Rural poverty in Rwanda

Rwanda, Africa’s most densely populated country, remains poor and essentially rural. Several significant demographic and social shifts in the course of its history have contributed to slowing its economic development.

First, Rwanda’s population multiplied eightfold in just half a century. Then, the 1994 genocide and the HIV/AIDS epidemic followed on this spiralling demographic growth, coupled with soil degradation and the resulting impact on farming – the major source of income for most Rwandans. Today an estimated 51.2 per cent of all Rwandans – 70 per cent of people living in rural areas – live in poverty. Recent data show that 94 per cent of the population live in the countryside, generating barely US$100 in gross domestic product (GDP) each year, compared with US$230 per capita nationally.

During the 12 months that followed the 1994 genocide, the population shrank by 30 per cent. Close to one million people died and more than two million refugees left the country. Most of the exiles were later repatriated. The nature of human settlements in many areas of the country has been altered, as many of those repatriated lost their land, housing and assets.
Rwanda's demographic structure has also changed, so that women today account for about 52 per cent of the population. As a direct consequence of the genocide, many households are headed by women, others by orphans. Close to 14 per cent of rural dwellers have become landless peasants living in conditions of extreme poverty. A large number of demobilized young soldiers have swelled the ranks of the unemployed.

Moreover, the HIV/AIDS epidemic is weakening human resources development in Rwanda. According to the most recent estimates by the Ministry of Health, 8.7 per cent of the rural population are affected. The epidemic has serious consequences for agriculture, reducing available labour and diverting public investment in health care.

The causes of poverty in Rwanda are manifold.

First, the population increase has not been matched by an increase in agricultural productivity.

Rough terrain and erosion, combined with a lack of modern technology, place serious constraints on agricultural development.

Finally, the country has no ocean access, and the closest port is 1,500 km from the capital. The resulting transport costs, together with the other constraints, keep poor farmers from earning sufficient income from agriculture.

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Eradicating rural poverty in Rwanda

Following extensive consultations across the country, the Rwandan Government elaborated its Vision 2020, which depicts Rwandan society 15 years into the future. The aim of Vision 2020 is to build a modern nation with a knowledge-based, entrepreneurial economy. Together with the Poverty Reduction Strategy Paper (PRSP), this document has served as the platform for sector policy-setting in each ministry since late 2003.

The government published its PRSP in June 2002. Broadly speaking, it calls for high economic growth accompanied by measures to increase export earnings and agricultural production and diversify the economy by developing information technology and communications. Priority is placed on education as a means of creating a competitive, highly qualified and trilingual labour force (speaking Kinyarwanda, French and English) that is responsive to the needs of the marketplace.

Through a broad national consultative process, six priorities were set, as outlined below in order of importance:

- rural development and agricultural modernization
- human development
- economic infrastructure
- governance
- private-sector development
- institution-building
IFAD’s strategy in Rwanda

Since 1981, IFAD has financed 12 rural development projects in Rwanda for a total amount of US$120.17 million. The financing provided by IFAD consists of loans on highly concessional terms. Two projects, supporting post-conflict reconstruction efforts and refugees rehabilitation were financed through grants. The Belgian Survival Fund (BSF) financed a programme to re-establish public health services through a grant totalling US$3.8 million.

Generally speaking, there are two generations of projects. The first, designed during the 1980s and 1990s, falls into the category of integrated rural development projects. These projects aimed to develop the agricultural sector in specific parts of the country by identifying all related elements and linking them together.

The second generation of projects, in place since the mid-1990s, calls for activities that have an impact beyond the local level. Second-generation projects focus on a single aspect of rural development, such as market access or agricultural production, and relate it to government policy-setting or other national initiatives already in place in order to favour replication in the rural environment.

The projects now ongoing in Rwanda are built around three themes linking national policy to field operations to improve living conditions for the poorest of the poor:

- decentralization through support and strengthening for rural communities and local infrastructure development (Umutara Community Resource and Infrastructure Development Twin Project)
- development of cash crops and market access (Smallholder Cash and Export Crops Development Project)
- job creation through the strengthening of microenterprise of the secondary and tertiary sectors (Rural Small and Microenterprise Promotion Project – PPPMER I and II)

IFAD’s strategy in Rwanda is built upon the government’s policy to reduce poverty (PRSP), its Vision 2020 and the country’s new agricultural policy. It is also based on IFAD’s Strategic Framework 2002-2006.

The country strategic opportunities paper for Rwanda (COSOP 2007-2012) is expected to completed in 2007. This document was prepared on the basis of recommendations made following the portfolio evaluation (June 2005) and extensive national consultations.

The following major thrusts are incorporated:

- linking national policy to the needs of rural Rwandans
- strengthening and supporting peasant and professional associations
- giving the rural poor a voice and decision-making power in matters that affect them directly

Projects:
12
Total cost:
US$221.68 million
Total loan amount:
US$120.17 million
Directly benefiting:
350,700 households

Strengthening Implementation of the Rwanda Agriculture Strategy and Action Plan (RWASAP)

In early 2004, the Rwandan Government, after setting forth its national policy on agriculture, undertook to elaborate a sector strategy and plan of action. Through a grant for US$400,000, IFAD is supporting the government in this process with technical and financial assistance.

