



## 75<sup>th</sup> Development Partners Coordination Group Meeting

25 September 2020  
Special Virtual Meeting

### 1. Remarks by Chair and Co-Chairs

The virtual DPGC meeting was presided over by Hon. Minister of State in charge of National Treasury, Richard TUSABE and was conducted via videoconference in light of COVID-19. The Hon. Minister opened the meeting by welcoming all participants and recognized several new members of the DPCG group including from DPs (World Bank, British High Commission, Sweden, KOICA, and GiZ) as well as from the GoR (MOE, MOH, and MOJ/Solicitor General). In particular, the Hon. Minister thanked the Co-chairs for the good collaborative and consultative work done together in preparation of this meeting. Further, he expressed appreciation for DPs' rapid response to support the country's ERP and for their proactive support to private sector. He noted the tremendous needs still to be met, as well as recorded the impressive progress made to date in responding to the COVID-19 emergency. It was noted that Government recently concluded all Joint Sector Review meetings in all sectors and is initiating a new cycle of planning whereby sector priorities are being shaped. Increased fiscal pressure necessitating a need to make hard budget choices will be factors shaping national development priorities and cooperation in the near-term future.

The Co-Chairs, represented by the Acting USAID Head of Mission and UN Resident Coordinator, welcomed the new Chair of the DPCG and commended the Government of Rwanda in its decisive leadership to address both the social and economic impact of COVID-19 and for its tireless efforts alongside DPs. The Co-Chairs suggested having more frequent engagement at technical level to review and monitor progress against the COVID 19 preparedness and response plan and the ERP (e.g., monthly). They stressed a need to cater for the most vulnerable people and the informal sector in the ERP interventions. In light of the Chair's remarks, the Co-Chairs welcomed the launch in Rwanda of the integrated national financing framework (INFF) process, and its role in strengthening risk-based investment and financing strategies.

### 2. Approval of Agenda

The meeting agenda was presented and the minutes from 74<sup>th</sup> DPCG meeting circulated via email. These were agreed. The agenda focused on the key achievements, challenges and opportunities, and expectations of Government vis-à-vis DPs in regard to the public health, macro-economic, and socio-economic ramifications of COVID-19. The agenda also included

presentations on preparedness for school reopening, conducting the next national census, and the aims of the INFF and road map.

### **3. Presentation on COVID-19 preparedness and response plan implementation**

DG Planning, MOH discussed the status, trends and learning from the implementation of the COVID-19 national response plan and preparedness going forward. The six pillars of the plan were recalled. The presentation overviewed the current state of surveillance of the disease outbreak as well as bed capacity levels for existing treatment centers. Advances in scaling up home-based care for cases involving asymptomatic patients or those with mild symptoms are being made. Budget execution against plan activities remains very high with projected expenditure over 24 billion RWF for the period July to December 2020; the largest share goes toward 'Infection Prevention & Control and Case Management'. MOH noted priority needs are to strengthen lab testing capacity and implementation of the home-based care strategy. There is also a need to further strengthen the capacity of local, decentralized responses.

Following the presentations, DPs commented and raised questions. WHO recommended that the GoR start to engage in Intra-Action Reviews with multiple partners to better ascertain the lessons learned from Rwanda's approaches. This would contribute significantly to regional and global knowledge as well as future country preparedness. USAID suggested better tracking of DP support would inform a strategic pathway going forward and the identification of gaps. A revised table on government expenditure against support was requested to be circulated, noting additional support beyond the immediate response plan had been mobilized. UK and other DPs stressed the importance of COVAX as the best avenue for the procurement of vaccines and for ensuring adequate coverage. WB suggested IDA resources could be used for purchasing and deploying vaccines including direct purchase and bulk procurement, noting concern other countries raised about securing up-front financing to hedge risks and to guarantee access to vaccines in large quantities.

The Chair observed the relevancy of the comments and reiterated the need to address remaining gaps grounded in clear scientific analysis.

### **4. Presentation on Economic Impacts of COVID-19 and ERP**

The Chief Economist & Sr. Economist, MINECOFIN, gave an overview of the macroeconomic situation, with high-frequency data illustrating COVID-19 impacts and trends. Low economic growth for Q2 2020 was both experienced and widely expected, with the data showing a large contraction in receipts and turnover in most sectors. Almost all service sectors were negatively affected, but travel and food and catering sub-sectors were worst affected. Inflation, which is highly driven by transport prices, in particular costs of public transport, is moderately on the rise but plateauing. The current account and overall balance of payments shows signs of deterioration in part due to reduced receipts and remittances from reduced mobility. On the positive side, only a modest impact is seen on currency depreciation with the rate increasing, yet only slightly. In

addition, for the first time ever the capital budget is greater than recurrent budget; this increased domestic investment is helping to boost demand and resume production of economic output.

