RWANDA VISION 2020 DEVELOPMENT PROGRAMME SCRUTINY

A comprehensive analysis that challenges Rwanda 's development miracle narrative and calls for change.

December 2019

This report was written by Victoire Umuhoza Ingabire.

Since 1997, Victoire Ingabire Umuhoza has been involved in the struggle of the Rwandan political opposition in exile. This has led her in the creation of the United Democratic Forces (FDU) Inkingi in October 2006 which she was then elected to preside. FDU has a goal to install the rule of law in Rwanda, underpinned by the respect of democratic values enshrined in the universal declaration of human rights and other international instruments relating to democracy and good governance.

In January 2010, Ingabire returned to Rwanda from the Netherland in order to register FDU Inkingi as a political party according to Rwandan law so that she could run in the presidential elections scheduled August 2010.

In April 2010, Ingabire was arrested on charges of spreading the ideology of genocide, aiding and abetting terrorism, undermining the internal security of the State, establishing an armed branch of a rebel movement, and attempting terrorism and any form of violence to destabilize authority and violate constitutional principles. Ingabire went through a court's trial which was condemned by human rights organizations and the European Parliament.

On 30 October 2012, Ingabire was sentenced to eight years imprisonment by the High Court of Kigali, Rwanda for "conspiracy against the country through terrorism and war" and "genocide denial".

During her imprisonment, Ingabire wrote a book titled "between four walls of 1930 prison" in which she recounts her return to Rwanda, the trial and her subsequent imprisonment as well as her thoughts and convictions.

On 13 September 2012 while she was still imprisoned, Victoire Ingabire Umuhoza, was nominated by 42 Member of European Parliament for the Sakharov Prize for Freedom of Thought 2012 of the European Parliament. The Sakharov Prize honours individuals and groups of people who have dedicated their lives to the defense of human rights and freedom of thought

On 17 April 2013 Ingabire, made submission to the Supreme Court, asking the Supreme Court to quash the sentence passed on her by the High court

On 13 December 2013, Rwanda's Supreme Court upheld the conviction of Ingabire and increased her jail term from eight to fifteen years.

On 18 October 2014, Ingabire appealed against the ruling of Rwandan courts to the African Court of Human and Peoples' Rights (AfCHPR). While Ingabire's case was pending before the AfCHPR, the current government in Rwanda withdrew Rwanda's declaration allowing individuals to appeal directly to the AfCHPR. Nonetheless, the withdrawal of Rwanda's declaration from AfCHPR did not affect Ingabire's case.

On 24 November 2017, the African Court on Human and Peoples' Rights (AfCHPR) held that Rwanda violated Victoire Ingabire Umuhoza's right to freedom of opinion and expression, as well as her right to an adequate defense.

On 14 September 2018, the current President of Rwanda exercised his prerogative of mercy and granted early release to Ingabire.

Since her release, Ingabire continues to publicly condemn human right abuses going on in Rwanda, to hold accountable the authorities and speaking out about social and economic challenges Rwandans are daily confronting in spite of claims of development progress by the current government in Rwanda.

In November 2019, Ingabire resigned as chairperson of FDU and launched a new political party, Dalfa Umurinzi for democracy and liberty for all. The mission of Dalfa Umurinzi is to strive for the rule of law in Rwanda and sustainable development that benefits every Rwandan citizen.

In December 2019, Ingabire received the 2019 international human rights award from Padhe a Spanish human rights association.

Through this report, Ingabire is exercising her freedom of expression right given to her by the State under article 38 of the constitution of Rwanda. She hopes its contents will raise awareness of Rwanda social and economic challenges and lead to all stakeholders in the development of Rwanda to make changes accordingly to enable the country reaching sustainable development.

Contents

Introduction

In July 2000, the administration in Rwanda, led by the Rwandan Patriotic Front (RPF), promised the people of Rwanda to transform their nation from a low-income to a middle-income country driven by a knowledge-based economy by 2020. That plan was named the Rwanda Vision 2020 development programme[1].

Rwanda Vision 2020 includes six pillars, expressed as concrete objectives through which the Rwandan Patriotic Front (RPF) will transform Rwanda's economy by 2020. These pillars are:

1. *implementing good governance and an efficient state;*
2. *developing skilled human capital;*
3. *encouraging a vibrant private sector;*
4. *building world-class physical infrastructure;*
5. *developing modern agriculture and livestock practices; and*
6. *integrating Rwanda's economy on regional and international levels.*

Three cross-cutting issues, which the pillars' objectives should reflect, were also designated. These were:

1) *promoting gender equality;*
2) *ensuring environmental sustainability; and*
3) *the use of information communication technology.*

Lastly, a number of indicators with specific target levels were identified to help in assessing the progress and success of Vision 2020.

This report demonstrates and explains the reasons the RPF will not meet the targets it has set in the pillars of the Vision 2020 development programme to transform Rwanda into a middle-income country with a knowledge-based economy by 2020.

[1] http://www.minecofin.gov.rw/fileadmin/templates/documents/NDPR/Vision_2020_.pdf

This document is one of a kind, as it provides a comprehensive description of Rwanda's social and economic development constraints. These constraints are widely known but not challenged in Rwanda; and are either unheard of or disregarded beyond Rwanda.

This report is divided into three main sections. The first section reveals some indicators of the Vision 2020 development programme that are yet to reach expected targets, and challenges those claimed by the current administration and its supporters to have been achieved. This part also exposes reasons behind the increasing scepticism over the social and economic statistics that have been published by the government of Rwanda over the course of Vision 2020.

The second section of the report provides an in-depth review of each pillar and the cross-cutting issues of Vision 2020. It recounts troubling occurrences behind some of the acclaimed transformations in education, health, governance, investment and other sectors.

The third section explains the severe social and economic challenges that have materialised as a result of policies implemented in pursuit of the Vision 2020 objectives in Rwanda. The last part of the report also tables solutions.

I. Vision 2020's targets and indicators

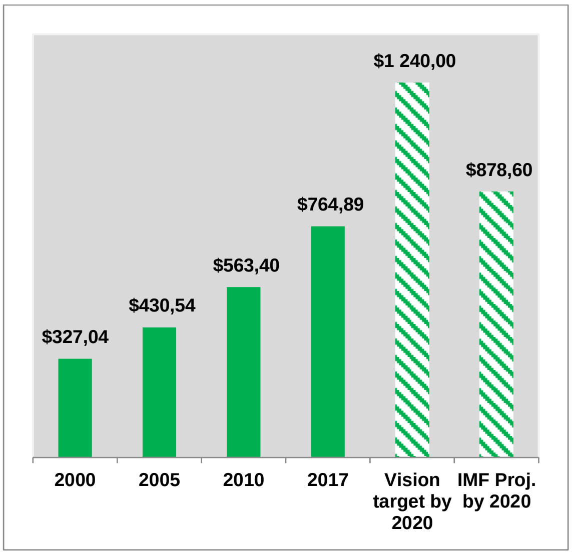
The first section reveals some indicators of the Vision 2020 development programme that are yet to reach expected targets, and challenges those claimed by the current administration and its supporters to have been achieved. This part also exposes reasons behind the increasing scepticism over the social and economic statistics that have been published by the government of Rwanda over the course of Vision 2020.

Vision 2020 is yet to reach some of its key targets

Vision 2020 had asserted that in order to reach middle-income status, Rwanda must attain a GDP per capita of US$1,240 by 2020. Progressive changes have been made in Rwanda's GDP per capita since 2000. The country's population growth has been reduced and economic growth has been increasing. In 2017, Rwanda's GDP per capita had increased to US$765, from US$327 in 2000.

Nevertheless, the International Monetary Fund (IMF) has projected that Rwanda will only reach per capita income of US$879 by 2020 (*See figure 1*).

Figure 1 Rwanda's GDP per Capita in US$, 2000 - 2020

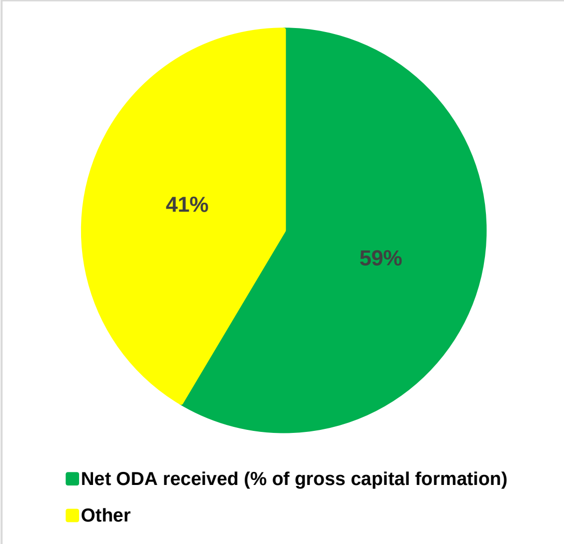


Source: World Bank, vision 2020 official doc. & IMF

This implies Rwanda will not meet its ambition to transform into a middle-income country by 2020 as was promised by the country's leadership in 2000. Rwanda's economic growth has decelerated since 2012. This is due to aid reduction and the allocation of capital investment towards less productive sectors such as housing, hotels, restaurants, business meetings and international conventions and events, rather than towards productive sectors such as manufacturing, agriculture and mining.

Vision 2020 had also projected that total investment would reach 30% of GDP with the private sector gradually taking a larger proportion. Despite the level of investments having increased from 13% of GDP in 2000 to 23% of GDP in 2017, it has been mainly financed by official development assistance (ODA) (*See figure 2*). The rest of the investment portion has largely been financed by public borrowings with some minor private investment. This report will demonstrate that Rwanda's public debt as a percentage of GDP has been increasing faster, while the country's private sector as a percentage of GDP has remained small and stagnant throughout the Vision 2020 period.

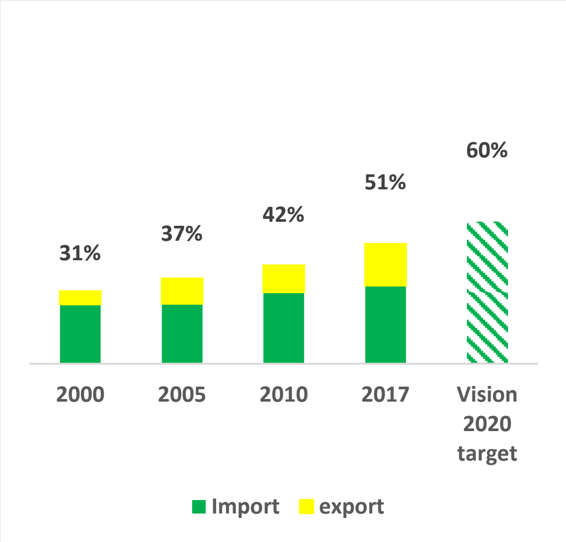
Figure 2 Gross National Investment per source, 2017



Source: World Bank

Rwanda's external trade (i.e. total export and import of goods and services) has been increasing since 2000 but is yet to reach the target of 60% of GDP set by Vision 2020 (*See figure 3*). Rwanda's imports, which have been supported by aid flow, have on average been twice as high as exports over the course of Vision 2020. Export development deceleration was due to the allocation of capital investment towards non-tradable sectors such as housing, hotel, restaurants, business meetings and international conventions and events, rather than towards tradable sectors such as manufacturing, agriculture and mining. In 2015, the World Bank reported that Rwanda's share of tradable sector in the economy was almost unchanged since late the 1990s, ranging between 7% and 10% of GDP[2].

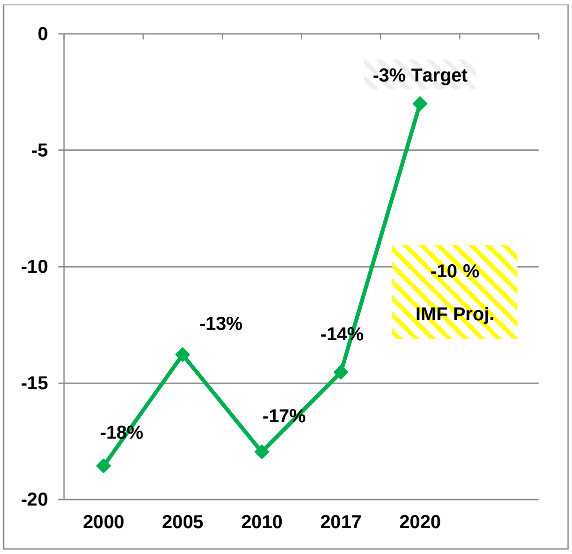
Figure 3 Rwanda's external Trade (% GDP), 2000 - 2017



Source: World Bank & Vision 2020 official document

Failure to develop a vibrant tradable sector in Rwanda has stimulated public and private consumers' preferences for imported rather than locally produced products. This has led the country to accumulate large trade balance deficits throughout the course of the Vision 2020. As a result, the goal of reducing the external trade balance deficit to 3% by 2020 is unlikely to be achieved. The IMF has projected Rwanda's trade deficit at three times higher[3] than the anticipated target in the Vision 2020 development programme by 2020 (*See figure 4*).

Figure 4 Rwanda's external trade balance (% GDP), 2000 - 2017



Source: World Bank, Vision 2020 official doc. & IMF

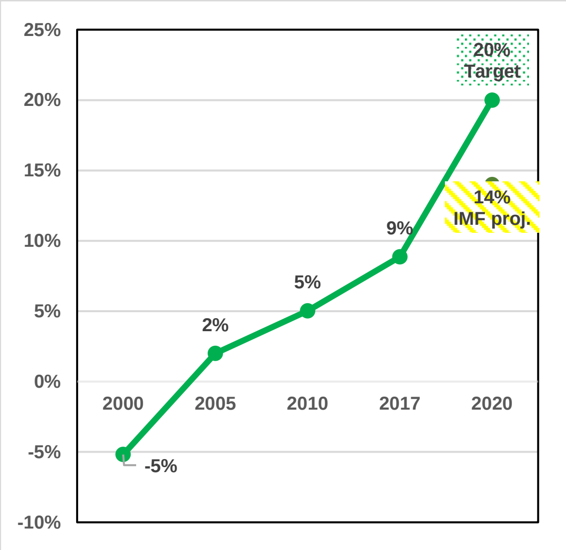
The level of savings is also unlikely to reach 20% of GDP, as forecast in Vision 2020. Savings were estimated at 9% of GDP in 2017. The IMF projection of Rwanda's savings by 2020 is set below Vision 2020 target[4] (*See figure 5*).

[2] *https://www.worldbank.org/en/country/rwanda/publication/rwanda-economic-update-financing-development-role-deeper-diversified-financial-sector*

[3] *https://www.imf.org/en/Publications/CR/Issues/2019/07/03/Rwanda-Staff-Report-for-2019-Article-IV-Consultation-and-a-Request-for-a-Three-Year-Policy-47089*

[4] *Ibid*

Figure 5 Rwanda's Gross Domestic Savings (% GDP), 2000 - 2020



Source: World Bank, Vision 2020 official doc. & IMF

Lack of savings is due to households in Rwanda still having a low-income level, despite the country having made remarkable increase in GDP per capita. A publication jointly prepared and published by the World Bank and the government of Rwanda in 2018, entitled *Future Drivers of Growth in Rwanda* reads: "The domestic savings rate is less than 10%, well short of the investment rate of 26% and behind that of many of Rwanda's regional peers. In a worrying sign, the domestic savings rate, which tends to move with income levels, has remained virtually unchanged since the mid- 2000s, despite a 70% increase in per capita income[5]."

Concerns over Vision 2020 indicators that are often claimed to have been achieved

Vision 2020 is yet to reach some of its key targets. Even those achieved can be challenged if one studies the claims of social and economic accomplishments, advanced by the current government in Rwanda and its supporters, with a critical thinking approach.

For instance, the target for average life expectancy in Rwanda laid out by Vision 2020 was 66 years of age by 2020. A 2019 human development report from the United Nations Development Programme (UNDP)[6] indicated that life expectancy in Rwanda has indeed risen as high as 68 years in 2018. However, the same report states that inequality among the Rwandan

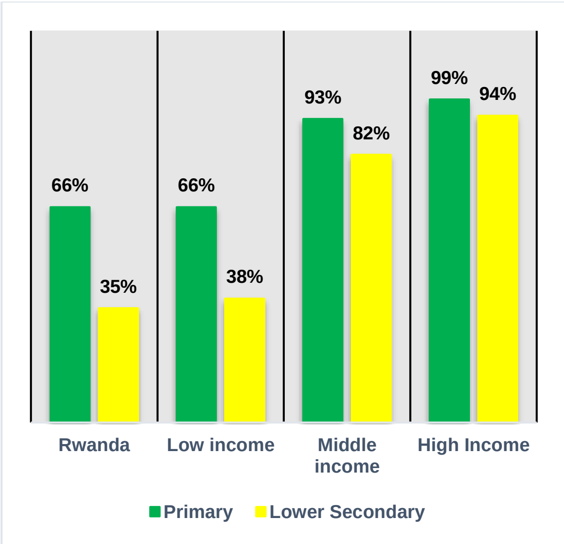
[5] *http://documents.worldbank.org/curated/en/522801541618364833/Future-Drivers-of-Growth-in-Rwanda-Innovation-Integration-Agglomeration-and-Competition*

[6] *http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/RWA.pdf*

population reduces the country's progress made in life expectancy by 20%.

Improving access to education was also among the goals of Rwanda Vision 2020. The gross primary and secondary school enrolment were set to reach 100% and 98% respectively. The number of children attending primary school has indeed increased in Rwanda. Secondary school enrolments have also been on the rise, but not as the development programme had envisioned. However, more than half the population between 4–6 years, 19–21 years and 22–24 years were not participating in education according to the 2017 education statistics publication of the Rwandan Ministry of Education (MINEDUC)[7]. This is equivalent to close to 2.7 million young people in Rwanda out of school. The report explained that the participation of the population aged between 19 and 23 years – the official age for tertiary education – remains the lowest. Another challenge to progress made in education access in Rwanda is that school completion rates in the country remain very small. They are lower in comparison to other high-income and middle-income countries that Rwanda aspires to join (*See figure 6*). Moreover, the quality of education remains poor. There is also widespread inequality in the distribution of education services in Rwanda. All these have been preventing Rwanda transforming into a knowledge-based economy. This situation will be discussed in detail in subsequent sections.

Figure 6 Primary and Secondary schools completion rates (%), 2016



Source: World Bank

Vision 2020 also had set a target to reduce poverty to 20%. Official figures show

[7]https://mineduc.gov.rw/fileadmin/user_upload/pdf_files/Rwanda_Education_Statistics_2017.pdf

poverty in Rwanda has decreased impressively between 2000/01 and 2016/17. The Fifth Integrated Household Living Conditions Survey (EICV5), published by the National Institute of Statistics of Rwanda (NISR)[8] affirms that Rwanda's poverty has reduced from 58.9% in 2000/01 to 38.2% in 2016/17.

Nonetheless, an independent study, entitled *Statistics Versus Livelihoods: Questioning Rwanda's Pathway Out of Poverty*[9], published in 2016, argued that the sole reliance on large-scale household surveys in order to assess the level of socio-economic progress can be misleading. The study explained that the results of household surveys produced by the government of Rwanda have political significance to both the country's policy makers as well as international donors in evaluating and justifying policy implementation and aid effectiveness. However, these surveys tend to ignore the diverse accounts of people's livelihoods and turn a blind eye to life experience regarding public policies.

The study also unveiled that respondents to EICV3 had reasons to provide erroneous answers in 2010/11. The study explains that in 2006 performance contracts, referred as *imihigo*, were introduced in Rwanda. These are contracts between the president of Rwanda, line ministries and local officials. The officials agree to reach, at district level, particular targets in line with national development programmes. However, the majority of these targets do not match local realities on the ground. In spite of this – and in fear of sanctions from higher authorities – local officials implemented the targets, irrespective of negative consequences for the local population. Considering that background, the study advanced that during 2010/11 interviewees, who had been massively sensitised and pushed by local authorities to reach certain targets, might have provided answers in a manner they

[8] *http://www.statistics.gov.rw/publication/eicv-5-rwanda-poverty-profile-report-201617*
[9] *https://www.researchgate.net/publication/311376296_Statistics_versus_livelihoods_Questioning_Rwanda's_pathway_out_of_poverty*

deemed to be more socially acceptable than their true answers. This means key information for EICV3 may have been erroneous and misreported.

