



UNITED NATIONS  
INDUSTRIAL DEVELOPMENT ORGANIZATION



Programme for Country  
Partnership **Rwanda**



# RWANDA

Programme for Country Partnership — PCP

Annual Report **2020**





# SUSTAINABLE DEVELOPMENT GOALS

**1** NO POVERTY

**2** ZERO HUNGER

**3** GOOD HEALTH AND WELL-BEING

**4** QUALITY EDUCATION

**10** REDUCED INEQUALITIES

**9** INDUSTRY, INNOVATION AND INFRASTRUCTURE

**5** GENDER EQUALITY

**6** CLEAN WATER AND SANITATION

**11** SUSTAINABLE CITIES AND COMMUNITIES

**7** AFFORDABLE AND CLEAN ENERGY

**8** DECENT WORK AND ECONOMIC GROWTH

**12** RESPONSIBLE CONSUMPTION AND PRODUCTION

**13** CLIMATE ACTION

**14** LIFE BELOW WATER

**17** PARTNERSHIPS FOR THE GOALS

**15** LIFE ON LAND

**16** PEACE, JUSTICE AND STRONG INSTITUTIONS

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# PCP RWANDA AT A GLANCE

## STATUS

Date of approval of the development of the PCP by the UNIDO Executive Board: October 2018

**Programming: Initiated in 2019 – ongoing**

Implementation: Expected to commence in 2021

Expected completion date: 2025

## PRINCIPLE NATIONAL POLICY / STRATEGY SUPPORTED BY THE PCP

Rwanda Vision 2050

National Strategy for Transformation (2017-2024)

Made in Rwanda Policy

Covid-19 Economic Recovery Plan

Rwanda New Industrial Policy (Under development)

## TENTATIVE FOCUS SECTORS / AREAS

Tentative as per initial consultations with the Government:

**Agro-food processing: Integrated agro-industrial parks, especially for fruits and vegetables**

**Livestock value chain development**

**Garments**

**Industry 4.0**

Cross-cutting areas: Quality infrastructure and quality control, circular economy, environment, technological upgrading

## MAIN PARTICIPATING MINISTRIES

Ministry of Trade and Industry

Ministry of Finance and Economic Planning

Ministry of Agriculture

Ministry of Information and Communication Technology

Ministry of Public Services and Labour

Ministry of Environment

## KEY DEVELOPMENT PARTNERS (ENVISIONED)

**Financial institutions:** African Development Bank, International Fund for Agricultural Development, World Bank

**Bilateral/multilateral partners:** Belgium, China, Germany (GIZ), European Union, Republic of Korea, Sweden (SIDA), Switzerland, and the United Kingdom (DFID), the United States of America (USAID)

**UN entities:** Food and Agriculture Organization, United Nations Development Programme, United Nations, Economic Commission for Africa, International Labour Organization, UN Women

**Business sector:** Rwanda Private Sector Federation

**Other partners:** International non-governmental organizations

## UNIDO PROJECTS WITH FUNDING SECURED (COMPLETED AND ONGOING)

The PCP for Rwanda is undergoing programming. UNIDO's ongoing portfolio of technical cooperation projects in Rwanda will be integrated into the PCP (Annex 1).

New projects will be developed according to the priority areas, stakeholder consultations and the finalization of programming in 2021.

## TOTAL INVESTMENTS LEVERAGED (CUMULATIVE)

N/A as the PCP is undergoing programming.

## TOTAL PCP VOLUME

N/A as the PCP is undergoing programming.

# 1. EXECUTIVE SUMMARY

In October 2018, the Executive Board of UNIDO approved the development of the Programme for Country Partnership (PCP) for Rwanda. The PCP will support the implementation of the National Strategy for Transformation (2017-2024) and the Government of Rwanda's "Vision 2050". UNIDO conducted several missions to the country in the course of 2019 to discuss the PCP with the Government, including the PCP national coordination mechanism, and initiate the formulation of the new programme.

In 2020, UNIDO conducted a country diagnostic to identify the main opportunities and bottlenecks for advancing inclusive and sustainable industrial development in Rwanda, as part of the formulation of the PCP. Consultations were held with various stakeholders, including the Ministry of Trade and Industry, the National Industrial Research and Development Agency of Rwanda, the regional office of the UN Economic Commission for Africa in Rwanda, as well as the Private Sector Federation. The diagnostic study identified the thematic components, priority sectors, and bottlenecks to businesses, which will guide further discussions on the identification of specific PCP projects and interventions for boosting industrialization and sustained growth in Rwanda for the medium- to long-term.

In the context of the pandemic, UNIDO contributed to the joint UN Socio-Economic Impact Assessment of COVID-19 in Rwanda and supported local small and medium-sized enterprises (SMEs) in the garment sector to produce face masks. This support included providing sewing machines and other equipment, along with capacity-building in various areas of the business including design, quality management systems, marketing and communications, business and financial planning and management, and taxation. The SMEs adjusted their production and contributed to the production of face masks, and were considered as suppliers for the national procurement authorities.

