



Rwanda's development planning



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Background

- ❑ The President of Rwanda is the head of state, and has broad powers including creating policy in conjunction with the Cabinet.
- ❑ The Parliament intervenes and is empowered by the constitution to oversee the activities of the President and the Cabinet.
- ❑ Rwanda's development administration history is divided into 3 phases;
- ❑ **Pre-war era(1961-1990):** Centrally planned economy with severe restrictions.
- ❑ **War era(1990-1994):** There were many wars & the economy was in chaos with no economic activities.
- ❑ **Post war era:** Rebuilding & Development, vision 2020 etc.

Policy formulation and coordination

- ❑ After 2000, the accelerating pace of change in Rwanda, contrasted with slow pace of policy formulation & top level decision making.
- ❑ In 2008, Kagame issued a presidential order creating the Ministry in Charge of Cabinet affairs (Secretariat) under Prime Minister's Office. Its mandate was to manage policy development & streamline procedures for policy formulation.
- ❑ Kagame decided to create the Cabinet Secretariat following discussions in 2007 with PAC, a group of Rwandan and international experts (Tony Blair, Michael Porter, a professor at Harvard Business School; Rick Warren, an American evangelical pastor; Joe Ritchie, a prominent American businessman; Michael Fairbanks, consultant; etc)



Policy formulation and coordination

- ❑ The President in 2008 also established a Strategy and Policy Unit in the presidency in charge of policy initiation and design.
- ❑ Kagame's strategy drew inspiration from Tony Blair's creation of two units, called the Strategy and Delivery units, to improve the British government's policy planning and implementation.
- ❑ Cabinet Secretariat developed a Cabinet manual for line ministries that detailed the roles and responsibilities of ministers and their staff in policy formulation and Cabinet decision making.
- ❑ The manual includes guidelines stipulating content requirements for policies, stages of policy development, submission procedures and how to consult stakeholders.

Policy formulation and coordination

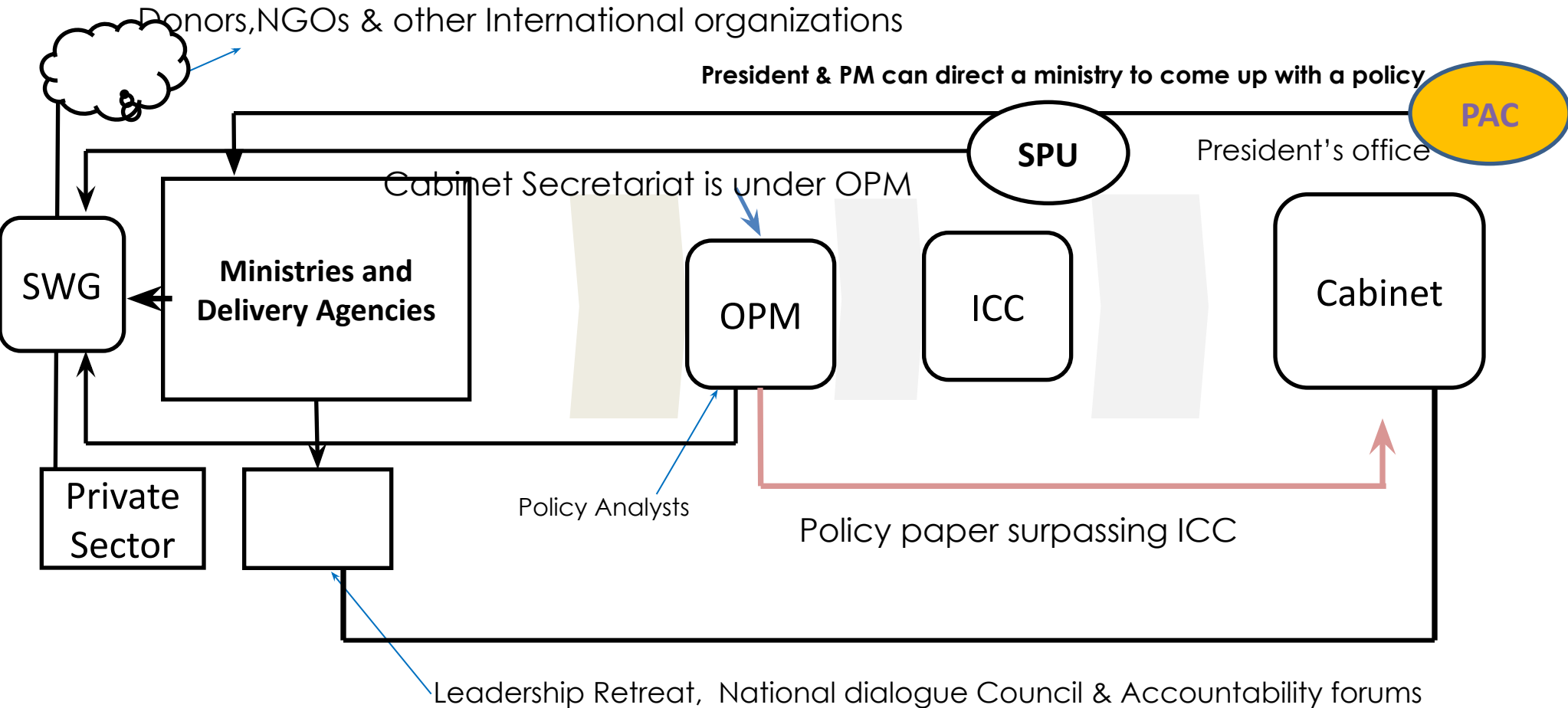
Concrete policy formats and development steps. Cabinet manual specifies formats for policy documents, to help ministries achieve consistent level of quality that ensures speedy decision making of cabinet. A two step process was laid out;

- 1) A ministry submits a so called green paper (consultation doc.). This contains many policy options and is intended to solicit feedback from stakeholders. Mandatory to consult key MDAs; Finance, Justice, SPU, RDB, Private sector, Local government.
- 2) A ministry submits white paper which contained a specific policy proposal for the designated policy researcher/analyst to review. After senior analyst and Minister signed it off, the policy goes to cabinet.