Lastly, the study argued that the way in which particular data has been interpreted in EICV3 raises questions about how claimed poverty reductions were achieved. EICV3 advanced that poverty decline in 2010/11 was explained by an impressive creation of more than half a million off-farm jobs and over 130,000 farm jobs. However, the study did not find solid explanations about how such substantial jobs were realised and how this could have been a major factor in poverty reduction in Rwanda.

Scepticism toward the social and economic statistics published by the government of Rwanda

Some key targets of Vision 2020 will not be achieved by 2020, and those claimed to have been achieved can be challenged. There has also been a growing – and justified – doubts over the social and economic statistics published by the Rwandan government throughout the Vision 2020 period.

In 2014 the NISR reported that unemployment rate in the country was 3.4%[10]. In 2016, the then-premier minister of Rwanda stated that unemployment had reduced to 2%. These stories were not satisfactory as they did not reflect the reality on the ground[11]. In 2017, the NISR admitted that it had mistakenly measured unemployment figures and stated[12] that the unemployment rate was 16.7%. Even when the NISR had revised unemployment figures, In 2016, Dr David Himbara, a scholar and educator who has served as head of the Strategy and Policy Unit in the officer of the current president of Rwanda, published a book entitled *Kagame's Economic Mirage*, in which he estimated

[10]https://www.newtimes.co.rw/section/read/191656

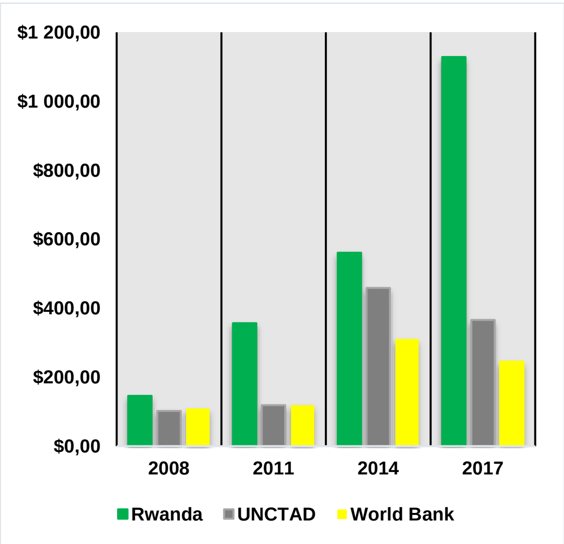
[11]https://www.newtimes.co.rw/section/read/191000

[12]*https://www.newtimes.co.rw/section/read/221483*

the unemployment rate of Rwanda at 31% in 2014.

Dr Himbara has also cited Rwanda's foreign direct investment (FDI) figures among statistics that are intentionally exaggerated by Rwandan institutions. Large differences between FDI inflows figures reported by Rwanda's institutions and the World Bank as well as the UN Conference on Trade and Development (UNCTAD) have gradually been increasing over time from 2008 to 2017 (*See figure 7*).

Figure 7 Rwanda's Foreign Direct Investment (US$ Million), 2008 - 2017



Source: Rwanda government, World Bank, UNCTAD

Poverty statistics published by the Rwandan government has also been subject to scrutiny and suspicion. In 2015, the Rwandan government's official report announced a poverty reduction of 6% between 2010 and 2014. A few months later, historian and researcher Filip Reyntjens (2015) published a critique claiming that the decrease in poverty had been artificially engineered by the NISR, and that in reality poverty in Rwanda had *increased* 6% between 2010 and 2014. Since then a debate on whether Rwanda poverty statistics are subject to manipulation has been ongoing. Analysis that corroborate with Reyntjens' findings were regularly published on the Review of African Political Economy (ROPE) website[13]. In September 2018, the World Bank published a paper titled *Revisiting the Poverty Trend in Rwanda* 2010/11–2013/14. This was an attempt to provide theoretical and empirical evidence to help take the next steps in resolving the ongoing debate on the integrity of Rwanda poverty

[13] *http://roape.net/briefings-and-debates/poverty-and-development-in-rwanda/*

statistics[14]. The World Bank paper validated the poverty rates published by the NISR; that is, that Rwanda's poverty statistics were not subject to manipulation as was broadly and repeatedly questioned in national and international forums. A month later, an independent researcher published an article on the ROPE website that scrutinised and criticised the World Bank paper on Rwanda poverty[15]. In April 2019, the World Bank made a communiqué recognising inconsistency in Rwanda poverty measurements between 2010/11 and 2013/14, stating that this requires further research[16]. However, in August 2019, the Financial Times published an article in which it stated that it has conducted an analysis of Rwanda government statistics on poverty and has found that the data seems to have been misrepresented on at least one occasion, adding that this cast doubt on both the strength of the proclaimed economic miracle and the integrity of Rwanda's relationship with its biggest donor[17].

Subsequently, doubt over the social and economic statistics published by the Rwandan government has intensified. The manipulation of Rwanda's social and economic statistics is irrefutable. During the 15th National Leadership Retreat, known as Umwiherero, that took place at the Rwanda Defence Force Combat Training Centre in Gabiro, from 26 February to 1 March 2018, the provision of misrepresented social and economic statistics was cited among the main reasons that the government is not reaching the targets set in Vision 2020 and was said to have led to inaccurate development planning.

The stories of Rwanda's development conveyed within international public domain and the diverse accounts of local people's conditions tremendously differ.

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[14] *http://documents.worldbank.org/curated/en/137651536845936223/pdf/WPS8585.pdf*
[15] *http://roape.net/2018/11/21/the-cover-up-complicity-in-rwandas-lies/*
[16] *https://www.worldbank.org/en/news/factsheet/2019/04/22/qa-on-rwanda-poverty-statistics*
[17] *https://www.ft.com/content/683047ac-b857-11e9-96bd-8e884d3ea203*

For instance, the increasing GDP per capita of Rwanda has not been redistributed equally, particularly in the majority of the country's rural population. Poverty remains widespread and pervasive in Rwanda, according to the World Bank's poverty assessment on Rwanda[18].

Household income also remains low in Rwanda. While this has decelerated the boosting of domestic savings, lack of trust in local microfinances has also contributed to some extent. In 2017, City Radio reported that the National Bank of Rwanda (BNR) had announced 473 microfinances went bankrupt, causing many savers to lose their money. In 2019, National Radio of Rwanda reported that SACCO, a government initiative with objectives to boost up rural saving, among others, had lost more than RWF100 million (US$10.73 million) of savings from Rugerero district, in northern Rwanda. These and other similar events have also limited the expansion of rural savings in the economy of Rwanda.

According to Klynveld Peat Marwick Goerdeler (KPMG)'s 2017 Rwanda Economic Snapshot, one of the country's weaknesses is that consumers have a distinct lack of purchasing power[19]. This is indeed one of the challenges confronting the government's campaign, entitled "Made in Rwanda", that seeks to stimulate Rwandans to consume locally made products and ultimately reduce the country's imports.

Further hampering Rwanda's external trade are political tensions with its neighbouring countries, particularly Democratic Republic of Congo, Burundi and Uganda, which took place at separate times during the course of Vision 2020. These political tensions have led to border closures between Rwanda and its neighbours affecting households that depended on small-scale informal cross-border trade. It also affected food prices, as these tend to increase in Rwanda each time a border closure decision is put in

[18] *http://documents.worldbank.org/curated/en/255161467998828941/pdf/100631-WP-P124629-PUBLIC-Box393238B-Rwanda-Poverty-Assessment-Final.pdf*

[19] *https://assets.kpmg/content/dam/kpmg/za/pdf/2017/12/KPMG_Rwanda_2017_V2.pdf*

place following political stress with a neighbouring country.

For many decades the current government in Rwanda has been claiming to have brought about social and economic transformation to Rwandans. Nonetheless, evidence presented in this section shows that key targets of the development programme that the very same government had launched back in 2000 were unlikely to be achieved in just 20 years. The economy of Rwanda remains characterised by high growth with low per capita income, low exports, minor private sector and high public investment financed by foreign aid[20].

As aid to Rwanda is reducing, another characteristic of Rwanda's economy is emerging, and that is the country's raising debt. Comprehensive constraints of Rwanda economy and further evidences that the current government in Rwanda will not met the objectives set in the pillars of the Vision 2020 development programme are detailed in the next section.

Fact.

There are some indicators of the Vision 2020 development programme that are yet to reach expected targets. Some that the government claims to have met can be challenged. Moreover, there has been evidence that lead to doubt the current government statistics. Taking in to consideration everything, one can conclude that vision 2020 development programme have not been achieved.

[20] *https://www.worldbank.org/en/country/rwanda/publication/rwanda-economic-update-financing-development-role-deeper-diversified-financial-sector*

II. Review of Vision 2020 development programme's pillars

This part provides an in-depth review of each pillar and the cross-cutting issues of Vision 2020. It recounts troubling occurrences behind some of the acclaimed transformations in governance, education, health, investment and other sectors.

1st Pillar: GOVERNANCE

Good governance and a capable state was set as the first pillar of the Vision 2020. The current government in Rwanda promised governance that includes accountability, transparency and efficiency in deploying scarce resources as well as a state respectful of democratic structure and processes. The vision was to transform Rwanda into a state that respects rule of law, human rights and citizen participation to achieve Vision 2020 objectives[21]. However, evidence show that Rwanda's governance has evolved differently to how it was envisioned.

Accountability

The ranking of Rwanda on the Corruption Perceptions Index (CPI)[22] has remarkably moved from 121 in 2006 to 48 in 2018. This is often used to vindicate that the country's governance has curbed corruption and therefore includes accountability. However, CPI admits that behind its score is the daily reality for people living in the countries ranked on its index, and that the score cannot capture individual frustration of this reality. For instance, illegal movements of money or capital from Rwanda to other countries, referred as illicit financial flows, has significantly soared from US$208 million in 2008 to US$1 billion in 2013,

[21] http://www.minecofin.gov.rw/fileadmin/templates/documents/NDPR/Vision_2020_.pdf

[22] https://www.transparency.org/research/cpi

according to the 2015 Global Financial Integrity report (*See figure 8*). Moreover, in 2015 Rwanda's public officials were cited in the Panama Papers, leaked documents that reveal information about the offshore entities of public officials and others that were used for illegal purposes, including fraud and tax evasion[23]. Moreover, in 2016, the Ibrahim Index of African Governance (IIAG)[24], an annually published index that provides a statistical analysis of governance performance in every African country, had scored below average Rwanda's accountability of public officials[25] and corruption investigation[26] between 2000 and 2015. These and similar accounts are unspoken realities that undermine the claims often advanced that Rwanda's governance includes accountability. In fact, the culture of public officials' impunity was also stated as one of the main reasons the government did not reach key targets set in Vision 2020, during the 15th National Leadership Retreat, known as Umwiherero, that took place at the Rwanda Defence Force Combat Training Centre in Gabiro, from 26 February to 1 March 2018.

Lack of accountability in the RPF's governance is not only limited to the failure to sanction some public officials who abuse their position through corruption. Regular loss of public funds through irregular spending, failure to enforce contracts and follow up on the implementation of public projects and efficiently manage public assets for the benefit of citizens are documented facts that demonstrate the governance of current government in Rwanda does not reflect accountability. These facts will be discussed later in the report.

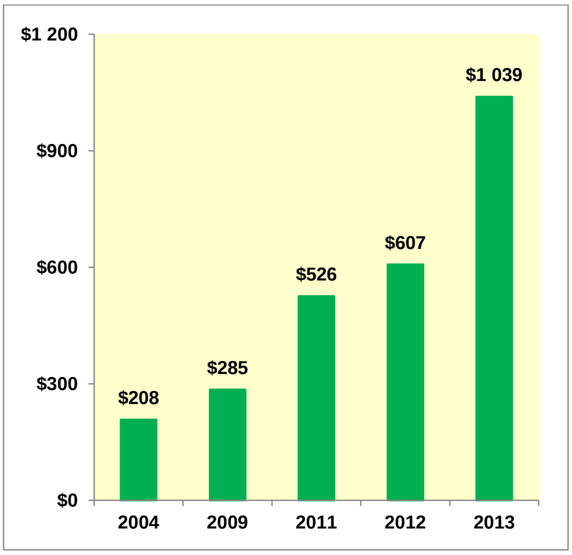
[23] *https://www.icij.org/investigations/panama-papers/the-power-players*

[24] *http://s.mo.ibrahim.foundation/u/2017/03/08200303/Rwanda-Insights-2016-IIAG.pdf?_ga=1.93137245.1500410491.1490646492*

[25] *The degree to which there are penalties if public officials abuse their position in Rwanda.*

[26] *The extent to which allegations of corruption in the public sector and the executive are investigated by an independent body in Rwanda, and the extent to which the public are satisfied with how government is fighting corruption.*

Figure 8 Rwanda's illicit financial flow (USD$ Million), 2004 - 2013

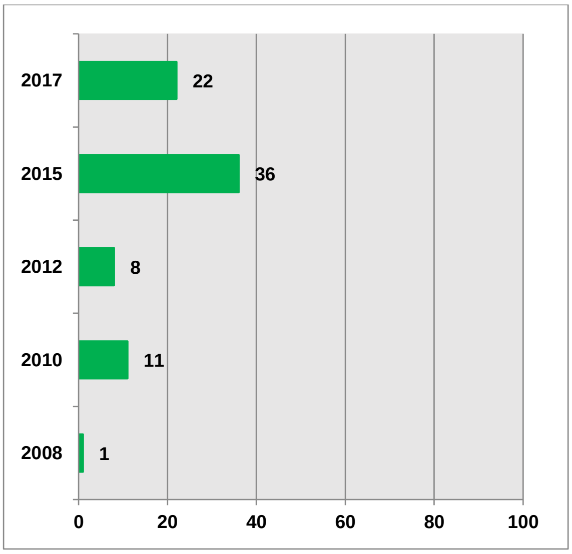


Source: Global integrity report

Transparency

Equally concerning, the government in Rwanda has not been transparent with public finance management, despite having pledged to introduce governance that includes transparency to advance Vision 2020. According to Transparency (Open Budget Index), which assesses whether governments make key budget documents available to the public in timely manner and whether the information in those documents are comprehensive and useful, Rwanda has consistently been shown to provide the public with scant or minimal budget information from 2008 to 2017[27] (*See figure 9*). Rwanda is quoted by Transparency as having been inconsistent in which documents are made publicly available in a given year[28].

Figure 9 Rwanda open budget transparency score (out of 100), 2008 - 2017



0 - 20 Scant, 20 - 40 Minimal, 40 - 60 Limited, 60 – 80 Substantial, 80 - 100 Extensive

Source: Open Budget Index

Public fund management.

Rwanda has been receiving praises from aid donor communities for its efficiency in managing aid funds. This endorsement has been used to claim Rwanda's governance can efficiently deploy scarce resources towards development projects, thus transforming the country into a middle-

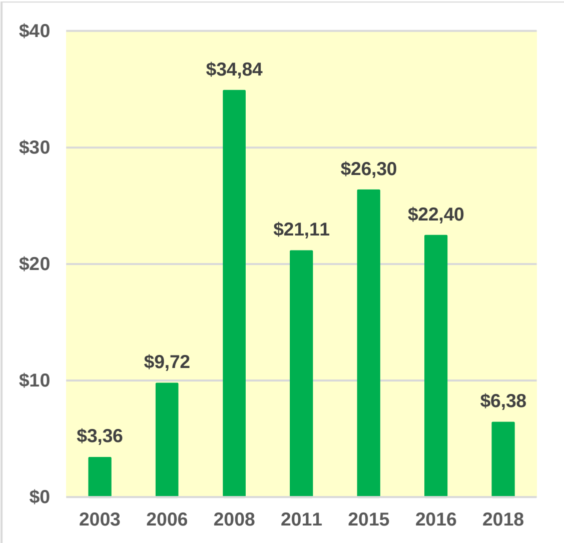
[27] https://www.internationalbudget.org/wp-content/uploads/rwanda-open-budget-survey-2017-summary-english.pdf

[28] *Ibid*

income and knowledge-based economy. However, evidence shows that Rwanda's government has been losing significant public finance due to irregular spending. According to reports from Rwanda's Auditor-General of State Finances, from 2003 to 2018 the government has been losing public funds, estimated to be roughly $14.3 million each year, through irregular expenditure (*See figure 10*). This is a gigantic loss of public funds for a poor country whose leadership had promised to have the social and economic development of its citizens significantly improved by 2020.

Inefficiency in deploying scarce resources is also observed by how the Rwandan government invests public funds. According to World Bank, between 2012 and 2015, large public investment had been skewed towards projects that were less productive to Rwanda economy such as hotels, housing, air transport and conferences rather than to the development of tradable and manufacturing sectors of the country[29]. This has lowered the country's productivity and its economic expansion.

Figure 10 Rwanda government irregular expenditures (US$ Million), 2003 - 2018



Source: Reports published by the Office of Auditor General

Democracy

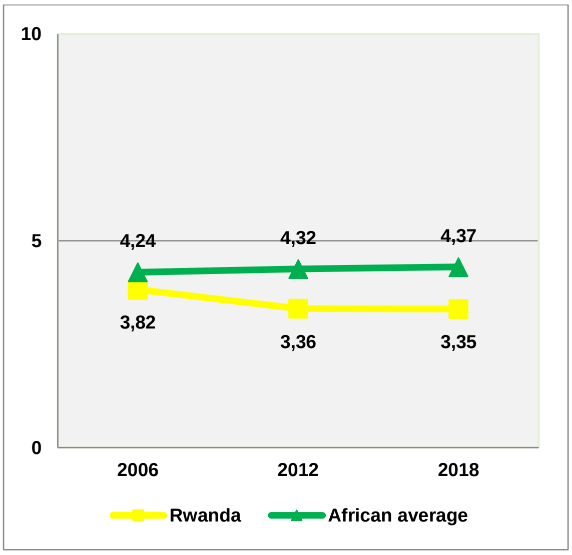
The current government in Rwanda had promised "a State respectful of democratic structure and processes"[30]. Instead infringement of democratic values has been increasing and became a great obstacle for Rwanda to implement good governance. The Economist Intelligence Unit, which produces the Democracy

[29] *https://openknowledge.worldbank.org/bitstream/handle/10986/28111/119036-WP-PUBLIC-21-8-2017-16-10-48-RwandaEconomicUpdate.pdf?sequence=1&isAllowed=y*

[30] *http://www.minecofin.gov.rw/fileadmin/templates/documents/NDPR/Vision_2020_.pdf*

Index, has consistently scored Rwanda's democracy level below sub-Sahara, Africa's average, and classified the country among authoritarian regimes each year from 2006 to 2018[31.] According to the Democracy Index, African countries have on average improved in democracy between 2006 and 2018. However, Rwanda's democracy level has diminished during the same period (*See figure 11*).

Figure 11 Democracy index score, 2006 - 2018

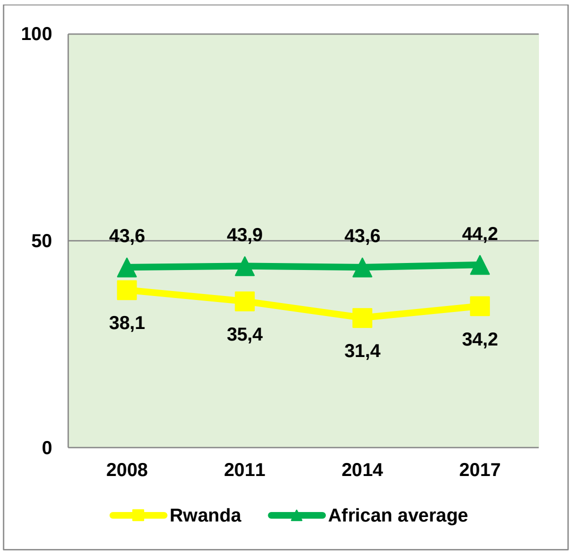


Source: The economist Intelligent Unit

Human rights

The governance anticipated in the Vision 2020 was one that protects citizens' rights. Nonetheless, Rwanda's record of human right abuses has increasingly been documented and reported by many international human rights organisations during Vision 2020. According to the Ibrahim Index of African Governance (IIAG), Rwanda's respect for human rights has reduced, while on average other African countries have made progress in that aspect between 2008 and 2017[32] *(See figure 12*).

