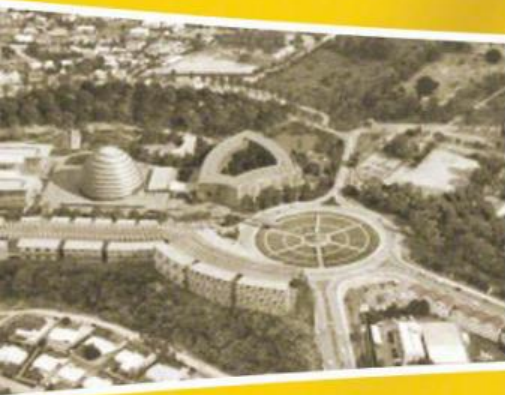




Socio-economic transformation for Rwanda' growth and sustainable development

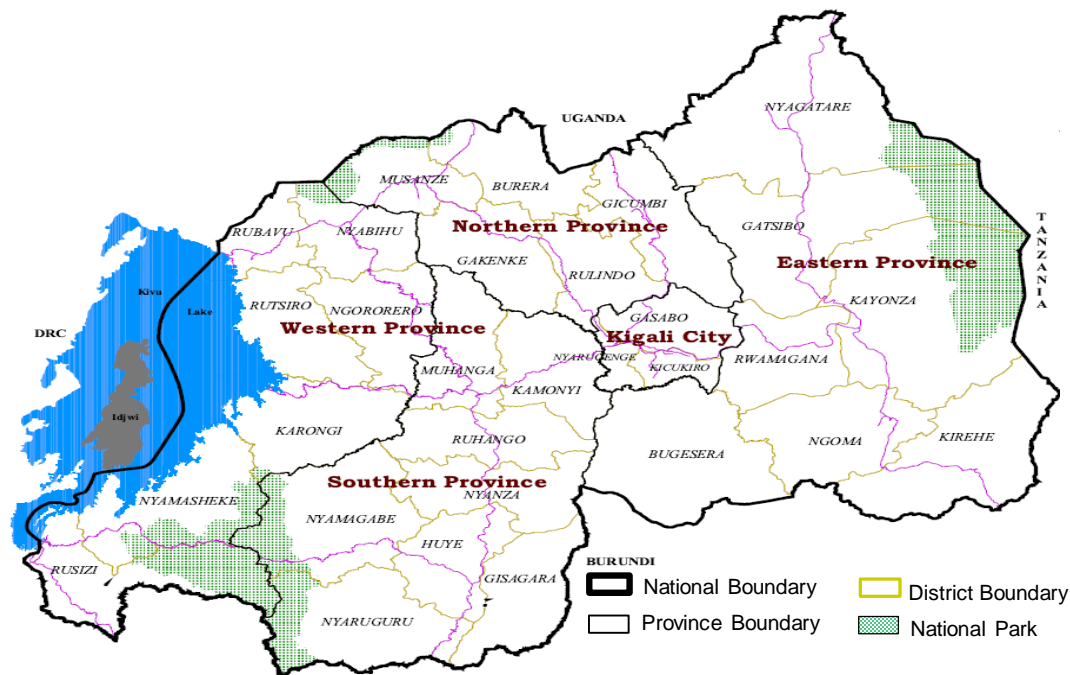


Female Working group on Socio-economic transformation

May 2021

Rwanda at a Glance

Rwanda in the heart of Africa



Key facts

Capital	Kigali
Population	12.4 million (2019) ¹
Nominal GDP	FRW 9,105 billion (2019, approx. US\$ 10.1 billion) ²
GDP Growth	9.4 % (2019) ³
Literacy Rate	73% ⁴
External Debt (% of GDP)	43.0% (End 2019) ⁵
Time to Start a Business	6 hours ⁶
Credit Rating	B+ (stable); B (Negative) ⁷
Currency	Rwandan Franc (948.25 FRW) = 1 US\$ (21 st August 2020) ⁸

1. National Institute of Statistics Rwanda (NISR)
2. NISR; NBR for exchange
3. NISR
4. NISR – EICV5 FY2016/17 (% of people ages 15 and above)
5. MINECOFIN (End June 2019)
6. World Bank Doing Business Report 2019
7. Fitch Ratings & Standard & Poor's August 2020
8. BNR



1994 Genocide Against Tutsi

- ❑ More than 1,000,000 million lives lost in the genocide against Tutsi;
- ❑ Stagnating economy shrank by 50% (average growth of 2.2% between 1985 and 1993);
- ❑ 64% of inflation;
- ❑ Poverty rate of 78% with rapid population growth rate of 3.4% (between 1985 – 1990);
- ❑ Entire socio-economic fabric destroyed and dilapidated infrastructure;
- ❑ Large number of displaced persons;
- ❑ More than 140,000 genocide suspects in prisons;
- ❑ Capacity gaps and inexistent institutional framework - 96% civil servants with no higher education qualification;

➔ Complete restart was required



PRSP 1 (2002 – 2006)

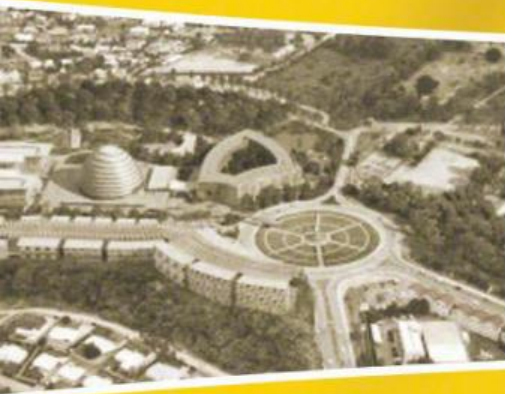
- Recovery from post conflict situation;
- Major gains in social sectors e.g. health and education;
- Poverty reduced by 3% points (60% to 57%).

EDPRS 1 (2008 – 2012)

- Preparation for take off;
- High poverty reduction (12% points);
- Reduced inequality;
- High growth (average 8.2%);
- Strong contribution to achievement of MDGs.

EDPRS 2 (2013 – 2018)

- Rapid growth 11.5%;
- Fast poverty reduction (15% points) to less than 30%;
- Closing trade balance with rapid growth of exports (28%);
- Increased private sector investment.



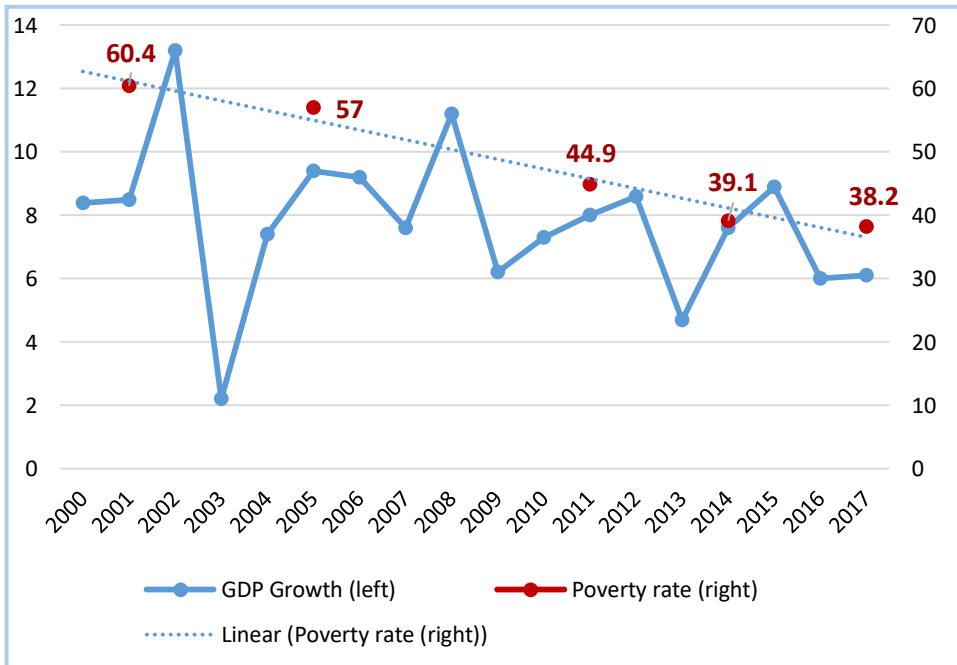
1. Key Achievements over the last two decades

Rwanda's Development Hat Trick

Rwanda's development hat trick over last two decades

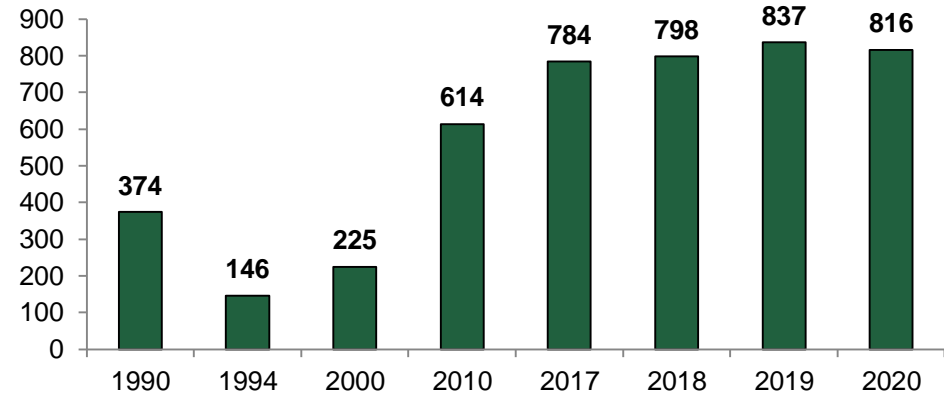
- Rapid economic growth and macroeconomic stability: resilient to shocks;
- Important poverty reduction;
- Reduced inequality and increased access to services: health, education, financial inclusion;

Sustained economic growth has lifted more than 1 million people out of poverty

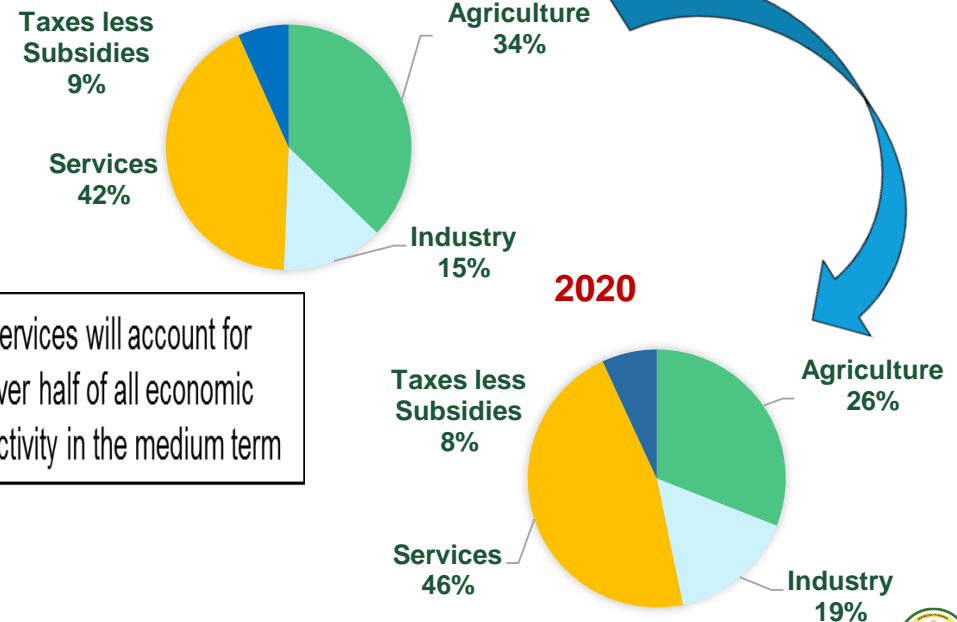


GDP Per Capita (US\$)