Policy formulation and coordination

- ❑ White paper has quality requirements that include; views of various organizations, people affected by the policy proposal, preferred policy option & its justification, implementation plan, financial and legal impacts, sources of funding, etc.
- ❑ MDAs describe any impact the policy might have on business environment, unity, etc & prepare communication strategy to publicize a new policy.
- ❑ Cabinet secretariat, indicates when a policy is suit for cabinet or not. If a paper is deficient, it is returned to the ministry or have it discussed in the Inter Ministerial Coordination Committees(ICC). For coordination and ownership purposes, even good papers are discussed in ICC.

Policy formulation and coordination



Must be consulted: Finance, Justice, RDB, Private sector, MINALOC, Donors

Decision making

Development timeline

Vision 2020
(1998-1999)

- ❑ Ambition to become middle income country by 2020
- ❑ Have a service led economy
- ❑ National owned and driven agenda

PRSP 1(2002-2006)

- ❑ Recovery from post conflict situation
- ❑ Gains in social sectors/health & education
- ❑ Poverty reduced by 3% points(60%-57%)

EDPRS 1(2008-2012)

- ❑ High poverty reduction(57%-45%)
- ❑ Reduced inequality
- ❑ High growth average of 8.2%
- ❑ On track to achieve MDGs in health & education

EDPRS 2(2013-2017)

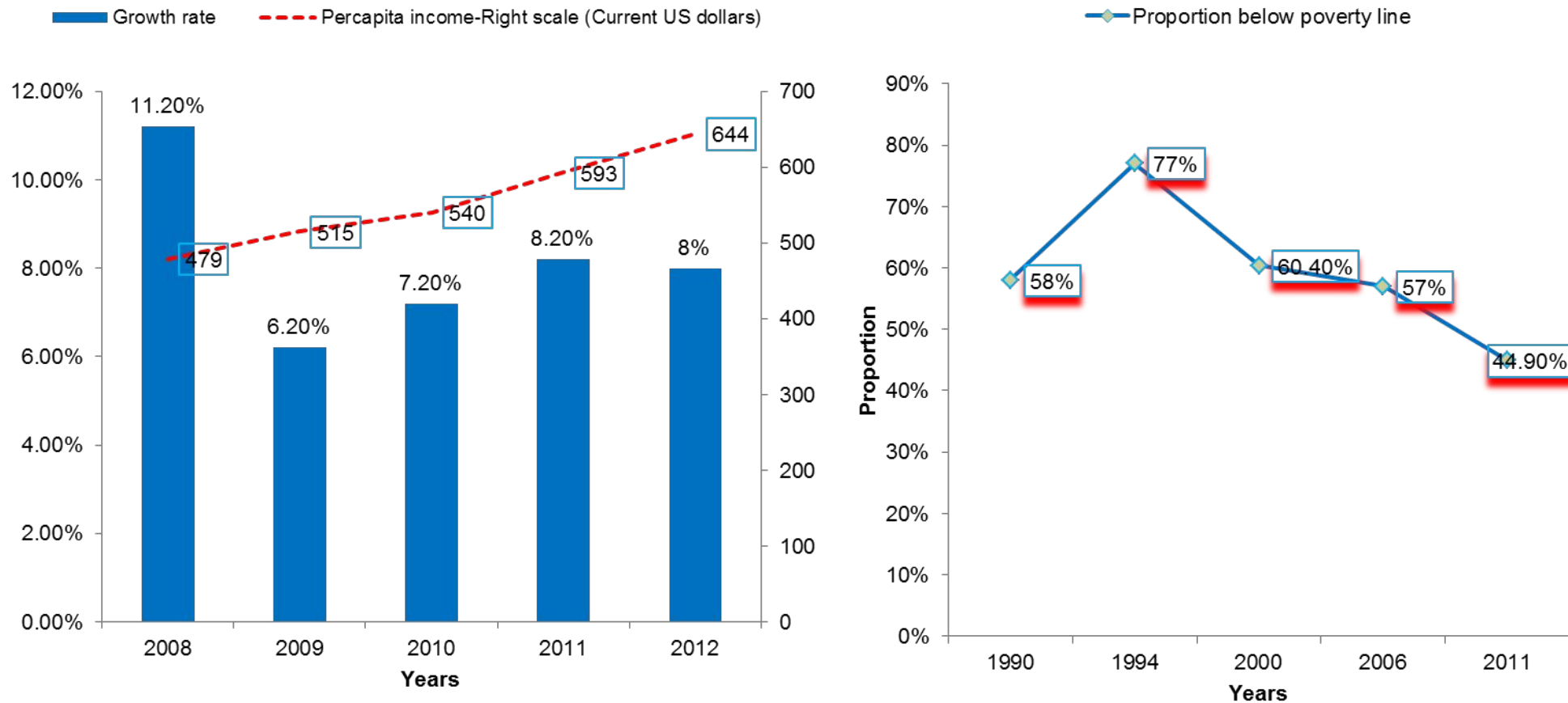
- ❑ Rapid growth(11.5%)
- ❑ Fast poverty reduction with 15 points(44.9-less than 30%)
- ❑ Close trade balance with rapid growth of exports
- ❑ Increased private sector investments

What is EDPRS?

- ❑ The Economic Development and Poverty Reduction Strategy(EDPRS) is a 5 year strategy with objective of improving the quality of life for all Rwandans moving towards the vision 2020 goal of becoming a middle income economy.
- ❑ The EDPRS 2 period is the time when Rwandan private sector is expected to take the driving seat in economic growth and poverty reduction.
- ❑ Targets accelerate poverty reduction from 45% to less than 30% of the population and rapid, sustainable and inclusive growth.