Figure 12 Human right level, 2008 - 2017



Source: Ibrahim index of African Governance

Rule of law

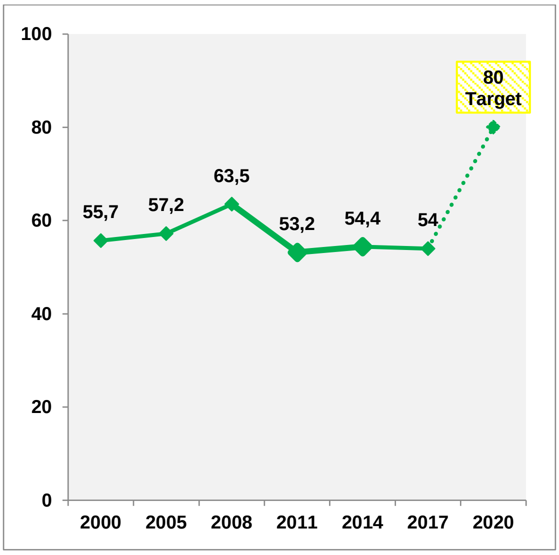
Vision 2020 had promised that Rwanda's rule of law score would reach 80% by 2020. However, Rwanda's score for rule of law on

[31] https://www.eiu.com/n/

[32] https://mo.ibrahim.foundation/

the IIAG was 54% as at 2017 (*See figure 13*).

Figure 13 Rwanda's rule of law score, 2000 – 2020



Source: Ibrahim Index of African Governance (IIAG)

The IIAG shows that lack of mechanisms for the orderly transfer of power is the main reason preventing the rule of law to progress in Rwanda[33]. A controversial referendum to change Rwanda's constitution was voted on by Rwandans in December 2015. The referendum authorised the incumbent president to stand for another term of seven years and two more after that of five years each – meaning he could rule the country until 2034.

Citizen participation

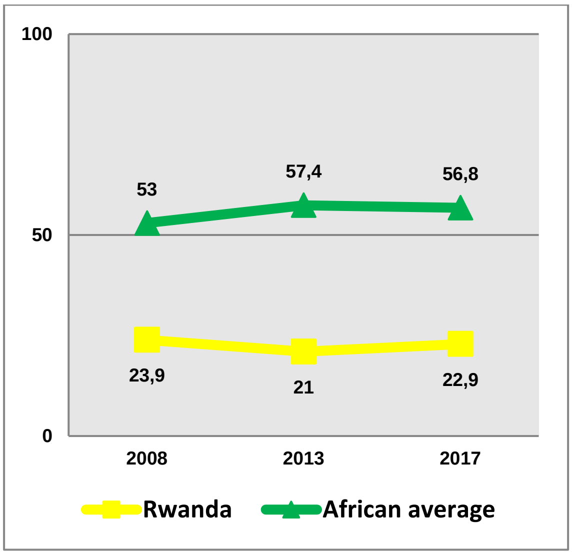
Under Rwanda Vision 2020, citizens would have been empowered to participate in decision-making processes on issues that affect them the most through the decentralisation process. A 2010 study[34] on citizens' participation in democratic governance in Rwanda conducted by the Institute of Research and Dialogue for Peace (IRDP), an organisation that operates in the country, found that while Rwanda's official documents, including the national decentralisation policy, state that Rwandan citizens will be engaged in the decision-making process, the reality on the ground was different. The report pointed out policies which were implemented without citizens' involvement, including the abrupt transition from French to English as the language of education, and agriculture and land consolidation policies. The

[33] *https://mo.ibrahim.foundation/*

[34] *http://3n589z370e6o2eata9wahfl4.wpengine.netdna-cdn.com/wp-content/uploads/2010/10/2010_10_Rwa_Interpeace_IRDP_Participation_Of_Citizens_One_Of_The_Challenges_Of_Democracy.pdf*

current government in Rwanda is known for not tolerating criticism of its development policy and governing methods. As a result, and under such conditions, it is no surprise that political participation in Rwanda has also been decreasing while other African countries have on average been making progress in that area (*See figure 14*).

Figure 14 Political participation, 2008 - 2017



Source: Ibrahim Index of African Governance

Lastly, the RPF's government in Rwanda has built its reputation worldwide on the basis that it has the largest number of women representatives in parliament. However, considering that the power still lies with the executive, the participation and contribution of the **"**largest number of women representatives in parliament" is questionable**.** Was the increase in the number of women in parliament a genuine plan to empower women, or rather to legitimise and build the image of the current government in Rwanda within the international community and key stakeholders across the world? The World Bank's *Systematic Country Diagnostic on Rwanda* of June 2019 has pointed out that despite Rwanda widely recognised for gender equality, the percentage of female representation at senior levels in subnational elected and appointed positions remains low, explaining that women comprise only 17% of district mayors in Rwanda[35]. As a result, the World Bank recommended Rwanda to strengthen women's participation in subnational democratic and governance bodies.

[35] *http://documents.worldbank.org/curated/en/219651563298568286/pdf/Rwanda-Systematic-Country-Diagnostic.pdf*

2nd Pillar: HUMAN CAPITAL DEVELOPMENT

The current leadership had guaranteed, in the Vision 2020 development programme, to improve education and health services. This was seen as an essential means to build the productive and efficient workforce needed to transform Rwanda into a sophisticated knowledge-based economy. Nevertheless, Rwanda scores 0.37 and ranks at 142 out of 157 on recently released Human Capital Index (HCI) by the World Bank. The country's HCI is lower than the average for sub-Saharan Africa and slightly lower than the average for its income group, i.e. low-income countries[36].

Education

Rwanda still faces dire challenges in the following areas of education:

- access to education;
- quality education; and
- inequality in education.

Access to education

Access to primary school has significantly increased. Access to secondary school has also been on the rise, but not as anticipated in Vision 2020. However, Rwanda was listed among countries with low progress towards education for all on the Education for All Development Index published by UNESCO in 2012[37]. The 2017 education statistics publication of the Ministry of Education affirmed that more than a half of population between 4–6 years,19–21 years and 22–24 years were not in school[38]. This is equivalent to more than 2.6 million young people in Rwanda not being in school. The report also stated that the participation of the population aged between 19 and 23 years (the official age for tertiary education)

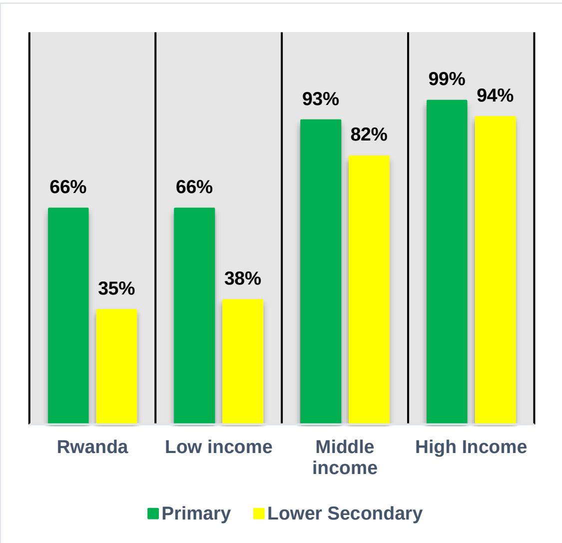
[36] https://www.worldbank.org/en/data/interactive/2018/10/18/human-capital-index-and-components-2018

[37] https://unesdoc.unesco.org/ark:/48223/pf0000232205

[38] https://mineduc.gov.rw/fileadmin/user_upload/pdf_files/Rwanda_Education_Statistics_2017.pdf

remains the lowest. Improvement made in access to education in Rwanda is challenged by low completion levels in primary and secondary schools. A comparison with middle- and high-income countries, whose ranks Rwanda aspires to join, shows that Rwanda lags in school completion level (*See figure 15*).

Figure 15 Primary and Secondary schools completion rate, 2016



Source: World Bank

Low completion rates in primary and secondary school can be attributed to three factors in Rwanda. First dropouts. This is low among children of primary school- age but significantly high among children of secondary school age[39]. Second repletion. This is high for children for primary school age. An estimated 17% of children between the ages of 7 and 12 repeated in 2016, compared to about 9% of children of secondary-school age (13 to 18)[40]. Third, late starters. 20% of children who entered the education system for the very first time were late starters in 2017[41]. The main causes of these aforementioned three factors are strongly linked to cost for schooling and quality of education, poverty at household level and geographical access to school[42]. These affect households from the rural areas of Rwanda most.

Quality of education

Lack of quality education is another major challenge to human capital development in Rwanda**.** According to the World Bank's HCI, the level of expected years at school

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39 *http://www.rencp.org/wp-content/uploads/2018/09/DROPOUT-STUDY-FULL-REPORT.pdf*

40 ibid

41 *ibid*

42 *http://documents.worldbank.org/curated/en/122731543381389302/pdf/Concept-Project-Information-Document-PID-Quality-Basic-Education-for-Human-Capital-Development-in-Rwanda-P168551.pdf*

and learning adjusted years at school for Rwanda places the country among the bottom globally[43]. The World Bank's economic update on Rwanda's education explains that children in Rwanda can expect to complete 6.5 years of pre-primary and basic education by age 18. However, when this is adjusted for learning it translates to only about 3.8 years, implying that children in Rwanda have a learning gap of 2.7 years[44]. The World Bank also points out that Rwanda has not participated in the learning assessment that many other sub-Saharan countries take part in, adding that fragmentary evidence suggests that its children are probably learning too little.

Rwanda's own national tests reveal a very low level of learning among primary school students[45]. An example is a 2014 Learning Achievement in Rwandan Schools (LARS) II study of primary pupils. This showed that among Grade 2 students tested, only 45% met the grade-level expectations in Kinyarwanda (their mother tongue) and only 33% achieved an average score for mathematics. Among the Grade 5 students, only 45% met the grade level expectations for English and 38% met the average score for mathematics. Another reading assessment[46], conducted by the Education Development Center in 2017, rated "below comprehension" levels in 85% of Rwandan students at the end of Grade 3. The assessment also stated that one in six students in Grade 3 could not answer a single reading comprehension question.

The general skills level of the workforce and the quantity as well as quality of education in Rwanda rank the country 123rd out of 140 on the 2018 World Economic Forum (WEF) Competitiveness Index.[47] This is mainly due to a low level of mean years of schooling and high level of

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[43]http://documents.worldbank.org/curated/en/425181544476221575/pdf/132832-NWP-PUBLIC-dec12-12am-Rwanda-Economic-Update-13.pdf

[44] Ibid

[45]*http://documents.worldbank.org/curated/en/425181544476221575/pdf/132832-NWP-PUBLIC-dec12-12am-Rwanda-Economic-Update-13.pdf*

[46] *http://l3.edc.org/documents/EDC-L3-Endline-Evaluation.pdf*

[47]*http://www3.weforum.org/docs/GCR2018/05FullReport/TheGlobalCompetitivenessReport2018.pdf*

pupil to teacher ratio in Rwanda. Some classrooms in Rwanda have up to 80 or 90 students[48].

The hasty change of educational language from French to English introduced by current government early 2000's has also had a negative effect on quality education in Rwanda. The policy has worsened the existing problems in the education sector because most teachers in Rwanda have only a basic grasp of English level. One wonders how they are able to teach English to students.

Another cause of lack of quality education in Rwanda education sector is lack of commitment towards investing in the development of teachers. According to the World Bank's economic update on Rwanda's education, there is deficiencies in teachers' knowledge of subject content and of pedagogy as well as gaps in practical teaching skills in Rwanda. The World Bank explains that although the number of teachers in Rwanda grew by 1.5 times in primary education and 4.6 times in secondary education between 2000 and 2013, many of Rwanda's school teachers have modest educational qualifications. Only a third of Rwanda's primary school teachers have at least a diploma level qualification, in comparison with 100% in Tanzania and 68% in Uganda. About 37% of Rwanda's teachers have a university degree compared with 64% in Tanzania and 57% in Uganda. Moreover, the bank has observed that the pay of primary school teachers in Rwanda is the lowest across sub-Sahara countries, and noted that this prevented better qualified candidates from becoming primary teachers in Rwanda.

Lack of accountability for the institutions charged by the current government to manage the education sector of the country namely Rwanda Education Board (REB) and Workforce Development Authority (WDA), has also had negative effect on the quality of teaching and knowledge offered to students. By these institutions failing to

[48] *http://documents.worldbank.org/curated/en/122731543381389302/pdf/Concept-Project-Information-Document-PID-Quality-Basic-Education-for-Human-Capital-Development-in-Rwanda-P168551.pdf*

distribute educational materials on time or following up on educational projects financed by public funds such as completing the construction and rehabilitation of education facilities on time.

How will Rwanda economy ever transform into a knowledge based if the country's leadership does not keep in check the institutions it has put in place to manage the education sector of the country?

The 2018 WEF's Competitiveness Index ranks Rwanda low in innovation (118th) and ICT adoption (120th), the competences Rwanda workforce ought to possess to transform the country into a knowledge-based economy as anticipated by Vision 2020.

Inequality in education

Children from different socio-economic backgrounds in Rwanda have very divergent educational trajectories, which create inequalities in education in Rwanda. A 2017 report from the Ministry of Education and UNICEF that assesses the causes of repetition and drop out in the Rwandan education system[49] affirmed that the Rwandan education sector has not succeeded in achieving convergence in outcomes between children from different socio-economic backgrounds. According to the World Bank's economic update on Rwanda's education, disparities widen considerably in lower secondary education by income and urban–rural residence.[50] Whereas lower secondary school's gross enrolment ratio level is 82% in urban areas, it is only 44% among their rural counterparts. Moreover, transition rates between primary and lower secondary education is 53% in urban areas, and 33% in rural areas; 52% among the richest quintile, compared with just 26% in the poorest[51].

Inequality in access to education in Rwanda is a worrying challenge as it reduces the overall Human Development Index of the country. According to UNDP[52],

[49] *http://www.rencp.org/wp-content/uploads/2018/09/DROPOUT-STUDY-FULL-REPORT.pdf*

[50] *http://documents.worldbank.org/curated/en/425181544476221575/pdf/132832-NWP-PUBLIC-dec12-12am-Rwanda-Economic-Update-13.pdf*

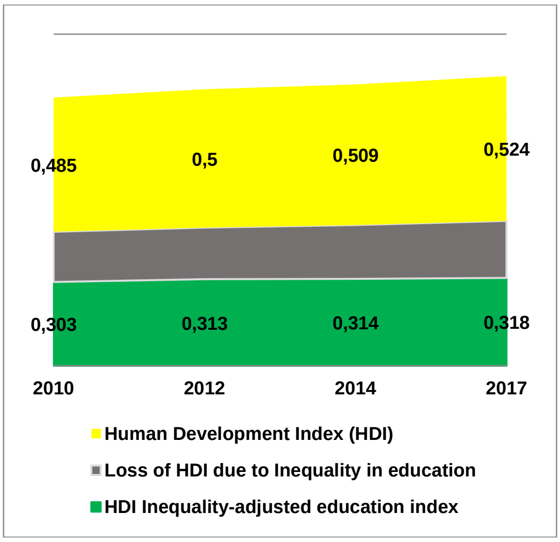
[51] *Ibid*

[52] *http://hdr.undp.org/en/indicators/101606*

Rwanda has been losing on average 30% of its Human Development Index due to inequality in the distribution of education services between 2011 and 2017 (*See Figure 16*).

In order to develop a competent workforce needed to transform Rwanda into a sophisticated knowledge-based economy as anticipated in Vision 2020, the government had above all to allocate significant public spending toward the development of the education sector. However, this has not been the case.

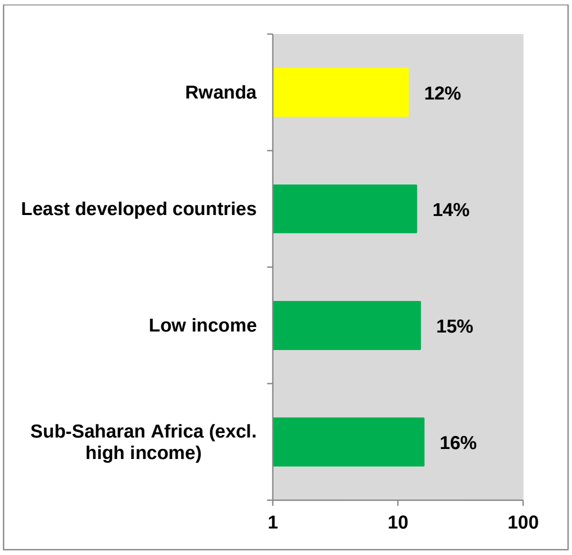
Figure 16 Rwanda loss of HDI due to inequality in education, 2010 - 2017



Source: UNDP

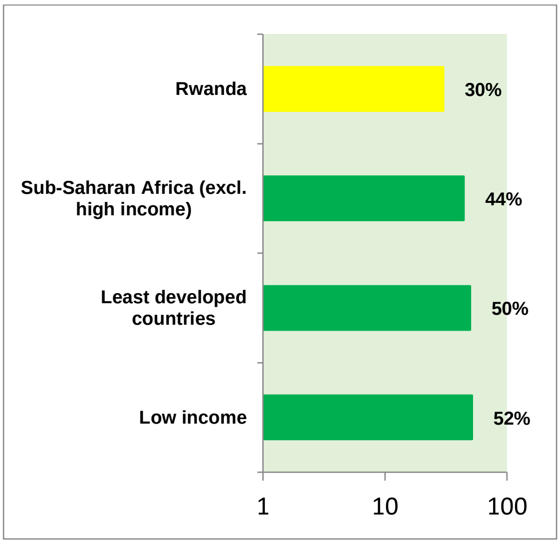
According to the World Bank's economic update on Rwanda's education, Rwanda's spending on education falls below the regression line that relates government spending on education as a share of GDP per capita. In fact, Rwanda's expenditure on education as a percentage of total government spending has reduced from 25% in 2001 to 11% in 2017. Moreover, the country's expenditure per student in primary school as a percentage of GDP per capita has also decreased from 11% in 2000 to 5% in 2016. In comparison with similar economies, Rwanda underspends on education, especially primary education (*See figures 17, 18 & 19*).

Figure 17 Government expenditure on education (% of government expenditure), 2016



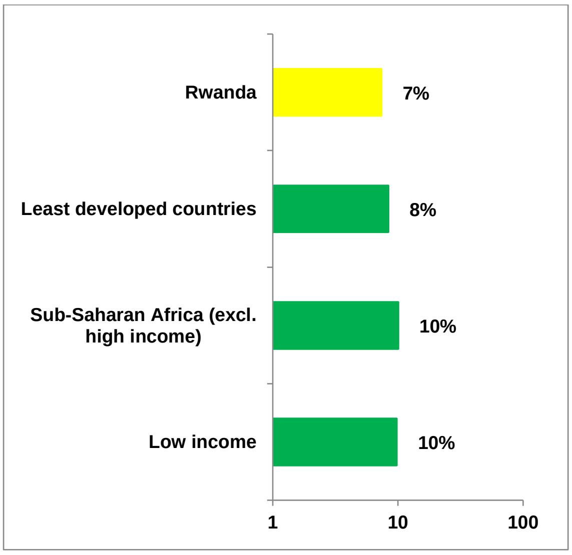
Source: World Bank

Figure 18 Expenditure on primary education (% of government expenditure on education), 2013



Source: World Bank

Figure 19 Government expenditure per student, primary (% of GDP per Capita), 2012



Source: World Bank

Health

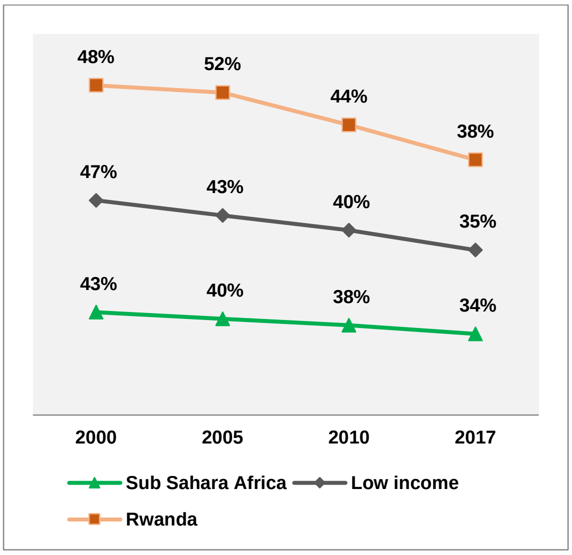
Rwanda faces critical health challenges. High levels of stunting among children under five years old, a persistent decrease in voluntary contribution to the country's worldwide acclaimed national community health insurance scheme and narrowing Rwanda's health system's finance.

