

2019/2020 Backward-Looking Joint Sector Review

Private Sector Development & Youth Employment (PSDYE)

Sector working Group



Sector Working Group (SWG)

Chair: Ministry of Trade and Industry (MINICOM)

Co-Chair: European Union Delegation to Rwanda (EU-Rw)

SSWG 1, Production capability and technology

Chair: NIRDA

Co-Chair: UNIDO

SSWG 2, Distribution, logistics and market access

Chair: RDB

Co-Chair: DFID

SSWG 3, Youth employment

Chair: MIFOTRA

Co-Chair: German Embassy

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List of Acronyms

| | |
|-----------|---|
| AfDB | African Development Bank |
| BDF | Business Development Fund of Rwanda |
| BRD | Banque Rwandaise de Développement (Development Bank of Rwanda) |
| CPC | Community Processing Centre |
| DMRS | Domestic Market Recapturing Strategy |
| EDPRS-II | Economic Development and Poverty Reduction Strategy II |
| FDI | Foreign Direct Investment |
| GDP | Gross Domestic Product |
| GOR | Government of Rwanda |
| IMF | International Monetary Fund |
| JSR | Joint Sector Review |
| KfW | Kreditanstalt für Wiederaufbau (German Development Bank) |
| KIC | Kigali Innovation City |
| KLP | Kigali Logistics Platform |
| KSEZ | Kigali Special Economic Zone |
| MFI/SACCO | Microfinance institution/Savings and Credit Cooperative Society |
| MIFOTRA | Ministry of Public Works and Labour of Rwanda |
| MINECOFIN | Ministry of Economic Planning and Finance |
| MINICOM | Ministry of Trade and Industry of Rwanda |
| MINICT | Ministry of ICT and Innovation of Rwanda |
| NEP | National Employment Programme |
| NES | National Export Strategy |
| NIRDA | National Industrial Research and Development Agency |
| NISR | National Institute of Statistics Rwanda |
| PSDYE | Private Sector Development and Youth Employment |
| RCA | Rwanda Cooperative Agency |
| RDB | Rwanda Development Board |
| RSB | Rwanda Standards Board |
| RWF | Rwandan Franc |
| SEZ | Special Economic Zone |
| SME/MSME | (Micro) Small and Medium-Sized Enterprises |
| SSWG | Sub-Sector Working Group |
| SWG | Sector Working Group |
| TA | Technical Assistance |

1. Introduction

This Backwards Looking Joint Sector Review (BL-JSR) Report focuses on achievements made in the Fiscal Year (FY) 2019/2020 under the Private Sector Development and Youth Employment (PSDYE) Sector Working Group.

Specifically, it has the following objectives:

1. To assess progress in achieving sector objectives with focus on 2019/20 targets for: NST1 indicators (Annex 1.1), selected sector performance indicators (Annex 1.2) and their corresponding policy actions. This will also include discussion on catch up plans for areas lagging behind.
2. To present and discuss budget execution performance (Annex.2.1) for 2019/20.
3. To highlight priority areas (maximum of five) for the 2021/22 fiscal year that will inform the planning and budgeting process for institutions in the sector.
4. Developments in the PSDYE Sector: review of progress of elaboration of the new industrial policy, review of the progress of implementation of recommendations from the OAG, progress of implementation of sector analytical studies and monitoring of SDG indicators in the sector (Annex 3.1 & 3.2).

This report is structured according to the objectives above mentioned and in their order. The detailed information about each objectives have been annexed to this brief report to provide additional information for reference.

2. Assessment of progress made in achieving sector objectives with focus on 2019/20

2.1. Progress made against NST1 indicators (Reference to annex 1.1)

Among the 34 NST1 indicators, the following 5 are monitored by PSDYE Sector:

- Number of jobs created
- The growth of exports both in terms of percentage rate and value
- The share of industry to GDP
- The value of revenues from tourism
- The value of revenues from MICE

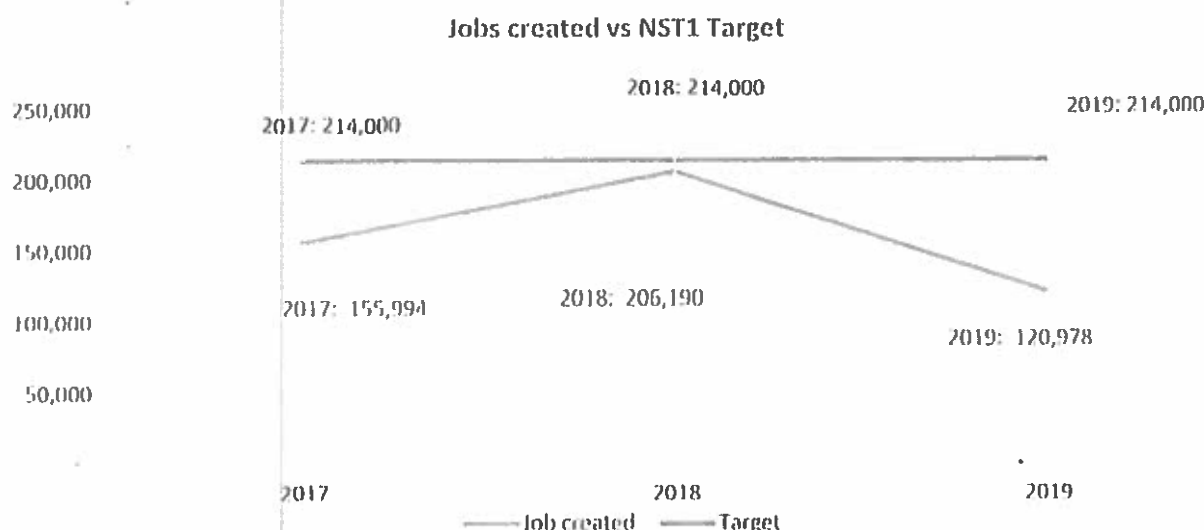
For detailed analysis, the performance of the economy in terms of the above cited NST1 indicators is summarized in the Annex 1.1 attached to this report. In general, the performance of the economy in general was affected by the COVID-19 pandemic. Some sectors were more affected than others; this is the case of the tourism sector. The impact of COVID-19 on the economy is yet to be fully mapped by sector and in terms of concerned indicators.

