

PART IV

AN ECONOMIC DEVELOPMENT MODEL BASED ON A MIXED, MODERN AND DYNAMIC ECONOMY, SERVING THE PEOPLE AND THE COUNTRY

FOREWORD

Currently, Rwandan economy suffers from, such short comings in its structure and noticeable failure in its ability to play its role, is a result of the absence of correct economic direction and lack of realistic economic policies. This is also due to the use of the state and society as a laboratory for testing economic opinions and theories as well as delegating the management of the economy - vital as it is - to an incapable and unqualified administration. The RPF regime has continued to ignore administrative corruption, plundering and looting of public funds, and sidelining or limiting the role of the private sector in the process of development - as result of absence of legal safeguards that motivate participation, as well as the absence of a strong and just judiciary. This has lead to structural economic imbalance, the most prominent of which is the imbalance between production and consumption, between investment and savings, between imports and exports, as well as the country is being subjected to a catastrophic economic crisis. Such crisis threatens social peace and political stability, and has pushed the country to the entrapment of foreign debts, and as a result of which economic and political catastrophic. The **RPP – IMVURA** economic policy will support initiatives to build sustainable micro-economy, small and medium enterprises and other income-generated activities through capacity building and micro-credit. It will provide access to markets and prioritise self-sufficiency and poverty alleviation.

4.1 Economic Development

The goals of economic development must be: to improve the Rwandan people's living standards and quality of life, to achieve full employment, to largely fulfil the needs of the population, to share the wealth created in a fair and balanced manner and to preserve national independence. Planning and Economic Development, which will contribute to the attainment of Rwanda's vision of a 'transforming Rwandan society from a peasant to a modern and prosperous society. Focus on improving social, economic and trade infrastructure, developing efficient, innovative and internationally competitive industries, developing and optimally exploiting the natural resource base and ensuring environmental and economic sustainability

To this extent Rwandan economic, development policies will be based on the development of productive forces; on increased production - which is a prerequisite for improving the people's living conditions and overcoming the nation's problems; on improving the national productive system's coordination, complementary and coherence; on a harmonious development of the whole nation; on assessing the environmental implications of all economic activities; on defending the national interest within the framework of the Rwandan economy's insertion and interdependence with the world economy, assisting in overcoming

our external economic imbalance; on a dynamic, but not submissive, participation in the international division of labour; and on solidarity with a just economic world order.

It is the **RPP - IMVURA**'s view that there is no way of escaping all this except through adherence to a programme that is based on economic principles and values and mobilises the people's energies and social powers and adopt serious and bold economic policies. Such policies need to be realistic and take into consideration the stage of social and economic development and the available means to society in order to bring about the desirable change. The development policy envisages a modern economy, with a broader, more solid, scientific and technological foundation and a new specialisation in production:

1. Policy of freedom of economic activity according to the objectives of economic as the correct approach to the participation of every individual in society in shouldering the burden of economic and social development so that the spirit of good competition may prosper in the areas of production and construction, in so doing guaranteeing the interest of the individual and society away from exploitation and monopoly.
2. Respect for private ownership and allowing private and co-operative sectors to take part in all economic activity by providing all the guarantees and facilities to ensure the success of their investments and effective participation in building the country.
3. Reducing the role of the state to undertaking infrastructure projects within society, investing in the natural resources and preparing the appropriate conditions for the establishment of the economic activity on the basis of market forces, free competition in a socio-economic structure that achieves the requirements of both freedom and justice.
4. This means giving priority to the achievement of social equilibrium before in other demands, and that the aim of development should not be just to achieve a quantitative increase in GDP.
5. Tackling poverty, deprivation and social imbalance, as well as the achievement of streamlined distribution of the fruits of economic and social development between rural and urban areas and between the governorates of the Republic of Rwanda.
6. Re-enforcing economic independence, to the extent that the criteria for the feasibility of any economic activity, whatever its legal set-up, is the extent to which it contributes to this general aim.
7. Capable and impartial administration is the backbone of success in achieving economic policies and attaining the objectives with the best means and the least cost.
8. Liberating economic activity from the dominance of the political process and submit it to safe scientific criteria and the demands of reality.
9. An economy with numerous high-quality and national-added-value products and services and with high levels of technology , productivity, employment, wages and professional training;
10. An economy in which the main structural deficits - food, energy, technology and machinery - are substantially reduced, safety levels in terms of food production are guaranteed, the trade deficit is reduced, the balance of current transactions is tendentially balanced and the foreign debt is held at a withstandable level, its annual service not severely limiting the economy's growth potential and not jeopardising national independence;

11. An economy where the working people's active, interested and creative participation and control of management are encouraged and supported, and where the necessary conditions are created so that small and medium-scale businessmen, farmers and fishermen may effectively contribute toward social production;
12. An economy whose growing specialization and integration within the international division of labour is accompanied and supported by a stronger national base for accumulation and a stronger scientific and technological foundation.