EDPRS 1(2008-2012)

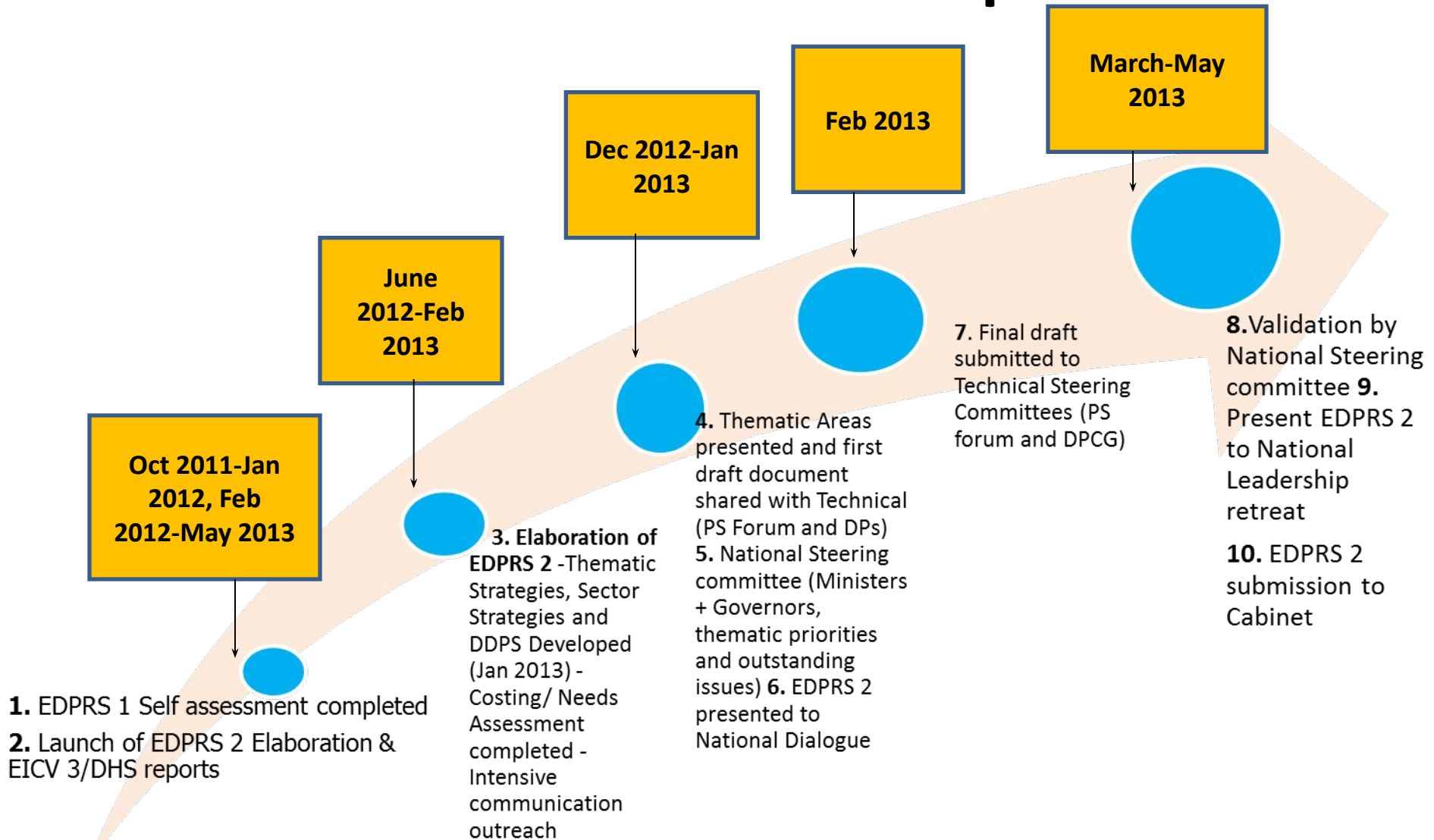
More than 1,000,000 out of poverty and back on track to meet the MDGs, health, education, etc.



EDPRS 2 elaboration and institutional roles

- ❑ The Prime Minister's Office through its Government Actions and Coordination Unit has the overall responsibility of coordinating planning in Central Government institutions.
- ❑ In order to improve the co-ordination between the functions of finance and planning, the Ministry of Finance(MINECOFIN) takes the lead in the elaboration of Long term and medium term development plans(Vision 2020, EDPRS).
- ❑ Ministry of Finance performs this role through its specialized directorate called National development planning and Research.
- ❑ In all 18 ministries there are EDPRS facilitators recruited by MINECOFIN to facilitate the elaboration process, and M& E.

EDPRS 2 Elaboration process



EDPRS 2 involved broad consultations

Key Groups Consulted during elaboration

- Opinion Leaders
- Members of Parliament
- Private Sector
- Youth
- Civil Society consultations (local and international)
- Sector and District Consultations
- Academia – lecturers and students
- Population at large

Coordination and consultation mechanisms used included

- Thematic Working Groups
- District Council + JADF
- Sector Working Groups
- Province Steering Committees
- Districts - (District executive authorities and staff & District Council + JADF)
- Umuganda and inteko z'abaturage
- Focus groups discussions and consultative meetings
- Gira Ijambo Campaign

The main aim of EDPRS 2 is to ensure a better quality of life for all Rwandans



Rapid economic growth (Avg. 10.2% p.a.)