Furthermore, in the context of Delivering as One, UNIDO, along with the United Nations Development Programme (UNDP), the Food and Agriculture Organization (FAO), and the United Nations Capital Development Fund (UNCDF), prepared a joint project proposal titled "Building back better and greener: A reality with resilient entrepreneurship and women at the center", which was submitted to the UN COVID-19 Multi-Partner Trust Fund for funding consideration.

UNIDO has an ongoing portfolio of technical cooperation projects in Rwanda that will be integrated into the PCP, covering various areas aimed at safeguarding the environment, advancing economic competitiveness (industrial policy and value chain development), and research and quality infrastructure, among others. The formulation of the PCP Rwanda Programme Document is expected to be finalized in 2021.

## 2. INTRODUCTION

Rwanda became a Member state of UNIDO in June 1985 and, over the years, UNIDO has provided technical assistance to Rwanda through more than 130 programmes and projects in the areas of industrial policy, industrial competitiveness and trade capacity-building, poverty reduction, environmental protection, agro-industrial development, energy and resource efficiency, and cleaner production, among others.

In October 2018, the Executive Board of UNIDO approved the development of the Programme for Country Partnership (PCP) for Rwanda to further promote and accelerate inclusive and sustainable industrial development (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.

Based on initial consultations with the Government, the proposed PCP focus areas are agro-food processing, livestock value chain development, garments and Industry 4.0.

**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 garments sector, and create more jobs and export earnings, and reduce its reliance on traditional exports. Promoting the garments 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.

UNIDO's role within the PCP Rwanda will be to:

- Facilitate the convening of partners and the overall coordination of the PCP;
- Design and develop a holistic programme, together with the Government, aimed at upscaling development impact and building synergies
- with partner interventions in the country;
- Provide normative, policy and advisory services to the Government on industry-related issues;
- Deliver integrated and multidisciplinary technical assistance; and
- Support the Government in mobilizing large-scale industrial investments from public and private partners.

Rwanda Burera Dairy Community



### 3. ALIGNMENT WITH AND CONTRIBUTION TO UNSDCF

The PCP for Rwanda will be integrated in the United Nations Development Assistance Plan (UNDAP) for 2018-2023 and to the subsequent generation of the United Nations Sustainable Development Cooperation Framework (UNSDCF).

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. These areas are aligned to the Government of Rwanda's development priorities as outlined in the Vision 2050, the National Strategy for Transformation (2017-2024), and the subsequent sectoral strategic plans and district development strategies based on the Agenda 2030. The PCP for Rwanda will be aligned and will contribute to the above-mentioned UNDAP strategic areas, in particular the economic transformation pillar.

### 4. PROGRAMME-LEVEL RESULTS

#### 4.1. COORDINATION AND GOVERNANCE

The PCP coordination and steering structure will provide strategic direction and oversee 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 in 2021.

- **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.
- **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.
- **Project steering committees.**

#### 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 PCP will be coupled with the identification of synergies and resource mobilization opportunities with various partners.

#### 4.3. RESULTS OF PCP ADVISORY SERVICES

The UNIDO Country Diagnostic, the UNIDO Country and Industry profile for Rwanda, and feasibility studies on potential sectors, such as livestock/leather, as well as textiles and garments technology audits that were conducted with UNIDO's support, will inform the formulation of the PCP for Rwanda. The PCP diagnostic study was conducted between August and October 2020, and benefitted from support and information provided by key stakeholders in the sphere of industrial policy and structural change. Consultations were held with the Ministry of Trade and Industry, the National Industrial Research and Development Agency of Rwanda and the regional office of the UN Economic Commission for Africa in Rwanda, as well as the Private Sector Federation, among others. The diagnostic study identifies thematic components, priority sectors and bottlenecks to businesses, which will guide further discussions on the identification of specific PCP projects and interventions to boost industrialization and sustained growth in the medium- to long-term.



The diagnostic analyzed detailed manufacturing industries on the basis of criteria such as employment, exports and imports. It further analyzed the capacity of industries to generate employment, to be competitive in international markets and to create a policy space for import substitution strategies. The following set of priority industries were identified to be considered in project selection and design: food and beverages, textiles, wearing apparel, leather, paper, coke and refined petroleum, chemicals, non-metallic minerals, basic metals, motor vehicles and other transport equipment.

#### 4.4. TECHNICAL COOPERATION

UNIDO has a portfolio of technical cooperation projects in Rwanda (see Annex 1) in the following areas:

- **Advancing economic competitiveness (industrial policy and value chain development):** A capacity-building programme to support the National Industrial and Research Development Agency (NIRDA) was ongoing since 2016 and completed its independent final evaluation in 2020. The project supported the Government in carrying out the restructuring of the NIRDA, and provided capacity-building support to the NIRDA as the national agency supporting Rwandan enterprises in acquiring and adopting new technologies to generate industrial growth. Through value chain development and enterprise support, the project has also impacted positively on national economic competitiveness.
- **Safeguarding the environment:** Two projects on the Minamata Convention, i.e. Minamata Initial Assessment in Rwanda and the Minamata National Action Plan on Mercury, are under implementation totaling \$700,000. Another environment-related UNIDO project is under implementation focused on the Montreal Protocol and the HCFC phase out management plan.
- **A joint UNIDO-African Development Bank (AfDB) global survey on the impact of COVID-19 on manufacturing industries,** will also inform plans on how to best to support manufacturing in Rwanda.
- **Quality infrastructure:** A UNIDO project is under preparation to support increased quality of Rwandan exports through SPS requirements.
- **New initiatives will also be developed according to the identified priority areas and sectors, building on the results of the country diagnostic, stakeholder consultations and programming, which is expected to be finalized in 2021.**