2.1.1. Number of jobs created

In general, the number of off farm jobs created amount to 120,978, however the number of persons employed with less than one year of total experience is 223,781 including those working in agriculture and households. The two figures reported provide two separate information both useful in respect to employment creation. According to NST1, 214,000 decent and productive jobs are to be created each year. The strategy provides the following list of high growth potential as susceptible to create

employments targeted : Agro-processing, Construction, Light manufacturing, Meat and Dairy, Leather, Textiles and Garments, Horticulture, Tourism, Knowledge based services, Value addition and processing of Mining products, Creative Arts, Aviation, Logistics, and Transportation. Note that all the targeted jobs are off farm jobs. In this sense, the number of jobs created in off farm sectors is 120,978 (Source of data: LFS, annual report 2019).

Figure 1: Job creation vs NST1 target



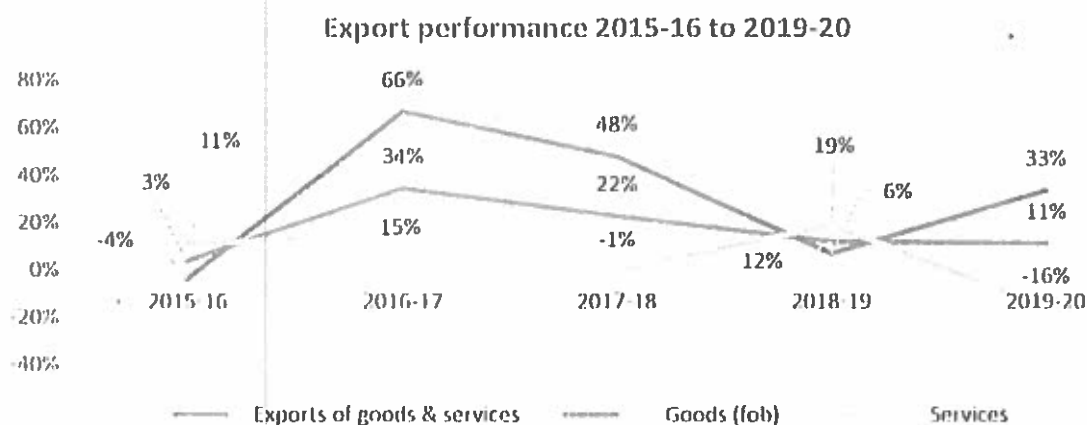
The number of jobs created in the year 2018 neared the targeted number of jobs by NST1 compared to 2017 and 2019. Analysis of the net change in the stock value of jobs, reveals that in that year, 57,118 jobs were added to the manufacturing, mining and quarrying sectors compared to the year 2017 and 52,171 jobs were added in the construction sector. In the year 2019, the manufacturing, mining and quarrying sectors added 15,260 jobs while construction sector lost 6,609 jobs compared to the previous year. Major construction projects were winding down in the year 2019 in addition to the outbreak of covid-19 pandemic that affected the construction, mining and quarrying sectors, hence limiting the possibilities of job creation.

2.1.2. The growth of exports both in terms of percentage rate and value

The targeted export growth rate in the year FY 2019-2020 was 17%, while the export grew at a rate of 11% with the base year being 2017. In value, the revenues from export amounted to 1,937 bn Frw or 2.154 bn USD; the exchange rate used being 899 Frw for the US dollar (GDP, National Account 2019-2020). The performance of exports was mainly affected by the quotas and tariffs imposed by countries in the wake of COVID-19 pandemic. There were also challenges related to the impact of the pandemic to the transport and logistic sector as well as the manufacturing sector in Europe, USA and China that limited the imports of these regions.

The export performance in the year 2019-2020 was affected by the covid-19 pandemic, especially in the second half of the year as the export of services reduced significantly, as it can be seen on the graph below. Moreover, the impact of travel restrictions affected the movement of goods, hence making it more difficult and more expensive to ship export goods to export markets (Source of data: GDP, National Accounts 2019-2020). The increase in exports of goods is attributed to the high receipts from refined exports of gold, up by 33.9%, as all other exports of goods fell due to covid-19 (BNR, MPFSS 2020).

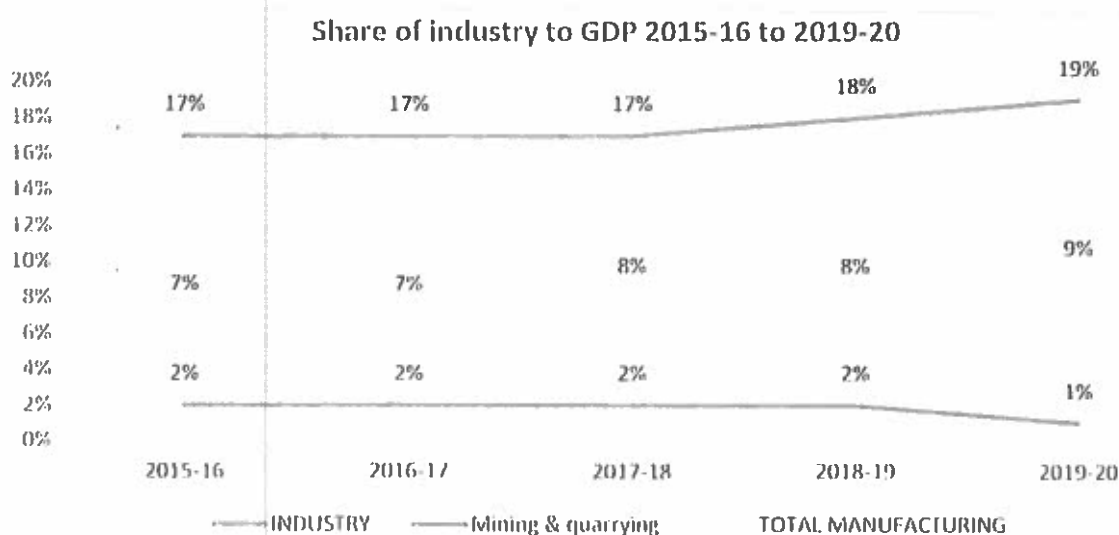
Figure 2: Export performance (2015-16 to 2019-20)



