REPUBLIC OF RWANDA

STATEMENT FOR JOINT DFID / UNDP CONFERENCE
MILLENIUM DEVELOPMENT GOALS PROJECT LAUNCHING

"Words into Action 2005"

Lancaster House,
London, 26th January 2005

By: **Hon. Dr. Donald Kaberuka**
Minister for Finance
and Economic Planning
Rwanda.

Chairperson

Excellencies

Distinguishes guests

Ladies and Gentlemen, good morning

1. I am very honoured to be here amidst this august audience together with a most distinguished panel of speakers. I thank Secretary of State Hilary Benn and UNDP Administrator Marc Malloch Brown for this excellent initiative and kind invitation to me.

2. Ten days ago, alongside a dozen of colleagues African Finance Ministers, we joined Chancellor Gordon Brown and members of the Commission for Africa to deliberate on our input for the economic chapter. Some of you would have seen our final statement at this important meeting in Cape Town. We made what I believe to be comprehensive proposals to the Commission whose final report we keenly await. We of course went well beyond the MDGs to the broader issues of the transformation of our continent's economic fortunes. Nonetheless, MDGs remained very much at the centre of our deliberations.

3. First, Those discussions were informed by (i) the commitments we ourselves have made in the context of the vision of NEPAD, to turn the corner for the continent, own up to our own deficiencies, challenges and implementing corrective actions geared to reduce the risks, the costs, for doing business in Africa thereby creating conditions for lasting development. A recognition that we are on the right path but that it should not be "stop and go". The reforms for good governance, stability and integration have to be sustained. Secondly, a recognition that however much the goodwill in the International community and there is, we ourselves have to intensify efforts to generate domestic savings to finance our development and ensure optimal application of resources, both local and external. In short, we could not live on aid forever, wealth creation has to be overtime generated by trade and Investment.

4. Nonetheless as pragmatic managers we also realise that however much efforts we put in – there are simply not adequate resources to finance the Investment needed to generate 7%, 8% real GDP growth – essential to attain the MDGs, without falling

into unsustainable debt. External support is still needed to enable us to grow, to trade and eventually to graduate from external support.

5. We have enormous financing needs to meet the challenges of the MDGs, so even after the HIPC completion the Damocles sword of how to finance MDGs without falling into new debt trap hangs on our countries. HIPC initiative was a bold one, it was a revolution unthought of 10 years ago. It has provided relief, but not a lasting sustainability of debt defined as the probability that a country would be able to service its debt without recourse to exceptional finance.

6. We therefore welcomed enthusiastically the Chancellor's proposal on multilateral debt and invited other countries to join such that the year 2005 can be the year in which action on Debt is most decisive limiting outflow of development resources that could be used to finance MDGs. But as everyone in this room knows, debt relief, while an effective form of Budget support, is only a small part of the envelope of resources needed by our countries. The real answer, the only solution is a predictable

source of long term mostly of grant finance. This is why, we are really encouraged by some of the initiatives of the last 24 hours on issues of vaccination.

7. It is self evident that, financing the MDGs, cannot in all probability be done – utilising current forms and structures of Donor countries' budgets and budget frameworks. We have to look imaginatively at new forms of financing. The International Financing Facility proposed by the Chancellor and the UK Government seems to be an initiative with far reaching potential. At Cape Town we urged the coalition of those countries in respect of the facility to begin, as we continue to solicit for support. The IFF provides the answer to many of our concerns, it provides long term predictability, it provides upfront resources, it is market friendly and even national budget friendly, yet does not create new institutions, bureaucracies or proliferation of mechanisms as It would deliver via existing channels. We are of course aware of, and welcome all other proposals, which go in the same direction including the Tobin Tax.

8. It has now been said that, when our Heads of State and Government meet for the Millenium + five Summit in September – it will be to face a start reality; a mixed picture that; Progress to MDGs is patchy, there are some success stories, there are also set backs etc. and the overall picture is that many countries in Sub-Saharan Africa are off track and far away from the targets.

9. You will of course hear it being said repeatedly – that in many cases – it is all of our own making; that the constellation of the right policies, the right environment is simply not there. I urge, as we did in Cape Town, to look beyond the headlines. Africa has made incredible progress in the last few, macroeconomic stability, promotion and sustainance of good governance and yes even managing conflicts.

10. I urge your indulgence to briefly illustrate with the case of my own country. The progress made since 10 years is by all accounts remarkable, some would even say, even miraculous. Who would have thought after the catalysm of 1994 that Rwanda would be where it is today. Sustained reasonable high average real GDP growth 7% to 8%, very low inflation, a million children at

school, over 90% vaccination and even 100% for three major killers – thanks to the initiative with GAVI.