GDP per capita in USD



Economic Transformation 2005

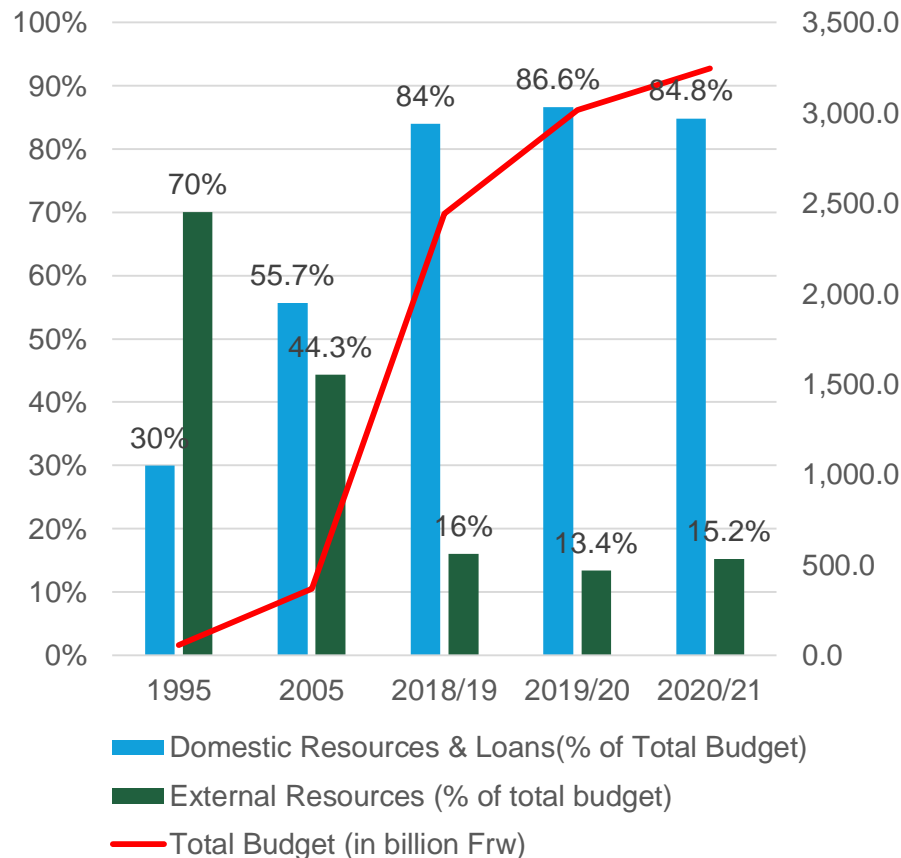


Services will account for over half of all economic activity in the medium term



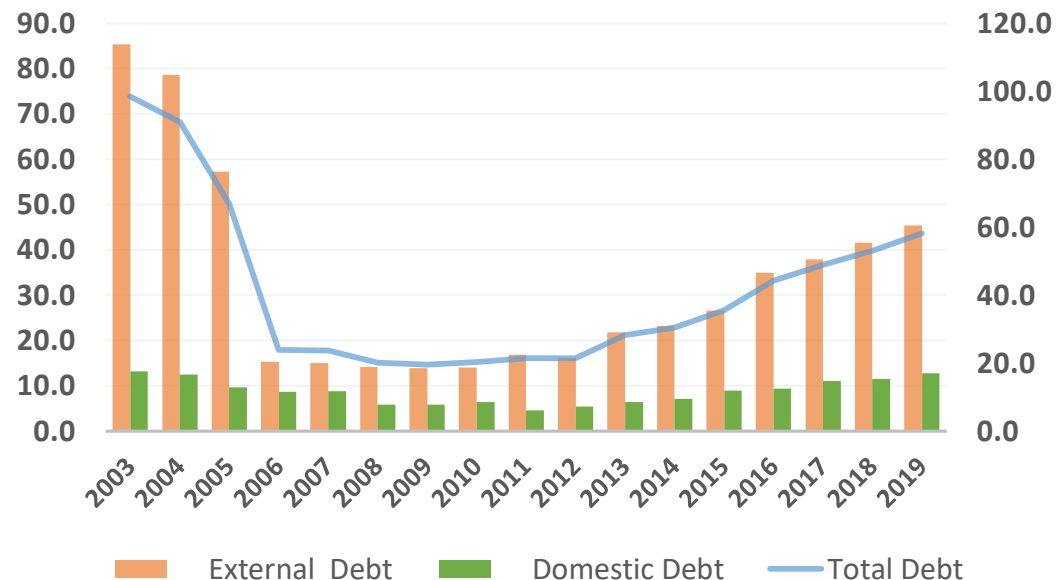
Self-financing and Financing of our Development

National budget - Sources of Financing



Increasing proportion of the budget financed from domestic resources and loans as opposed to grants.

Total Public Debt (in % of GDP)



With prudent borrowing for investment, sustainable debt levels have been maintained since Rwanda accessed debt relief from IMF/WB and other creditors in 2006;

At end 2019, **Rwanda's total PPG debt was at US\$ 5.28 billion, representing 58.1% of GDP, of which:**

- **45.4% of GDP is external debt** and mostly concessional at 82.3% of total external debt;
- **12.7% of GDP is domestic debt.**



Social Progress

Social progress has been possible due to good governance

Kigali representative of this progress:

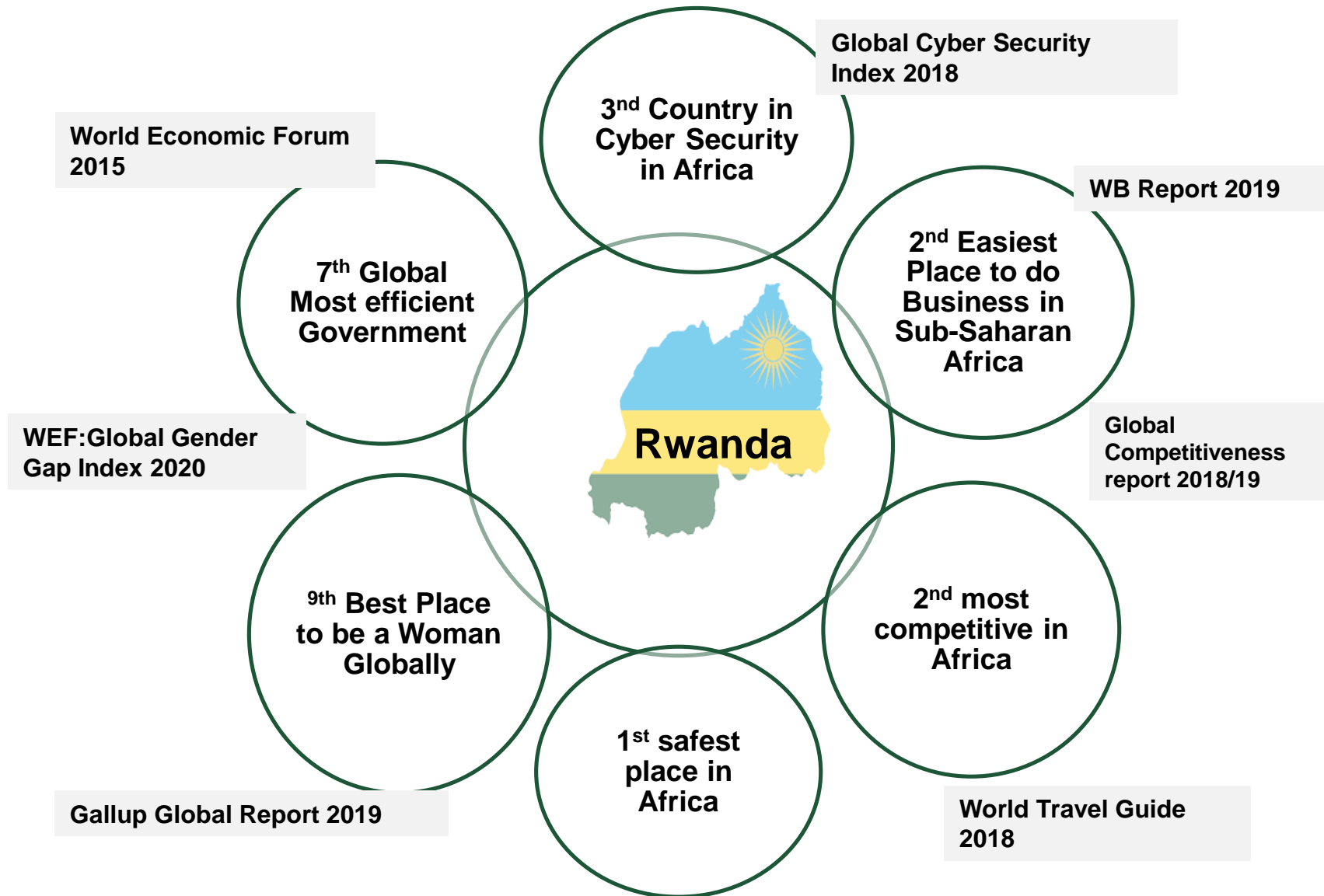
- ❑ Clean and green city, with the lowest crime of any capital city in the region;
- ❑ Winner of UN Habitat Award (2008) the highest award for an urban area;
- ❑ Safe for women to walk alone (2nd Globally – Gallup report).

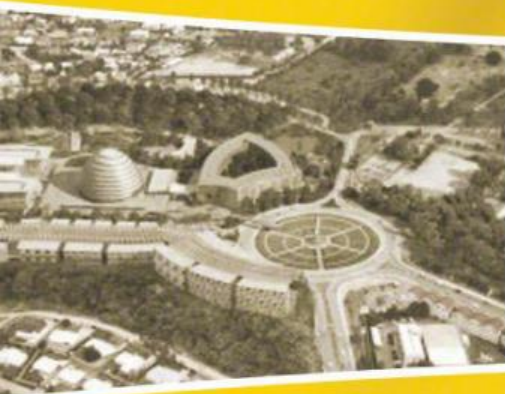
Social progress has accompanied economic progress

- ❑ Under 5 mortality per 1,000 : 50 (MDG Target:50.1)
- ❑ Maternity Mortality per 100,000 : 210 (MDG target: 268)
- ❑ Life expectancy : from 49 years in 2000 to 66 years by 2017;
- ❑ Literacy rates (aged 15 to 24) : from 48% in 2000 to 86.5% in 2017;
- ❑ Financial inclusion : from 48% in 2008 to 89% in 2016;
- ❑ Mobile phones owners : from 6% in 2006 to 79.2% in 2016;
- ❑ Pupils – qualified teacher ratio in Secondary : 28-1 in 2016;
- ❑ Access to improved sanitation facilities (% of population): 87.3% in 2017;
- ❑ Access to clean water (% of population) :88.5% in 2016;
- ❑ A hub for rapidly integrating East Africa : located centrally bordering 3 countries in East Africa, part of EAC Common Market and Customers Union with market potential of over 125 million people
- ❑ Market of over 12 million people with a rapidly growing middle class.