In order to achieve this project, it is necessary to have a development strategy which:

- **Domestically**, takes into account the reality of the country, namely its current level of development, sectoral and regional shortcomings and imbalances, the level of dependence and fragile and peripheral specialisation of production, the backward sub-systems of technological research and development and educational and professional training;
- **Externally**, considers the context of the changes at a world level (namely in terms of the international division of labour) takes into account the need to counter and cushion the harmful consequences and the obstacles to our economic development which created by Rwanda's importation of foreign goods and services without due regards local goods and services as possible opportunities to benefit the community;
- **Mobilising**, adequately managing and making good use of natural resources (agriculture, livestock, game, fishing, minerals, water, energy, tourism) taking into account the necessary specialisation, defending and improving the environment, preserving and restoring the natural heritage and ecological balances, making good use of the productive capacity and fostering the infrastructures which are essential to national and regional economic development;
- **Cherishing and making good use of human resources**, promoting high skills through a schooling and professional training of high human, scientific and technical standards for young people and through permanent training of the adult labour force - with due attention given to the potential which lies in the growing social role of women and of young people, in our technical workers' technical and scientific capabilities and in the professional experience of emigrants who return home;
- Increasing the role of **science and technology** in the productive forces and in economic development, by continuously stepping up and coordinating scientific research and technological development work;
- **Modernising the economy and raising productivity**, which requires that Rwanda's economy be rationalised and functionally reorganised , specifically in the traditional low-value-added sectors and products, that the most serious regional imbalances be overcome, that there be a more dense productive network, that the scientific and technological revolution's gains be applied in the economic and social spheres ;
- **Creating a core of equipment-producing industries** adequate to the country's necessary productive specialisation in accordance with the trends of domestic and world demand, changing the production structures so as to guarantee a better position for Rwanda in the international division of labour ;

- D-centralised and participatory **planning** which may, in a prospective and integrated way, and **taking the market into account**, determine major guidelines, goals and targets, seeking a coherent productive process and a better overall allocation of national resources;
- **International economic cooperation** based on asserting the national interest within the international division of labour, on effective cooperation within the framework of integration into the East African Community (EAC) and African Union (AU), and on other lines of international relations and cooperation, respecting national sovereignty and independence.

To ensure this economic development project - and all the more so , the greater Rwanda's insertion within the East African Community (EA) and African Union (AU) - a mixed economic formation is necessary, not dominated by monopolies, with diverse property sectors (each with its own complementary dynamism), all respected and supported by the State. Specifically:

1. **A State sector** - nationalised, public, public-capital and state-participated companies - which is dynamic, integrated, modernised, encompassing in particular banking and insurance and other basic and strategic branches of the economy (in power, industry, transport and communications) with diverse forms of organisation and playing a determining role in the development of productive forces and in accelerating economic development;
2. **A private sector**, made up of companies of various dimensions (industry, agriculture, fisheries, commerce, services), with a particular role for small and medium companies due to their flexibility and their share of production and employment , and small and medium farms, particularly family farms, due to their role in agricultural and livestock production and in preserving the rural world;
3. **A cooperative and social sector**, made up by cooperative farms and by production, services, housing, consumer marketing, educational and cultural cooperatives, mutual aid funds, as well as self-managed companies and others.

To subordinate economic powers to democratic and qualified political power structures and to control the main levers of the nation's economy, freeing it from big business domination and from foreign dictates, requires: the existence of a State sector which implies the nationalisation of basic and strategic companies, and where company management will include workers' participation and be coordinated and guaranteed by competent managers truly at the service of a democratic State and of the public interest;

The **RPP - IMVURA** is against reserving for Rwanda the role of an appendage economy, a tool in the transnational corporations' capitalist accumulation strategies and in the more developed capitalist countries' economic policies. For the **RPP - IMVURA** it is necessary to have a policy which considers that Rwanda's integration in the East African Community (EAC) and African Union (AU) restricts, but does not prevent, the country's economic development.

