

Republic of Rwanda



# Rwanda and the Brussels Programme of Action

Submission to UN-OHRLLS by the Government of Rwanda for the  
mid-term review of the implementation of the Programme of Action  
for the Least Developed Countries

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## Introduction

The Programme of Action for the Least Developed Countries (hereon 'the Programme') was adopted by the Third United Nations Conference on the Least Developed Countries held in Brussels from 14-20 May 2001. It follows the Paris Programme of Action adopted in the previous decade, and seeks to address the problems faced by least developed countries, of which Rwanda is one.

The Programme of Action seeks to provide a framework for global action to improve the human conditions of some 600 million people worldwide. It adopts the targets and objectives of the Millennium Declaration, and sets out desirable actions on the part of both LDCs and their development partners. The Government of Rwanda is committed to the broad action points set out in the Programme of Action and has sought to consider these in its own policy and planning processes.

This report provides a summary of the actions undertaken by the Government of Rwanda, and the outcomes of such actions where such information is available, in implementing the Brussels Programme of Action. The paper is structured loosely around the seven key commitments set out in the Programme, and attempts to address at summary level the points for action by the Government of Rwanda. Whilst it is acknowledged that the Programme is intended to be a high-level agreement shared by many countries, readers' attention is drawn to the lack of concrete indicators in many sections of the Programme, and the problems in assessing progress arising from this. This paper is therefore largely descriptive in its nature, though where easily measurable indicators are cited in the Programme, an attempt has been made to refer to relevant data.

One of the objectives set out in the Programme is the attainment of a GDP growth rate of at least 7 per cent per annum. This is shared in Rwanda's Vision 2020, which sets out the country's own longer-term development goals. Rwanda's first poverty reduction strategy, implemented in 2002, has been the primary mechanism through which the Government has articulated its development policies, and as such much of the information provided in this short report has been sourced from the PRS Annual Progress reports published by the Ministry of Finance and Economic Planning.

It should be noted that this paper is not intended to be a comprehensive report on Rwanda's progress towards achieving the objectives of the Programme of Action, but rather a brief summary of those policies and developments that are most relevant to it. This paper focuses on the work undertaken by the Government of Rwanda, and does not therefore offer a review of the activities of development partners or UN agencies.

Central to the successful implementation of the Programme at country level is the need for local ownership. The Government of Rwanda has commissioned an independent review of its first poverty reduction strategy, and this should provide a better basis for evaluation of progress against the Brussels Programme of Action in the future.

## **Progress made by the Government of Rwanda**

### ***Commitment 1: Fostering a people-centred policy framework***

The Government of Rwanda is committed to providing opportunities for all, especially in empowering the poor and disadvantaged. Rwanda's interim Poverty Reduction Strategy (PRS) and first PRSP (covering the period 2001 to 2005) have focussed in particular on strategies aimed at reducing poverty, much of which has been conditioned and brought about as a result of Rwanda's special history. For this reason, much of the policy emphasis in the first half of the decade has been on service delivery in the social sector, and rural development – these being the broad areas most crucial to the development of Rwanda's poorest.

Issues of gender equality have enjoyed significant political support, and measures undertaken to ensure the empowerment and development of women have been coordinated through a number of mechanisms, namely the Ministry of Gender and Promotion of the Family (MIGEPROF), PRO WOMEN, CNF, and the National Gender Policy.

Progress in the area of gender equality remains difficult to measure objectively, and the following challenges have been identified:

- Integration of gender issues into policies, programmes, laws and projects, as well as at the operational level, is not systematic
- Lack of gender expertise at all levels
- Socio-economic and political status of women is still weak
- Performance indicators relating to gender have not been sufficiently developed
- Insufficient data disaggregated by gender in all areas

Significant developments in the social sector are discussed further under the section headed 'Commitment 3', and it is clear that policy moves aimed at empowering women are clearly having positive effects in the education (fee-free education policy) and health (for example in access to *mutuelles*) sectors.

