39. Country profile: Rwanda

1. Development profile

Rwanda is a poor, landlocked country with minimal natural resources. The 1994 genocide, during which 800,000 Rwandans were killed, destroyed the economy and "temporarily stalled the country's ability to attract private and external investment".[1] As the genocide targeted the working-age population, it set the country back an entire generation in terms of human resources. It also left thousands of orphans and widows. Two-thirds of the population is under the age of 25.[2] Rwanda has made great strides and restored its economy to pre-1994 levels, but there are structural limitations on the country's capacity to develop socially and economically.

Rwanda is the most densely populated country in Africa, yet only one half of the land is arable; this translates to a situation where only one hectare of arable land is available per nine inhabitants, and this amount is rapidly decreasing due to Rwanda's high birth rate.[3] A lack of "land improvement planning and overexploitation of the soil without restoration of nutrients has led to a significant fall in productivity".[4] The land cannot support the population, which leads to a high incidence of malnutrition and food insecurity: 45 percent of children under the age of 5 suffer from malnutrition, and 52 percent of households in Rwanda are either food insecure or food vulnerable. It is estimated that 1 in 3 Rwandans cannot afford what is considered the minimum food basket (2500 kilocalories per day).[5] About 90 percent of the population relies on agriculture for their survival and only 3 percent are estimated to use modern farming techniques.[6] Because Rwanda is landlocked, transportation costs can be very high, which increases the price of exports and renders Rwanda unable to compete in international markets. As there are no regional train networks and the roads are largely in disrepair, transportation within the country is also very difficult.

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[1] CIA World Factbook. (2010, November 9). *Rwanda.* Retrieved from United States Central Intelligence Agency: https://www.cia.gov/library/publications/the-world-factbook/geos/rw.html

[2] Government of Rwanda. (2007, September). *Economic Development and Poverty Reduction Strategy 2008-2012*. Ministry of Finance and Economic Planning, Government of the Republic of Rwanda. Retrieved from World Bank: http://siteresources.worldbank.org/INTRWANDA/Resources/EDPRS-English.pdf

[3] Government of Rwanda. (2007, August). *Vision 2020 Umurenge: An Integrated Local Development Program to Accelerate Poverty Eradication, Rural Growth, and Social Protection*. Retrieved from Government of the Republic of Rwanda: www.minaloc.gov.rw/IMG/pdf_VUP_final.pdf

[4] Ibid.

[5] Ibid.

[6] Ibid.

In 2006, a substantial portion of Rwanda's debt was forgiven under the Multilateral Debt Relief Initiative. Rwanda is on track to achieve several of its Millennium Development Goals.[7] Primary education enrolment is at 95 percent, with 97 percent of girls enrolled; HIV/AIDS prevalence is declining; and the incidence of malaria is declining as well.[8] Other socioeconomic indicators are improving, such as infant mortality and poverty, but much remains to be done to meet the MDGs.

Regional integration has been a high priority for the Rwandan government. They are members of the East Africa Community, the Nile Basin Initiative, the Economic Community for the Great Lake Countries and the Common Market for Eastern and Southern Africa.[9] Rwanda's long-term economic plans have been laid out in the *Vision 2020* document. The main *Vision 2020* goals include reconstruction of the nation, an efficient state capable of uniting and mobilising its population, human resources development, development of entrepreneurship and the private sector, modernisation of agriculture and animal husbandry, control of population growth, and reduction of the main causes of mortality, namely malaria and AIDS.[10]

Socioeconomic indicators[11]	
Population (millions)	9,720,694
GNI per capita, PPP (current USD)	1,010
GDP (current USD) (billions)	4,456,860,180
GDP composition by sector (%)	- Agriculture 35 - Industry 12 - Services 53
GDP growth rate (%)	11.2
% below poverty line (%)	60
Inflation (%)	17.4
GINI index	47
Adult literacy rate (%)	64.9
Life expectancy (years)	56
Child dependency ratio	76.8
Elderly dependency ratio	4.5
HIV prevalence (%)	2.8
Overseas development aid per capita (current USD)	73.3
Net official development assistance 2005 (USD Millions)	26
Remittances as % of GDP	1.2
2009 Human Development Index (HDI) ranking	167

[7] World Bank. (n.d.). *Rwanda: Country Brief.* Retrieved from World Bank: http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/RWANDAEXTN/0,,menuPK:368714~pagePK:141132~piPK:141107~theSitePK:368651,00.html

[8] Ibid.

[9] Ibid.