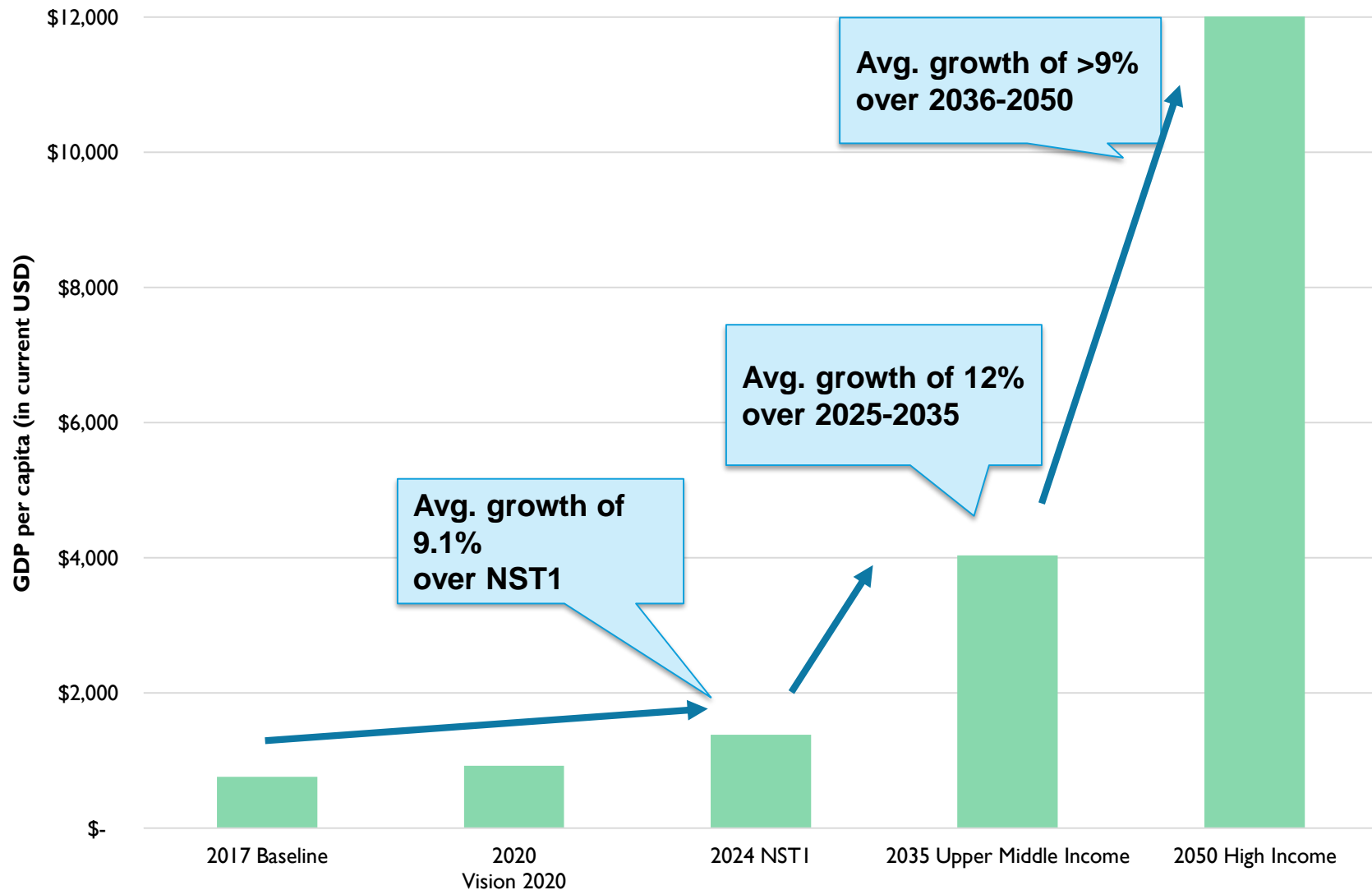
Rwanda on International Scene





2. The Vision

Vision 2050 Ambitions and Growth Requirements

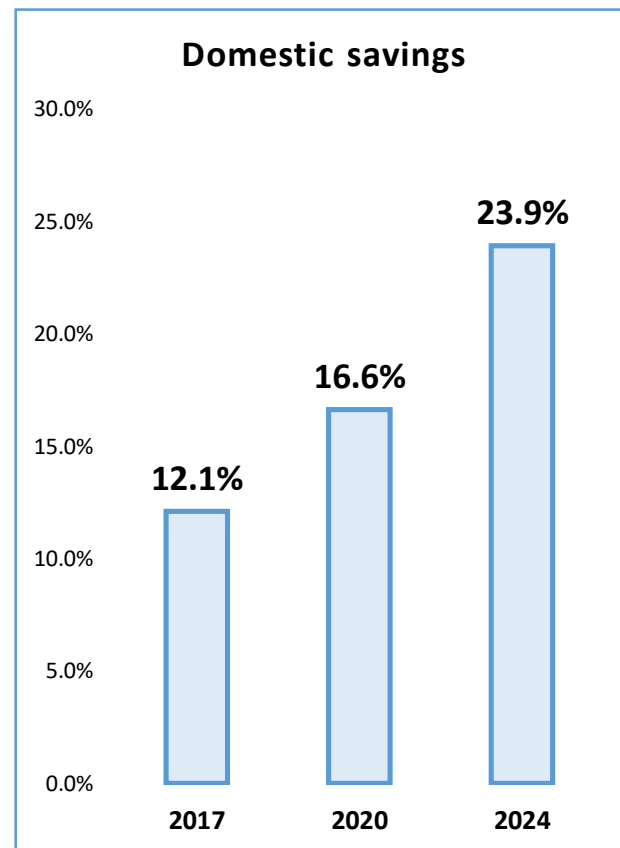
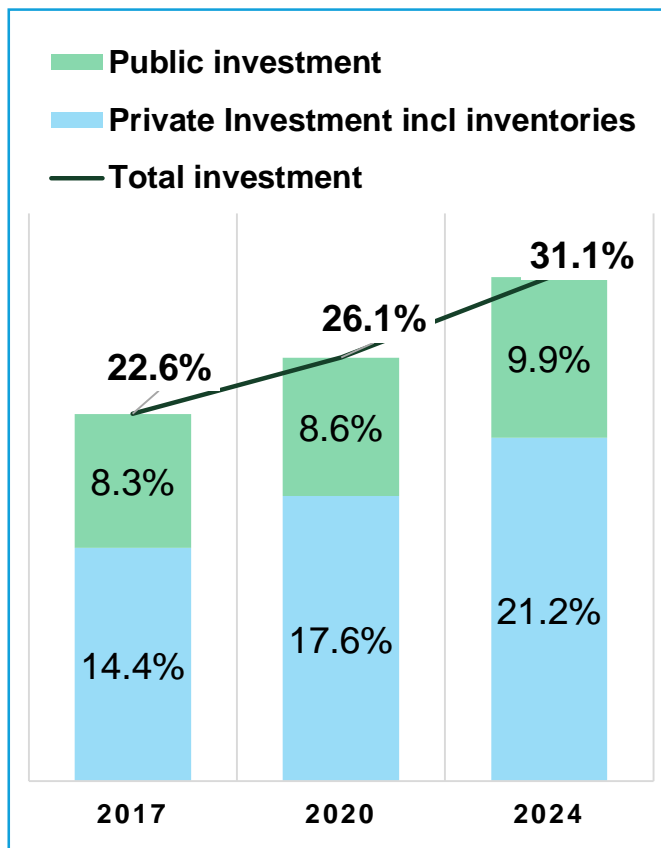
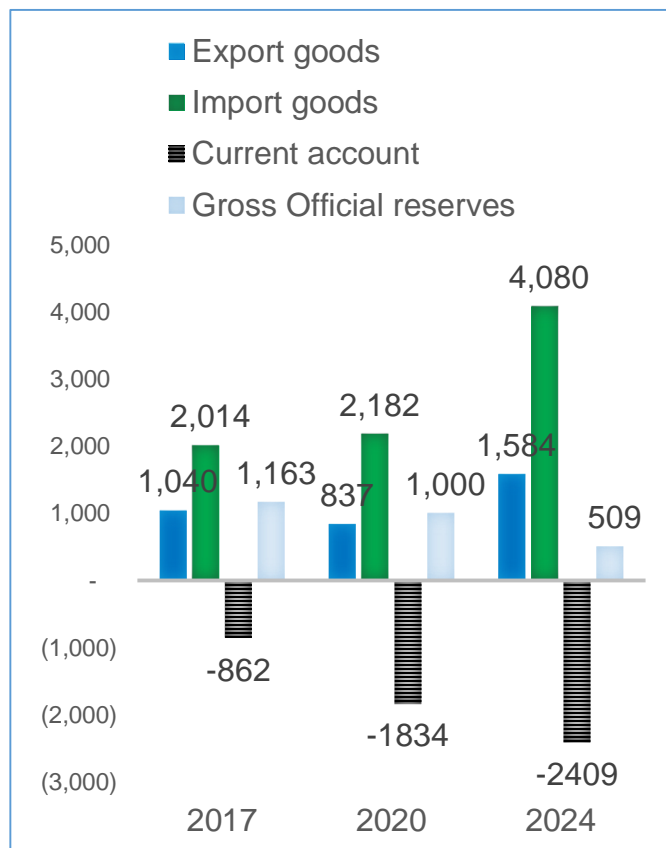




1- Working Towards Building the Production Capacity of the Economy

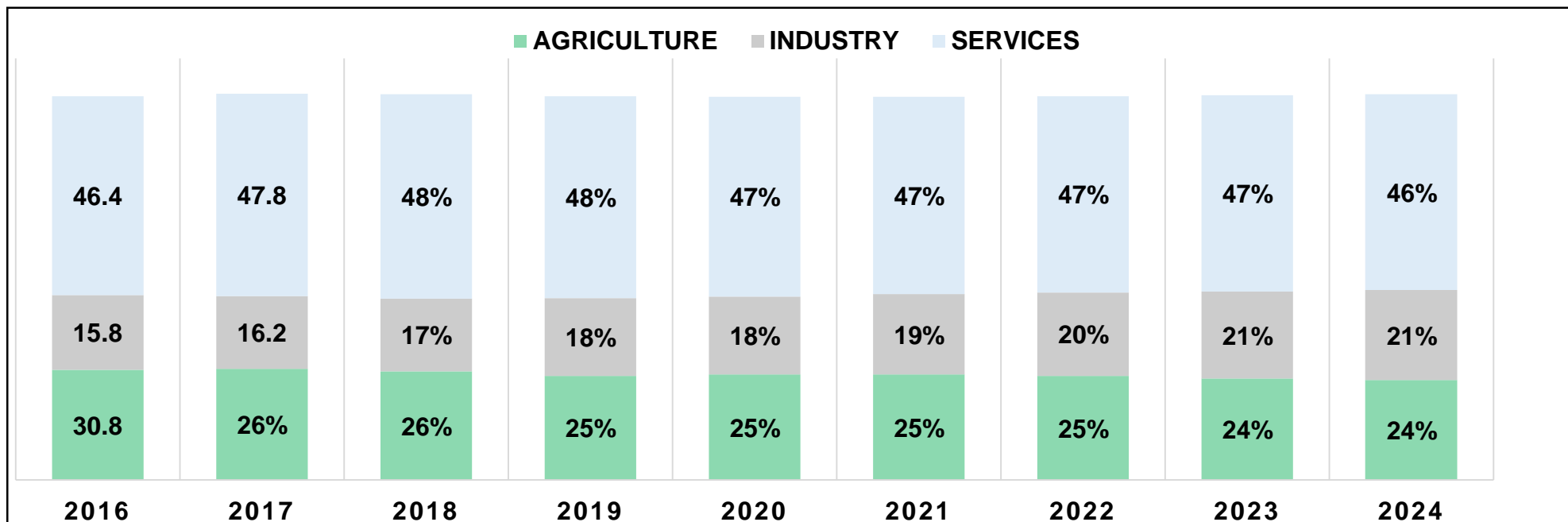
Needs to orient the economy towards:

- **Higher Value added activities** → Growth in labor inputs, improvement in education, Technology/Innovation
- **More production of tradeable** → efforts in boosting private investment - savings – capital inflows), scale, strengthened regional and global trade linkages etc.





