

REPUBULIKA Y'U RWANDA



REPUBLIC OF RWANDA



**Report of the Study Buyer's power, affordability, and substitutability
of products and services**

Prepared and submitted by:



June 2023

FORWARD



From the aftermath of the Genocide against the Tutsi in 1994, the Government of Rwanda has adopted several policies and strategies geared at improving people's standards of living. The country is committed to trade liberalization initiatives that saw the country experiencing robust economic and social performance translating into the well-being of the citizen. Consequently, the first competition and consumer protection policy was introduced in 2010 to guide the country's policy orientations and ambitions aimed at leveling the business playing field and

protecting end-consumers interests. The policy envisions a competitive business environment underpinned by a clear legal and institutional architecture.

In that regard, law n° 36/2012 of 21/09/2012 on competition and consumer protection was enacted in 2012 followed by the establishment of the dedicated agency (RICA) under law N° 31/2017 of 25/07/2017 establishing the Rwanda Inspectorate, Competition, and Consumer Protection Authority and determining its mission, organization, and functioning to implement the country's ambitious actionable policy recommendation embedded in the competition and consumer protection policy. Since its establishment, RICA has embarked on bold programs aimed at ensuring healthy competition among enterprises as well as well safeguarding the interests of consumers. In that context, a study on buyer power, affordability, and suitability of products and services is thought.

The study seeks to deeply analyze and appreciate the extent to which a buyer is able to influence and leverage market conditions in terms of prices of commodities, quality, and trading terms and conditions in general. I would therefore like to take this opportunity to appreciate everyone who has participated in conducting this study in one way or the other. The study recommends some actions including amendment of the current competition and consumer protection to cater for buyer provisions as well as adopting specific guidelines on buyer power. I, therefore, call upon all our stakeholders and other interested parties to collaborate with us in the implementation of other study recommendations

Beatrice UWUMUKIZA

Director-General

Rwanda Inspectorate, Competition, and Consumer Protection Authority, **RICA**

TABLE OF CONTENTS

FORWARD	1
ABBREVIATIONS AND ACRONYMS	Error! Bookmark not defined.
1. INTRODUCTION AND BACKGROUND OF STUDY	5
2. APPROACH AND METHODOLOGY	8
3. THE CONCEPT OF SUPPLY CHAIN, PRODUCT DISTRIBUTION CHANNELS, AND BUYER POWER	12
4. SOURCES FOR BUYER POWER	15
5. A FRAMEWORK FOR ANALYSING AND MEASURING BUYER POWER	17
6. EFFECTS OF BUYER POWER ON FINAL CONSUMER PRICES	18
7. CONCEPT OF BUYER POWER IN MERGERS AND ACQUISITIONS	21
8. MANIFESTATION OF BUYER POWER IN DIFFERENT BUSINESS SECTORS IN RWANDA	22
9. CONCEPT OF PRODUCT OF AFFORDABILITY AND ITS MEASUREMENT	26
10. CONCEPT OF PRODUCT SUBSTITUTABILITY AND ITS SIGNIFICANCE	29
11. ANALYSIS OF LEGAL AND INSTITUTIONAL FRAMEWORK OF BUYER POWER IN THE RWANDA	31
12. CONCLUSION AND RECOMMENDATION	34
13. REFERENCES	36

ABBREVIATIONS AND ACRONYMS

ADECOR	Rwanda Consumers Rights Protection Organization
AfCFTA:	African Continental Free Trade Area
AU:	African Union
NBR:	National Bank of Rwanda
CCC:	COMESA Competition Commission
CMA:	Capital Market Authority
COMESA:	Common Market for Eastern and South Africa
COVID-19:	Corona Virus 2019
DSA:	Direct Selling Association
EAC	East African Community
EACA:	East African Community Competition Authority
ETZ:	Economic Trade Zone
FDA:	Food and Drugs Authority
GDP:	Gross Domestic Product
MINICOM:	Ministry of Trade and Industry
MLM:	Multi-Level Marketing
NTS:	National Strategy for Transformation
ONCG:	ON Consulting Group
PSDS:	Private Sector Development Strategy
PSF:	Private Sector Federation
RDB:	Rwanda Development Board
RIB:	Rwanda Investigation Bureau
RICA:	Rwanda Inspectorate, Competition, and Consumer Protection Authority
RURA:	Rwanda Utility and Regulatory Authority

EXECUTIVE SUMMARY

A comprehensive study on buyer power, affordability, and substitutability of products and services was carried out to deeply analyse and appreciate the extent to which a buyer is able to influence and leverage market conditions in terms of prices of commodities, quality, and trading terms and conditions in general. The study focused on assessing market dynamics, identifying buyer characteristics, analysing buyer-supplier relationships, evaluating pricing dynamics, assessing competitive advantages, understanding specific sector or industry trends, and also providing strategic insights in line with the study findings.

The study employed a hybrid approach where both qualitative and quantitative approaches were used while conducting the study. Desk review was also used to collect secondary data where several scholarly articles, reports, and relevant legal instruments were reviewed and benchmarked best practices from other countries with legal frameworks for buyer power. Interviews from Rwanda regulatory institutions (RURA, RSB, CMA, NBR), civil society organizations (EPRN, IPAR, ADECOR, and ACCIP Rwanda), academia, and the private sector (PSF) were conducted.

The approach helped to get valuable insights into the dynamics of a market and industry on how businesses make decisions regarding pricing, negotiation strategies, buyer-supplier relationships, and overall market positioning. The study revealed that Buyer power occurs within a vertical relationship between the buyer(s) and supplier (s) and buyer (s) and retailer (s). The study further revealed that in some circumstances, a powerful supplier may have the incentive and ability to defeat the exercise of market power by a buyer. nonetheless, even the least powerful buyer has a disciplinary effect on a supplier if there is a credible threat that it could switch to other supplier (s) to a sufficient extent and to the detriment of that supplier. For instance, increasing buyer power affects market structures both at the supplier side and the retailer side negatively. Increasing buyer power squeezes suppliers' profits which are supposed to increase supplier concentration. At the same time, powerful retailers can bargain for more favourable deals which will lead to higher wholesale prices for smaller retailers.

The study also revealed high market concentration with few players at both up and downstream levels in public utilities with notable first-mover advantages and the presence of gatekeepers controlling essential facilities. In a nutshell, buyer power is regarded as emerging market behaviour or practices that need to be closely regulated by relevant authorities. Specific regulations need to be adopted in line with the specific sector market structure and characteristics in pursuant to striking a balance between buyers, suppliers, and retailers. Therefore, the study recommends establishing a clear legal and legal framework to discourage abuse of buyer power and ensure that the playing field is levelled for buyers, suppliers, and end-consumers.

1. INTRODUCTION AND BACKGROUND OF THE STUDY

1.1. Overview

Rwanda, aims at being an upper-middle-income Country (UMIC) by 2035 and a high-income country (HIC) by 2050. The Vision redoubles the country's objectives and pushes it farther towards self-sufficiency and competitiveness. The development of Vision 2050 took into account global and regional development agendas to ensure target and indicator alignment. Among these are the Sustainable Development Goals (SDGs), the African Union (AU) Agenda 2063, the East African Community (EAC) Vision 2050, and the Paris Agreement on Climate Change. To achieve the goals of Vision 2050, Rwanda's institutions and government must become more contemporary, inventive, responsible to citizens, and founded in the rule of law. For Vision 2050 to be successful, a set of prerequisites need to be fulfilled to ensure transformation and growth through increasing the role of private sector (Rwanda Vision 2050).

As anticipated in the Government Vision 2050, Rwanda intends to become a private-sector-led economy driven by competitiveness and entrepreneurship. To achieve these objectives and transform Rwanda into a dynamic global hub for business, investment, innovation, and industry development, the country has implemented a series of broad economic reforms with transformational activities aimed at creating a safe, stable, and appealing environment for businesses through fair, sound, and robust competition, as well as ensuring that consumer interests are recognized.

Under this regard, Rwanda's Competition and Consumer Protection Policy was established in 2010, followed by law n° 36/2012 of 21/09/2012 on competition and consumer protection. The Rwanda Inspectorate, Competition and Consumer Protection Authority (RICA) was also established as a separate state authority to ensure rule-based competition in order to promote and protect consumers' interests by law N° 31/2017 of 25/07/2017 establishing the Rwanda Inspectorate, Competition and Consumer Protection Authority (RICA) and determining its mission, organization and functioning.

In the same spirit, RICA guarantees a fair and strong economic competition by outlawing anti-competitive acts and protects consumers' rights and interests by establishing norms for fair trading in the country. It is worth noting that RICA is a newly founded government agency tasked with monitoring and overseeing the protection of consumer rights with its primary roles as to defend consumer rights, encourage business competition, and enforce rules and laws that assure the product and service quality in the Rwandan marketplace.

The current legal and institutional landscape seeks to ensure a conducive and levelled business environment by discouraging any practices that may lessen competition on the market as well as safeguarding consumer's interests. However, the country has experienced dissimilar market conditions with some mal-trade practices ranging stock hoarding, price fixing, collusive tendering, monopoly tendencies to exported cartels that lessen competition, restricts buyer's ability and power to influence market conditions and negatively affecting consumers interests.

Specifically, the issue of buyer's power has recently been the subject of an increasing number of expert and political discussions due to its impact on both upstream and retail markets. There are inconclusive chorus of complaints and debate on the how to regulate the matter by ensuring the buyer gets sufficient power to bargain the price but again not to drive the supply out of the market. ¹

Buyer's Power occurs within a vertical relationship. Firstly, between a supplier and a powerful buyer or a group of buyers in a position to dictate or influence the terms of purchase from upstream suppliers.

¹ Should exclusionary conduct by a powerful buyer be subject to the same standards as exclusionary conduct by a powerful seller?, Kirkwood, John B., "Buyer power and exclusionary conduct, also available on <file:///C:/Users/Pc/Downloads/SSRN-id634206.pdf> lastly accessed on 24th May 2023.

Secondly, Buyer's power is exercised in the downstream market (retailing market) where the buyer turns to operate as a retailer.²

In some circumstances, a powerful supplier may have the incentive and ability to defeat the exercise of market power by a buyer. However, even the least powerful buyer has a disciplinary effect on a supplier if there is a credible threat that it could switch to other supplier(s) to a sufficient extent and to the detriment of that supplier.

For instance, an increasing buyer power affects market structures both at the supplier side and the retailer side negatively. Increasing buyer power squeezes suppliers' profits which is supposed to increase supplier concentration. At the same time, powerful retailers can bargain for more favourable deals which will lead to higher wholesale prices for smaller retailers

As regard public utilities, markets for public utilities are high concentrated with few players at both up and downstream levels. It is good that at least most government regulate price of some of the public utilities from inputs to retail levels which make the concept of buyer power less relevant.

On the other hand, the concept of regulating public utilities has been heavily criticised as it the concept appears to be anti-competition, less innovation, presence of gate keepers and restricted access to essential facilities controlled by one or few co-government-controlled firms.³

In the Rwandan context, the, law n° 36/2012 of 21/09/2012 on competition and consumer protection prohibits any unilateral or concerted practices or any form of agreements likely to lessen competition, negatively on consumer's interest or contravene public interests.

The law N° 31/2017 of 25/07/2017 establishing the Rwanda Inspectorate, Competition and Consumer Protection Authority (RICA) and determining its mission, organization and functioning also gives RICA a mandate to monitor market conditions and behavior through market inquiries and investigate to identify and handle any anti-competitive conduct including abuse of dominant position, abuse of buyer power and other concerted practices or agreements.⁴

As far as buyer power is concerned in public utility sub-sector, RURA is mandated to guarantee that public utilities in Rwanda are delivered effectively and at fair costs while safeguarding the interests of customers, with an emphasis on public utilities. Briefly, the mandate of RURA as stipulated in article 4 (para 4 and 5) of law N°09/2013 OF 01/03/2013 establishing RURA has to do ensuring the availability of services or products at affordable but not competitive prices with an objective to advance the economic regulation concept of (i) addressing instances of market failure, (ii) advancing public interest and (iii) special government interests

Equally important, RICA monitors implementation of competition and consumer protection ambitions related to trade liberalization that seeks to ensure that (i) market playing conditions levelled, (ii) transparency of the operations and (iii) encouraging market innovative solutions.⁵ the mandate implies a responsibility to ensure that buyers have enough choice and power. Buyers have the ability to bargain for the costs and terms of the services they acquire.

In this spirit consumers may compare the pricing of various services given by various vendors in order to acquire the best bargain. RICA also monitors service affordability to ensure that pricing is appropriate and that services are available to all customers. RICA as well screens product or service substitutability to ensure that buyers have access to a diverse range of products or services. Finally, the Rwanda Competition and Consumer Protection Authority RICA ensures that Rwandan buyers have the power,

² Electronic resources available at <https://www.concurrences.com/en/dictionary/buyer-power> lastly accessed on 24th May 2023.

³ OECD, cooperation initiative on regulatory reforms- striking the right balance between competition policy and economic regulation, 2012

⁴ Article 6 of the the law N° 31/2017 of 25/07/2017 establishing the Rwanda Inspectorate, Competition and Consumer Protection Authority (RICA) and determining its mission, organization and its functioning

⁵ Ibid

affordability, and choice of a variety of services. This contributes to the effective and reasonable delivery of public utilities in Rwanda.

However, (RICA) has put in place favorable policies to ensure rule-based competition as well as to promote and protect consumers' interests, limited Buyer Power, affordability, and substitutability of products or services with a focus on public utilities have been identified as a relevant economic concern in Rwanda. In Rwanda, the inadequate buyer power, affordability, and substitutability of public utilities are serious issues that must be addressed.

