated Polytechnic Regional College (IPRC)	Patience Chitura		Lecturer	20.05.2023
Rwanda Fashion Designers Association (RFDA)	Karen Uwera		President	26.04.2023
Kuza Africa Hub	Bruce Sakindi		Co-Founder	10.05.2023
ADECOR	Jean Baptiste Hategekimana		Employee ADECOR	18.04.2023

Interview Guides

I. MANUFACTURERS

1. General Company Information

- What is your company's name?
- What is your position?
- Who is the owner/founder and manager?
 - o Where is he/she from?
 - o Is he/she male or female?
- When was it established, how and why?
- What is its legal form?
- Location of the production site or shop

2. Employment

- How many employees do you have?
 - o How many of these are full-time, part-time or freelancers?
 - o How has their number changed since 2016/17?
- How are they distributed in between departments and tasks?
- How many of them are women? Is there a specific reason for that share?
- Which nationality are they of?
- Which educational background do most of your employees have? Which sector did they come from?
- How much do you pay your employees? Do you offer any additional socio-economic benefits?

3. Production

- Production Steps: Which production steps does your company perform?
- Product portfolio: Which products do you produce?
 - o How has that changed since 2016/17?
- Production Volumes: How many items do you produce per year on average?
 - o How has that changed since 2016/17?
- Technological Endowment: How many machines do you own?
 - o How has that changed since 2016/17?

4. Sales

- How would you describe your target customers/segment (socio-economically, job, nationality, gender, age, etc.)?
- How much do your products cost?
- What are your primary target markets (geographically)?
- How much of your production to sell
 - o Domestically/abroad?
 - o To Rwandan/non-Rwandan private customers/businesses/institutions?

- How/through which channels do you sell your products?
- Which source of garments do you perceive most competition from?

5. Policy

- Did the SHC and the MiR company affect your company? And if yes, how?
 - o Did you perceive changes in the buying behavior of the Rwandan population since then? Did you feel more demand in your sales?
- How do you personally assess the impact and success of the policy?
- What do you think about criticism that SHC retailers and consumers are negatively affected?
- Did you receive support from the government or use other measures?

6. Situation of the Sector & Outlook

- Challenges:
 - o Which challenges does your company currently face?
 - o Which challenges does the industry as a whole face?
- Future vision:
 - o Where do you see your company in 5-10 years?
 - o Where do you see the Rwandan T&G industry in the future?
- What would you do as a policy maker to promote the domestic T&G sector? Which policies or measures do you need?
- Is there anything else you would like to share?

II. SECOND-HAND CLOTHING RETAILERS

1. General Company Information

- Location
- Type of business (shop/market/street vendor)
- Since when have you been in the SHC retailing business?
- Why did you decide to become a SHC retailer?
- Gender of the owner

2. Sales

- Where do you receive the clothes you sell from?
- What kind of clothes do you sell?
- How would you describe your clientele?
- How much do your products cost?
- Which source of garments do you perceive most competition from?

3. Policy

- Did you perceive changes in the SHC retailing sector since the introduction of the SHC tariffs and if yes, which, regarding
 - o prices of second-hand clothes
 - o buying behavior of Rwandans
 - o employment or
 - o profitability?
- Were/Are you directly affected by the policy and if yes, how?
- What are challenges you are currently facing?
- How do you assess the effects of the *Made in Rwanda* and the SHC policy?

4. Outlook

- What would you do as a policy maker?
- Where do you see a) yourself and b) the Rwandan T&G sector in the future?
- Is there anything else you would like to share?

III. EXPERTS & GOVERNMENT REPRESENTATIVES

1. General

- Which activities does your organization currently carry out in order to support the local textile and garment manufacturing sector?

2. Policy: Intended and Realized Effects

- Could you describe the intended effects of the SHC and the *Made in Rwanda* policy again?
- Which changes have you perceived in the industry in terms of
 - o Local demand/consumption of clothes (import substitution?)
 - o Number of enterprises/new actors & investors in the industry (incl. size and ownership)
 - o Production volumes & Productivity
 - o Value creation/revenues
 - o Export volumes/earnings
 - o Employment
 - o Industrialization/technological upgrading + quality
- How do you evaluate the success/effectiveness of the policies and government activities?
- Which factors might have hindered an even higher effectiveness of the policies?
- How do you respond to criticism that
 - o The SHC phase-out has made many retailers lose their job/worsened their income opportunities
 - o Low-income consumers who used to rely on SHC now have more difficult access to affordable clothes and *Made in Rwanda* products are too expensive for the majority of the population?