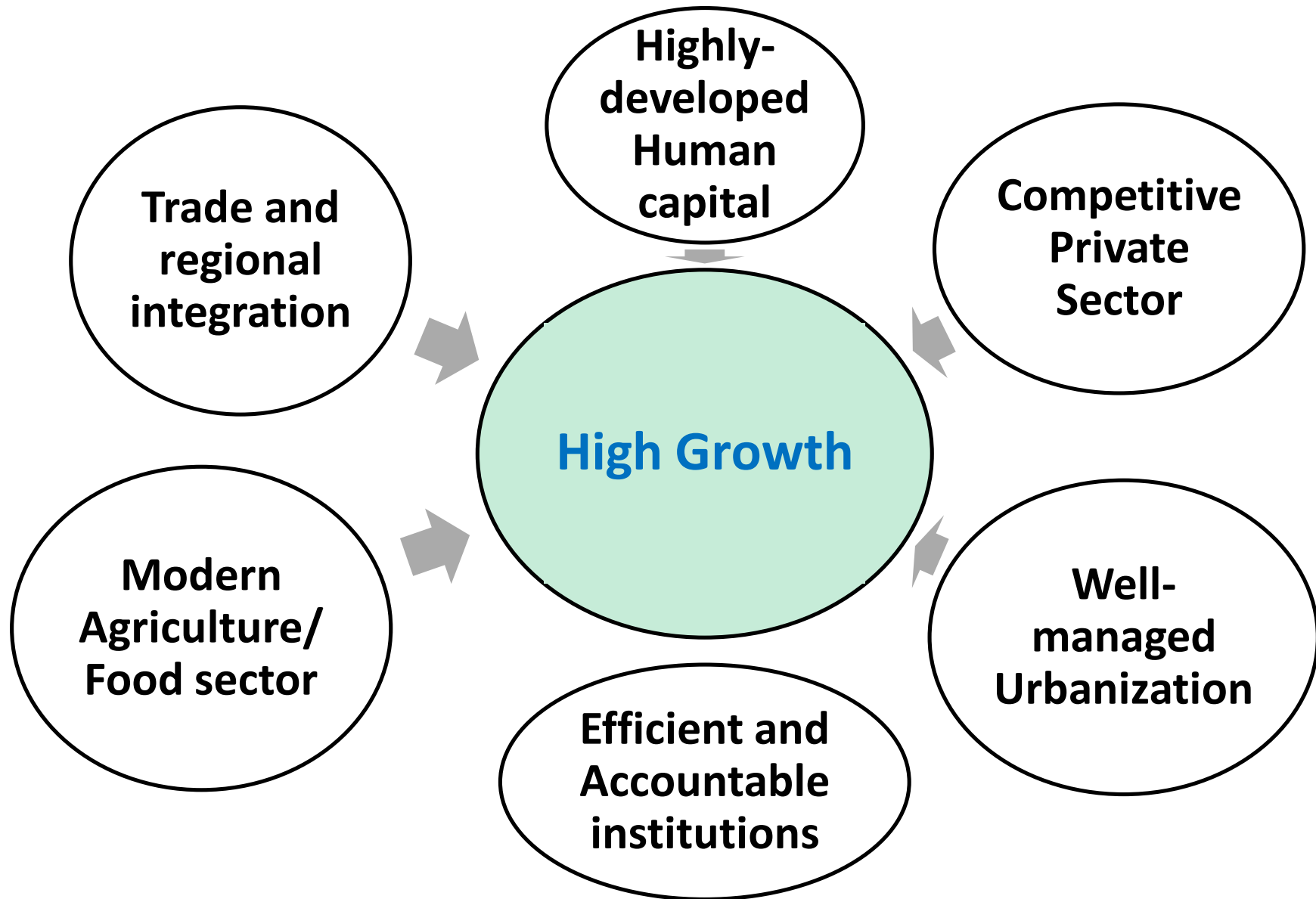
Structural Transformation Expected:



- **Drivers:** The **services** (exports of services - tourism, MICE) and **Industry sector** (large improvement in mining production, infrastructure, industrial parks operational → boosting exports) **accompanied by robust performance in the agriculture sector** (gains in land and agricultural efficiency → labor movement towards higher value sectors).



Key Prerequisites and drivers for future Growth in Rwanda



Key Objectives/Targets of NST 1

Economic Transformation

- ❑ Create 1,500,000 jobs (over 214,000 annually)
- ❑ Grow exports (“Made in Rwanda”) by 17% annually and develop local industries
- ❑ Double tourism revenues to USD 800 million by 2024 from USD 404 million in 2016
- ❑ Ensure digital literacy for all youth (16 to 30 years) and 60% of adults by 2024
- ❑ Increase long term savings and 100% financial inclusion (from 89% in 2017)
- ❑ Double agriculture productivity on key crops (range from 30 to 100%)
- ❑ Increase irrigation from 48,508 ha (2017) to 102,284 ha in 2024

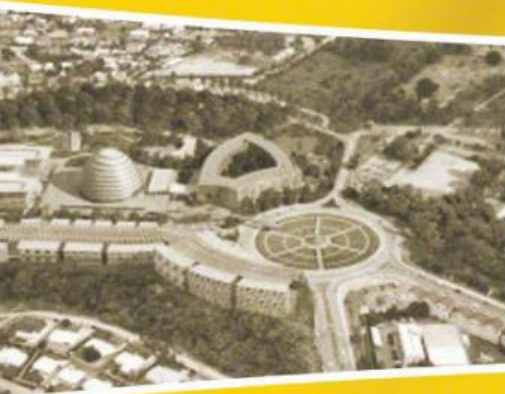
Social Transformation

- ❑ Eradication of extreme poverty
- ❑ 100% access to water, electricity and broadband
- ❑ Universal access to Quality health (health facilities 100% access to basic infrastructure)
- ❑ Reproductive health and family planning to increase contraceptive prevalence from 48% (2013/14) to 60% in 2024
- ❑ Universal access to Quality education (education facilities 100% access to basic infrastructure)
- ❑ 100% access to basic sanitation and hygiene
- ❑ Promoting affordable housing

Transformational Governance

- ❑ Promoting Kinyarwanda as a language, values and culture
- ❑ Promoting unity and reconciliation
- ❑ Promoting home grown solutions
- ❑ Safety and Security of citizens and property
- ❑ Contributing to peace and security in Africa and globally
- ❑ Fight corruption in all its forms
- ❑ Fight against genocide ideology in Rwanda and anywhere in the world
- ❑ Increase districts revenue capacity to finance their development needs by promoting local economic development





2. Recent Economic Developments and Projections

	2018	2019	2020	2021	2022	2023	2024	2025
GDP	8.6%	9.5%	-3.4%	5.1%	7.0%	8.1%	7.6%	7.6%
AGRICULTURE	6%	5%	1%	5.7%	6%	5%	5%	6%
Food crops	6%	4%	0%	5%	5%	5%	5%	5%
Export crops	7%	5%	-9%	12%	11%	7%	6%	11%
INDUSTRY	9%	17%	-4%	7.9%	11%	13%	11%	11%
Mining & quarrying	3%	0%	-31%	11%	10%	16%	13%	14%
TOTAL MANUFACTURING	14%	11%	2%	5.2%	8%	9%	8%	9%
Construction	5%	33%	-6%	11.6%	15%	18%	14%	13%
SERVICES	10%	8%	-6%	3.9%	6%	8%	8%	8%
Wholesale & retail trade	18%	16%	-3%	3%	5%	10%	11%	7%
Transport services	20%	12%	-24%	4%	5%	9%	12%	11%
Other services	7%	6%	-3%	4%	6%	7%	6%	7%
Hotels & restaurants	7%	10%	-40%	-4%	8%	9%	12%	12%
Professional, scientific and technical activities	10%	10%	-1%	5%	6%	7%	5%	9%
Education	4%	2%	-38%	6%	10%	5%	6%	6%
Taxes less subsidies on products	9%	15%	-2%	4.2%	8.0%	5.4%	5.5%	4.9%

- COVID-19 pandemic has severely hit our economy:
 - GDP declined by 3.4% in 2020: COVID-19 impact.
 - 2021 growth is projected at **5.1% from 5.7%** projected in October (due to Kigali lockdown in 2021Q1).
- Growth back to pre-covid levels by 2023.