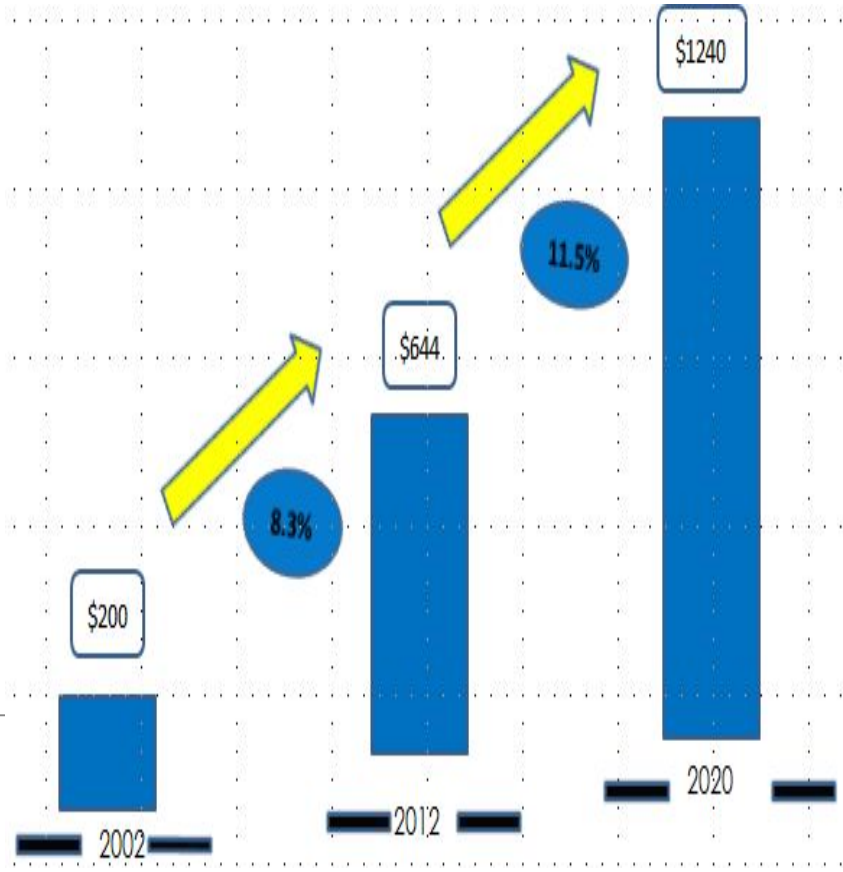
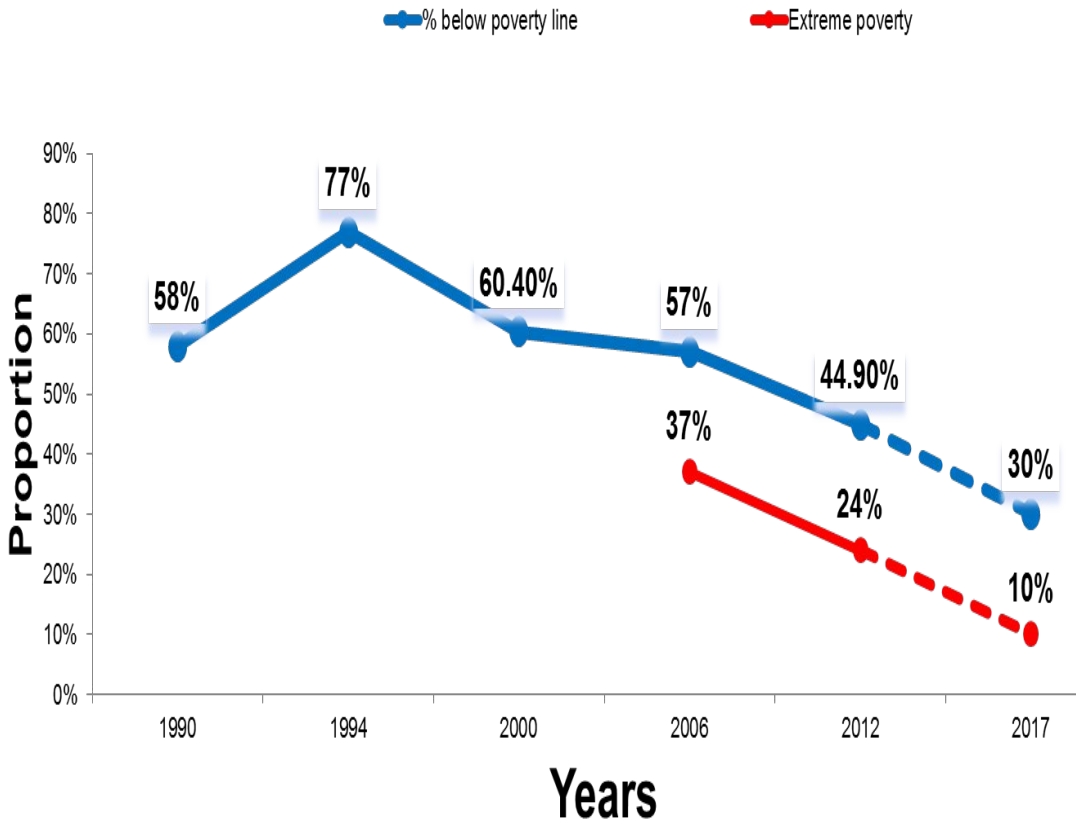
Reduce poverty to under 30%