Stunting

Stunting levels in children under five years old in Rwanda has dropped from 48.3% in 2000 to 38% in 2017. This is a positive achievement, but the level is slightly below regional and similar income group countries (*See figure 20*). In spite of this, the World Bank's economic update on Rwanda's stunting explained that undernutrition in children under five in Rwanda is more widespread than in neighbouring countries such as Tanzania (34.4%) and Uganda (33.4%) and in countries at similar socio-economic level such as Zimbabwe (26.8%)[53].

[53]*http://documents.worldbank.org/curated/en/360651529100512847/pdf/127256-NWP-P164510-PUBLIC-Rwanda-Economic-Update-ed-no-12-June-2018.pdf*

Figure 20 Prevalence of stunting, height for age (% of children under 5), 2000 - 2017



Source: World Bank

Evidence shows that childhood stunting has already had negative impacts on the human capital and economic growth of Rwanda**.** A study on the social and economic cost of child undernutrition in Rwanda by the Cost of Hunger in Africa (COHA) published in 2012, found that 40.2% of adults in Rwanda – equivalent to more than 3 million people of working age – suffered from stunting as children and as a result were not able to achieve their potential[54]. The study also revealed that Rwanda lost equivalent to 11.5% of GDP in 2012 as a result of child undernutrition. In rural Rwanda, where most people are engaged in manual activities, it is estimated that in 2012 alone, RWF 40.4 billion (US$43 million) were not produced due to a lower capacity of this group.

Factors associated with undernutrition are natural environmental phenomena such as droughts. These have undeniably been occurring in Rwanda more frequently in recent years. Moreover, stunting is related to a lack of sufficient environmental health in households. According to the World Bank's economic update on Rwanda's stunting, over 91% of vulnerable and poor rural households in Rwanda do not have a handwashing station, and this exposes infants and children from these households at greater risk of stunting[55]. Sociocultural economic such as poverty and inequality are also cited among the factors connected to stunting. The latest poverty assessment on Rwanda carried out by the World Bank in 2015 has affirmed that despite progress,

[54]*https://documents.wfp.org/stellent/groups/public/documents/newsroom/wfp263106.pdf*

[55]*http://documents.worldbank.org/curated/en/360651529100512847/pdf/127256-NWP-P164510-PUBLIC-Rwanda-Economic-Update-ed-no-12-June-2018.pdf*

poverty in Rwanda remains widespread and pervasive[56]. The UNDP[57] indicates that inequality remains high in Rwanda with a GINI coefficient of 0.504 between 2010 and 2017. The last factor linked to stunting is government policies and programmes related to solving the population's food and nutritional problems. In the case of Rwanda this principally points to agricultural policy implemented in pursuit of Vision 2020, which will be discussed later in this paper.

Rwanda's community–based health insurance

Rwanda's community–based health insurance (CBHI), commonly known as mutuelle de santé in French, was launched in 1999 with the objective of providing the population of Rwanda with universal and equitable access to quality health services. Since its launch, CBHI gained success. Its coverage significantly expanded across Rwanda's population, making the country's health system, and in particular CBHI, an acclaimed story worldwide[58]. However, from 2010 subscription to CBHI started gradually falling. The government accumulated arrears from district hospitals and national referral hospitals and health centres. There were revelations that contributions to CBHI were being collected from individuals, but not all reached the coffers of mutuelle de santé. Rwanda's share of health expenditures prepaid to voluntary health insurance or paid directly to healthcare providers has been decreasing from 2000 to 2016 (*See figure 21*).

A 2018 research study on factors contributing to low adherence to CBHI in rural Nyanza district, southern Rwanda, published in the Journal of Environmental and Public Health[59], revealed that long waiting times to be seen by a medical care provider, unaffordable CBHI premium due to low levels of income and lack of financial

[56] *http://documents.worldbank.org/curated/en/255161467998828941/pdf/100631-WP-P124629-PUBLIC-Box393238B-Rwanda-Poverty-Assessment-Final.pdf*

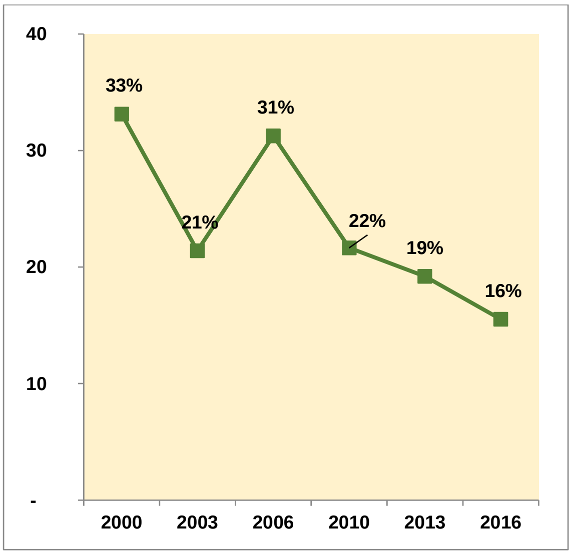
[57] *http://hdr.undp.org/en/composite/IHDI*

[58] *https://opinionator.blogs.nytimes.com/2012/07/03/rwandas-health-care-miracle/*

[59] *https://www.researchgate.net/publication/329782481_Factors_Contributing_to_Low_Adherence_to_Community-Based_Health_Insurance_in_Rural_Nyanza_District_Southern_Rwanda*

resources and inconvenient models of CBHI premium payments were associated with low subscription to the CBHI scheme.

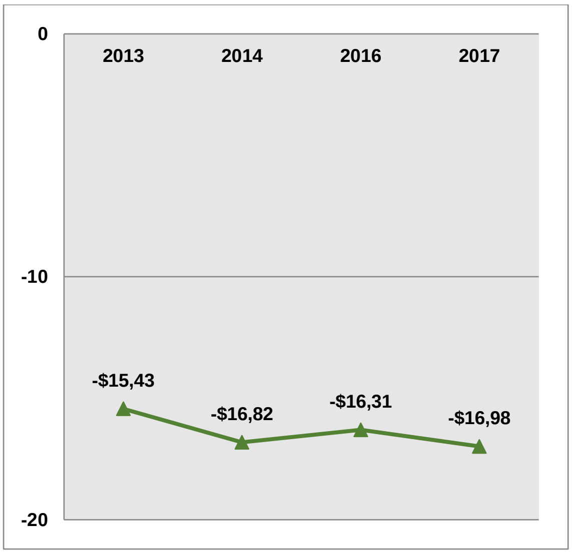
Figure 21 Rwanda's domestic private health expenditure (% of current health expenditure), 2000 - 2016



Source: World Bank

In 2014 the management of CBHI was transferred to the Rwanda Social Security Board (RSSB), the country's pension body, from the districts and Ministry of Health. Nevertheless, according to reports from the Rwandan Auditor-General of State Finances[60], concerns over the sustainability of CBHI remains, as its deficit persists (*See Figure 22*). The auditor's reports states that CBHI is not able to cover medical benefits and operational expenditure, an indication that the scheme is not self-sufficient.

Figure 22 Rwanda's Nation Community Health insurance deficit (US$ Million), 2013 - 2017



Source: Reports published by the of fie of Auditor General

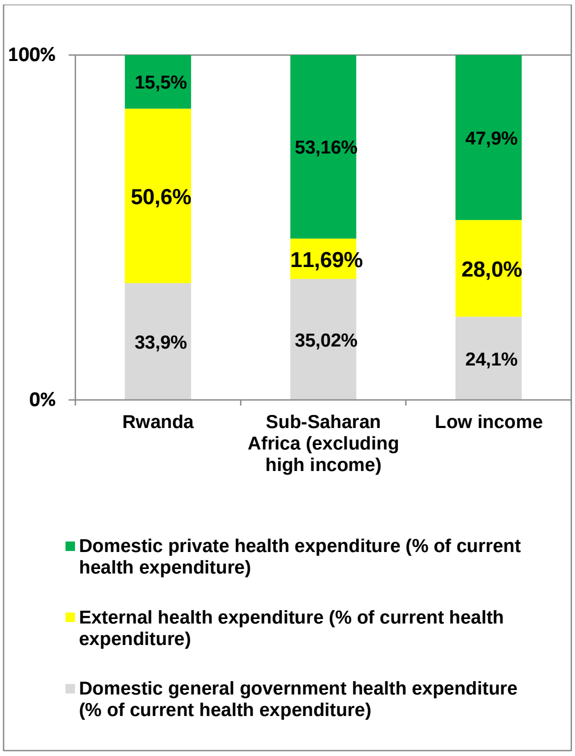
The financing of Rwanda's health system

According to both the World Health Organisation's Country Cooperation Strategy 2014–2018 on Rwanda and the health sector policy published by the Ministry of Health in 2015, the sustainability of the financing of the health system in Rwanda is a central problem[61,62]. This is because a large share of Rwanda's total

[60] *Report of the Auditor-General of State Finances for year ended 30 June 2017/18*
[61] *https://apps.who.int/iris/handle/10665/205893*
[62] http://www.moh.gov.rw/fileadmin/templates/policies/Health_Sector_Policy___19th_January_2015.pdf

health expenditure is funded from external sources by donor contributions. These external funding sources are decreasing faster than internal resources are increasing. Although Rwanda's spending on health is in line with the required level as recommended in the Abuja Declaration, the country's dependency on external sources for health expenditure has been high compared to sub-Saharan African countries, and similar income countries and the middle-income countries whose ranks Rwanda aspires to join. Rwanda's share of health expenditure prepaid to voluntary health insurance or paid directly to healthcare providers is 15%. This is the lowest in the region and similar income countries (See figure 23).

Figure 23 Health expenditure by source, 2016



Source: World Bank

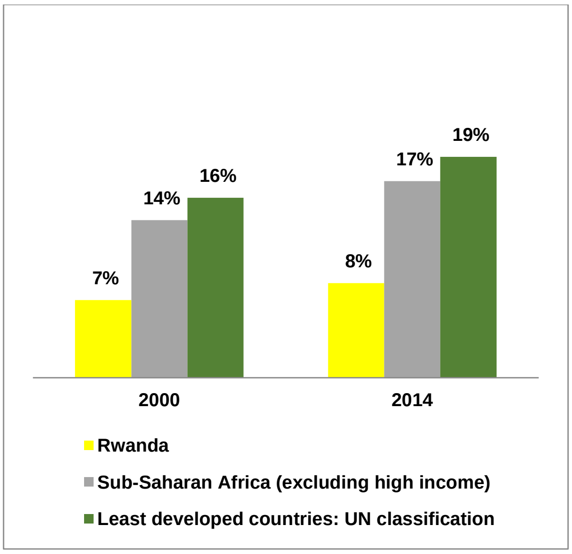
3rd Pillar: PRIVATE SECTOR

The development of a private sector that can take over as the principle growth engine of the economy of Rwanda by 2020 was a target of Vision 2020 development programme. In particular, the RPF's government had promised that total investments would reach 30% of GDP by 2020, with private sector gradually taking a large proportion. Nonetheless, the private sector's contribution to Rwanda economic growth remains minor and so is its proportion to the country's investment.

Overseas Development Assistance (ODA) has the largest share of Rwanda's investment, along with other financing generated from debt. Moreover, Rwanda private's sector development has been lagging in comparison with that of the region and other similar countries (*See figure 24*).

A study by the Institute of Development Policy and Management on Rwanda's ruling party-owned enterprises, published in 2012, revealed historical factors that explain the deceleration of private sector development in Rwanda[63].

Figure 24 Gross fixed capital formation, private sector (% of GDP), 2000 - 2014



Source: World Bank

Firstly, the Rwandan privatisation programme initiated in 1997 failed to produce any genuine private sector-led development. Those executing privatisation transactions have not used competitive tendering processes and they have not sought to create competitive markets, as initially envisioned by the privatisation programme. The Competition and Consumer Protection Bill was passed through by the Rwandan parliament, 14 years after the launch of the privatisation programme.

Secondly, party statals, which are enterprises owned in whole or in part by the Rwanda's ruling party, the RPF, along with state-owned enterprises (SEOs), and the RPF-appointed managers, have to some extent become the new owners and operators of government privatised enterprises through the aforementioned privatisation programme**.** However, these party enterprises have expanded in number and size, barring the development of a dynamic private sector in Rwanda. As a result, they have become extractive

[63]*https://ideas.repec.org/p/iob/dpaper/2012003.html*

economic institutions, concentrating power and opportunity in the hands of only a few.

Thirdly, the very same party enterprises receive full state-granted privileges through their close financial and non-financial ties to the state in procurement contracts, as well as their ability to access loans from commercial banks. Such privileges are not available to other domestic and international businesses. This discourages some investors from entering the sectors in which the party enterprises are operating.

In its publication *Systematic Country Diagnostic on Rwanda*[64], the World Bank points out other reasons for the low rate of private sector investment in Rwanda. These include:

1. Small and limited market size. This is due to persistent and widespread low levels of household income, despite Rwanda having registered a 70% increase in per capita income since mid–2000.

2. Low levels of human capital. This is due to the failure to sufficiently invest in the education and health sectors.

3. Limited access to long-term credit at affordable cost. This is due to continuing low savings and the government's regular borrowing from local markets that have gradually crowded out private investment in Rwanda[65]. In fact, the level of domestic savings and credit in the private sector in Rwanda is the lowest in comparison to similar group income, and regional countries (*See figures 25 and 26*).

4. High cost of electricity. Unit costs of electricity in Rwanda are among the ten highest in sub-Saharan Africa. According to the IMF, the cost of electricity per KW hour is about 30 cents in Rwanda, above its

[64] *http://documents.worldbank.org/curated/en/219651563298568286/pdf/Rwanda-Systematic-Country-Diagnostic.pdf*

[65] https://openknowledge.worldbank.org/bitstream/h*andle/10986/29036/122107-WP-PUBLIC-Rwanda-Economic-Update-FINAL.pdf?sequence=1&isAllowed=y*

neighbours Uganda (16 cents), Tanzania (17 cents) and Kenya (22 cents)[66].

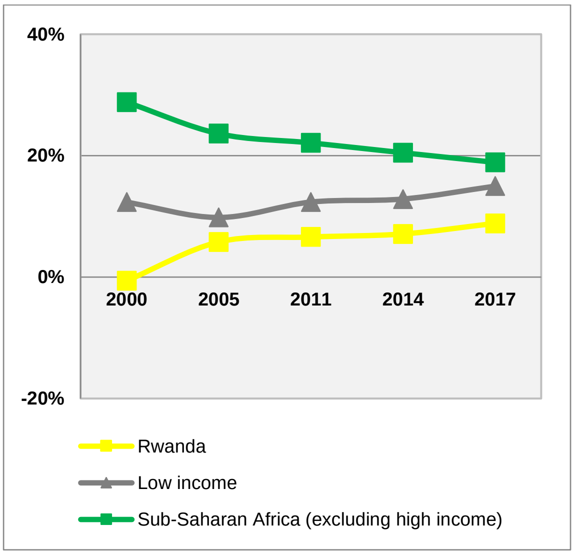
5. Connectivity and logistics. Rwanda remains one of the most expensive places for a container to reach. This is linked to the fact that the country is landlocked, and infrastructures that connect Rwanda to nearest ports have not been developed.

6. Digital connectivity. Household penetration rate of fixed high-speed internet subscribers in Rwanda is less than 1% – well below the regional average of 6%[67].

7. Limited access to land.

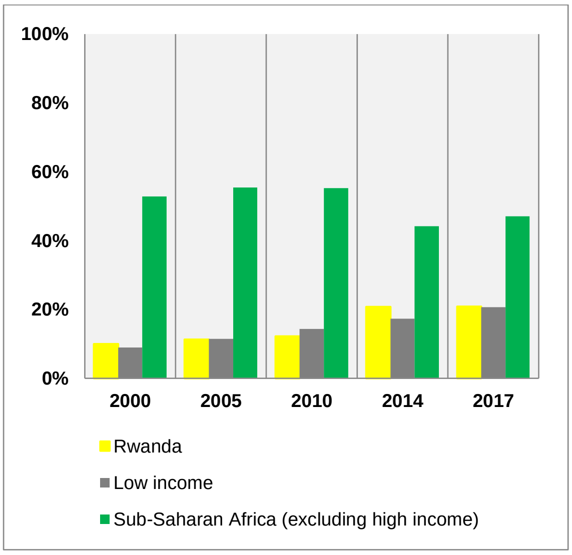
8. Strict rules imposed by the government on informal small-scale private entrepreneurship.

Figure 25 Domestic Saving (% of GDP), 2000 - 2017



Source: World Bank

Figure 26 Domestic credit to private sector (% of GDP), 2000 - 2017



Source: World Bank

According to *Rwanda Investor Perceptions Survey 2018*, the specific challenges which

[66] *IMF Country report No. 17/214*

[67] *http://documents.worldbank.org/curated/en/219651563298568286/pdf/Rwanda-Systematic-Country-Diagnostic.pdf*

investors have encountered more when investing in Rwanda than in other developing countries are expropriation and breach of contract[68]. The same survey found that investors' perceived strengths of Rwanda to attract foreign investments were its political stability/safety and ease of doing business. Nevertheless, considering Rwanda's lack of political participation and orderly transfer of power, as well as enduring human right abuses and intermittent disputes and conflicts with its neighbours, risk-averse investors cannot believe the ideal that Rwanda is a stable and safe place to abundantly invest in for long term. Also, it is often recognised that the elevated ease of doing business score assigned to Rwanda, though impressive, has not attracted foreign investors or led to private sector development in the country. The World Bank, which publishes the ease of doing business report, clearly explains that its report does not measure all aspects of business environment that matters for a firm or investors, or all factors that affect competitiveness.

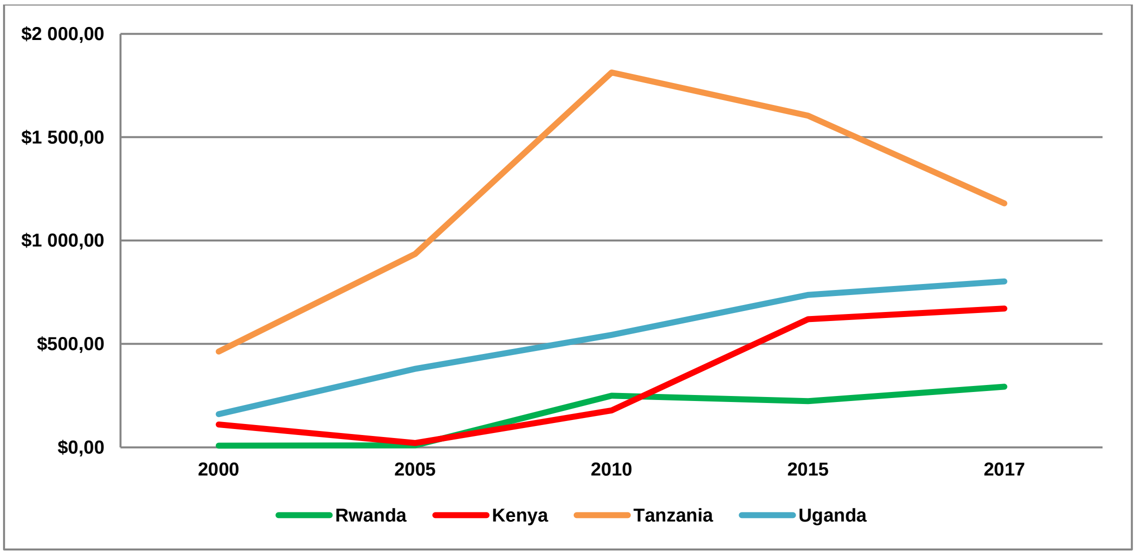
The World Economic Forum (WEF), which provides insight on the competitiveness of different economies, has significantly reduced Rwanda's competitiveness rank from 58th place in 2015 to 108th in 2018 on its Competitiveness Index[69 & 70]. The decline in Rwanda's competitiveness was mainly observed in the country's infrastructure and human capital constituents, i.e. health and skills, innovation capacity and ICT adoption. The development of Rwanda's vibrant private sector remains a challenge for the current government in Rwanda. Despite the progress Rwanda has made on the ease of doing business index, the country continues to attract less foreign direct investment flow in comparison to its regional peers (*See figure 27*).