This means implementing a domestic policy which, without ignoring integration, can respect the country's identity and interests, the specificity of its economy and in particular its agriculture, ensure a correct allocation of funds and an effective transfer of technology to favour the economy's modernisation and development, and guarantee and strengthen working people's rights.

4.1.2 Science and technology policy must have as its goals to enhance the value of national resources, to increase production in both quantity and quality, to raise labour productivity, to save energy and raw materials, to protect and conserve the environment. For this it will be necessary to:

Closely coordinate the Research, Development and Testing (RD&T) policy with the development of the national productive forces, with the economic, education and professional training policies, and democratise and adapt the National Scientific and Technological System;

1. Draw up a National Multi-Year Science and Technology Budget and Plan;
2. Promote the use of technology in economic activities;
3. Increase the number of scientific workers and the financial resources allocated to this end;
4. Make use of the benefits and possibilities of International Cooperation and Research and Development and Testing (RD&T)

4.1.3 Financial policy must be subordinated and adapted to the productive sphere's financing and development requirements. Its main directions shall be:

1. To protect the country's financial balance (both internal and external);
2. To manage the main financial mechanisms (budget and fiscal policy, monetary policy and exchange policy) in an integrated fashion;
3. To achieve efficiency in finance administration and in managing financial instruments and institutions;
4. To promote savings and mobilise them for productive purposes;
5. Provide financial support to local entrepreneurs in terms of short and long-term loan and as well as Financial Backed-Guarantees such as Promissory Bank Notes (PBN) and /or other Financial Commercial Papers (FCP) or collaterals;

4.1.4 The energy policy's main goals must be to improve the efficiency of energy use in the various sectors, and to reduce the energy deficit. For this, it will be necessary to:

1. Increase domestic energy production, through adequate use of endogenous resources, and diversify the energy sources used and the geographic sources of imported raw materials;
2. Protect the ecological balance and safeguard the population's safety;
3. Step up the use of new sources of energy, particularly renewable ones.

Industrial policy shall seek to overcome the structural shortcomings and modernise the industrial sector, making it a coherent part of an overall development policy. Major directions of this policy will be:

1. To promote industrial production, using and valuing natural resources, especially in sectors with a multiplying effect on the productive apparatus and with high added value, and on the implementation of national projects of strategic interest;

2. Organising and protecting national industry, particularly through reorganisation, recovery and redeployment programmes for sectors with decreasing demands and companies with difficulties and through the diversification of production and measures to stimulate industrial quality;
3. Modernising and increasing productivity in the extractive and processing industries, in particular through structural changes, renewal of equipment and innovation of processes and products;
4. Promoting cores of production-supporting "service industries" which help sustain the national industry's necessary reconversion of specialisation and industries to process and recycle waste.
5. Encourage and support local Rwandan business community to engage in production of goods and services in particular in areas of semi-finished raw materials to support local industry and for export market.
6. Support and encourage industrial joint-venture between local Rwandan and foreign investors in quest for the technical know how.
7. Industrials legislations that's diversification of Rwandan industry or production of goods and services throughout Rwanda.

4.1.6 Agricultural and rural development have as their main goal to develop and rapidly modernise Rwandan agriculture, improve life in the countryside, increase agricultural, livestock and forestry production and productivity, improve the level of self-supply of basic foodstuffs, achieve greater increases for those products in which Rwanda have comparative advantages and preserve the rural world. These major goals require:

Carrying out an Land Reform which transforms to benefit local people and to empower individuals and collective farms/cooperatives and to small-scale farmers, improving small farms' economic and productive organisation, namely by encouraging producers' associations, farmers' rights, and by guaranteeing that common lands are possessed, used and managed by local communities.