## 5. RESPONSE TO COVID-19

In the context of the pandemic, UNIDO contributed to the joint UN Socio-Economic Impact Assessment of COVID-19 in Rwanda and supported local small and medium-sized enterprises (SMEs) in the garment sector to produce face masks. This support came through the existing project on: “Capacity-Building to the National Industrial and Research Development Agency (NIRDA)”. The objective of the project was to improve the competitiveness of new and existing Rwandan industries so as to increase their export potential and/or their potential to undertake import substitution. More specifically, the project aimed at supporting Rwandan enterprises to access a range of technology support services to assist with technology acquisition, adaptation and commercialization. In this regard, six garment industries were supported in the identification and specification of the investment needs (equipment procurement and facility improvement) necessary for the operation of the pilot project. The support included providing sewing machines and equipment along with capacity-building in various areas of the business including design, quality management systems, marketing and communications, business and financial planning and management, and taxation. Selected garments were supported to adjust their production and contribute to the production of face masks at the onset of the COVID-19 pandemic, and were considered as suppliers by the national procurement authorities.

Also 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.

## 6. COMMUNICATION

Communication in relation to the PCP focused on broad-based consultations with Government institutions, the donor community and UN sister entities, particularly on the PCP approach, its features and success factors. Stakeholders expressed a keen interest in partnering in the process from the onset, during the diagnostics and formulation exercises, and later on during the implementation. A PCP communication strategy will be developed as part programme formulation and the articulation of associated projects.

## **7. UPCOMING MILESTONES AND MAJOR RESULTS EXPECTED IN 2021**

UNIDO will work with the Government of Rwanda to finalize the programming phase in 2021, and develop a comprehensive programme document and interventions in the identified priority areas. In view of this, activities foreseen in 2021 include a national stakeholder consultation process and a partner and donor mapping exercise, including the identification of opportunities for synergies and upscaling. UNIDO will support the Government in the institutional set up for the PCP's national coordination/governance framework.

The formulation of the programme and the design the PCP components will entail analysis, consultations with programme counterparts, including line ministries and other government institutions, business and trade associations, the chamber of commerce, as well as expected target beneficiaries, such as local SMEs, and representatives of donors and financial institutions to explore resource mobilization potentials. UNIDO will also support the Government, in particular the Ministry of Trade and Industry, in reviewing the Industrial Policy of Rwanda.

## 8. ANNEX 1: UNIDO'S TECHNICAL COOPERATION PORTFOLIO

UNIDO's ongoing projects in Rwanda will be integrated into the PCP and new ones developed according to the final priority sectors and areas, building on the results of the country diagnostic, stakeholder consultations and the finalization of programming.

ERP ID	PCP area	Completed project / sub-programme title <i>(since start of the PCP programming phase)</i>	Donor	Funding (US\$)
150442	Advancing economic competitiveness (industrial policy & value chain development)	Capacity-building to the National Industrial and Research Development Agency (NIRDA)	Republic of Korea (KOICA)	2,123,894
105236	Cross-cutting: Environment	Montreal Protocol project (HCFC phase out management plan for Rwanda)	Montreal Protocol	107,399
			<b>Sub-total</b>	<b>2,231,293</b>

ERP ID	PCP component or cross-cutting area	Ongoing project / sub-programme title	Donor	Funding (US\$)
180267 & 180258	Cross-cutting: Environment	Minamata Convention projects (Initial assessment & national action plan)	Global Environment Facility	700,000
190322	Cross-cutting: PCP programming	Programme for Country Partnership for Rwanda	Partnership Trust Fund - China	61,500

<b>Total</b>			<b>US\$ 761,500</b>	
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ERP ID	PCP component or cross-cutting area	Pipeline project / sub-programme title	Potential Donor	Estimated funding (US\$)
	Cross-cutting: Energy	Kigali Innovation City Energy Proof of Concept Project	Japan	TBD
	Cross-cutting: Research & analysis	UNIDO & AfDB survey on manufacturing Industries	TBD	TBD
	Cross-cutting: Quality infrastructure	Support "Higher quality of Rwandan Exports" through SPS requirements	TBD	TBD



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PCP Rwanda Programme Manager

**AURELIA CALABRO**

UNIDO Representative and  
Director of the Regional Hub in Ethiopia  
Email: [a.calabro@unido.org](mailto:a.calabro@unido.org)

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UNITED NATIONS  
INDUSTRIAL DEVELOPMENT ORGANIZATION

Vienna International Centre, P.O. Box 300, 1400 Vienna, Austria  
Telephone: (+43-1) 26026-0 Email: [unido@unido.org](mailto:unido@unido.org)  
Internet: [www.unido.org](http://www.unido.org)