Great strides in secondary education, gender equality and HIV/Aids. We are of course challenged by our initial conditions as our country comes from very far; but I have not heard any serious observer of Rwanda who has not acknowledged that politically, socially and economically the country has made miraculous recovery since 1994 and is on track to meet some of the MDGs. We could meet many more with adequate support.

11. I would like to strongly urge the International Community to launch the MDG fast track initiative during this year. I would hope my country is one of the fast track countries. We are ready to join hands to put in place the necessary framework. Let every country especially in Africa ready to adopt the framework, be assisted to do so. Our Government will proceed to identify further avenues of accelerating progress on HIV/Aids, primary and secondary education and other ways to ensure good progress on child and maternal mortality.

12. Meeting MDGs, for us in Rwanda is not only to improve lives of our people; it is our take all; it buffets social stability, expands opportunities, reduces tension in society, which is always lurking at the corner in poor fragile societies. That is why we emphasise equity in providing access such as universal primary education, which is the real determinant of where Rwanda would be in 10 years time. Hence our determination to make quick progress on this. We will continue if resources were available to rapidly expand access to anti-retroviral treatment, to reduce the number of deaths and contain the spread of the disease. But we need to do so via strengthened health systems.

13. Many of the practical steps needed to attain the MDGs in Rwanda are spelt out in our national planning documents. All critical elements are in place for scaling up. We would do our best to put in place mechanisms that deals with any macroeconomic imbalances which may result from this expanded “fiscal space”. But we are confident it is true MDGs related expenditures will finance consumption but they will also finance investment in social and human capital, thus, to some extent,

unlock the supply side, which in turn should enable us to expand fiscal space while maintaining a sound macro economic stance.

14. At the Millennium Summit in 2000 and in Monterrey in 2002 a compact between developing countries and rich Nations was entered into. A framework of mutual accountability was agreed and issues of overall coherence addressed; The year 2005 provides us a confluence of events which should enable us to answer the question: Are we delivering on our promises, if not why not? And what is it that can be done?

15. The Millenium Development Project after months of painstaking study opens up new vistas, new practical way as to how best we can accelerate the pace, compensate for lost time. My Government welcomes proposals for "fast tracking" and identification of the "quick wins". It is not easy – and who said it should! We should be prepared to seize the challenge. I am reminded of a story I saw in Ahmed Kahthrada's remarkable memoirs in the struggle against apartheid; a group of villagers recently converted to Christianity and its values, face a big problem and pray to heavens; "God you so loved us and promised to send your beloved son. But the problem

we have today is so big, please do not send your beloved son, come down yourself”. The challenge is within our reach, our capabilities, it does not require divine interventions.

16. The year 2005 provides opportunities for decision makers to put “words into action”.

- The G8 Summit in Gleneagles
- The Millennium + 5 Summit
- The WTO ministerial in Hong Kong

17. We are concerned at what looks like loss of momentum in the Doha Round. No level of good policies alone, would enable a country such as mine which has gone through an experience known to each and everyone here, to attain MDGs, without trade reforms, permitting its dairy industry to trade without competition from subsidised products from the North, without a possibility of exporting processed Tea or Coffee which now face escalated tariffs to protect industry in the North.

18. I would like to point out one more thing. It is essential we build a growing coalition by reinforcing "evidence based policy making" so to speak. We need to prove that our policies are working. It is vital therefore that we can reasonably accurately measure – which policies are delivering. I am of the view that we are not investing enough in building statistical capability. There is a wide gap here yet if we are able to show results. We will beat the doubting Thomases – as we will by addressing fiduciary issues and improving financial management.

19. As I come to the end of my remarks, I would like to emphasize the issue of ownership; Conditionalities – are politically safe, but they do not work and have never delivered – at least not on a sustainable basis. Development cannot be imposed from outside, however well intentioned. Indeed conditions for development must exist for us to register success in our common endeavours, but they must be homegrown.

Finally, let "mutual accountability" which is at the basis of the Monterrey consensus not be another high-sounding phrase.

As I was saying a few minutes ago, look at what has happened since Doha; High-sounding statements and verbal commitments but mercantilist interests are raising their voices – and if they succeeded – Doha risks to loose momentum; we should not allow this to happen. Farm reform is a tough political (and definitely economic) issue but it would deliver several times more what ODA budgets can do. The rallying cry; should not be the economists standard tool? How much can we optimally do within the limited resources? But what does it take to attain the MDGs – And what a new world that would open?

There was a time when the continent experienced the so called “lost decade”. I want to believe, on the basis of the renewed commitments – that the next 10 years to 2015 should be a “decade that must be won”. By all of us, together.

I thank you for your attention.