2.1.3. The share of industry to GDP

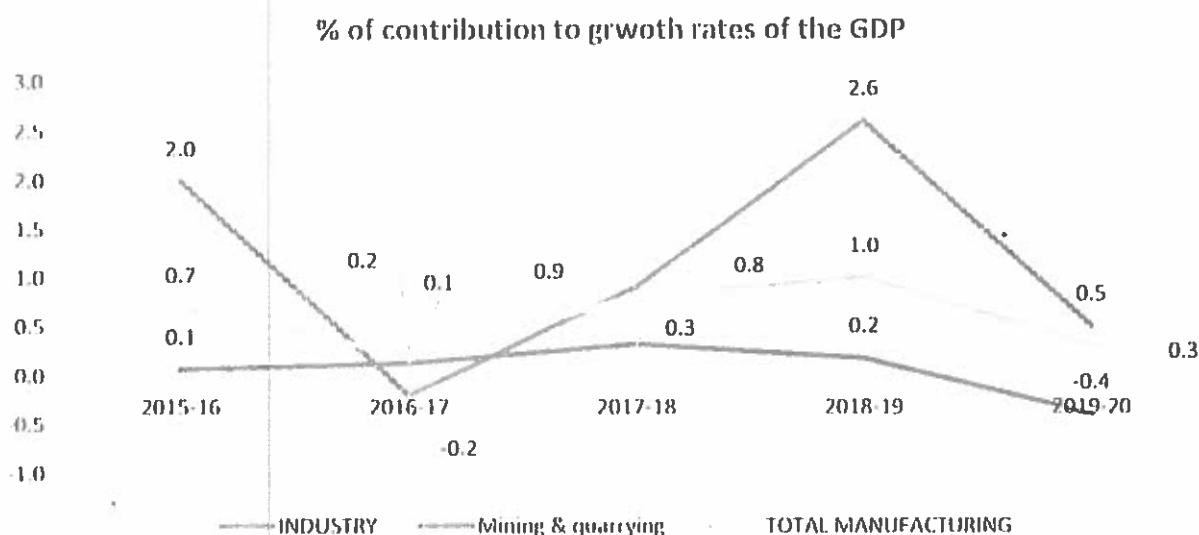
The targeted share of industry to GDP in the concerned year is 18.1%, while the actual share of industries to GDP reached 19%. This performance can be attributed to the fact that the manufacturing sector in Rwanda was not as affected as other sectors, but also to the fact that the growth of the GDP was slower than expected. In real terms, the GDP grew by 3% (base year: 2017) compared to 15% of the previous year, which indicates a higher growth rate of the industry compared to that of the GDP which was 2.3% (Source of data: GDP, National Accounts, 2019-2020).

Figure 3: % share of industry to GDP (2015-6 to 2019-20)



Although the share of industry to GDP remain strong, its contribution to the growth of GDP was lower than the previous year. Note, however, that the share of manufacturing continued to grow steadily signalling an improved performance of the local manufacturing sector – evidently, also the impact of made in Rwanda is to be noted here (Source of data: GDP, National Accounts, 2019-2020).

Figure 4: % of contribution to growth rate of the GDP



Manufacturing contracted by 9.8% compared to 2019H1, water and energy contracted by 7.5% while public works and building contracted by 1.6% (BNR, MPFSS 2020), hence the low contribution rate to the growth of the GDP.

| Sector/Period | First Half 2019 | First half 2020 |
|----------------------------|-----------------|-----------------|
| Total turnover | 20.1% | -13.4% |
| Industries | 16.4% | 3.7% |
| Mining and quarrying | -2.8% | -23% |
| Manufacturing | 20.3% | 13.6% |
| Energy, water & sanitation | -8.5% | 0.4% |
| Construction sector | 22.9% | -6.7% |

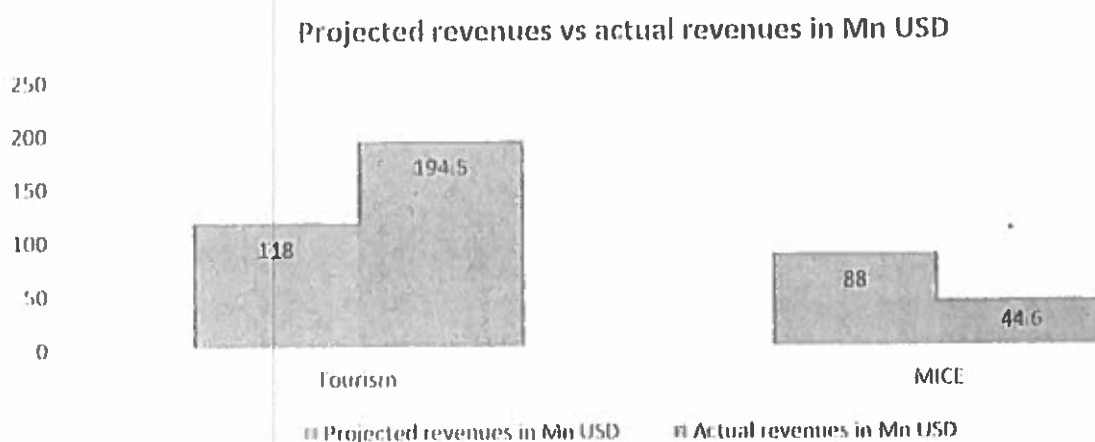
The decline in construction, mining and quarrying were counteracted by positive development in manufacturing with a growth of 13.6% in 2020H1 compared to 20.3% in 2019H1. This strong performance in 2020H1 was due to an increase in growth of the food processing 15.8% from 8.3% in 2019H1 and tea companies 14.2% from -5.6% in 2019H1. These industries were allowed to work during lockdown (BNR, MPFSS 2020).

