

Poverty & Equity Brief

Africa Eastern & Southern

Rwanda

April 2024

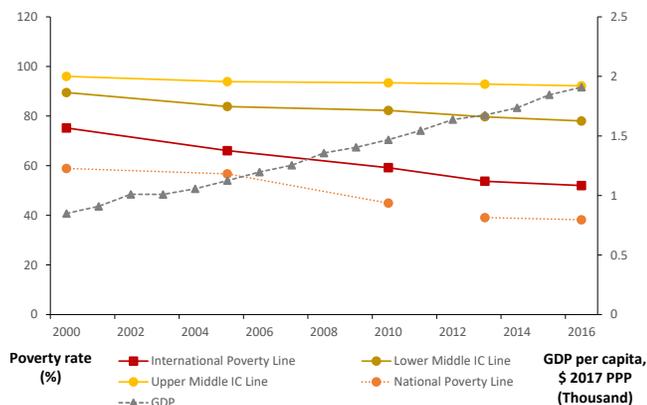
Despite making considerable progress in reducing poverty, Rwanda has relatively higher poverty rates than African peers with similar income per capita, and poverty reduction has become less responsive to growth in recent years. Using the international poverty line of \$2.15/day 2017 PPP, the incidence of poverty fell from 66 percent in 2005-06 to 52 percent in 2016-17 and was projected to fall slightly to 51.5 percent in 2019. A higher reduction in poverty is observed based on the nation's official poverty line: from 56.7 in 2005-06 to 38.2 percent in 2016-17. However, association between growth and poverty reduction has weakened over time. Whereas each percentage point increase in GDP per capita corresponded to a 0.36 percentage point decline in poverty between 2005/06 and 2010/11, this was only 0.24 between 2010/11 and 2016/17. Poverty reduction has been stronger in urban areas, where the rate of in-migration has also accelerated in recent years. Between 2010-11 and 2016-17, poverty fell from 25.6 to 15.8 percent and from 49.2 to 43.1 percent in urban and rural areas, respectively. Driven by high growth in private consumption, poverty using the international poverty line of \$2.15/day 2017 PPP is expected to decline to 47 percent in 2026. Eighteen months of the highest monthly food inflation in the last 15 years starting in May 2022, averaging 42.4 percent in the period, could reduce or even revert most of the poverty gains in the last decade.

Inequality in Rwanda measured by the Gini index is the second highest among low-income countries at 43.7 in 2016-17, despite a significant reduction from 52.0 in 2005-06. Consumption (per adult equivalent) grew between 2010-11 and 2016-17 by 12 percent for the bottom 40, while falling by 10 percent for the top quintile. Over this timeframe, median consumption levels rose in all regions (while means fell in all but the Southern Province), and inequality fell in all regions. The country has experienced improvements in the ownership of some household assets (particularly mobile phones), in access to electricity and irrigation, and in the population's education and health status. Currently only 4.3 percent of households have a school-age child not in primary school. At 24.5 percent, the percentage of people without access to an improved drinking water source is essentially equal to the average for Sub-Saharan Africa (25.8 percent).

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	4.6	38.2	2016
International Poverty Line 616.8 in Rwanda franc (2016) or US\$2.15 (2017 PPP) per day per capita	6.2	52.0	2016
Lower Middle Income Class Poverty Line 1047.1 in Rwanda franc (2016) or US\$3.65 (2017 PPP) per day per capita	9.3	78.0	2016
Upper Middle Income Class Poverty Line 1965.2 in Rwanda franc (2016) or US\$6.85 (2017 PPP) per day per capita	11.0	92.2	2016
Multidimensional Poverty Measure		57.4	2016
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		0.31	2013-2016
INEQUALITY			
Gini Index		43.7	2016
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		0.47	2013-2016
GROWTH			
Annualized GDP per capita growth		4.45	2013-2016
Annualized Consumption Growth per capita from Household Survey		-0.16	2013-2016
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		0.55	2013-2016

Sources: WDI for GDP, National Statistical Offices for national poverty rates, PIP as of October 2023, and Global Monitoring Database for the rest.