[68] https://www.tralac.org/documents/resources/by-country/rwanda/2076-rwanda-investor-perceptions-survey-2018-world-bank/file.html

[69] http://www3.weforum.org/docs/gcr/2015-2016/Global_Competitiveness_Report_2015-2016.pdf

[70] http://www.cdi.org.pe/pdf/IGC/2018/The_Global_Competitiveness_Report_2018.pdf

Figure 27 Foreign direct investment, net inflows (in US$ Million), 2000 - 2017



Source: World Bank

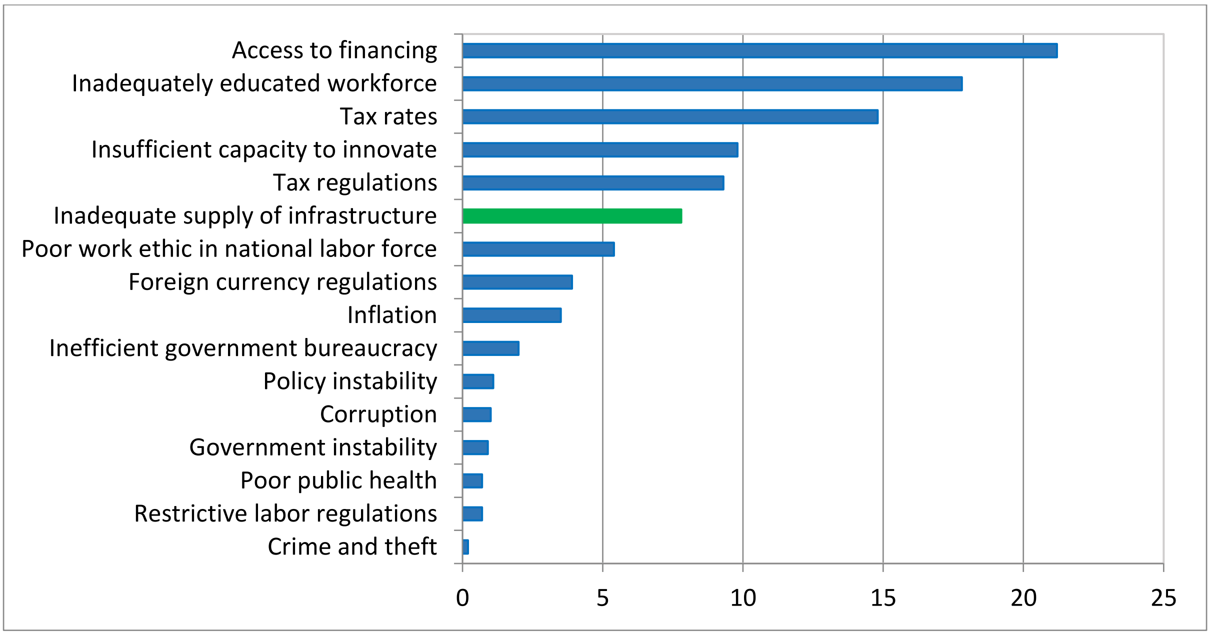
4th Pillar: INFRASTRUCTURE

The development of infrastructure that would lower the costs of doing business in Rwanda with the aim to attract domestic and foreign investments was another pillar of Vision 2020. However, the inadequate supply of Rwanda's infrastructure has been among one of the greatest challenges affecting the country's competitiveness in the World Economic Forum global competitiveness report since the country joined the WEF Competitiveness Index in 2010. Inadequate infrastructure is the ultimate problematic factor for doing business in Rwanda (*See figure 28*). The infrastructure competitiveness of Rwanda has declined from a rank of 101st out of 139 economies in 2010[71] to a rank of 115th out of 140 economies in 2018[72]. This has happened while the current leadership in Rwanda had made promises to develop the following specific areas to enable infrastructure development.

[71]*http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2010-11.pdf*

[72]*http://www.cdi.org.pe/pdf/IGC/2018/The_Global_Competitiveness_Report_2018.pdf*

Figure 28 Most problematic factors for doing business in Rwanda



Source: World Economic Forum Global Competitiveness index 2017

Land management

Vision 2020 promised to manage land and make available land for large-scale and modern farming. Nonetheless, the World Bank's *Rwanda Systematic Country Diagnostic* of June 2019, reports that access to agricultural land is a serious problem for would-be investors in large-scale farming, and land consolidation for private investors is difficult[73]. The report also states that access to serviced land near urban centre where investors can get skilled labour remains a challenge as the Special Economic Zone land created in Kigali is costly. Lack of land is among the biggest challenges facing foreign and domestic investors. Another issue is of rising land claims and disputes. Local media has reported that land claims and disputes have increased to 30% between 2014 and 2017[74]. These findings were revealed by a study conducted by Rwanda

[73]http://documents.worldbank.org/curated/en/219651563298568286/pdf/Rwanda-Systematic-Country-Diagnostic.pdf

[74] https://www.newtimes.co.rw/section/read/226131

Initiative for Sustainable Development (RISD) in 2017. While Rwanda is known to have limited land scarcity due to the country being densely populated, the way in which land issues have been managed by the ruling political party, the RPF, since it took power in Rwanda is concerning.

Firstly, the National Habitat Policy, which mandates all rural households to relocate to one particular place in their villages, referred as *imidugudu*, was introduced in late 1990s. One aim of the policy was to make available land for large-scale farming. The policy has drawn general praise. However, the approach and manners in which the officials of the government used to implement the policy lacked popular consultation and was demeaning to the rural citizens. In its 2001 report *Uprooting the Rural Poor in Rwanda*, Human Rights Watch charged that the Rwandan government has violated the basic rights of tens of thousands of people by compelling them to reside other than where they chose, arbitrarily and unlawfully interfering with their homes, obliging them to destroy or cede their property without due process and without compensation, punishing those who spoke out against this policy and failing to provide adequate remedy for those who rights were violated[75].

The implementation of the National Habitat Policy has had various negative impacts on many rural households in Rwanda. The way in which the policy was implemented was insensitive and degrading as well as frustrating to affected citizens. This certainly contributes to lack of happiness that has been reported among Rwandans. Furthermore, the expropriation of lands by the state has increased the landless among rural households. Today, households without a land are more likely to experience extreme poverty and have children who are exposed to malnutrition and drop out of school with no chance to reach their potential. The way in which the policy was implemented has created land inequalities among citizens. A study of land

[75] *https://www.hrw.org/report/2001/05/01/uprooting-rural-poor-rwanda*

rights inequalities in Rwanda, published in 2011, have revealed people who resettled in the *imidugudu* village settlements have weaker land rights[76]. Another study analysing the potential of liquid biofuel production in Rwanda, published by Internationale Zusammenarbeit (GIZ) in 2011, also affirmed that there is a high and increasing unequal distribution of land in Rwanda[77]. The study reports that the GINI coefficient in terms of land per capita in Rwanda increased to 0.54 in 2000 from 0.43 in 1990.

Secondly, land sharing that took place in 1996 and 1997. This was an informal way to distribute lands among Rwandans. It involved rural households that still owned lands to share these with returning refugees, mainly those who had fled Rwanda in 1959. According to Human Rights Watch the land sharing was imposed on citizens from above and they had no choice but to implement it[78]. It was an agreement that was not supported by a law or decree and therefore had no legal basis (Leegwater M, 2015)[79]. Such land-sharing processes took place in Rwanda on the watch of the current government. It has raised conflicts and disputes among citizens, exacerbating their frustration and unhappiness. A 2001 report on the evaluation of national unity and reconciliation by the National Unity and Reconciliation Commission, had named the land-sharing process as an indicator of division[80]. The implementation of land sharing resulted in problems regarding all the parties involved in the agreement: beneficiaries, those who were ordered to share their land and authorities who took advantage of land sharing by giving themselves big plots. In addition, land sharing was only done on small land parcels that belonged to poor people, while

[76] *https://gupea.ub.gu.se/bitstream/2077/25677/1/gupea_2077_25677_1.pdf*

[77] *http://www.eac-quality.net/fileadmin/eac_quality/user_documents/3_pdf/Potential_of_sustainable_liquid_biofuel_production_in_Rwanda.pdf*

[78] *https://www.hrw.org/report/2001/05/01/uprooting-rural-poor-rwanda*

[79] *https://openaccess.leidenuniv.nl/handle/1887/35291*

[80] *https://repositories.lib.utexas.edu/bitstream/handle/2152/5515/2805.pdf?sequence=1*

the large land holdings of rich people went untouched.

Overall, Rwanda's land scarcity is a well-known challenge to citizens. However, the way in which land has been managed in the country since the RPF took power has increased disputes between citizens and has surely and most worrying created a silenced frustration among them.

Urban development

"By 2020, each town will have updated urban master plans with coordinated implementation of the plans," reads the Vision 2020 document[81].

Master plans outline the designs, strategies and actions that guide the organisation and management of cities in Rwanda. However, like many other government initiatives, master plans were not developed through popular consultative processes[82] (Legal Aid Forum, 2015). Local media[83] reported that failure to engage citizens, poor planning, lack of financial resources required for master plan implementation and lack of consideration for the daily living standard of citizens, were some of the biggest issues in the master plan.

In its report titled *Future Drivers of Growth in Rwanda,* the World Bank calls for reforms in the management of urbanisation to boost the future drivers of growth in Rwanda[84]. Among the constraints to urbanisation in Rwanda, the report pointed out:

1. the master plans often required densities, structures and uses that may not match market demand in Rwanda.
2. the slow pace of rural–urban migration due to low human capital

[81] *http://www.minecofin.gov.rw/fileadmin/templates/documents/NDPR/Vision_2020_.pdf*

[82] *https://www.land-links.org/research-publication/the-implementation-of-rwandas-expropriation-law-and-its-outcomes-on-the-population/*

[83] *https://ktpress.rw/2018/09/poor-planning-lack-of-flexibility-behind-failure-of-city-master-plan-experts/*

[84] *http://documents.worldbank.org/curated/en/522801541618364833/pdf/131875-V1-WP-PUBLIC-Disclosed-11-9-2018.pdf*

development and the regulatory framework in Rwanda that discourages informality;

3. absence of adequate local urban planning capacity, including the ability to interpret urban planning tools such as master plans,
4. limited market access;
5. high transport costs, as the poor quality of rural roads has limited the integration of Rwandan cities with its rural areas and neighbouring countries.

Taking everything into consideration, the World Bank concluded that urban areas in Rwanda – and Kigali in particular – have not generated the kind of productivity gains and agglomeration economies that rapidly growing cities in successful East Asian economies have achieved.

Transport

Through Vision 2020, the RPF's government promised to develop alternative lower costs of transport to and from the coast, notably through a regional rail extension to Isaka, Tanzania, and an extension to the Ugandan railway system by 2020. However, the railway projects have not been delivered yet. The challenges have been raising sufficient finance to deliver the project, and Rwanda's deteriorating relationships with the neighbouring countries that Rwanda is collaborating with on the railway project.

Regional media have reported that the cost to build the 521km railway from Isaka, Tanzania to Kigali, Rwanda has increased by US$700 million, due to inflation and the depreciation of the Rwanda franc against major currencies. The projected cost is now at US$2.5 billion. Rwanda's contribution to the project is estimated at US$1.3 billion, with the rest to be covered by Tanzania[85]. How Rwanda will be able to raise such a large amount remains a dilemma, considering its already rising debt level. As for the Kampala–Kigali railway line project, this is reported to be delayed

[85] *https://www.theeastafrican.co.ke/business/Isaka-Kigali-SGR-works-to-start-in-October/2560-4283062-13m736h/index.html*

indefinitely. Uganda has decided to build a railway line towards South Sudan instead[86].

Rwanda's disputes with its neighbours – who are supposedly partners in the delivery of these railway projects – have certainly deterred the projects. For example, there has been tension between Rwanda and Tanzania from 2013 until the country got a new leader in 2015. Rwanda has also been in a dispute with Uganda from 2017 until 2019, when both countries signed a pact to ease tensions[87].

Promises to improve national roads to ensure internal markets have a reliable and safe transport network by 2020 were also made. However, the 2018 Global Competitiveness Index ranks Rwanda 102nd out of 140 on the competitiveness of quality of roads[88]. This ranking is among the lowest in the region, as Kenya ranks 61st, Tanzania 83rd and Uganda 89th. The World Bank's *Systematic Diagnostic Report on Rwanda*, published in June 2019, affirmed the roads in the rural areas of Rwanda are of poor quality, and this impairs the integration of Rwanda's countryside with its cities[89]. The report also states that half the rural population lacks access to a road network in good condition within a 2km walking distance in Rwanda. The World Bank attributes the poor quality of roads in Rwanda to low spending on infrastructure and maintenance. Another challenge in infrastructure development in Rwanda is that of contract management in government projects. In 2017, the Office of the Auditor-General reported that the value of contracts delayed or abandoned under the Rwanda Feeder Roads Development Project was more than RWF2.94 billion[90] (US$3 Million).

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86 *https://www.chronicles.rw/2019/04/29/confirmed-kampala-kigali-railway-line-put-off-until-further-notice/*

87 *https://www.reuters.com/article/us-rwanda-uganda-angola/leaders-of-rwanda-and-uganda-sign-pact-in-bid-to-end-tension-idUSKCN1VB1M0*

88 *http://www.cdi.org.pe/pdf/IGC/2018/The_Global_Competitiveness_Report_2018.pdf*

89 *http://documents.worldbank.org/curated/en/219651563298568286/pdf/Rwanda-Systematic-Country-Diagnostic.pdf*

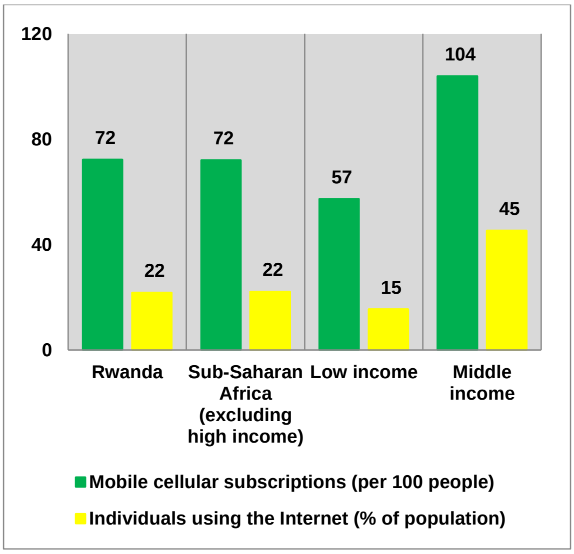
90 *Report of the Auditor General of State Finances for the year ended 30 June 2017*

Communication & ICT

Vision 2020 anticipated that by 2020 Rwanda would have internet access at all administrative levels, for all secondary schools and for a large number of primary schools, as well as widespread telephone services in rural areas. The target was that mobile subscriptions would reach 60% of the population and internet users at least 50%. According to World Bank data, Rwanda's mobile subscription was 72% in 2017 – above the Vision 2020 target. While the level is the same as other sub-Saharan Africa, it is high in comparison to similar group income countries but low compared to middle-income countries whose ranks Rwanda aspires to join (*See figure 29*).

Despite these achievements, the number of internet users in Rwanda remains low and not close to the target set in Vision 2020. Rwanda is ranked 120th out 140 in the ICT adoption pillar of the 2018 World Economic Forum's Competitiveness Index. The country is also ranked 127th out of 140 in the components of the ICT adoption pillar for mobile cellular telephone subscriptions and fixed broadband internet subscriptions.

Figure 29 Communication and ICT, 2017



Source: World Bank

The World Bank's *Systematic Country Diagnostic Report on Rwanda* tables constraints holding back more rapid ICT adoption[91] as follows: low purchasing power of Rwanda's citizens and their low computer smartphone ownership; an erratic electricity supply; low digital skills; and lack of sufficient local digital content and services. According to the same report, digital connectivity is one of the

[91]*ttp://documents.worldbank.org/curated/en/219651563298568286/pdf/Rwanda-Systematic-Country-Diagnostic.pdf*

major challenges to private sector development in Rwanda.

Energy

Vision 2020 projected that by 2020, at least 75% of the population would be connected to electricity. According to the World Bank's economic update on electricity in Rwanda, published in June 2019, electricity access was at 51% of population as of February 2019[92]. The 2018 Competitiveness Index of the World Economic Forum ranked Rwanda 130th out 140 countries on electrification rate access. Rwanda's access to electrification rate is the lowest in comparison to similar group income, regional countries and middle-income countries (*See figure 30*).

The International Energy Agency (IEA) estimates that Rwanda current capacity to generate electricity is around 218MW. However, the Office of the Auditor-General in Rwanda reports that installed power plants in the country have consistently been operating below their production capacity[93]. Moreover, 21.18% of electricity produced is lost[94]. The World Bank has ascertained that the cost of electricity in Rwanda is the 10th highest in sub-Saharan Africa[95]. In its June 2017 country report, the IMF stated that the cost of electricity per Kw hour was about 30 cents in Rwanda, considerably above that of its neighbouring countries: Uganda (16 cents), Tanzania (17 cents) and Kenya (22 cents)[96]. Had the current government in Rwanda ensured that installed hydro power plants were producing energy at their full capacity, and at the same time addressed causes leading to high levels of electricity losses, perhaps the cost of electricity in Rwanda would reduce. Nonetheless, the cost of electricity remains one of the biggest barriers for Rwanda in attracting investors and developing a vibrant private sector.

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[92] *http://documents.worldbank.org/curated/en/593831561388957701/pdf/Rwanda-Economic-Update-Lighting-Rwanda.pdf*

[93] *Report of the Auditor-General of State Finances for the year ended 30 June 2014/18*

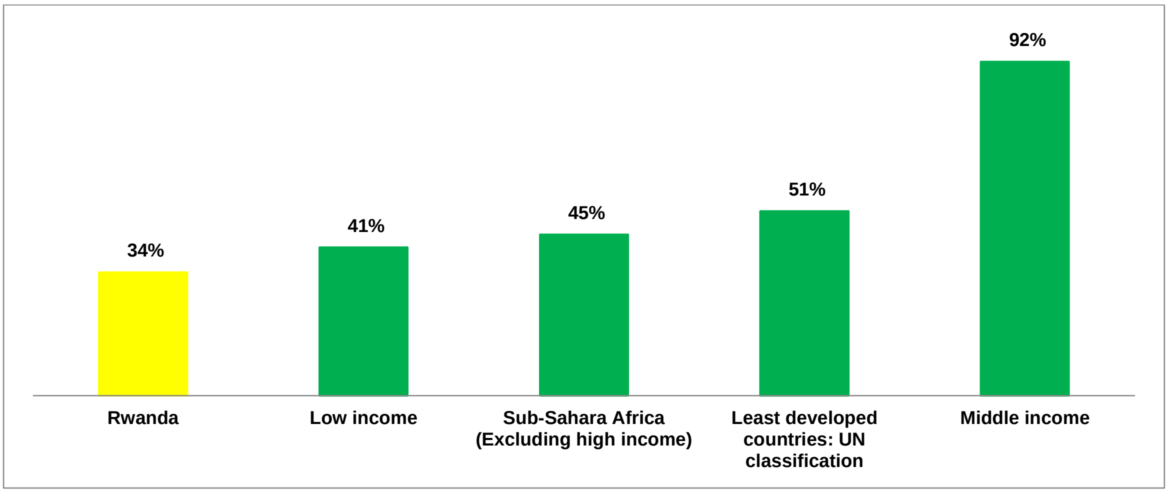
[94] *Report of the Auditor-General of State Finances for the year ended 30 June 2016/17*

[95] *http://documents.worldbank.org/curated/en/593831561388957701/pdf/Rwanda-Economic-Update-Lighting-Rwanda.pdf*

[96] *IMF Country report No. 17/214*

Electricity is also unevenly distributed across Rwanda. According to the IEA, access to electricity is at 72% in urban areas, and 12% in rural Rwanda. This exacerbates inequalities between urban and rural areas of the country. The challenges in accessing electricity in Rwanda are the limited affordability of electricity solutions for rural households and businesses, as well as misalignment of power supply and demand in Rwanda[97].