For instance, Low-income households frequently struggle to purchase essential utilities such as water and electricity, while those who could pay are faced with less bargaining power, due to Rwanda's restricted utilities, few substitutes or switching to other suppliers. This issue has the potential to further alienate low-income households and stifle Rwanda's economic progress. It is critical to adopt policies that promote competition, affordability, and buyer empowerment in the public utilities sector.

Furthermore, in Rwanda, the affordability of some of essential services like electricity and water is a complex issue. Despite significant progress in improving access to electricity and water in Rwanda, affordability remains a challenge for many people. The average Rwandan household spends about 10% of their income on power and water costs, which is far more than the worldwide average of 4%. Furthermore, many households are unable to afford the full cost of electricity and water, and the government has implemented subsidies to assist low-income households in paying for these services. Despite these efforts, the affordability of electricity and water in Rwanda remains a major issue (World Bank, 2021).

According to Rwanda Energy Group, 77% of Rwandan households would have access to electricity by the end of 2022. These include 51.1% who are connected to the national grid and 25.8% who use off-grid solutions. The goal is to have complete access by 2024. (REG, 2022). In Rwanda, only 57% of the population has access to safe drinking water within 30 minutes of their house; the goal is to have 100% availability by 2024. (WASAC, 2022). When children spend time collecting water, they are frequently absent from school. This is especially problematic for girls, who are frequently expected to perform the majority of household tasks (UNICEF, 2022).

To this end therefore, necessitates the Rwanda Inspectorate, Competition and Consumer Protection Authority (RICA) to conduct a comprehensive study to clearly define buyer power, establish the relationship between upstream and downstream firms and how it affects market prices, identify key sources and determinants of buyer power, the effects of buyer power, and the linkages between buyer power and mergers on the market, and finally design buyer's power Guidelines and/or propose amendments/provisions that can be implemented.

Objective of the study

The main objective of the consultancy is to conduct a deep study on buyer power, establish the relationship between upstream and downstream firms, and how it affects market prices. The study also helps to establish key sources and determinants of buyer power, effects of buyer power, and linkages between buyer power and mergers on market.

Scope of the study

The company, represented by a team leader, collaborated with key stakeholders such as the Rwanda Inspectorate, Competition and Consumer Protection Authority (RICA), Ministry of Trade and Industry (MINICOM), Ministry of Public Investments and Prioritization, Rwanda Utilities Regulatory Authority (RURA), National Bank of Rwanda (BNR), Rwanda Development Board (RDB), Private Sector Federation (PSF), Rwanda Consumer's Rights Protection Organization, and others concerned stakeholders to define and propose effective and efficient frameworks for the conduct of this assignment by undertaking the following activities:

- Conduct a deep review and analyse the current legal and institutional framework of buyer power in the Rwandan context;
- Describe how buyer power influences market prices, affordability of commodities and services (public utilities) as well as their substitutability;
- Show effects of buyer power on final consumer prices, and analyses the competitive effects of buyer power in both horizontal and vertically related industries,
- Assess the current market situation as regards affordability and substitutability of products and services,
- Differentiate between monopsony and buyer power, establish the relationship between upstream and downstream firms, and how it affects market conditions;
- Identify and establish key sources and determinants of buyer power and the role of consumers in enforcing the concept of buyer power in Rwanda;
- Assess both positive and negative effects of buyer power and monopsony;
- Describe the concept of buyer power in mergers and acquisitions;
- Analyse the current state of play of buyer power in line with benchmarked best practices from other countries;
- Provide practical examples of where the concept of buyer power has been successfully implemented
- Suggest regulations or amendments needed to fully implement the concept of buyer power;
- Prepare and present the final report of the study with proposals on how to implement the concept;

2. APPROACH AND METHODOLOGY

2.0. Overview

The study employed hybrid method involving both qualitative and quantitative research methodologies to collect and analyse both qualitative data and the expertise opinion or legal interpretations. Specifically, to get the knowledge and context of buyer's power, affordability, and substitutability of products or services within public utilities, qualitative research methodologies such as interviews and focus groups were employed. Interviews with both buyers and sellers were performed in order to acquire a better understanding of the power structures among them.

Rwanda Inspectorate, Competition and Consumer Protection Authority (RICA), Ministry of Trade and Industry (MINICOM), Ministry of Public Investments and Prioritization, Rwanda Utilities Regulatory Authority (RURA), National Bank of Rwanda (BNR), Rwanda Development Board (RDB), Private Sector Federation (PSF), Rwanda Consumer's Rights Protection Organization (ADECOR), African Centre for Competition, Consumer Protection and Intellectual Property Policy (ACCIP Rwanda) and others were consulted in order to get accurate information about Buyers' Strength, accessibility, and interchangeability of goods or services within utilities as the main stakeholders.

To gain a better understanding of buyer behavior and how it is influenced by the market, focus groups and desk reviews were used. Both Primary and secondary data were gathered to better understand buyer power in the market. Surveys were also utilized to gather information about buyer purchasing habits, preferences, and behaviors. The influence of buyers on pricing and other market factors were be quantified via data analysis.

This research approach provides insights into market buyers' power, enabling for better decision-making and a better knowledge of buyer behaviors. Electronic technologies such as Kobo were utilized to swiftly and efficiently gather, store, and evaluate data. The tool was employed to collect information from many sources, such as surveys, questionnaires, and online forms. As a result, data were gathered using any Android device both whether tablet and phone for useful insights to inform the study.

2.1. Study design

This study employed a qualitative research design to gain a thorough understanding of buyer power, affordability, and substitutability of products or services in Rwanda, with a focus on public utilities. Semi-structured interviews with institutions that provide utility services in the Rwandan market were used to collect data. The research was carried out in Kigali, the country's capital, as well as other provinces.

Various buyers throughout the country were surveyed by enumerators who filled out questionnaires on their smartphones or tablets. As a result, both primary and secondary data were collected in order to gather feedback from various stakeholders, including but not restricted to public institutions, consumer rights organizations, and different buyers of public utilities throughout the country.

Furthermore, desk review procedures were used to gather, analyse, and synthesize existing literature and materials relating to a study issue in a methodical manner. This technique was utilized to get a thorough grasp of the current literature, documents, and sources on buyer power, affordability, and substitutability of products or services in Rwanda, with a focus on public utilities.

All yearly reports of Rwanda's buyer's power stakeholders, including RICA, MINICOM, RURA, BNR, RDB, PSF, ADECOR, ACCIP, and others, were examined in this context. The reports were used to identify knowledge gaps about buyer power, affordability, and substitutability of products or services in Rwanda, with a focus on public utilities. I useful in comparing various techniques utilized in Rwanda and other countries in order to make meaningful policy suggestions.

Industry survey

The analysis of buyer power, affordability, and substitutability of goods and services in Rwanda was conducted by conducting an industry survey of a sample of economic operators in different sectors. The survey questionnaire was developed using google forms and sent to different emails of economic operators. In total, we have received responses from 792 respondents distributed as indicated in table.

Table 3: Distribution of respondents according to sector/Industry of respondents

Industry/Sector of respondent	Frequency	Percent	Cumulative Percent
Agriculture	5	.6	.6
Construction	78	9.8	10.5
Energy	3	.4	10.9
Financial services	65	8.2	19.1
Foods & beverages	13	1.6	20.7
General services	135	17.0	37.8
Hospitality	45	5.7	43.4
Information & communication	22	2.8	46.2
Manufacturing	67	8.5	54.7
Mining & quarrying	16	2.0	56.7
Real Estate activities industry	14	1.8	58.5
Retail Business	79	10.0	68.4
Transport	27	3.4	71.8

Water & waste management	5	.6	72.5
Wholesale trading	218	27.5	100.0
Total	792	100.0	

2.1.1. Primary data

Conducting a thorough investigation necessitates a thorough understanding of the subject of interest, which is Buyers' Strength, accessibility, and interchangeability of goods or services. As a review of the current Buyer's power and consumer protection policy in order to better understand the gaps in the policy and propose amendments, was conducted. As a result, the team worked hand in hand with various buyers and relevant institutions to identify existing gaps in both the legal and institutional framework and determine the requirements to establish a fair and effective system in Rwanda.

Additionally, to obtain all of the data at the national scale, cluster sampling techniques were employed. The primary source data were thus obtained directly from its source, either by observation or through dialogue with the source. Surveys, interviews, focus groups, and observations were used to obtain this information.

As a result, the data gathered were aided in determining how public utilities in Rwanda are vital services required for societal well-being. As this reason, it is critical to guarantee that these services are inexpensive and accessible to everybody. In Rwanda, research on buyer power, affordability, and substitutability of products or services, with a focus on public utilities, might give insights into how to appropriately manage public utility markets and guarantee that these services are available and affordable to all Rwandans.

Research might also aid in the identification of possible areas of market failure, such as a lack of competition or monopolistic activities, and the development of alternative remedies. This study may also give a better knowledge of how various aspects such as pricing, service quality, and availability impact public utility markets and how they might be improved. Finally, by boosting access to important public services, this research might assist to enhance the quality of life for all Rwandans.

2.1.2. Secondary data

Secondary data collection included a review of the literature on buyer power, affordability, and substitutability of products or services, with a focus on public utilities, to better comprehend how it works and its progress in various countries.

Furthermore, the desk review also allowed to assess best practices from those other countries on ways to promote buyer power, affordability, and substitutability of products or services in Rwanda, with a focus. In general, this has aided in the development of proposals for empowering buyers by increasing access to essential public services.

2.2. Data collection tools and techniques

2.2.1. Desk review

Documentary evidence on buyer's power assessment heavily relied on desk research/document review to understand buyer's power around the world, and in Rwanda in distinct, and its actual facts in order to determine its current status. Desk research/review included documenting all secondary information pertaining to buyer's power as well as other related research documents and articles. Documentation Review also allowed the research team to provide early responses to study objectives.

2.2.2. Questionnaire

This study required distributing questionnaires to various utilities customers around the country. The questionnaire included both open-ended and closed-ended questions to collect respectively qualitative and quantitative information on how buyers influence market prices, the substitutability of products and services, the relationship between downstream and upstream firms, the key sources and determinants of buyer power, and the role of consumers in enforcing the concept of buyer power in Rwanda, among other things.

The questionnaire was revised by the research team and validated by the RICA technical staff for improved reliability and accuracy by avoiding response mistakes. As such, the questionnaire was transformed into Kinyarwanda to facilitate communication among enumerators and respondents. Moreover, based on the participant's level of comfort, a questionnaire could well be administered in either English or French. To reduce typing mistakes during data analysis, some data from potential respondents were also gathered using an electronic data collection method (Kobo Collect & iPads).

2.2.3. Workshop

Throughout this project, workshops to obtain opinions from stakeholders regarding the challenges of empowering buyer power and how it might be improved in Rwanda were organised, in addition to the other instruments mentioned above. They also served as brainstorming sessions to establish criteria for a regulated buyer power in utilities and other services in general. It also helped to confirm findings from individual interviews and desk reviews.

2.2.4. Key Informants Interviews (KIIs)

Key Informants Interviews (KII) are qualitative in-depth interviews with people who know what's going on in the investigated issue. These people may include senior executives, policymakers, company stakeholders/sellers, company customers, specialists, or citizens who have first-hand knowledge about the issue investigated.

The team designed interview guides for key informants in order to extract in-depth perspectives on problems related to this buyer's power research with a recommendation to do KIIs with utility companies, RDB staff, RICA staff, BNR staff, MINICOM, RURA, PSF, ADECOR, ACCIP, and other relevant stakeholders.

KIIs was a great approach to completing and validating findings from desk research and workshops, i.e. interview questions that comprised concerns raised by survey respondents, particularly concerns raised in workshops, and based on the intended outcomes and objectives of this Survey as discovered through desk research. Interviews were conducted individually, and the information submitted was kept strictly confidential. The interviews were taped in a language that allows for easy communication between both the interviewee and the interviewer and afterward translated in English (Reporting language).

2.3. *Quality control and assurance*

RICA supervised the process of the study in partnership with the assigned group leader and the team offered frequent input and guarantee that the assessment is completed according to high-quality standards and that the Report is of excellent relevance and quality. Our team designed survey tools; the tools were authorized by RICA. The ONCG consultancy team created a data collection training manual and teach the survey staff on data collection tools and digital data collecting.

The questionnaire put into the system (Kobo Collect and Google Form) to reduce transcription mistakes during data cleaning and analysis, and the tools were tested (pilot survey) with a limited number of

respondents to ensure correctness and practicality. The consultancy team also had to rewrite and cross-check interview guidelines, Workshop instructions, and be modified to get the best possible survey data.

2.4. Data analysis and reporting

The data scientist was imported into crude data from a server and then clean it. The quantitative data were analysed using STATA/RStudio software, whereas the qualitative data were analysed using Atlasti software. The entire data analysis process was descriptive in nature, explaining buyer's power in Rwanda and establishing a path ahead to empower buyer's power in Rwanda.

During the data-gathering phase, the team transcribed the qualitative data and guarantee adequate preservation of the transcribed information. To allow the use of new codes for analysis, all qualitative data were thoroughly transcribed and translated; the team created a coding guide to aid in analysis.

2.5. Ethical considerations

The research team understands the importance of ensuring that the risks of possible harm to participants as a result of the data collection process are lessened and hindered by the positive advantages of the study's outcomes. Our team followed the same ethical principles and guidelines for business ethics as bidders and providers.