Better quality of life for all Rwandans

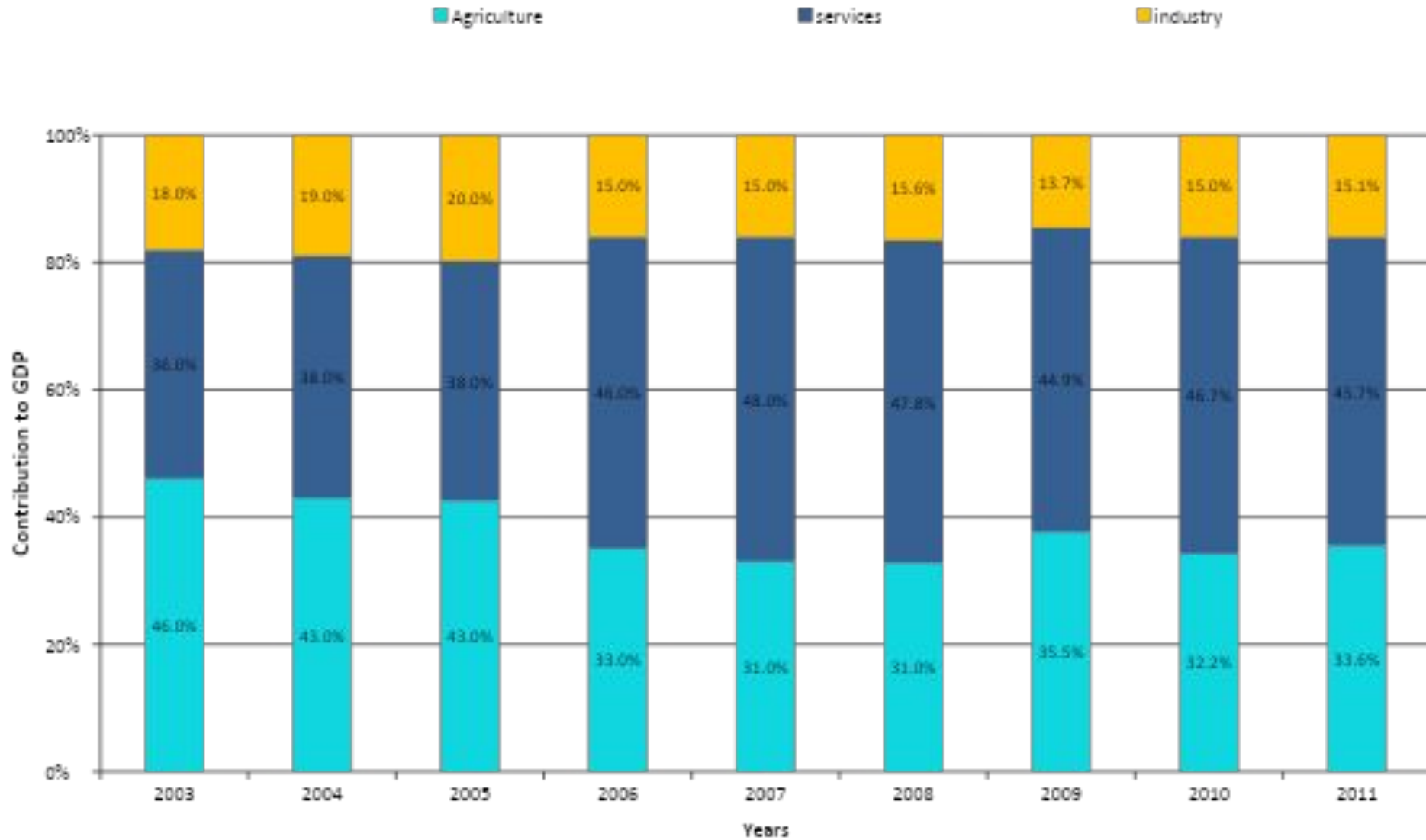
EDPRS 2 Targets linked to Vision 2020

Objectives	Current status/Baseline	EDPRS 2 targets by 2017	Vision 2020 targets
Rapid economic growth to Middle Income status	GDP per capita of \$644 in 2012 Avg. GDP growth of 8.2% over 2008-2012	GDP per capita of \$1000 Avg GDP growth of 11.5%	GDP per capita of \$1240 Avg GDP growth of 11.5%
Increased Poverty reduction	Poverty reduced from 57% to 44.9% over 2006-2011 Extreme poverty reduced from 36% to 24% over 2006-2011	poverty reduced under 30% Extreme poverty under 10%	poverty reduced under 20% Extreme poverty moving towards eradication
More off-farm jobs	1.4 million off-farm jobs in 2011	200,000 new off farm jobs p.a	200,000 new off farm jobs p.a
Reduced external dependency	Exports Growth of 22.8% over 2008-2012 Export coverage of imports 42.3% in 2012	Exports Growth of 28% p.a. Exports cover. of Imports 75% by 2017	Exports Growth of 28% p.a. Exports cover. of Imports 80% by 2020
Private Sector as engine of growth	Private investment at 10% of GDP	Private sector investment to reach 15.4% of GDP	Private sector investment to reach 20% of GDP

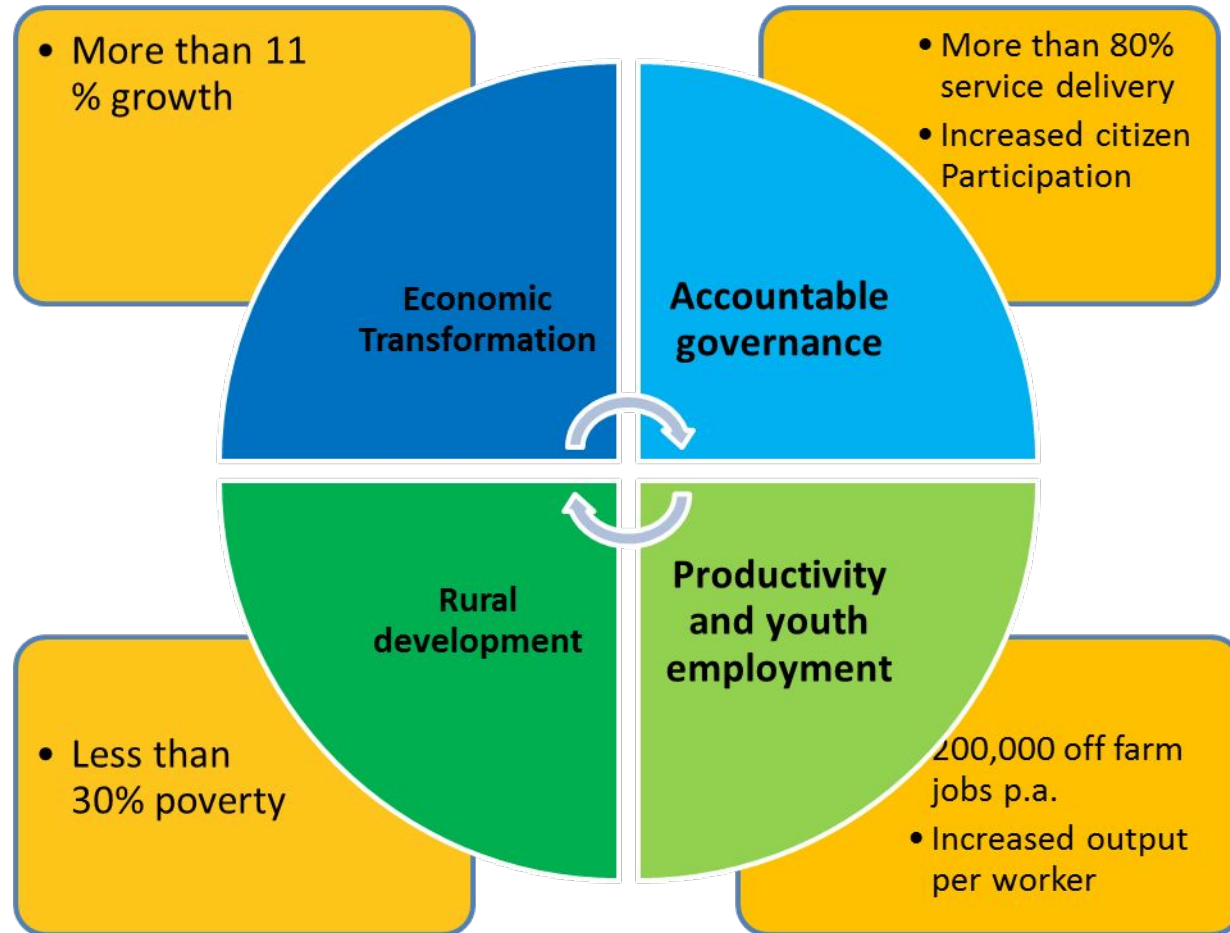
EDPRS 2: doubling efforts to reach Vision 2020 targets