One of IFAD’s objectives is to ensure that the plan of action responds to the needs of rural poor people from the outset, while enabling them to participate in every stage of its design and implementation.
Support Project for the Strategic Plan for the Transformation of Agriculture (PSTA)

The objective of this project, which started in 2006, is to support the Rwandan Government in implementing its strategy to effect a gradual shift from subsistence agriculture, which currently prevails in Rwanda, to market-based agriculture. The project will provide support for farmers’ organizations, the government, the private sector and other partners to put in place technical innovations (embocagement, or the use of living hedges around plots, as well as dairy production and intensified rice production) and raise the quality of services provided to farmers in the districts of Budaha (Kibuye), Bukonya (Ruhengeri), Karaba (Gikongoro), Ngenda (Kigali-Ngali), Nyamure (Butare) and Rusumo (Kibungo).

Plans call for pilot programmes in watershed protection, livestock development, marshland cropping and strengthening of the research and extension system. These programmes could subsequently be replicated on a larger scale by the Ministry of Agriculture to make a significant contribution to improving incomes for farmers and diversifying current farming practices. This project will also help lay the groundwork for the agricultural sector programme to be launched in 2008.

Rural Small and Microenterprise Promotion Project – Phase II (PPPMER II)

The project’s aim is to strengthen rural microenterprises managed by individuals or associations in order to modernize them, improve their management and create jobs. Priority is given to disadvantaged groups such as women, young people, orphans, landless farmers and families affected by HIV/AIDS.

The project’s objectives are to:

- create and build up a network of farmers’ organizations, professional associations and federations to meet the needs of small businesses and microenterprises
- raise productivity and standards of quality among microenterprises
- provide entrepreneurs with access to financial services, non-financial services and markets
• contribute to elaborating a national institutional and policy framework for support to small businesses and microenterprises

This project builds on phase I of the Rural Small and Microenterprise Promotion Project.

Smallholder Cash and Export Crops Development Project (PDCRE)

This project is intended to increase incomes for 28,000 poor rural families in four provinces in Rwanda by improving their tea and coffee yields.

The main objective is to assist coffee and tea growers in setting up cooperatives that produce and process Arabica coffee and high-quality tea. The project also contributes to privatizing one of the state-owned industrial plantations and redistributing it to 4,000 poor smallholder households, of whom some 2,000 are headed by women.

For marketing purposes, the project makes use of Twin Trading Ltd. (TWIN), a fair trade organization set up to provide producers with a better return on their production. TWIN provides cooperatives with training, information, management support and access to specialized niches within the fair trade market.

Cooperative processing associations are expected to be able to raise prices paid to producers by 100 per cent for tea and 30 per cent for coffee once the industrial facilities have been amortized.

Total cost: US$25.1 million
IFAD loan: US$16.3 million
Duration: 2003-2011
Geographical area: Provinces of Gikongoro, Kibuye, Kibungo and Kigali-Ngali
Directly benefiting: 28,000 households
Cofinancing: Arab Bank for Economic Development in Africa (BADEA) and local banks

Umutara Community Resource and Infrastructure Development Project I and II (UCRIDP)

After the genocide, the province of Umutara was created in the country’s former game reserve to house repatriates. Infrastructure is needed throughout the province, as is capacity-building for public administration and community organizations in planning, executing and maintaining sustainable development on a participatory basis.

Access to drinking water is a serious problem – just 23 per cent of households have clean water to drink – and there are very few roads aside from the main highway.

Poverty in the province is also aggravated by degraded soil, the absence of improved varieties of plant material, and poor animal health. Rural dwellers lack appropriate information on markets and technologies and adequate financial services. Poor road conditions keep farmers from markets and impede the circulation of commercial information.

The project’s goal is to help poor farmers in Umutara Province improve their living conditions and raise their incomes.

Working towards that goal, the project will promote decentralization and improve governance in the region, provide training support for associations to participate in decision-making, develop infrastructure such as roads and waterholes for household and livestock use, and provide support for rural enterprises and financial services development.

