OBSERVATIONS ON RWANDAN GOVERNMENT'S ECONOMIC RECOVERY PLAN

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Introduction

On 20 March 2020, the government of Rwanda led by the Rwanda Patriotic Front (RPF) imposed a lockdown to prevent the spread of COVID-19 across the country. On 24 April 2020, we released a report titled *COVID-19 in Rwanda: Economic Impacts and Proposed Immediate and Post Coronavirus Actions*[1] in which we described the potential adverse impacts that COVID-19 will have on Rwanda's economy. We also proposed how the government's immediate actions implemented to counteract COVID-19 could be improved and suggested post-COVID-19 actions that the government should consider to revive the country's economy.

At the beginning of May 2020, the Rwandan Ministry of Finance and Economic and Planning (MINECOFIN) released an economic recovery plan for the period of May 2020–December 2021. The plan aims to guide the Rwandan government through required key interventions across sectors that would provide support to households and boost employment and growth towards COVID-19 recovery.

In this document, we provide our observations on the economic recovery plan devised by the MINECOFIN to revive the country's economy following the COVID-19 crisis. The document will be divided into three main parts. The first part will comment on the priorities of the government recovery plan and measures put in place to revive selected sectors of the Rwandan economy. The second part will present our observations on key measures included in the government social protection response plan. The final section will discuss topics not covered in the government economic recovery plan that are considered to be "the elephant in the room".

[1] https://dalfa.org/en/covid-19-in-rwanda-economic-impacts-and-proposed-immediate-and-post-coronavirus-actions/

I. Economic recovery response

1. The priorities for the economic plan

According to the MINECOFIN, over the last decade, the Rwandan economy has experienced noticeable growth and was among the top in Africa and globally**.** In 2019, economic growth reached 9.4%, the highest in the decade. The Rwandan economy has undergone structural changes where the agricultural sector's share has been declining while the services and industry sectors have been the main drivers of growth. This is thanks to several government programmes and strategies geared towards Rwanda becoming a middle-income economy. Recently, the meetings, incentives, conventions and events (MICE) strategy to make Rwanda a tourism hub and Made in Rwanda initiatives started to pay off, creating growth opportunities in both the services and the industry sectors.

1st comment.

The description of Rwandan economic development by MINECOFIN is exaggerated. Public investment, largely supported by official development assistance from developed countries and multilateral organisations, have helped Rwanda to register and maintain a high growth rate over the past decade[2]. It is important to clarify that neither the private nor the export sectors have been driving the economic growth of Rwanda. Before the coronavirus crisis, Rwanda's economic growth was affected by the fact that large investments have not been allocated in sectors with high labour productivity potential such as manufacturing or agriculture. They were instead placed in low-labour productivity sectors such as MICE, air transport, tourism and the hotel and restaurant industry[3]. These are the very same sectors

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

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

that have been hit hard by the COVID-19 crisis. Despite current government promises to transform Rwanda into a middle-income country by 2020, the country remains a low-income state today, with the majority of its population surviving on less than $1.99 a day. This indicates that the country is yet to experience a solid structural economic transformation. Low purchasing power, resulting from low incomes among consumers in Rwanda, is one of the challenges confronted by the Made in Rwanda initiatives cited by MINECOFIN.

The government's priorities for economic recovery as tabled by MINECOFIN are:

Priority 1: Contain the pandemic and strengthen the health system.

Priority 2: Mitigate the impact of the COVID-19 economic crisis on households' income by scaling up social protection.

Priority 3: Ensure food self-sufficiency by increasing agricultural production.

Priority 4: Support businesses and protect jobs.

Priority 5: Ensure a coordinated multisectoral government response to jump-start and boost economic activity.

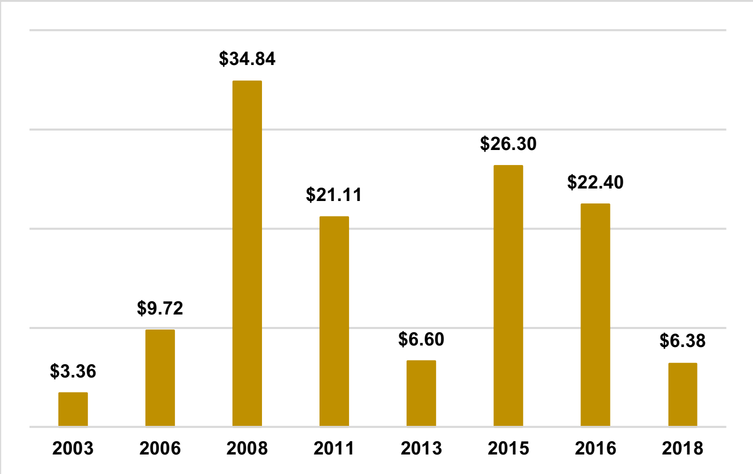
2nd comment.

While the priorities for the Rwandan economic recovery plan incorporate our proposed immediate and post coronavirus actions to revive the country's economy outlined in our report "COVID-19 in Rwanda" of April 2020, a priority to ensure efficient management of public finance is lacking.

Before coronavirus, Rwanda had been losing large amounts of public funds through irregularities. This has frequently been reported by the auditor-general's office (***See figure 1***). It is estimated that Rwanda has been losing US$15 million every year between 2002 and 2016 through irregular spending. In 2015, Global Financial Integrity reported that Rwanda had lost

US$1 billion through illicit financial transactions in 2013. Early in 2020, The World Bank reported that US$190 million of aid funds from the bank to Rwanda were embezzled between 1990 and 2011.

Figure 1 Rwanda government irregular expenditures (US$ Million), 2003 - 2018



Source: Reports from the office of the auditor-general of state finance, Rwanda

It is, therefore, disappointing that among the priorities to recover the economy, the government has not prioritised the reinforcement of efficient management of public funds among the government agencies that will be in charge of translating the recovery plan into solid outcomes. Thus, we call upon the Rwandan government to exercise its authority and enforce accountability in public finance management.

2. Remarks on the economic recovery response

In this section, our remarks will focus on fiscal policy, monetary policy and measures for recovery in the agriculture, private and infrastructure sectors.

2.1. Fiscal policy

MINECOFIN states that considering the identified priorities for economic recovery, the total COVID-19 related costs are so far estimated at RWF 882 billion (US$ 900 million) over the two fiscal years 2019/20 and 2020/21. This is equivalent to an increase in the fiscal deficit of about 4.4% of GDP on average per year. This accounts for health-related spending, social protection, support to state-owned enterprises, government's contribution to the economic recovery fund and other measures to mitigate the economic consequences of COVID-19.

3rd comment.

The total COVID-19 related cost over the two fiscal years 2019/20 and 2020/21 as estimated by MINECOFIN is undoubtedly a huge expenditure for the Rwandan economy. Considering that the level at which the Rwandan government raises and spends public resources has been persistently deemed insufficient[4] and that the parliamentary oversight during the planning and implementation stages of the budget cycle is limited[5], our recommendation is as follows. We suggest that the country's office of the auditor-general's mandate is extended to include oversight and reporting on the planning of the budget of the government economic recovery plan.

[4] https://www.internationalbudget.org/open-budget-survey/country-results/2019/rwanda

[5] https://www.internationalbudget.org/open-budget-survey/country-results/2019/rwanda

MINECOFIN also explains that the pandemic will impact public finances, with tax revenues set to decline compared to previous projections. This is due to the slowdown in economic activity and as a result of tax measures in place to support businesses and individuals. According to the document, the Government of Rwanda through the Rwandan Revenue Authority, took the following policy measures against the spread and impact of the coronavirus:

1. Suspension of tax audits
2. Extension of financial statements certification
3. Extension of deadlines for filing and paying corporate income tax for 2019
4. Suspension of the 25% down payment admissible for amicable settlement
5. Expanded use of online services

4th comment.