Services sector has been leading and will continue to lead

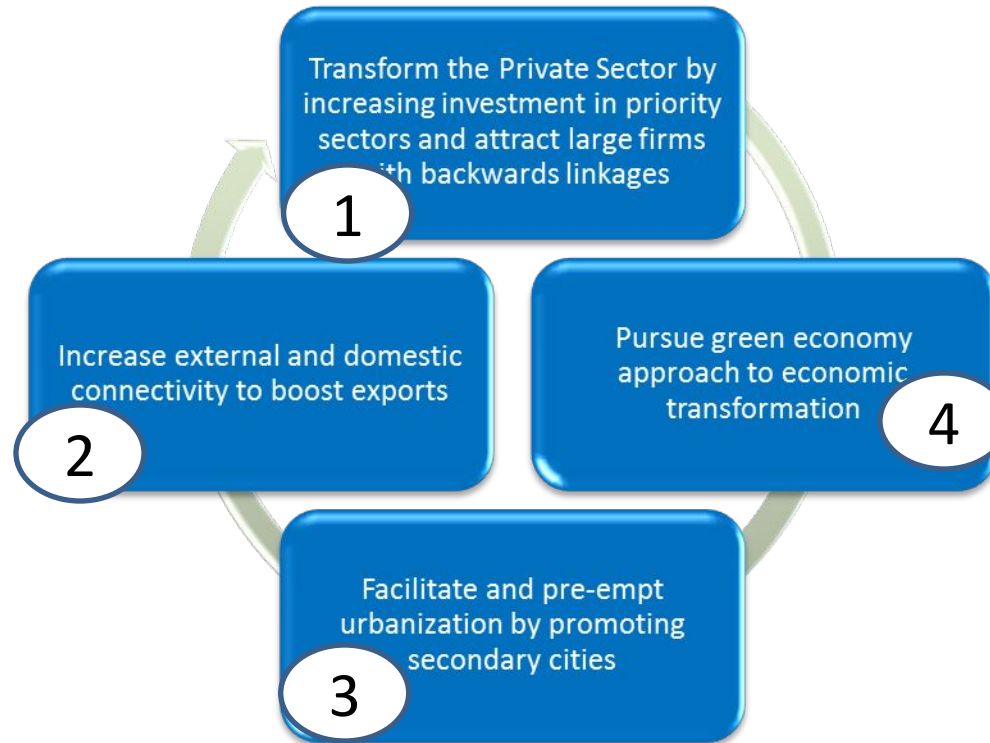


EDPRS 2 built on 4 Thematic Areas and foundational issues



Foundational / underpinning issues.