- The policy has hit mainly the poorer, more vulnerable groups (informal retailers, low-income consumers) while the offer for higher-end *Made in Rwanda* clothes has increased
- Local manufacturing is not (yet) able to quantitatively satisfy local demand
- The reduction of SHC imports has been simply substituted by (mainly Asian) imports of cheap new clothes?
- The majority large manufacturer(s) (e.g. C&D, Africa Uniforms or Utexrwa) are owned by foreigners?
- The large manufacturers do not supply the local private market but either export or produce for public institutions?
- Working conditions of tailors, especially for the larger manufacturers, are not very good?
- Rwanda is not made for large-scale T&G production because environmental factors (landlockedness, climate, limited land & availability of raw materials like cotton, expertise, relatively high labor costs) are not favorable and other countries have a comparative advantage/advance that is hard/expensive to bridge?
- The clothes produced here are not 100% Made in Rwanda, because most of the raw materials are imported?

3. Challenges and Outlook

- Where do you see recurrent challenges of the T&G industry?
- Which is your vision for the Rwandan T&G industry? Where do you see it in 5 or 10 years?
- Are there further policies and incentives planned?
- Do you have any other comments/opinions/thoughts you would like to share?

Legislative and Regulatory Environment

Vision 2020 – 2000 / Vision 2050 – 2015

Rwanda's Vision 2020 or now the Vision 2050 formulate the country's overarching long-term development strategy. It constitutes the blueprint for the country's transformation from a subsistence agriculture-based economy into a knowledge-based, middle-income society, setting an ambitious tone for all other policy initiatives.

National Industrial Policy (NIP) – 2011

The NIP lays the basis of Rwanda's industrialization efforts and aims to drive structural transformation by expanding domestic production, boosting the export competitiveness of Rwandan industries, and creating a supportive environment for industrialization.

National Export Strategy (NES) – 2011

Complementing the NIP, the NES targets increased export performance by removing constraints in areas such as human capital, finance and investment, infrastructure, monetary and fiscal policy, business environment, innovation and economic diversification as well as trade promotion.

Domestic Market Recapturing Strategy (DMRS) – 2015

In response to Rwanda's persistent trade deficit the DMRS aims to "empower domestic production to compete with imports on an equal footing" (MINICOM 2015:6) and thereby "recapture" the domestic market from imports. Although it puts emphasis on upgrading local producers and services providers instead of pulling up hard protective import measures, authors argue that it equals a light, diplomatic form of import substitution (Behuria 2017, Anami 21.06.2022).

National Strategy for Transformation (NST1) – 2017

The NST is a cross-cutting strategy for economic, social and governmental transformation. In priority area 4, it intends to accelerate industrialization and attain a structural shift in the export base to high-value goods and services by promoting *Made in Rwanda* producers and thereby recapturing at least USD 400 millions of imports by 2024 (MINICOM 2017:20).

T&G Sector Ecosystem

Sector Associations

- *Rwanda Fashion Designers Association (RFDA)*: as a spin-off of the Private Sector Foundation (PSF) the RFDA serves as the umbrella organization for fashion industry professionals in Rwanda, promoting MiR designers, representing the sector's voice and channeling government assistance. To operate legally, fashion designers in Rwanda are supposed to register with RFDA. It was founded in 2014 and started with 15 members, while the association now has around 30 members. The current president is Karen Uwera, founder of Karssh.
- *Collective Rw*: is a collective of established Rwandan fashion designers (*Moshions, Haute Baso, Rwanda Clothing, House of Tayo, UZI*, etc.) created in 2015 that wish to elevate the Rwandan fashion sector. Their flagship initiative is the yearly Rwanda Fashion Week.
- *Cooperatives and Tailors' Associations*: Many independent tailors belong to informal or formal associations and cooperatives that support each other, for example by raising joint funds. There is no exact number of tailoring cooperatives available, but according to the Rwanda Cooperative Agency (RCA), in 2022/23 1,252 cooperatives with 100,000 members were dedicated to handicrafts and transformation with includes tailoring activities (RCA 2023).