Declines in agricultural output in 2003 and 2004 in particular have resulted in significant increases in the prices of basic foodstuffs, and this is likely to have had a disproportionate effect on the poor (food constituting a larger proportion of this group's consumption basket than that of others). 2005 saw an improvement in agricultural output – a result of government investment in a range of productivity-enhancing initiatives in the sector.

### ***Commitment 2: Good governance at national and international levels***

The Government of Rwanda considers poor governance to be a major factor contributing to poverty, violence, and disunity. Rwanda's history of conflict and the aftermath of the genocide of 1994 has left the Government of Rwanda with significant challenges to be addresses in the area of governance, and it recognises that structures for ensuring good governance must exist at all levels of government and civil society as this underpins all other efforts to reduce poverty.

A reform of Rwanda's judicial system was completed in 2004, with key outcomes being:

- The recruitment of judicial personnel recruited to fill positions at the National and provincial levels
- The review of old laws and implementation of new legislation aimed at meeting changing governance needs
- The setting up of 1545 *abunzi* committees in sectors, to provide community-level arbitration for disputes, particularly land-related conflicts
- The elaboration of a sector strategy document for the justice sector
- The introduction of new legislation covering drug use, as well as sexual violence, with a particular emphasis on the protection of children.

The Government of Rwanda remains committed to the promotion of internationally recognized human rights and to this end has undertaken activities in the following areas:

- Promotion of human rights in prisons by training prison staff as counsellors, and the promotion of the rights of children and other vulnerable members of the prison population
- Development of a Human Rights Training Handbook for law enforcement agencies
- Provision of human rights training to all police officers, covering issues of torture, sexual and gender-based violence and children's rights.

The Government of Rwanda acknowledges that ensuring a transparent, democratic society which is free of corruption and accountable to the whole population is a challenging task, but a pre-requisite to successful poverty alleviation programmes. To this end, the Government of Rwanda set up the Office of the Ombudsman in 2004, established an Office of the Inspector General of Government, and continued to strengthen other institutions whose role it is to enforce transparency and accountability in both the public and private sectors (e.g. the Auditor General's Office, NTB, RRA etc).

The genocide of 1994 left Rwanda with a set of unique problems in the areas of governance and justice, and progress has been made in both national reconciliation and in the trial of genocide suspects. Over 12,000 *Gacaca* courts – local community courts rolled out across all districts in 2004 – are now operational and are trying to clear a backlog of genocide cases. Problems do however remain with this system, as judges are relatively inexperienced, and reports of harassment of genocide suspects and survivors pose an obstacle to providing open testimony.

Rwanda's National Unity and Reconciliation Commission (set up in 1999) works to facilitate recognition of refugees and other social groups disadvantaged by the genocide. The emphasis of the Commission's activities is on social inclusiveness, and as such its activities should be seen as an adaptation of many of the action points found in the Programme of Action for Least Developed Countries to the specific social needs of Rwanda's population.

Advances in the decentralisation process promise to further enhance good governance in Rwanda through emphasising the need for local autonomy, collective action, and bottom-up decision making.

### ***Commitment 3: Building human and institutional capacities***

The Government of Rwanda recognises the importance of building effective human and institutional capacities. Rwanda has in common with other developing countries many of the capacity problems identified in the Programme of Action, in addition to the more unique effects of the 1994 genocide, in which professionals and highly educated groups of individuals became particular targets of the perpetrators.

#### **Social infrastructure and social service delivery**

The Government of Rwanda is keen to ensure local ownership of development activities in the social sector and to this end is working hard to achieve participation at the local community level.

The *Ubudehe* programme has been rolled out across the country. This is a package of training at the local level combined with the provision of some initial funding with which local communities are invited to identify their own development problems at the *cellule* level and seek local solutions to these.

Rwanda's first household living conditions survey is also in progress at the time of writing and the results of this will feed into the policy making process at both the central and decentralised levels, and in particular into the development of the Government's second generation poverty reduction strategy.

#### **Education and training**

The Education Sector Strategic Plan currently being developed to cover the period 2006-2010 is the Government's guiding document for advances in the education and training sector.