Total cost: US$57.1 million
IFAD loan: US$27.9 million
Duration: 2000-2011
Geographical area: Province of Umutara (8 districts)
Directly benefiting: 86,000 households
Cofinancing: OPEC Fund for International Development and NGOs
Rural Small and Microenterprise Promotion Project
Total cost: US$5.9 million
IFAD loan: US$5.4 million
Duration: 1998-2004
Geographical area: Prefectures of Byumba and Ruhengeri
Directly benefiting: 12,000 households

Rwanda Returnees Rehabilitation Programme
Total cost: US$5.5 million
IFAD grant: US$2.8 million
Duration: 1997-2001
Directly benefiting: 45,000 households

Byumba Agricultural Development Project – Phase I and II
Total cost: US$44.1 million
IFAD loan: US$19.9 million
Duration: 1983-2001
Geographical area: 11 of 17 communes in Byumba Prefecture
Directly benefiting: 54,000 households

Intensified Land Use Management Project in the Buberuka Highlands
Total cost: US$10.8 million
IFAD loan: US$9.5 million
Duration: 1996-2004
Geographical area: Buberuka Region and Ruhengeri Province
Directly benefiting: 18,600 households

Birunga Maize Project
Total cost: US$4.3 million
IFAD loan: US$3.8 million
Duration: 1985-1998
Geographical area: Birunga Region
Directly benefiting: 46,100 households

Socio-Health Programme
Total cost: US$3.8 million
BSF grant: US$3.8 million
Duration: 1996
Financing: Belgian Survival Fund (BSF)

Gikongoro Agricultural Development Project
Total cost: US$31.2 million
IFAD loan: US$11.2 million
Duration: 1989-2001
Geographical area: 7 communes in the Gikongoro Prefecture
Directly benefiting: 42,000 households
IFAD's strategy for rural poverty reduction in eastern and southern Africa

The eastern and southern Africa region probably has the highest concentration of poverty in the world. Three out of four people in the region, about 260 million people, live in rural areas, and more than half of them live in extreme poverty. About 85 per cent of these extremely poor people depend on agriculture, particularly smallholder farming, for their livelihood. Yet agricultural development is falling behind. The region has suffered a general decline in development assistance and a dramatic decline in investment in agriculture.

With a wealth of human and natural resources, rural areas in the region have enormous potential for growth that would benefit not only rural poor people but also national economies. The potential for improvements in smallholder agriculture offers the most immediate practical opportunity to reduce rural poverty and stimulate broad-based growth.

Since starting operations in 1978, IFAD has financed 127 investment projects and programmes in the region, for a total commitment of US$1.6 billion. IFAD is one of the principal sources of development assistance for rural poverty reduction in the region.

IFAD’s regional programme takes the growth potential of the smallholder economy as its starting point. It focuses squarely on new opportunities and challenges associated with the region’s incomplete economic transition, the result of structural adjustment that modified the landscape of economic policy and institutions. It also makes support to women a priority. Women are the least empowered people in rural communities, but have the potential to make a key contribution to poverty reduction.

Working with governments, donors, rural poor people and community-based and non-governmental organizations, IFAD explores opportunities created by governments through political opening, decentralization and economic liberalization. It supports a wide range of activities through which smallholder farmers develop new relations with the private sector and public services and a new approach to resource management. The strategy’s objective is to ensure that activities can be replicated and scaled-up to reduce poverty.

Designing and implementing projects and programmes that reflect its mandate to enable rural poor people to overcome poverty, IFAD:

- ensures careful targeting, focusing on rural poor people in areas of medium to high potential, without excluding more marginal areas
- invests in empowerment of rural poor people to strengthen their own productivity and assets, and to enable them to assert their influence on government and the private sector
- supports development of rural poverty reduction policies and establishment of institutions that help give poor people a voice in their future

IFAD’s operations in the eastern and southern Africa region have a particular focus on:

- promoting efficient and equitable market linkages
- developing rural finance systems
- improving access to and management of land and water
- creating a better knowledge, information and technology system

Building up resilience to crises such as the HIV/AIDS epidemic and civil strife is an essential element of IFAD’s strategy. The region is the epicentre of the epidemic, and adult prevalence rates are among the highest in the world. Most of those who suffer the impact of the epidemic are extremely poor people living in rural areas. IFAD’s response is to extend knowledge empowerment at the community level into the realm of HIV/AIDS to support prevention, and to work towards establishing livelihood options for the poor, outside high-risk activities.
Building a poverty free world

IFAD is a specialized agency of the United Nations dedicated to combating poverty in the most disadvantaged regions of the world.

Through low-interest loans and grants, it develops and finances programmes and projects that enable rural poor people to overcome poverty themselves.

Since starting operations in 1978, IFAD has invested US$9.2 billion in 716 programmes and projects around the world. These operations have enabled more than 300 million small farmers, herders, fishers, landless workers, artisans and members of indigenous communities to take steps to achieve better lives for themselves and their families.

But this represents only part of the total investment in IFAD programmes and projects. In the past 28 years, a further US$15.9 billion in cofinancing has been provided by governments, project participants, multilateral and bilateral donors and other partners.

Working with partners, including rural poor people, governments, NGOs, financial and development institutions, and the private sector, IFAD tackles poverty not just as a lender but also as an advocate for rural poor people. One of its priorities is to assist rural poor people in developing and strengthening their organizations so that they can advance their interests and remove the obstacles that prevent so many people, especially women, from creating a better life for themselves. In this way, rural poor people are able to participate more fully in determining and directing their own development.