73rd Development Partners Coordination Group Meeting

12December 2019
MINECOFIN Board Room

1. Remarks by Chair and Co-Chairs

PS MINECOFIN serving as Chair opened the meeting by welcoming all participants and thanking the Co-Chairs as well as the EFD team for the good work done to prepare this meeting. The Chair extended a welcome to new members: Ms. Assumpta Ingabire in her new capacity as the PS, MIGEPROF, Mr. Samuel Dusengiyumva, PS MINALOC and re-acknowledged the Head of Belgian co-operation and the PS MINAFFET who were *in absentia* last few meetings.

Serving as Co-Chair, UN RCO expressed appreciation for the government's openness and flexibility when jointly setting the agenda and for the frankness with which views can be expressed. He thanked the government for the excellent quality of its partnerships with DPs over the last year, and further expressed appreciation for the level of seriousness that all stakeholders across government and DPs bring toward partnerships for development that are genuine and in the spirit of transparency and mutual respect. This partnership has clearly yielded results. For example, Rwanda continues to make remarkable progress in sustaining real GDP growth and Kigali is increasingly becoming a hub for regional conferences and summits (e.g., ICASA, Youth Connekt).He noted that Rwanda remains vigilant to Ebola and that DPs appreciate the efforts that government has taken to prepare for any potential emergency.

The Co-Chair invited members to consider the DPCG as a building block for monitoring and oversight on the progress of various critical issues and strategic initiatives discussed over time among the group. While bearing in mind the primacy of Government's own monitoring systems and processes, the Chair proposed that a more systematic high-level monitoring of key actions be undertaken to ensure clear accountability in line with the results-orientation of the new Development Cooperation Policy and revised Division of Labor. He likewise saw utility in better collaborating on presenting information and updates with regard to follow up on past DPR action items jointly between DPs and GoR.

2. Approval of Agenda

The meeting agenda was approved without modification. The agenda focused on the macroeconomic situation and updates on realizing NST1, a briefing on current education sector reforms, a presentation by RDB on key government initiatives related to employment promotion and skills development, and a preview of the newly proposed Division of Labour and draft agenda for the 2020 DPR retreat.

3. Presentation on Skills Development and Employment Promotion

RDB's Chief Skills Office—considered the government's apex body for strategic and private sector skills development—presented the GoR's new approach to skills development and employment promotion.

The Office consists of two departments—Strategic Capacity Development and Targeted Labor Market Interventions; there will be a delivery unit providing strong oversight for implementation of the National Employment Program (NEP), but otherwise, the governance structure of the NEP remains the same. The Office came about partly in response to an assessment that identified a need for the NEP to focus more on matching the supply and demand for skills in the work force, and for providing targeted training to the private sector to address the full continuum of skills development and employment promotion issues. A National Skills Development and Employment Promotion Strategy incorporating sector-specific strategies has also been prepared, under the Private Sector Development & Youth Employment SWG, and aligned to NST1 Objective #1. As a work in progress RDB further presented a monitoring dashboard that aims to capture all DP contributions to skills development to inform planning exercises and future partnerships. It is collaborating with MINECOFIN to populate the database and ensure that information flow is centralized and coordinated. Finally, RDB expressed interest in revamping a Capacity Building Coordination Forum formed in 2014 (with proposed title Skills Development and Employment Promotion Forum) that could discuss the issues in depth and function similar to a SWG.

Following the presentation, DPs commented on the proposals. As a partner working closely on the implementation of the NEP, Sweden welcomed the new strategy and appreciated the depth of the analysis incorporated into the proposals. It wished to recall that an external evaluation of the NEP will be undertaken in May 2020 that can serve as a basis for highlighting lessons learned to bring into the next phase of the strategy. It emphasized the importance of working in more nimbly to support the private sector and supporting employment generation at firm level as well as in micro-enterprises. Sweden viewed the dashboard as a welcome new tool to improve coordination among DPs as well as within the government.