1. Reorganising commercial circuits and developing food and forestry industries;
2. Providing preferential technical and financial support for the modernisation of small and medium-scale farms and agricultural cooperatives;
3. A full and integrated use and conservation of water, agricultural and forest resources, and farm lands; a forest management giving priority to multiple use, local economies and the environmental role of forests;
4. Effective recognition by the East African Community (EAC) and African Union (AU) of the specific nature of Rwandan agriculture, with the inherent assistance policies;
5. Preserving agricultural production, promoting other economic activities and renewing infrastructures and social equipment which may promote living conditions in a rural environment.
6. Providing effective advice, support, empowering local farmers to replace coffee crops with other productive cash crops that could be consumed local and market the surplus globally

4.1.7 The fisheries policy must seek to develop national fish production, putting an end to the continued neglect of activity in that sector. It must be based on the following main tenets:

1. Intensifying research to identify, develop, rationally manage and protect resources;
2. Taking steps to assist in developing the various fish production and, in particular, the local and fomenting aquaculture and preserving the canning industry;
3. Supporting producers' efforts in the marketing of fisheries produce.

4.1.8 The transport policy will envisage development and be based on the following major tenets:

1. Integrated planning of the system, in coordination with the various branches of the economy and with the territory's spatial organisation, instituting coordinated management in the larger urban areas and taking into account environmental impacts;
2. Developing resources, in terms of infrastructures, rolling stock and equipment and optimizing management systems;
3. Improving competitiveness, assist the re-equipment and support the participation of national transport in foreign traffic, particularly in the context of intra-EAC and DR Congo transport.

4.1.9 Communications and telecommunications policy requires a reorganisation of the sector's structure with a view to achieving integrated planning and management coordination; and ; it shall seek to modernise economic activities, and be based on the following main points:

1. Ensuring economically and socially necessary services;
2. Extending and modernising the national telecommunications network, and its interconnection to international networks, through a judicious process of technological innovation, which can provide technically and economically advantageous solutions;
3. Extending and restructuring the coverage of the postal service;
4. Maximising the use of national research and technology, and coordinating all relevant entities: industry, services, research centres, and universities.

4.1.10 Tourism policy shall seek to enhance tourism's role in national and regional development, and to meet the population's leisure requirements. It shall be based on:

1. Balanced and orderly growth, enhancing and protecting natural resources and historical heritage, with cultural and environmental protection of the main tourist centres;
2. Diversification of tourist markets and flows, valuing the domestic market and protecting the quality of tourist services.

4.1.11 The domestic trade policy must seek to enhance national and regional economic development, namely by:

- Adapting the commercial structures to the requirements of the community and of urban development;
- Establishing (or reconverting) distribution circuits in order to make them more flexible, transparent and effective;
- Protecting traditional independent commerce and regulating major retail trade outlets and chains;
- Supporting consumer cooperatives, small and medium-scale commerce, and the various types of small-scale shopkeepers' associations, assisting their reorganisation and modernisation, and enabling them to effectively play their role within the community.
- Provide advice and financial support to local businesses in terms of commercial loans and loan guarantees;
- Encourage foreign investments in areas that provide jobs and benefit the local community
- Ensure fair distribution of national wealth equally and equitable diversification of national distribution development policy and location of major projects for sustainable regional development.

Foreign trade policy must seek to reduce the structural trade balance deficit between imports and exports, between production and consumption, and to promote and help market domestic produce. The country is also being subjected to a catastrophic economic crisis. Such crisis threatens social peace and political stability, and has pushed the country to the entrapment of foreign debts. These central goals require an active protection of national interests within East African Community (EAC) and African Union (AU) institutions, the Economic Community for Central African States (ECCAS) and other international bodies, a diversification of foreign economic relations. For this it will be necessary to:

1. **Honour**, Rwandan existing regional and global trade agreements and commitments such as of global trade agreement and contracts.
2. **Review** all unfair trade agreements and contracts and seek to renegotiate their terms and /or repudiate all together if they are not in the interest of the nation.
3. **A foreign trade policy that** takes into account the need to counter and cushion the harmful consequences and the obstacles to our economic development which created by Rwanda's importation of foreign goods and services without due regards local goods and services as possible opportunities to benefit the community;
4. **Policy that prioritising the importation** of capital goods, medicines, agricultural inputs and equipment, educational materials as well as R & D materials.
5. **Strengthening bilateral** trade ties between the East African Community (EAC) and Economic Community for Central African States (ECCAS), African Union (AU), European Union and the rest of the world. The **RPP – IMVURA** pledges to support and review the Economic Partnership Agreement (EPA) between East African Community (EAC) and European Union (EU), where suitable.

