



ECONOMIC GROWTH



USAID's programs spur economic development, reduce poverty and alleviate hunger.



Source: Jeremy Hammond

ECONOMY IN RWANDA AT A GLANCE

- GDP in 2008: \$3.4 billion (est.)
- GDP Growth in 2008: 11.2 percent
- GNI per capita: \$370 (2008 est.)
- Population: 10.2 million
- Population Below Poverty Line: 57 percent
- Labor Force by Occupation: agriculture 90 percent, industry and services 10 percent
- Dependent on Subsistence Agriculture: 80 percent
- Major Foreign Exchange Earners: tourism, coffee, tea, mining

Sources: World Bank Development Indicators 2007; CIA World Factbook; U.S. State Department

ECONOMY IN RWANDA

Rwanda has recently enjoyed strong economic growth rates, creating new business prospects and lifting people out of poverty. The Government of Rwanda is actively working to develop the economy and reform the financial and business sectors. But Rwanda remains a small, landlocked country faced with high energy and transport costs and the highest population density in Africa. Eighty percent of the population relies on subsistence agriculture. A majority of the population lives on less than \$1 per day and nearly nine in ten live on less than \$2 per day. Rwanda's major foreign exchange earners include mining, tourism, coffee and tea and growth in these sectors will be critical for economic development and poverty reduction.

RESPONSE AND RESULTS

The U.S. Agency for International Development (USAID) committed nearly \$12.5 million in fiscal year (FY) 2008 to increase economic growth and reduce hunger. USAID supports the Government of Rwanda's goals set forth in Vision 2020 and the Economic Development and Poverty Reduction Strategy (EDPRS). Economic growth programs improve specialty agribusinesses, encourage sustainable ecotourism, support the dairy sector, develop land policies and provide food aid.

SPECIALTY AGRIBUSINESS: USAID's economic growth program expands agribusiness opportunities in coffee, chili peppers and essential oils. Since 2001, USAID has committed \$12 million to develop Rwanda's specialty coffee industry. USAID is currently funding the Sustaining Partnerships to Enhance Rural Enterprise and Agribusiness Development (SPREAD) Project, a five-year project that started in 2006 and that is dedicated to improving value chain management. SPREAD works to better the industry's links "from the seed to the cup."

Through financial and technical assistance, USAID helps farmers to establish cooperatives and improve the lives of their members, builds coffee washing stations, trains world-class Rwandan cuppers (professional coffee tasters) and markets Rwanda's premium coffees in the global market. In 2008, approximately 50,000 Rwandan families benefited from the extraordinary growth and improvements in the specialty coffee sub-sector.

Due in large part to USAID's assistance, Rwanda has enjoyed growth in both tons of specialty coffee produced and export revenue. In 2001, the country did not export any specialty coffee. By 2008, 4,000 metric tons of specialty coffee was produced. Export revenue from this sub-sector grew from zero in 2000 to nearly \$8 million in 2007. Coffee is one of the country's largest export earners and specialty coffee contributes to the industry's growth and sustainability.

Today, U.S. and international demand for Rwanda's world-renowned specialty coffee exceeds supply (which remains one of the industry's key challenges). Rwandan coffee has been featured as a "Black Apron Exclusive" by Starbucks and praised as the "best of the best" by Green Mountain Coffee.

In addition to specialty coffee, USAID supports the development of the essential oils sub-sector. Farmers work with Ikirezi Natural Products to

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cultivate geranium plants, harvest the leaves and distill the oil for use in perfume and soap products sold on the international market.

TOURISM: In 2006, USAID launched a four-year project to develop Nyungwe Forest National Park in cooperation with Rwanda's National Office of Tourism and National parks. With an exceptional number of plant and wildlife species – including 12 different types of primates – Nyungwe has tremendous potential for attracting tourists.

USAID Destination Nyungwe is a joint USAID economic growth and health project, funded at approximately \$5 million. The project attracts tourists, promotes ecotourism, conserves the forest's biodiversity and provides residents in the park's vicinity with social benefits, including health services and income-generating activities.



DAIRY: USAID launched a five-year, \$5 million project to improve the competitiveness of Rwanda's dairy sector in 2007. The USAID Dairy Competitiveness Project aims to increase the productivity and profitability of dairy processors, expand opportunities in the dairy industry and improve the lives of Rwandans in rural areas, especially people living with HIV/AIDS and orphans and vulnerable children.

The dairy sector in Rwanda is underdeveloped and dairy products are often imported from neighboring countries. The project will better the industry's links – from the processing center, to packaging factory, to the market – thereby improving the industry's competitiveness in local and export markets.

Recognizing the relationship between economic development and health, the U.S. President's Emergency Plan for AIDS Relief (PEPFAR) partially funds the project. The project targets people infected and affected by HIV/AIDS through dairy-related income-generating activities.



FOOD AID: USAID provides food assistance to Rwanda through Food for Peace (FFP). USAID is also the largest contributor to the World Food Program's feeding programs in Rwanda. Rwanda received nearly \$14 million in U.S. food assistance in FY 2008.

Food for Peace works with private voluntary organizations to distribute food to the most food-insecure Rwandans, such as orphans, elderly, street children, women and people living with HIV/AIDS. FFP also provides food products for re-sale ("monetization"), and supports a "Food for Work" project that gives farmers food in exchange for their efforts to combat soil erosion through terracing and agro-forestry.

From 2000 to 2008, hundreds of thousands of Rwandans have benefited from food assistance. In 2008, over 113,000 people benefited from the U.S. direct food assistance.

Food aid contributes to employment, income, improved agricultural technologies, agribusiness development and food security. Food aid programs are reinforced by USAID's work to expand agribusiness opportunities.

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ADDITIONAL INFORMATION

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