Data on net enrolment rates show an increase in access to primary education since 2001 (93.5% in 2005, compared with 73% in 2001<sup>1</sup>), and the net enrolment rate for girls (94.7%) has now overtaken that for boys (92.2%), in part reflecting the Government's commitment to ensuring gender equality in access to education. Gender bias nevertheless remains in primary completion rates, with girls faring worse than boys.

The Government of Rwanda is committed to the policies of universal primary education by 2010 and Education for All by 2015, as outlined in the MDGs and the Dakar agreements. The Government has implemented a policy of fee-free primary education in which school fees have been abolished and replaced by a capitation grant, which has increased to 2,500FRw (USD4.50) in 2006. Shortfalls in financing at the school level nevertheless persist, with parents typically being invited to contribute to finance this gap. Non-fee barriers to primary education also remain and are thought to have some effect on access to education (for example, the cost of school uniforms and learning materials).

The gender differences in access to and completion of secondary education seem to have been redressed, though gender bias is still apparent when examining the type of schooling provided, with a higher proportion of girls receiving education in private schools than boys. A gender education policy is currently being drawn up to address this and other areas of inequality at the secondary level.

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<sup>1</sup> Sources: 2002 Poverty Reduction Strategy Paper; 2005 PRS Annual Progress Report.

The Government of Rwanda's first PRS sought to increase adult literacy to 80% by 2010 (from 60% in 2002<sup>2</sup>). At present the Education Sector Strategic Plan envisages an increase in spending on non-formal adult education between 2006 and 2010.

## **Health, nutrition and sanitation**

Significant advances have been made in the areas of health, nutrition and sanitation, though challenges remain if Rwanda is to meet the goals and targets contained in the Programme of Action. These are summarised as follows:

Improved availability of human resources:

A human resource development plan is currently being elaborated for the health sector. In the first four months of 2005, 101 medical doctors and 336 nurses and paramedical staff were recruited. This represents good progress when you consider that in 2003 the total numbers of doctors and nurses working in the public sector were 168 and 2157 respectively. In addition, 2005 saw the revision of the teaching curriculum for medical specializations at the NUR faculty of medicine. However, human resources are still one of the main constraints in the health sector: their availability and quality remain insufficient. Due to the time needed to increase the number of qualified staff, we can expect the availability of human resources to remain a challenge over the coming years.

Improved availability of quality drugs, vaccines and consumables:

Although some key targets in this area have not been met, there has been progress made in 2004. Remaining stock shortages are attributable to stock and distribution management issues. Unfortunately, there was a decrease in the distribution of blood from 30,786 units in 2003, to 28,777 units in 2004. In addition, there remains limited financial access to drugs for the poorest part of the population, and there is a lack of regional depots for decentralised distribution.

Improvement of geographical access to health services:

In 2004, 4 new health centres and one district hospital were built and equipped, adding to the 352 health centres and 32 health districts already in place. Equipment has been purchased for a number of existing health facilities. The utilisation of health services stands at 37.9% corresponding to 0.4 new cases/capita/year, close to WHO developing countries norms of 0.5 new cases. In addition, several pilot sites are to be equipped with telemedicine posts (CHUB, CHUK, KFH, Ruhengeri and Gihundwe). However, geographical access can only be improved very slowly, as significant investments in infrastructure are necessary. In the meantime, the equipment of rural health centres remains inadequate; for example, recently built health centres in Rubona (Muhororo-Gisenyi) and Gatara (Cyangugu) remain without equipment. In addition, the integration of construction, rehabilitation and equipment provision remains inadequate.

The planned definition of the rehabilitation master plan and of the national hospital construction norms will assist the upgrading of health sector infrastructure. In addition, the introduction of support units for topics of health sector reform, of national cells for the introduction of *mutuelles* and of the promotion of contractual based approaches will also be of benefit.

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<sup>2</sup> Source: 2002 Census. Adult literacy rate refers to the population aged above 15 years.