It can be noted that none of the policy measures cited above provides any tax benefit to individuals as advanced. Therefore, we reiterate our recommendations that the government should offer a tax cut (PAYE) to workers from small enterprises. These are the largest taxpayers in terms of numbers, according to Rwanda Revenue Authority's statistics[6]. Providing them with a tax cut on their salaries means that more households will have extra disposable income which they can spend and thus help to revive the economy. We also recommend that the abrupt decision made by the government before the outbreak to deduct 0.5% from public sector workers' remuneration be revoked. Not only was this decision against article 34 of the Rwandan constitution but it also reduces affected workers' disposable income.

MINECOFIN argues that due to tax measures taken by the government to support business and individuals, it is estimated that the total tax loss for the two consecutive fiscal years (2019/20 and 2020/21) compared to previous projections is estimated at RWF 556 billion or

[6] *Tax statistic in Rwanda Fiscal year 2017/2018, second edition June 2019.*

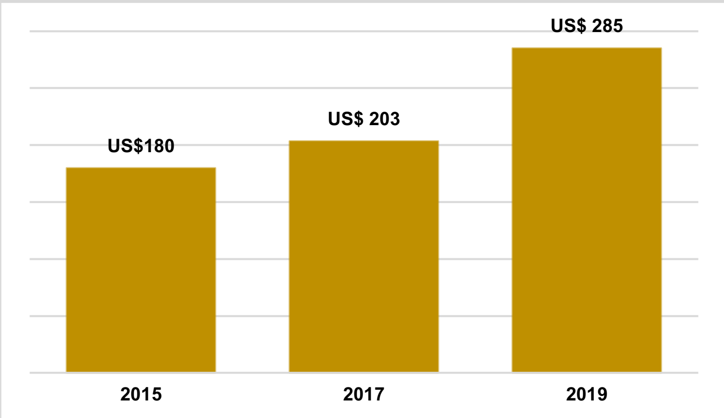
an average of 2.8% of GDP per year. MINECOFIN concludes that with lower revenue from taxation and higher COVID-19 related spending, the government will have no choice other than to seek concessional borrowing. With the focus being on health spending and other interventions to mitigate the economic impact of COVID-19, essential spending will have to be reduced.

5th comment

There are other alternatives to raising finance the government should explore before borrowing.

According to reports from the auditor-general, the Rwanda Revenue Authority (RRA) has incurred a huge amount of unrecovered tax arrears over time (***See figure 2***). The most recent auditor-general report reveals that tax arrears have increased by 40% from RWF 161 billion (US$203 million) in 2017 to RWF 270 billion (US$ 285 million) in 2019. They represent 20% of the total government revenue collected by RRA for the financial year ended on 30 June 2019.

Figure 2 Rwanda Revenue Authority tax arrears (in US$ million), 2015 -2019



Source: Reports from the office of the auditor-general of state finance, Rwanda

The auditor-general states that through the failure of the RRA to recover these arrears, the government is being denied cash flows that could be used to finance important activities in a timely manner. This forces it to source funds in the form of loans at higher cost instead of using tax revenue. Thus, we endorse the auditor-general's recommendation to the government of devising measures to quickly recover the fairly new arrears before they last too long and become difficult to recover or completely uncollectable. The government commitment to recovering tax arrears is one alternative to borrowing.

We are still proposing that the government cut its spending by putting unnecessary big projects on hold which do not respond to the population's immediate needs, such as building a new airport. In addition, we reiterate the need to restructure some of its spending to ensure there are available funds that can be redirected towards implementing the recovery plan activities. In particular, senior government officers' remuneration packages should be reviewed, along with their unnecessary or/and lavish expenses. The government should consider applying for grants and requesting aid from developed and multilateral organisations if these are available.

Borrowing is not a problem. But before doing so any responsible leadership should demonstrate to its citizens that all alternative avenues of raising finance have been explored and exhausted. We are not opposed to sensible borrowing but we do oppose ill-considered and badly managed borrowing. The latter is not a commendable fiscal policy as it would worsen the fiscal position of Rwanda and affect Rwanda's economic outlook.

2.2. Monetarily policy

To support borrowers and increase banks' incentives to continue supporting the real economy in such a crisis environment, the National Bank of Rwanda (NBR) encouraged banks to ease loan repayment conditions to borrowers affected by the COVID-19 pandemic. For restructured loans, a minimum of two to four months' grace period on interest and principal was given and a waiver of late payment penalties as well as loan restructuring fees. Furthermore, the NBR has encouraged all citizens to use digital payment means for all their transactions to limit the risks of virus transmission via the handling of cash.

6th Comment

We thank the NBR and banking sectors for taking into consideration our proposal to offer easy payment methods to borrowers of outstanding loans based on interest only. The NBR and banks have made a decision to offer a minimum of two to four months' grace period on interest and principal to restructured loans due to the effects of COVID-19. We also commend the NBR for its agreement with mobile network operators and banks to waive all charges on electronic money transactions for the next three months. This will enable people to transfer money at an affordable cost and will also enhance their use of digital banking.

2.3. Coordination and alignment.

MINECOFIN affirms that the GoR will work closely with development partners and global partners – such as traditional development assistance and foundations – to (re-) direct funding and support into priority areas identified in this economic recovery plan.

7th comment

We thank the government for taking on board our proposal to redirect resources to support areas in the priority. Nonetheless, we encourage such resources to be redirected into initiatives that aim to gradually pull those working in the informal sector into formal sector employment. The coronavirus crisis has shown that there is a pressing need for the government to work towards shifting the characteristics of Rwanda's labour force distribution. At the moment, the informal sector comprises 2.4 million workers while the formal sector numbers only 300,000. A combined government and development partners' effort could make a difference if funds are redirected toward regularly financing and supporting existing businesses operating within the informal sector so that these are pulled into formal sectors.

2.4. Sector-specific intervention

Agriculture sector

According to MINECOFIN, the containment measures are having a negative impact on domestic food systems as well as cross-border, regional and international trade. It has become necessary to initiate mitigation and recovery plans for the agriculture sector to ensure food security and agriculture growth.

The mitigation and recovery plans to be implemented include the provision of areas to be used for maize plantations by the ministry of agriculture as well as intensive cultivation of irrigated marshlands and hillsides using small-scale methods. The availability, access and use of inputs (improved seed, fertilisers, lime and water) is to be increased

8th comment

We thank the government for having considered our proposal to subsidise small farmers' seeds. Moreover, the government decision to finally allow the population to cultivate marshland is commendable. Before coronavirus, the government had expropriated marshlands and prevented the population from cultivating them even though they are known to be fertile.

Nonetheless, we are certain that the containment measures have tremendously deteriorated Rwandan household food security distribution to the extent that only a small number of households remain food secure in Rwanda today. To reverse such a situation doesn't merely require implementing the aforementioned government measure. What is needed is for the Rwandan government to change the agriculture and land policies it has imposed on small farmers in its ambition to change the country's agriculture type from polyculture to monoculture.

Under the Vision 2020 development programme, launched in 2000, the Rwandan government promised to transform subsistence farming into a more productive, high-value and market-oriented form of agriculture[7]. To achieve this, policies that promote monocropping, regional crop specification and market-oriented crop cultivation were implemented. However, this was done without citizen involvement. Thus, the government has been deciding the what, where and how of agriculture development and has implemented a land policy stating that lands not used in line with agriculture directives will be repossessed. Thereafter, the government was commended by the World Bank for having increased its agriculture production of selected crops between 2000 and 2012[8]. However, according to Rwanda Comprehensive Food Security and Vulnerability Analysis of 2016[9], only 40% of households in Rwanda were food secure with little risk of becoming food-insecure. Moreover, according to World Bank data 36% of Rwanda's population received below the minimum level of dietary energy consumption in 2016. Regular heavy rain and drought had exacerbated the situation leading to a reported 100,000 Rwandan families seeking refuge in neighbouring countries due to famine in Rwanda in 2016[10].