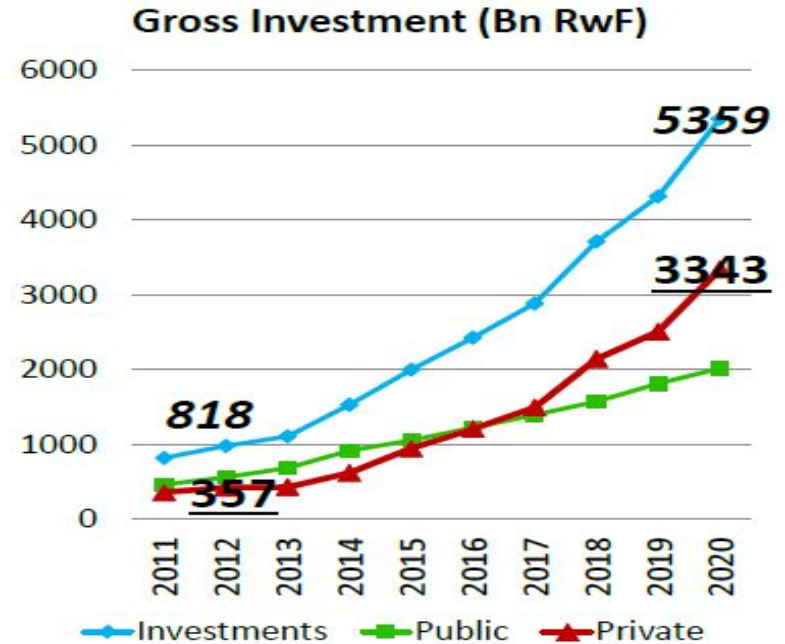
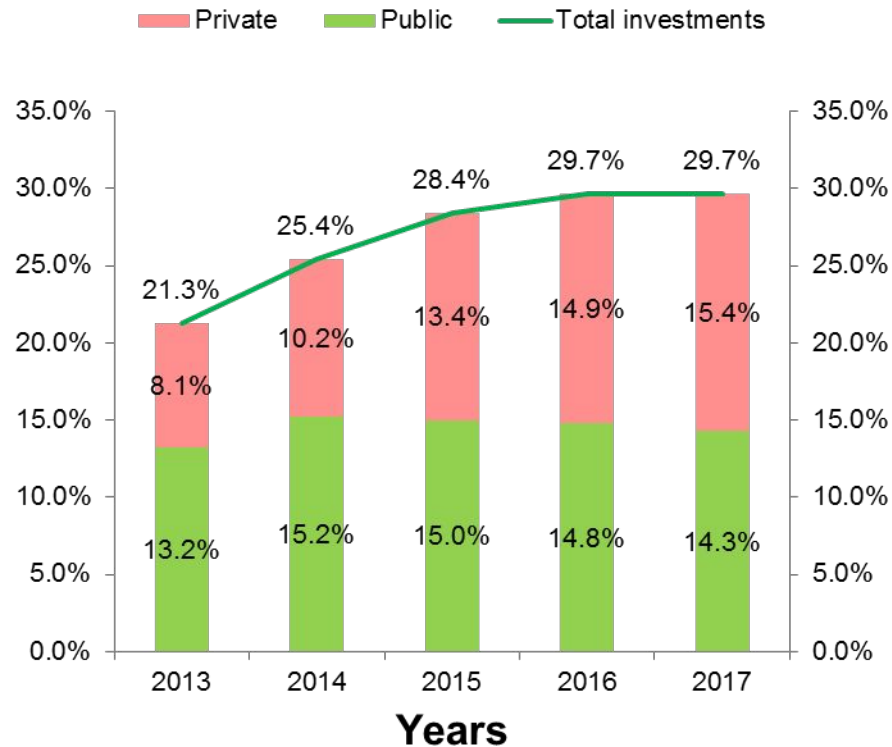
Economic Transformation



Cross cutting focus areas:

- Private Sector Growth
- Growth of Exports & increased Foreign Earnings
- Increased self reliance – innovative financing sources + exports
- Driving off-farm employment through development of secondary cities (package of infrastructure and economic investments)

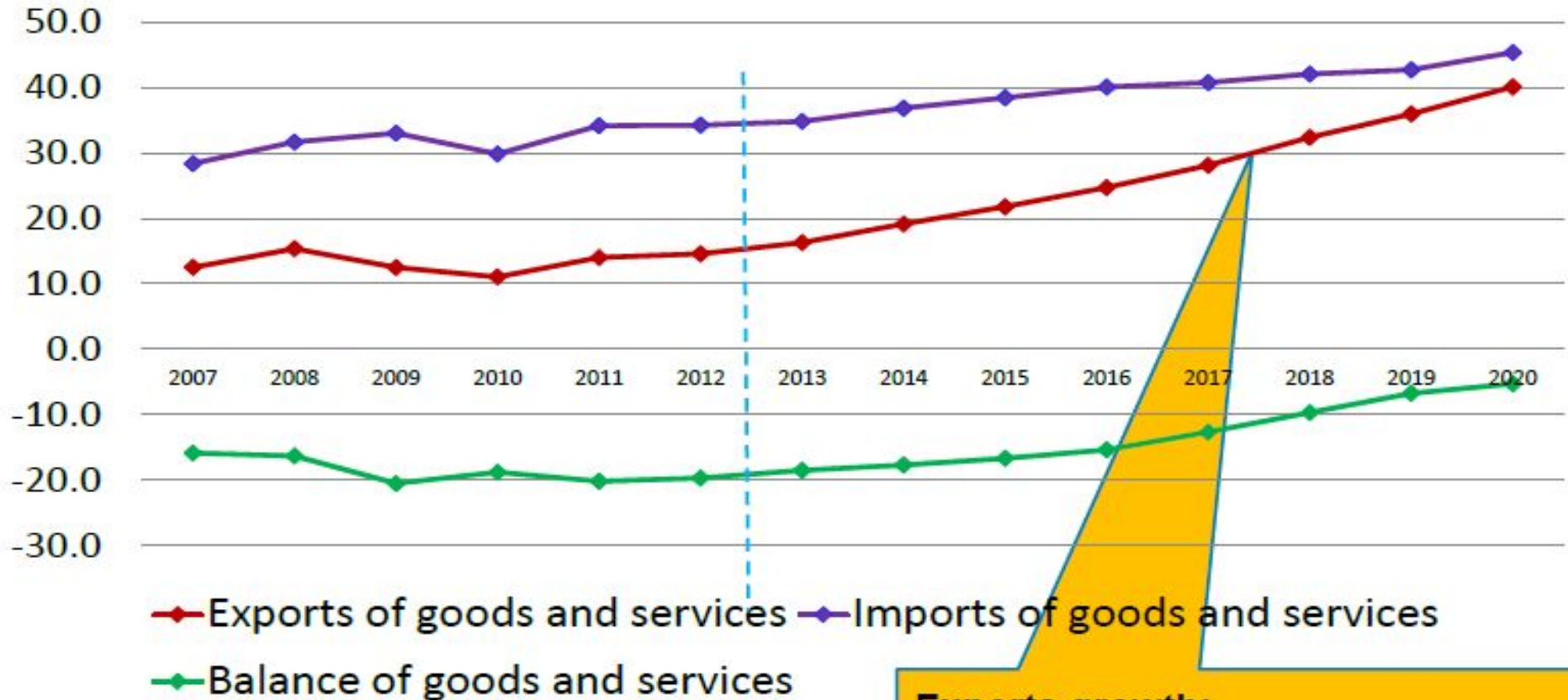
Private investment to take over on medium term



- Reduced average time for investment to become productive
- Investment targets by sector
- Innovative sources of financing