Furthermore, our consulting team adhered to research ethics principles such as research should make a positive contribution to people's well-being, research must honor and safeguard participants' privacy and dignity, participants should participate voluntarily (via consent forms), and the data supplied were kept confidential and used only for the purpose of the Survey.

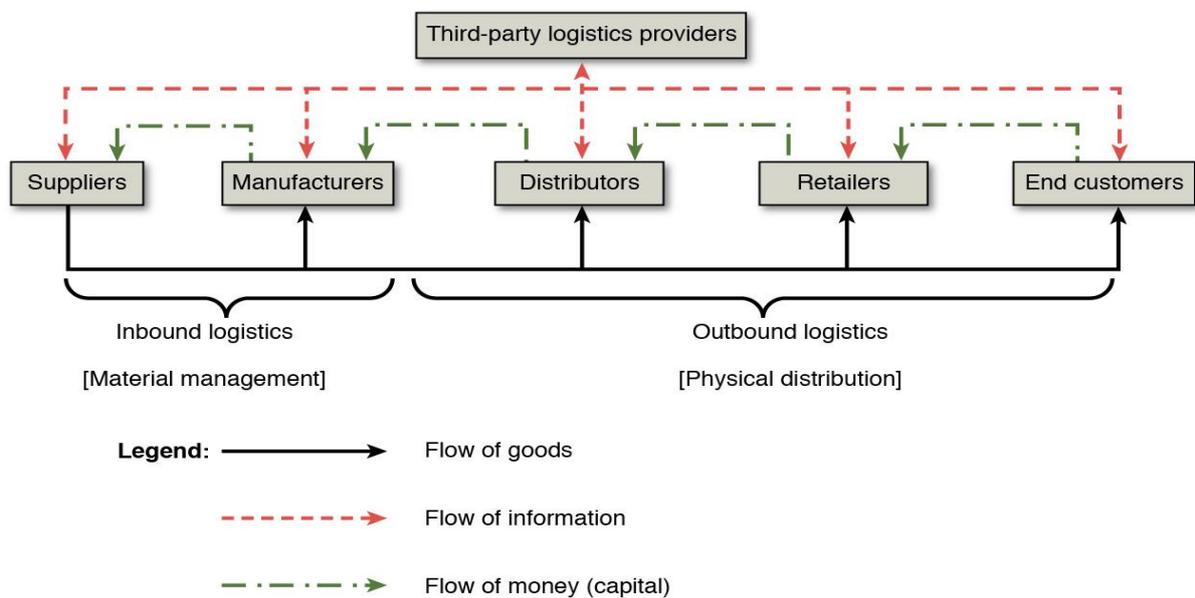
3. THE CONCEPT OF SUPPLY CHAIN, PRODUCT DISTRIBUTION CHANNELS AND BUYER POWER

The degree of reliance on markets and the rules defining or constraining their structure and use vary. Nevertheless, the core recognition is that market processes, with appropriate oversight of the conduct of the participants, are central to achieving socially desirable economic results both in the short term and the long term. Thus, competition policy broadly defined is itself an essential feature in every such economic system. In this section, we analyse the concept of buyer power, product affordability and substitutability and their implication on market outcomes such as product prices and other purchasing terms.

Basic concepts of supply chain and distribution channels

Every economy faces the challenge of creating and maintaining a workable system for producing and allocating goods and services as well as providing incentives and rewards for innovation. The resulting economic order must be resilient and respond positively to change because economies are inherently dynamic. A supply chain is the network of all the individuals, organizations, resources, activities and technology involved in the creation and sale of a product. A supply chain encompasses everything from the delivery of source materials from the supplier to the manufacturer through to its eventual delivery to the end user. Figure 1 indicate the typical supply chain and distribution channel to effectively understand the concept of buyer power when it is viewed from supply chain viewpoint.

Figure 1: Typical Supply chain and product distribution channel



Source: https://ptgmedia.pearsoncmg.com/images/chap1_9780134036236/elementLinks/01fig01_alt.jpg

The supply chain is often divided into two parts: upstream and downstream. Upstream supply chain is the process of getting materials to the manufacturer, while downstream supply chain is the process of getting products from the manufacturer to the end consumer.

Definition of buyer power

The term is rarely precisely defined, but as used by most commentators "buyer power" refers to the circumstance in which the demand side of a market is sufficiently concentrated that buyers can exercise market power over sellers. A buyer has market power if the buyer can force sellers to reduce price below the level that would emerge in a competitive market. The concept of buyer power can be viewed from both marketing perspective and economic or regulatory perspective. In this analysis, the report takes the view of regulatory or economic perspective of buyer power.

Buyer Power viewed marketing perspective

Buyers have the power to influence price and the quantity of products sold. Powerful buyers can bargain on volume or switching costs or they can find substitute products.

Porter's 5 forces industry analysis framework, buyer power is one of the forces that shape the competitive structure of an industry (Porter, 2008). The Buyer power referred as "the bargaining power of buyer" is defined as the pressure consumers can exert on businesses to get them to provide higher quality products, better customer service, and lower prices.

The idea is that the bargaining power of buyers in an industry affects the competitive environment for the seller and influences the seller's ability to achieve profitability. Strong buyers can pressure sellers to lower prices, improve product quality, and offer more and better services. All of these things represent costs to the seller. A strong buyer can make an industry more competitive and decrease profit potential for the seller. On the other hand, a weak buyer, one who is at the mercy of the seller in terms of quality and price, makes an industry less competitive and increases profit potential for the seller. The concept of buyer power Porter created has had a lasting effect in market theory.

The marketing perspective definition of buyer power when place within the concept of supply chain and distribution channel as indicate in figure 1, considers consumers at the final stage of distribution channel who are commonly referred as "ultimate consumers or final consumer". This is part of downstream distribution which normally is considered from stage of distributors. From regulatory perspective, except an few particular cases of institutional consumers, final consumers do have any significant market power instead they need to protected from the abuse of powerful supply sides market

participants as indicated in the figure 1. Besides, the final consumers, depending on the industry, the supply chain is viewed as a chain of suppliers from the supply of raw materials and other inputs up to the retailers who sell the final the products and services to the consumer who is the final destination of the product or service. Therefore, there are various types of suppliers including:

- **Manufacturers and Vendors:** Sell products to distributors, wholesalers, and retailers
- **Distributors and Wholesalers:** Purchase goods in medium/high quantity for sale to retailers or local distributors
- **Independent Suppliers / Independent Craftspeople:** Sell unique products directly to retailers or agents
- **Importers and Exporters:** Purchase products from manufacturers in one country and export to a distributor in a different country
- **Drop shippers:** Suppliers of products for different kinds of companies

From marketing perspective, at the final stage of supply chain suppliers are referred to as “sellers” while buyers are commonly referred to as “Consumers”.

Buyer power viewed from Economic Perspective

From the economic or regulatory perspective, buyer power is concerned with how downstream firms can affect the terms of trade with upstream suppliers.

Economic literature recognises different definitions of buyer power. In very general terms, buyer power is market power on the purchasing side of a market. In marked contrast with the situation of ‘perfect competition’, buyer power therefore allows a firm to affect market outcomes on its input market, most notably the price for which the buyer purchases products or services (i.e. the input price). Buyer power arises from monopsony (one buyer) or oligopsony (a few buyers), and is the mirror image of monopoly or oligopoly. Like monopoly, the motivation behind monopsony behaviour is to transfer wealth in the form of economic rents from one side of the market to the other. Concern about monopolisation - and successful antitrust litigation against firms that use buyer power to extract price concessions from sellers - is hardly new

The OECD defines buyer power as a situation which exists when a firm or group of firms, either because it has a dominant position as a purchaser of a product or service or because it has strategic or leverage advantages as a result of its size or other characteristics, is able to obtain from a supplier more favourable terms than those available to other buyers (OECD, 1998). Buyer's power is the ability of a consumer to influence the market and the prices of goods and services. It arises from the ability of the consumer to choose between different suppliers and products, and to decide how much they are willing to pay for them (Chen, 2007).

From regulatory Perspective, the buyer power is defined as the influence exerted by an undertaking or group of undertakings in the position of a purchaser of a product or service to obtain from a supplier more favourable terms, or to impose a long term opportunity cost including harm or withheld benefit which, if carried out, would be significantly disproportionate to any resulting long term cost to the undertaking or group of undertakings.

There are two types of buyer power: monopsony power and bargaining power. The distinction between the two types of buyer power is based on their source and the effect of their exercise. Both types of buyer power result in lower prices, though the lower price obtained from monopsony power is achieved through the act of purchasing less, whereas the lower price obtained from bargaining power is achieved through the threat of purchasing less. A key difference is that the exercise of monopsony power results in prices being depressed below competitive levels, whereas the exercise of bargaining power might countervail seller market power and push prices toward competitive levels. Buyer power concerns the position of the purchaser with respect to the supplier of goods and services. Suppliers and purchasers

need to agree on the terms of their contract, and a number of factors can influence these negotiations. Buyer power is concerned with how downstream firms can affect the terms of trade with upstream suppliers. Buyer power therefore concerns the ability of a buyer to obtain from its supplier(s) more favourable terms of trade. Economic literature typically distinguishes between two types of buyer power. When buyer power is exercised in the relation with suppliers that have no seller power, it is referred to as ‘monopsony power’. By contrast, ‘countervailing buyer power’ (which is also often referred to as ‘bargaining power’) refers to the ability of a buyer to obtain more favourable terms of trade in relation with suppliers that do have seller power. As it is indicated and explained further below, the distinction between monopsony power and countervailing buyer power (or bargaining power) is an important determinant for the effects of buyer power on economic efficiency.

From the economic perspective, viewed with the lens of the supply chain, sellers are referred to as “suppliers” while purchasers are commonly referred to as “Buyer”, hence the buyer power analysis is analysis within this perspective.

4. SOURCES FOR BUYER POWER

Monopsony Power

Is the market structure that describes the behaviour of a market where a sole purchaser faces an upstream market with perfect competition among suppliers. In this model, there is an upward sloping supply curve, meaning that the purchaser has an incentive to restrict its purchases as it can realise a lower price at lower quantities, implying a withholding effect. The monopsony model in its simplest form represents the mirror image of the monopoly model. A precondition for the exercise of monopsony power is the existence of supplier rents.

The exercise of monopsony power depends on the elasticity of supply. The more inelastic supply, the greater the ability to exercise monopsony power. The exercise of monopsony power leads to a quantity distortion in the input market and typically harms consumers in the downstream market even though the input price decreases. A firm with monopsony power will behave in the output market as if it had higher marginal costs than a firm that does not have monopsony power.

A monopsonist may be able to make all-or-none offers to individual suppliers. The profit-maximizing all-or-none offer is for the competitive quantity for a total payment that just covers the costs of supply. Relative to a uniform price, an all-or-none offer is more efficient and, because it involves greater purchases of the input, better for consumers in the downstream market. Preventing all-or-none offers, for example by requiring uniform prices, will harm consumers in the downstream market and reduce efficiency. Moreover, a danger with putting greater weight on the rents of producers, relative to consumers, is the adoption of policies that end up restricting competition and innovation among suppliers.

The key to identifying monopsony power in practice is recognizing that it is the existence of alternatives for the sellers that determine the extent of a buyer ‘s monopsony power. If the sellers can easily find other buyers (who use the input for a different use), other buyers in different geographic areas (who use the input for a similar use), or other buyers for whom the assets can be used to make a different input, then a buyer will have limited monopsony power. The relevant market for the purpose of identifying monopsony power is the smallest set of products in the smallest geographic area such that a hypothetical monopsonist of those products in that area would be able to depress prices by a small but significant and non-transitory amount.

Bargaining power or countervailing power

Bargaining power is also sometimes called ‘countervailing power’. The notion of bargaining power describes the way in which the agreement between a purchaser and supplier differs depending on the characteristics of both parties. Most bargaining models use a structure whereby both the supplier and the purchaser have an incentive to reach an agreement if it is, for each of these separately, more

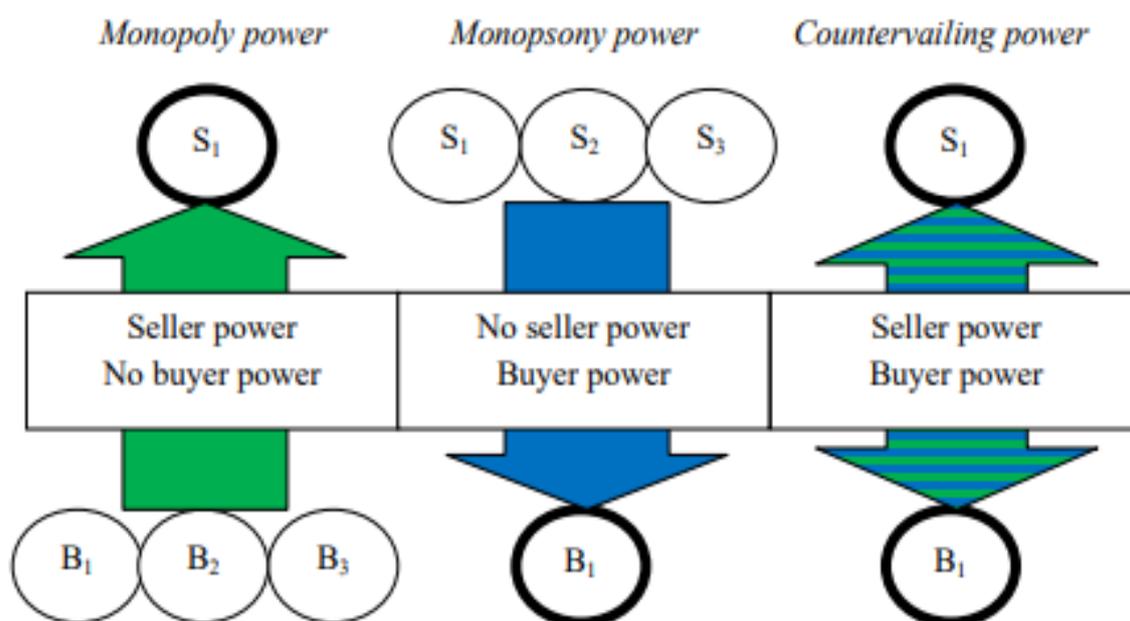
advantageous compared to the alternative of no deal (the so-called ‘outside option’). The combined benefit that an agreement brings to the purchaser and the supplier is referred to as the ‘surpluses. Many models exist that aim to predict the division of this surplus based on characteristics of the players.