Improvement of financial access to health services:

Mutuelle coverage increased significantly over the year, expanding from 9% in 2003 to 27% in 2004. The mutuelle scheme is a highly popular initiative that lowers the financial barriers for the poor to access basic health services. For the poorest of the poor, however, raising even small contributions to the scheme remains a challenge. Government is aiming for Universal Health Insurance Coverage in Rwanda, and is currently looking into the following four challenges: setting of contribution levels, identification of poorest part of population for subsidisation, financing of gap between population's contribution and financing needs, and management of a national framework and creation of local capacities.

The budget share allocated to health increased from 6.1% in 2003 to 8.2% in 2004. The intermediate goal of 12% of public expenditure remains to be achieved by 2015. The national implementation of the mutual insurance scheme poses significant financial and managerial challenges.

Improve the quality of and demand for services in the control of disease:

Some of the key constraints on improving the quality of and demand for services to control disease were external, for example a lack of LLITNs for treating malaria, and the detection of multi-resistant cases of TBC. Other challenges include the management of VCT/PMTCT programmes, as well as the integration of HIV/AIDS activities into health centres and with the treatment of other diseases, such as TBC. The low rate of condom use remains a serious concern. Maintaining vaccination rates at the same time as executing programmes such as VCT / PMTCT/ ARV remains a key challenge, as does motivating health centres to improve their health services.

### ***Commitment 4: Building productive capacities to make globalization work for LDCs***

#### **Physical infrastructure**

Rural transport links are important to increasing access to markets and underpinning a more general national export promotion strategy, as well as in facilitating public service delivery and development activities. The poor quality of rural roads substantially increases vehicle operating costs and therefore the price of transport services, at the same time as causing damage to agricultural produce.

The responsibility for maintenance and construction of local roads has been decentralized to districts. Districts prepare road plans and negotiate contracts with private enterprises who execute the works.

The fact that Rwanda is a landlocked country, combined with poor internal road infrastructure, is a serious obstacle to the economic development of the country. The following strategies were adopted for the development and the promotion of the transport sector:

- Adoption of coordination measures to set up better organized and structured transport services to correspond with government policy,
- Pursuit of different ways of opening up the country for greater security of external trade
- The update of legal and regulatory texts governing the transport sector and harmonization of the regulatory texts and standards governing transport at the regional level.

- Creation of service areas on the transport corridors where truck-drivers can relax and equipped with measures for fight against HIV/AIDS,
- Encouragement of the private sector to invest in transport infrastructure
- Adoption of the HIMO approach for the maintenance of rural roads

2004 saw a number of important developments in terms of improvements to transport, and these are summarised below:

- Rehabilitation of 141 km of overland routes, periodic maintenance of 154 km, and routine maintenance of 1500 km, approximately 100 km road bituminized and 102 bridges built (including 12 on trunk roads and 90 on dirt roads);
- Rehabilitation of Kanombe International Airport was completed
- Rehabilitation studies on 446 km of tarred roads on the sections Gitarama-Mukamira, Butare-Cyangugu, Cyangugu-Bugarama are completed.
- The following studies are in progress or have been planned:
  - Rehabilitation of 589 km Kigali-Ruhengeri-Gisenyi and Butare-Cyangugu, Kigali-Gatuna, Kayonza-Rusumo, Kicukiro-Nyamata-Nemba, Ngororero-Mukamira;
  - the asphaltting of 108 km Ntendezi – Mashyuza-Bugarama, Gisenyi-Kibuye-Cyangugu
  - the construction of a new modern airport in Bugesera
  - technical and economic feasibility study of the Isaka-Kigali rail connection.

Advances have also been made in the telecoms sector, with the recent sale of state-owned Rwandatel to Terracom. Fixed line telephone density is currently estimated at 0.5%, though rapid developments in mobile telephony have brought mobile telephone penetration to approximately 2.5%. An investor-friendly environment is being developed, with converged network licenses in the pipeline (allowing operators to provide mobile, fixed and data products. The development of a national fiber-optic network is intended to provide internet and affordable telecoms access to rural communities, decentralised entities, and schools.

## Technology

The role of ICT in poverty reduction is through its catalytic and leveraging effect on improving access to basic services, creating global markets and earning opportunities for wealth and job creation.