The current status of the ERP implementation and uptake of funds by financial intermediaries accessing the Economic Recovery Fund was also provided. Social protection and cash transfer mechanisms have also been scaled up. MINALOC increased geographic and household coverage along six different programs addressing public works, food and nutrition support. Public works programmed increased access to over 3,500 households and labor-intensive projects have also increased. There has been a growth in productive asset transfers including fertilizers and other assets. Over 35,000 households have received food aid and 2,500 toolkits have been distributed to beneficiaries. The number of VUP beneficiaries receiving nutrition-sensitive support increased 172% in 17 districts. Thousands of households have received emergency cash transfers including those who can access seeds and fertilizers to prepare for next season

Key infrastructure projects have also been accelerated. Fiscal reforms and stimulus measures, including policy and tax changes have been introduced, while monetary policy has eased, ensuring adequate liquidity and money supply to facilitate economic activities. For example, tax relief has been provided to the private sector to protect jobs, the investment code has been revised, and PPPs have been strengthened in response to COVID-19. Mining production and diversification has been boosted including accelerated reorganization of small-scale mining. The private sector is witnessing an increased use of ICT innovations and e-commerce, investments in digital infrastructure, and other shifts to reinvent the workplace. The construction sector recovery is also expected to contribute to renewed growth by Q4. Good progress in demand and absorption of ERF funding has been observed after two months of implementation. However, based on recent analysis, the prerequisite that businesses must show a 50% reduction in turnover is being revised (average reduction was 30%).

Following the presentation, the IMF provided additional insight on global and regional trends on the macroeconomic impacts of COVID-19 and noted the situation in Rwanda would be discussed in upcoming bilateral consultations. It reiterated that the country's ability to service debt was not a concern, but that it was important spending be more efficient. It suggested measures be taken to boost the contribution of the private sector toward the ERP, in light of a reduced fiscal space. The faster than expected rebound in revenues was positive. It queried how slower agricultural growth in Q2 might impact full-year projections and mused whether the agricultural sector may have been less resilient to COVID-19 as initially thought.

DPS underscored a need for the ERF M&E framework to demonstrate adequate availability and coverage of funds across different sectors of the economy. MINECOFIN clarified that the current priority is to address non-performing loans and to keep enterprises that can provide support the economy going. Around 40% of all loans made under ERF to date reflected credit restructuring as opposed to new lending. Taking lessons from the last financial crisis, the central bank (BNR) is trying to have non-performing loans removed from balance sheets. If the full capitalization of ERF is exhausted, then GoR will consider an additional funding tranche. It was clarified that while

some banks lend to SACCOs that on-lend to MSMEs, other means exist to help these institutions lend further. The Chair noted DP comments and encouraged growing platforms with the private sector including DPCG.

DPs suggested it would be useful to have more technical discussion with the social cluster to better understand the figures provided on enhanced social protection. The meeting also discussed on which measures required to ensure additional support from the DPs in social protection Participants also commended the wealth of information provided and noted increased support to all sectors and welcomed the good progress on allocations for nutrition-sensitive support. The original ERP indicates special social protection measures would be provided until December; in response to a question from UNICEF, the Minister of State indicated this timeframe could be revisited in light of continued impact of the economic slowdown on poor families.

The Co-Chair remarked it would be good to understand the process by which calibrations might be made in the in scope and guidelines of some of the key pillars of these mechanisms to ensure adequate coverage and uptake by all affected actors, and especially the most vulnerable such as informal workers and women's collectives.

GoR responded, agreeing on the need to ensure that the ERP is robust in terms of implementation at sector level. This includes systematic risk-based modeling and the preparation or modification of action plans at sector level. Government is carefully looking at the pipeline of investments to stimulate growth in the post-COVID period, and it recognizes a need to do more with less and to strategically allocate ERP funds. There is a plan to investigate how the ERF can support transport companies as a hedge against inflation, which will be shared with DPs. The Chair welcomed increased level of engagement of DPs, suggesting more frequent meetings at sector level where needed.

## **5. Presentation on Budget**

Ms. Jeanette Rwigamba, Budget Division, presented the current status of the budget and reviewed the process and steps in the current cycle. It was revealed that total revenue (including non-tax revenue) and grant receipts were lower than expected, linked to delays in construction activities and COVID-19 restrictions on mobility. This has led to lower than expected expenditure. Net foreign financing of 954 billion RWF was recorded in the 2019/20 budget.

