Rwanda has reached two major milestones since the Millennium. GDP per capita increased from $225 in 2000 to $693 in 2013, growing by an average of 8% annually. Poverty rates decreased from 59% in 2000 to 45% in 2011, with well over a million Rwandans lifted out of poverty. An increasing number of Rwandans are benefiting from their country’s economic progress, especially through higher incomes in agriculture, an expansion in off-farm jobs, and effective social protection programs.

The Government’s first Poverty Reduction Strategy Paper (2002-2005) contributed to restoring peace and improving basic services such as health, education and access to safe water and sanitation. The 2008-2012 Economic Development and Poverty Reduction Strategy (EDPRS-1) was designed to consolidate achievements by prioritizing poverty reduction and inclusive growth.

It has now embarked on the implementation of EDPRS-2 for the period 2013-2018. The strategy focuses on four thematic areas: economic transformation; rural development; productivity and youth employment; and accountable governance.

The total investment requirements to achieve the EDPRS-2 objectives are estimated at some RWF 9,930 billion (US$ 15 billion). The government plans to pursue new and innovative financing approaches to fund this path, including external debt, private investment and finance via equity funds and Public Private Partnerships, as well as green growth financing.

The Government’s first Poverty Reduction Strategy Paper (2002-2005) contributed to restoring peace and improving basic services such as health, education and access to safe water and sanitation. The 2008-2012 Economic Development and Poverty Reduction Strategy (EDPRS-1) was designed to consolidate achievements by prioritizing poverty reduction and inclusive growth.

The total investment requirements to achieve the EDPRS-2 objectives are estimated at some RWF 9,930 billion (US$ 15 billion). The government plans to pursue new and innovative financing approaches to fund this path, including external debt, private investment and finance via equity funds and Public Private Partnerships, as well as green growth financing.

The African Development Bank has funded 97 kilometres of this road. Travel time has dropped from 6 hours to 1 hour.

Rwanda joined the Bank in 1974, and since then the Bank has approved 98 loan and grants in Rwanda amounting to some US$ 1.65 billion, largely financed through its concessional African Development Fund window.

The African Development Bank is part of the solution. The Bank, 50 years old in 2014, has made over USD 100 billion worth of loans and grants since its foundation.
Infrastructure development improves economic competitiveness and brings growth that can be shared by all

Infrastructure is crucial to Rwanda’s development. The Bank has 24 ongoing infrastructure projects in the country worth close to USD 550 million, which are designed to support agriculture, transport, water and sanitation, energy, and education. The Bank is helping the Government to achieve its goal of boosting energy generation capacity from 110 MW in 2012 to 563 MW in 2018. It is also helping to improve roadways in the country and across the region to connect farmers and other entrepreneurs to their markets, and to improve water and sanitation infrastructure so that Rwandans can enjoy better health. Some recently-completed Bank projects tell the story of the country’s economic development so far.

Transport

In the transport sector, which accounts for a third of the Bank’s current portfolio in Rwanda, it is helping reduce business costs whilst giving the economy a better connection to external markets. Over the last five years, Bank projects have improved transport for 2.7 million people, and reduced travel times within the country and between Rwanda and its trading partners.

With 97 km of new road and a one-stop border post at Nemba with its own computerized freight clearance system, the journey between Kicuciro in Rwanda and Kirundo in Burundi now only takes one hour, instead of the six it used to take in 2006.

The Gitarama–Ngorero–Mukamira Road Project, completed in June 2012, reconstructed 49 km of main road and 90 km of feeder roads, giving some 900,000 people access to public services such as schools and health centers.

Water

By helping to finance the Government’s investments for equitable and sustainable water and sanitation resources, the Bank aims to improve health, alleviate poverty, promote social and economic development and safeguard the environment. More than 765,000 Rwandans have new or better access to drinkable water and improved sanitation, thanks to Bank projects.

The Bank invested USD 24.8 million under the National Rural Drinking Water and Sanitation Programme, which helped to construct 16 new piped water supply systems covering a total distance of 444.5 km, and to protect nearly 900 natural water supply springs. The project also built 100 rainwater harvesting tanks, 130 multi-door public latrines, and nearly 17,000 home latrines. It is also helping to deepen technical and managerial skills so that water infrastructure is well constructed and properly maintained.
Agriculture

As the backbone of the Rwandan economy, agriculture employs 70% of the population and contributes 32% of GDP. So raising productivity is critical to increasing farm incomes and addressing rural poverty, as well as to achieving food security and reducing exposure to volatile food prices. The Bank has helped the Government to implement its Agriculture Sector Strategy.