Substantial progress has been recorded during the past year, even if imperfect and irregular. Although Rwanda's ICT sub-sector is embryonic and still accounting for relatively small share of the economy's output, there is evidence of rapid growth. Central government is a particularly large user of ICTs, with SMEs and larger businesses lagging behind in the adoption of new technologies.

Government's leading role in ICT development is further demonstrated by the recent connection of 27 government buildings in Kigali to the fibre optic network backbone in 2004, which should become operational in 2005. For 2006, the deployment of VoIP technology should contribute to a substantial reduction of the communication costs for the public sector. Works on establishing the Internet broadband backbone are currently continuing along the Gitarama – Butare route. In the meantime, an e-Government framework document has been developed. In a joint effort, the Ministry of Infrastructure, Rwanda Information Technology Agency, and the Ministry of Public Service, Skills Development and Labour, have established an ICT unit in all government institutions in order to promote the effective use of ICTs.

A communication service delivery policy has been elaborated for the rural areas. Moreover, ARTEL installed an additional 44 VSATs, finance by the newly established Universal Access Fund. For Cyangugu, Gisenyi, Kibuye, and Ruhengeri, tendering procedures for the reconstruction of rural telecommunications networks have been completed.

Insufficient infrastructure, particularly unreliable supply of energy, still remains the biggest impediment to ICT development. In the area of human resources, a small number of suitably trained technicians and lack of vocational schools form another impediment, while the availability of financing for small IT oriented businesses and for investment in ICT by existing and new firms remains restricted. As a consequence, the cost of telecommunication services remains high.

## **Enterprise development**

Rwanda's aims for enterprise development focus on raising investment, encouraging savings and on developing the private sector to enable industrialisation and facilitate the growth of exports over imports.

One of the major constraints to development in rural areas is a lack of knowledge of improved farming methods or potential markets and a lack of access to credit to facilitate movement into cash crop production or to overcome short-term exogenous shocks. Increasing the capacity of cooperatives and associations to provide or demand such services for their members is crucial to achieving the goals of rapid production growth. At the same time increasing the availability of credit to rural areas and reducing the rate of interest paid on such credit is essential to improving the access to finance for the rural poor. Financing needs of businesses more generally also need to be addressed with greater availability of long-term credit and lower rates of interest. This requires further strengthening of the financial sector.

It is also essential that Rwanda is able to increase its industrial capacity and look towards the service sector, both to reduce the level of imports and increase exports in these non-farm sectors. This will also be important in providing jobs for the expanding population and in coping with the potential loss of farm employment if higher productivity is achieved. As with cash crop production, employment in sectors other than agriculture is strongly connected to higher incomes and so reduced likelihood of poverty.

Current business support services are fragmented, haphazard and underdeveloped. In order to encourage and facilitate entrepreneurship and business growth a more coherent, effective and localised service is needed. This needs to provide a range of services, in particular information on financing available, as well as training in management skills, market opportunities and good agricultural practices. For example, one agency could be given the responsibility for providing the whole range of services at a district level, with information and technical support from a range of other Ministries and agencies.

## **Energy**

The provision of affordable and accessible energy across Rwanda remains problematic, hindering growth. Rwanda relies heavily on imported oil, and high oil prices and transport costs mean that energy costs are particularly high. Low lake levels in recent years have reduced hydro electricity generation.

Electrical infrastructure has suffered from lack of maintenance in the past, though progress is now being made in this area. In 2004, *Electrogas* rehabilitated and

electrified 56,826 km of electricity lines across the country, and a combined total of 205.5 gWh of electricity was produced or imported, while 2.0 gWh of electricity was exported to neighbouring countries. The number of households served by *Electrogas* increased by 3,656 in 2004.

The *Institut de Recherche Scientifique et Technologique* (IRST) recently undertook a number of studies related to the energy sector, most notably on the possibilities of producing biogas from geranium leaves and sorghum stems; installation of biogas digesters for several institutions and private entities; adapting petrol engines for operation on biogas; construction of several improved stove models that operate on sawdust, wood, peat, or briquettes of various origins; and the pyrolysis of peat.

