



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION



Programme for Country
Partnership **Rwanda**



RWANDA

PROGRAMME FOR
COUNTRY PARTNERSHIP (PCP)
ANNUAL REPORT 2021





SUSTAINABLE DEVELOPMENT GOALS






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THE PCP AT A GLANCE

	<p>COUNTRY</p> <p>RWANDA</p>
<p>STATUS</p>	<ul style="list-style-type: none"> • Date of approval of the development of the PCP by the UNIDO Executive Board: 29 October 2018 • Programming: Initiated in 2019 – ongoing • Implementation timeframe: TBC • Expected completion date: TBC
<p>PRINCIPLE NATIONAL POLICY/STRATEGY SUPPORTED BY THE PCP</p>	<ul style="list-style-type: none"> • Rwanda Vision 2050 • National Strategy for Transformation (NST1/2017-2024) • Made in Rwanda Policy • Covid-19 Economic Recovery Plan • Rwanda New Industrial Policy • Manufacture and Build to Recover Programme
<p>FOCUS SECTORS/ AREAS</p>	<ol style="list-style-type: none"> 1. Agro-food processing: Integrated agro industrial parks, especially for fruits and vegetables 2. Livestock value chain development 3. Garments 4. Industry 4.0 <p>Cross-cutting areas: Quality infrastructure and quality control, circular economy, environment, technological upgrading</p>
<p>MAIN PARTICIPATING MINISTRIES</p>	<ul style="list-style-type: none"> • Ministry of Trade and Industry • Ministry of Agriculture • Ministry of Environment • Ministry of Finance and Economic Planning • Ministry of Information and Communication Technology • Ministry of Public Services and Labour
<p>KEY DEVELOPMENT PARTNERS (ENVISIONED)</p>	<ul style="list-style-type: none"> • Financial institutions: African Development Bank, International Fund for Agricultural Development, World Bank • Bilateral/multilateral partners: Belgium, China, European Union, Germany (GIZ), Republic of Korea (KOICA), Sweden (SIDA), Switzerland, the United Kingdom (DFID), the United States of America (USAID) • UN entities: Food and Agriculture Organization, International Labour Organization, International Trade Center, United Nations Development Programme, United Nations Economic Commission for Africa, United Nations Environment Programme , UN Women • Business sector: Association of Manufacturers, Farmers associations, Rwanda Private Sector Federation • Other partners: International and national non-governmental organizations



UNIDO PROJECTS WITH FUNDING SECURED¹ (COMPLETED AND ONGOING)	Total number of ongoing projects: 5 projects Current ongoing projects total funding: \$870,500
TOTAL INVESTMENTS LEVERAGED² (CUMULATIVE)	N/A as the PCP is in the programming phase
TOTAL PCP VOLUME	\$870,500

¹ **Funding secured:** The total budget (net, i.e. excluding programme support costs) under signed agreements for UNIDO programmes and projects, indicated in US\$ amounts.

² **Funding leveraged:** These include public or private resources, in cash or in-kind, allocated by public or private partners towards the objectives of the PCP. They are contributed partly as a result of UNIDO interventions within the framework of the PCP, and based on a verbal or written commitment. Such resources are not channeled through UNIDO's accounts and accordingly not under the Organization's direct control.

1. Executive summary

In 2021, the UNIDO PCP country diagnostic was finalized to support the formulation of the Programme for Country Partnership (PCP) for Rwanda. Consultations were held with the Ministry of Trade and Industry, the National Industrial Research and Development Agency (NIRDA) of Rwanda and the regional office of the UN Economic Commission for Africa office in Rwanda, as well as the Private Sector Federation (PSF). The diagnostic study identified PCP thematic components, priority sectors and bottlenecks to businesses which can guide further discussions on the identification of specific PCP interventions meant to boost industrialization and sustained growth in the medium- to long term. It was endorsed and validated by the Government of Rwanda.

The formulation of the PCP document has also commenced. This work will be informed by the industrial diagnostic study as well as the studies that were conducted in the context of exploring the impact of Covid-19 on Rwanda's socio-economic development. In that context, COVID-19 recovery and resilience building will be addressed in a cross-cutting manner, within all PCP focus areas.

In the context of Delivering as One, UNIDO along with UNDP, FAO and UNCDF prepared a joint project proposal titled "Building Back Better and Greener: A Reality with Resilient Entrepreneurship and Women at the Center" that was submitted to MPTF for funding. Through a multi-pronged, approach including technical and advisory support, as well as support to micro-financing institutions and micro-grants, hundreds of MSMEs and entrepreneurs will be assisted -- the majority of which will be women, to increase the productivity, competitiveness, and export-readiness of their operations. Also, doing business increasingly going digital, with e-commerce replacing face-to-face transactions in all sectors, efforts must be instituted to ensure that all business operators are equipped to meet the challenge of digitalization through targeted interventions by this joint programme. Finally, UNIDO contributed to the Joint UN Socio-Economic Impact Assessment of COVID-19 in Rwanda.