Political Actors

- *Ministry of Trade and Industry (MINICOM)*: is the key policy maker and implementer of industrial strategies like the *Made in Rwanda* and sector-specific policies.
- *Rwanda Development Board (RDB)*: constitutes the central business registration authority, facilitates investment, provides incentives, offers training and supports the promotion of *Made in Rwanda* products (e.g. via fairs)
- *National Industrial Research and Development Agency (NIRDA)*: supports innovation, research and upgrading in manufacturing industries, including the textiles and garment sector through financial support and capacity building (e.g. through open calls)

Educational Institutions & Other support

- *TVET Tailoring Programs*: are offered by numerous public and private TVET schools around the entire country at certificate or diploma level under the Rwanda TVET Qualification Framework (RTQF). Programs typically last 6 to 12 months and focus on practical skills including sewing, pattern making, cutting, and garment finishing. Tailoring consistently ranks as the top vocational subject among Rwandans, absorbing around one third of all surveyed TVET attendants (NISR 2024b).
- *Rwandan Centre for Design and Clothing*: Acknowledging the gap in professional education offers for aspiring professionals in the fashion sector, the government, together with industry experts, developed a new curriculum for an advanced TVET program in Fashion Design at the *Integrated Polytechnic Regional College (IPRC)* in Kigali. The first cohort of students started in 2021 and a total of 95 students are enrolled in the three-year program as of today, with growing demand from young Rwandans. Its curriculum adopts a holistic approach to fashion, covering the entire value chain from conceptual design and fabric production to pattern making, CAD/CAM, various techniques (e.g. knitting, weaving), quality control, as well as business-related modules including

marketing, sales, fashion economics, sustainability, and textile waste management. The program is currently run by six experienced lecturers from Zimbabwe and Kenya.

- **Art Rwanda Ubuhanzi:** is a nationwide talent development initiative launched by the Imbuto Foundation in partnership with the Ministry of Youth and Culture. Fashion is among its six creative categories, aiming to identify and nurture emerging designers across Rwanda. Finalists receive mentorship, capacity-building, funding opportunities and exposure to national and international audiences.
- **KUZA Hub:** a hub or one-stop-center for fashion entrepreneurs in Kigali founded by four African students in 2022. It offers office and shop spaces for rent (USD 50 – 241 per month), bulk sourced input materials (fabrics, yarn, etc.), design and stereotyping services, a contract workshop with 4 tailors, warehousing and distribution services, a shared physical and online store, and regular partnerships and events offering market visibility. It aims to support newcomers through those facilities and support services and reduce fragmentation and transaction costs by linking different actors of the value chain to create networks and synergies between designers, tailors, distributors and suppliers.

Trade

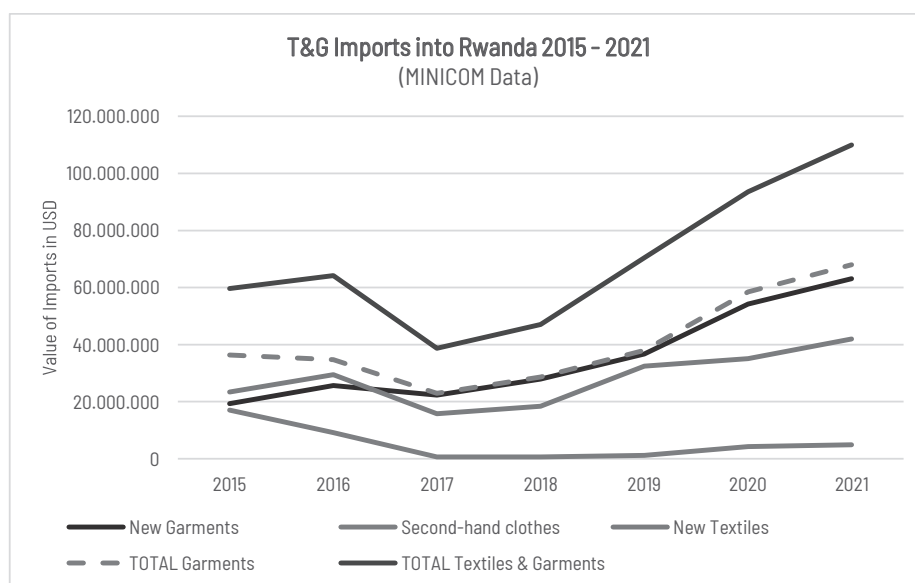


Figure 23: Change in T&G Imports according to MINICOM 2022: 6 (based on RRA data, own visualization)