The creation of countervailing power to offset monopoly power in the upstream market might lead to an increase in output upstream and lower prices downstream. However, such countervailing power might not increase welfare if it results in negotiation failures, leads to enhanced coordination by the buyers in other markets, leads to the expropriation of Ricardian rents or quasi-rents, or reduces incentives for innovation upstream.

Comparisons between monopsony power and bargaining power

As has been discussed in the previous sub-sections, the concept of seller power incorporates monopoly power, i.e., the ability of a firm to charge a price above the competitive level. However, when exercised in relation to buyers that have buyer power, seller power is typically referred to as countervailing seller power (or bargaining power). The various differentiations between selling and buyer power are summarised in Figure 2.

Figure 2: Monopoly, monopsony, and countervailing power



Monopoly and monopsony power concern market power exercised in the relation with trading partners that have no market power. In the figure above, this has been illustrated in terms of a single firm (monopolist or monopsonist). It should be noted, however, that monopoly or monopsony power can also be exercised when there are multiple firms (e.g., in the situation of an oligopoly or oligopsony).

When both sellers and buyers have market power, there is a situation of so-called bilateral market power. The figure above depicts bilateral market power in the most extreme case of one seller (monopolist) and one buyer (monopsonist); the scenario of so-called ‘bilateral monopoly’. Bilateral market power may however also occur in the case of a relatively limited number of sellers and buyers (i.e., so-called ‘bilateral oligopoly’).

When there is bilateral market power, the market power of firms is referred to as countervailing market power (i.e., countervailing seller power or countervailing buyer power). Since countervailing buyer power is in this context not exercised to affect the (uniform) market price but with the goal to obtain

individual discounts in bilateral negotiations, countervailing buyer or seller power is in this scenario often referred to as bargaining power.

5. A FRAMEWORK FOR ANALYSING AND MEASURING BUYER POWER

The strength of buyers and the structure of the buyers' side of the market may constrain the market power of a seller. Size is not sufficient for buyer power. Buyer power requires the buyer to have choice.

The analysis of buyer power requires an understanding of the way that buyers interact with suppliers. Buyer power is most commonly found in industries where buyers and suppliers negotiate, in which case buyer power can be thought of as the degree of bargaining strength in negotiations. A buyer's bargaining strength might be enhanced if the following conditions hold:

- ◆ the buyer is well informed about alternative sources of supply and could readily, and at little cost to itself, switch substantial purchases from one supplier to another while continuing to meet its needs;
- ◆ the buyer could commence production of the item itself or 'sponsor' new entry by another supplier (e.g., through a long-term contract) relatively quickly and without incurring substantial sunk costs
- ◆ the buyer is an important outlet for the seller (i.e., the seller would be willing to cede better terms to the buyer in order to retain the opportunity to sell to that buyer)
- ◆ the buyer can intensify competition among suppliers through establishing a procurement auction or purchasing through a competitive tender

The table 2 shows typical questions or sources of buyer power and relevant evidence that may be considered to be signals for the presence of buyer power.

Table 2: Sources of Buyer Power and their relevant evidence

Question/Source	Relevant Evidence
<p><i>Is there significant buyer power?</i></p> <p>This is essentially a qualifying question: if not, the considerations of this report are not relevant.</p> <p>By significant power is meant the ability to have a material effect on prices set or negotiated, quantities exchanged, the viability of traders at one or more stages of production.</p>	<p>Significant proportions of the product as a whole were purchased by this firm.</p> <p>Significant arrangement of terms of purchase by this firm, such as upfront fees for distributing a product, in the form of slotting allowances.</p>
<p><i>Is the buying power against relatively powerless suppliers?</i></p> <p>If so, further investigation may be warranted, since there are more likely to be policy implications. Competitive firms may also be more at risk than corresponding oligopolistic firms which might be a specific concern.</p> <p>Alternatively, if there is also significant upstream seller power, there is less likely to be a problem.</p>	<p>Measures of assessing seller power in the downstream market. Here it is important to investigate inter-relationships between the various actors involved.</p>
<p><i>Are there significant productive efficiency gains associated with buyer power?</i></p>	<p>Pecuniary or organisational economies of scale indicating a natural tendency for there to be few</p>

If so, then there may be an efficiency justification for buyers having power.	buyers, since average transactions costs are thereby reduced.
<i>Does the buyer attempt to constrain its suppliers' other actions or deliberately create a dependency relationship?</i>	Evidence of exclusive supply requirements, specific custom designs or arrangements, idiosyncratic specification etc.
If so, such an arrangement should be treated with suspicion	Charging structures not obviously related to the cost structure or the goods specified.

6. EFFECTS OF BUYER POWER ON FINAL CONSUMER PRICES

Welfare effects of monopsony power

In its classical form, a monopsony results in harm to overall economic efficiency as it induces deadweight loss, symmetrically to a monopoly. Whilst a monopolist raises price and output falls, a monopsonist lowers prices and output decreases as a result (OECD, 2008). This flows from another key aspect of the monopsony power which is that purchasers face an upward sloping supply curve, meaning they face increasing marginal input costs as volumes increase (Kirkwood, 2014). The Box 1 illustrates the monopsony issue, demonstrating the importance of the upward sloping supply curve.

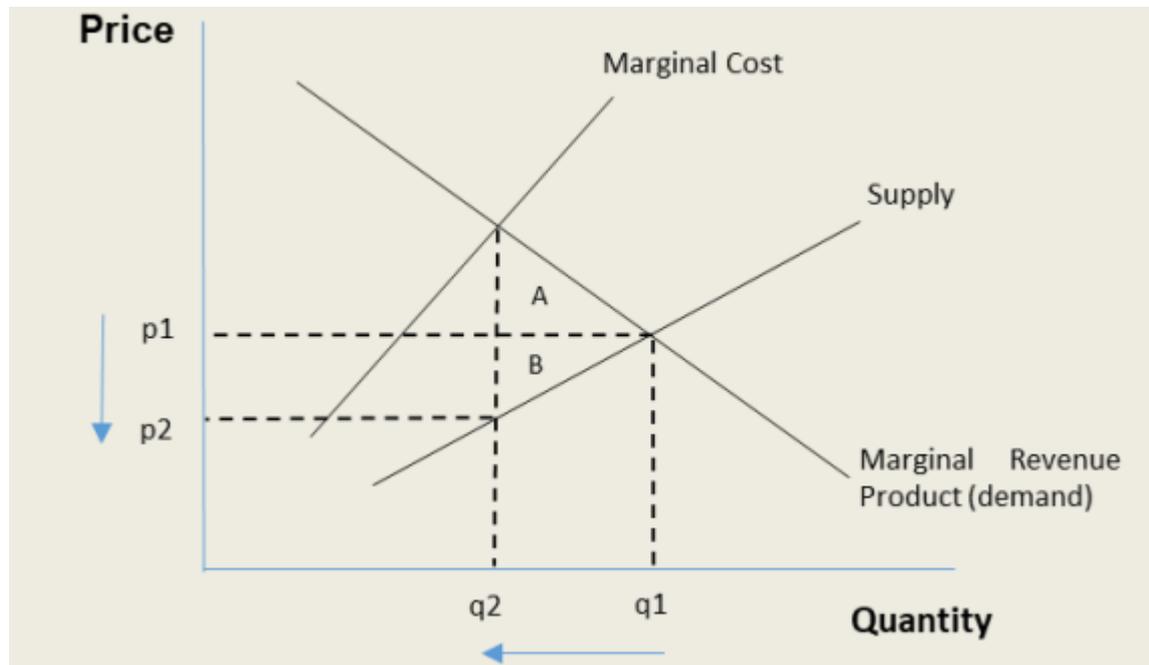
A condition for monopsony power is that at least some suppliers must have some form of economic rent (OECD, 2008). At first glance, this might appear a contradictory statement. However, in practice it merely notes that in order for suppliers to face harm, they must have something to lose. To be more precise, there are three kinds of rents that suppliers could face, Ricardian, quasi or monopoly (Noll, 2004). Of these, the most relevant to consider are Ricardian rents. These occur when the factors of production are differentiated by productivity (OECD, 2008[2]). Quasi rents refer to the ability of suppliers to charge a surplus over their short run marginal cost, or short run avoidable cost. However, this “profit” is required to finance fixed, or sunk, costs. As such, attempts by a monopsonist to extract these rents will ultimately induce the exit of suppliers in the long run (OECD, 2008). Monopoly rents occur when, as the name implies, the supplier is a monopolist and hence has rents to extract. However, in such circumstances, it is perhaps more likely that the situation was characterised by a bilateral negotiation.

Firms may not be pure monopsonists. Instead, there may be a few large buyers facing many smaller suppliers. In such circumstances, the buyers could be considered oligopolists, the parallel to the oligopolists on the selling side. Analogously, if those firms are able to suppress output to lower the prices, they can be considered to have some monopsony power.

The amount of monopsony power depends on the number of firms and the elasticity of supply. Whereas the pure monopsonist can act in isolation of competing purchasers, oligopolists will set their demand based on the expected action of other firms, but not taking into account the externalities that their purchases place on other firms (OECD, 2008). As such, oligopolists do not purchase the volume expected in a competitive purchasing market, but will also not fully maximise the profits of purchasers collectively by restricting output to the monopsony level. A requisite for monopsony power is for the purchaser to control a sufficiently large share of sales to decrease the prices it faces by reducing its demand. This will clearly not be the case if sellers have alternative destinations to sell their products or services. If they did, others could offset the reduction in quantity from the purchaser. As with competition on the supply side, the closeness of different alternatives matters

Box 1. Illustration of monopsony on product demand

The diagram below illustrates the effect of a monopsonist purchaser on an input compared to competitive demand. In the latter case, price and quantity clears where supply equals demand, p_1 and q_1 . With a single buyer however, the monopsonist will face the dilemma that each additional unit purchased, whilst profitable individually compared to its cost, will induce an effect on all other units. As a result, the monopsonist restricts demand for the input such that the marginal revenue product of the input equals its marginal cost. Price and quantity therefore fall to p_2 and q_2 . The deadweight loss from the reduction in quantity is the area of $A + B$. This corresponds to lost volumes of input where the marginal revenue product exceeds its individual cost.



Monopsony power reduces prices and volumes. This constitutes a harm to sellers compared to effective purchasing competition, but an obvious question is what it means for consumers and welfare overall.

Whether monopsony power ultimately leads to harm to consumers depends on the extent to which there is also downstream market power. If the firm with monopsony power has market power downstream, then the reduction in output at the upstream level will correspond to further reduced output downstream, and higher prices for consumers. This is in spite of the lower prices acquired by the monopsonist. As with a monopsonist, if oligopolists also possess market power in the relevant downstream markets, the monopsony power can lead to an increased reduction in output and harm to consumers.

If not however, then competitors downstream can replace the reduced output and downstream prices will be unaffected (Jacobson, 2013). As some scholars have pointed out though, there may be a small effect downstream as production shifts to rivals which otherwise would have produced less, potentially implying lower levels of efficiency.

The implication is that while monopsony power should raise concerns on most welfare standards of antitrust, due to the inefficiency of the deadweight loss, the strength of the argument for intervention may vary. In particular, when the monopsony power does not correspond to downstream market power, justifying intervention may require a strong presumption for the importance of competition in not

distorting economic markets or for weight to be given to the loss of surplus by sellers over the gains from purchasers.

The extent of overall harm to different parties will depend upon the level of monopsony power. Some scholars have argued that there is potential for buyers to exercise market power over suppliers even if they possess relatively modest shares of purchases, noting that by definition buyers are the party that has discretion over when to purchase and where from.

The elasticity of supply will be an important factor in the degree of monopsony power and the effect it has impacts on markets. Inelastic supply, or steep supply curves, mean that relatively small decreases in withheld demand could result in large reductions in price. This suggests the potential for monopsony power with relatively modest shares. Conversely, the effect on quantity may be lower as only small changes in demand are required to obtain lower prices.

While the above analysis is likely to hold for most instances of monopsony power, some specific circumstances could change these results. Firstly, as noted previously, if the purchaser can discriminate, then there may be no reduction in volumes and the analysis above will not hold. Secondly, if monopsonists are able to offer suppliers an “all or nothing” deal, the harm will fall entirely onto suppliers and consumers may even benefit from lower prices. Such instances will only be possible if purchasers can credibly threaten zero purchases if the offer is not accepted. It may also only work in the short term, especially if the offer pushes sellers below their average long-term total costs.