UNIDO started developing a portfolio of technical cooperation projects in Rwanda to feed into PCP implementation. The PCP will take stock and benefit from the concluded project on value chain development and SME support through the National Industrial and Research Development Agency (NIRDA) and the appointed PCP focal point by the Ministry of Trade and Industry of Rwanda. Other pipeline initiatives include an initiative on decarbonization (low-carbon transformation) of the tea sector and an initiative titled "Acceleration of financial technology-enabled climate resilience solutions".

The UNIDO Field Office in Rwanda supported the application of Rwanda as a partner for the Partnership for Action on Green Economy (PAGE) along with UNDP, ILO, UNEP and UNITAR, and joined other UN agencies in potential partnership with the Equity Bank. A letter of intent was signed in November 2021 and nine areas of collaboration were identified including energy and environment, agriculture development (value chains), job creation (youth, SMEs), financing for the SDGs, and women's empowerment, among others.

2. Introduction

The PCP is UNIDO's flagship programme to support countries in achieving their long-term inclusive and sustainable industrial development (ISID) goals. Each PCP is tailored to country needs, aligned with the national development agenda and owned by the host government.

It is founded on a multi-stakeholder partnership to ensure synergy between different interventions and maximize impact. PCP interventions aim to unlock public and private investment in selected priority industrial sectors and areas. The PCP delivers an integrated service package by combining UNIDO's advisory and normative services, technical assistance and convening function.



In October 2018, the Executive Board of UNIDO approved the development of the Programme for Country Partnership (PCP) for Rwanda to further promote and ISID in the country. The PCP will support the implementation of the National Strategy for Transformation (2017-2024) and the Government of Rwanda's "Vision 2050" and its associated 2035 targets. The PCP is expected to make a significant contribution to the ongoing efforts to transform Rwanda into a middle-income country.

Rwanda's Vision 2050 aspires to ensure high living standards for all Rwandans by the middle of the 21st century, building on several pillars, among which "Transformation for Prosperity". With nearly 70% of the workforce engaged in agriculture, the potential for productivity gains from structural transformation, urbanization and industrialization is significant. Agriculture has yet to reach its full potential and investments in climate resilient techniques for farming, coupled with improvements in value chains, are expected to yield significant future gains in both growth and poverty reduction.

The National Strategy for Transformation of Rwanda (NST1: 2018-2024), and the pillar on economic transformation presents a comprehensive strategy to accelerate private sector-led economic growth and increased productivity. This pillar entails the following priorities among others:

- 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;
- Modernize and increase the productivity of agriculture and livestock;
- Promote sustainable management of the environment and natural resources to transition Rwanda towards a Green Economy;
- Create 1,500,000 decent and productive jobs over 7 years (214,000 annually);
- Accelerate sustainable urbanization from 18.4% (2016/17) to 35% by 2024;
- Establish Rwanda as a globally competitive knowledge-based economy;
- Increase domestic savings and position Rwanda as a hub for financial services to promote investments.

The Government of Rwanda has also launched the "Manufacture and Build to Recover Programme" and established the "Manufacturing Acceleration Committee" to fast track the implementation of its industrialization agenda.. The PCP will support economic recovery and job creation, especially for youth and women.

In 2021, the UNIDO PCP country diagnostic was finalized. Consultations were held with the Ministry of Trade and Industry, the National Industrial Research and Development Agency (NIRDA) of Rwanda and the regional office of the UN Economic Commission for Africa office in Rwanda, as well as the Private Sector Federation (PSF). The diagnostic study identified PCP thematic components, priority sectors and bottlenecks to businesses which can guide further discussions on the identification of specific PCP interventions meant to boost industrialization and sustained growth in the medium- to long term.

Based on consultations with the Government, the proposed **PCP thematic components** include agro-food processing, livestock value chain development, garments and Industry 4.0. Furthermore, the following **priority sectors** were identified: food and beverages, textiles, wearing apparel, leather, paper, coke and refined petroleum, chemicals, non-metallic minerals, basic metals, motor vehicles and transport equipment. The PCP team will work closely with the Manufacturing Acceleration Committee to address new developments and emerging issues as part of the finalization of the PCP formulation phase.

3. Alignment with and contribution to UNSDCF

Under the leadership of the United Nations Resident Coordinator, the United Nations Country Team (UNCT) in Rwanda carried out a consultative Common Country Analysis (CCA) in 2020 and Mid-Term Performance Review of the United Nations Development Assistance Plan 2018 – 2023 (UNDAP II) in 2021. The UNDAP for 2018-2023 outlines the following strategic areas of collaboration in line with Rwanda’s national development priorities: (i) Economic transformation; (ii) Social transformation, and; (iii) Transformational governance. The PCP for Rwanda will be aligned and will contribute to the above-mentioned UNDAP strategic areas, in particular the economic transformation pillar, and to the subsequent cycle of the United Nations Sustainable Development Cooperation Framework (UNSDCF).