Table 14: Evolution of Imports (Source: UN Comtrade, own calculations)

	2015	2015	2016	2016	2017	2017	2018	2018
TOTAL Textiles & Garments	72.585.869	100,0%	74.803.139	100,0%	53.009.319	100,0%	61.618.367	100,0%
TOTAL Garments	57.185.235	79%	56.845.060	76%	32.842.111	62%	37.854.088	61%
New Garments	26.949.114	37,1%	26.314.093	35,2%	17.326.756	32,7%	21.123.191	34,3%
Second-Hand Clothes	30.236.120	41,7%	30.530.967	40,8%	15.315.355	28,9%	16.730.896	27,2%
New Textiles	15.400.434	21,2%	17.958.079	24,0%	20.367.208	38,4%	23.764.279	38,6%

	2019	2019	2020	2020	2021	2021	2022	2022
TOTAL Textiles & Garments	80.246.421	100,0%	91.009.774	100,0%	110.465.822	100,0%	175.929.222	100,0%
TOTAL Garments	52.253.824	65%	57.393.203	63%	65.465.313	59%	85.334.227	49%
New Garments	33.602.195	41,9%	34.031.057	37,4%	40.673.161	36,8%	51.782.395	29,4%
Second-Hand Clothes	18.651.629	23,2%	23.362.146	25,7%	24.792.152	22,4%	33.551.831	19,1%
New Textiles	27.992.597	34,9%	33.616.571	36,9%	45.000.509	40,7%	90.594.995	51,5%

Table 15: Evolution of Exports (Source: UN Comtrade, own calculations)

	2015		2015		2016		2016		2017		2017		2018		2018	
	Total Exports	Re-Exports	Net Exports	Total Exports	Re-Exports	Net Exports	Total Exports	Re-Exports	Net Exports	Total Exports	Re-Exports	Net Exports	Total Exports	Re-Exports	Net Exports	Total Exports
TOTAL	\$4,145,013	\$285,082	\$3,859,921	\$7,003,525	\$4,512,158	\$2,491,368	\$19,862,864	\$15,920,522	\$3,942,341	\$20,252,000	\$15,660,680	\$4,591,319	\$20,252,000	\$15,660,680	\$4,591,319	\$20,252,000
Textiles & Garments																
TOTAL	\$3,840,884	\$773,487	\$3,067,397	\$6,846,748	\$4,155,381	\$2,691,368	\$19,450,303	\$15,507,962	\$3,942,341	\$19,881,463	\$15,290,173	\$4,591,319	\$19,881,463	\$15,290,173	\$4,591,319	\$19,881,463
Garments																
First-hand Clothes	\$848,144	\$37,873	\$810,271	\$1,516,951	\$80,178	\$1,436,773	\$3,473,841	\$83,210	\$3,390,632	\$4,837,737	\$557,554	\$4,280,183	\$4,837,737	\$557,554	\$4,280,183	\$4,837,737
Second-hand Clothes	\$2,792,740	\$135,624	\$2,657,116	\$5,130,097	\$4,075,202	\$1,054,895	\$15,976,461	\$15,424,752	\$551,710	\$15,043,756	\$14,732,619	\$311,136	\$15,043,756	\$14,732,619	\$311,136	\$15,043,756
New Textiles	\$504,129	\$111,595	\$392,535	\$356,777	\$356,777	\$0	\$412,561	\$412,561	\$0	\$370,507	\$370,507	\$0	\$370,507	\$370,507	\$0	\$370,507