2.1.4. The value of revenues from tourism and MICE

In the year FY 2019-2020, the targeted revenues amounted to 118 Mn USD and 88 Mn USD from MICE. The actual performance was 194.5 Mn USD from tourism and 44.6 Mn USD from MICE. Note that, in the civil year 2019, the revenues from tourism amounted to 498Mn USD representing a 14% growth rate compared to the year 2018. The revenues from tourism in the FY 2019-

2020 indicate that in the second half of the FY, there was a net reduction of revenues from tourism and MICE due to COVID-19 pandemic, which affected tourism and travels around the world (Source of data: RDB, Imihigo Annual Report 2019-2020).

Figure 5: Tourism & MICE performance vs targets



The decline of MICE performance translated into a lower growth rate of hotels and restaurants in 2020H1 due to travel restrictions as a safety measure to contain covid-19. Rwanda Convention Bureau reported an estimated 15 Million USD due to covid-19 related cancellations and an estimated loss of 80 Million USD due to cancellation of events that would have been hosted between March and November 2020 (BNR, MPFSS 2020).

2.2. Progress of implementation of the Sector Performance Indicator Matrix and their corresponding policy actions (Annex 1.2)

2.2.1. FDI as share of GDP

The targeted share of FDI to GDP in the year 2019 was 4.5% from the 3.9% of the year 2018, while the actual performance reached 4.1% in the year 2019.

The findings of the Foreign Private Capital census 2019, which reports on the performance of the year 2018, show that the FDI inflows in electricity, gas and steam sector dominated the total FDI inflows with a share of 37.9 percent of the total in 2018, mainly originated from Mauritius.

The FDI inflows in the ICT sector followed with a share of 21.3 percent of the total, mainly coming from Netherlands and South Korea. The financial sector came in third, with a share of 18.8 percent of the total FDI inflows, mainly emanating from Kenya and Mauritius. Other recipient sectors were the manufacturing (7.4 percent), wholesale (4.2 percent), agriculture (4.0 percent), tourism (0.7percent), and other sectors (5.6 percent) (Source of data: BNR, Foreign Private Capital Survey 2019).

Figure 6: Origin of FDI inflow and % share

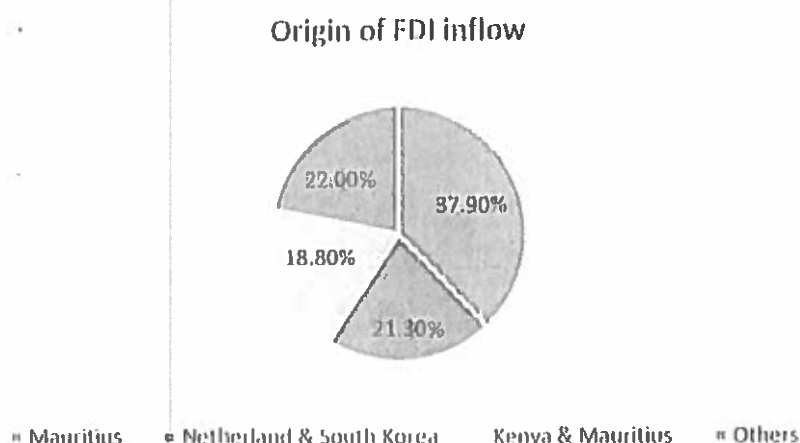
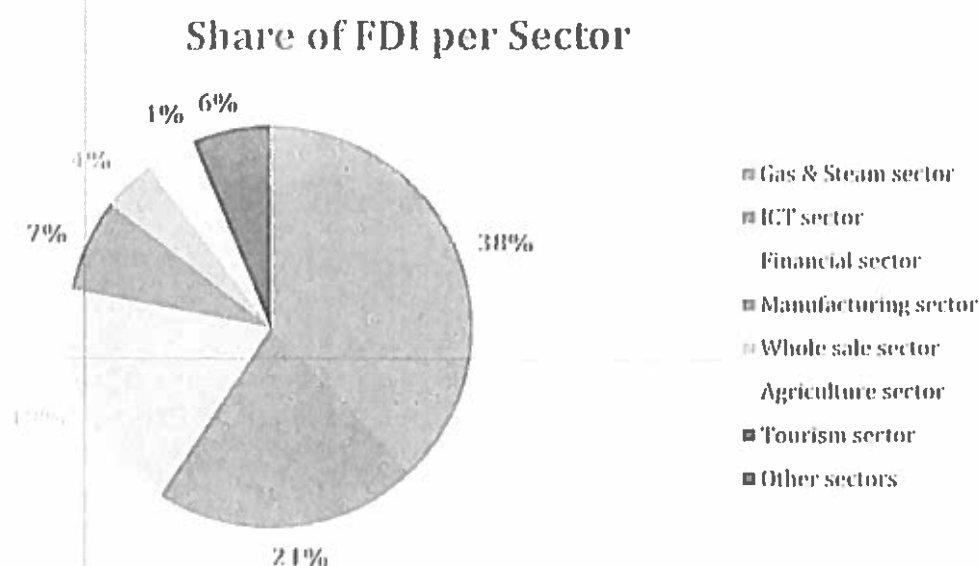