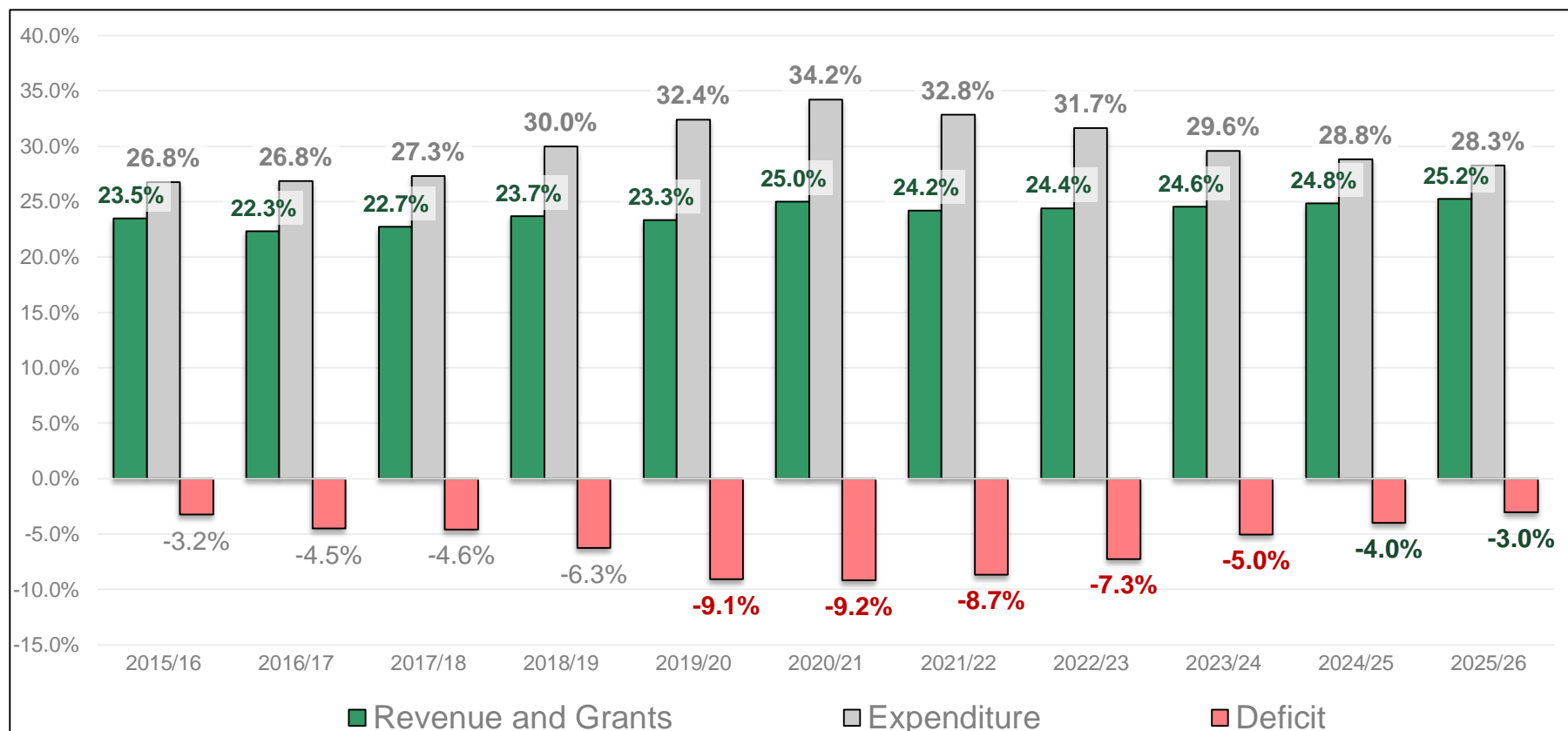
External and Monetary Sectors

BOP	2018	2019	2020	2021	2022
Current Account	-974.8	-1,230.9	-1,264.7	-1,394.6	-1,348.4
Current Account % GDP		-11.9	-12.2	-13.4	-12.2
Goods (Trade Balance)	-1,154.5	-1,464.9	-1,696.5	-1,821.3	-1,881.3
Exports	1,129.6	1,239.7	1,409.4	1,728.2	2,028.4
Imports	2,284.1	2,704.6	3,105.8	3,549.5	3,909.7
Gross official reserves	4.5	5.9	6.0	5.1	4.5
Monetary	2018	2019	2020	2021	2022
Credit to Private Sector % chge	10.8%	12.6%	21.8%	11.5%	19.7%
CPI p.a	1.4%	2.4%	7.7%	2.4%	4.9%

- Exports of Goods expected to increase by 23%: from all categories of exports.
- Imports of goods will increase by 14% mainly from capital and energy goods with (+8% and 17%) respectively.
- Reserves coverage will decrease from 6 months of imports in 2020 to 5.1 in 2021 to support investments in the economy.
 - This remains reasonable, however export of goods and especially services should increase fast in the medium term to avoid external imbalances;
- Credit to private sector will grow by 11.5% in 2021

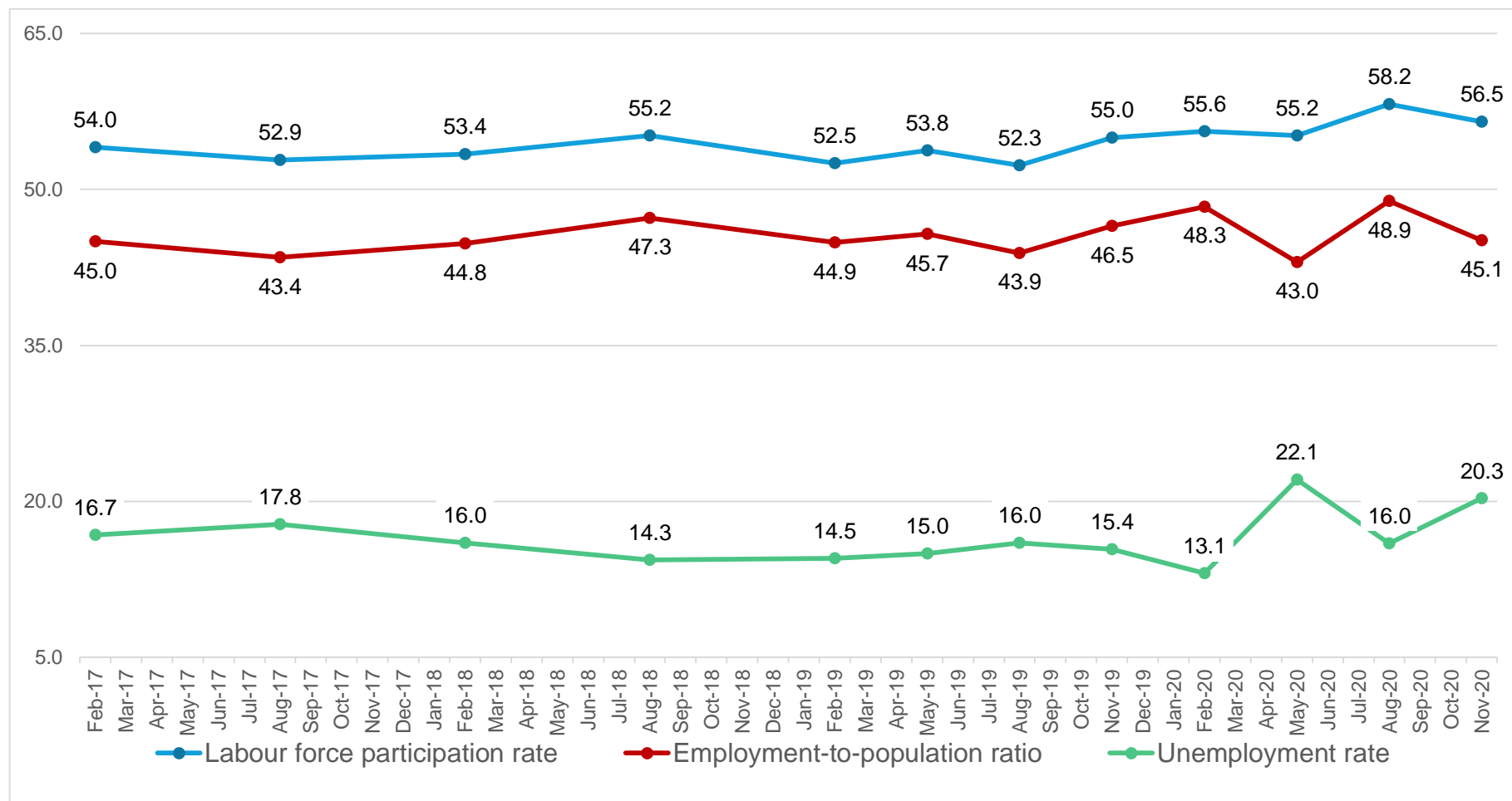


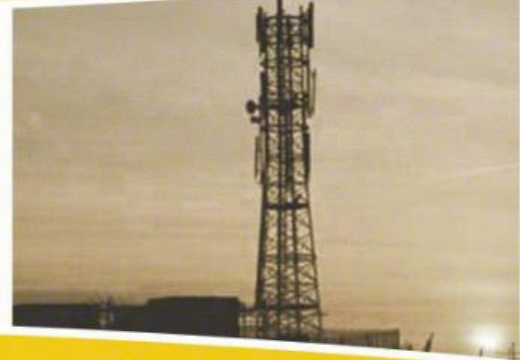
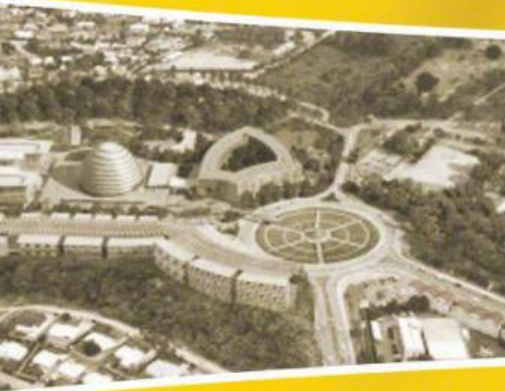
Fiscal Ratios and the Impact on the Budget



- Fiscal deficit has widened due to the COVID-19 economic crisis: tax revenue below pre-COVID estimates and higher spending needs to manage the pandemic and support economic recovery;

Labor Force Indicators in %

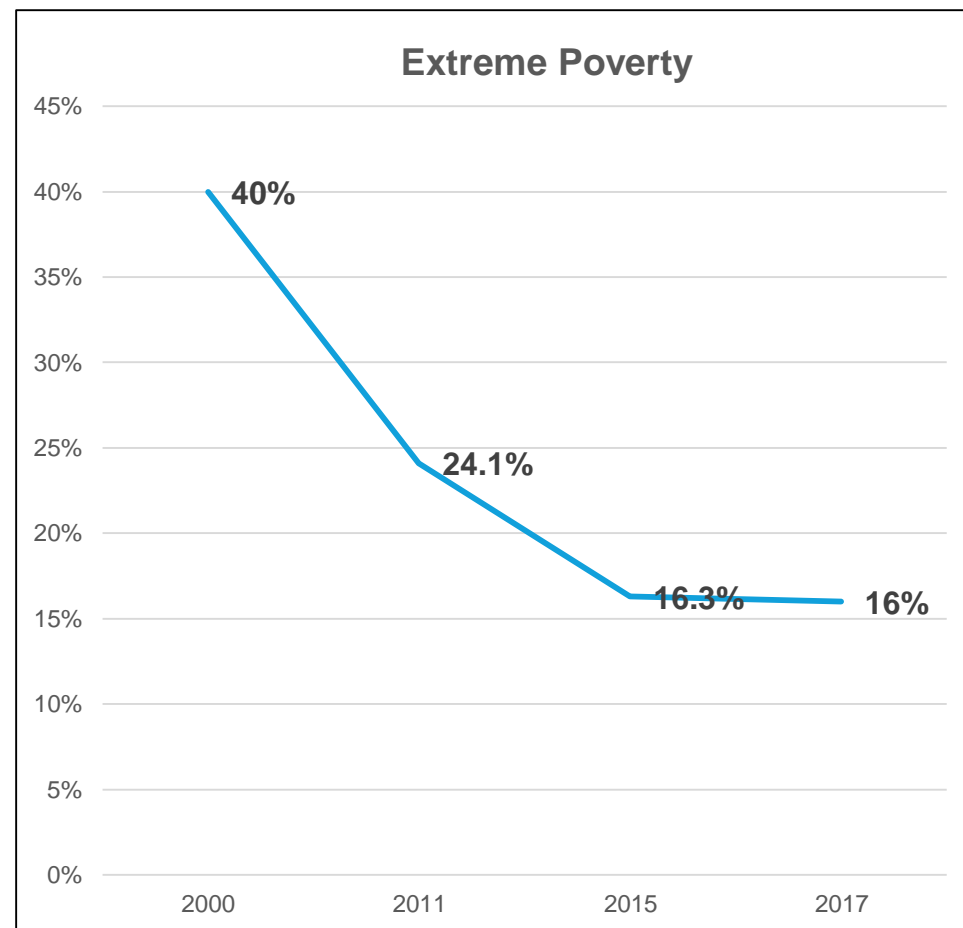
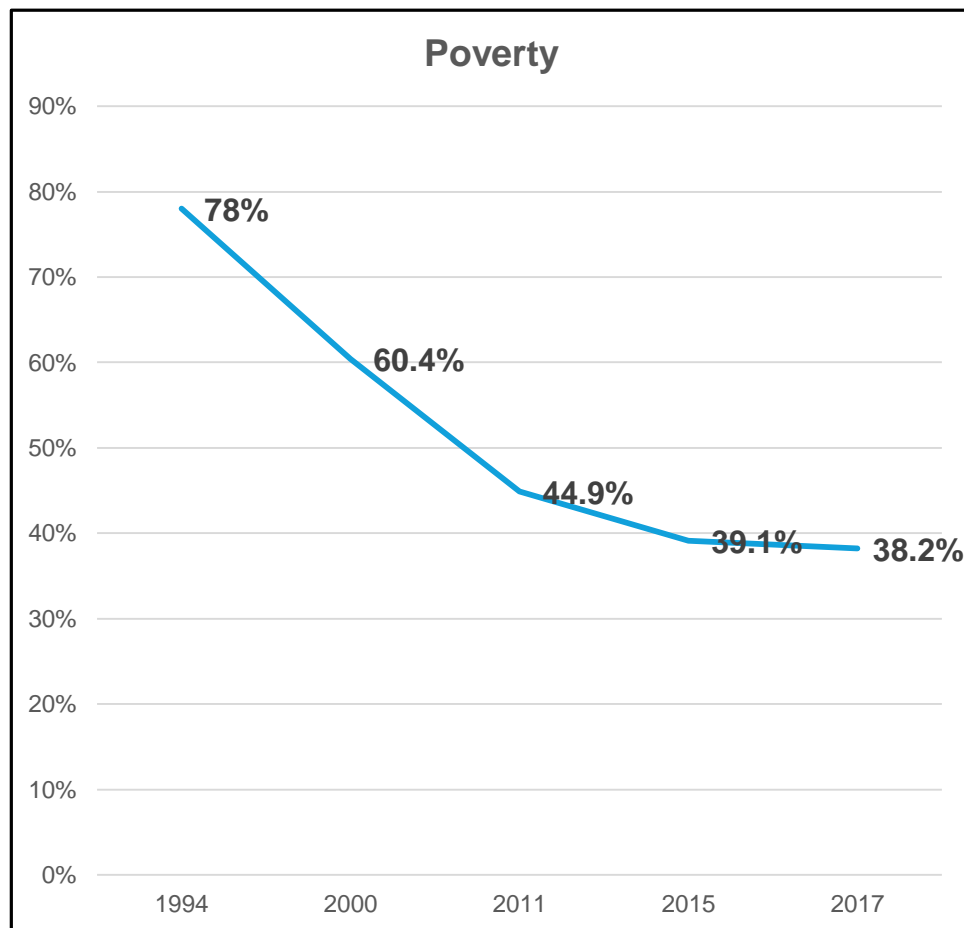