4. Programme-level results

4.1 COORDINATION AND GOVERNANCE

The PCP coordination and steering structure will provide strategic direction and oversee the overall implementation of PCP activities, coordination of resource mobilization efforts, and the sequencing and prioritization of programme activities. It will also ensure coordination among the various partners involved in the programme.

Initial consultations held with the Government on the national coordination mechanism and its composition suggest the following structure, to be confirmed and formally established.

Ministerial-level coordination through a National Steering Committee: This will include the Ministry of Trade and Industry, the Ministry of Agriculture, and the Ministry of Finance and Economic Planning. To avoid duplication, the Manufacturing Acceleration Committee that was established to oversee the Covid-19 recovery related investment and promotion of the industrialization agenda could play the role of National Steering Committee. The Manufacturing Acceleration Committee reports directly to the Prime Minister’s Office and include key line Institutions including: The Ministry of Finance and Economic Planning, the Ministry of Trade and Industry, the Ministry of Agriculture and the Ministry of Infrastructure.

Specific task forces with a strong private sector presence, including: a task force for manufacturing agricultural transformation, including with the participation of the Rwanda Bureau of Standards and the Rwanda Foods and Drugs Authority; a resource mobilization task force led by the Ministry of Finance and Economic Planning, involving Permanent Secretaries, financial institutions, bilateral donors, foundations, etc.; and an investment promotion task force involving the Rwanda Development Board.

At the occasion of the mission of the UNIDO PCP Programme Manager to Rwanda in September 2021, the Government confirmed its commitment to the PCP approach, and validated the PCP Industrial Diagnostic Study was formally validated by MINICOM and aligned with new industrial policy formulation under completion. Opportunities were discussed with development partners (AfDB, EU, GIZ, and KOICA), and meetings held with the UN RC/HC to discuss alignment to the UNSDCF.

4.2 PARTNERSHIPS AND RESOURCE MOBILIZATION

The Government of Rwanda has committed in-kind contributions to PCP programming as well as funding for the realization of the integrated-agro industrial parks. The Government has also expressed its commitment to allocating the required



resources for infrastructure development and to strengthening coordination efforts for advancing industrialization in the country.

Moreover, a number of development partners have already expressed their interest to support the PCP Rwanda, including the African Development Bank, China, the European Union, the Republic of Korea, the United Kingdom, and United Nations Development Programme. The formulation of the PCP will be coupled with the identification of synergies and resource mobilization opportunities with various partners.

On the UNCT side, the entities supporting the Economic Transformation pillar will seek synergies to promote inclusive economic growth, and environment and natural resources conservation reforms, together with the public and private sector as well as civil society and development partners. In that regard, the UN signed a Letter of Intent to partner with Equity Group Foundation and a number of UN Joint Programmes are under consideration. UNIDO has proposed areas of potential partnerships including: agro-processing and industrial parks, energy and environment, and areas related to job creation.

4.3 RESULTS OF PCP ADVISORY SERVICES

In 2021, the PCP industrial diagnostic study was the main advisory service provided to the Government of Rwanda by UNIDO. The study analysed manufacturing industries in detail, based on criteria such as employment, exports and imports, and the capacity of industries to generate employment, to be competitive in international markets and to create policy space for import substitution strategies. The following set of priority industries were identified: food and beverages, textiles, wearing apparel, leather, paper, coke and refined petroleum, chemicals, non-metallic minerals, basic metals, motor vehicles and other transport equipment) to be considered in further dialogue following the diagnostic phase on project selection and design.

In addition, UNIDO completed the Rwanda Country and Industry Profile (CIP) and conducted feasibility studies for potential interventions in selected sectors, such as livestock, leather, textiles and garments. Technology audits were also conducted with UNIDO's support. These will serve to inform the formulation of the PCP Rwanda and enhance implementation of the country's Industrial Policy.

In addition, a UNIDO-AfDB survey was conducted on the impacts of COVID-19 on manufacturing firms in Rwanda, to assess the impact of the pandemic on the industrial sector of Rwanda. The data collected and the survey recommendations will continue to inform and guide policymakers in the design and implementation of economic recovery and resilience measures for the industrial sector.

Finally, UNIDO co-chairs the sub-sector working group on "Production Capability and Technology Development" along with the National Industrial and Research Development Agency, under the Ministry of Trade and Industry to support the private sector.

4.4 TECHNICAL COOPERATION RESULTS

N/A as the PCP is undergoing programming. Interventions will be developed in line with the identified PCP priority areas.