Figure 7: % share of FDI per sector



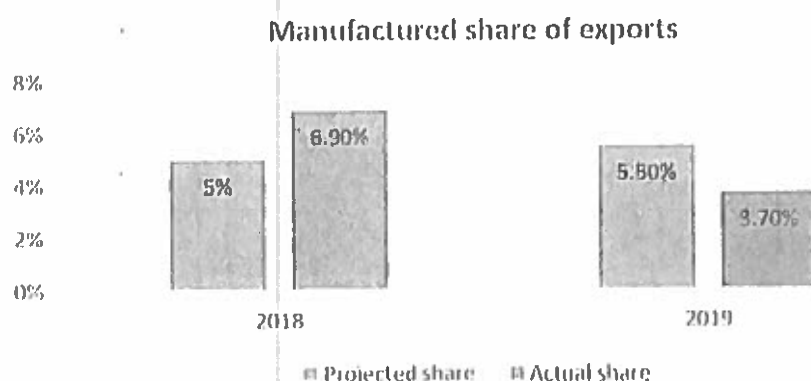
At the end of 2018, the FDI stock was still concentrated in the ICT sector, with a share of 29.1 percent of the total, followed by the financial sector (19.3 percent), the manufacturing sector (13.4 percent), the electricity, gas and steam sector (11.0 percent), and other sectors (27.2 percent).

2.2.2. Manufactured share of exports

PSDYE sector, as part of the sector strategy, monitors the growth of exports of products manufactured partly or in whole in Rwanda. To date this indicator has been monitored through statistical publications by the National Institute of Statistics of Rwanda and MINICOM internal computation. The targeted manufactured share of exports in the FY 2019-2020 is 5.5% indicating the share of products manufactured wholly or in parts in Rwanda and exported; the actual performance in the FY concerned was 3.7%. It is expected that as Made in Rwanda Policy implemen-

tation continues, this rate will continue to grow and drive the export performance and even impact the import bill (Source of data: NISR, Formal Trade 2019-2020 & GDP, National Accounts 2019-2020).

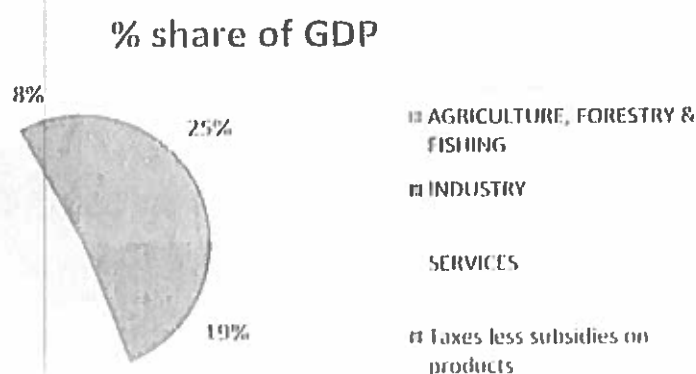
Figure 8: % share of manufactured export vs targets



2.2.3. Services as share of GDP

The targeted share of services to GDP in the year 2019-2020 was 47%, while the actual share was 48%, a performance beyond the expectation. The growth of the service sector in the economy has been strong over the past year to an extent that the contribution of the services to the growth of the GDP in the year FY 2019-2020 was the highest compared to other sectors of the economy (Source of data: GDP, National Accounts, 2019-2020).

Figure 9: % share of GDP



2.3. Progress of policy implementation

2.3.1. Accelerated industrialization for economic transformation

2.3.1.1. Gikondo Industrial Park relocation

It was planned that the remaining 36 properties that were remaining in the old Gikondo Industrial Park would be relocated. At the end of the FY 2019-2020, all the 36 properties were valued and requested to relocate from the old industrial park. The available budget amounting to 3.8bn Frw was paid in compensation to 11 property owners who fulfilled the required conditions (documents related to properties to be expropriated). The remaining property owners who did not

fulfil the requirements were asked to meet the required conditions and submit them to the Ministry of Trade and Industry for processing and payment (Source of data: MINICOM, Imihigo Annual Report 2019-2020).

2.3.1.2. Bugesera Industrial Park

It was expected that the progress of construction of phase 1, installation of electricity, the construction of water infrastructure and a sewage system, of the industrial part would reach 75% from a baseline of 46% in the previous fiscal year. At the end of the year, the progress of construction of this phase stopped at 70% due to the effects of the covid-19 pandemic (Source of data: MINICOM, Imihigo Annual Report 2019-2020).

2.3.1.3. Rwamagana IP

The target of construction works in Rwamagana Industrial Park, was to construct an access mar-ram roads within the park from a baseline of 15% from the previous year. At the end of the FY 2019-2020, the construction progress was at 81% due to effects of the covid-19 pandemic. The lockdown period and subsequent safety measure affected the progress of the construction works (Source of data: MINICOM, Imihigo Annual Report 2019-2020).

2.3.1.4. Promotion of Made in Rwanda through NIRDA Open Calls project and RSB's Zamukana Ubuziranenge Project and certification services

20 industries from wood, fruits and vegetables value chains were planned to be supported to acquire technologies through a competitive demand driven open call project managed by NIRDA. At the end of the year 2019, a total of 27 industries (11 industries from the fruits and vegetables value chains and 16 industries from the wood value chain) had been screen and recommended BRD for financial capacity assessment before submission of their documents to the Public Selection Committee. The outbreak of covid-19 pandemic delayed the process as involved stakeholder institutions could not carry out the required activities. After the covid-19 lockdown, the process resumed, but has not yet been completed. On the other hand, 6 coaches have been hired to provide technical and business management advisory services in the fruits and vegetables, wood and cow-in-the-car value chains.