3. The Development Impact

Poverty and Extreme poverty reduced

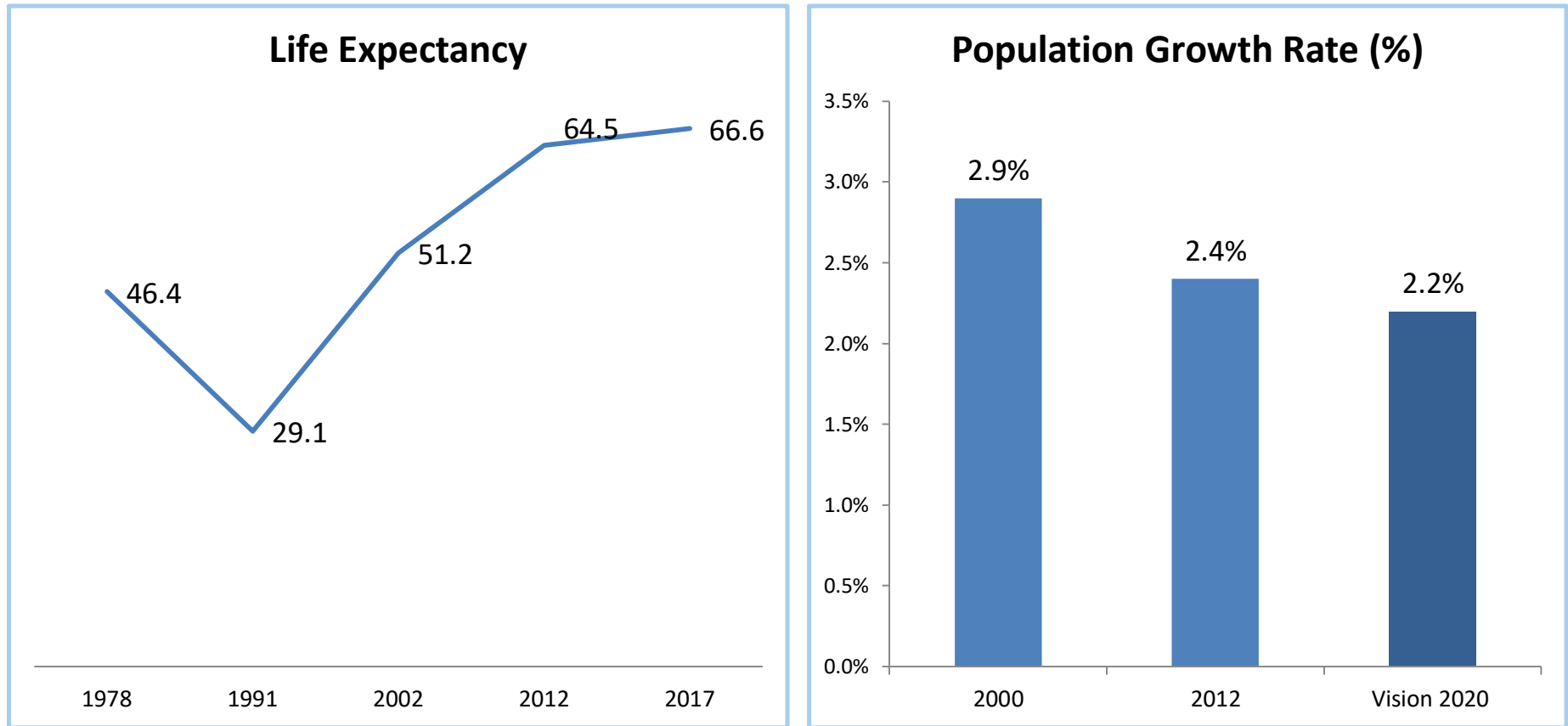
Poverty and Extreme Poverty has reduced considerably from 2000 to 2017.



Source: EICV 5



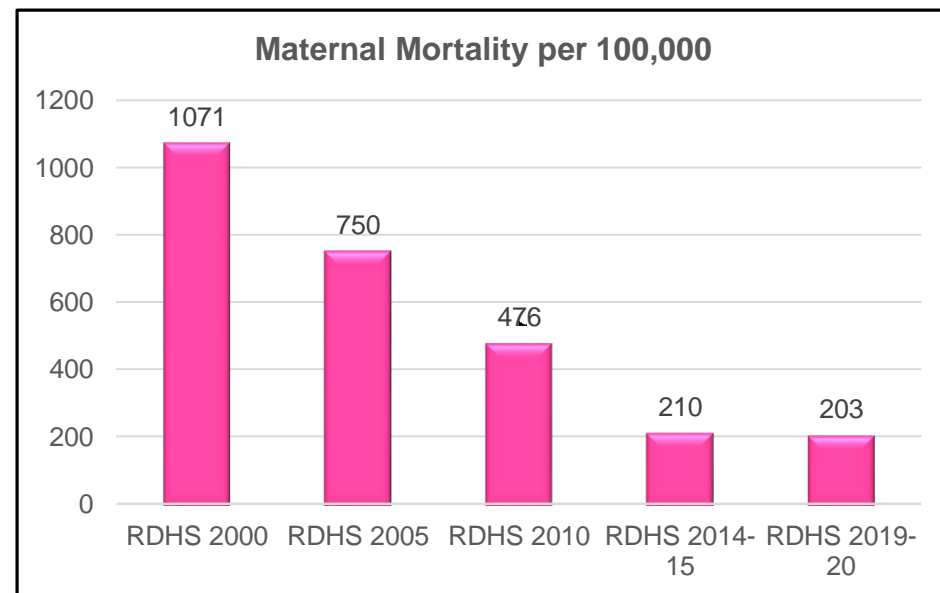
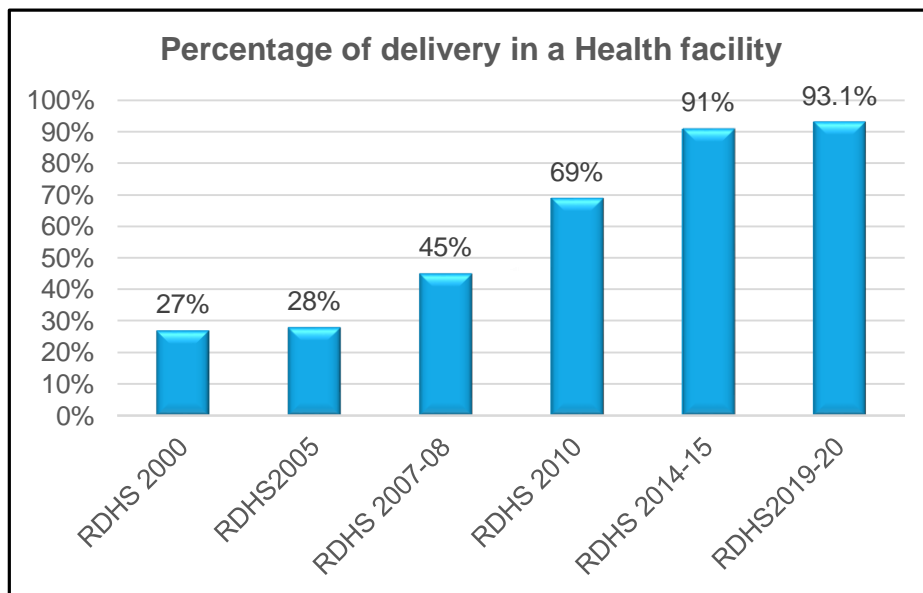
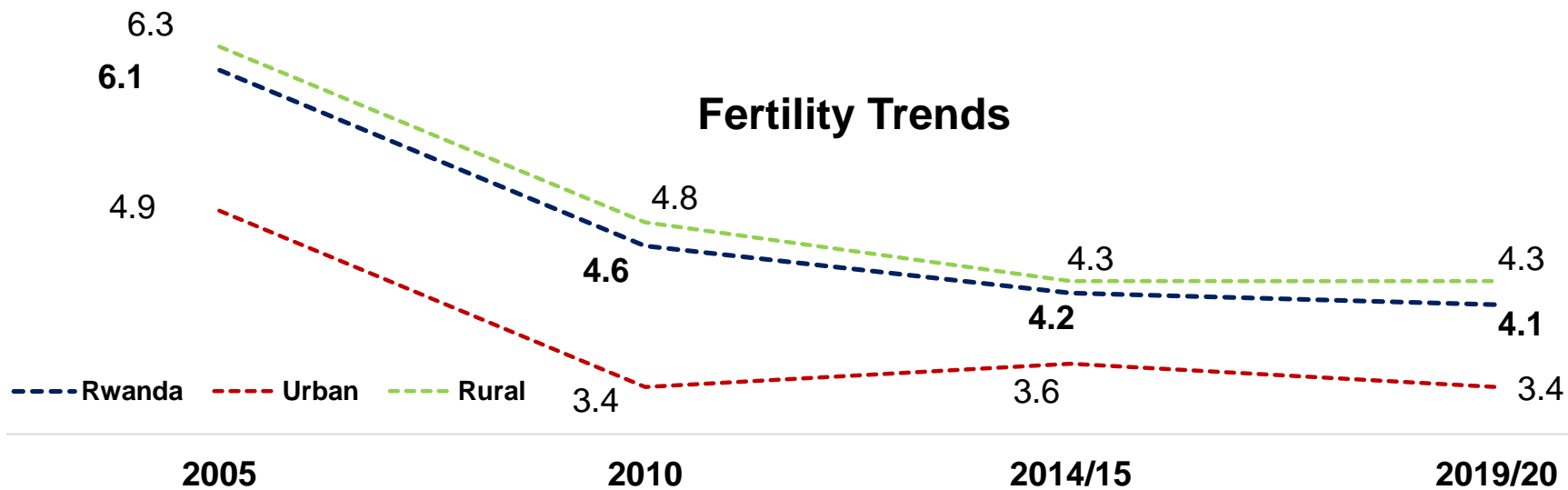
Health has improved: Life expectancy increased



- A national-wide rollout of healthcare, including health insurance coverage for over 80% of the population contributed to the increase in life expectancy.