## **Agriculture and agro-industries**

To fulfil its role as stated in Rwanda's Vision 2020 and PRSP, the agriculture sector should achieve 5 - 8% annual growth. Unfortunately, over the last three-year period, growth in the sector averaged only 3.6%. Considering only the last two years, where the agriculture production has been subject to adverse climatic conditions, overall annual growth has been of -1.64% while food crops alone decreased by 2.8%. These lower than expected growth rates imply that the agriculture sector is not on-track relative to the Government of Rwanda's targets for poverty reduction and increased rural incomes. However, in 2004, the increase in export crops (particularly coffee) compensated slightly for the reduced food crop production resulting into an overall agriculture growth of 0.8%.

In order to reduce the heavy dependence on rains, the Government of Rwanda has been promoting the use of modern inputs. More seeds were disseminated (952 tonnes for potato, 205 tonnes for cereals, 58.6 tonnes for roots/tubers and 8 tonnes for sunflowers). At the same time, fertilisers have been exempted from duties until mid-2005, and credit lines have been established with the National Bank of Rwanda and the local development banks in order to facilitate the importation of fertilisers. Supporting interventions included improved management of soil and natural resources through increased radical terraces, installation of valley dams and collection of rainwater.

Neither food crop nor animal production is high enough to meet the needs of Rwanda's population. Rice, wheat and maize production have increased in recent years (from meeting 28% of domestic needs in 2001 to meeting approximately 60% of domestic needs in 2003-04), though lack of processing facilities remains problematic in the production of certain crops such as wheat. This pressure has been alleviated to some extent by the recent opening of two new flour mills, though Rwanda still imports some 14,000 tonnes of wheat per year (at a cost of US\$ 20 million). A slight increase in animal production has been observed (except fish), though again, domestic production is much lower than demand (39% of all milk is produced domestically, 86% of meat, 55% of fish, and 10% of eggs [2003-04 figures]).

Microfinance is increasingly being made available to farmers through the *Banques Populaires* in order to finance the use of fertilisers, and a national microfinance policy and regulatory framework have been developed.

## **Manufacturing and mining**

Mining and quarrying activities expanded by an estimated 55 per cent over 2004, largely boosted by increased cassiterite tin production. Value added in this sector

increased from RWF 89bn in 2003 to RWF 100 bn in 2004. The mining and quarrying sector is estimated to directly employ around 50,000 people in Rwanda.

Growth in the industrial sector reached nearly 7% over 2004, despite the negative effects of the double energy crisis (rising fuel costs and electricity shortage) and new competitive pressures arising from the COMESA free trade area entry in Jan 2004. The price of the category “housing, water, electricity, gas and other fuels” in the CPI grew by 18.2% over 2004, with the price of solid fuel rising by 35%. The price of electricity was held constant over 2004, but was almost doubled between December 2004 and January 2005. It is important to remember, however, that the very poorest would not suffer directly from this increase in the price of electricity.

The construction sector and its supporting industries, such as furniture and chemical manufacturers, were the lead industries in 2004, with the building of private dwellings and roads being key. In addition, many large construction projects such as the BDCI building, and three new hotels reached completion in 2004.

### **Sustainable tourism**

The Government of Rwanda recognises the importance of tourism as an opportunity with which to create employment, providing incomes for the poor, and facilitating the conservation of Rwanda’s cultural and natural heritage.

Rwanda’s tourism sector continues to grow strongly, with 63% more visitors to national parks in 2004 compared to 2003. Much of this growth is a result of an increase of over 7,000 in the number of Rwandan visits to Akagera National Park, a result of investments in tourist infrastructure, particularly hotels. Receipts are up 45% whilst foreign tourists visiting national parks have shown an encouraging 35% increase, with more flights to Rwanda and more passes per day to visit the gorillas. This growth path looks set to continue with more investments underway in 2005 and promotion of Rwanda tourism at the international expo in Aichi, Japan.