We argue that the measures in the mitigation recovery plan suggested by the government are too simplistic to solve such a complex and important issue as food insecurity that many households in Rwanda were confronted with before COVID-19. This is especially so now that

7 http://www.minecofin.gov.rw/fileadmin/templates/documents/NDPR/Vision_2020_.pdf

8 https://documents.worldbank.org/en/publication/documents-reports/documentdetail/222901468296167698/rwanda-economic-update-managing-uncertainty-for-growth-and-poverty-reduction

9 https://www.wfp.org/publications/rwanda-comprehensive-food-security-and-vulnerability-analysis-march-2016

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

the food insecurity problem has been worsened since the containment measures in response to the virus.

Therefore, we continue to recommend that the government revoke agriculture directives under current agriculture policy imposed on small farmers of what, how, where and when to grow crops. The same applies to the land policy that stipulates that land could be repossessed if not used in line with government agricultural directives and any other restrictions imposed on small farmers to cultivate or commercialise their production.

Before coronavirus, the agriculture sector employed 70% of Rwandans and is among the sectors that have high productivity potential in Rwanda. However, the sector received just 10% of total public investment. Cases of poor management of the little government funding put into the sector were also identified. For instance, in 2014 the office of the auditor-general of Rwanda reported that the government had 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 irrigation infrastructures had been constructed in various parts of the country at the cost of RWF1 billion (US$1.08 million) that were not in use because of poor designs. Against that backdrop, we also support the idea that more government funding should be put into developing the country's agriculture sector while at the same time government should reinforce accountability in the agriculture sector's public expenditure.

Moreover, citizens should be involved more in decision making. This is fair considering that Rwanda has a shortage of farming land per population density and is regularly affected by heavy rain and drought. These challenges give the government more reasons to involve small farmers when it comes into initiating mitigation and recovery plans for the agriculture sector and ensuring food security and agricultural growth. Failure of the government to communicate with the population on agriculture and land management measures will intensify discontent among the population which could lead to instability.

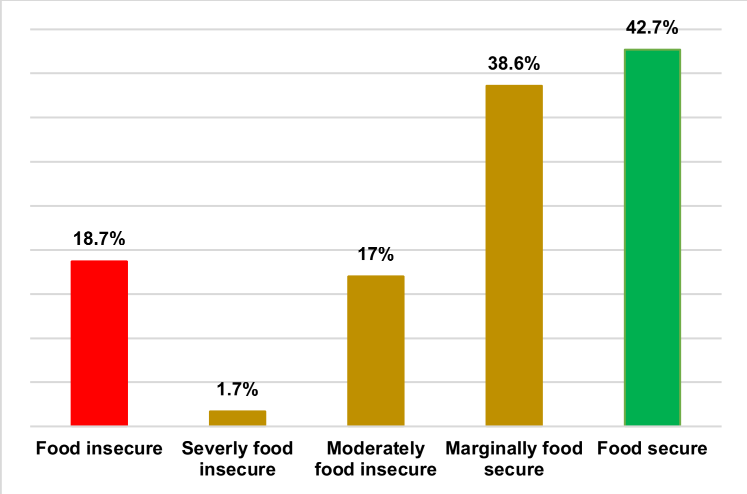
MINICOFIN proposes that the Rwanda government supports Rwanda's horticulture exports. To do this, it recommends the government subsidises the air freight rate to secure more weekly flights to Europe. In doing so, the government will aim to increase the competitiveness of Rwanda's horticulture produce and facilitate exporters to access working capital.

9th comment

Despite the government recognising that containment measures to prevent the spread of COVID-19 in Rwanda are having impacts particularly on domestic food systems and security, it is willing to export to Europe the very same food that the population is in need of at this time. Rwanda Comprehensive Food Security and Vulnerability Analysis (CFSVA), published in December 2018[11], shows that 42.7% of the country's households were food secure and while 18.7% were already food-insecure in 2018. The rest were at risk of being food-insecure if shocks arises (***See figure 3***). This food security distribution might have worsened since the COVID-19 crisis. It comes as surprise that the government is also willing to put money into the shipments of horticulture products to Europe at a higher cost than usual considering that air freight rates have significantly increased due to COVID-19.

[11] https://reliefweb.int/report/rwanda/rwanda-comprehensive-food-security-vulnerability-analysis-cfsva-2018-data-collected

Figure 3 Rwanda household by food security status (in % of total household number), 2018



Source: Rwanda CFSVA, 2018

The export of horticultural products to Europe at a time when these are locally needed is questionable. Before coronavirus, most of Rwanda's horticultural products were exported to regional countries, namely, Burundi, DRC, Uganda and South Sudan. Only a small quantity was exported to the European market. Therefore, considering the increase of air freight costs and food insecurity in Rwanda due to the containment measures against COVID - 19, government subsiding the air freight cost to secure weekly transportation of horticultural products particularly to Europe is not justifiable.

In our previous report in COVID-19 in Rwanda, we recommended that the government use some of the proceeds received from the International Monetary Fund (IMF), World Bank and European Union for COVID-19 to offer small farmers financial support along with firms involved in the production and trade of affordable nutritious and edible products for local consumers. Among the beneficiaries should be horticultural farmers.

Thus, in regard to the government measure to export horticultural products to Europe, we suggest that instead of the government subsidising at a higher cost the shipment of horticultural products to Europe – while these products are needed to improve domestic food security – the government should subsidise horticultural products at half the local market cost, making them cheaper for domestic consumers to buy. Only excess horticultural products, if any, should be exported to usual regional buyers using road rather than air transportation. This would contribute towards reviving domestic food security while the export of excess horticultural products would be undertaken in the most cost-efficient manner.

The economic recovery plan also reveals that the government will support the demand for livestock products affected by the closure of hotels and restaurants whereby eggs and milk in excess of the market will be distributed to children of Ubudehe categories 1 and 2 and home-based early childhood development centres, or an existing nutrition programme for malnourished children. Furthermore, the government will hire or purchase two cold rooms for meat storage connected with slaughter facilities to facilitate the storage and distribution of meat.

10th comment

We agree with the government on how to deal with livestock products affected by the closure of hotels and restaurants due to COVID-19. The solution puts the population first. We encourage the government to review its horticultural export measure in the same perspective as it has opted to tackle the livestock products meant for hotel and restaurants.

Nonetheless, the purchase of cold rooms to facilitate the storage and distribution of meat raises concerns as this is costly and might not be needed. Butcheries have been operating in Rwanda as usual during the lockdown period and these are still conducting their business with no problems.

Private sector

Under its economic recovery plan, the government will support the private sector with the aim of 1) protecting existing employment while creating opportunities for the creation of new employment, 2) stabilising living conditions and consumption levels and 2) positioning for long-term growth.

To achieve the aforementioned objectives, the government will mitigate the economic impact on citizens and existing businesses while adjusting the economy towards newly emerged needs and opportunities. Therefore, the following initiates were established:

a) The establishment of an economic recovery fund. The fund will support businesses in the sectors hit hardest by the pandemic so they can survive, resume work/production and safeguard employment. Among the specific businesses targeted are those highly impacted by the restrictions put in place to prevent the spread of the virus, those exposed to consumer discretionary spending, and those with global supply chains that are being disrupted. The minister of economics specified that hotel and restaurant businesses will be given special care under the established fund adding that the fund put in place by the government is RWF 100 billion (US$ 100 million). Micro and small enterprises (MSEs) and the informal sector are also targeted under the fund.

b) To provide business advisory services enabling MSEs to better understand the change of their customers' needs (consumer behaviour) in the post-crisis period where the possible remodelling or rebuilding of existing business through innovation may be necessary.

c) Fast-tracked government procurement procedures to enable the injection of liquidity into the economy for key projects and activities.

d) Speed up VAT refunds to businesses. This is a measure already being implemented as the Rwanda Revenue Authority has already paid a VAT Refund of RWF 10 billion to support businesses with cash.

e) Support for e-commerce.

f) Support the recovery of the tourism industry by promoting domestic tourism.

