Statement by Godfrey Gaoseb  
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Rwanda: Country Assistance Strategy - Progress Report

We welcome the discussion of this progress report for the first Country Assistance Strategy for the Republic of Rwanda. It is timely, and it also truly reflects the commitment of the Rwandese authorities to continue to undertake reform measures that would put their economy on the growth track. Notwithstanding the turbulent socio-political environment in which the economy has operated in the last several months, it is encouraging to note that the joint efforts of the Rwandese government and the international donor community have yielded positive results. The country has been able to maintain a stable macro-economic framework, and progress has been made in a number of areas, including the acceleration of the economic reform program, the holding of local elections to promote participation at all levels, and steps taken to enhance justice, political and economic governance, as well as national reconciliation.

For the attainment of sustainable growth, more attention has to be given to a country's human resource base. This, in the case of Rwanda, will entail a lot more than redirecting resources to education and human development. In our view, the starting point for this tall order, is resettling the large population of displaced persons. Another major challenge is combating HIV/AIDS prevalence with its debilitating impact on human resources with its negative consequences on economic growth. While progress has been made in resettling some of the displaced people over the last few years, the amount of work still to be done in the area of reintegration remains huge. Unfortunately, however, support from the donors for resettlement and reintegration appears to be declining. The revitalization of donor support for this purpose has therefore become the signlemost important challenge for Rwanda since inadequate support risks undermining national reconciliation and reform efforts, which is recipe for continued conflict in Rwanda in particular, and the Great Lakes sub-region in general.

We have every reason to believe that the case for treating Rwanda as a special case remains more valid today than at any other time in the past. The Rawandese authorities have demonstrated their ability to engage their people for the promotion of peace and development. But experience elsewhere shows that conflict resolution could be elusive, if proper attention is not given to every aspect of the conflict. Hence, there is the need for continued special treatment to Rwanda with a view to giving serious consideration to
every detail in the conflict. It is in this regard that we fully concur with the main thrust of the Bank's assistance to Rwanda, which will concentrate on improving living standards -- an important factor for achieving sustainable peace and stability.

We are pleased with the attention given to the revitalization of the rural economy, with the provision of social and economic infrastructure required to improve living conditions, improve the functioning of rural markets and raise productivity. This is consistent with the Bank's overarching objective of poverty alleviation. In particular, rural and agricultural development is pivotal to poverty alleviation and to boosting rural incomes in Rwanda where agriculture remains the mainstay of the economy and provides employment to 92 percent of the active population.

On the whole, we have no difficulty with supporting the proposed IDA assistance for FY00-01 as stated in paragraph 43 of the document. However, we would urge that flexibility is exercised when applying these triggers in view of the difficult socio-political climate currently prevailing in the country.

Finally, we commend the staff for their efforts in preparing this frank and succinct progress report. We also wish the Government of Rwanda every success in their efforts to put the development of the country back on track.