	2019		2019		2020		2020		2021		2021		2022		2022	
	Total Exports	Re-Exports	Net Exports	Total Exports	Re-Exports	Net Exports	Total Exports	Re-Exports	Net Exports	Total Exports	Re-Exports	Net Exports	Total Exports	Re-Exports	Net Exports	Total Exports
TOTAL	\$24,724,083	\$20,289,261	\$4,434,822	\$24,722,520	\$19,542,492	\$5,180,027	\$36,792,927	\$29,441,992	\$7,350,935	\$53,941,958	\$39,769,164	\$14,152,794	\$53,941,958	\$39,769,164	\$14,152,794	\$53,941,958
Textiles & Garments																
TOTAL	\$23,778,631	\$19,344,009	\$4,434,622	\$23,989,066	\$18,789,038	\$5,180,027	\$29,705,475	\$22,354,540	\$7,350,935	\$38,718,929	\$22,568,135	\$14,152,794	\$38,718,929	\$22,568,135	\$14,152,794	\$38,718,929
Garments																
First-hand Clothes	\$5,189,626	\$1,064,190	\$4,125,436	\$6,569,038	\$1,590,492	\$4,978,546	\$9,620,148	\$2,400,787	\$7,219,361	\$16,818,652	\$2,774,023	\$14,044,629	\$16,818,652	\$2,774,023	\$14,044,629	\$16,818,652
Second-hand Clothes	\$18,589,025	\$18,279,819	\$309,386	\$17,400,028	\$17,198,547	\$201,481	\$20,085,326	\$19,953,753	\$131,574	\$19,900,277	\$19,792,113	\$108,164	\$19,900,277	\$19,792,113	\$108,164	\$19,900,277
New Textiles	\$945,252	\$945,252	\$0	\$753,454	\$753,454	\$0	\$7,087,452	\$7,087,452	\$0	\$17,223,029	\$17,223,029	\$0	\$17,223,029	\$17,223,029	\$0	\$17,223,029

Production Characteristics

Table 16: Distribution of estimated sales volumes regarding type and destination of customer (Source: own research)⁷¹

		EXPORT										DOMESTIC CONSUMPTION									
		Export B2C			Export B2B		Domestic B2C					Domestic B2B									
		min	max	mean					Rwandans	Foreigners	Corporate	Institutional									
MSMEs	Mr. Endowed	0	0	0	0%	0%	1	100%	0	55%	25	2									
	Touch of Rwanda	40	50	45	3%	38	0	45%	20	35%	22	0									
	Mattheo	54	74	64	60%	0	0	5%	3	1	0	0									
	Ikamba	60	120	90	0%	0	0	99%	89	1%	0	0									
	Aria Designs	120	120	120	0%	0	0	90%	108	0	10%	12									
	Urutozi Gakondo	270	390	330	3%	8	0	0	0	0	0	0									
	Karssh	250	500	375	3%	9	0	90%	338	10%	38	0									
	Afriek	1.500	1.500	1500	40%	600	0	0	0	20%	300	40%									
	Izubaa	1.500	1.500	1500	65%	975	0	25%	375	10%	150	0									
	Moshions	1.800	1.800	1800	50%	900	0	20%	360	30%	540	0									
	Kanyana	1.850	1.850	1850	3%	46	0	70%	1.295	30%	555	0									
	Inkanda House	1.500	2.250	1875	10%	188	0	65%	1.219	25%	469	0									
	Asantifi	2.000	2.500	2250	85%	1.913	0	5%	113	10%	225	0									
	UZI	3.600	3.600	3600	3%	90	0	60%	2.160	40%	1.440	0									
	Haute Baso	3.500	3.750	3625	20%	725	0	50%	1.813	30%	1.088	0									
	Rwanda Clothing	10.000	10.000	10000	3%	250	0	48%	4.750	50%	5.000	0									
	Umulinga				70%	0	0	30%	0	0	0	0									
	Berabose				80%	0	0	20%	0	0	0	0									
FL Collections				3%	0	0	90%	0	10%	0	0										
Inkindi				3%	0	0	15%	0	85%	0	0										
Kezem				0%	0	0	0	0	0	0	0										
AMG	0	0	29024	20%	5.742	0	44,1%	12.842	34,3%	9.852	2.1%	614	0								
Large enter-prises	Africa Uniforms	120.000	120.000	120000	0%	0	10%	36%	43.200	0	14%	16.800	40%	48.000							
	Ufaco	115.500	120.000	117500	0%	0	0	30%	41.250	0	0%	0	70%	96.250							
	Vision Garment	180.000	180.000	180000	0%	0	0	30%	54.000	0	0%	0	70%	126.000							
	Promota	375.000	375.000	375000	0%	0	0	1%	3.750	0	99%	371.250	0%	0							
	DIKAM	425.000	425.000	425000	0%	0	0	20%	85.000	0	80%	340.000	0%	0							
	NKD	1.500.000	2.000.000	1750000	0%	0	0	10%	175.000	0	45%	787.500	45%	787.500							
Utexrwa						80%	0%	0	0	0	25%	0	0								
Pink Mango C&D	14.000.000	14.000.000	14.000.000			651%	2.4%	0	0	0	0%	0	20%	2.800.000							
	16.743.544	17.250.004	17.219.692	0.0%	5.742			414.842	0.1%	9.852	8.8%	1.516.184	22.4%	3.857.750							