11th comment

We thank the government for offering VAT refunds to businesses. This will hopefully give businesses an incentive to retain some employees on their payrolls during this difficult time. However, the government should review and cancel penalties issued to business owners who were not able to complete and submit their tax returns on 30 April as it was during a lockdown period.

Offering business advisory supports to help businesses adapt to the situation brought about by coronavirus, with the possibility of completely remodelling affected businesses, is commendable. For instance, RwandAir, which used to be a passenger carrier, can be remodelled into a freight carrier and take advantage of the regional transportation demand for goods to other continents.

The establishment of an economic recovery fund is also welcomed. Nonetheless, MINECOFIN states that the informal sector is also targeted under the fund while the actual fund operational guideline indicates that only formal businesses are entitled to the fund. The eligibility criteria are based on borrowers presenting RRA clearance certificates as evidence of good tax standing or similar items[12]. In addition, lending to the fund is subject to borrowers paying an interest rate of up to 8%. While we appreciate that the rate from borrowing to the fund is significant below market rate, we argue that these rates could have been reduced had the fund been lent to eligible businesses directly by the government or central bank and not through commercial and microfinance institutions[13] which usually include their operation premium in the lending rates.

Overall, the government proposed initiatives to revive the private sector are relevant but, in our opinion, they will never support the creation of new employment opportunities or position the private sector for long-term growth.

We recommend that the government take into consideration the limitations that the country's private sector confronted before coronavirus. COVID-19 came at a time when Rwanda's private sector was still developing and confronted persisting obstacles. Any recovery plan to revive the sector from COVID-19's effects will not succeed if some of these foregoing fundamental barriers to private sector development are not immediately tackled.

Before coronavirus, Rwanda's private sector was small and its performance had not been made dynamic enough to meet the country's development challenges. In fact, Rwanda's registered economic growth in the past decades was not driven by its private sector but by large investment financed by aid. Between 2013 and 2016, the number of formal firms declined by nearly 1,000, despite Rwanda claiming to have achieved a GDP growth averaging 7.5% over this time.

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[12] http://www.minecofin.gov.rw/fileadmin/templates/documents/Reports/Economic_Recovery_Fund-Operational_Guidelines/Economic_Recovery_Fund_-_Operational_Guidelines.pdf

[13] http://www.minecofin.gov.rw/index.php?id=12&tx_ttnews%5Btt_news%5D=768&cHash=bbd58c6244679f3f2fc07b3ebfe68ee4

Job creation in the formal enterprise sector has also slowed down in recent years, expanding by around 8% between 2011 and 2012 compared to 4% between 2015 and 2016. Even those created jobs were as a result of the expansion of incumbent formal firms, and not by the net entry of new firms, as 90% of firms fail to increase employment after entry in Rwanda.

We believe that the most critical fact preventing the development of Rwanda's private sector is that state and ruling party-owned enterprises (SOEs) have occupied a prominent position in Rwanda's private sector for over 20 years. During this time, competition regulations have not been developed and implemented to create an enabling environment for firms to efficiently compete leading to the creation of business and employment opportunities.
Having the ruling party and its government involved in business activities is an obstacle to the development of the private sector and the entire Rwandan economy. According to the 2015 Ibrahim Index of African Governance country insight, the extent to which the financial records of state-owned companies are available online or offline to journalists, auditors and citizens in a timely and cost-efficient manner in Rwanda was extremely low between 2000 and 2017[14]. Moreover, their involvement in the private sector can create a conflict of interest, particularly because the current Rwandan regime is categorised by the Economic Intelligent Unit democracy index as authoritarian. One of the reasons domestic and foreign investors abstain from committing their investments in Rwanda is simply because they feel they cannot compete with the ruling party and its government enterprises considering their connection, access to key business information and finance among others.

In its 2019 Country Private Sector Diagnostic on Rwanda[15], the World Bank wrote this in regards to competition in Rwanda private sector:

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14 https://mo.ibrahim.foundation/news/2015/the-2015-ibrahim-index-of-african-governance-key-findings

15 https://www.ifc.org/wps/wcm/connect/publications_ext_content/ifc_external_publication_site/publications_listing_page/cpsd-rwanda

"*Pro-competition regulations need to increase competition in markets. Implementation of new laws and the removal of remaining regulations that impede competition are continuing challenges. The government has made effort to adopt the Rwanda Inspection and Competition Authority (RICA) and to make it effective, though is not operational yet and therefore the competition law has not been enforced. Allocating sufficient resources to the RICA and extending its mandate to monitor the impact of SOEs on competition, promoting the principle of competitive neutrality to ensure equal treatment of all investors, and removing regulatory barriers to entry and rivalry in input sectors would improve the competition framework."*

Against that backdrop, any economic recovery plan to revive the private sector with the objectives of creating new employment and positioning the sector for long-term growth must take into consideration and tackle limitations that the sector confronted before coronavirus, by setting immediate measures on increasing competition in the sector.

Otherwise, the fund made available to assist businesses affected by coronavirus and revive the private sector will give the impression of catering for only the state and ruling party-owned enterprises. These enterprises occupy a dominant role in the private sector – a situation whereby the government uses public funds to bail out its own enterprises and those owned by the ruling party, a political party that has put in place the very same government that determines who the fund beneficiary should be. This process raises concerns about a conflict of interest and illustrates the lack of competition within the private sector in Rwanda.

For Rwanda to develop a vibrant private sector, we maintain our recommendation that parliamentarians should work on plans for how the government and ruling party should retire their commercial activities from Rwanda's private sector.

Infrastructure sector

The government plans to invest in infrastructure projects as a way to boost productivity and create immediate jobs during the recovery plan.

a) In the energy sector, the government has identified infrastructure projects for electricity distribution and transmission. It will inject funds in to support its delivery. The government anticipates – once the projects have been finalised – that 350,000 households will be connected to grid electricity while 100,000 households will be connected using off-grid solutions during the fiscal year 2020/21.

b) In the transport sector, the government will finance the construction of paved feeder roads, new paved major roads and the rehabilitation of old ones, the development of inland water transport, the construction of Bugesera International Airport and the maintenance of transport infrastructure.

c) In the water and sanitation sectors, the government will execute planned sanitation projects. It plans to increase water production by 22,030m^{3}, aiming to extend the water network to 952km in urban areas and to 379km in rural areas for next year.

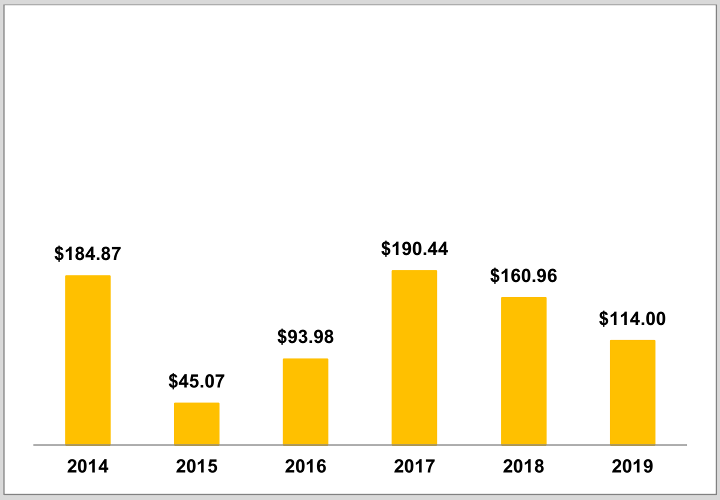
d) The government also plans to build 3,488 affordable housing units for about 18,790 households, to be settled in 2020/2021.