COVID-19 related expenditure amounted to 109 billion RWF. MINECOFIN gave an overview of major investments, in particular social cluster spending, such as toward the construction of new health facilities, schools, and provision of equipment was provided. Support for informal workers and cooperatives were also a part of past efforts. For example, 61 cooperatives were supported to access modern equipment via a BDF leasing facility, and 390 cross-border trader strained on how to access the Export Growth Facility.

## **6. Presentation on School Reopening**

PS, MINEDUC presented the status of preparations for reopening schools. It has been working for a long time on a national response plan including both short and long-term actions, keeping in mind ensuring health and safety for all while ensuring continuity of learning and building the education system's resiliency to future shocks. Readiness assessments have been conducted across the full spectrum of institutions including TVET.

While objectives for the end of year remain valid, the situation is dynamic and there is a need to continuously adapt targets post 2020. Hand washing facilities are being constructed on a wide scale in schools, universities and other higher learning institutions, with funds from the Global Partnership on Education and CSOs such as World Vision. An increase in remote learning platforms, and use of TV and radio for learning, has been witnessed. Almost 5,300 cooking stoves have been purchased and over 2,600 kitchens in schools are being constructed under a national school feeding program. MINEDUC is providing advice on how to improve action planning including on how to comply with public health guidelines, such as developing isolation facilities, and handling of positive cases among teachers and students.

The UK observed that it would support English language skills for teachers and have prepared a strategy note. It wished to understand if the books being funded under the ERP can be used for home learning.

## **7. Presentation on Preparation of the Census**

DG, NISR presented status of preparations for the 2022 Rwandan population and housing census. The census is a key foundation for all statistical work and creates benchmarks for all key indicators, updates to geospatial analyses, and sampling frames for all other surveys. The last census was undertaken in 2012. The 2022 census will cost around \$30 million, lower than the global average per capita cost.

Preparations for conducting the census have already started. Mapping will conclude by mid next year. Enumeration is expected in August 2022, with a pilot in Aug 2021. NISR appreciated the contribution of all DPs toward increasing capacity for statistics and data management. The Chair confirmed the importance of the exercise and noted GOR will work with interested DPs to ensure adequate resources mobilized to implement it.

On behalf of One UN family, UNFPA appreciated NISR overview of the 2022 Census and reiterated the importance of the Census to all DPs. As a survey occurring only every 10 years, Census is critical to planning and measuring performance of our development efforts and support thru NST1, Vision 2050, and the achievement of the SDGs. Given the magnitude of the Census and budget required to conduct nation-wide household survey, no single institution can meet costs on their own and it is critical we bring together our DP support. With this clear action plan and budget, opportunity for DPs to identify in advance our support to needs in 2021, and 2022.

As One UN family, supports being provided to Census through the One UN Joint Programme on Data that UNFPA is convening. Current support includes preparatory activities mapping exercise; procurement of tablets, computers and software; and training of enumerators and technical assistance. The One UN offers a bashed fund (pooled fund) open to all DPs for ease & efficiency to support NISR on Census. UNFPA stands by in support of NISR for further discussions with any DPs seeking more information on how they can support a successful Census.

### **8. Presentation on Integrated National Financing Framework (INFF)**

Acting DG, National Development Planning and research Department (NDPRD), MINECOFIN, gave a presentation on the INFF, as a strategic tool to inform the financing of the NST1 and the GoR SDG implementation. There is a need to reassess the broader resource mobilization strategy in light of COVID-19 trends and impacts. The INFF would build on what was already in place, including existing governance structures as well as existing assessments and diagnostics. For example, the NST1 financing targets and SDG costing would be refined and updated, while new tools and strategies would be put in place to make for a more coherent plan. The exercise would also include the development of innovative finance mechanisms, placing more emphasis on leveraging private investment and scaling up green finance and other potential sources of development financing. The road map was presented, indicating initial work to be presented by mid-2021, upon which a longer-term action plan would be based.

### **9. Closing Remarks**

The Co-Chairs concluded the meeting by thanking all participants and the DPs for their ongoing support and cooperation during the crisis.

### **Matters Arising**

<b>Circulation of Additional Information</b>	<ul style="list-style-type: none"> <li>MOH to circulate revised table of expenditure on COVID-related responses reflecting broader contributions and activities beyond immediate National Health Preparedness and Response Plan.</li> </ul>
<b>Inclusion of Private Sector</b>	<ul style="list-style-type: none"> <li>Private sector to be invited to present at next DPCG on how covid-19 has impacted business environment and solutions.</li> </ul>