



The World Banks Rwanda Economic Update - Maintaining Momentum with a special focus on Rwandas Pathway out of Poverty

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KIGALI, June 25, 2013 - Swift and positive actions taken by the Government have successfully steered Rwanda towards a steady growth and positive outlook, says the Fourth Edition of the Rwanda Economic Update. According to the report, Rwandas economy has grown by a robust 8 percent in 2012, thus continuing a decade-long period of strong economic growth and claiming for the third year in a row the title of the fastest growing economy in the EAC. The report states that the strong growth in 2012 is attributed to a resilient private sector performance especially in the services sector with trade, telecommunication and transport generating about 40 percent of 2012 real GDP growth.
The World Bank foresees a broadly positive outlook for Rwanda, with growth projected at 7 percent in 2013 and 7.5 percent in 2014. According to the report, this projection assumes gradual recovery of aid in the coming period. "The aid shock has demonstrated not only the Governments prudent macroeconomic management capacity, but also the vulnerability of the economy to the volatility of aid, said Yoichiro Ishihara, World Bank Senior Economist for Rwanda.
The Pathway out of Poverty
The report uses data gathered by the statistics office to examine the reduction in poverty and inequality in Rwanda over the past decade. According to the report, the fraction of the Rwandan population living below the poverty line dropped from 59 percent in 2001 to 45 percent in 2011. The report found that almost half of the reduction in poverty can be attributed to developments in agriculture, especially the increase in agricultural production and the increased commercialization of agriculture, witnessed by the rising share of harvests that are sold on local markets.
The report also asserts that diversification of livelihoods towards non-farm activities has been an important secondary driver of poverty reduction in Rwanda over the past decade. "While Rwanda has pushed back poverty dramatically in the past decade, it is still one of the worlds poorest countries, said Carolyn Turk, World Bank Country Manager for Rwanda. "We are happy to continue supporting Rwandas efforts to channel its impressive growth into shared prosperity for Rwandas citizens.
According to the report, "further increases in agricultural productivity will likely be the main driver for poverty reduction in the decade to come, especially if combined with increased business activity related to the boom in agriculture. It observed that currently, the main agricultural programs do not cover the entire territory, and substantial rewards could be reaped from scaling up these programs. In addition, given the importance of the rural nonfarm sector in terms of welfare and job creation, the report says that creating an enabling environment where informal household enterprises can thrive would likely to raise rural standards of living and play a significant role in absorbing the rapidly growing labor force.

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