Figure 30 Access to electricity (% of population), 2017



Source: World Bank

Furthermore, the high cost of power production of the thermal power supply which are subsidised by the government threatens the sustainability of the electricity service in Rwanda, if the government is unable to subsidise the power sector[98]. The sector has been supported by the government through sovereign guarantees between Rwanda Energy Group and independent power producers. This has created contingent liabilities for the state that are insufficiently managed and understood[99].

Another evident challenge in supplying electricity in Rwanda is of delayed and abandoned projects related to electricity

97 *https://www.usaid.gov/powerafrica/rwanda*

98 *Report of the Auditor General of State Finances for the year ended 30 June 2014/18*

99 *http://documents.worldbank.org/curated/en/593831561388957701/pdf/Rwanda-Economic-Update-Lighting-Rwanda.pdf*

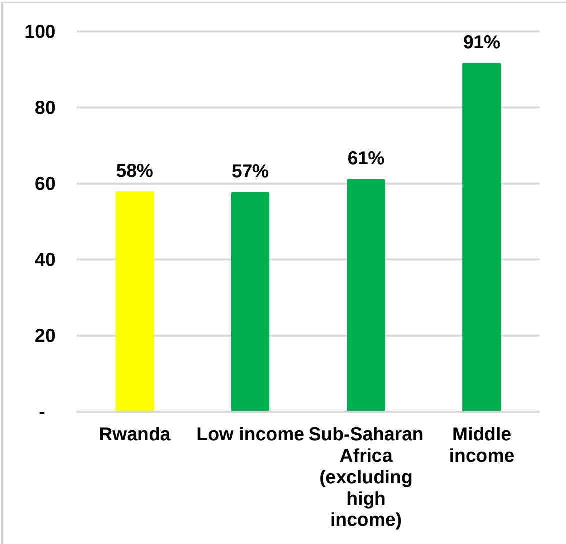
transmission across the country. In 2017, the Office of the Auditor-General reported that the value of contracts delayed or abandoned under the electricity transmission projects in Rwanda was more than RWF73.8 billion[100] (US$80 million).

Water

Vision 2020 promises continuing investment in protection and management of water resources, as well as water infrastructure development, to ensure that by 2020 all Rwandans have access to clean water.

Nevertheless, according to the 2019 World Health Organisation and United Nations Children's Fund Joint Monitoring Programme for Progress on Household Drinking Water, Sanitation and Hygiene from 2000 to 2017, the number of population using at least basic drinking water services in Rwanda has risen from 45% in 2000 to 58% in 2017. This implies an increase of only 13% over 17 years. The progress made is equal to similar group income, but extremely low compared to regional countries. Rwanda's percentage of population using at least basic drinking water services remain low in comparison to middle-income countries (*See figure 31*). The country also performs poorly in hygiene estimates in comparison to similar group income and neighbouring countries (*See figure 32*). However, Rwanda outperforms them in sanitation (*See figure 33*).

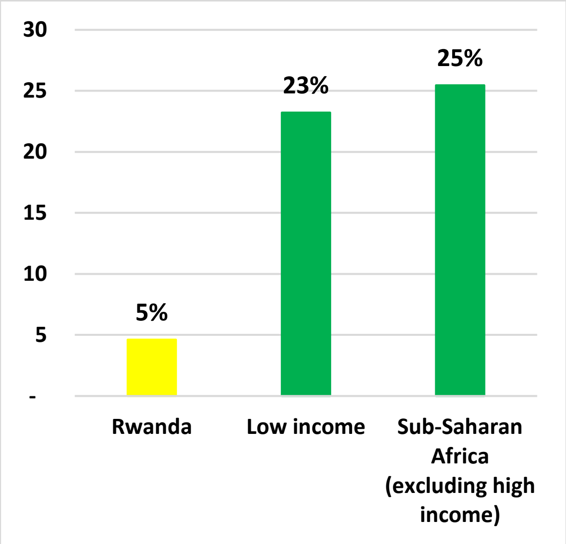
Figure 31 People using at least basic drinking water services (% of population), 2017



Source: World Bank

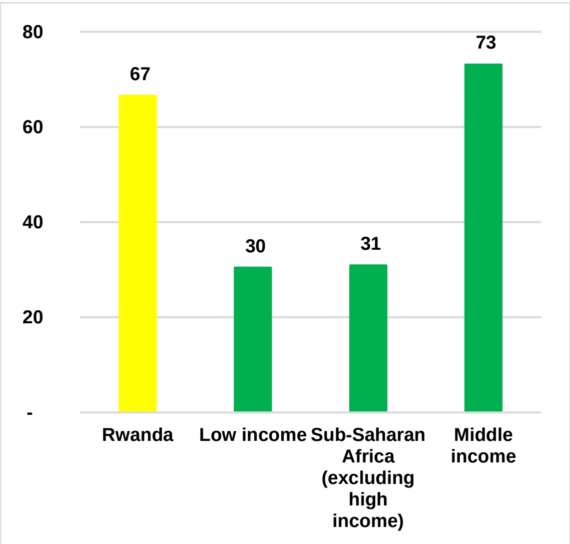
[100] *Report of the Auditor General of State Finances for the year ended 30 June 2017*

Figure 32 People with basic handwashing facilities including soap and water (% of population), 2017



Source: World Bank

Figure 33 People using at least basic sanitation services (% of population), 2017



Source: World Bank

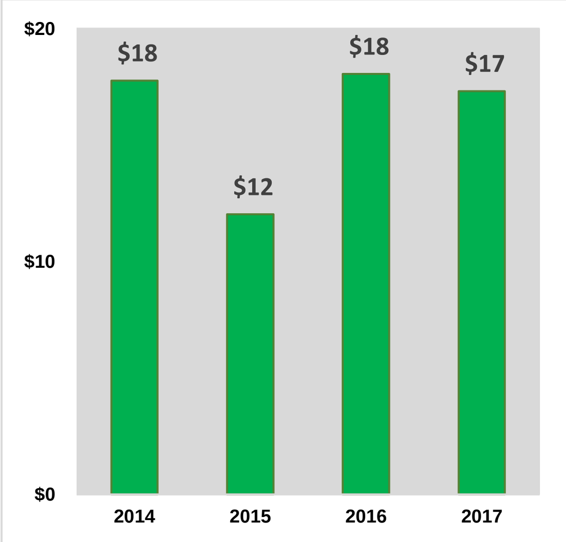
While Rwanda, as a poor and developing country, has limited financial capacity to invest in the development of advanced infrastructure for its population to have access to clean water, there is remarkable lack of responsibly enforcing water infrastructure projects and efficiently managing those completed so they operate at full capacity for the benefit of all Rwandans. Frequent challenges reported in various reports of the Office of the Auditor-General, which this report has identified as reasons the target of getting access to clean water to all Rwandans as anticipated in Vision 2020 was not reached are as follows:

Continuous delays in completion of water infrastructure projects. In 2015, 19 water projects, whose total contract amount was more than RWF20.1 billion (US$21 million), were facing delays ranging from three months to more than two years. Three of these projects related to the construction of ten water tanks valued at RWF1.29 billion (US$1.3 million), which were completed but no water supply connected. In 2018, five water infrastructure projects worth RWF17.9 billion (US$18 million), with delays ranging between one week and two years were identified. These delays undoubtedly have an effect on the capacity of water supplies across Rwanda.

Constructed water treatment plants are persistently operating below their full installed production capacity. Out of 16 water treatment plants in operation, 11 were operating significantly below their full installed capacity of 141,980 m^3 per day, producing 75,606 m^3 (53%) during the year ending 30 June 2017.

Enduring high unbilled water. The volume of unbilled water was 41.52% of water produced in 2013. Despite decreasing slightly since then to 38.5%, it still represents a huge loss of revenue on the part of the public entity in charge of the management of water and sanitation services in Rwanda (*See figure 34*). The Office of the Auditor-General has stated that the revenue generated from water sales is not sufficient to cover the costs of production and warned that if unbilled water issue is left unchecked in the long run, this may pose a threat to the financial viability the entity set up to manage water and sanitation services in Rwanda.

Figure 34 Value of unbilled water (US$ million) 2014 - 2017



Source: Reports published by the Office of Auditor General

Challenge of water supply infrastructure in rural areas that hinder access to clear water. The office of the Auditor-General sampled nine districts to assess how water supply infrastructure is being managed in rural areas. It was found that there was no long-term strategy for supplying clean water to rural area in those nine districts. Furthermore, there was an absence of disinfection of water before distribution. The audit identified 18 out 23 water supply systems which did not have chlorination units to disinfect water before its distribution in the districts sampled. There are indeed significant disparities between the number of people from rural and urban areas of Rwanda using at least basic drinking water services in Rwanda

Waste management

The current government in Rwanda has also promised that by 2020, both rural and urban areas are to have sufficient sewerage and disposal systems, with each town endowed with an adequate unit for treating solid wastes.

Nevertheless, the challenges of solid waste management persist in the city of Kigali and in Rwanda's secondary cities. Kigali has a well-established system of solid and liquid waste collection from area of generation to landfill site. However, an audit carried out by the Office of the Auditor-General of State Finance and published in May 2016, revealed that the city of Kigali failed to implement its initiatives towards sustainable management of solid and liquid waste and to comply with the existing guidelines for Rwanda Environment Management Authority (REMA) and the standards set by Rwanda Utilities Regulatory Authority (RURA)[101]. The audit also stated that there is no specific policy to address the issue of solid and liquid waste management, in particular those which exposed the city to environmental and health risks.

In its 2019 report that assesses solid waste management value chains, and the policy and regulatory framework in secondary cities of Huye and Muhanga[102], the Global Green Institute concluded that solid waste management in these cities remain at rudimentary levels. The challenges identified include: lack of regulatory framework or policy on solid waste management services at the district level; limited infrastructure and facilities to adequately dispose, discharge and treat waste; low levels of awareness and willingness to use and pay for the waste collection services.

The World Bank's Systematic Country Diagnostic Report on Rwanda has also affirmed the poor management of solid

[101] *Office of the auditor general of State Finances, May 2016*

[102] *https://gggi.org/site/assets/uploads/2019/08/Solid-waste-management-in-Secondary-Cities-of-Rwanda_A-situation-assessment-report_2019_Publication-.pdf*

waste in Kigali and secondary cities, stating that only a tiny fraction of the waste is recycled. Where the waste is collected and disposed of, the facilities are inadequately designed and managed, which threaten the environment and human health in Rwanda.

Additional challenges

RPF's government is yet to develop Rwanda's infrastructure to the standard that it promised to citizens through the Vision 2020 development programme.

As previously indicated, the infrastructure competitiveness of Rwanda has declined from a rank of 101st out of 139 economies in 2010 to a rank of 115th out of 140 economies in 2018. Reasons preventing accelerating infrastructure development in Rwanda are related to frequent loss of public funds through irregular spending, as reported in various annual reports of the Auditor-General of State Finances. These were estimated to be roughly US$14.3 million each year, from 2003 to 2018.

Persistent delays in completion and abandonment of infrastructure projects in the country further exacerbated the situation. The Auditor-General of State Finances has estimated the value of delayed and abandoned contracts to be RWF136 billion (US$147 million) and RWF7 billion (US$7 million) respectively in 2018 (*See figure 35*).

Figure 35 Value of delayed and abandoned contracts (US$ Million), 2014 - 2018

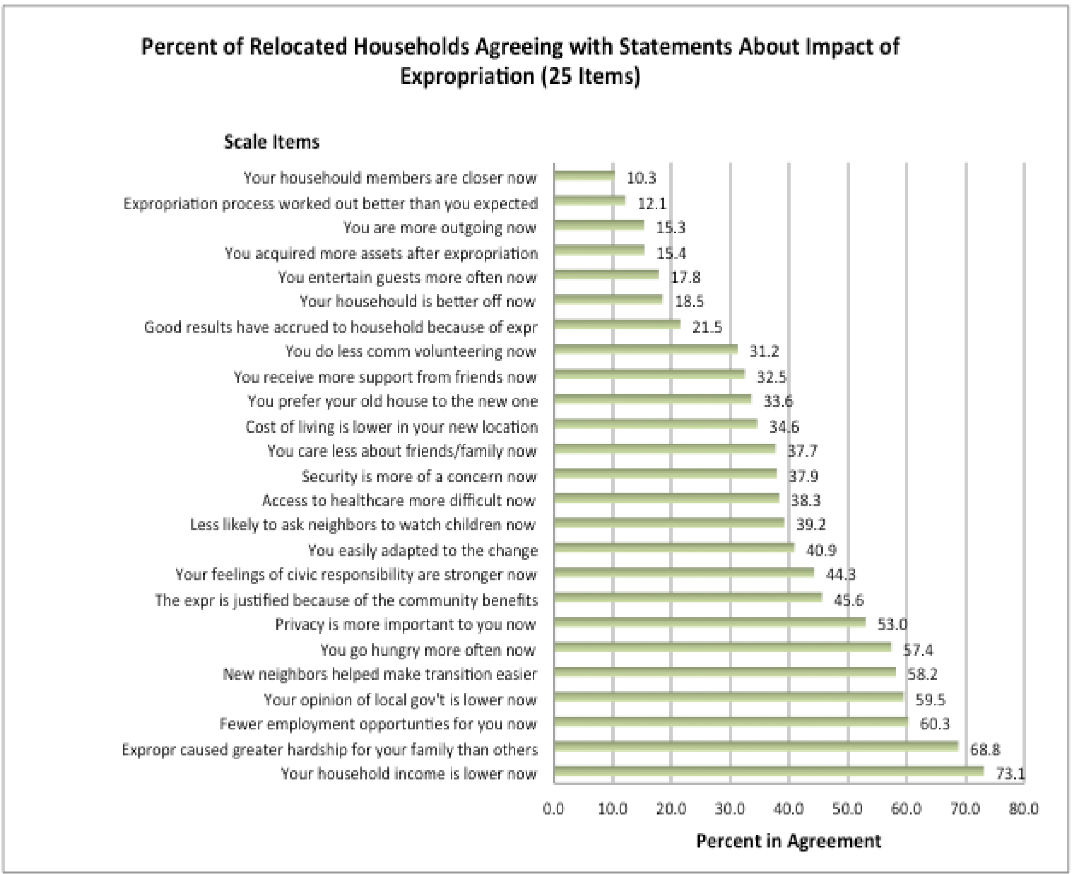
Source: Reports published by the Office of Auditor General

The audit report has explained that the abandonment and delay in completion of infrastructure projects were due to poor project feasibility studies (among other reasons). In its December 2014 report, the IMF pointed out that delays in the implementation of projects in Rwanda had become more frequent, and that this has potential impact of delaying the transformation of Rwanda's economy. The IMF called for sustained efforts to improve project monitoring and contract enforcement.

The abandonment and delays in completing infrastructure projects have adversely affected households. This is particularly so for citizens in rural areas of Rwanda, whose land were expropriated by the state to undertake the infrastructure projects. These households have had to endure social and economic costs as a result of the state expropriating their properties for the development of public infrastructure, which never materialised because these were either abandoned or delayed. In 2015, Legal Aid Forum, with the support of the United States Agency for International Development (USAID), conducted research on the effects of expropriation law and policy on expropriated households in Rwanda. The research found that local populations were not properly sensitised to the expropriation process, causing unnecessary anxiety and even economic and emotional harm to the affected households. The 2007 expropriation law that provided a specific procedure for the government to follow in the expropriation of private land in the public interest was vague. The definition of "public interest" was broad and did not expressly exclude activities carried out to advance individual/investor benefits leading to questions around some expropriation projects that may have been influenced by corrupt personal interests. For example, both civil society organisations and government entities interviewed by the research affirmed having concerns around reliance on master plans as the permissible acts of public interest to justify expropriations. Master plans outline the designs, strategies and actions that guide the organisation and management of cities and the national land in general. The aforementioned entities cited a pervasive problem of some local authorities illegally altering master plans in order to further their own interests[103].

[103] *The issue of some local authorities putting their own interests before that of the nation was also cited among the main reasons the government did not reach key targets set in Vision 2020, during the 15th National Leadership Retreat of 26 February to 1 March 2018*

Figure 36 The list of expropriation impacts on affected household



***Source:** Report on the implementation of Rwanda expropriation law and its outcomes on the population, prepared by Legal Aid forum and published in 2015*

Expropriated households have lost property ownership such as land, perennial crops, trees, annual crops and other commodities among others in return of inadequate or non-compensation. This has led to their living conditions worsening as their income had diminished. The list of expropriation impacts on affected household include their opinion of local government having declined (*See figure 36*) Among the groups who reported more negative impacts from expropriation were female-headed households, households headed by individuals above 50 and even more, less educated individuals, farmers and unskilled labourers.

5th Pillar: AGRICULTURE

Another pillar of the Vision 2020 was to develop Rwanda's agriculture sector. The vision was to transform subsistence farming in to a productive, high-value and market-oriented agriculture. To achieve this, policies that promote monocropping, regional crop specification and market-oriented crop cultivation were implemented.

Despite how coherent the vision to develop Rwanda's agriculture sector reads on paper, agricultural policies that were supposedly to lead towards anticipated transformation were developed and implemented without citizens' involvement[104]. The current government

in Rwanda has been deciding the what, where and how of agriculture development. Having decreed that all land was effectively government property and belongs to citizens on a conditional basis, the RPF's government introduced a crop intensification programme that commanded what priority crop types to grow, in which region, at what season. Growers could only use approved seed and chemical fertilisers, and crop production targets were set. To ensure production goals of specific edible or cash crops are met, the Rwanda's land policy states that "it should be possible for the government to repossess the land if the owner or holder of the land rights has failed to use it in accordance with the law".

According to a 2015 World Bank report with a special focus on agricultural sector risk assessment[105], the productivity of selected priority crops increased; agriculture production almost doubled between 2000 and 2012; and agricultural GDP grew 5.4% a year in Rwanda, between 2008 and 2013. Nonetheless, the report pointed out considerable challenges confronting Rwanda's agricultural sector. These

[104] http://3n589z370e6o2eata9wahfl4.wpengine.netdna-cdn.com/wp-content/uploads/2010/10/2010_10_Rwa_Interpeace_IRDP_Participation_Of_Citizens_One_Of_The_Challenges_Of_Democracy.pdf

[105] http://documents.worldbank.org/curated/en/222901468296167698/Rwanda-economic-update-Managing-Uncertainty-for-Growth-and-Poverty-Reduction

included crop pests; diseases spread by land consolidation and monocropping; and weather-related risk for crops and livestock. The report warned that these risks will remain if irrigation practices in Rwanda continue to be underdeveloped.

In 2014, the Office of Auditor-General of Rwanda reported that the government purchased mechanisation equipment intended for irrigation at the cost of US$2.8 million. However, this equipment was found to be incompatible or unnecessary, and it is lying idle. Furthermore, the audit revealed that there were irrigation infrastructures constructed in various parts of the country at the cost of RWF1 billion (US$108,000) that were not in use because of poor designs.