[10] Government of Rwanda (2007). *Vision 2020.*

[11] World Bank. (n.d.). *Indicators.* Retrieved from World Bank: http://www.worldbank.org/indicators

2. Vulnerability analysis

2.1 External shocks

Around 90 percent of Rwandans depend on subsistence agriculture for their livelihood as well as their survival. This naturally makes their food security vulnerable to fluctuations in climactic conditions. Only about half of the land in Rwanda is considered arable, and while this land is extremely fertile, over-farming is leaching the soil of its nutrients and decreasing productivity. Rwanda's main exports are tea, coffee and coltan. Fluctuations in the international demand and prices for these items can negatively affect the country's GDP. This was seen in 2002.[12]

2.2 Political instability

The country continues to struggle with ethnic conflict. Rebel groups based in the DRC have constantly threatened the peace and development in Rwanda. The 1994 genocide targeted the working-age population and has inhibited the development and availability of human resources for the service and financial industries.[13]

2.3 HIV/AIDS

Rwanda's HIV/AIDS prevalence is about half of the regional average of 5 percent. The government has focused on AIDS education as a means to prevent and reverse the spread of the disease, an effort that appears to have been largely successful. Rwanda struggles more with the high frequency of malaria cases, 51 percent of which prove fatal.[14]

2.4 Foreign aid and remittances

Foreign aid accounts for about 21 percent of Rwanda's GDP.[15] Because of this, people in Rwanda would be especially hurt if the global economy were to slow.

3. Monitoring and evaluation

As stated in the *Poverty Reduction Strategy Paper*, the Poverty Observatoire will be established in order to conduct annual monitoring of performance indicators. More comprehensive surveys will be conducted every five years. The success of the *Economic Development and Poverty Reduction Strategy* (EDPRS), which covers the period from 2008 to 2012, will be monitored by a small group of technicians at the central government level and each sector will have a monitoring and evaluation specialist who will assemble and analyse changes in indicators. Progress of the EDPRS is reviewed each year by the Technical and National Steering Committees using the Annual Progress Report mechanism. These draw upon the Joint Sector Reviews and District Performance Contract evaluations (*imihigo*), and are subsequently submitted to Cabinet and Parliament. The Joint Sector Reviews will

[12] IMF. (2004, August). *Rwanda: Joint Staff Assessment of the Poverty Reduction Strategy Paper Progress Report.* Retrieved from International Monetary Fund.

[13] CIA World Factbook (2010).

[14] Government of Rwanda (2007). *Vision 2020.*

[15] World Bank. (2009). *Rwanda: Data Profile.* Retrieved from World Bank: http://ddp-ext.worldbank.org/ext/ddpreports/ViewSharedReport?&CF=&REPORT_ID=9147&REQUEST_TYPE=VIEWADVANCED

be complemented and supported with regular Public Expenditure Reviews, Citizen Report Cards and Community Score Cards.[16]

4. Social assistance programmes overview

*All currency conversions are based on 17th February 2010 rates.

- 1 RWF = 0.00171 USD
- 1 EUR = 1.369 USD
- 1 GBP = 1.57161 USD[17]

Programme #1: public works, unconditional cash transfers	**Programme name**	**Vision 2020 Umurenge Programme (VUP)[18]**
	Programme objective	▪ The goal of the programme is to eradicate poverty by the year 2020, "by releasing the productive capacities of the Rwandan people and offering solutions adapted to their needs".
	Programme components	▪ **Land credit**: give credit to individuals who own productive land in order for them to purchase supplies or machinery to increase their yields. ▪ **Public works**: employ individuals who are able to perform work and utilise them in order to build productive community assets. ▪ **Labour credit**: give credit to entrepreneurs so they can invest in business assets and hire more labour. ▪ **Unconditional direct support**: given to individuals who are unable to work and do not own land or businesses – in essence, who do not meet any requirements for land credit, public works participation or labour credit. Beneficiaries receive the support as long as they engage in skill-building exercises.
	Programme coverage	▪ Goal: to cover 386 *Imirenges* over a period of 3-5 years. ▪ Starts with 30 *Imirenges*, which covers about 600,000 people.
	Finance	▪ Government, in coordination with development partners and NGOs, will finance the project. ▪ $72 USD per capita per year. ▪ $44 million USD (24 billion RWF) per year. ▪ Allocation: ○ 50% to public works. ○ 30% to credit packages. ○ 20% for direct supports.
	Legal framework	▪ The programme is identified by the government as a means to reduce the poverty level in the *Economic Development and Poverty Reduction Strategy*, and the specific plans are established in *Vision 2020 Umurenge* document.