### ***Commitment 5: Enhancing the role of trade in development***

#### **Trade, commodities and regional trading arrangements**

The Government of Rwanda recognises the importance of international trade as a means for generating revenue with which to finance development activities and, eventually, reduce the country’s need for development assistance. A number of factors pose significant barriers to trade in Rwanda, and Rwanda is currently finalising its Integrated Framework, which will provide detailed policy recommendations for the way forward.

Rwanda has become an increasingly active member of COMESA and has applied for membership of the EAC. Rwanda’s export growth remains constrained however by its lack of production of commercial goods and services. Whilst moving subsistence farmers into the production of commercial crops or non-farm activities would in principle increase the supply of goods with commercial value to domestic and external markets, a number of barriers persist:

- a lack of knowledge of trade opportunities
- lack of utilisation of good farming practices and standards
- poor rural transport links, high international transport costs and inefficient customs procedures
- a lack of access to credit and weak organization of the rural sector
- weakly developed industrial and service sectors

## **Services**

Services constituted the strongest performing sector in 2004, with growth of almost 8%. Available indicators suggest that growth was particularly strong in the tourism, transport and communications sectors. Turnover declared at the Rwanda Revenue Authority increased for all service sector groups. Statistics from the ORTPN show that total number of visitors to national parks increased by 63% in 2004 with tourist numbers rising from around 15,000 to almost 26,900 from 2003-04 (including 35.1% more visits from foreigners), while Balance of Payments data show that revenue from tourism increased by 45%. Revenues from tourism in 2003 are estimated to have been US\$30.1 million, climbing to US\$43.5 million in 2004.

## ***Commitment 6: Reducing vulnerability and protecting the environment***

### **Protecting the environment**

An environment policy was developed during 2004 and the 'environment organic law' has been adopted by Parliament while the law establishing the Rwanda Environment Management Authority (REMA) is currently being debated in the Senate. A ministerial order prohibiting use of plastic bags is in force since August 2004 and a decision was taken to allocate 5% of CDF resources to environmental protection activities.

The Forest Protection Service was established in July 2004. 60 million trees were planted in 2004 and forest areas expanded from 503,763 ha in 2002 to 527,653 Ha in 2004. Forest fires have been reduced by about 70% and 110 local authorities from six provinces were trained in forest management practices.

As outlined in the Energy section of this report, a PHRD-grant financed study last year indicated unsustainable levels of fuel-wood and charcoal use. The government has placed restrictions on the use of these resources and is now moving to purchase diesel-powered brick making machines (brick production is a major drain on fuel-wood and charcoal resources) from South Africa through Kigali Institute of Science and technology (KIST), in its capacity to promote new science and technology.

### **Alleviating vulnerability to natural shocks**

A national policy on disaster risk reduction and prevention in Rwanda was formulated in 2002 and approved by the Cabinet in July 2003. From the policy, a national body on Disaster Risk Management was put in place in July 2004, and is functioning as an autonomous body under the Ministry of Local Government.

The Government of Rwanda has adopted a sectoral approach for all ministries. Disaster Risk Reduction/Prevention concepts do not directly come out as such in all sectoral plans; however, different sectoral policies include disaster risk reduction as an integral part in their respective area of intervention (water resource management, poverty reduction, climate change, education, development planning). The Ministry of Lands, Environment, Forests and Natural Resources sectoral policy document describes mechanisms for natural resources management and environment protection.

Rwanda has included disaster management in their annual budget for the first time in

2004. Disaster management was allocated US\$52,635.00 in the 2004 annual budget as running costs for the National Service for Disaster Risk Management recently created. This budget is included in the Ministry of Local Government, Community Development and Social Affairs budget. In addition, UN Agencies and NGOs have budget lines for risks in their programmes/projects.

## ***Commitment 7: Mobilizing financial resources***

### **Domestic resource mobilisation**

The ratio of domestic revenue to GDP increased in 2004 (14.2% compared to 13.5% in 2003, against 12.1% and 11.2% in 2002 and 2001 respectively) and expenditure was lower than programmed, resulting in the overall deficit before grants also being lower than programmed. Domestic tax and non-tax revenue increased by Rwf 20bn and Rwf 7bn respectively. Tax revenue was primarily driven by improvements in PAYE collection and increased VAT revenues owing to inflation. Non-tax revenue benefited from the sale of government houses, the strategic petroleum stocks and National Bank dividends and demonetisation of some Rwandan francs.