⁷¹ Please note that the production volumes for some companies are missing, which is why actual cumulative volumes and shares might differ.

Table 17: Garments produced locally per year (Source: own research)⁷²

	From	To	Comments
AMG	n.d.	n.d.	Because currently not operational, potential capacity of 18 mio simple items like masks
Mr. Endowed	„few“	„few“	few bits (sleeves) added locally, majority (=300 leggings, 300 hoodies, 4000 t-shirts, 100 crop tops) produced in China
Touch of Rwanda	40	50	8-10 pieces per week (= capacity)
Matheo	54	74	Micro collection of 54 pieces in 2022, planning on 74 in 2023, excluding bespoke orders
MiR Company #A	60	120	produce purely on demand, no stock, ~ 5-10 pieces per month
Aria Designs	120	120	~ 10 pieces per month
Urutozi Gakondo	270	390	~ 15-20 shirts and 5-10 costumes per month, up to 30-40 in good months (Jan – March)
Karssh	250	500	~ 1-2 pieces per day
Afrik	1,500	1,500	on average 6 pieces/day
Izubaa	1,500	1,500	2-4 outfits per week per tailor = ~ 30 pieces per month
Moshions	1,800	1,800	~ 150 garments per month (2020)
Kanyana	1,850	1,850	per week 25 kimonos, 5 dresses, 5 head wraps, 2 custom-made products
Inkanda House	1,500	2,250	30-45 pieces per week
Asantii	2,000	2,500	40-50 pieces per week
UZI	3,600	3,600	max. 300 pieces per month
Haute Baso	3,500	3,750	2 week sprints of ~ 120 pieces Custom made: ~20-30 in 2 weeks
Rwanda Clothing	10,000	10,000	~ 1 outfit per tailor per day
Africa Uniforms	120,000	120,000	could produce 600,000 pieces but only operate at 20% due to lacking demand
Ufaco	115,500	120,000	up to 500 uniforms per day, easier designs can be above 500
Vision Garment	180,000	180,000	Interview: 30,000 uniforms in 2 months Theoretical capacity: 500,000+ pieces of uniforms and 700,000+ pieces of knits and woven per month
Promota	375,000	375,000	~ 125,000 shirts and 250,000 t-shirts (2020)
DIKAM	425,000	425,000	~ 1,700 pieces daily
New Kigali Designers	1,500,000	2,000,000	capacity to produce 6,000 t-shirts and 2,000 polos per day = 2 mio pieces per year, but in practice only operate at 75%
Pink Mango C&D	14,000,000	14,000,000	4 mio woven and 10 mio knit items (capacity) 10,000 jackets per day
TOTAL	16,752,774	17,279,614	

Table 18: Retail prices and categories per company (Source: own research)⁷³

Low-income households	Large mass manufacturers with local clientele rather simple designs/low quality products	Africa Uniforms	t-shirt: 2,500 RWF
		AMG	t-shirt: 2,500 RWF
		Ufaco	t-shirt, shirt or dress: 3,000-5,000 RWF at factory/ wholesale 10,000-15,000 RWF at market
		DIKAM	t-shirt: 3,000 RWF polo shirt: 5,500 RWF trousers: 6,000 RWF jeans: 10,000 RWF
		Utexrwa	shirt: 5,000 RWF fabrics: 600-1,000+ RWF per meter

⁷² Please note that not all interview partners provided information on production output (e.g. *Utexrwa*) which is why the total sum might differ in reality. In case of indications of daily or weekly production, a 5-day-week and 50 productive weeks per year calculated. Made-to-measure clothes were sometimes not included since they are produced much more on-demand basis and their production volumes thus fluctuate highly. Interviewees might have indicated potential production volume not actual due to linguistic misunderstandings or reputational reasons/desirability of answers.