In addition, 31 SMEs were trained but not recommended for certification, while 15 SMEs were recommended to apply for certification through Zamukana Ubuziranenge Project. Furthermore, 151 products were certified, compared to 120 planned, while 153 products were re-certified against 200 products planned. 225 market scanning and monitoring (surveyance) sessions were planned, and 271 sessions were achieved. Moreover, 307 certification audits were planned but only 137 audits were carried out due to covid-19 pandemic outbreak, and the subsequent safety measures (Source of data: MINICOM, Imihigo Annual Report 2019-2020).

2.3.2. Accelerated growth of Exports (Goods and services)

2.3.2.1. Cross border trade promotion

In the process of implementation of the National Informal Cross Border Trade Strategy, it had been planned that Rusizi, Cyanika and Karongi Cross Border Markets occupancy rates would reach 100%, 60% and 40% respectively, but due to the outbreak of covid-19 pandemic, the occupancy levels of these market was severely affected. As of June 2020, the occupancy levels were at 50%, 38% and 26% respectively. The impact of covid-19 on the informal cross border trade was big as it can be seen on the figure below (Source of data: MINICOM, Imihigo Annual Report 2019-2020 & ICBT trade data -RRA)

Figure 10: ICBT monthly export trend in the FY 2019-2020 (Frw)



2.3.3. Investment Promotion

2.3.3.1. Strategic deals negotiation

In line with the promotion of investments, RDB had planned to negotiate 10 strategic deals in the year 2019-2020. At the end of the year, 12 strategic deals had been negotiated; they include the following most important ones:

1. Rwanda Based Solar Home Systems manufacturing (NOTS),
2. Joint Venture Agreement between Akagera aviation and Nexus Ltd,
3. Forest Co-management agreement with Muganza Kivu Tea Factory,
4. Forest Co-management agreement with Karongi Tea Factory,
5. Joint Development Agreement on KIC (AFRICA50),
6. East Africa Commodities Exchange purchase of Shares (EAX),
7. Power Purchase agreement between the Government of Rwanda and Rucanzogera Hydropower Limited,
8. Power Purchase agreement between Government of Rwanda and Rucoenergy Ltd.

The negotiation of these deals was mainly done prior to the covid-19 induced lockdown, which explains the achievement rate of this policy action (Source of data: RDB, Imihigo Annual Report 2019-2020).

2.3.3.2. Investment registration

From July 2019 to June 2020, 175 investment projects worth 2,473,293,636 USD were registered in the following sectors: manufacturing, construction and Real estate, Energy, Information and telecommunication, Education, Transport, Agriculture, Arts, entertainment, health, accommodation and food services. Some of the investments registered were in relation with the strategic deals negotiated referred to above (Source of data: RDB, Imihigo Annual Report 2019-2020).

2.3.3.3. Conversion rate

409 projects representing 62% of the targeted registered investments were operationalized out of the 659 projects. The targeted conversion or project operationalization rate was 65%, but due to the outbreak of covid-19, the target was not reached (Source of data: RDB, Imihigo Annual Report 2019-2020).

2.3.3.4. Economic Competitiveness Scorecard

In the process of assessment of the economic competitiveness, sector and sub-sector were assessed. The assessment report was submitted to external evaluators and the economic competitiveness scorecard was published successfully as planned, with a minor delay due to the halt of international travels induced by the covid-19 pandemic safety measures (Source of data: RDB, Imihigo Annual Report 2019-2020).

2.3.3.5. Kigali Innovation City

The concept Masterplan for land study is currently being completed and after its completion, the infrastructure will follow. It is estimated that the progress is at 60%. Final masterplan delayed by two months due to the impact of covid-19 induced lockdown. The tender for shared infrastructure is dependent on finalization of masterplan and raising of external funds from BADEA that is ongoing (Source of data: RDB, Imihigo Annual Report 2019-2020).

2.3.3.6. Rwanda Innovation Fund

RDB is in consultation with MINECOFIN in order to revise the Rwanda Innovation Fund structure. The revision will enable to reallocate the Risk Capital Allocation to Seed Funds and the Growth Capital reallocation to Value Chain Funds. In addition, the revision will give MINECOFIN the lead position in the engagement with AfDB to approve the proposal while further engagement and diligence will be on going concurrently with other potential Seed Fund Managers as well as Investment Policy revision (Source of data: RDB, Imihigo Annual Report 2019-2020).

2.3.3.7. Increased revenues from Tourism

The tourism and MICE sectors were affected by the covid-19 pandemic and its impact can be seen on the variance in levels of revenues from these sectors compared to initial projections. However, prior to the outbreak of the pandemic, a number of MICE related planned activities had already been done. These include the following:

- Over 20 bids and Expression of interest for regional & international markets were successfully made;
- Rwanda was represented the following trade fairs: IMEX Frankfurt (May), Meeting show London (June), Meeting Africa - Johannesburg (Feb), Imex Las Vegas - USA;
- One road show was done in China;
- The following 5 tradeshowes were attended:
 - AAXO Annual meeting and one on one meetings-South Africa
 - Meeting Africa
 - IAPCO Vancouver
 - ACE of MICE Exhibition
 - 8th annual MALT Congress & UAE roadshow

And 6 site inspections were carried out:

- ICAAN
- Concordia Summit
- One Young World
- Formula 1 team
- AU team for Innovation

Although most of the planned activities were implemented, the expected 88 million USD revenues from MICE, only 44.6 million USD were generated. In addition, of the 147 conferences planned to be hosted, only 129 conferences were hosted.