The World Bank representative highlighted that given the scope and complexity of capacity development as a concept, the Forum could easily get overwhelmed. It expressed a need to better understand its potential value-added to the National Labor Force survey as periodically undertaken. He suggested it could be useful to pre-identify priorities per target sectors. South Korea looked forward to designing a new programme, noting that its past support to TVET has led to new employment creation. Germany pointed out the need to ensure coordination and non-duplication between the proposed new Forum and an existing TVET-focused TWG under the Education SWG.

UNDP recalled that past discussions on skills development had also included the public sector. It queried how GoR might envision the private sector's role in co-financing the new strategy, noting that a new levy was raised to fund training and skills matching. The Co-Chair suggested that a better understanding of the role or comparative advantage of the academic versus the private sector would be useful in the implementation of the strategy, as well as an evaluation of the past performance of various existing centers that have already been set up to support specific industries. He further suggested that the approach should separate the issue the analytical requirements for labour market intelligence to support employment promotion from considerations around the best institutional set up. He welcomed the RDB dashboard as a way to create opportunities to highlight private investment and areas where dialogue could be increased, not only with DPs, but also with private investors. Noting that the ILO was intimately involved in the NEP process, the UN pledged continued support.

In closing, the Chair noted the comments from DPs and encouraged RDB and others to incorporate the suggestions into the way forward. He further encouraged DPs to work through the RDB to procure interns so as to give Rwanda's youth the skills to be more employable.

4. Brief on Education Sector Reforms

The P.S., Ministry of Education, outlined major sector reforms and policy directives that have been undertaken this year, noting that many of these were triggered by Rwanda's poor performance in the Human Capital Index assessment. Amongst the new policies and ministerial orders approved by Cabinet include developing a Teachers' Career Path Advancement strategy, improving teacher management, establishing comprehensive assessments in basic education and administering mandatory standardized English language tests. MINEDUC stressed that English will formally remain the language of instruction; however, full-scale implementation would be undertaken gradually, and Kinyarwanda will be a mandatory subject across low primary and primary schools. This is due to the fact that English proficiency among teachers is still uneven and insufficient and that in practice teachers are deferring making the transition from Kinyarwanda to English in later years of schooling. School feeding has also been scaled up in primary schools and GoR is now allowing for more flexible procurement mechanisms as a means to ensure fresh foods can be purchased, and in response to the challenge of stunting.

MINEDUC articulated that a recently passed Presidential Order enables a new, tailored disciplinary and performance management system for teachers. This will be centrally administered to promote quality control of teachers across Rwanda. Infrastructure improvements will also be supported through a World Bank financing. About 11,000 classroom facilities will be constructed particularly targeting pre-primary and primary schools and in rural areas where current distances have challenged access rates. Investments area also being made in more modern facilities including teacher training laboratories and educational centers making use of new technology.

UK/DFID welcomed the reforms, stressing the critical need for more quality teachers and English language of instruction. It expressed interest in partnering with MINEDUC on how to manage the implementation of the reforms. Switzerland queried whether and how the TVET Sector would be affected by these reforms, further noting that, a financing model for TVET had been developed that could possibly help streamline some of the issues presented. The Netherlands noted that it was important to focus first and foremost on the role of teachers in the systems, and that that salary levels were at the heart of having high quality, motivated educators. It also cautioned that global evidence suggested using the vernacular language for instruction at lower primary education level produced the best results.

The P.S. noted that since 65% of Rwanda's civil service is comprised of teachers, salary increases have an outsized impact on the government wage bill and are thus challenging to implement. However, one new incentive to bring on board new talent that appears to be working is that if teachers serve for five years then they are eligible for a scholarship, in addition the support that the Government is channeling through UMWALIMU SACCO to access relatively affordable/cheap access to finance.

5. Approval of Minutes of Last Meeting

The Chair requested members to once again review the minutes of the 72nd DPCG meeting. The minutes were approved without modification.