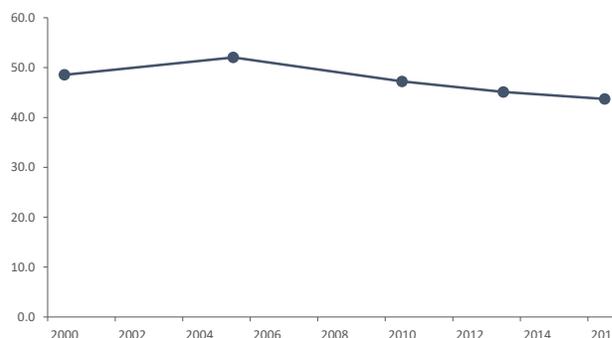
POVERTY HEADCOUNT RATE, 2000-2016



Source: World Bank using EICV-V/SSAPOV/GMD

INEQUALITY TRENDS, 2000-2016

Gini Index



Source: World Bank using EICV-V/SSAPOV/GMD

KEY INDICATORS

Distribution among groups: 2016	International Poverty Line(%)		Relative group (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population	76	24	17	83
Rural population	42	58	45	55
Males	49	51	39	61
Females	47	53	41	59
0 to 14 years old	40	60	47	53
15 to 64 years old	53	47	35	65
65 and older	60	40	29	71
Without education (16+)	41	59	46	54
Primary education (16+)	48	52	39	61
Secondary education (16+)	75	25	16	84
Tertiary/post-secondary education (16+)	98	2	N/A*	99

Source: World Bank using EICV-V/SSAPOV/GMD

Notes: N/A missing value, N/A* value removed due to less than 30 observations

Multidimensional Poverty Measures: 2016	(% of population)
Monetary poverty (Consumption)	
Daily consumption less than US\$2.15 per person	52.0
Education	
At least one school-aged child is not enrolled in school	4.3
No adult has completed primary education	36.9
Access to basic infrastructure	
No access to limited-standard drinking water	24.5
No access to limited-standard sanitation	28.1
No access to electricity	64.0

Source: World Bank using EICV-V/SSAPOV/GMD

POVERTY DATA AND METHODOLOGY

Rwanda has established a poverty monitoring system as a foundation to understanding progress toward poverty reduction and monitoring the impact of government programs and policies. The National Institute for Statistics in Rwanda (NISR) has undertaken periodic surveys since 2000 (2000-01, 2005-06, 2010-11, 2013-14, 2016-17, and 2019-20), with the objective to field a survey every three years. The year 2010-11 was the first time a panel component was included to better track changes in livelihoods, especially for beneficiaries of Rwanda's social protection programs. The final round of the 2016-17 survey was completed in October 2017 and results were published in December 2018. The 2019-20 round of the survey was interrupted by the COVID-19 pandemic after 40 percent of the observations were collected. Due to the lower number of observations, NISR decided not to publish poverty estimates for this round and results were published only at the national level for a limited set of indicators. Data collection for the 2023-24 round is currently ongoing (Oct. 2023 - Oct. 2024). The consumption aggregate has been broadly comparable across survey rounds, although comparability in the poverty line cannot be guaranteed. The national poverty measure uses household expenditures per adult equivalent after controlling for spatial price differences. The poverty line is set at RWF 159,375 per adult equivalent per year in the prices of January 2014 and is estimated following a cost-of-basic-needs approach to afford the provision of 2,500 Kcals per adult equivalent per year and about two-thirds of the household income being spent on food. The quantities in the food basket are adjusted using a normative approach to lower the value of the line. For the international poverty measurement, spatial price adjustments have been applied as of 2010-11. Given that international poverty measures prior to 2010-11 were not adjusted for the spatial price differences, they are not fully comparable to those beginning in 2010-11.

Note on new global poverty lines: Poverty data are now expressed in 2017 Purchasing Power Parity (PPP) prices, versus 2011 PPP in previous editions. As price levels across the world evolve, global poverty lines have to be periodically updated to reflect the increase of the value of the lines in nominal terms. The new global poverty lines of \$2.15, \$3.65, and \$6.85 reflect the typical national poverty lines of low-income, lower-middle-income, and upper-middle-income countries in 2017 prices. In addition to reflecting updates in nominal terms, upper-middle-income countries raised the standards by which they determine people to be poor from 2011 to 2017. Hence, the increase in the upper line is larger, and the population that does not meet the new standard is higher in most countries than it was with 2011 PPPs. See pip.worldbank.org.

HARMONIZATION

The numbers presented in this brief are based on the SSAPOV database. SSAPOV is a database of harmonized nationally representative household surveys managed by Sub-Saharan Team for Statistical Development. It contains more than 100 surveys covering 45 out of the 48 countries in the SSA region. The three countries not covered in the database are Eritrea, Equatorial Guinea, and Somalia. Terms of use of the data adhere to agreements with the original data producers.