Welfare Effects of bargaining power

Bargaining power, all else equal, shifts surplus between buyers and sellers due to the reduction in purchase prices. This effect is unlikely to concern many advocates for competition policy unless there are reasons to object to distributive outcomes.

An important starting point when considering the welfare effects of bargaining power is whether lower input prices will be passed on downstream. This is particularly likely to be the case if bargaining power lowers marginal costs in downstream markets. However, whether these cost reductions are passed through will depend on the circumstances. In general, reductions to fixed, rather than marginal costs, are less likely to result in lower costs to consumers.

Another factor to consider is the efficiency of contracting. If contracting is efficient, for example, two-part tariffs are used rather than linear pricing, then marginal cost pricing should be possible irrespective of the bargaining position of parties. In such circumstances, bargaining power would increase the surplus for purchasers but realized through fixed components of tariffs rather than at the margin.

On the other hand, there are several ways in which bargaining power can cause potentially harmful effects beyond transferring surplus from suppliers to buyers. If these occur, then the weaker the link between bargaining power and downstream prices, the stronger any case for intervention is likely to be.

If purchasers have the ability to impose many of the terms of trade, this has the potential to alter market outcomes, which could also affect consumers. For example, bargaining power may allow buyers to impose restraints on suppliers. Such vertical restraints, which are often considered in the context of being supplier driven, have the potential to affect competition upstream and downstream. For example, purchasers with bargaining power may insist that their suppliers do not supply other firms. This is an example of a vertical restraint that induces input foreclosure. In general, reductions in competition in the downstream market is unlikely to be justifiable under most welfare standards.

Beyond vertical restraints, suppliers have the incentive to reduce the bargaining power of purchasers by supporting downstream competitors to large purchasers through lower wholesale prices.

However, in some situations, large purchasers may be able to use their bargaining power to reduce their input prices and subsequently increase the input prices of their rivals. The latter is known as a “waterbed

effect” and the former an “anti-waterbed effect”. Which is most likely to occur has been the subject of significant debate by scholars.

Increased costs for downstream rivals could occur if bargaining power leads to upstream consolidation, or if decreased costs are passed through and allow the purchaser to capture market share from rivals, lowering their bargaining power. Whether this ultimately results in higher downstream prices will depend upon whether the incentive for downstream rivals to raise prices in the face of higher costs outweighs the incentive to lower them in the face of lower prices from a rival. Waterbed effects are more likely to result in overall harm to consumers when suppliers can price discriminate based on supplier size, discounts are given to marginal costs and maybe a particular concern when it occurs due to acquisition rather than organically. Another potential harm to consider from bargaining power is its potential effect on suppliers’ ability and incentives to innovate. This is more likely to be the case when purchasers possess substantial bargaining power over sellers. For example, purchasing power may affect dynamic efficiency by reducing product profitability.

Further, a purchaser with bargaining power could use its position to transfer risks onto sellers or make the terms of trade unpredictable. Several competition authorities have observed this dynamic between grocery retailers and their suppliers. In those situations, bargaining power was used to transfer risks onto suppliers, even where these risks were optimally controlled by retailers themselves (such as stock wastage). Such inefficient allocation of risk could ultimately lead to an overall increase in costs and a reduction in economic efficiency.

Increased uncertainty for suppliers reduces their ability to predict the likely return from their investments.

This may reduce their ability and incentive to innovate. Therefore, bargaining power that allowed purchasers to act in unpredictable ways, such as refusing to honor previously agreed orders or demanding retrospective discounts, could have reduced innovation and product quality. This would ultimately affect consumers. Scholars have noted the potential of bargaining power to lead to reduced innovation and diversity or choice, for example.

Clearly, the effects of bargaining power will depend on the circumstances, and whether or not there is a strong case for intervention will also depend on the welfare standard employed. Nonetheless, even though there are potential beneficial effects to consumers and total welfare from lower prices, bargaining power is not unambiguously beneficial in either. Further, all else equal, bargaining power will worsen outcomes for suppliers, which may be relevant in some circumstances, and also has the potential to distort the competitive process both upstream and downstream.

7. CONCEPT OF BUYER POWER IN MERGERS AND ACQUISITIONS

The term buyer power typically refers to the ability of buyers (i.e., downstream firms) to obtain advantageous terms of trade from their suppliers (i.e., upstream firms). Such power may be created or enhanced when two or more downstream firms merge to form one larger buyer. In this section, we provide a framework in which to analyze the sources of buyer power, and we ask whether and to what extent this power will increase in the size of the buyer, and whether and to what extent consumers of the final product might—at least in the short run—gain from the exercise of this power. We also make a key distinction between buyer power which is viewed through the lens of a market interface, and buyer power that is viewed through the lens of a bargaining interface.

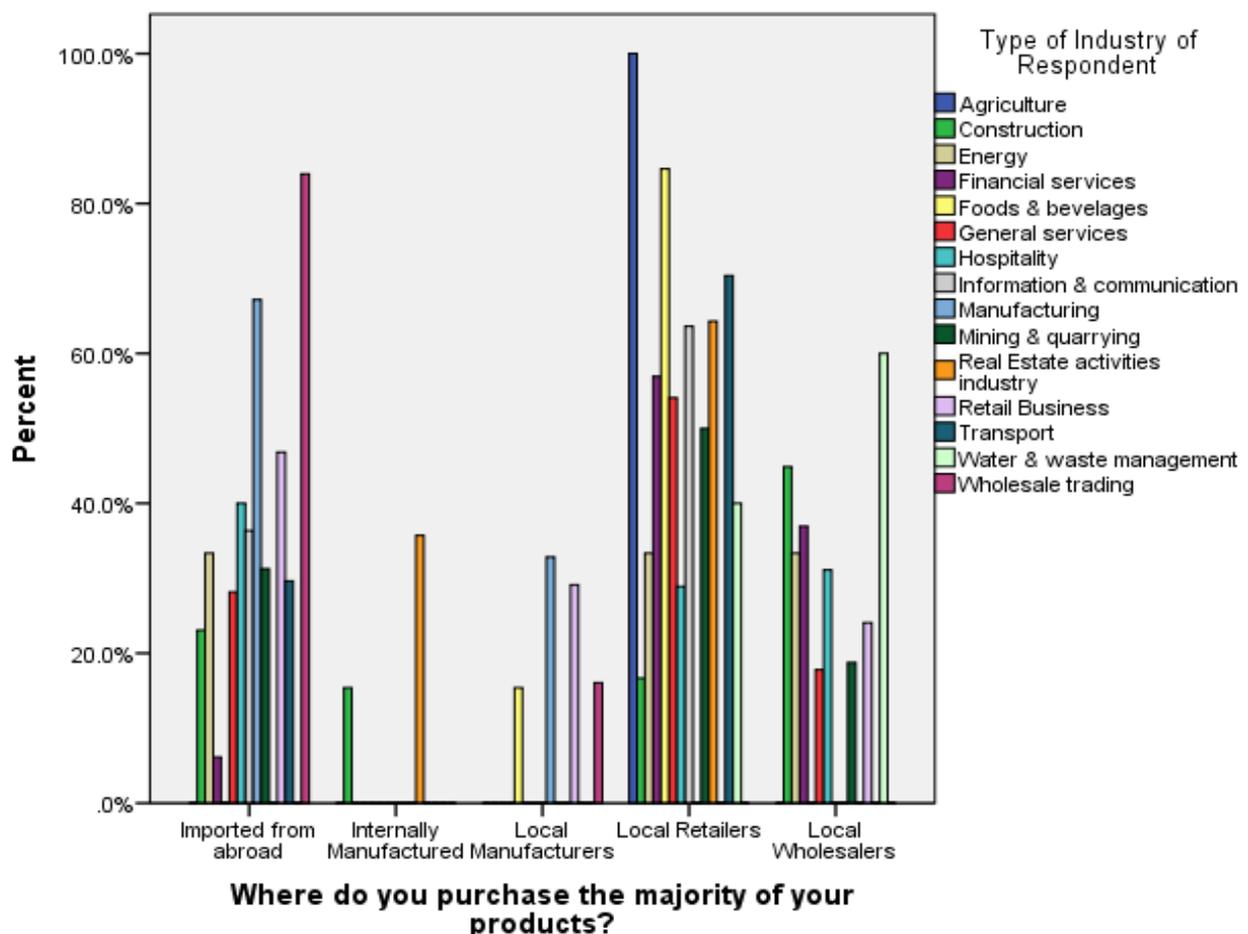
8. MANIFESTATION OF BUYER POWER IN DIFFERENT BUSINESS SECTORS IN RWANDA

The analysis of buyer power in Rwanda is relatively new. Not many, if hardly any, researches have been conducted on this topic of the past few years. Access to information to accurately analyse the buyer power on local market have been a major challenge to the consultants. As solution we designed a questionnaire and collect entity specific information pertaining to buyer power. We know in advance that buyer power is a very harmful phenomenon that endangers the viability of their industry. The analysis of buyer power will be performed from different perspectives including monopsony structure, market size and negotiation.

Sources of purchases for surveyed entities

The local market is mostly populated with imported goods. As indicated in figure 3, more than 80% of purchases of the wholesale sector are imported from abroad. The wholesale sector is followed by the Manufacturing sector which imports almost 70% of all purchases of inputs. Given the atomistic size of the Rwandan economy compared to international actors, one cannot believe the significant exertion of buyer power on the international market. This has implications on buyer's power, affordability and substitutability of products and services on local markets.

Figure 3: Sources of purchases for surveyed entities



Buyer Power Analysis: Determining Factors

Several factors determine buyer' power. If buyers are more concentrated than sellers – if there are few buyers and many sellers – then buyer power is high. Whereas, if switching costs – the cost of switching from one seller's product to another seller's product – are low, the bargain power of buyers is high. If buyers can easily backward integrate – or begin to produce the seller's product themselves – the bargain power of customers is high. If the consumer is price sensitive and well-educated about the product, then buyer power is high. Then if the customer purchases large volumes of standardized products from the seller, buyer bargaining power is high. If substitute products are available on the market, buyer power is high.

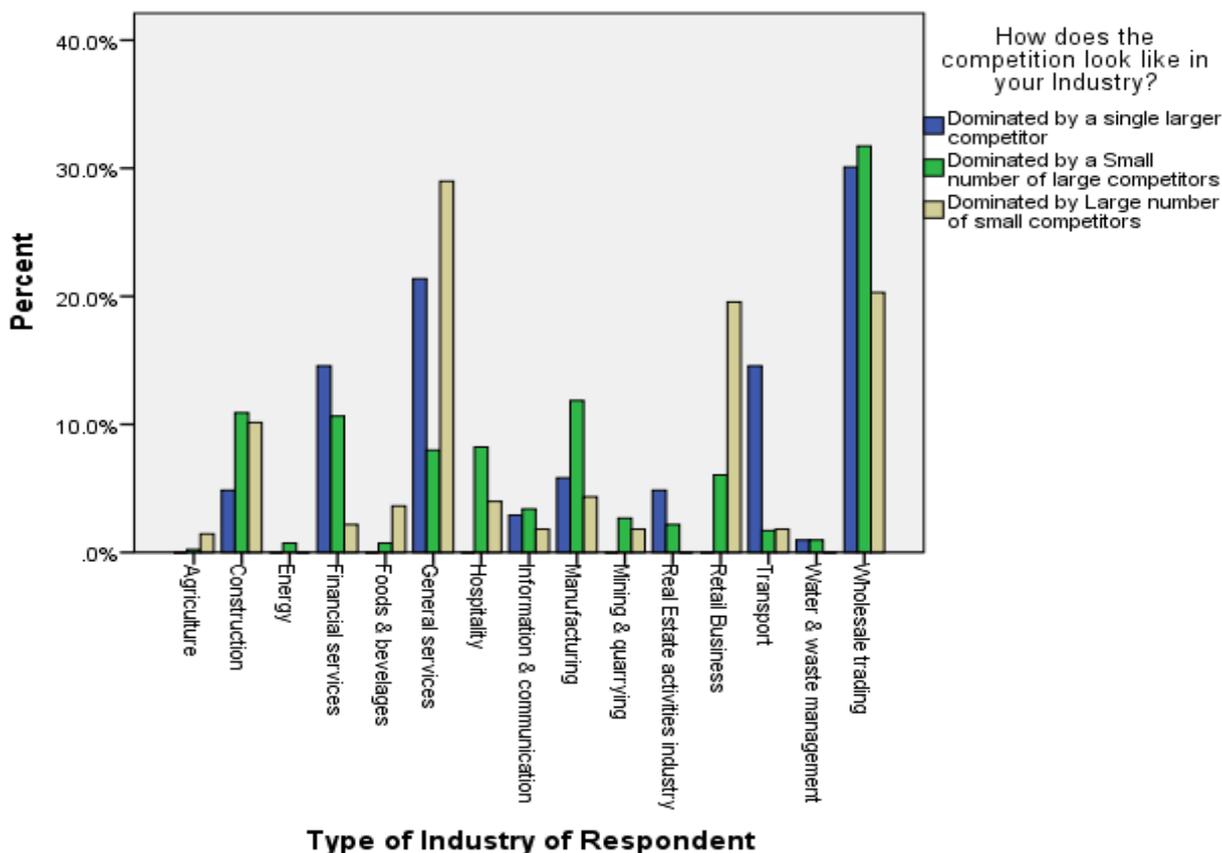
When analyzing a given industry, all of the aforementioned factors regarding buyer's power may not apply. But some, if not many, certainly will. And of the factors that do apply, some may indicate high buyer's power and some may indicate low buyer's power. The results will not always be straightforward. Therefore, it is necessary to consider the nuances of the analysis and the particular circumstances of the given firm and industry when using these data. Buyer Power is High/Strong if:

- Buyers are more concentrated than sellers
- Buyer switching costs are low
- The threat of backward integration is high
- The buyer is price sensitive
- The buyer is well-educated regarding the product
- Undifferentiated product
- Buyer purchases a product in high volume
- Substitutes are available
- Buyer purchases comprise large portion of seller sales

Buyer power through Monopsony and concentration

The case of Monopsony power is the market structure where there a single buyer and dispersed small suppliers. According to responses from surveyed industries (Figure 4), there is no business sector where we have only and only one single buyer. However, attention need be put on particular sectors where respondents confirmed that the structure is characterized by dominance of single large competitor like wholesale, construction, and hospitality sectors.