The Government is currently undertaking significant work in the area of financial sector reform, which is relevant to its commitments under the Programme of Action. Major components of the reform include the strengthening of the legal and coordination frameworks as well as the supervisory framework of the banking system, the introduction of new financial instruments, the liberalization of interest rates, and the opening up of the banking system to foreign banks. These reform measures appear to have had a significant positive impact on the development of the financial system

### **Aid and its effectiveness**

Rwanda receives in the region of US\$ 400 million per annum in official development assistance. The Government of Rwanda is particularly keen to see improvements made in the management of external finance, and to this end a new External Finance Unit was created within the Ministry of Finance and Economic Planning in 2005, with the aim of coordinating the Government of Rwanda's interface with development partners, as well as developing policies and practices aimed at improving aid effectiveness (and in so doing, implementing the commitments made in the Paris Declaration).

The Government of Rwanda is currently developing its first national aid policy document, and it is expected that this will be adopted by the Cabinet in March 2006. The purpose of the aid policy will be to provide clarity on the most appropriate modalities of aid and appropriate arrangements for negotiating, managing, and using aid. Furthermore, it will set out the Government's proposed framework for reforming aid policy in Rwanda, in terms of the desirable reforms needed by the Government and its partners to ensure mutual accountability. At the time of writing, a broad consultation process is underway, with government departments, development partners, NGOs, and civil society all involved in the drafting of the policy.

### **External debt**

In April 2005, the IMF and World Bank agreed that Rwanda had attained Completion Point under the HIPC initiative. Total debt relief under the enhanced HIPC Initiative from all of Rwanda's creditors is estimated at US\$1.4 billion from a total debt stock of US\$1.5 billion.

In 2006, debt service repayments will total US\$ 8.7 million, of which US\$ 7.9 is to multilaterals. This should rise to US\$ 9.4 million in 2007. Rwanda's challenge is now to ensure that its debt levels remain sustainable. This means limiting borrowing to not more than US\$20 million per annum. This would leave a financing gap of some US\$ 150 million per annum to be sought from donors in addition to the assistance currently received if the Government is to fulfil its investment targets as set out in its Vision 2020.

## **Concluding remarks**

The Government of Rwanda remains committed to working with its development partners in implementing the actions specified in the Programme of Action for the Least Developed Countries.

In the spirit of the Programme, the Government of Rwanda will continue to develop and strengthen its own mechanisms for ensuring that the areas identified in the Programme of Action are tackled in an effective, country-owned manner. As outlined at the beginning of this paper, an independent evaluation of the Government's first poverty reduction strategy is currently being finalised, and it is hoped that this will give a much clearer picture of the progress made by Rwanda over the last four years, and those areas that should be given particular attention in the forthcoming second generation PRS (the Economic Development and Poverty Reductions Strategy, or EDPRS).

## **Further readings**

Government of Rwanda (2005) *Poverty Reduction Strategy: Annual Progress Report*, Ministry of Finance and Economic Planning.

Government of Rwanda (2004) *Poverty Reduction Strategy: Annual Progress Report*, Ministry of Finance and Economic Planning – accessible online via <http://www.imf.org/external/country/RWA/index.htm>

Government of Rwanda (2003) *Poverty Reduction Strategy: Annual Progress Report*, Ministry of Finance and Economic Planning – accessible online via <http://www.imf.org/external/country/RWA/index.htm>

Government of Rwanda (2002) *Poverty Reduction Strategy Paper*, Ministry of Finance and Economic Planning – accessible online via <http://www.imf.org/external/country/RWA/index.htm>

Evans, A., L-H. Piron, Z. Curran and R. Driscoll (forthcoming – 2006) *Independent Evaluation of Rwanda's Poverty Reduction Strategy 2002-2005 (PRSP1)*, IDS and ODI for the Government of Rwanda.