12th comment

We commend the government's idea to invest in infrastructure development projects for employment creation. However, we encourage the government to allocate public investment to the infrastructure projects that respond to citizens' basic immediate needs. Moreover, experience has shown that lack of accountability in enforcing and following up the development of essential public projects until these are delivered to expected standards and in the due period has been a challenge for the Rwandan government.

The reports from the office of the auditor-general have frequently documented and reported delayed or abandoned infrastructure projects related to the development of electricity transmission, the water supply system and transport services in Rwanda (***see figure 4***). In these reports, the auditor has also pointed out completed water supply and electricity production plants that operate under expected capacities.

Figure 4 Value of delayed and abandoned contracts (US$ in million), 2014 -2019



Source: Reports from the office of the auditor-general of state finance, Rwanda

We have noted that the issue of lack of accountability within the public entities that manage the execution of public development investment has not been given coverage in the government economic recovery plan. The success of the proposed plan depends on how responsible and committed the government agencies in charge are of translating the government recovery plan into concrete and tangible outcomes.

Against that backdrop, we recommend again that the Rwandan government must reinforce accountability in the public entities that manage the execution of the proposed infrastructure, not only for job creation but also to ensure project deliverables have been completed on time and to expected standards or/and to full operational capacity.

Technology and innovation

The government's recovery plan in the technology and innovation sector centres around five key interventions. These are indicated as 1) increase investment in digital infrastructure (connectivity, high computing infrastructure, devices); 2) leverage technology and data collection tools to adopt data-driven approaches and inform COVID-19 containment strategies and economic recovery; 3) reinvent the workplace to stop the spread of the virus as well as enhance overall employee productivity with technology; 4) increase high-tech jobs/skills to support both the supply-side and demand-side of the technology sector as an enabler as well as a source of jobs, exports and investments; 5) drive the adoption of ICT for all businesses and citizens by scaling up existing government and private sector digitisation efforts including e-commerce platforms and digital payments.

13th comment

The government recovery plan for the technology and innovation sector reads well. Nonetheless, the above five key interventions that the government plans to implement to reactivate this sector are the challenges that Rwanda's ICT sector confronted back in 2012. According to a report by the Rwandan ministry of youth and ICT[16] that measures ICT sector performance and tracks ICT for development, the challenges that the sector encountered were limited skillsets required for the sector's sustainable growth; lack of a national network that can enable internet penetration, low level of ICT penetration, awareness and literacy rate at a community level; and low pace and insufficiency of deployment of government to citizens' e-government services.

[16] http://admin.theiguides.org/Media/Documents/Rwanda-ICT-Profile-2012.pdf

The aforementioned barriers to Rwanda's ICT sector development have also been reflected in the 2018 World Economic Forum's Competitiveness Index of the country[17] and the World Bank report on accelerating digital transformation in Rwanda[18] published in January 2020. Thus, despite the government's recovery plan for the technology and innovation sector reading well, it is designed to respond to challenges dating back to 2012. We argue that had the Rwandan government put more determination into solving the challenges confronted by the ICT sector before COVID-19 – as these were apparently known – perhaps that technology would have been a solution to many challenges that Rwanda is confronting today in this period of COVID-19.

[17] http://www.cdi.org.pe/pdf/IGC/2018/The_Global_Competitiveness_Report_2018.pdf
[18] http://documents.worldbank.org/curated/en/219651563298568286/pdf/Rwanda-Systematic-Country-Diagnostic.pdf

II. Social protection response

The government recognises the impacts on livelihoods due to the COVID-19 lockdown. MINECOFIN reveals that, according to the United Kingdom government Department for International Development study, the lockdown reduced earnings/consumption for the most heavily impacted groups by almost 100%. This involves 60% of the population (in both urban and rural areas). According to a DFID analysis, the most heavily impacted groups are not entirely the same as those who normally suffer from extreme/chronic poverty; those reliant on casual wage labour and household enterprises for large portions of their income will be the ones most affected. The government reckons that vulnerable householders of Ubudehe categories 1 and 2 have been most affected but also some households currently categorised as Ubudehe category 3 have been affected. Thus, the MINECOFIN calls for an extension of existing social protection instruments to Ubudehe category 3 households.

14th comment

It is ideal for the government to extend the social protection programmes to those who were not otherwise entitled to them. Nonetheless, the Ubudehe stratification that the government will be using to establish who is or is not eligible under its social protection response is marred by errors and inaccuracies.

Ubudehe is a socio-economic categorisation mechanism for determining eligibility for Rwanda's key social protection interventions including public works, direct support, community-based health insurance and education grants[19]. There are four categories of Ubudehe. The first category is made up of the very poor. The second category consists of

[19] http://www.minecofin.gov.rw/fileadmin/templates/documents/NDPR/Sector_Strategic_Plans/Social_protection.pdf

those with a dwelling of their own, or able to rent one, but who rarely get full-time jobs. The third category consists of those with jobs and farmers, who don't need help from the government for survival. The fourth and last category consists of those deemed to be rich.

The ineffectiveness of the Ubudehe categorisations goes back to the period before COVID-19. For instance, in 2015, Ubudehe stratification came under heavy criticism, mainly for placing citizens under the wrong categories. This lead to some genuinely vulnerable families missing out on government social protection programmes[20]. In 2017, 30% of households in the lowest consumption quintile were categorised in the third category of Ubudehe (not vulnerable) while 30% of households in the highest consumption quintile were placed in the first and second category of Ubudehe (very vulnerable)[21]. A government arrangement to establish new Ubudehe social stratification in 2019 was met by citizen objection on the stature and process of categorisation of people under the different Ubudehe categories, as the reliability, transparency and fairness of the entire process was questioned[22].

Against that backdrop, the extension of the social protection programme based on Ubudehe stratification alone does not guarantee a successful social protection response to COVID-19 impacts in Rwanda.

According to the Rwandan Ministry of Finance and Economic and Planning, a number of solutions will be implemented to help household affected by the COVID-19 lockdown measure through its social protection response. These include immediate and economic

[20] https://www.theeastafrican.co.ke/rwanda/News/Musanze--Nyabihu-residents-protest-new-Ubudehe-categories-/1433218-2645062-format-sitemap-15lnn1nz/index.html

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

[22] https://www.newtimes.co.rw/news/ubudehe-categorisation-process

relief responses and some accompanying measures. These are commented on separately below.

1. Immediate relief response

The government has set up an immediate emergency relief response to support the most affected households during the lockdown and the later transition phase. This involves extending social protection to households in the aforementioned social categories. The government has made sure that foodstuffs are reaching 55,272 households located in Kigali, the capital of Rwanda. The plan is to extend the distribution of foodstuffs to an estimated 212,882 households in need in the city of Kigali.

15th comment

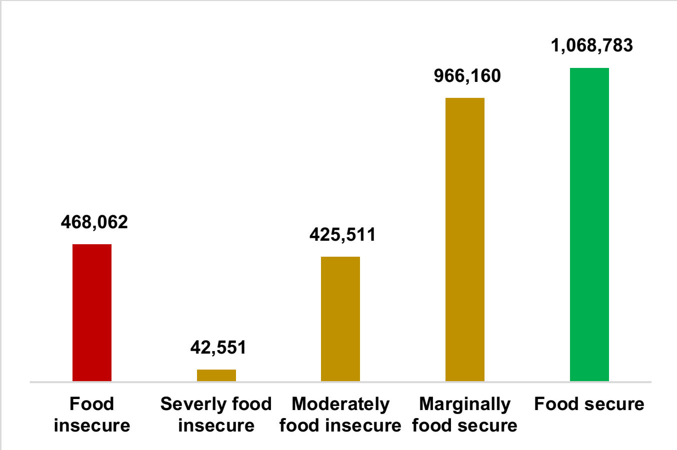
The government action of distributing food to the most affected households during the lockdown is to be commended. However, the households in need of food could be more than the 212,882 households that the government is targeting for food distribution assistance. Moreover, most households in need of food assistance could be those located in other provinces of the country and not necessarily just in the city of Kigali.