Figure 4: Perception of Buyer power analysis based on market structure

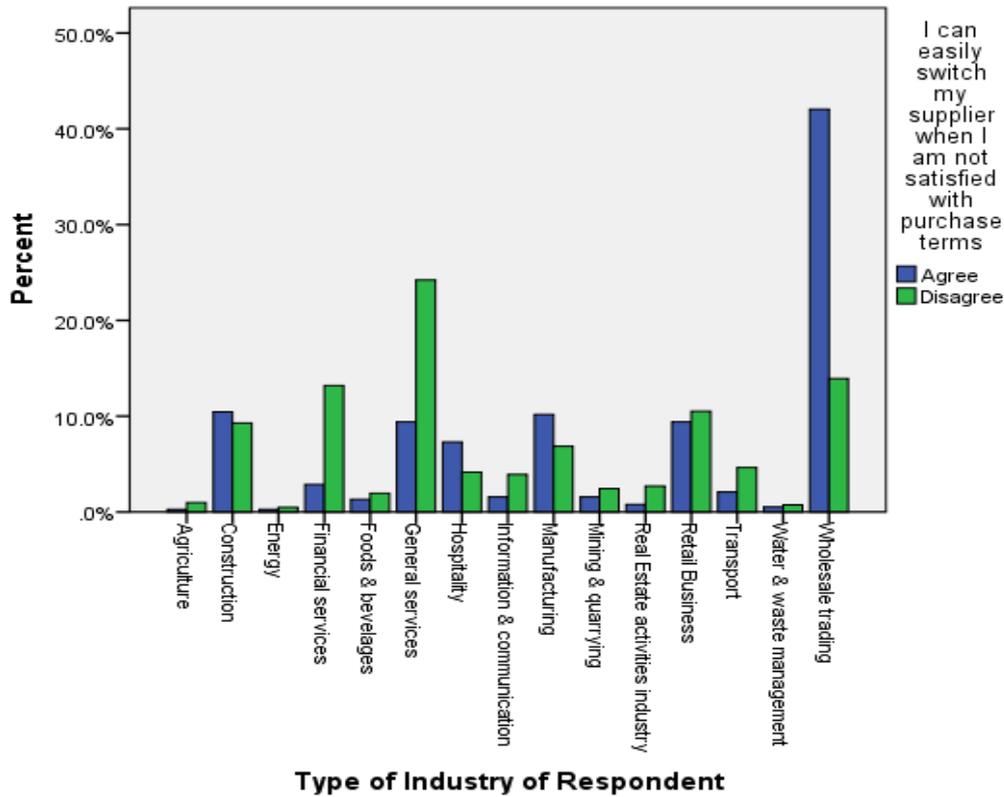


The mostly exposed sector is Wholesale where a small number of economic actors purchase their products from external markets sell them to different retailers across the country. We cannot conclude whether these traders in the sector have buyer power at international level owing to the economic size of Rwandan Economy but the capital and knowledge required for international trading create to them source of power over. These dominant competitors may abuse the power by threatening suppliers of the inputs since they are dominant buyers. The same attention needs to be put on other most exposed sectors such as Construction, Manufacturing and Hospitality. The financial sector does not cause concerns since it is are heavily regulated which does not expose it to be prone to market power abuse.

Buyer power analysis through ease of switching suppliers

As indicated by Michael Porter, Buyers have power when they can easily switch suppliers. The analysis of buyer power in accordance with the ease of switching suppliers of their major inputs or products is indicated in the Figure 5.

Figure 5: Buyer power analysis through ease of switching suppliers

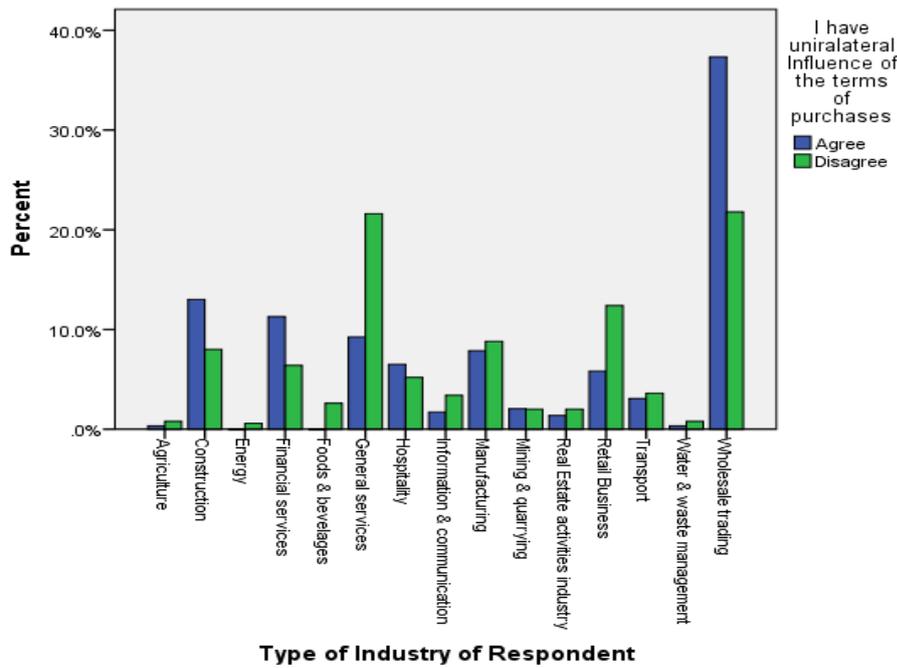


According to figure 5 attention is to be given to particular industries or sectors such as Wholesale, Construction, Manufacturing sectors and Hospitalities where the ease of switching suppliers is particular high. Actually, those some of the actors in those sectors sources their purchases from small and disparate suppliers what provide buyer’s power over those suppliers.

Analysis of buyer power through unilateral agreement with suppliers

Beside the existence of buyer power through market structure, business agreements between suppliers may also result in buyer power. In business contracts, unilateral agreements only involve one person making a promise or agreeing to a specific thing. In a unilateral contract, the offer is made generally to a group of people or a specific person. Unilateral agreements between one buyer and many suppliers result in buyer power. Unilateral agreements are heightened in the Wholesale sectors where these powerful buyers have the market power to negotiate lower prices and discounts at the detriment of suppliers. The Sectors to monitor are the Wholesale, Financial, Construction, Manufacturing and Hospitality sectors as indicated in Figure 6.

Figure 6: Analysis of buyer power through unilateral agreement with suppliers



9. CONCEPT OF PRODUCT OF AFFORDABILITY AND ITS MEASUREMENT

The definition of what constitutes an “affordable” price is thus a normative one that, according to some, lacks an economic foundation. A commodity is obviously unaffordable if it costs more than what is in the full (potential) budget, but such a definition is overly restrictive.

According to MacLennan & Williams, affordability has to do with securing a standard of living (e.g. housing, education or transport) at a price that “does not impose, in the eyes of a third party (usually government), an unreasonable burden on household incomes”.⁶ To operationalize the concept of affordability, one, therefore, needs: (i) information on household incomes; (ii) knowledge of the price of the commodity in question, and (iii) a definition of “unreasonable burden”. This highlights two problems related to measuring unaffordability.

From an operational perspective, the affordability of products is measured by the affordability index. The affordability index typically compares the price of a good or the general cost of living in a region to that of other regions or to some baseline measure of personal income. The resulting number may be presented as a raw ratio or normalized to a given index number. Affordability indexes can give an idea of the standard of living or attractiveness of a given region or area.

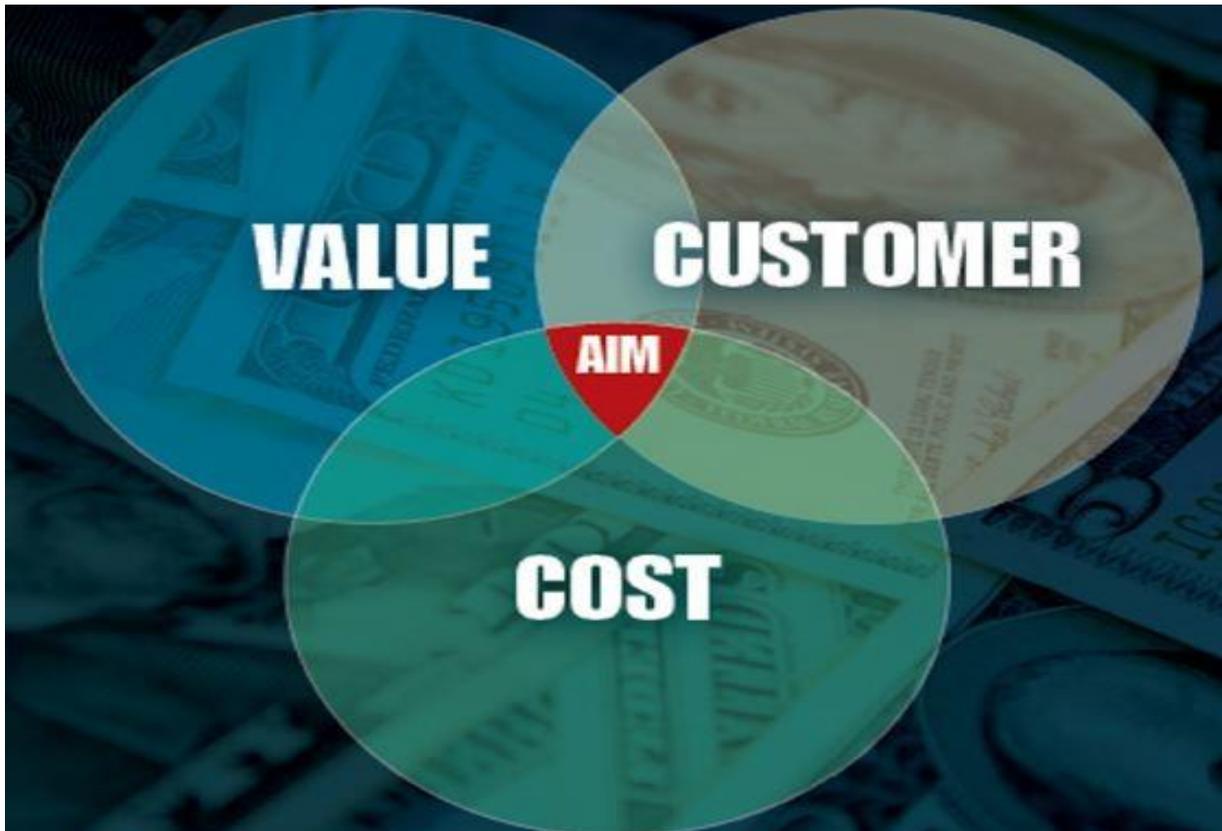
Two approaches are generally used to estimate affordability. One relies on the ratio of expenditures to total household resources, whereas the second focuses on the residual income after an expenditure. Under the first approach, the payment for a commodity is deemed “catastrophic” (unaffordable) when it exceeds a certain proportion of a household’s resources. The idea is that if a household spends a large fraction of its available budget on a specific item, it will have to reduce its consumption of other goods and services. The affordability threshold is subjective. Studies of this approach, which have focused primarily on the affordability of transportation, education, health care and utilities such as energy and water, define the affordability of a commodity in terms of the share of available resources that it consumes. Since spending even a small share of the budget can have catastrophic consequences for very poor individuals, it makes sense to define affordability in terms of the share of the budget that is left

after spending on basic necessities (usually food). The latter has been referred to as “nondiscretionary expenditure” or “capacity to pay”.

The second or “impoverishment” method considers the absolute quantity of available resources before and after payment for a commodity. If the household is initially above the poverty line but drops below it after paying for the commodity, it can be said to have been “impoverished” by the payment. This approach has been commonly used to study housing affordability and has also been applied to health care. This method is clearly more specifically focused on the poor within society, as the closer you are to the poverty line, the more likely it is that certain expenditures will push you below it.

Features of Affordability of Products and services

Figure 7:



This is the model of affordability. The three primary components of affordability are value, customer, and cost. When aligned, these factors designate and illustrate a balance of the aspects that achieve affordability.

Value, customer, and cost, when detailed and defined, provide focal points for every organization to center on and emphasize for success. Each component can be summarized as follows:

Value

Value is defined as “what you provide that the customer requires, wants, and needs, and is willing to pay for.” Value is the importance of the economic entity, what has worth for the customer, what is useful, what is needed, what is wanted, and what is required of a product or a service from the customers’ perspective.

Customer

Customer is defined by those who purchase, those capable of purchasing, those recipients of the entity’s work, and those targeted for purchasing the product or service being offered. The customer, or

individuals within the targeted market, is the aggregate of buyers or purchasers or recipients of the product or service being offered.

