



74thDevelopment Partners Coordination Group Meeting

8May 2020

Special Virtual Meeting

1. Remarks by Chair and Co-Chairs

The special DPGC meeting was presided over by Hon. Minister of Finance, Dr Uzziel NDAGIJIMANA, and was conducted via videoconference in light of the exceptional COVID-19 situation. The Hon. Minister opened the meeting by welcoming all participants' and thanked MINECOFIN staff and the EFD team for the good work done to prepare this meeting. The Hon Minister also introduced to the DPCG members Hon. Minister of State Richard TUSABE, who noted that he would henceforth serve ordinarily as the Chair of the DPCG.

The Co-Chairs, represented by the USAID Head of Mission and the UN Resident Coordinator, warmly welcomed Hon Min. Tusabe, and expressed their appreciation for convening the meeting during the COVID-19 emergency and for the continuing efforts on the part of GoR to ensure ongoing dialogue with DPs. The Co-Chairs gave summary remarks that articulated the DP group's acknowledgement and broad support for the Government's visionary leadership in responding to the COVID-19 emergency and its speed in organizing response and recovery plans, to address both the public health as well as social and economic challenges faced. They also praised the strong measures taken to contain the pandemic and the transparency around related decision-making, informed by sound data and emerging evidence.

The Chairs congratulated Rwanda for quickly mobilizing resources and taking part in dialogues at the regional and global level to improve coordination and cooperation to effectively respond to COVID-19. They further commended the people of Rwanda for demonstrating solidarity as manifested by various charitable efforts within and among communities to care for another.

Turning to the Economic Recovery Plan (ERP), the Chairs welcomed theGoR's swift elaboration of the plan. They then conveyed the view that some of its main strengths lie in its people-centeredness, realism, and focus on protecting the vulnerable. The inclusion of dedicated support measures for private business and for expanding the use of digital solutions and electronic payments/transfers, including for social protection schemes, was also valued. The Co-Chairs noted a need for flexibility in response planning and measures and frequent 'stress testing' in line with macroeconomic and budget scenarios, given the high level of uncertainties and the fast-changing impacts of COVID-19 on trade, business, capital markets, etc. To that end, modeling future financing flows and resource mobilization to build more risk-based investment planning could be useful and taken up in the Integrated National Financing Framework (INFF) exercise planned to kick-off this year. Additional areas for improvement were noted which are summarized in section 4.

2. Approval of Agenda

The meeting agenda was presented approved without modification. The agenda focused exclusively on presenting the current situation in regard to the public health, macro-economic, and socio-economic ramifications of COVID-19 and a productive dialogue between GOR and DP partners on the response measures put in place including the new ERP and the associated Economic Recovery Fund.

3. Presentation on Health Situation

The P.S., Ministry of Health gave an overview of the objectives of National COVID-19 preparedness and response plan. The plan has the following main pillars:

- i. strengthen coordination and partnership
- ii. enhance capacity for prevention and timely response
- iii. public awareness and risk management
- iv. enhance logistics and safety measures
- v. mobilization of required resources

It noted that a National Steering Committee oversees a COVID-19 Task Force and that a Command Post had been set up that oversees the plan on daily basis. This is organized with four unique cells that all work together: epidemiological operations; administration and logistics, communications, and planning. The P.S. noted that in Rwanda, almost 80% of confirmed positive cases are among men. The mean age of all cases is in the thirties.

Some of the key measures taken included a lockdown from 23 March to 3 May, that had the intent to reduce the number of cases of infection to manageable levels. Steps were also taken to mitigate a rise of imported cases, for example from truck drivers managing cargo. Manufacturing of PPE, such as masks and ventilators is being pursued, as well as partnerships with industry to produce disinfection tunnels.

Turning to resource mobilization, the Ministry of Health noted a current estimated gap of some RWF 19 Million RWF. However, it noted and appreciated recent pledges from the Government of Switzerland, USAID, and the Bill & Melinda Gates Foundation that have not yet been fully activated.

Dr. KASONDE of WHO then provided an overview of the current situation with further inputs from the Ministry of Health, emphasizing that no one is safe from COVID-19 until everyone is safe. Globally, the clinical fatality rate is over 3% and on average 20% of cases become severe. Overall the number of cases continues to rise; however, the country has organized its detection, diagnosis, treatment, and health response measures to contain the spread of the disease far better than many other countries in Africa based on current epidemiological statistics. A large share of the total confirmed people with COVID-19 have recovered, and a large number of cases manifest as asymptomatic. Currently, some 8 vaccines are in clinical stage and more than 100 are in pre-clinical trial stage.

WHO thanked Rwanda for its cooperation and noted lessons from its and other countries' experience:

- It is important to build the resilience of the health system to prepare for a reasonably expected future wave of transmission, and to prepare for the next pandemic.
- The benefits of collaborative research and knowledge sharing have been shown clear, including for better surveillance and monitoring of the clinical spectrum of disease, understanding benefits and costs of actions, as well as vaccine development.