6. Report on Macroeconomic Context and NST1 Achievement

MINEOFIN/NPDR presented an overview of the 2019 *Rwanda Voluntary National Report* which takes stock of the progress to date in the achievement of the 2030 Agenda for Sustainable Development. The VNR was presented at the UN High-Level Political Forum in July and was well received. It can be downloaded at: https://sustainabledevelopment.un.org/memberstates/Rwanda. NPRD noted Rwanda also hosts a regional SDG Center for Africa.

Following the discussion on the VNR, a detailed update was provided on key targets and strategic target indicators for each of the three NST1 pillars. For example, the strategy targets for many key agricultural crops a near doubling of productivity between now and 2024, including through boosting investments in irrigation and agricultural credit expansion. The presentation highlighted the main axes of interventions being undertaken by the GoR to reach the targets. Universal access to water and energy is also aimed to be achieved, realized through the construction and rehabilitation of water systems as well as through new PPP schemes to be designed with private energy developers to enable off-grid areas to be reached.

The Senior Economist/Division Manager of Macroeconomic Division, MINECOFIN gave a presentation on the macroeconomic situation and fiscal projections. Performance has been in line with Vision 2050 scenarios. Average economic growth in the last three years has actually performed higher than the target rate of 9.1%, mainly due to positive developments in the manufacturing and construction sectors, as well as in transportation and international trade. Although inflation is picking up in recent weeks, in the last twelve months overall it has been low. He cautioned that future years for the NST1 assume an even higher level of growth to meet the targets.

An overview of the NST1 financing table showed that government investment levels to meet the NST1 were higher than the planned target rate. The Senior Economist noted that any non-debt creating fiscal deficit would need to be maintained at 5.5%. In order to keep on track. Flows of finance from external grants and loans are also broadly in line with targets. He cautioned that while public investment is increasing, private investment growth needs to show more robust growth to be in line with the target. Nearly 1.6 billion of increased investment in a variety of sectors including manufacturing, tourism and hospitality, and the service sector is assumed in NST1 financing projections. While domestic private investment is faring well, FDI is lagging behind expectations. Since the end of 2018, traditional Rwandan exports have also been hurt by low global commodity prices principally for coffee and tea; however, non-traditional commodity exports are increasing in value and positively affecting the trade balance. From next year there is also a target to increase revenue generation by 0.2% of GDP.

The Co-Chairs commended the presentation. USAID suggested more transparency on the data sources referred to in the financing table would be useful as well as disaggregation of data by gender and youth wherever possible. The UN RCO expressed the desirability of having a narrative around the figures in the future. He queried why tax revenue collection was not increasing more rapidly and noted that efforts to ensure that increased household savings get translated into increased access to credit and investment remains a key challenge. He emphasized the importance of assessing the quality of existing urbanization developments as well as the quantity. MININFRA remarked that there is a strong focus in the NST1 on increasing access to basic infrastructure and initiatives to improve quality, affordable housing.

The World Bank likewise thanked MINECOFIN for a clear, informative presentation, and suggested that since this was the first strategy to reach Vision 2050, refinements to the M&E framework should be

expected. It recommended more attention be given toward ensuring that the sectoral target indicators and strategic interventions are closely aligned to the high-level outcomes. Given the ongoing trade-offs between capital and recurrent expenditure, and in light of the urgent need to boost human capital, it emphasized that public investment needs to be used more strategically and that ensuring the quality of public expenditure remains a paramount issue.

The Chair reiterated that flexibility was important in NST1 planning and budgeting processes, as indeed frequent adjustments are to be expected and this requires modifications to the financing strategies. He further acknowledged the challenges to increasing development spending, noting that recurrent expenditures such as wages and salaries for civil society are difficult to adjust. MINECOFIN further noted and elaborated on the processes used by the Public Investment Committee (i.e. a submission first goes through quality assurance and a check for gaps prior to consideration and feasibility study standards are set before project approvals). Despite being a relatively young process, the PIC continues to push for better quality assessments and is considering reforms. This topic could be considered in the next DPCG.