Another challenge to agriculture sector development highlighted by the World Bank was price volatility for export crops and dairy producers due to international price volatility, caused by supply and demand, exchange rate fluctuations and trade policies. The World Bank stated that all the aforementioned risks have caused production losses that averaged US$65 million a year between 1995 and 2012 (US$1.2 billion in 18 years), which is about 2.2% of Rwanda's annual agricultural production.

While the World Bank observations are worth considering, Rwanda's agriculture policies, which impose rather than induce small farmers to change from polyculture to monoculture have also had negative effects on the overall social and economic well-being of many households, particularly in rural Rwanda. A study that critically analyses Rwanda's agriculture policy and its impacts[106] from a local perspective, conducted by scholars from University of East Anglia in United Kingdom and published by Elsevier Ltd in 2015, strongly argues that though Rwanda's agricultural policies have been considered successful in raising yield, among other benefits, the policies have also exacerbated

[106]*https://www.sciencedirect.com/science/article/pii/S0305750X15002302*

landlessness, inequality, poverty and food insecurity.

The study found many households that were compelled to convert large areas of cropland to tea plantation. If any of these household proves unable to manage their land as ordered, the government reallocates the land, often without compensation. Some households opt to sell their land before the state expropriates their land. The repercussions are that landlessness has been gradually increasing among the rural inhabitants in Rwanda, due to strict and harsh agriculture policies implemented by the current government.

Moreover, while many rural inhabitants are becoming landless, a minority of more wealthy households benefit from subsidised inputs and plots of land sold by, or reallocated from, the former due to their inability to comply with the demand of the agriculture policies. Thus, disparities between those who have land and those who do not have land have increased.

The study found that households that still own land were not able to produce their own food, as the government commands what priority crop types to grow at what season. As a result, many households have had to change their diet, with a high proportion of them suffering regular, chronic food shortages. The only opportunity for survival for many landless households was sporadic labouring work, sometimes in lands they used to own. The reliance on irregular labouring work to purchase food rather than producing it also makes these households vulnerable to food insecurity and exacerbates poverty. The World Bank has also noted that waged farm workers in rural areas of Rwanda have emerged as a fast-growing yet vulnerable occupational group, with the highest rates of poverty[107]. Vision 2020 was set to create new 200,000 off-farm jobs every year, accumulating to 3.2 million jobs by 2020[108]. Instead poor-quality farm

[107] *http://documents.worldbank.org/curated/en/219651563298568286/pdf/Rwanda-Systematic-Country-Diagnostic.pdf*

[108] *ww.minecofin.gov.rw/fileadmin/templates/documents/NDPR/Vision_2020_.pdf*

jobs that are unable to reduce poverty have significantly increased. The World Bank has also noted that the share of non-farm, independent workers such as micro and small private entrepreneurs engaged in informal services has also declined in Rwanda[109]

The abovementioned study is not the only one questioning the agriculture policies implemented in Rwanda. In 2016, a paper based on research at macro, meso and micro level carried out an analysis of Rwanda's crop intensification programme and concluded that it fails to draw lessons from previous experiences in terms of its effects on social differentiation, on ecological sustainability and knowledge exchange and creation[110]. Another study published in 2018, entitled "The Rwandan Agrarian and land sector modernisation: Confronting macro performance with lived experiences on the ground", compiled by a group of researchers having engaged in in-depth qualitative research in a variety of settings and over an extended period, combine their key findings to challenge the dominant discourse on Rwanda as a model for development.[111]

The challenges for Rwanda's agriculture sector, pointed out by the World Bank report of 2015, and the social and economic impacts engendered from imposed agriculture policies have evidently had dire repercussions on Rwanda's population. According to the 2015 comprehensive food security and vulnerability analysis, only 40% of household in Rwanda are food secure with little risk of becoming food insecure[112]. In 2016, regional media reported that 100,000 Rwandan families fled to neighbouring countries due to famine[113]. In fact, Rwanda has the largest percentage of its population receiving below the minimum level of

[109] *http://documents.worldbank.org/curated/en/219651563298568286/pdf/Rwanda-Systematic-Country-Diagnostic.pdf*

[110] *https://www.tandfonline.com/doi/full/10.1080/03056244.2016.1181053*

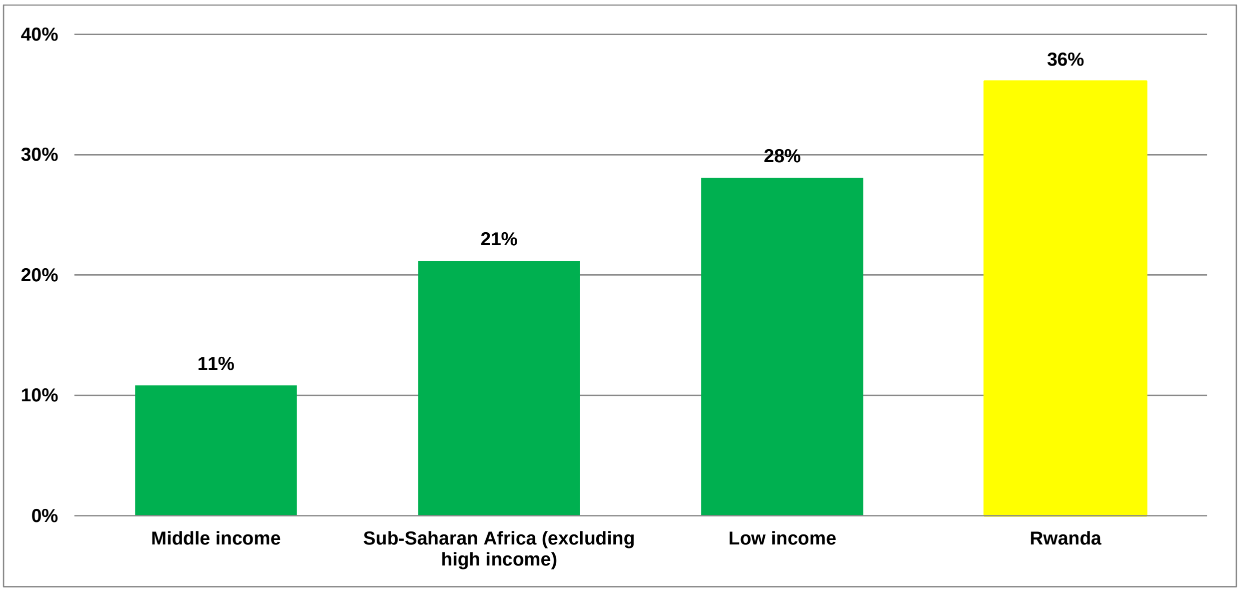
[111] *https://www.tandfonline.com/doi/full/10.1080/03056244.2018.1497590*

[112] *https://www.wfp.org/publications/rwanda-comprehensive-food-security-and-vulnerability-analysis-march-2016*

[113] *https://www.theeastafrican.co.ke/Rwanda/News/Famine-hits-over-100-000-Rwandan-*families-in-*Eastern-province-/1433218-3276076-x4q4s4z/index.html*

dietary energy consumption when compared to similar group income, regional and middle-income countries (*See figure 37*). The World Bank has observed that the agricultural sector in Rwanda employs 70% of the labour force, yet it has received only 10% of total public investment. The sector clearly still has investment gaps, as explained above. A persistent undeveloped agriculture sector was also stated among the main reasons the government did not reach key targets set in Vision 2020[114]

Figure 37 Prevalence of undernourishment (% of population), 2016



Source: World Bank

[114] *During the 15th National Leadership Retreat known as Umwiherero that took place at the Rwanda Defence Force Combat Training Centre in Gabiro, from 26 February to 1 March 2018.*

6th Pillar: REGIONAL AND INTERNATIONAL INTEGRATION

On paper the current government in Rwanda recognises that regional economic integration is one of the crucial elements of achieving Vision 2020. However, the current leadership of Rwanda has been involved in intermittent disputes with regional partners, which threatens the implementation of regional economic integration.

Since the late 1990s Rwanda has been involved in conflict with the Democratic Republic of Congo, and also alleged to have supported rebel groups that destabilised the eastern part of the country. More than five million people are believed to have lost their lives in the conflict.

In 2002, Rwanda's activities in exercising its economic control in the eastern Democratic Republic of the Congo were revealed in UN report on illegal exploitation of natural resources and other forms of wealth of the Democratic Republic of Congo[115]. In 2010 the United Nations issued a "Mapping Report" which states that the Rwandan government was involved in the killing of Hutu refugees in eastern Congo[116]. Moreover, aid to Rwanda was withheld by donor countries in 2008 and 2012. Not only have these events tarnished Rwanda's image and decelerated Rwanda's economic development, but they have also damaged the relationship between Rwanda and Democratic Republic of Congo. As a result, Rwanda has wasted an opportunity to take advantage of its proximity with one of the countries widely considered to be the richest in natural resources, the Democratic Republic of Congo. Rwanda could have achieved this by using soft power to forge a concrete, coherent and long-term trade deal with their Congolese counterparts based on brotherhood and

[115] https://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/DRC%20S%202002%201146.pdf

[116] https://www.ohchr.org/EN/Countries/AfricaRegion/Pages/RDCProjetMapping.aspx

mutual respect. However, due to the conflict that Rwanda has allegedly been involved in eastern DRC, both countries have not been able to maximise their trade potential to the benefit of their citizens.

Rwanda joined the East African Community (EAC) in 2009. EAC is an intergovernmental organisation composed of six countries in the African Great Lakes region. EAC members are Burundi, Kenya, Rwanda, South Sudan, Tanzania and Uganda. The pillars of EAC regional integration are custom union, common market, monetary union, and to become a federation.

EAC custom union and common market

In 2013, when Tanzania sent troops to the Democratic Republic of Congo as part of a UN force to neutralise the M23, a rebel group that Rwanda was allegedly helping, the then-president of Tanzania suggested that Rwanda should negotiate with the Congo-based Democratic Force for the Liberation of Rwanda (FDLR) rebels. The repercussion was that the relationship between Rwanda and Tanzania deteriorated. In 2015, the relationship between Rwanda and Burundi also soured. Burundi accused Rwanda of masterminding a failed coup while Rwanda accused Burundi of sheltering the FDLR rebels. The situation led to the closure of the Burundi–Rwanda border, slowing trade between the two countries. In 2018, problems arose between Rwanda and Uganda. Rwanda complained that Uganda was arresting Rwandans living in Uganda and of supporting rebel groups trying to oust the government in Rwanda. Uganda dismissed the allegations from Rwanda as false. However, speculation in the Ugandan press suggested Rwanda has tried to infiltrate Uganda's security apparatus. The consequences were that Rwanda closed its border to Uganda, affecting trade between businesses and ordinary citizens from Rwanda and Uganda.

All these conflicts have negative impacts on the implementation of the pillars of EAC regional integration – in particular, custom union and common market, without which

EAC members cannot establish a monetary union.

EAC monetary union

Establishing a monetary union also requires that country members of EAC met some macroeconomic convergence criteria. These are:

1. 8% and 5% on headline inflation rate and core inflation rate, respectively;
2. a budget deficit of maximum 3% and 6% of GDP, including and excluding grants, respectively,
3. a gross public debt equivalent to 50% of GDP;
4. a tax revenue equivalent to at least 25% of GDP; and
5. enough foreign reserves to cover at least 4–5 months of imports.

Rwanda, like other members of EAC, is yet to meet the macroeconomic convergence criteria. Nevertheless, increasing considerable evidence that the economic statistics of Rwanda have been subject to manipulation raises serious question on whether these will mislead EAC monetary union decisions.

EAC political federation

During the course of Vision 2020, Rwanda has been known worldwide for human rights abuses, freedom of speech repression and constitution change for the sole purpose of retaining political power. These factors dissuade instead of inspire other EAC members towards the implementation of an EAC political federation union based on democratic principles. Rwanda's poor human rights and freedom of speech records as well as its infringement of democratic values surely gives the country and its leadership a bad reputation, raising doubt and suspicion among regional and international community stakeholders.

Facts

There are still unmet objectives set in each pillar of vision 2020 development programme. Against that background one can conclude that the current government has not met own target as anticipated in vision 2020 pillars.

CROSS-CUTTING ISSUES

Alongside the six pillars, Vision 2020 established three cross-cutting areas: gender equality, environmental sustainability and the use of information communication technology. These also have pertinent challenges that worth considering.

Gender equality.

Vision 2020 vowed to support education for all, fight against poverty and practice discrimination policy in favour of women with a focus on tertiary and technical vocational education, and in employment. World Bank's *Systematic Diagnostic Report on Rwanda* reveals constraints on women in Rwanda that demonstrate Vision 2020 is yet to achieve its gender equality target. More than 70% of adults at the 40^{th} percentile of population distribution or below have only incomplete primary or no schooling at all. That statistic is higher for women. Moreover, households headed by women are more likely to be poor than those headed by male in Rwanda. Women's participation in tertiary and technical vocational education remain low in the country. Women are rarely represented in the ranks of managers, professionals and other highly paid jobs, and are over-represented in low-paying or unpaid jobs in Rwanda. Access to finance for women is a challenge in Rwanda. Gender-based violence toward women is prevalent in the country.

The current government in Rwanda has built its reputation worldwide on the basis that it has the largest number of women representatives in parliament. However, considering that the power still lies with executive, the participation and contribution of the "largest number of women representatives in the parliament" is questionable. Is having largest number of women representatives in parliament a genuine intent to empower women in Rwanda? Or does it rather legitimise the current leadership in Rwanda, often referred as authoritarian, within the international community and key stakeholders across the world?

Despite having largest number of women representatives in parliament, the percentage of female representation at senior levels in subnational elected and appointed positions remains low in Rwanda, as the World Bank has noted. For instance, only 17% of district mayors in the country are women. As a result, the Bank has recommended Rwanda strengthens women's participation in subnational democratic and governance bodies.

The use of information communication technology

Another cross-cutting area was the use of ICT as a tool for improving service delivery in both the private and public sector. The current government in Rwanda had promised to invest in developing highly skilled scientists and technicians to satisfy the needs of the transition to a knowledge-based economy. Nonetheless, digital connectivity remains one of the reasons the private sector has failed to flourish in Rwanda. Furthermore, Rwanda is ranked 120th out 140 in the ICT adoption pillar of the 2018 World Economic Forum's Competitiveness Index.

Constraints holding back more rapid ICT adoption include low purchasing power of Rwanda's citizens and their low computer and smartphone ownership, an erratic electricity supply, low digital skills and lack of sufficient local digital content and services. Rwanda's rank of 142nd out of 157 on the 2018 World Bank Human Capital Index (HCI) is evidence that the country has not been investing in developing adequate highly skilled scientists and technicians who can drive the development of ICT tools for improving service delivery in both the private and public sectors. Rwanda's HCI is lower than the average for sub-Saharan Africa and slightly lower than the average for its income group, i.e. low-income countries. Without the government committing to investing in the provision of quality education across the country, the vision of making Rwanda's economy knowledge-based will remain an illusion.

Environmental sustainability.

The ideal was that as the Vision 2020 pillars' objectives were being pursued, the authorities would ensure the environment was protected.

Developing the agricultural sector is one of the pillars of the Vision 2020 development. Nevertheless, the World Bank (June 2019)[117] has observed that inappropriate agricultural practices have affected the environment rather than protecting it. The World Bank cites cases of critical watersheds and water catchments that have been converted to agricultural land, streams having dried up and destroyed and ground water reserves having been depleted. The Auditor-General's report for the year ended June 2018 has revealed that out of 50 sampled agricultural projects, 38 i.e 76%, have been implemented without environment impact assessments having taken place. The audit also indicated that in the 15 years between 2003, when the environmental policy was developed, and 2018, when the audit was carried out, no wetlands master plan has been developed to clearly indicate which wetland can be used for which purpose.

Waste management is one of the sub-areas in Vision 2020's pillar of infrastructure development that has a goal of attracting domestic and foreign investments in the country. Nonetheless, the World Bank (June 2019) has noted that serious environmental problems in Rwanda are caused by poor management of solid waste in Kigali and secondary cities. The Auditor-General's report for the year ended June 2017 confirmed that disposal sites lack an environmental management plan. Furthermore, the Global Green Growth Institute found that the majority of urban residents in Rwanda still follow the traditional ways of handling waste, such as open dumping and burning. This practice of handling waste has negative impacts on health and

117 http://documents.worldbank.org/curated/en/219651563298568286/pdf/Rwanda-Systematic-Country-Diagnostic.pdf

environment through methane and carbon emissions from burning and uncontrolled dump sites.

Vision 2020 had anticipated that by 2020; at least 75% of the population would be connected to electricity and only 50% of households in Rwanda will be using wood energy as source of energy. However, according to a World Bank (June 2019), over 85% of the population in Rwanda still depends on wood for fuel. More than 95% of these people are from the rural areas of the country. The report argues that dependency on biomass energy is a major driver of deforestation and forest degradation in Rwanda. Implemented programmes to substitute the use of firewood for cooking energy by biogas in Rwanda is threatened by the high rate of non-operating biogas plants. The Auditor-General's report for year ended June 2018 found that, in the 11 districts visited, there was a high number of beneficiaries of the biogas programme whose biogas plants were not operating. In Rwanda, there is a clear lack of follow-up of implemented public programmes for the benefit of citizens, and of the country in general.

The environment has also been affected by inadequate mining activities and practices at the watch of the public entities established to ensure environment is protected namely the Rwanda National Resources Authority (RNRA) and the Ministry of Natural Resources (MINIRENA). The auditor general has reported that 17 mining sites did not construct facilities (dams) to capture waste water from washing minerals and did not consider recycling and treatment before discharge to environment[118]. 23 rivers were reported to be deteriorating to large extent due to mining activities such as washing minerals, mining in rivers, dumping tailings and discharging waste water; activities undertaken by registered mining operators. The auditor report reads "RNRA and MINIRENA were notified by affected districts but they did not take any measures to stop these activities"

[118] *Report of the Auditor General of State Finances for the year ended 30 June 2014/18*

III. New Severe challenges to Rwanda economic outlook

It is evident that the objectives set in the pillars of the Vision 2020 development programme and related cross-cutting areas are yet to be achieved as anticipated. The main reasons for this are that policies to facilitate the delivery of the development programme's objectives have been implemented without citizen participation and in a manner that lacked accountability and sensitivity towards Rwanda's citizens. Moreover, the current government in Rwanda has used its power to stifle any genuine political opposition, thus rejecting any critical judgement on its governance and development policies. As a result, new and severe social and economic challenges have materialized in Rwanda as the Vision 2020 objectives are being pursued.