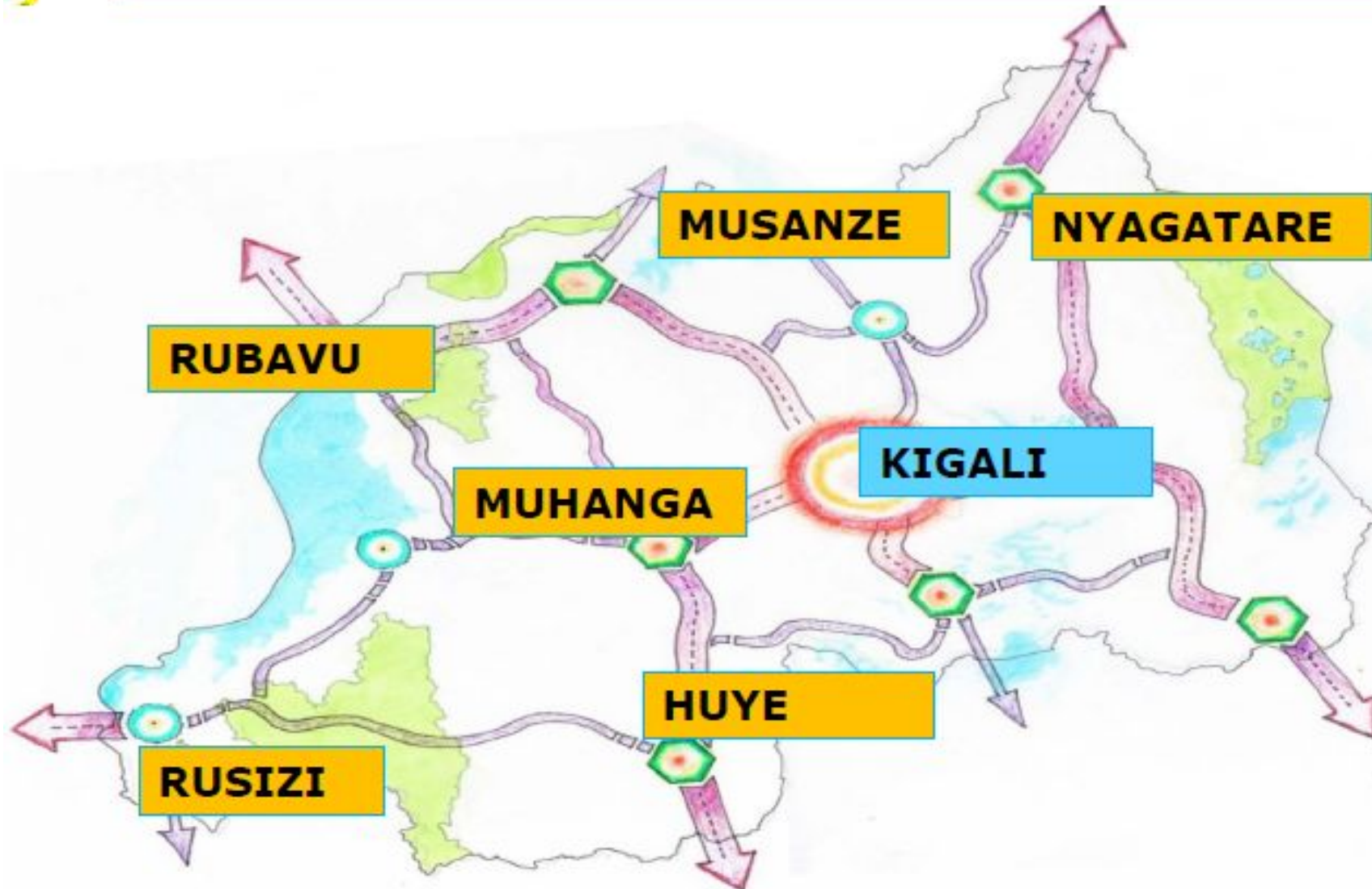
Economic Self Reliance Growing Exports

External Balance on Goods and Services (% of GDP)



Exports growth:
- Increased financing capacity
- More jobs, more productive

6 selected cities as poles of growth and investment



Productivity and Youth Employment: Transitioning 50% of population from farm to off-farm jobs



Integrated targeting for skills development – link to social protection programs



**Link to economic transformation sectors
SMEs and entrepreneurship
Development and usage of ICT**

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SMEs and entrepreneurship
Development and usage of ICT**



**Ensure linkages to labour market –
operational labour market information system
integrated employment program**



Institutional Arrangements for EDPRS 2 Coordination, Monitoring and Reporting

Institutions and Organs	Strategic oversight and coordination
Cabinet	Approve the final EDPRS 2 and implementation plans. Receive regular monitoring reports on progress in EDPRS 2 implementation and give feedback for policy and programme adjustment. Approve annual progress reports, budget preparation, etc
Parliament	Provide oversight for the implementation process and endorse annual monitoring progress reports. Parliament also vote budgets in line with EDPRS 2 programmes and projects
National steering Committee & TWGs	Provide oversight for thematic and intersectoral and central and local government coordination and address any challenges that may arise. Receive reports, etc
MINECOFIN & MINALOC	Facilitate implementation and monitoring of EDPRS 2 & gives monitoring reports to PMO regularly Coordinate working of TWGs, SWGs and JADFs, Ensure prepared annual action plans and budget are aligned to EDPRS 2,DDPs, coordinate Imihigo, etc
Donors, JADF, Public Private dialogue	Provide technical advice on implementation arrangements for EDPRS 2, Align and coordinate development partner interventions at District levels, Propose strategic issues to be considered annually for growth of private sector

Conclusion

1. **Rwanda's strong investment climate, Peace and security**-foundations for increased private investment.
2. **Poverty reduced but remains at 45%**; Uneven reduction in districts, Inequality persists.
3. **High population density**: Greater requirement on economy for jobs; Increased pressure on land; Urbanization happening rapidly needs to be facilitated
4. **Low skills and productivity constraining private sector**; Private sector is small and nascent
5. **Private sector constrained by infrastructure gaps**; High cost of doing business in energy and transport.
6. **Capacity gaps in government institutions regarding policy**