The IMF noted that the new development policy recognizes the increased importance of private finance and the figures also show an increased importance to be given to foreign and domestic private financing recognizing that total grant and ODA flows are likely to decline in the future.

UNWOMEN queried how well projections for increased agricultural productivity have taken into account climate change, in light of recent climatic challenges experienced such as heavy rains. MINAGRI noted that the second pillar of the Agriculture Sector Plan focuses not only on productivity enhancement but also resiliency, climate smart agriculture and developing early warning systems. Therefore, production indicators also reflect the implementation of initiatives to accommodate risks posed by climate change.

The Ministry of ICT noted that much of the focus in the last decade was focused on hard infrastructure; however, in 2015 there is increased focus on digital literacy and empowering citizens to use the tools for students and the work force. There is also a drive to have all government services online enabled through increased access to smart devices. Therefore, this is a secondary focus of the ministry's efforts. It will work with NPDR to ensure these targets are better reflected in the NST1 monitoring framework.

7. Discussion on updated Development Cooperation Policy and DOL

MINECOFIN/EFD gave an overview of the key aspects and expected timelines for the new Development Cooperation Policy, and highlighted changes proposed in the revised Division of Labor to reflect better alignment to mutual priorities. It noted that while bilateral consultations had already been undertaken with many partners, this was ongoing, and that additional feedback could be consolidated through the Secretariat. It encouraged the Co-Chairs to consolidate views so the DOL can be finalized by the retreat. It was clarified that the DOL would come into effect immediately once adopted. The Co-Chair inquired about the process for sharing feedback and concerns on the updated policy and DOL which was clarified. The Co-Chair requested a meeting in January to discuss the DOL.

8. Discussion on Development Partners Retreat Agenda

MINECOFIN presented a draft agenda for the 2020 DP's Retreat to be held in Rubavu noting that the dates proposed reflected past recommendations to avoid the 14th. The Co-Chair remarked that the organization of the DPR should be well thought through including pre-discussion among groups as well as provision of timely analytical information. RCO suggested a concept note focus on the challenge of

"transformation" across the pillars, and then dive into each pillar in detail. Some interested DPs could be included in the preparation and innovative ways to engage with partners before and during the meeting as well as better preparation of private sector. The VNR could be an opportunity to open the discussion on key aspects raised and align in the debate on the last DPR such as on the quality of growth to tackle inequalities. Since higher capital spending and lower than expected fiscal receipts are generating some concern around how government is handing an increased deficit, it would be good to have focus on the subject of transformational economic growth in the next DPR.

Sweden suggested it would be useful to have more time dedicated to understanding the new policy and any new procedures it may bring about. The Netherlands wished to see more focus on whether poverty reduction and job creation was being adequately addressed through existing public spending and policy reforms. Germany expressed thanks that topical interests were captured through a survey of DPs and then reflected in the draft agenda. It suggested that DPs channel additional ideas through the Co-Chairs. The Chair felt the requests from the Netherlands and Sweden could be catered for, and that it was important to focus on a small number of quality issues rather than touch upon everything.

9. AOB

The Chair concluded the meeting by thanking all participants and particularly thanked DPs contributing to this year's budget. He reminded DPs to ensure timely disbursements this year against planned commitments and ended by noting the importance of working closely together on the next fiscal year's commitments.

Matters Arising

DPR Retreat	• Co-Chairs to suggest innovative ways to engage DPs and private sector in session preparation and guidance. • DPR 2019 Action Agenda items status updates to be circulated along with draft minutes of 73rd meeting
Public investment management	• Include as Agenda Item for next DPCG to gather feedback from DPs on improving robustness of PIC and appraisals.
Capacity Development Coordination Forum	• MINECOFIN to determine whether to revamp the Forum and also whether to change the name to Skills Development and Employment Promotion Forum.