- **Agro-food processing - Integrated agro industrial parks, especially for fruits and vegetables:** Interventions in this area will seek to provide a coordinated geographical space for more advanced processing, especially for exports, while also developing rural agro micro-processing centres. The Government has proposed to start with fruits and vegetables, and subsequently expand to other food staples. Key challenges in this sub-sector include limited backward and forward linkages from primary agro production to end market, high post-harvest losses, limited rural infrastructure, challenges in access to credits, limited technologies as well as skills, coupled with limited facilities for acquiring technical know-how and trainings, among others. The Government has prioritized this agricultural sub-sector and value added

processing, recognizing that efficient value chains and high value market linkages contribute to job creation, reduced post-harvest losses, and sustained food and income security.

- **Livestock value chain development:** Interventions in this area will address also feed processing, meat processing, tannery, dairy, integrated leather parks, and industrial by-products following the “Cow-in-the Car” approach. The Government targets an increase in production, exports, and the creation of jobs and increased incomes, especially for youth. The livestock value chain development-related sub-sectors have potential to boost the economy due to their strong backward linkages to the rural economy and their labour-intensive nature. Challenges facing the sector include the lack of tanneries, shortages in the supply of raw materials, outdated technology and equipment, limited labour skills, and low capacity utilization in some instances.
- **Garments:** Interventions in this area will seek to upgrade small and medium-sized enterprises (SMEs) in the garment industry, looking at the entire value chain from raw materials to retail for markets. Interventions will also look into making “Made in Rwanda” products more competitive in terms of price and quality. Like the agro-food processing sector, Rwanda has potential to develop the garment sector, and create more jobs and export earnings, and reduce its reliance on traditional exports. Promoting the garment industry offers great potential for export diversification, however, a number of constraints need to be addressed. These include, among others, standards and quality infrastructure, which is among the major challenges to market access for Rwandan goods, as well as limited investments in industrial production, shortages in the supply of raw materials, lack/outdated technology and equipment, and limited labour skills.
- **Industry 4.0:** Interventions will seek to support Rwanda in integrating new technologies and automation into industries and developing new value chains around the Fourth Industrial Revolution. UNIDO, through the PCP, will assist Rwanda in optimizing some of the opportunities presented by Industry 4.0 by among others, sharing available tools and methods for innovation management in industry, designing training curricula for new workforce skills requirements, exploring methods and best practices to support the digital transformation of SMEs, encouraging industrial sector absorption of the new technologies, and advising on the issues of new infrastructure, standards and policies that need to be developed or mainstreamed to correspond to the new technologies.
- **Tentative cross-cutting interventions** include technological upgrading to support Rwanda in leapfrogging industrialization, integration of the circular economy concept, quality infrastructure and enhancement and quality control for products, as well as sustainability issues in industries, such as the adoption and expansion of resource efficient and circular production technologies and measures.

Going forward, in addition to new interventions, the programme will build on some of the concluded or ongoing TC activities in the country, in line with identified PCP priority areas.



ERP ID	Completed project / sub-programme title (since start of the PCP)	Donor	Funding (US\$)
ID 150442	Advancing Economic Competitiveness (Industrial Policy & Value Chains Development) Capacity Building for NIRDA	KOICA	2.4 million
	Renewable energy& innovation/Proof of Concept for Mini Solar plant for Kigali Innovation City	Japan	(regional project)
	Research & Analysis/ Survey on Impact of Covid-19 on Manufacturing Firms in Rwanda	AfDB/PRS	(regional project)

ERP ID	Ongoing project / sub-programme title	Donor	Funding (US\$)
ID 105236	Environment/Montreal protocol/HCFC phase out management plan for Rwanda, phase II, first tranche	Montreal Protocol	70,000
ID 210284	Environment/Montreal protocol/Preparation of Kigali HFC implementation plan	Montreal Protocol	39,000
ID 180267	Environment/ Minamata Convention: Initial assessment for Rwanda	GEF	200,000
ID 180268	Environment/ Minamata Convention:National action plan on mercury in the artisanal and small-scale gold mining sector in Rwanda	GEF	500,000
ID 190322	PCP Rwanda (programming)	PTF - China	61,500
		Sub-total:	870,500

ERP ID	Pipeline project / sub-programme title	Potential donor	Estimated funding (US\$)
TBC	Low carbon transformation (Decarbonization) of the tea sector in Rwanda	EU, AfDB, KOICA, JICA, GCF	5 million
TBC	Low carbon transformation (Decarbonization) of the tea sector in Rwanda	GEF	200,000

5. Upcoming milestones and major results expected in 2022

UNIDO will work with the Government of Rwanda to finalize PCP programming, and develop a comprehensive programme document and interventions in the identified priority areas.

For more information, please scan the QR Code to
[access the PCP Rwanda UNIDO website.](#)



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