- Early detection, effective diagnosis, and proper management of cases is critical to slow down the transmission and reduce mortality. This includes rapid isolation and care for positive cases.
- There is a need to carefully balance the epidemiological and economic impacts of decisions and to recognize that aspects of our way of life will change to enable physical distancing in future.
- There is need to balance interventions to mitigate the impact of COVID-19 to ensure continued access and availability of quality essential health services that are unrelated to the disease.

WHO noted that the international community is working together to share best practices, and upon the request of GOR can rapidly deploy appropriate TA as well as emergency health-workers. Noting the big pressure on the health supply chain, a global task force has been formed to streamline requests and to consolidate demand. WFP has mechanisms in place to facilitate distribution.

Following the presentations, DPs commented and raised questions. The Chair noted the comments and reiterated the need to address remaining gaps as responding to the health emergency is first priority.

4. Presentation on Macroeconomic Impacts

Samba MBAYE of IMF gave an overview on the global macroeconomic impacts of COVID-19, indicating international lessons for Rwanda's effective response. Some unique elements of this unprecedented crisis are that it is fully global, it contains inherently high levels of uncertainty, and it highly is complex given the intricately interconnectedness of health and economic issues. Some of main economic impacts witnessed to date, or expected to occur, include: a large drop in global growth, a collapse of commodity prices, and huge capital outflows in frontier markets linked to significantly declining yields on sovereign bonds. In the Africa region, growth is estimated to be in the negative territory at -1.6% for 2020. The shock on commodities is expected to be twice as bad as the 2008 global financial crisis. On average, countries have invested 9% of GDP in measures around economic recovery and fiscal measures.

The representative of the IMF noted a couple of silver linings. First, Rwanda entered the crisis with a low threat of debt distress. However, if the crisis remains protracted, there is reason for concern due. Secondly, coffee which is an important export for Rwanda is the only commodity whose price is actually going up, and tea prices also appear to be less negatively affected as other food crops. He noted that although many prompt monetary and fiscal measures have been taken to cushion the external shock, more could be done, in particular by the Central Bank to use the full range of instruments to reignite economic activity. For example, central banks would not normally finance deficits, but in certain countries that is being allowed, illustrating the need for innovative solutions to debt and fiscal stability.

Following the presentation, the Chief Economist, MINECOFIN gave a presentation on likely foreseen economic impacts in Rwanda, and an overview of the ERP. Noticeable impacts on labour and financial markets was already observed and even before the first positive case of COVID-19 in Rwanda, some economic activity retarded from a supply chain shock. All high frequency indicators are showing a sharp decline in Rwandan economic activity since the beginning of the lockdown. The Chief Economist noted the five-year priority areas for the upcoming budget noting that while the NST1 is still the overarching planning framework, but in the short-term it is expected that health and social protection funding would take a front seat. While the priorities are not new, accelerating implementation and placing emphasis through the fund to support private sector would be the near-term focus.

She then went on to outline the core aspects of the ERP and the design of the ERF. The ERP is designed to address the immediate shock whereas the \$200 million ERF would focus on supporting affected businesses working through existing financial institutions, to provide (i) loan restructuring for the tourism sector (hotels); (ii) working capital for large companies; and (iii) working capital and loan guarantees for SMEs and micro-businesses. Its core focus is supporting businesses impacted and those that with potential to recover quickly. Businesses have to show conditions to be eligible like a 50% reduction in turnover.

Following the presentations, the World Bank and UNDP gave initial feedback representing the COVID-19 economic and social impact DP group. The group stands ready to offer continuous support to refine the key plans and to support their implementation – requests can be coordinated through group Co-Chairs. To facilitate the partnership in real time there is a need to clarify focal points and the most useful intermittency of technical dialogue with MINECOFIN and other GOR partners. They encouraged that ERP could reflect in long-term a shift to green and more inclusive growth, we need both to recovery as well as to build back better. There is an opportunity to look at resuming business using less resource and in a more innovative way that can be reflected in the nature of interventions supporting private sector.

Other DPs gave feedback. WHO felt that the ERP could benefit from greater articulation of long-term health system strengthening requirements? These would include: (i) adequate number of trained health workers, including non-clinical staff and CHWs; (ii) availability of medical supplies, including medicines, diagnostics and vaccines; (iii) robust health information systems, including surveillance; (iv) adequate number of well-equipped health facilities, including access to clean water and sanitation; (v) adequate and equitable financing of the health sector. The P.S. MINALOC observed on the importance of SACCOs and their use a delivery mechanism in the ERP and ERF and wished that could be expanded. AFDB stressed the importance of data and statistics and rigorous monitoring and evaluation frameworks being in place for the plan to succeed.

Some DPs raised questions for clarification. For example, to what degree had costing been done to look at the impact on NST1 and Agenda 2050 and sector strategies? Are agencies and focal points overseeing the actions clearly articulated for accountability? To what degree is the timeline for the crisis ending clarified in each of the measures and subject to readjustment? To what degree are restrictions on the trade of goods hampering the recovery? How will expected ERF losses be accounted for financially?