⁷³ Conversion rate (as of April 2023): 1 EUR = 1,200 RWF, 1 USD = 1,100 RWF

		Promota	t-shirt: 4,000-5,000 RWF shirt: 10,000 RWF
Lower middle income households	(Young) micro and small designers that intendently want to offer cheaper products	Mr. Endowed	t-shirts: 15,000 RWF hoodies: 45,000 RWF
		MiR Company #A	shirts, vests, dresses: 22,000 - 40,000 RWF
		Kanyana	kimonos: 20-25,000 RWF blazer: 40,000 RWF dresses: 40-45,000 RWF men's shirts: 40,000 RWF jackets: 45,000 RWF
		Aria Designs	shirts, jackets, kimonos, dresses: 40-50,000 RWF
Upper-middle incomes	More experienced micro and small designers with decent quality but limited recognition	FL Collections	tops: 40-50,000 RWF shirts, trousers, jumpers, sportswear, suits: x
		Touch of Rwanda	tops, shirts, dresses, skirts, trousers, jackets: 30-100,000 RWF
		Karssh	blouses: 40-50,000 RWF shirts: 70-80,000 RWF dresses: 100,000+ RWF
		UZI	tops, shirts, dresses, jackets, etc: 50-100,000 RWF
		Inkindi	upcycled chagua items: from 15,000 RWF coats, suits, dresses: 100,000 RWF individual pieces: ~ 250,000 RWF
High income households	SME designers with high quality products and partly international clients	Kezem	Jackets: ~ 100,000 RWF Dresses: 100,000+ RWF
		Urutozi Gakondo	shirt: 30,000 RWF jackets: 60,000 RWF costumes (2 pieces): 90-165,000 RWF Individual pieces: up to 440,000 RWF
		Rwanda Clothing	simple shirts, skirts, trousers, scarves: 55-100,000 RWF dresses, jackets, suits: 165 - 220,000 RWF custom-made: > 220,000 RWF
		Afriek	t-shirt: 60,000 RWF dress: 230,000 RWF
Very high-income households	High-end fashion brands with largely international buyers	Izubaa	t-shirt: 50 - 60,000 RWF pants: 130 - 215,000k jackets: 165 - 275,000 RWF customs: 330 - 520,000 RWF
		Pink Mango C&D	jackets (wholesale price): 330 - 440,000 RWF
		Matheo	bags, corsets, t-shirts: 40-50,000 RWF simple shirts, dresses, jackets: 80-130 RWF pants, boots, suits, jackets: 165 - 380,000 RWF outfits: ~ 650,000 RWF Individual haute couture pieces: ~ 1.1 mio RWF
		Asantii	t-shirt: 70-110,000 RWF top: 180,000 RWF shirts & blouses: 180 - 380,000 RWF dresses & jumpsuits: 260 - 460,000 RWF jackets, coats & blazers: 360,000 - 1.14 mio RWF
		Moshions	scarfs, jackets, shirts, discounted items: 210 - 275,000 RWF shirts, dresses, trousers, costumes, jumpsuits, sweaters, cardigans: 330,000 - 715,000 RWF special pieces, custom made outfits: 1 - 3+ mio RWF

Employment

Table 19: Share of women among total workforce (Source: own research)

	% women	women	total
Afriek	25%	2	8
FL Collections	25%	1	4
Urutozi Gakondo	28%	2	7
Izubaa	30%	3	10
Inkanda House	30%	3	10
Matheo Studio	50%	3	6
Rwanda Clothing	55%	52	95
Umulinga	65%	24	37
UZI Collections	70%	7	10
Haute Baso	75%	12	16
NKD	78%	158	202
Asantii	80%	74	92
DIKAM	80%	192	240
Pink Mango C&D	80%	3200	4000
Promota Creations	80%	88	109
Ufaco Garments	80%	120	150
Vision Garment	80%	280	350
Kanyana World	82%	9	11
Utexrwa	87%	435	500
Africa Uniforms	85%	85	100
Apparel Manufacturing Group (AMG)	98%	1470	1500
Berabose Designs	100%	6	6
Karssh	100%	3	3
Total	84%	6244	7466