The Rwandan distribution of households by food security categories found in the 2018 Rwanda Comprehensive Food Security and Vulnerability Analysis (CFSVA) published in December 2018[23] provides insight into the number of households that are likely to require food due to the impact of shocks such the COVID-19 lockdown. The food security of an estimated 1,434,222 households might be at greater risk due to COVID-19 lockdown measures. These encompass households considered marginally food secure, moderately and severely food-

[23] https://reliefweb.int/report/rwanda/rwanda-comprehensive-food-security-vulnerability-analysis-cfsva-2018-data-collected

insecure but not the 468,062 already confirmed food-insecure in 2018 before the COVID-19 crisis (***See figure 5***).

Figure 5 Rwanda distribution of households by food security categories, 2018



Source: The 2018 Rwanda CFSVA

Moreover, the proportion of households by type of food access issues in Rwanda in 2018 is yet another indication that could help ascertain the number of households in need of food. 67% of households – equivalent to 1,677,012 people – had reported having food access issues in Rwanda two years before the COVID-19 crisis (***See figure 6***).

Figure 6 Proportion of households by type of food access issues, 2018

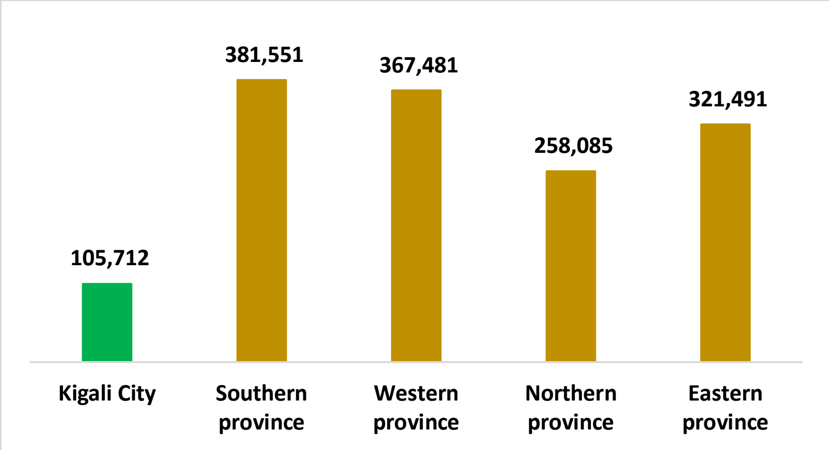
Source: The 2018 Rwanda CFSVA

Considering the aforementioned proportions of household food insecurity and access in Rwanda before COVID-19, the government plan to distribute food distribution to only 212,882 households affected by the COVID-19 lockdown measures is not comprehensive. There might be other households in need of food that will not be covered in the government's food distribution plan, making the social protection response to COVID-19 questionable.

The government 's plan to limit food distribution to only 212,882 households from the city of Kigali also raises questions. First, the number of households the government is planning to extend food distribution to in the city of Kigali might be inflated. The city of Kigali had a total of 338,789 households, out of which 225,761 were food secure in 2018. This means that the food security of the remaining 105,762 households, excluding the 7,325 already categorised food-insecure, was at risk of worsening if a crisis had occurred in 2018. Considering that the trend of food-insecure households' proportion does not significantly change every three years, the government food distribution plan that targets 212,882 households in the city of Kigali, means that an estimated 107,120 "ghost households" could have been budgeted for.

Second, the distribution of households by food security categories in all five Rwandan provinces in 2018 shows that other provinces of Rwanda had either double or triple the number of households as the city of Kigali at risk to fall into complete food insecurity if a crisis such the one created by COVID-19 occurred (***see figure 7***). Therefore, it is questionable why the government food distribution plan is limited to only households in the city of Kigali.

Figure 7 Distribution of households at risk of food insecurity per province, 2018



Source: The 2018 Rwanda CFSVA

As we were compiling this report we noted that the government has suddenly put on hold the distribution of food. Nonetheless, in case the government decides to reinstate food distribution, we recommend it to ensure no "ghost households" are counted in the food distribution plan. Moreover, the government food distribution programme should be extended to all affected households across the country. Considering that a large number of households could require food, we reiterate that the government should not export Rwandan horticultural products – as it has planned – before ensuring the population has been provided with sufficient food.

2. Economic relief response

The government will set up social protection for economic recovery. This will be delivered through four main actions: 1) Provide jobs for one member of 34,415 households from Ubudehe categories from 1 to 3 that have experienced severe household earning losses due to COVID-19. The number of beneficiaries is said to increase by 39,577 in December 2020. 2) Provide support to economic activities by providing the rural poor with subsidies for agricultural and forest production. The government hopes this action will increase the supply of agriculture produced at a domestic level across the country. 3) Assist a total of 35,000 households with an individual loan of RWF 114,743 each. This finance will be entitled to those such as casual labourers and household enterprises that cannot pick up their usual business due to COVID-19. 4) Distribute 2500 start-up toolkits to enable beneficiaries to implement skills gained during existing social protection schemes.

16th comment

The government's announcement to create jobs for affected households is welcomed, along with the idea of supporting rural poor with subsidies for agricultural production. Moreover, the government's decision to offer loans to 35,000 of the most affected micro-entrepreneurs/casual workers is also commendable. However, we wonder why only a few households have been targeted when there could be more households in need of such financial credit. Based on the 2018 Rwanda CFSVA, there could be an estimated 639,871 households across Rwanda that fall within the two lowest wealth quintiles, i.e. poorest and poor, whose livelihood activity falls within the scope of casual work or small entrepreneurship (***see figure 8***) that could have been affected by the COVID-19 lockdown measures.

Figure 8 Number of households in the two lowest wealth quintiles by livelihood groups, 2018

Source: The 2018 Rwanda CFSVA

As for the ideal of distributing 2,500 start-up toolkits to the total value of US$6.5 million to enable beneficiaries to implement skills gained during existing social protection schemes, we think it is not productive. There is a high probability that the beneficiaries sell the start-up toolkits if they find no work and are in need of money to survive on. We recommend that such a fund be used as start-up capital to set up small associations per the different skills of beneficiaries so they work together pitching their skills to potential consumers. Hopefully with hard work of beneficiaries and regular government advisory and technical supports these associations could be turned into solid businesses expanding the formal sector of the country.

3. Accompanying measures

The government has identified accompanying measures to consolidate access to health and education for the most affected households. These are 1) provide shelter to 8,758 households in Ubudehe 1 and construct 7,078 in close cooperation with The Genocide Survivors Support and Assistance Fund (FARG). 2) Support 1,902,740 individuals from Ubudehe category 1 without access to basic health insurance with joining the community-based health insurance. 3) Support in total 21, 280 children without access to primary education with school material, uniforms and other schooling materials.

17th comment

Again, the accompanying measures under the government's social protection response to COVID-19 might be targeting fewer people than those who could require government support.

According to the Rwandan ministry of health, the community-based health insurance coverage was 79% at the end of fiscal year 2018/19[24]. That implies that approximately 2.6 million individuals did not have access to health insurance in Rwanda before COVID-19. The government target to assist only 1.9 million individuals is questionable, as there could be more individuals in need of access to health insurance assistance. It is understood that the

[24] http://moh.gov.rw/fileadmin/Publications/Reports/HEALTH_SECTOR_PERFORMANCE_REPORT_2017-2019.pdf

government's intention is to come to the aid of those most vulnerable falling in the social category referred to as Ubudehe 1. However, the Ubudehe social categorisation system has considerable gaps that were highlighted in comment 14. Due to the ineffectiveness of the Ubudehe categorisation, it should not be relied upon for the dissemination of social protection services, particularly in this situation where the entire country's economic activities have been halted and have affected all households across the country.