Health has improved for all- Mothers

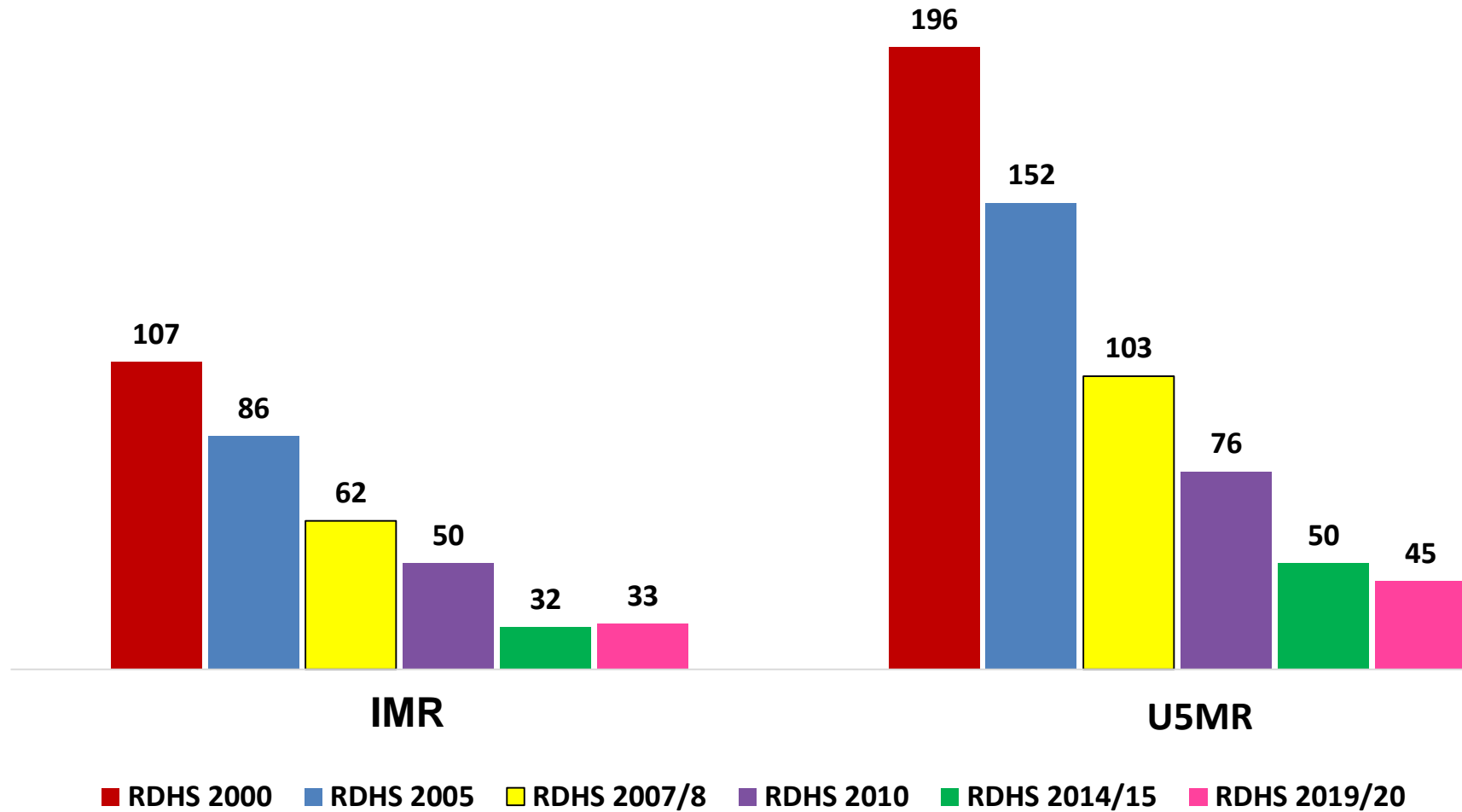


Source: Demographic and Health Survey 2019-20

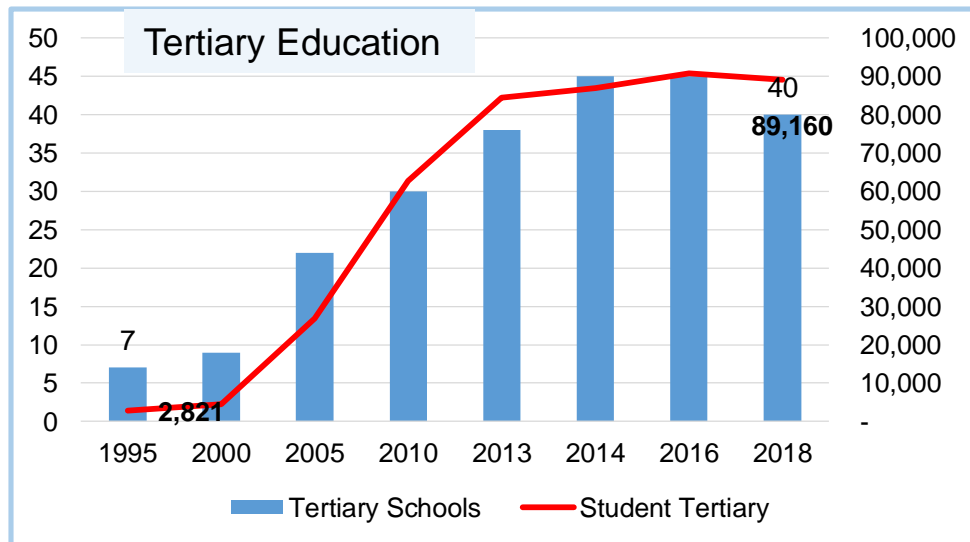
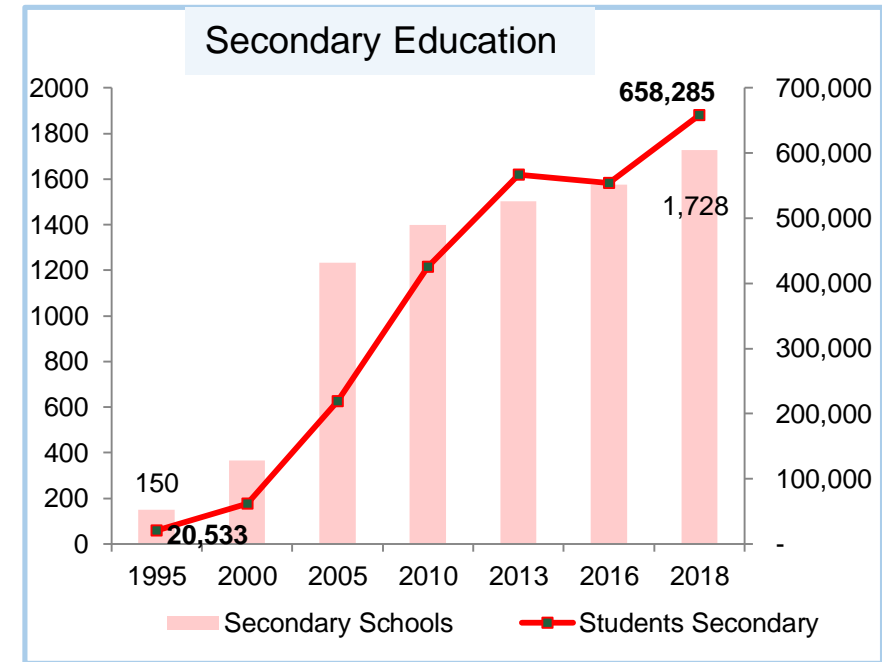
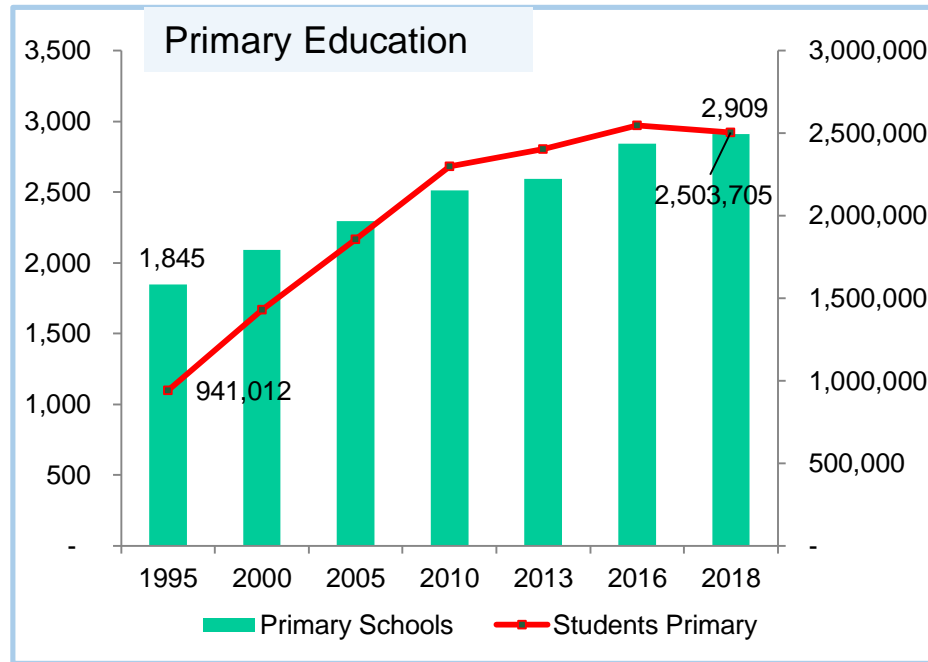


Health has improved for U5-Children

Infant and Under Five Mortality:
Number of deaths per 1000 live births



Increased Education



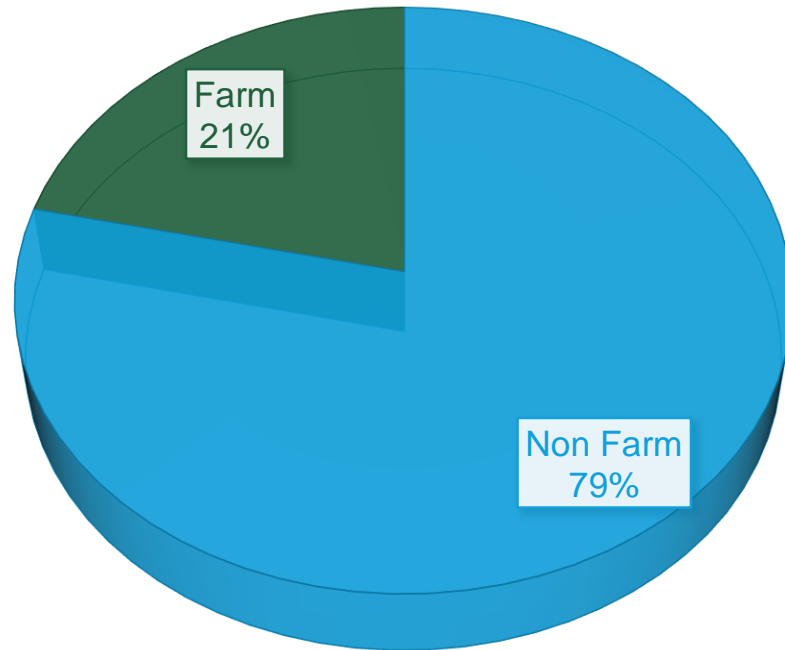
- Primary pupils in 2018 have increased more than 2.7 times and secondary students 32 times;
- Tertiary institutions in 2018 have increased more than 5.7 the number in 1995;
- The number of students have increased 31.6 times in the same period.