Cost

- Customer cost is defined as the customer’s actual overall cost of a product or service, or total operating cost including the purchase price, maintenance fees, associated costs, and any other affiliated costs related to that product or service.

Measurement of affordability on Rwandan Market

It is obvious that measurement of product affordability requires individual level socio-economic data which are not readily available for proper analysis of product affordability on Rwanda Market. As an alternative measurement, we used firm level information collected through survey which assessed the place of customer in the process of setting pricing policy and determination of prices of products and services. Figure 7 and 8

Figure 7: Factors that influence pricing policies in Rwanda

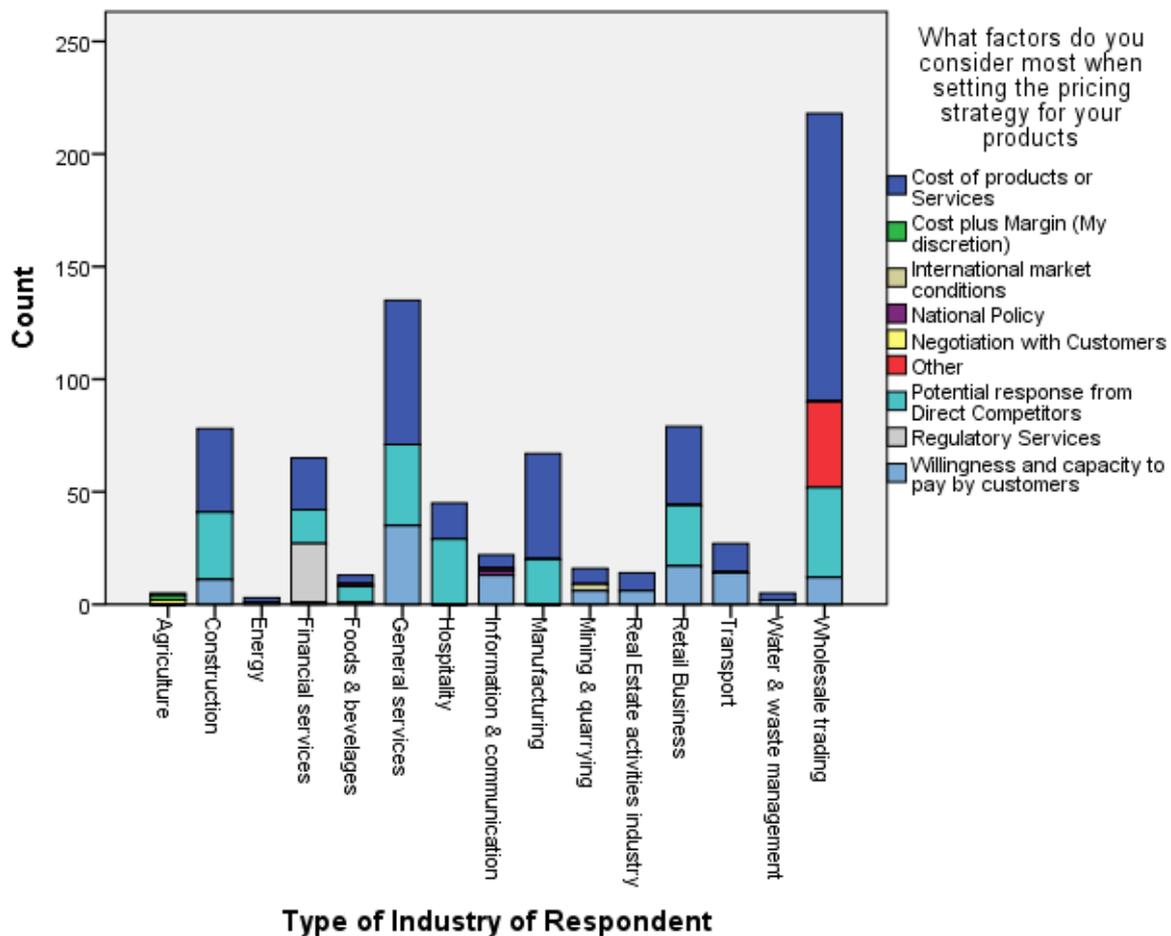
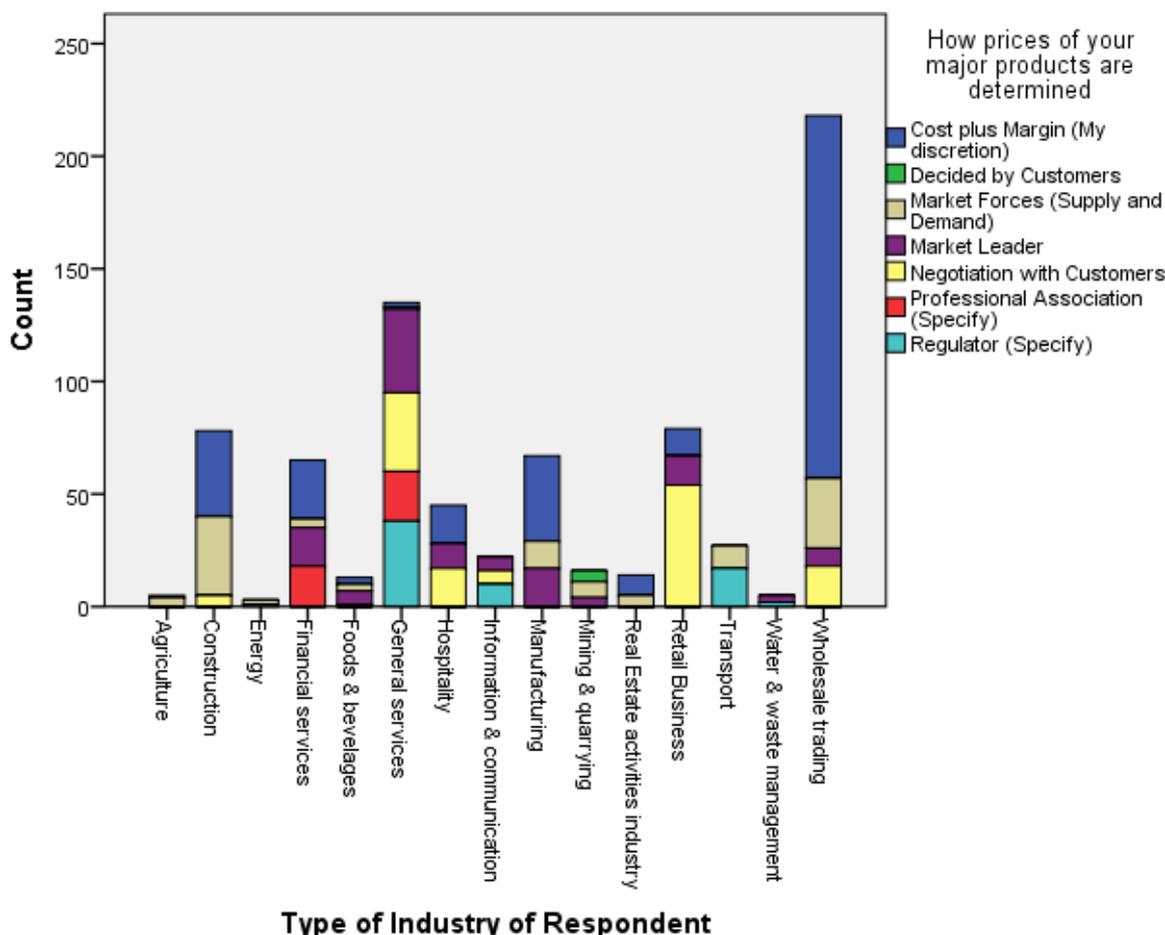


Figure 8: Factors that determine the actual prices in Rwanda



According to theories they are major three factors that are considered when setting the pricing policies by most suppliers. These are Cost, Customer and Competitors. Surprisingly, as indicated in the survey, customers are least considered during establishment of pricing policies. Only, does the construction sector consider the willingness and capacity to pay of consumers during the set-up of pricing policies. When it comes to price determination or fixing, few sectors negotiate with they customers General services, Retailers and Hospitality. However, even those this negotiation results in shift in market power from supplier to consumers, it may also result in unfair practices and price discrimination is prohibited.

10. CONCEPT OF PRODUCT SUBSTITUTABILITY AND ITS SIGNIFICANCE

What are Substitute Products?

Substitute products offer consumers choices when making purchase decisions by providing equally good alternatives, thus increasing utility. However, from a seller’s perspective, substitute products create a rivalry. As a result, businesses may incur high marketing and promotional costs when competing for market share, which, in turn, reduces operating profits. Some companies are even put out of business due to substitute products significantly outperforming their own offerings.

Every business faces some form of competition, even monopoly industries. Most of the competition comes from substitute products. A substitute product is one that serves the same purpose as another

product in the market. Getting more of one commodity allows a consumer to demand less of the other product.

The demand for substitute products shows a negative correlation. That is, consumption of one product reduces or replaces the need for the other. For example, if you are moving from point A to B, you can only use a car, bicycle, or another mode of transportation. However, the demand and pricing of substitute products exhibit a positive correlation. This means if the price of one product increases, the demand for the other increases.

Impact of Substitute Products

A product with several substitutes is hard to price

Since every producer of the substitute product is trying to sell more, the only things they can rely on are branding and pricing. Thus, the prices of products with many substitutes are highly volatile. In a market where there are fewer substitute products, there is a higher probability of earning greater profits.

Customers are given a wide variety of products to choose from

The availability of more products can lead to a higher utility. No one single product can satisfy all consumers of a particular type. Therefore, the greater the number of substitutes, the higher the probability of every consumer getting what is right for them.

High competition

The greater the number of substitute products in the market, the more rivalry exists in the industry.

Low-quality products

In a bid to be the lowest seller in the market, companies try to use the least amount of resources in their manufacturing process to reduce costs. However, this works against the welfare of the consumer, as it sometimes leads to the production of low-quality products.

Factors that Increase the Risk of Substitute Products

Low switching cost

Switching cost is the loss or the extra cost you incur from leaving the option you were using for another. For example, if you have been taking notes with a pen but now you want to take them using a video recording device, the switching cost here is high since you will have to buy the video recording device. As a result, you are likely to stick with a notebook and a pen. On the same note, you can switch from one pen to the other easily since the switching costs are low.

Price of the product

If a product is priced comparatively, for example in the case of writing pens, there is a higher risk of consumers switching from using one pen to the other unless they are loyal to the particular brand they have been using.

Quality of the products

If substitute products are highly differentiated and are of high quality, a consumer is likely to switch to a product that offers better quality. For example, users of aesthetic products like skin lightening creams are very sensitive to quality. They will discontinue using a product once they realize there is a higher quality substitute in the market.

Product performance

If two substitute products perform differently when subjected to various conditions, the customer will choose the option that is most beneficial for the particular prevailing condition. For example, in the transport sector, while traveling for shorter distances, most people prefer small vehicles.

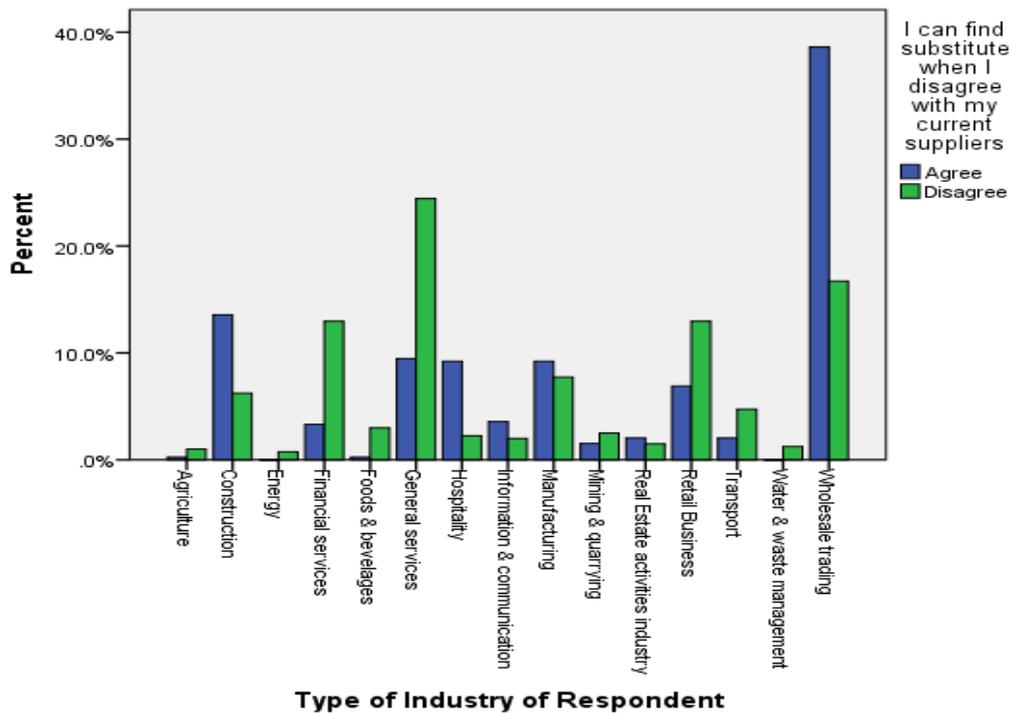
On the other hand, while traveling for long distances, commuters may prefer big buses and trains. Many factors may contribute to the preference, but it is mostly due to comfort.

Availability of the substitute product

If substitute products are readily available in all corners of the market, there is a likelihood of consumers switching more often.