According to the Rwandan ministry of education statistics, the primary school dropout level was 6.7% in 2018[25]. Monetary poverty at the household level is one of the strongest predictors of dropout in Rwanda[26]. This makes concerned households unable to provide children with scholastic materials. In absolute terms, the number of children who dropped out of school in 2018 is 167,748 children. Considering that government measures to counteract COVID-19 have affected the income level of many households across the country, it is probable that the school dropout level for education year 2019/2020 and 2020/2021 will be higher than in 2018. Therefore, the government might be targeting a smaller number of children (only 21,280) than the actual number of children in need of scholastic material support that the government is planning to provide.

4. Budget estimate

To implement the above social protection response and recovery plan to COVID-19, the government has budgeted RWF 133.6 billion (US$ 130 million).

18th comment

According to a DFID study, the lockdown reduced earnings/consumption for the most heavily impacted groups by almost 100%. This involves 60% of the population in both urban and rural

[25] file:///Users/sindaimy/Downloads/2018_Rwanda_Education_Statistics.pdf

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

areas. This reinforces our argument that there could be more households/individuals affected by the lockdown measures than the government has planned to support in its social protection planning. Therefore, we argue that the budget set for social protection should be increased.

It has also been noted that the government has decided to invest into RwandAir, to the tune of RWF 145 billion (US$ 150 million), an amount higher than the RWF 133 billion (US$ 130 million) the government is planning to invest in the social protection for its citizens to respond to COVID-19. This is shockingly regrettable. In fact, before the COVID-19 crisis, in 2019 the World Bank noted the following about Rwanda's social protection:

"*While the social protection programme enjoyed increasing budgetary financing between 2008 and 2015, receiving 1.6% of GDP at its peak in 2016, the government has since reduced allocations to the programme in both absolute and relative terms. This has happened as part of a general curbing of recurrent spending in the budget to create fiscal space for its ambitious public investment programme."*

The "ambitious public investment programme" referred to by the World Bank was the development of the MICE and air transport sectors of the Rwandan economy, the sectors hit hard by the COVID-19 crisis.

Regrettably, the Rwandan social protection program has again been given a lower priority even during the COVID-19 situation as more funds have been directed towards financing the air transportation sector. Had the social protection response plan been made more comprehensive and abundantly invested in, it could surely have assisted citizens to recover from the consequences of the government lockdown measures.

III. The elephant in the room

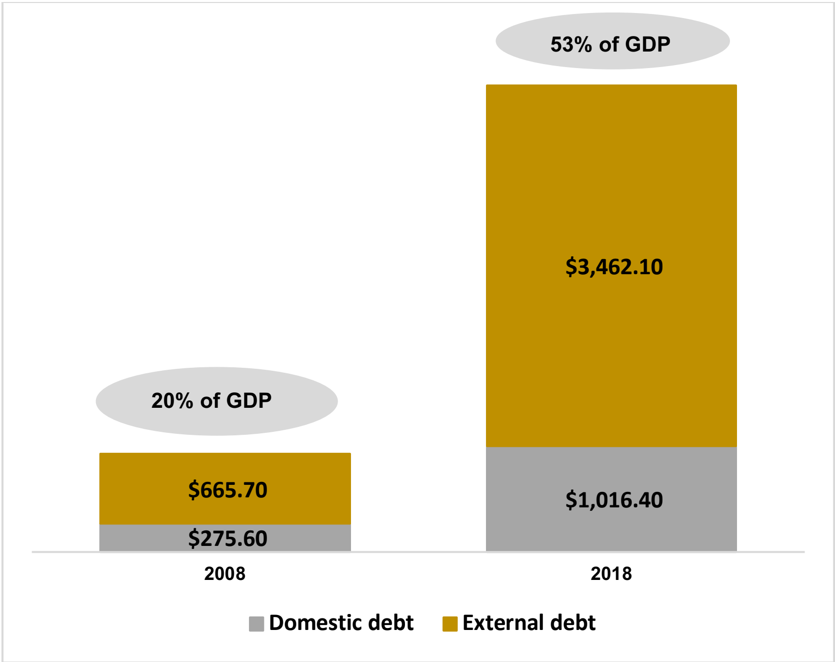
Two important topics have not been covered in the government economic recovery plan, which we urge the Rwandan government to shed some light on for its citizens. These big "elephants in the room" are explained below.

1. Debt

The economic recovery plan does not discuss how Rwanda's existing public and publicly-guaranteed debts – that were predominantly invested in sectors affected the most by COVID-19 – will be managed going forward to ensure these will not jeopardise the country's future economic outlook.

Before COVID-19, Rwandan public and publicly-guaranteed debt has been increasing rapidly over a decade. Rwanda has been borrowing on the domestic market and externally (***see figure 9***). External debts include those borrowed on international markets, from other countries in different currencies and multilateral organisations (***see figure 10***). In 2018, debts borrowed by State Owned Enterprises (SOE) guaranteed by the Rwandan government has reached $US 465.9 million.

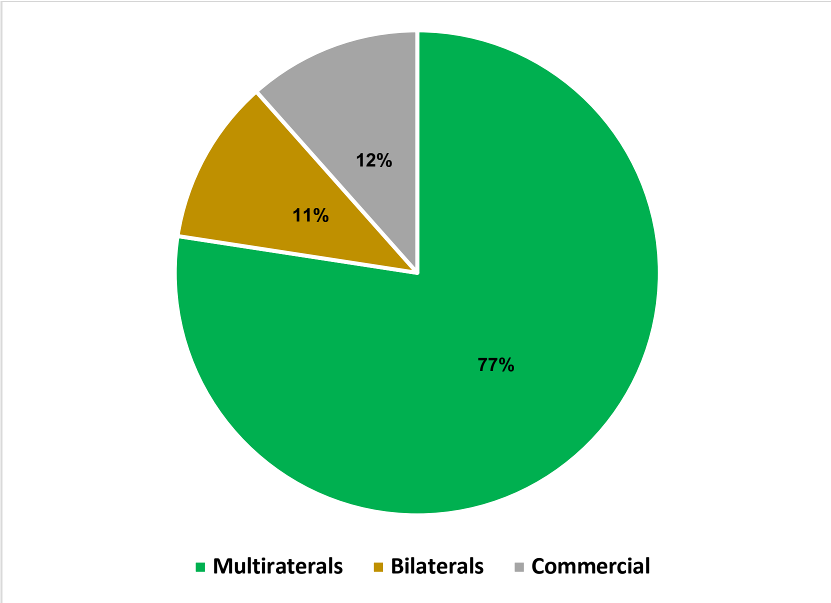
Figure 9 Rwandan public and publicly-guaranteed debt (in $US million), 2008 -2018



Source: MINECOFIN

Rwanda's borrowing was undertaken to scale up public investment to support development projects but mainly tourism, the MICE sector and RwandAir. Nonetheless, the expected returns from these investments are yet to generate expected return proportionate to the investments made. The World Bank observed that Rwanda's fiscal space has also been narrowing whereby the tax years needed for Rwanda to repay its public debt increased from 1.7 in 2012 to 3.4 in 2018. Rwanda's fiscal deficit excluding grants has been widening, going from 1.2% in 2011/2012 to 6.3% in 2018/2019.