Table 20: Categories of jobs within T&G companies (Source: own research, 2023)

	Workers (tailoring, finishing, accessories, printing, etc.)			Production Management	Management, Admin & Other	Marketing & Sales	Free-lancers
Africa Uniforms	100	95 tailors, helpers	95%	1 factory manager	4 other mid-level functions		
Afrik	8	6 tailors (incl. all steps)	75%	1 production manager	1 cleaner		Marketing, design
AMG	1500			Organized by associations themselves	1 managing director for AMG		Freelance tailors from Kuza Hub
Aria Designs	0						
Asantii	92	82 tailors (74 tailors, 8 for embroidery)	90%		~5 (CEO, Country manager, Business Operations Manager, Financing, HR)	~ 5 in sales, merchandising, marketing	14 designers + consultants
Berabose	6	3 tailors (incl. all steps)	50%	1 production manager, 1 head of operations		1 communications person	
DIKAM	240	~ 228 tailors (incl. all steps)	95%	1 factory manager + others	10 (CEO, HR, Finance, etc.)	1 marketing manager + others	
FL Collections	4	2 tailors (+ 4 in training)	50%		1 assistant	1 shop attendant	
Haute Baso	16	1 pattern/sample maker	7%	Chief Operating Officer, Strategic Partnerships, Café Manager		Social Media, 2 Sales Associates, Shop Attendants	400 artisans in cooperatives
Inkanda House	10	7 (6 tailors + 1 for ironing, buttons, etc.)	70%		1 book keeper, 1 courier, 1 cook/cleaning lady		4 freelancers
MIR Company #A Apparel	0						freelance tailors
InKindi	0						4 freelance tailors
Izubaa	10	5 tailors (incl. all steps)	50%	1 textile expert	1 assistant	1 marketing advisor, 2 graphic designers	
Kanyana	11	8 (7 tailors, 1 pattern maker)	72%	1 production manager	1 accountant	1 sales person	

Karssh	3	2 tailors (incl. all steps)	66%		(1 intern)	1 store & marketing person	3 freelancers
Kezem	12	8 tailors (incl. all steps)	66%		1 cleaner, 1 security	1 reception & communications person, 1 marketing person	3 for printing and hand embroidery
Kolbe	0						Freelance tailors
Matheo	6	3 tailors (incl. all steps)	50%		1 assistant	1 art director, 1(digital) content creator	for bigger/urgent orders and for embroidery/beading
Moshions	32						
Mr. Endowed	4	2 tailors (for assembly & printing)	50%		1 strategist, 1 finance person		marketing agent, web designer, photographer & videographer
NKD	202	150 + 15 part-time tailors (incl. all steps)	82%		1 production manager	12 in administration & marketing	
Pink Mango C&D	4000					Production managers + auxiliary services	
Promota Creations	109						
Rosalie Gicanda	4	4 tailors (incl. all steps)	100%				
Rwanda Clothing	50	35 tailors in different categories and accessorisers	70%		1 production manager, 1 assistant manager, 1 quality controller	~ 5 (store personnel, marketing, communications person)	45 for interior (crafts, wood work, beading, etc.)
Touch of Rwanda	4	4 tailors (incl. all steps and sales)	100%				
Ufaco	150	140 tailors (incl. all steps)	93%		10 (production managers, HR, marketing, finance, etc.)		
Umulinga	37	30 tailors (incl. all steps)	81%		7 in "board" (executing all necessary functions)		Marketing, models, etc.
Urutozi Gakondo	6	4 (3 tailors, 1 finisher)	66%		1 maid	1 receptionist	1 freelancer
Utexrwa	500	450 tailors (incl. all steps)	90%		50 (incl. production management, general management, security, cleaning, etc.)		
UZI	10	7 tailors (incl. all steps)	70%		1 assistant	2 sales/store managers	
Vision Garment	350	320 tailors (incl. all steps)	91%		30 in administration & management		