Analysis of Availability of substitutes on Local Market

Figure 9: Availability of substitute on local Market



Though analysed from supplier side, it is observed that availability of substitute is a cause of concern for all sectors in Rwanda. Only wholesalers can easily find substitute because they have access to larger international markets such as China. This makes our market exposed to higher prices and fewer options for customers.

11. ANALYSIS OF LEGAL AND INSTITUTIONAL FRAMEWORK OF BUYER POWER IN THE RWANDA

Introduction

The concept of buyer power is both legal and economic term that has been swiftly evolved and gained momentum among competition authorities, specific sector regulators and scholarly world over the last few decades. The concept evolution is underpinned by rapidly advancing technology and eased access to information by both buyers and sellers, diversified markets (both physical and e-commerce platforms), emergence of social media, drive toward buyer empowerment and the changing legal and institutional architecture in line with emerging ant-trust practices including abuse of buyer power that attracted a number legislations in the field.

The concept of buyer power under Rwanda legal framework

With the reforms started in the aftermath of the 1994 Genocide against the Tutsi, the Government of Rwanda adopted several reforms aimed at improving its legal and institutional landscape, the reforms led to enacting of several policies and law including the current competition and consumer protection policy 2010, a policy that was developed with an aim of transforming Rwanda's economy to private sector. The policy was formulated with the aim of contributing to wider government Economic Development and Poverty Reduction Strategy (EDPRS) of strengthening the policy, institutional and legal framework under which the private sector operates. The policy provides a wider vision of incorporating the interest of consumers, emerging entrepreneurs and existing firms, through the promotion of free and active competition in Rwanda markets; protecting the ability of cooperation to penetrate international markets as well as to allow foreign investors to do business in Rwanda.

In line with policy, the government enacted law N° 35/91 on 5th August 1991 governing the organization of internal trade modified and supplemented by law N°15/2001 of 28/01/2001 (N° 3 of 1/2/2001) which partially deals with competition and consumer protection issues. Article 2 of the law acknowledges all level of business from supply to retail and also goes to stipulate that the pricing of goods and services shall be regulated by the free market competition. article 8 of the law explicitly prohibits abuse of market power, buyer power and engaging in any activities that may led to monopoly or monopsony market. Though the law is still in force, most of its provisions were moved to other new laws including the company, intellectual property and current competition and consumer protection law which prohibits some anti-competitive practices including abuse of buyer power. However, the internal trade law has appeared to be inadequate and full of gaps as it did not provide for key competition and consumer protection concerns such as merger and acquisition regime, abuse of dominance position, cartels, market sharing and fundamental consumer rights.

In the same spirit, several other policies, for instance, the intellectual property law 2009 (under amendment) company law 2009 as amended in 2021 were also adopted to ensure a healthy business environment. However, a need for a specific framework for competition and consumer protection remained evident. This was amplified when country joined the EAC on 7th July 2007 and the accession to the East African Community Competition Act, 2006 and COMESA Competition Regulations which obliged partner states to establish a clear legal and institutional framework to support the implementation of the obligations provided for under the act.

As such, a specific law (law n° 36/2012 of 21/09/2012 relating to competition and consumer protection) was enacted. The law aims at encouraging competition in the economy by prohibiting practices that undermine the normal and fair course of competition practices in commercial matters.

Article 6 of the law prohibits any form of agreements, decisions and concerted practices which have as their object the undermining, prevention, restrictions or distortion of competition. Article 7 also prohibits agreements, whether written, nonwritten or any other form of agreement designed to fix prices, hinder or prevent the sale, supply or purchase of goods or services between persons, or restrict the terms and conditions of sale or supply or purchase between persons engaged in the sale of purchased goods or services. Specifically, para 9 explicitly prohibits practices such as concerted refusals to supply goods or services to any potential consumer or not to purchase goods or services from a potential supplier.

In summation of the above, it is important to note that the current legal does not explicitly provide for abuse of buyer power with clear guidelines or grounds for determination of abuse of power. Articles 6, 7, 8 and 11 provision of the law can be broadly interpreted and relate them to the concept of buyer power but that is not the spirit of drafter. Accordingly, it is imperative to consider inclusion of provisions explicitly providing for buyer power framework and enabling provision to adopt buyer power guidelines.

Institutional landscape for Buyer Power

The competition and consumer protection policy bold lines are the enactment of a clear legal framework as well as options for institutional architecture. It is that vein that the law n° 36/2012 of 21/09/2012 relating to competition and consumer protection was enacted. As the policy recommended, article 5 of the above-mentioned law provided for the establishment of a dedicated agency to administer competition and consumer protection matters. As such, the law N° 31/2017 of 25/07/2017 establishing Rwanda Inspectorate, Competition and Consumer Protection Authority (RICA) and determining its mission, organization and functioning was enacted. RICA's establishment was also in line with the broad policy ambitions and responding to several regulatory obligations under the East African Community Competition Act, 2006 as amended and the COMESA Competition Regulations. RICA has abroad mandate covering (i) quality inspections, (ii) Competition, and (iii) Consumer protection. The organization is perceived as implementor and overseer of the implementation of the competition and consumer protection policy ambitions as well as the law n° 36/2012 of 21/09/2012 relating to competition and consumer protection.

Among key functions of RICA is to regulate market operations by ensuring that the playing field is levelled as well as protecting and promoting consumer's interests. Therefore, abuse of buyer power and other activities associated to buyer fall under RICA's mandate as provided for under the article 6 paragraph, 9, 12, and 13 of the law N° 31/2017 of 25/07/2017 that gives RICA a mandate to advise government on matters related to completion and consumer protection, to prevent and inspect practices that undermine, repel or prohibit competition and to inspect the operation of markets and provision of products and services to consumers respectively".

Furthermore, the article 4 (para 4 and 5) of law N°09/2013 OF 01/03/2013 establishing RURA, implicitly mandates the institution with competition and consumer protection role aspect as stipulated that "RURA protect users and operator's interests by taking measures likely to guarantee effective, sound and fair competition in the regulated sectors within the framework of applicable laws and regulations; and to protect and promote consumer's interests. Though the law establishing the authority does not prohibit abuse of buyer power, establishing an effective, sound and fair competition in the regulated sectors implies that abuse of buyer power is prohibited in public utilities regulated by RURA,

In addition to that, article 6 of law n°48/2017 OF 23/09/2017 governing the National Bank of Rwanda (BNR) provide the institution with competition and consumer protection mandate as specified "BNR will adopt policies to safeguard the rights and interests of customers, depositors and creditors of financial institutions, having regard to the need for financial institutions to compete effectively in the market and take reasonable risks".

Overall, due to cross-cutting nature of competition and consumer protection responsibilities amongst various institutions particularly, regulated utilities and the close relationship between economic regulation and competition policy, several other government institutions were established and mandated to ensure competition and consumer protection in their respective regulated sectors. As RICA is the overall coordinator of the implementation of the policies related to competition and consumer protections, RURA and NBR also have mandates to promote competition and ensure consumers' interest in their respective regulated sectors.

Buyer Power in financial matters

Established by the law N° 48/2017 of 23/09/2017 governing the National Bank of Rwanda (article 6), the National Bank of Rwanda (NBR) is the supervisor and regulator of financial institutions in Rwanda. NBR is mandated to promote financial sector soundness and stability through the implementation of international principles and standards as reviewed from time to time by competent bodies such as the international monetary fund (IMF) and World Bank. The legal and regulatory framework is therefore designed to ensure that financial institutions adhere to prudential norms and robust protection of customers and the system in general.

Besides, article 6 of the law establishes NBR empowered with responsibilities to compete among operators as well as protect the interest of consumers, the article reads that NBR “will adopt policies to safeguard the rights and interests of customers, depositors, and creditors of financial institutions, having regard to the need for financial institutions to compete effectively in the market and take reasonable risks”. Specifically, law No 017/2021 of 03/03/2021 relating to financial service consumer protection was adopted and explicitly gives NBR a mandate to protect consumers of financial services including those receiving consumer complaints in financial matters.

Buyer Power in public utilities

Additionally, through law N° 09/2013 of 01/03/2013 establishing Rwanda Utilities Regulatory Authority (RURA) in articles 4 and 5, RURA is mandated to ensure competition and promotion of consumer interests in public utilities including among others (i) transport (2) energy, (iii) water and sanitation (iv) ICT and (v) Radiation. RURA receives and handles matters related to competition and consumer protection including complaints. Overall, both RURA and NBR have a clear mandate to promote competition as well as safeguard consumer interests in the sectors they regulate.

Briefly, competition matters are being administered by three institutions namely, RICA, RURA and BNR where RICA is generally perceived as the overseer of the sector, whereas BNR and RURA do not consider competition as their main mandate while the Ministry of Trade and industry serves as policymaker as illustrated by the table below.

Legal and institutional Challenges for Buyer Power

The current and institution landscape for competition and consumer protection is comprehensive and supportive. Rwanda is among countries with competition and consumer protection (03) in EAC and 23 in Africa. As regards, Buyer Power, few countries like Kenya and South Africa have established a comprehensive framework on buyers by including relevant provision in the competition law and followed by the adoption of guidelines.

In Rwandan context, though there is a law on competition and consumer protection as well as a dedicated authority to enforce the law, the law does not provide for buyer power and there are not guidelines to guide the authority in determining abuse of the buyer power and likely impact. The same has been noted in regulated sectors including public utilities.

At least, the current competition and consumer protection policy 2012 and law 2012 are under amendment, it is therefore important to capture the concept from the policy, the law and enable adoption of relevant guidelines.

12. CONCLUSION AND RECOMMENDATION

Buyer power is one of the emerging market behaviour or practices that needs to be closely regulated by relevant authorities. Specific regulations need to be adopted in line with the sector structure and characteristics in order to strike a balance between both buyers and suppliers’ interests which in the end lead to market efficiency, innovation, productivity and providing consumers with wide variety of products and services a very competitive price.

ISSUE	RECOMMENDATION	RESPONSIBLE INSTITUTION
Lack of legal framework for buyer power in the competition and consumer protection	I. Consider including actionable policy recommendations on buyer power in the revised competition and consumer protection policy (under review)	MINOCOM/RICA

policy (2010) and law (2012)	II. Consider including buyer provisions in competition and consumer protection law (under review)	
Lack of guidelines of buyer power	Adopting general buyer power guidelines to assist in assessing the prevalence of buyer power in different sectors	RICA
Low level of awareness on buyer power	Carry out awareness campaign to inform the public the potentially harmful effects of buyer power;	RICA in collaboration relevant institutions in sectors
Presence of uncontrolled monopoly powers	Periodical Review of the performance of critical economic operators including information on the total share of purchases from the biggest clients to monitor the monopsony behavior of some buyers and henceforth the abuse of buyer power;	RICA-RURA-BNR in collaboration with other relevant institutions
Lack of information and data regarding the sectors	Carry out a deep analysis of buyer power in this sector through regular monitoring of profit margin of key indicators of potential buyer power and the existence of unnecessary economic rents	RICA
No prior research on the affordability of products and services in line with constant changes in prices	Conducting a deep analysis of the affordability of products and services	RICA

13. REFERENCES

1. Africa Union. (2016). Goals & Priority Areas of Agenda 2063. <https://au.int/agenda2063/goals>
2. Chen, Z. (2007), "Buyer Power: Economic Theory and Antitrust Policy", Zerbe, R.O. and Kirkwood, J.B. (Ed.) *Research in Law and Economics (Research in Law and Economics, Vol. 22)*, Emerald Group Publishing Limited, Bingley, pp. 17-40
3. Coase, R. H. (1970). The Theory of Public Utility Pricing and Its Application. *The Bell Journal of Economics and Management Science*, 1(1), 113–128. <https://doi.org/10.2307/3003025>
4. Coyle, B. (2000). *Mergers and acquisitions*. Global Professional Publishi.
5. EAC (2020). *Vision 2050*. East African Community
6. Hancock, K (2016). 'Can Pay? Won't Pay?' or Economic Principles of 'Affordability'. *Sage Journals*. Volume 30, Issue 1
7. Herrera Anchustegui, I. (2017), Buyer Power in EU Competition Law, Institut de droit de la concurrence.
8. Herrera Anchustegui, I. (2018), 'Buyer Power in Merger Control: An overview of EU and national case law', *Concurrences: e-Competitions*, pp. 1–16, accessed 11 January 2021 at: <https://www.concurrences.com/en/bulletin/special-power-in-mergers-en/buyerpower-in-merger-control-an-overview-of-eu-and-national-case-law-en>.
9. Herrera Anchustegui, I. and Gjendemsjø, R. (Special Issue Editors, 2019), Unfair Trading Practices in the Food Supply Chain, *Concurrences* N. 3 On-Topic, 5.
10. MINECOFIN. (2020). *Vision 2050*. Kigali-Rwanda. Ministry of Economic Planning and Finance.
11. OECD. (2008). *Monopsony and Buyer Power*. Competition law and Policy. Directorate for Financial and Enterprise Affairs Competition Committee
12. Official Gazette n° Special of 18/08/2017: Establishment of RICA
13. Porter, M.E. (2008.) 'The Five Competitive Forces That Shape Strategy,' Harvard Business Review [online].
14. Varun Gupta, Dmitry Ivanov, Tsan-Ming Choi. (2021). Competitive pricing of substitute products under supply disruption, *Omega*, Volume 101, 2021,102279, ISSN 0305-0483, <https://doi.org/10.1016/j.omega.2020.102279>.
15. World Bank. (2021). *Annual Report*. Washington DC.