



REPUBLIKA Y'U RWANDA
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FOR AFRICA'S DEVELOPMENT

A Programme of the African Union

Comprehensive Africa Agriculture Development Program
(CAADP)

RWANDA

Agricultural Growth, Poverty Reduction, and Food Security *Past Performance and Prospective Outcomes*

The *Comprehensive Africa Agriculture Development Programme (CAADP)* aims to add value to the efforts of individual countries, where necessary, to ensure that its growth and poverty objectives are achieved. Doing so requires reviewing past, current, and emerging efforts against these objectives. This includes:

- Examining the recent growth performance of the agricultural sector, as well as future growth and poverty outcomes based on observed trends.
- Determining how such outcomes compare with the targets established for the sector under the CAADP agenda and how they compare with the Millennium Development Goal to halve the proportion of people living on less than a dollar a day (MDG1).
- Measuring the prospects of meeting these targets and analysing the implications for future sector growth and poverty-reduction strategies.

IS RWANDA ON TRACK TO MEET CAADP'S GROWTH AND POVERTY TARGETS?

Recent Performance and Current Trends Compared to CAADP Targets

Rwanda's recent growth performance has been quite robust, with agricultural and overall GDP growth rates around 6 percent, resulting in GDP per capita growth rates of well above 2 percent between 2001 and 2005. Because the post-genocide economic recovery was at its peak during this period, it is unlikely that the same pace of growth can be exceeded or even sustained over the medium to long run. Future growth trends for the sector under the status quo are therefore projected to 2015 and are based on the following assumptions:

1. A stabilisation of long-term crop-yield growth rates around the observed averages during the period 2000–2005, except for the rice and fruit/vegetable sectors, where productivity growth is expected to slow from 13 percent and 20 percent, respectively, to 2.9 percent and 6 percent per year.
2. An annual expansion rate of crop area of around 0.5 percent, leading to an overall increase in cropland by 100,000 ha to a total of 1.8 million over the projection period.

Based on the above assumptions, future growth performance is projected to stabilise at around 4 percent annually both for the overall economy and the agricul-

tural sector, with average per capita income growth of 1 percent (Figure 1a). Although positive, these growth rates are significantly less than the 6 percent CAADP targeted for the agricultural sector. The projected performance is also less than required to achieve an effective reduction in poverty rates by 2015. According to the projections in Figure 2a, national and rural poverty rates will decline by less than 10 percent. Given that the population will grow more quickly over the same period, the absolute number of poor people is projected to increase across all groups and by about 1.5 million for the country as a whole, as indicated in Figure 3a.

CAN EMERGING GOVERNMENT STRATEGIES ACHIEVE CAADP'S GROWTH AND POVERTY TARGETS?

Overview of the Government's Strategic Objectives for the Agricultural Sector

The Government of Rwanda's agricultural sector targets are outlined in four key strategic documents: the Vision 2020, the National Agricultural Policy (NAP), the Economic Development and Poverty Reduction Strategy (formerly the Poverty Reduction Strategy—PRSP), and the Strategic Plan for the Transformation of Agriculture (PSTA). In addition, strategic development plans exist for various subsectors such as rice, coffee, tea, and livestock, as well as for key investment areas such as fertilisers, marshland development, and research and extension.

In many cases, long-run objectives are set in terms of

Figure 1a – Annual Growth Rate 2005–2015 (%)

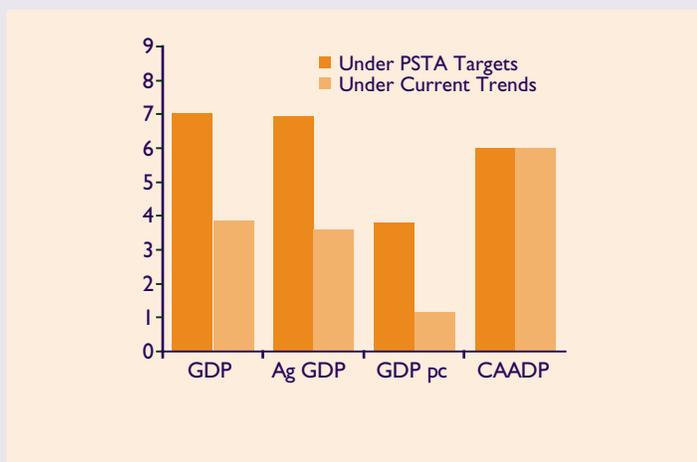
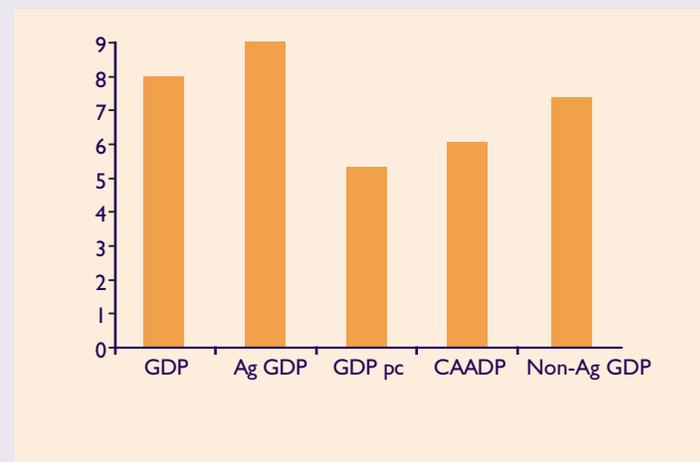