The Bank provided almost USD 22 million to support the Dairy Cattle Development Support Project which ran from 2001 to 2009. Its innovative “One Cow for Every Poor Family” component distributed an average of 1,250 cows in each of the country’s nine neediest districts. In all, some 11,250 Rwandan households benefitted.

Between 2005 and 2012, the Inland Lakes Integrated Development and Management Support Project helped to improve the productivity of lake and pond fisheries. Bank funding provided tilapia fingerlings for 15 inland lakes; it offered training in fisheries management and fishing techniques; and it installed a range of infrastructure including cold storage, drying racks and smoking ovens. By 2012, fish production had increased from 13,000 to 17,400 tons per year, and nearly 300,000 people worked in the industry.

The 2006 to 2013 Bugesera Agricultural Development Support Project improved food security in the region by developing 1000 hectares of land, and protecting another 11,000 hectares against hillside erosion. It also led to the construction of a modern market, so that agricultural produce from surrounding areas could be commercialized better. Today, food production is higher, especially for bananas, rice and cassava. Farmers enjoy higher incomes, and the malnutrition rate for children under five has fallen to 1.2%, compared to a national average of 11.7%.

Mukabutera Marie Solange, who is married with seven children, lives in Karembure cell, Gahanga Sector in Kicukiro District. It is an area that benefited from a Bank-funded project that provided water, electricity line extensions and public sanitation infrastructure in and around Kigali City.

“Every morning on his bicycle my husband would fetch up to six jerry cans that cost RWF 50 each from Nyanza, five kilometers away,” she says. “He also had to spend several hours in the water queues that started in the small hours of the night. I can still recall how elated we were in 2002 when piped water was extended to Karembure. We now have three cows, and we milk at least 10 litres every day, consuming some and selling the rest. My children have now learned good hygiene and sanitation habits, and they have enough time to do their school work, which has improved their academic performance. No words can adequately explain how water changed our lives.”
Going forward

The overarching objective of the Bank’s Country Strategy Paper for Rwanda for 2012-16 – designed after extensive consultations with the Government, development partners, private sector and civil society organizations – is to promote economic competitiveness for inclusive growth and poverty reduction. The CSP closely mirrors Rwanda’s Vision 2020 and its Economic Development and Poverty Reduction Strategy. Its first pillar aims to support the national goal of improving national and regional connectivity, reducing transportation costs, and increasing energy generation and access to electricity. Its second pillar focuses on business development and incubation, including the development of the skills required to promote enterprise development.

Increasingly, the Bank is shifting the focus of its support to Rwanda towards fewer but larger projects that have higher development impact. The Bank Group is also working with others to scale up its support through instruments such as partial credit and partial risk guarantees, support from its non-sovereign window, and advisory services including those offered by the African Legal Support Facility in the negotiation and conclusion of complex commercial transactions.

Some 2012-2013 results

**Pillar 1**
- 93km of road upgraded from gravel to bitumen surface standard
- 106km of paved roads rehabilitated
- 264km of feeder roads rehabilitated
- 642,000 new water connections serving 340,000 women and 310,000 men
- 16,990 new individual household sanitation facilities serving 150,000 new beneficiaries (78,000 women)

**Pillar 2**
- SMEs supported through Business Development Service Centers up from 1,200 in June 2011 to 5,250 in 2013
- Business incubation centers up from 1 in 2010 to 3 in 2013
- Access to Technical and Vocational Education and Training up from 15,350 students in 2010 to 74,000 in 2012-2013
- 64 SMEs supported; 4000 new jobs created (1160 for women)
- AfDB support brings an additional $10 million in annual turnover to Rwanda’s private sector

**Non-lending activities**
- Energy sector review and action plan
- Transport sector review and action plan
- Study on leveraging capital markets for small and medium enterprise financing
- Donor coordination in co-chairing transport, private sector development, and youth employment sector working groups.

“An AfDB grant helped to build PSF capacity, and enhance the competitiveness of Rwandan SMEs. Both PSF staff and entrepreneurs received training, not least through the creation of a new Resource Centre, and they were equipped with business skills. The AfDB is the African Bank, and I don’t see any other financial institution that can steer Africa’s development any better”.

Hannington Namara, CEO, Private Sector Federation (PSF) of Rwanda

“It’s easy to quantify our work, whether it’s the ‘inputs’ (with some US$ 190 million available to 2016) or the ‘outputs’: for example the investment in the methane-to-power Kivuwatt project, which will add 25MW of electricity to the national grid.”

Negatu Makkonen, Resident Representative, Rwanda Field Office, Kigali