Figure 10 Rwandan public and publicly-guaranteed debt by creditor (in %) 2018



Source: MINECOFIN

During COVID-19, a new report by credit rating agency Moody's has pointed out that the coronavirus global shock is having a severe macroeconomic and financial impact on African countries. Given the already weak fiscal position of many African countries, the effect of border closures, global trade disruption, commodity price declines and financial market volatility linked to the coronavirus pandemic, the credit conditions for many African sovereigns will be affected. Declining export revenues will increase pressure on the balance of payments and aggravate external vulnerability, while financial market dislocation and investor aversion towards weaker debt issuers will exacerbate the African governments' liquidity risk.

The most recent joint World Bank–IMF debt sustainability analysis of Rwanda indicates that the country's exports have been affected to a large magnitude of -9.7 percentage points, due to the impacts of COVID-19 on Rwandan tourism and goods exports. The analysis states that this has produced a breach to the Present Value of debt to exports ratio in 2020.

In March 2020 the authority in Rwanda wrote to the IMF requesting easy repayment of the debt owed to the fund[27]. In fact, the interest on Rwanda domestic and external debts to be paid are estimated to be $US100 million and $US68 million respectively in 2020–2021. This is a gigantic burden to the Rwandan economy considering that the country is already confronting dire economic challenges – including narrowing fiscal space – which has been exacerbated by the COVID-19 crisis. Early in April 2020, the International Monetary Fund pointed out that the coronavirus pandemic has ground Rwanda's economy to a halt, and that the country's international reserves are declining[28].

Despite Rwanda's public debt having been categorised as sustainable and at low risk of external and overall debt distress[29], this does not remove the country's existing economic encounters such as low capacity in mobilising abundant domestic revenue, minor private and export sectors which have undoubtedly worsened during the COVID-19 outbreak. If such a situation remains unchanged it will quickly undermine Rwanda's debt sustainability as well as its economic development.

Therefore, it is unfortunate that MINECOFIN's economic recovery plan has not disclosed any proposition on how the Rwandan government should apply to reimburse the country's existing debt. It has also not defined a new governmental borrowing strategy that considers the disastrous impacts of COVID-19 on Rwanda's economy. This is necessary to ensure debt does not become a permanent burden to the country's economy.

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[27] *file:///Users/sindaimy/Downloads/PPEA2020022%20(1).pdf*

[28] *https://www.imf.org/en/News/Articles/2020/04/02/pr-20130-rwanda-imf-executive-board-approves-disbursement-to-address-covid19*

[29] *Joint World Bank-IMF Debt Sustainability Analysis, April 2020*

We are not opposed to sensible borrowing but we do oppose ill-considered and badly managed borrowing. The latter is not a commendable fiscal policy as it would worsen the fiscal position of Rwanda and affect Rwanda's economic outlook. Considering the dire economic impacts that citizens could face as a result of the country's heavy indebtedness, we recommend that going forward the government should make public and publicly guaranteed debt information easily accessible to the public in a simple, readable form. This will enable everyone to comprehend the size and management of the country's borrowings. For instance, such information could be published in the government gazette.

2. Accountability

Scrutinising government's ideas and/or proposing alternative options is constructive. This incites innovation among serving and prospective policymakers and makes them the vigorous changemakers they are meant to be. Nonetheless, any economic measures that the Rwandan government has opted to implement in response to the COVID-19 outbreak are required to be translated into tangible, fruitful results. This demands public officials' accountability.

In our previous report: *COVID-19 in Rwanda: Economic impacts and proposed immediate and post coronavirus actions*, we included a section on lessons that the Rwandan government must learn from COVID-19. The section reminds the Rwandan government of their development promises made to citizens as tabled in the government Vision 2020 development programme, and invites them to review their areas of development. One of these is a lack of accountability.

Irrespective of whether the Rwandan government economic recovery plan to respond to COVID-19 is effective or not, without the accountability of the government officials in charge of translating the economic recovery plan's ideas into concrete and effective outcomes, the plan will not achieve its objectives as this was the case for the Vision 2020 development programme[30].

Before COVID-19, there were frequent and constant reports demonstrating the lack of accountability among many public institutions under the supervision of Rwandan government. Regular public fund mismanagement (***see figure 11***), delays and abandoned infrastructure projects (***see figure 12***) have frequently been reported by the office of the Rwandan auditor-general. According to the most recent report from the auditor-general published in May 2020, a total of 65 contracts valued at US$114 million have been reported as either delayed or abandoned while 19 projects worth US$120 million were stalled due to inadequate contract management during the year ended June 2019.

Figure 12 Value of delayed and abandoned contracts (US$ in million), 2014 -2019

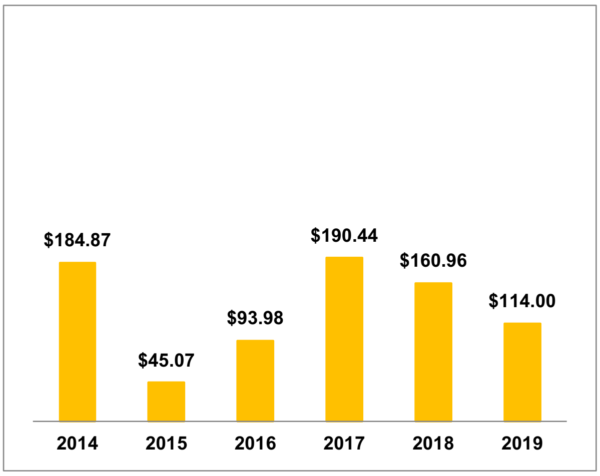
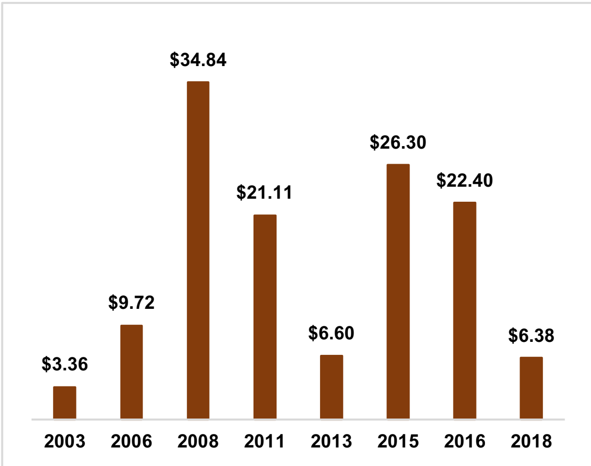


Figure 11 Rwanda government irregular expenditures (US$ Million), 2003 - 2018



Source: Office of the auditor general reports

The Rwandan government's decision to allocate large public investments into the development of certain sectors – namely air transport and MICE – that did not respond to immediate needs, also raises questions about its accountability. Despite the government

[30] *https://dalfa.org/en/rwanda-vision-2020-development-programme-scrutiny/*

having promised to develop agriculture, infrastructure and education under its Vision 2020 development programme, it has been spending less in these sectors.

It is unfortunate that the economic recovery plan has not tabled any single proposal on how the Rwandan government should deal with the issue of lack of accountability reported in many of its institutions and agencies. These are the very same entities that are supposed to ensure that the ideas in the government economic recovery plan are translated into solid and prosperous results.

We reiterate that the aftermath of the coronavirus crisis is an opportunity for the Rwandan government to revamp its governance style. This includes reviewing its envisioned development plan for Rwandans, namely Vision 2020 and 2050, and make needed changes. The government should primarily prioritise opening the political space to enrich constructive and competitive political ideas towards the development of Rwanda. Post coronavirus will also be a time for the Rwandan people and the international community to hold the RPF administration accountable so that the management of the social, economic and political affairs of the country are improved.

ABOUT THE REPORT AUTHOR

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. She also wrote and published a report titled "Rwanda Vision 2020 Development Programme's scrutiny" in which she provides a comprehensive description of Rwanda's social and economic development constraints. Thus, challenging Rwanda's development miracle narrative and calling for change.