On the side of leisure tourism, the planned activities were implemented as follows:

- The marketing representation was operational in North America and Europe and by the end of the fiscal year, RDB was finalising the evaluation of firms for the UK;
- 5 webinars were organized targeting over 200 wholesalers & and travel advisors in North America and Europe. The most recent webinar focused on Conservation of Rwanda's National Parks. All webinars can be found on the www.visitRwanda.com;
- The following 4 Trade shows were attended: Luxperience- Australia, ITM China, WTM & ILTM Cannes and Vakantiebus- IMTM
- More than 500 travel trade engaged at Tradeshows and roadshows, while ITB Berlin was cancelled due to COVID-19 outbreak.
- The following 3 roadshows conducted: in 3 cities in Canada and in 2 cities in China; 450 agents were mobilized in 2 USA cities. The Scandinavian roadshow was postponed due to COVID-19 outbreak.

As a number of planned activities were done, the revenues from leisure tourism were 194.5 million USD, while the number of tourist hosted fell from the 177,490 tourist expected to 111,040 tourist hosted (Source of data: RDB, Imihigo Annual Report 2019-2020).

2.3.3.8. Increased decent and productive jobs created

As part of the capacity and skills development for increased employability, the following policy actions were planned:

- National Skills database and jobs portal has been operationalized and skills data has started being computerized. The database has a total number of 98,425 graduates for 2013-2019 period and among those 6,009 students studied in foreign educational institutions. The database is integrated with 3 systems namely NIDA, Kora and internship systems.
- Specialized training were organized in priority sectors as follows: 336 people from different entities were trained: in manufacturing 30 people were trained, in agriculture 61, in ICT 65, in tourism 100. In addition, 30 people were trained in pig farming management, 80 people trained in pig farming, poultry farming, wood drying & storage techniques and quality control, cutting and finishing.

2.3.3.9. Cross cutting areas in the PSDYE Sector

With regards to cross cutting areas in the PSDYE Sector, the capacity development and gender mainstreaming were considered both in job creation as well as skills development. In terms of capacity development, 88 cross border traders, of which 75% are women, were identified (Rubavu 72, Rusizi 16) and were trained on new measures introduced in the outbreak of Covid-19 and were given guidelines to follow while carrying cross border trade. In terms of mainstreaming gender in business, 2,917 persons, including 1,500 women and 30 cooperatives access the micro lease product, formerly known as the start-up toolkit. The ratio of women to men who accessed this facility is at 107%, hence exceeding by far the minimum of 30% ratio of women to men.

In support to entrepreneurship promotion and SME development, it had been planned that 1,600 SMEs would be supported to access finance through BDF guarantee. At the end of the FY, 709 SMEs representing 386 SMEs owned or managed by men, and 246 SMEs owned or managed by women and 77 cooperatives were supported to access finance through BDF guarantee. The underperformance of this policy action was largely due to the impact of covid-19 outbreak, especially the lockdown (Source of data: RDB, Imihigo Annual Report 2019-2020).

3. PSDYE Budget Execution Performance

The overall budget execution rate for the entire sector budget was estimated at 67.6% - Annex 2.1. The total budget allocated to PSDYE sector after budget revision was 76.5 billion Frw across 7 public institutions. The budget was allocated to 69 subprograms. The table below shows the budget allocated to PSYE stakeholder institutions and their budget execution performance. For detailed budget performance by subprogram, an annex has been attached to this report for reference (Source of data: MINECOFIN, National Budget 2019-2020).

Figure 11: Budget execution rate per institution in PSDYE Sector



RICA's execution rate was the lowest across the sector with 56%. RICA is a new institution that has just started its operations, which explains why it only used its allocated budget to the tune of 56%.

4. Presentation of priority areas for planning consultations of the 2021/2022 fiscal year

The section below sets out the sector's priorities for the fiscal year 2021/2022. These are informed by key strategies namely the NST 1; Vision 2020; the sector strategic plan (SSP), namely the Private Sector Development and Youth Employment Strategy (PSDSYE); the revised National Export Strategy (NES-II –unfinished business); the National Employment Programme (NEP) and the Domestic Market Recapturing Strategy (DMRS). The 2021/2022 priorities are linked to NST1 and PSDYE2. The interventions that will be proposed in the Single Action Plan of the Sector Institutions and are also aligned with the following NST1 priority areas for PSDYE Sector:

- Promote Industrialization and attain a Structural Shift in the export base to High-value goods and services with the aim of growing exports by 17% annually
- Create 1.5m (over 214,000 annually) decent and productive jobs for economic development

1. Priority area: Export/Trade Development
2. Priority area: Development of industrial infrastructure for growth
3. Priority area: Made in Rwanda promotion and Investment promotion
4. Priority: Entrepreneurship and Business Development for job creation
5. Priority: Foster employment and decent Jobs

5. Developments in the PSDYE Sector

5.1. Industrial Policy

In the fiscal year 2018-2019, and in collaboration with Trade Mark East Africa, MINICOM started to draft the industrial policy. This policy has now reached the approval stage and has been discussed in the Sub-sector working group meetings as well as the Joint Sector Review meeting. After the presentation of the draft industrial policy, members of the sector continue to work with the Industry Department to incorporate the inputs from members of the sector. Thereafter, the draft policy will be presented to the economic cluster.

5.2. Implementation of OAG audit recommendation for the year 2017-2018 (implemented during FY 2019-2020)

As recommended by the terms of reference for the preparation of the backward looking joint sector review report focussing on the year 2019-2020, sectors are expected to provide a progress report of implementation of OAG audit recommendations of the previous year.

After assessment of the progress of implementation of OAG recommendation, the following brief report has been elaborated to indicate the progress:

| | | |
|---|--|-----|
| 1 | Total number of findings raised in the OAG previous report for the year ended 30 June 2018, CIA report end June 2018 | 13 |
| 2 | Number of recommendations that have been fully implemented as at time of current audit | 2 |
| 3 | Number of recommendations that have been partially implemented as at time of current audit | 2 |
| 4 | Number of recommendations not implemented as at time of current audit | 9 |
| | Percentage of previous recommendations fully implemented $(\text{no.2/no.1}) \times 100$ | 15% |
| | Percentage of previous recommendations partially implemented $(\text{no.3/no.1}) \times 100$ | 15% |
| | Percentage of previous recommendations not implemented $(\text{no.4/no.1}) \times 100$ | 70% |

As it can be seen, the progress of implementation is at 30% and is continuing. Strategies have been put in place by relevant authorities to ensure that implementation progress reaches 100% as expected.