Figure 1b – Annual Growth Rate Required to Meet MDG I 2005–2015 (%)



output targets, crop areas, and/or yield levels. For the purpose of projecting the outcomes of emerging government strategies, subsector targets have been translated into equivalent yield growth rates. Although the various subsector strategies and plans specify different time periods, the projections assume that target yield growth rates are reached by 2015 and maintained through 2020. There are three subsectors that are important for poverty-reduction and nutrition objectives but for which targets could not be found in government documents: sweet-potato, beans, and banana. The projections assume yield growth rates for these subsectors of around 3-4 percent—more than 2 percentage points higher than current trends, for the first two products.

Projected Growth and Poverty Outcomes under Government Strategies

The projection results presented in Figure 1a indicate that achieving the targets outlined in current government strategies would allow the country to meet the CAADP target of an overall sector growth rate of 6 percent by 2015. Successful implementation of these strategies would allow the country to sustain its recent strong performance during the next 10 years and beyond. Both overall GDP and agricultural GDP would continue to grow at around 6 percent. Per capita GDP growth would even accelerate to exceed 3 percent, leading to a decline in poverty rates by about 20 percent, or twice as much as indicated under current trends (Figure 2a). As shown in Figure 3b, the absolute number of poor people at the national level as well as among all household categories would still continue to increase, albeit very slightly. The 20 percent reduction in poverty would, however, be

significantly less than the MDG goal of halving poverty by 2015.

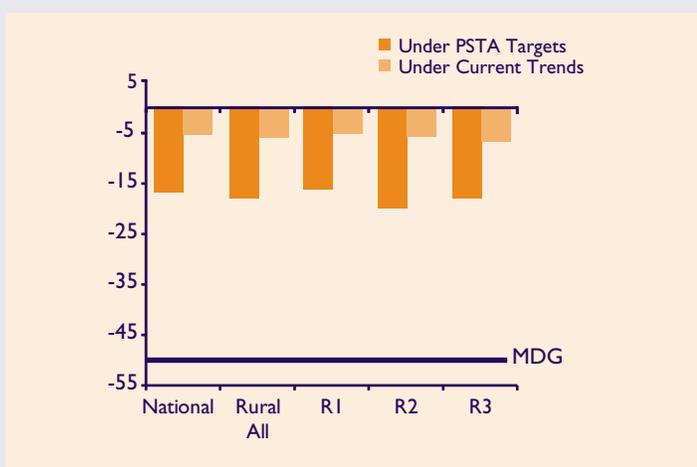
ACHIEVING MDG POVERTY OBJECTIVE REQUIRES GROWTH BEYOND CURRENT GOVERNMENT AND CAADP TARGETS

Achieving the MDG poverty objective (MDGI) would require cutting the national poverty rate to 30 percent from the current 60 percent. Such a reduction necessitates higher agricultural growth rates than are achievable under current targets established by the government’s Strategic Plan for Agricultural Transformation (PSTA) or, for that matter, under CAADP growth targets. In other words, Rwanda could well achieve the CAADP target of a 6 percent agricultural sector growth rate and still fail to realise the MDG poverty-reduction objective.