Jobs created & better access to financial services

Net Jobs Created between 2017 and 2018

NEW EMPLOYED PERSONS



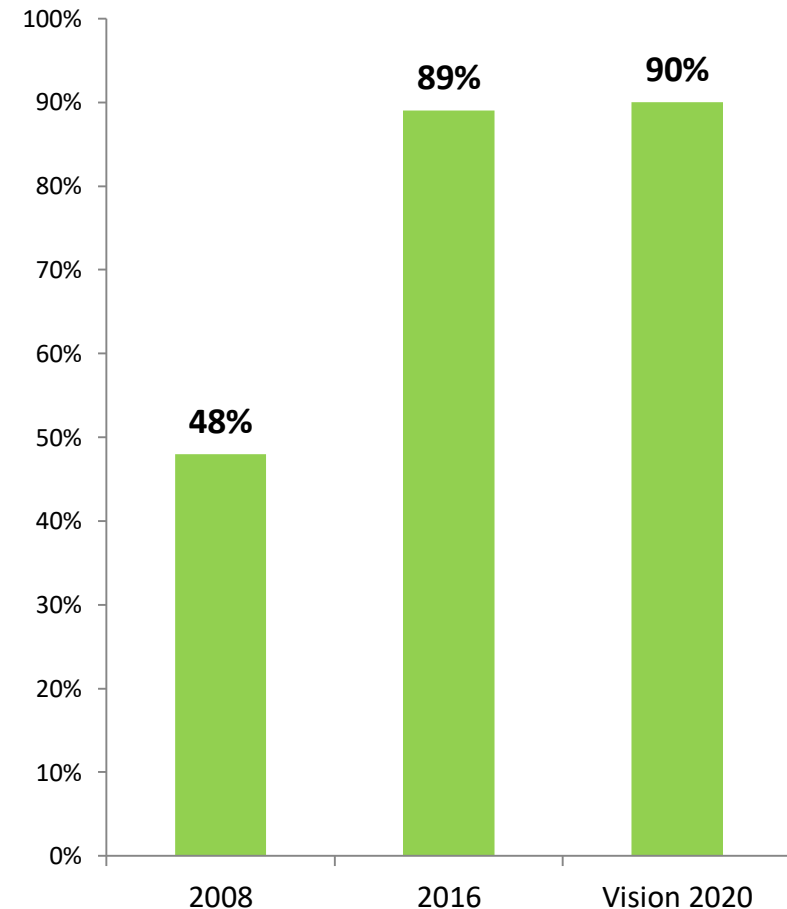
Total Jobs: 223,781

Non Farm Jobs: 175,929

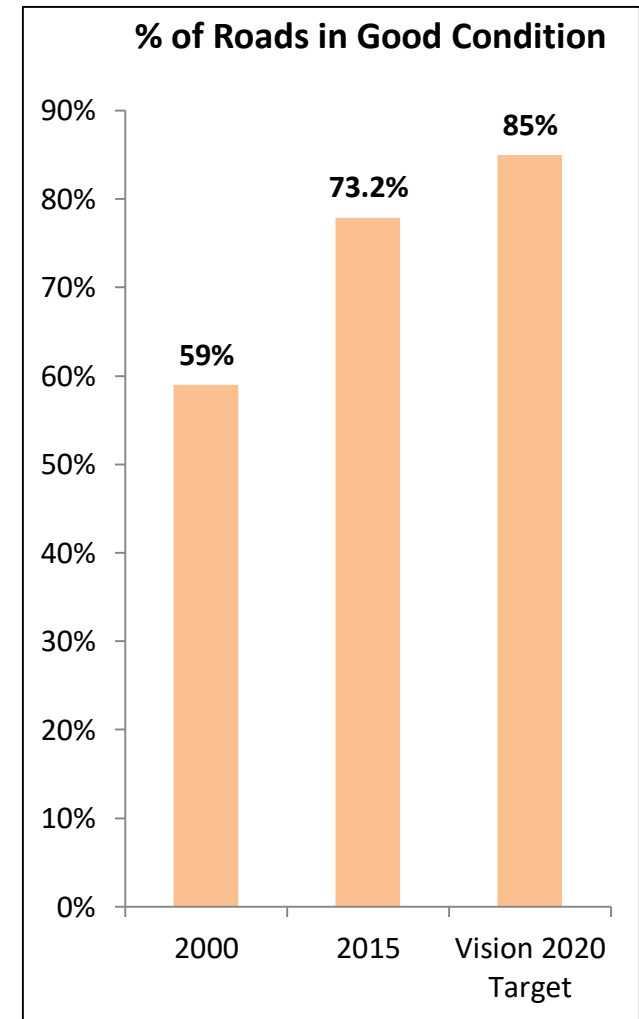
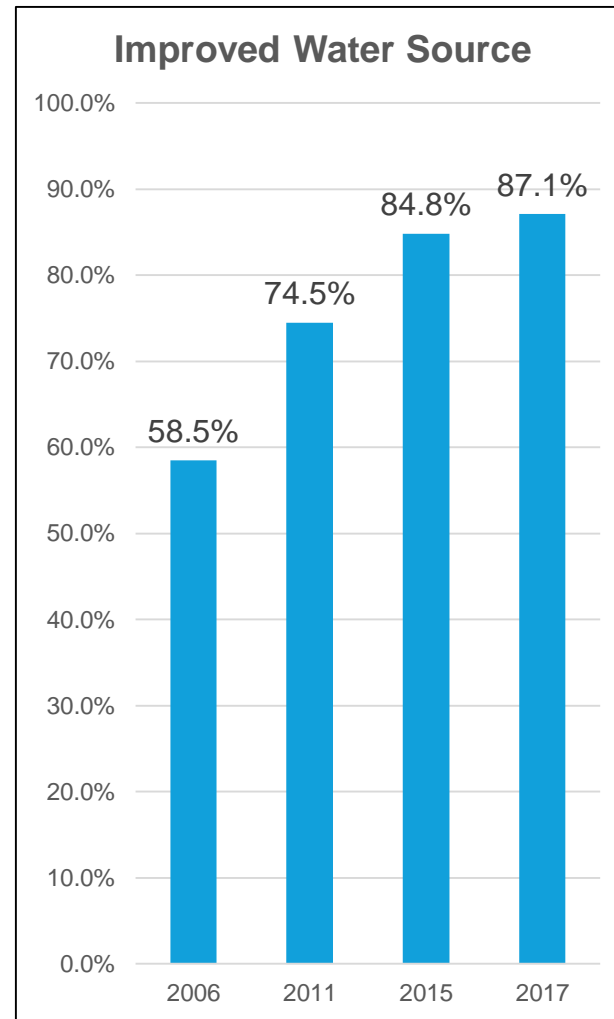
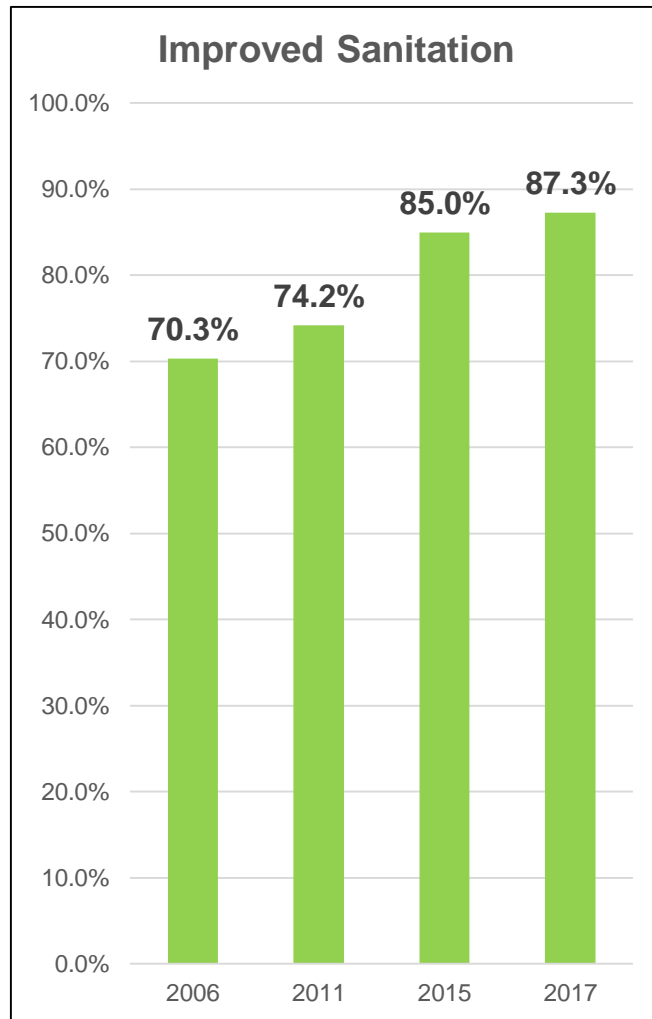
Farm Jobs: 48,052

Source: Labor force surveys 2019

% of Adult Population Accessing Financial Services

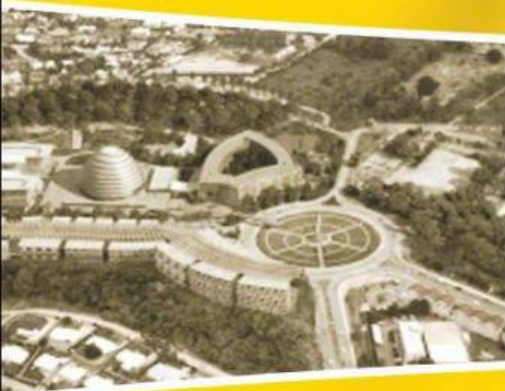


Increasing Access to Basic Infrastructure



Source: EICV 5





6. Conclusion

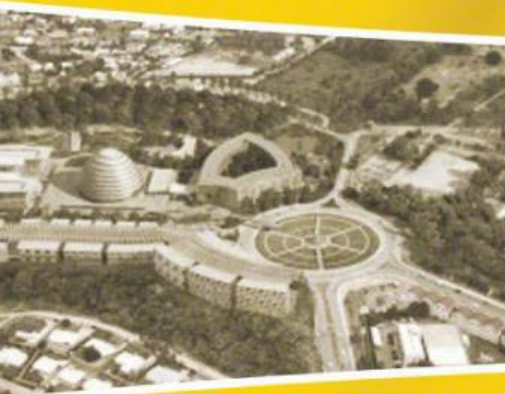
Success Factors

- ❑ Visionary Leadership
- ❑ Good Governance and accountability –low corruption levels, citizen participation, decentralization
- ❑ Inclusive development model – gender equality, pro-poor policies, promoting unity and solidarity
- ❑ Home grown initiatives (e.g. Umuganda, Gacaca, Girinka etc.) and innovations built on the positives from the Rwandan culture and identity e.g. Agaciro (dignity), Kwigira, Ubudashyikirwa (excellence), etc.
- ❑ Use of ICT
- ❑ Investment in human capital – mainly capacity building
- ❑ Results oriented institutional framework – performance contracts





THANK YOU



Contact for detailed information or for any question on the presentation: macro@minecofin.gov.rw