5.3. Progress of implementation of planned analytical works

During the FY 2019-2020, the following studies had been planned to be undertaken to inform the implementation of policies at the sector level. These studies are the Labour Force Survey, the Foreign

Private Capital Survey and NIRDA's Technology Audit. The Investor Perception Survey 2020 has been published, while the labour Force Survey has been completed and published; it is available at www.statistics.gov.rw. The Foreign Private Capital Survey 2019 has also been conducted and published; it is available at www.bnr.rw. NIRDA's technology audits were validated for the fruits, vegetables and wood value chains. Actors in these value chains were also encouraged to integrate the Open Calls Program for continued support. The planned feasibility studies on adventure tourism were not fully funded, hence an in-house pre-feasibility study was done instead. It has been completed. RDB will negotiate with MINECOFIN on the possibility to carry out a full feasibility study in the upcoming fiscal year.

5.4. SDG Indicator monitoring in the sector

As introduced by the terms of reference for the preparation of the Forward Looking Joint Sector Review of the FY 2020-2021, SDG indicators are monitored at the sector level. A matrix of 10 Tier 1 SDG indicators has been developed and the progress of implementation captured. As of May 2020, all of these indicators have been updated with the most recent data available – for reference, see Annex 3.1. In addition, 6 Tier II SDG indicators were also identified and strategies to monitor them formulated – See Annex 3.2. In terms of progress of implementation of these strategies, institutions members of PSDYE SWG have contacted various stakeholders relevant to each SDG indicator for consultation. The consultations are still going on and an updated status will be provided as soon as consultations are completed.

5.5. Lessons learnt, success factors and challenges in implementation

5.5.1. Key Lessons Learned from Covid-19 on Trade and Industry Perspective

1. Proactiveness, strong leadership and coordinated interventions at government level have been very instrumental in responding to this crisis, which required many things including citizen trust in the leadership to effectively cooperate with the population and change their normal behaviours throughout the pandemic. Rwanda as a country with well-known good leadership coupled with the trust and positive response of its population to policy measures initiated by the government; all of these provided a basis to generally anticipating fewer consequences compared to other countries where this is not happening.
2. The pandemic has reminded again on the need to reshape and fast track the promotion of the Rwandan manufacturing sector under the Made in Rwanda Programme, with a focus on self-reliance at least in the "Must Have Products" and Explore new emerging business opportunities (PPEs), and quick remodelling of business plans. The multi-sectoral approach has been key in coordinating interventions in a very short time period necessary to take policy measures to minimize the economic effect of covid-19 but also fast-track implementation of new investment projects.
3. The imperatives brought on by the COVID-19 crisis for businesses to innovate around the creation of human-like interactions with customers without necessarily having to meet physically by bringing out digital products as quickly as possible and innovating new capabilities for remote operation, complete digital transformations (E-commerce). Example: Shift to online provision for essential services providers such as doctors and teachers/online, education has become the norm. Expect this trend to spread well beyond exam rooms and classrooms. Lawyers,

architects, and marketers are all beginning to deliver their services in new ways, ranging from basic videoconferencing to virtual reality and automation.

5.5.2. Success factors in achieving planned targets

In order to implement planned policy actions, institutions in the PSDYE Sector had many strategies that include the following:

1. Coordinated institutional planning focusing on addressing national priorities and vision
2. Focused and visionary leadership to drive economic development
3. Available guiding documents for easy planning and targeting in creating performance results at institutional level.
4. Efficient use of coordination channels put in place that include the following:
 - a. Joint Sector Reviews, Sector coordination activities and collaboration through the chairs and co-chairs of the subsector working groups
 - b. Made in Rwanda Policy implementation
 - c. Industrial Development and Exports Committee (IDEC)
 - d. Inter-institutional monitoring and management of the manufacturing sector
5. Coordination and strategic management of imihigo and joint export imihigo by the management of the sector as well as that of member institutions.

These strategies and governance has enabled the sector to perform and achieve the targets with success.

5.5.3. Challenges faced during implementation of planned policy actions

The implementation of planned policy actions has for the most part been successful, except where issues related to insufficiency of the budget has caused delays. This is the case of industrial parks, EGF, NEP interventions, Rwanda Innovation Fund and Kigali Innovation City just to name a few. In the case of insufficient budget, the planned targets have been revised according to the available funding, which resulted into delays to meet the intended objectives in the timeframe planned. This issue has also indicated that proper prioritization will, in most cases, enable the sector to avoid accumulation of unfinished interventions, as only those that are adequately funded are implemented.

6. Closing note

The private sector development and youth employment sector report has been presented to the members of the sector working group and subsector working groups. The content of the report was discussed at the level of subsector working groups to increase ownership of the sector activities and plans. The discussions and resolutions from both the subsector working group meetings and the Joint Sector Review meeting are reported in the attached minutes for detailed reference.

Chair of PSDYE SWG



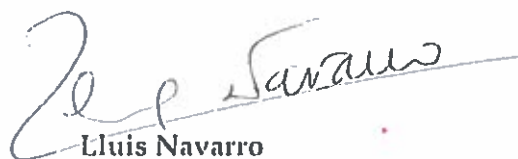
Michel M. SEBERA

Permanent Secretary

Ministry of Trade and Industry



Co-Chair of PSDYE SWG



Lluís Navarro

Head of Development Cooperation

European Union Delegation to Rwanda