Indebtedness

Rwanda's increasing indebtedness during the course of Vision 2020 is becoming a threat to the country's economic outlook. Having received more foreign aid than regional and similar countries (*See figure 38*) and crucial debt relief under the Highly Indebted Poor Countries Initiative in 2006, Rwanda has been intensively borrowing from external and domestic markets, due predominantly to high primary deficit and real exchange rate depreciation. Thus, Rwanda's debt has rapidly soared from 24% of GDP in 2007 to 53% of GDP in 2018[119] *(See figure 39)*

While government borrowing should not be an issue, the problem with the Rwandan government's borrowing spree is that the borrowed funds have been invested in less productive sectors such as housing, hotels, restaurants, business meetings and international conventions and events,

[119] *http://documents.worldbank.org/curated/en/5938*31561388957701/pdf/Rwanda-Economic-Update-Lighting-Rwanda.pdf

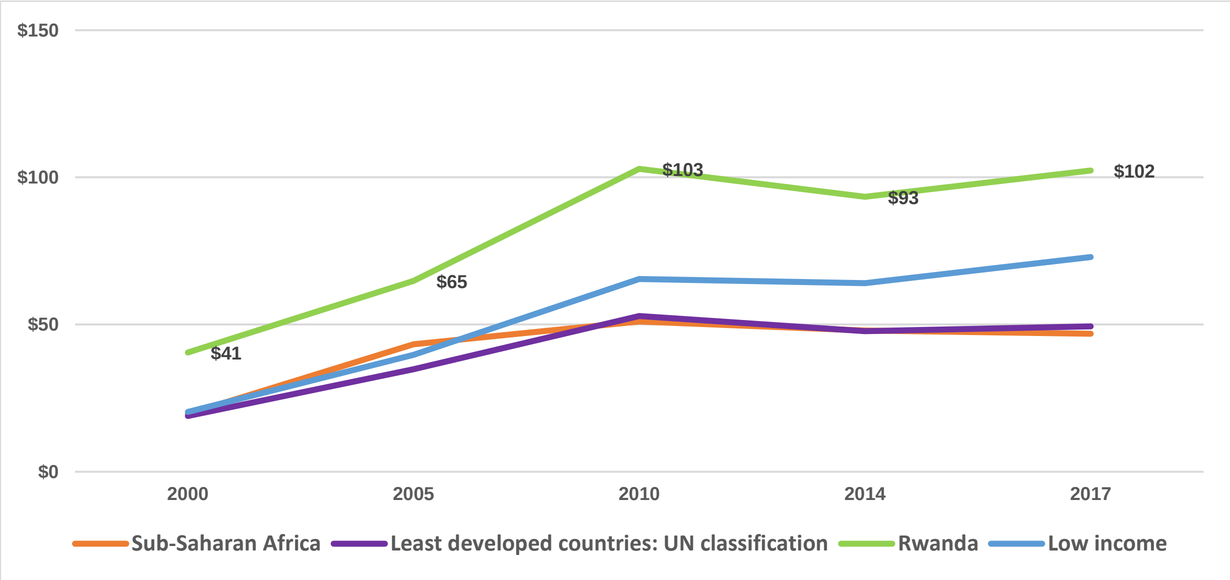
rather than towards productive sectors that alleviate pressing scarcities such as manufacturing, agriculture and mining, as well as developing the country's human capital. Subsequently, Rwanda's indebtedness is increasingly becoming a challenge to the country's economic outlook. For instance, the rise in the Rwandan government's borrowing on the domestic market by issuing bonds have gradually been crowding private investments in Rwanda as investors, especially large institutions, draw down their bank deposits to invest in the government bonds which offer competitive interest rates[120]. This limits the ability of commercial banks to lend to the private sector.

Rwanda's fiscal space has been gradually tightened due to the country's indebtedness. The number of years needed for Rwanda to repay public debt has increased and the country's capacity to provide resources for the desired purpose without jeopardising the sustainability of its financial position or stability of the economy has also narrowed[121]. In fact, interest payments on domestic debt are rapidly rising. Taking stock of all of these and other, the Jubilee Debt Campaign, a UK-based global movement working to break the chains of debt, classified Rwanda among the countries at most risk of government/public debt crisis in May 2018[122].

[120] *https://openknowledge.worldbank.org/bitstream/handle/10986/29036/122107-WP-PUBLIC-Rwanda-Economic-Update-FINAL.pdf?sequence=1&isAllowed=y*
[121] *ibid*

[122] *https://jubileedebt.org.uk/press-release/new-figures-show-debt-crises-are-growing-across-the-globe*

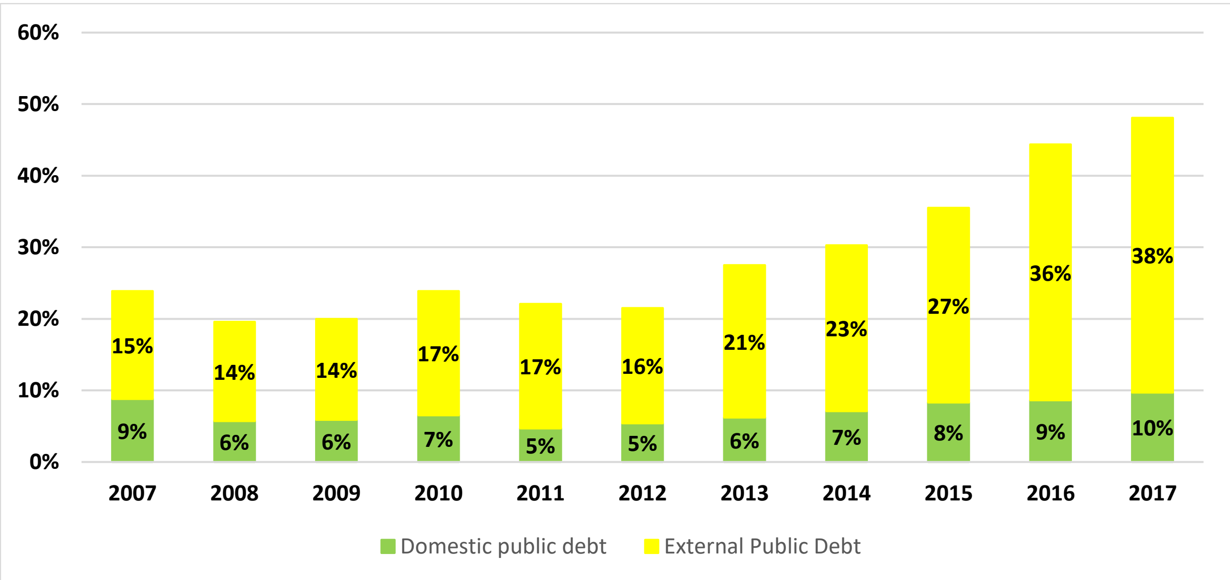
Figure 38 Net ODA received per capita (current US$), 2000 - 2017



Source: World Bank

Rwanda has been receiving more foreign aid than regional and similar countries from 2000 and 2017. The country has also received a crucial debt relief under the Highly Indebted Poor Countries Initiative in 2006.

Figure 39 Rwanda public debt (% GDP), 2007 -2017



Source: World Bank

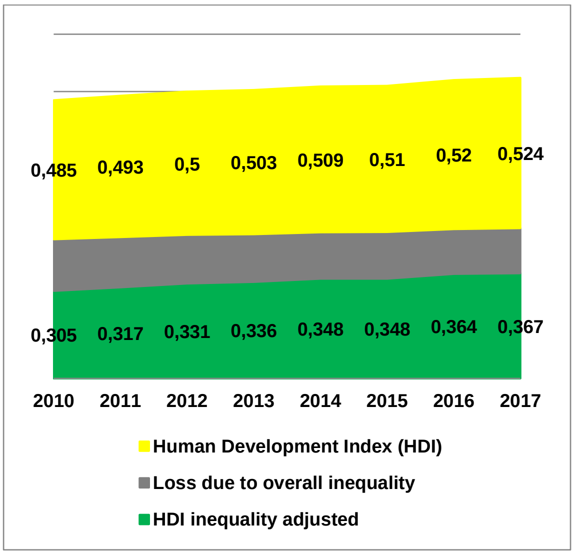
Nonetheless, Rwanda has been intensively borrowing from external and domestic markets, increasing significantly and faster its debt's level as percentage of GDP

Inequality

Inequality is another challenge to Rwanda's social and economic outlook that has materialized throughout the course of Vision 2020. This can be noticed in the dimensions of Rwanda's Human Development Index (HDI), particularly income, education and health.

Despite Rwanda having been praised worldwide for achieving remarkable HDI levels, the country lost 32% of its HDI due to inequality between 2010 and 2017[123] (*see figure 40*). For instance, Rwanda's HDI was 0.524, a score that is above the average for countries in the low human development group[124] in 2017. However, when discounted for inequality in the distribution of the HDI dimensions, Rwanda's HDI falls to 0.367[125].

Figure 40 Rwanda loss of HDI due to inequality in income, education & life expectancy, 2010 - 2017



Source: UNDP

Rwanda's HDI lost an average 36% of its HDI due to inequality in income alone between 2010 and 2017[126]. Income inequality in Rwanda has increased from a GINI coefficient of 0.335 in 2000 to 0.504 in 2017 despite the country's acclaimed GDP per capita increase during the same period. In comparison to its Eastern African peer countries, Rwanda's inequality measurement of 0.437 for 2018 is higher than Burundi's (0.386), Kenya's (0.408), Tanzania's (0.378) and Uganda's (0.410).

[123] *http://hdr.undp.org/en/indicators/73506*

[124] http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/RWA.pdf

[125] *Ibid*

[126] *http://hdr.undp.org/en/indicators/101706*

According to a United Nations Human Development Programme (UNDP) report on Rwanda titled Turning Vision 2020 into reality[127], published in 2007, Rwanda's growth has largely bypassed the rural poor, leading to a concentration of wealth at the top of the income distribution. This has increased the country's GINI coefficient from 0.47 in 2001 to 0.51 in 2006, putting Rwanda among the top 15% of unequal countries in the world. UNDP data shows that Rwanda's GINI coefficient has not changed much since the report was published. It was estimated at 0.504 in 2017 [128]. The UNDP report warned that the large income gap between rich and poor could easily damage the country's fragile social fabric that is still recovering from the damage inflicted by the genocide.

Rwanda's HDI also lost on average 30% of its HDI due to inequality in education[129] and 33% due to inequality in health[130] between 2010 and 2018. These inequalities are associated with an unequal distribution of income and the urban–rural distribution of education and health public services across Rwanda[131].

Unemployed or underemployed youth

Those aged between 15 and 34 years old made up half of Rwanda's population of 8 million in 2000. This was still the case in 2018 when the Rwanda's population was estimated at 12 million. Such youth are an indispensable human resource that could indeed transform Rwanda's economy for good if efficiently invested in its development.

Despite young people visibly being a crucial human resource for Rwanda, youth are mentioned only once in the RPF's Vision 2020 document of 2000, and just twice in its revised version of 2012. This gives the impression that youth was not a priority at the time Vision 2020 was developed.

127 *http://hdr.undp.org/en/content/turning-vision-2020-reality*

128 *http://hdr.undp.org/en/indicators/67106*

129 *http://hdr.undp.org/en/indicators/101606*

130 http://hdr.undp.org/en/indicators/101806

131 *Read 2nd Pillar: Human Capital Development.*

In fact, the constraints highlighted in the review of each pillars of Vision 2020 and related cross-cutting issues affect the youth the most in Rwanda. For instance, the governance style of RPF that limits citizen liberty and abuses human rights affects youth. These things prevent youth from using their critical thinking skills and their creativity. Most critical of all, the make youth to distrust the governing regime. Lack of quality education and the inability to start even informal micro and small private entrepreneurships in Rwanda also have a negative effect on youth. These limit youth in developing the required competences to get or create employment and generate income. Agriculture policies implemented by the RPF government, that impose what, when and how of agriculture development, have affected the well-being of many households across Rwanda, including youth from concerned households. The same applies to youth from households affected by housing and land policies implemented by the RPF government in pursuit of Vision 2020 objectives. These also affect youth well-being and creates resentment towards the current government in Rwanda.

As the service sector has lagged in creating off-farm jobs in Rwanda due to straggling private sector development, farm jobs have been fast growing in rural areas. However, these jobs are of poor quality and cannot reduce poverty. This implies the rural youth are more likely to work as labourers on the land while urban youth are likely to become unemployed. Educated youth are likely to be unemployed or underemployed.

Rwanda's development story can be confusing and frustrating at the same time, for unemployed or underemployed youth. On one hand is the current government and its enthusiastic claims that its policies have brought economic transformation to citizens. On the other, youth are confronting realities of unemployment or underemployment. This shows a disconnect between concerned youth and the government, which if not dealt with threaten the economic outlook of Rwanda.

Happiness deficit

Rwanda remains one of the least happy countries in the world. This is despite the country's current leadership claiming to have achieved a remarkable increase in GDP per capita, made significant progress in its HDI, and implemented enviable governance. The United Nations Sustainable Development Solutions Network, which produces the World Happiness Report[132] has consistently been ranking Rwanda among the five least happy countries on the Happiness Index each year from 2012 to 2018.

Happiness depends on a range of impacts such as income, work, social capital, values and religion, mental health, physical health, the family, education, gender and age. Many of these can be influenced by government policies[133]. Preceding sections of this report have demonstrated unfortunate ways in which Rwanda's social, economic and governance have been managed, which have certainly led to Rwanda ranking low on happiness index. Within the region, Rwanda is ranked among the four least happy countries in Africa[134]. Having decreased by 0.940 points on national happiness from 2005–2008 to 2016–2018, Rwanda is listed among the ten countries with the largest drop in happiness since 2005–2008 worldwide[135].

Certainly, Rwanda is a special case. The happiness deficit among Rwandans could have been worsened by the reconciliation policy and related processes implemented by the current regime after the 1994 genocide against Tutsis. These have given the impression that only some victims of the genocide are allowed to grieve. Human right abuses, marginalization, oppression and a political system that encourages individuals to spy on each other – all these intensify distrust among the population

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[132] https://worldhappiness.report/ed/2012/

[133] *Ibid*

[134] *https://worldhappiness.report/ed/2017/*

[135] https://worldhappiness.report/

towards government institutions and the current regime, as well as escalating unhappiness in Rwanda. Such a situation is certainly a challenge to RPF government being able to bring about sustainable development in Rwanda.

Deteriorating relationship with neighbouring countries.

Equally concerning are Rwanda's relationships with its neighbouring countries, which have deteriorated at some point during the course of Vision 2020[136]. Whether the relationships between Rwanda and its neighbouring countries have been normalised is unsure as a word of war is ongoing at the time of compiling this report, between Rwanda and Burundi, and Rwanda and Uganda. The situation is disappointing, and contrary to the prerequisite of building partnerships to help Rwanda reach its sustainable development goals.

Fact

Rwanda's indebtedness, inequality, unemployment, happiness deficit and deteriorating relationship with neighbouring countries, are widely issues known but not challenged in Rwanda; and are either unheard of or disregarded beyond Rwanda. If not dealt with, they will harm Rwanda economics and development outlook.

IV. Solutions

This the last part of the report and tables solutions formulated in the perspective of DALFA Umurinzi, a political party with mission to strive for rule of law and sustainable development that benefits every Rwandan citizen.

Preceding sections of this report presented evidence demonstrating that the current government in Rwanda will not deliver the promise made to the people of Rwanda to transform the country into a middle-income state driven by a knowledge-based economy by 2020.

We acknowledge that the government that took over the reins of power after the 1994 genocide against the Tutsi inherited a very difficult situation at the social, political and economic levels. Genocide and the exodus of the most experienced cadres in the country created a huge vacuum in the administration of the country. The initial goodwill of the new political leadership and an attempt to put in place a broad-based government of national unity gave hope for a new dawn in Rwanda, despite millions of Rwandans having fled the country.

Credit is due to the post-genocide government for putting the country back on its feet, with the generosity of the international community. Nonetheless, DALFA Umurinzi is concerned with the current Rwandan government's applied governance methods. We firmly believe that without good governance sustainable development is unachievable. Good governance is only possible if it is underpinned by democratic principles.

Throughout the years following Rwanda's independence, the social and economic development of the country has regularly been interrupted by political crisis. For the last 46 years (1973–2019) Rwandans have only known regimes that came to power through military force. Moreover, the management of society has been top-down, where citizens have only to obey orders from above without the opportunity of giving input into decisions that concern them.

Today, nothing has changed in Rwanda's governance. The RPF claims its governance is based on power-sharing consensus democracy, with the need to surmount ethnic divisions to prevent another genocide unfolding. This, they claim, will ensure stability while also accelerating development in Rwanda. However, under RPF governance, democratic structures and processes have not been respected, and human rights have been abused. This does not guarantee sustainable development in Rwanda in the short or long term.

Rwanda as a society must accept and own its history – both the positive and the negative side; its strengths and weaknesses. Only then can Rwandans build on their strengths, correct what went wrong and move forward to meet the challenges of a highly competitive world.

The cycle of political violence in Rwanda is not due to hatred between ethnicities but to grievances of social and political exclusion. The political elite in each group uses these grievances to canvass support. There is a lack of mechanisms to compete for power peacefully in Rwanda.

It is often said that we are products of our past, but we don't have to be prisoners of it. This is the reason DALFA Umurinzi is determined to bring about good governance for sustainable development in Rwanda.

DALFA Umurinzi believes there can be no sustainable development without democracy. Thus, reaching sustainable development for Rwandan society will remain a dream if there is no democracy and respect for human rights. Each stakeholder in the social, economic and political development of Rwanda ought to make change to peacefully solve the issues of governance in Rwanda once and for all.

DALFA Umurinzi proposes to build strong pillars of democracy in Rwanda that can guarantee people's freedoms, regardless of their social background, political affiliation or religious beliefs. These are as follows:

1. Freedom of expression, so that every Rwandan can participate freely and actively without hindrance in decision-making and in policy formulations on matters that affect him or her in all areas of socio-economic and cultural development;

2. Political freedoms that allow every Rwandan to express his or her opinion, to freely join a political party of his or her choice; freedom of the press; freedom of NGOs and civil society to operate without undue interference;

3. Separation of executive, legislative and judicial powers to ensure government institutions are competent and independent;

4. **Good governance and the sovereignty** of the people which will allow the Rwandan

people to freely choose their leaders.

Building the pillars of democracy in Rwanda will enable sustainable development that benefits all:

1. **Schooling is an instrument of social emancipation and justice**. Good quality education is a prerequisite for harmonious development and maintaining good social cohesion.

2. **Public health that is accessible to all** is the basis of sustainable development for all.

3. Ordinary farmers must decide independently on the use of their land in a manner that they know best, to ensure the food security of their family.

4. Enterprise and small business (service development) must be liberalised. Competition should be promoted, and legal limits should be imposed on monopoly.

5. National wealth must benefit and reach all to prevent rural and urban disparities.

6. Rwanda must foster good relationships with other nations, beginning with Rwanda's neighbouring countries.

Here is what the DALFA Umurinzi would like from the different stakeholders in the development of Rwanda to advance good governance for sustainable development in the country.

The current government in Rwanda must accept that criticising its governance methods and development policies is also contributing towards the development of the country. This is a right to freedom of expression guaranteed by the state under article 38 of the constitution of the Republic of Rwanda of 2003, revised in 2015[137]. Therefore, in no circumstances should critics be treated as enemies of state. The government of Rwanda must also open political space. Institutions or/and departments assigned by the current government in Rwanda with the responsibility to register political parties as approved for operation in Rwanda must respect the laws and processes established for such registration to take place. Opening political space would energise the political landscape in Rwanda and enable political competition based on the best development plan for Rwanda, and not on coercion.

Rwandan citizens, regardless whether they are in or outside Rwanda, must overcome their fear and exercise their constitutional rights guaranteed by the state in article 38 of Rwanda's constitution, and hold accountable the current government of Rwanda. Those still engulfed in Rwanda's past should comprehend that bad governance is what got all of us into this situation. We must join forces to hold the current government accountable.

Persons whose services are incompatible with membership in political organisations as defined in article 60 of the constitution of the Republic of Rwanda of 2003, revised in 2015[138], such as judges, prosecutors, soldiers, police officers and members of the National Intelligence and Security Services must remain committed to the oaths of

[137] *Official Gazette n⁰ Special of 24/12/2015*

[138] *Official Gazette n⁰ Special of 24/12/2015*

safeguarding human rights and the interests of the Rwandan people, striving for national unity without being biased. Rwanda's history has shown that the aforementioned persons have always defended and been allied to the country's rulers rather than independently fulfilling the responsibilities entrusted to them of protecting the interests of the Rwandan people. Considering the power attached to these persons, they have an opportunity to make a difference in advancing the governance in Rwanda.

Since 1994, after the genocide against Tusti, **the international community** has extended its generosity to Rwanda in both financial and technical capacities. Nonetheless, its expectation of Rwanda becoming a model of development remains unrealised, clearly due to weaknesses in the current Rwandan government's governance methods. DALFA Umurinzi believes this is not the time for the international community to give up on Rwandans; instead, considering evidence of social and economic deceleration as described in preceding sections of this report, it is a perfect moment for the international community, Rwanda's partners and international development institutions to reinforce their efforts towards promoting good governance based on democratic values in Rwanda. Only good governance would turn Rwanda into a development model in the region, on the African continent and beyond.

To lay the solid foundations for good governance and sustainable development in Rwanda, there is a need for a working group made up of government representatives, representatives of the opposition and members of civil society to discuss all the issues mentioned above.