[16] Government of Rwanda (2007). *Economic Development and Poverty Reduction Strategy 2008-2012.*

[17] *Currency Converter*. Retrieved from Oanda: http://www.oanda.com/currency/converter/

[18] Table drawn from Government of Rwanda (2007). *Vision 2020.*

	Administrative framework	▪ Ministry of Local Government, Community Development and Social Affairs (MINALOC) has overall responsibility for supervising and facilitating the coordination of programmes. ▪ MINALOC's responsibilities include: ○ Calling and chairing steering committee meetings. ○ Conducting daily follow-up and monitoring of the programme activities. ○ Receiving and analysing reports from the VUP management team.
	Monitoring and evaluation	▪ MINALOC oversees the entire operation.
	Programme barriers	▪ Management by central government and coordination with local governments will be difficult because of a lack of transportation and communication infrastructure. ▪ Relies on people's desire and capacity to meet incentives and participate in community development. ▪ The success of the credit packages is contingent on people paying back their loans.

Programme #3: social insurance	**Programme name**	**Community-Based Health Insurance**[19]
	Programme overview	▪ Mandatory health insurance.
	Programme objective	▪ To improve financial accessibility to healthcare and equity in the health system. ▪ To mobilise domestic resources to improve the financial viability of health services.
	Programme components	▪ Insured individuals will be able to utilise all health services with a co-payment, and to use district and tertiary hospital services for only 10 percent of the costs of the procedures.
	Programme duration	▪ Started in 1999.
	Programme coverage	▪ 85 percent of the Rwandan population by 2008.
	Finance	▪ Contributory scheme where every person contributes $1.75 USD annually. ▪ The co-payment is equal to $0.35 USD for all essential services.
	Legal framework	▪ December 2007: Law No. 62/2007 established and determined the organisation, functioning and management of the Mutual Health Insurance Scheme.
	Administrative framework	▪ Minister in charge of Health will supervise. ▪ There will be a contract of performance between the mutual health insurance fund and the District representing the Ministry of Health. ▪ Board of directors in charge of managing the activities of the fund, its personnel, and its property.

[19] Table drawn from Republic of Rwanda. (n.d.). *Community Based Health Insurance in Rwanda*. Retrieved from Republic of Rwanda, Ministry of Health: http://www.cbhirwanda.org.rw/

		▪ Village mobilisation committees are responsible for getting people to join the fund and general awareness. They must also submit activity reports. ▪ Cell mobilisation committees coordinate the scheme at the village level and evaluate at the sector level, propose annual draft budgets.
	Programme barriers	▪ Concerns about adequate supply and access to health services. ▪ Potential for corruption.

Programme# 4: conditional cash transfer	**Programme name**	**Ubudehe Community Grant Scheme**[20]
	Programme overview	▪ Externally funded scheme that provides a cash grant to every cellule in Rwanda, which can be used for community projects and for grants and loans to the poorest.
	Programme components	▪ **Cash grants and loans**: poorest one or two households in each cellule may be given a cash grant or loan for income-generating activities. ○ The poorest households may be given 150 Euros ($204.83 USD), which they can use to set up a business (such as buying goats), and must pay the money back to the community. ○ Sometimes the poorest households receive social welfare grants, which they are not required to pay back. ▪ **Community projects**: ○ Most of the grant is spent on community projects, decided by the communities. ○ The grant operates like a social action fund: to access cash, communities submit a report listing priorities.
	Programme duration	▪ Started in 2003.
	Programme coverage	▪ Poorest households.
	Beneficiary determination process	▪ Community determines poorest 1 or 2 households.
	Finance	▪ The European Commission provides 1,000 Euros ($1,365.44 USD) in cash to every cellule in the country.
	Administrative framework	▪ Each cell identifies the poor in the community through a participatory process. ▪ Each cell opens a bank account at the local district level with Banque Populaire. ▪ The money is then sent to the district to implement the proposed activity. ▪ All decision-making about who should benefit and how the money is spent is done at local level. ▪ Ownership of money is also at the community level.

[20] Table drawn from Devereux, S., J. Marshall, J. MacAskill and L. Pelham. (2005). *Making Cash Count: Lessons from Cash Transfer Schemes*. Save the Children UK, HelpAge International and Institute of Development Studies. Retrieved from the International Policy Centre for Inclusive Growth, United Nations Development Programme: www.ipc-undp.org/publications/cct/africa/MakingCashCountfinal.pdf