Growth Outcomes Required to Achieve MDGI Objectives in Rwanda by 2015

The projected growth rates required to cut poverty rates by 50 percent by 2015 are presented in Figure 1b. They imply an agricultural sector growth rate of 9 percent and a nonagricultural sector growth rate of 7.2 percent, leading to an overall GDP growth rate of 8 percent and per capita GDP growth of 5 percent. If these growth rates were attained, the MDG poverty-reduction objective would not only be achieved at the national level, but also for all household categories, with the exception of households with less than 0.3 ha of land (see Figure 2b). Even

Figure 2a – Decline in Poverty Rate 2005–2015 (%)



R1 Household with 0-3 ha of land R2 between 0.3 of 1.0 ha R3 > 1.0 ha

Figure 2b – Decline in Poverty Rate under MDGI Target 2005–2015 (%)

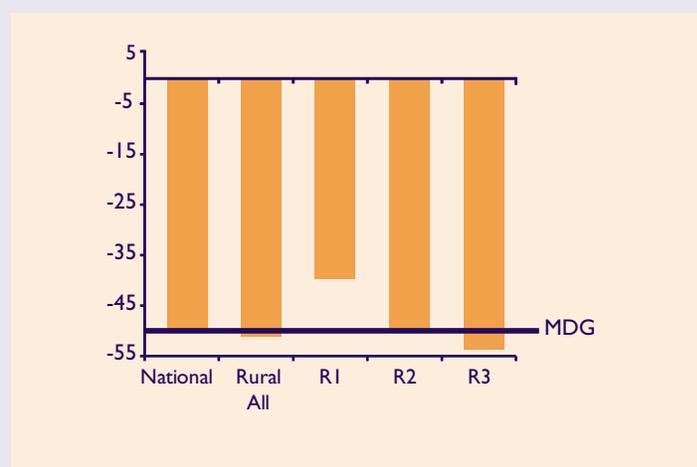


Figure 3a – Projected Change in Absolute Number of Poor between 2001–2015 (mill.)

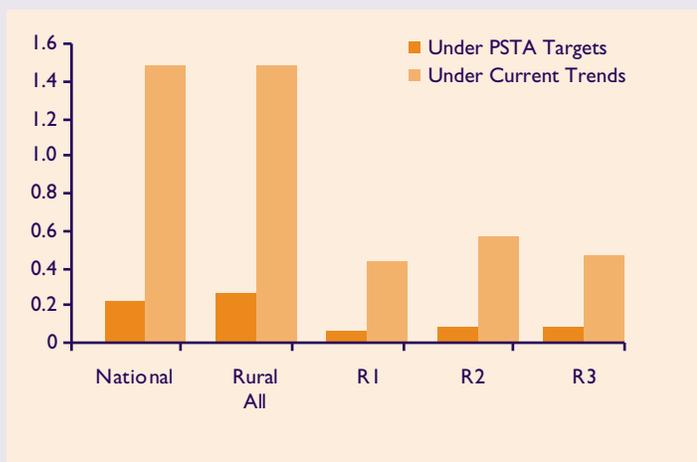
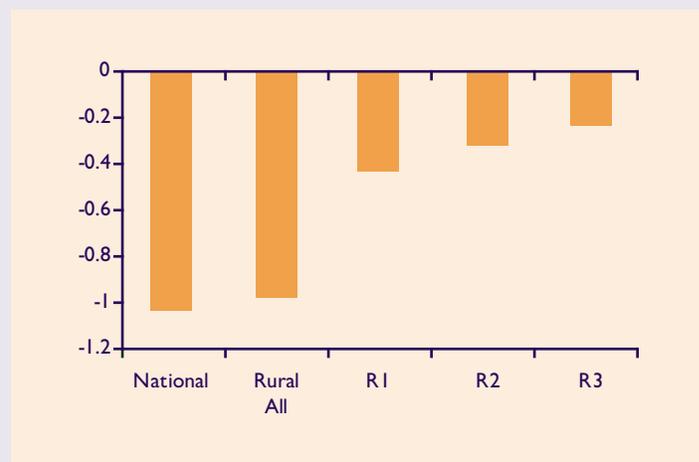


Figure 3b – Decline in Absolute Number of Poor Required under MDG I Target 2001–2015 (mill.)



in the latter case, the poverty rate would have dropped by more than 40 percent by 2015. Under this scenario, the absolute number of poor people would decrease significantly below current levels, by more than 1 million nationally and between 0.4 and 0.2 million across various household groups, despite a projected annual population increase of more than 2 percent over the same period (see Figure 3b).

The results presented here indicate that: (i) the continuation of current growth trends in Rwanda would not achieve the CAADP growth target or lead to a significant reduction in poverty rates by 2015; (ii) emerging sector strategies under the PSTA could achieve the CAADP

growth target but would still fall short of achieving the MDG goal of halving poverty; and (iii) meeting the latter objective would require a 30 percent higher agricultural sector growth rate than projected under the PSTA.

A closer look at the results already indicates significant variations across household categories. Because poverty is distributed unequally and growth may affect different households differently, it is important to examine the distributional consequences of alternative growth strategies for the sector and their implications for poverty reduction across a broader category of households (see Brochure 3: *Strategic Options and Sources for Agricultural Growth, Poverty Reduction, and Food Security*).

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