MINECOFIN clarified that \$3 million is set aside for losses as a guarantee against the expected rate of default. GOR money will be injected in Central Bank which lends at 0% interest to the banks. It is not recorded as a loan; banks will pay back to BNR over four years and lending is secured under the scheme's conditions. MINECOFIN clarified that support to micro businesses will be extended through the SACCOs. It also noted that since lockdown there has been no major restriction on the trade of goods and GOR has actively been looking into unblocking any barriers in partnership with MOH and the EAC.

While the comprehensive governance of ERF is still being elaborated it will rely largely on the existing regulations and conduits for bank lending. The government will use its balance sheet to increase credit and liquidity, but normal credit and fiduciary risk management would remain in place by banks.

5. Presentation Social Protection and Food Security

The P.S. of MINALOC & P.S. MINAGRI presented the analysis and plan to address social protection and food security. It was emphasized that the plan was largely built around the many existing channels and

programs already in place, further buttressing them and expanding them to reach the targeted beneficiaries. Moreover, the same principles and implementation arrangements would be in place. It was clarified that the focus of support would be on socially marginalized class 1 and class 2. MOS of Planning recognized the great contribution of DP to the existing SP plan and efforts to pinpoint measures for vulnerable groups including cross-border traders, women working in Kigali and secondary cities longer-term impacts on the informal sector. Existing MIS and data profiling as well as data from communities will be used to better analyze and reach those most affected by pandemic.

Represented by UK and UNICEF as Co-Chairs of the social protection group, the DPs welcomed the comprehensive nature of the social protection plans, including identification of new categories of targeted beneficiaries, as well as vertical and horizontal expansion of measures. They noted a need to emphasize particularly vulnerable groups including the elderly, households headed by young people and orphans, and women running small businesses. They reiterated a desire to be involved in the budget planning and costing in order to make the action plans commensurate with level of ambition and resources available from DPs. A core focus on VUP expansion and temporarily waiving the requirements such as work certification due to safety concerns was praised. In terms of areas where useful for elaboration or consideration it was noted: (i) a need to consider increasing existing transfer volumes to prevent people falling into poverty; (ii) more consideration of social cohesion and inequality as a factor contributing to security risks and costs; (iii) more detail on timeframes and best sequencing of proposals (i.e. which are more temporary and which more permanent); (iv) clarity by MINALOC on shelter investments and efforts to improve access to water/hygiene; and (v) innovation in how social distancing can be built into the plans while leveraging the community's role in targeting/sensitization.

MINAGRI recognized a need to expand strategic food reserves to the community level and reiterated that the next version will include a more detailed costing of the actions as experts worked on that in the Ministries first is focusing on having setup food support in urban environments then expanding to livestock and cattle support and provision of start-up toolkit for business development customized to city requirements. Great efforts will be provided to also support communities as well as individuals with PWs. MINALOC clarified that some marginalized groups hit by COVID-19 did not have shelter already established. There are also efforts under way to work more closely with NGOs and cooperating with RGB.

Representing FAO and WFP, the Food Security & Agriculture group also elicited from some comments.

- Investment strategy for food storage needs to be elaborated more carefully and logistics management from national to the local level
- Some interventions may have disruptive impact on markets (e.g. subsidy distortions) so need to elaborate well the approaches to not undermine private sector
- Agribusiness and not only horticulture should be supported through the ERP and ERF
- would all or other sectors develop their own recovery plan like agriculture? Working capital should be extended to the whole ag value chain - ERF is not sector specific and criteria is across the board.
- Group would like to know details including the financial gaps and what is expected in planning to be coming from DPs
- Regular updates would be useful by the various sector/sub-groups?
- How where are what are coping mechanisms analysis to inform SP and food security interventions.

9. Closing Remarks

The Chair concluded the meeting by thanking all participants and particularly thanked DPs for their ongoing support and cooperation during the crisis. The Minister applauded DPs for their organization in the sub-groups and the benefits of the more concentrated analysis and coordination on response measures. It was emphasized that the plans outline the broad policy parameters but that there would be room for comments and inputs by all parties, and a week was given for collating more detailed feedback and input from the various groups formed on the strategies including input on costing of activities and the scope of coverage. He encouraged all parties to work together to finalize the ERP shortly.

Matters Arising

Minutes of 73rd DPCG	<ul style="list-style-type: none"> • This was not taken up in the meeting but can be approved via email and final draft of last meeting circulated with draft minutes of 74th DPCG.
Economic Recovery Plan and Economic Recovery Fund	<ul style="list-style-type: none"> • By 15 May co-chairs of four working groups to provide detailed feedback to MINECOFIN and relevant line ministries. Ongoing detailed technical-level coordination calls to be organized to facilitate exchange of knowledge.
COVID-19 financial tracking	<ul style="list-style-type: none"> • DPs pledged to follow mutual accountability mechanisms and commitments as per existing policies. Two templates to track pledges and resources being mobilized have been drafted. MINECOFIN and Co-Chairs to agree on budget table and tracking methods for support provided.