	Programme name	Old Age, Disability, and Survivors[21]
Programme #2: social insurance	Programme components	▪ **Old-age pension**: ○ 30% of insured's average earnings in last 3 or 5 years (whichever greater), plus 2% of average monthly earnings for each 12-month period of coverage exceeding 180 months. ○ Minimum: 50% of legal minimum wage. ▪ **Old-age settlement**: ○ Lump sum, equal to average monthly earnings in last 3 or 5 years (whichever greater), multiplied by years of coverage. ▪ **Disability pension**: ○ 30% of average earnings in last 3 or 5 years (whichever greater), plus 2% of average monthly earnings for each 12-month period of coverage exceeding 180 months. ○ Minimum: 50% of legal minimum wage. ○ Constance attendance supplement: 40% of pension. ▪ **Survivor pension**: ○ 50% of deceased's pension is paid to widow. ▪ **Orphan's pension**: ○ 25% of deceased's pension is paid to each eligible orphan; 40% for a full orphan. ▪ **Dependent parent's pension**: ○ Paid in the absence of other eligible survivors. ○ 25 % of deceased's pension to each eligible parent. ▪ **Survivor settlement**: ○ Lump sum, equal to one month of pension for each 6-month period of coverage is paid to widow. ▪ **Orphan's settlement**: ○ Lump sum, equal to 50% of survivor settlement, paid to each eligible orphan. ○ Total settlement to all orphans will not exceed twice the survivor's settlement.
	Beneficiary determination process	▪ **Old age pension**: ○ Between age 55 to 65, with at least 15 years of coverage. ▪ **Old age settlement**: ○ Age 55 and ineligible for old-age pension. ▪ **Disability pension**: ○ Must be assessed with a loss of at least 50% of earning capacity. ○ Must have 5 years of coverage, including 6 months of contributions in the 12 months before disability began. ○ Constant attendance supplement paid if the insured needs thers' constant attendance to perform daily tasks. ○ Disability must be periodically assessed by a doctor who has been approved or appointed by the Social Fund.

[21] Table drawn from ISSA (2009, August). *Social Security Programs Throughout the World: Africa, 2009.* Retrieved from United States Government, Social Security Administration: http://www.ssa.gov/policy/docs/progdesc/ssptw/2008-2009/africa/rwanda.html

		▪ **Survivors pension**: ○ Paid to survivors if the deceased was a pensioner, met the qualifying conditions for an old-age pension or a disability pension, or had 180 months of coverage at the time of death. ▪ **Survivor settlement**: ○ Paid to eligible survivors if the deceased did not meet the qualifying conditions for a pension. ○ Eligible survivors: widow, children younger than age 18 (25 if a student, no limit if disabled), and parents (including adoptive parents) in the absence of a surviving spouse and orphans.
	Programme coverage	▪ Salaried workers including permanent, temporary and occasional workers. ▪ Voluntary coverage for self-employed persons and for persons who were previously insured for at least 6 consecutive months and had mandatory coverage in the last 12 months.
	Finance	▪ **Insured**: pay 3% of covered earnings. ▪ **Self-employed and voluntary contributors**: pay 6% of earnings. ▪ **Employers**: contribute 3% of covered payroll.
	Legal framework	▪ First law passed in 1956. ▪ Current law passed in 2003.
	Administrative framework	▪ Ministry of Finance and Economic Planning provides general supervision. ▪ Managed by a tripartite council and director.
	Programme barriers	▪ Deficiencies in record-keeping and information technologies. ▪ No rate differentiation among employers, which present different levels of risk and leads to the worker's injury pension fund being overfunded. ▪ Exclusion of 90% of the population because they are not employed in the formal sector. ▪ Insufficient benefits for existing programmes.

Programme #4: social insurance	**Programme name**	**Work Injury**[22]
	Programme components	▪ **Temporary disability benefit**: ○ 75% of the average daily earnings in the 3 months before the disability began. ○ Paid until full recovery or until permanent disability is certified, for up to 180 days. ▪ **Permanent disability pension**: ○ If assessed with a total disability, 85% of average monthly earnings in the 3 months before the disability began. ○ Constant-attendance supplement of 40% of the insured's pension is paid if the insured requires constant attendance of others to perform daily tasks. ○ Partial disability is paid if the insured is at least 15% disabled and is

[22] Table text from ISSA (2009).

		paid a percentage of the full pension depending on the degree of disability. A lump sum is paid if the disability is less than 15 percent and is equal to 3 years of pension. ▪ **Workers' medical benefits include:** ○ Medical and surgical care, ○ laboratory services, ○ medicines, ○ hospitalisation, ○ dental care, ○ eyeglasses, ○ appliances, ○ rehabilitation, ○ transportation. ▪ **Survivor pension**: ○ Widow receives 30% of the deceased's average daily earnings. ▪ **Orphan's pension**: ○ Each orphan younger than 18 receives 15% of the deceased's average daily earnings. ○ 20% is paid to full orphans. ▪ **Other eligible survivors**: ○ 10% of the insured's average daily earnings. ▪ **Funeral grant**: ○ Lump sum, equal to 100 times the legal monthly minimum wage.
	Programme coverage	Employed persons in the country. ▪ ▪ Excluded: self-employed individuals.
	Finance	▪ Employers contribute 2% of gross monthly payroll.
	Legal framework	▪ The first law was passed in 1949. ▪ The programme operates under laws passed in 1973 and 2003.
	Administrative framework	▪ Ministry of Finance and Economic Planning provides general supervision. ▪ Managed by a tripartite council and a director general. ▪ The Social Security Fund administers the programme.