
WAVES Rwanda – Frequently Asked Questions

What is natural capital accounting?

Natural capital accounting (NCA) brings together information on how natural resources are contributing to the economy – information on natural capital stocks and flows, uses and users, scarcities and potentials – to help improve development decisions. NCA, an extension of the System of National Accounts, also shows the impact of the economy on natural resources.

The approach is designed to integrate natural resources into economic analysis and can provide a broader picture of development progress than standard measures such as GDP.

How did Rwanda become involved in natural capital accounting?

Rwanda signed the Gaborone Declaration in 2012 and announced that it would be one of the countries in Africa to use natural capital accounting as a tool to inform national policies on sustainable development. Based on a Ministerial request in 2013, Rwanda also joined the WAVES global partnership to access World Bank technical assistance to support its NCA efforts.

What will be the impact of developing natural capital accounts?

Natural capital accounting can add value to Rwanda's national development planning process by drawing attention to economically important natural resource sectors. Accounts can provide consistent, reliable data to support economic assessments and sound policy formation taking into account cross-sectoral issues.

Natural capital accounts can also provide indicators and trend analysis to help in tracking performance toward sustainability.

The accounts will help to identify trade-offs or potential constraints as Rwanda grows. Once complete, the accounts will also contribute to accountable governance by increasing the quality, credibility and consistency of the statistics and analyses that support national development plans and targets.

What will Rwanda's priority areas be for natural capital accounts?

Following a scoping study carried out in late 2014, the national WAVES steering committee chose land and water accounts as the focus for initial activity. The decision was based on the contribution these resources make to development goals and to the economy, mixed with the practical consideration of how much data is already available.

There will also be exploratory work on environmental and economic issues relating to mineral extraction, with the aim of producing an early policy output, while preparing for eventual preparation of mineral accounts.

The focus resonates with the priority sectors identified in Rwanda's Vision 2020 and the second Economic Development and Poverty Reduction Strategy (EDPRS2), which runs to 2016.

Land accounts are policy relevant because land availability and productivity are potential constraints to agricultural growth, which is a key pillar of Rwanda's development agenda. The accounts will help Rwanda explain trends in economic values of land under different use and assess potential trade-offs more systematically.



Though sectoral level planning exists, better information and coordination will help ensure that individual sectoral targets do not contribute to cross-sectoral tensions, or competing demands for the same land.

Land value and trend information will further inform planning on potential implications for water use or food production due to changes in land uses.

Water accounts are policy relevant because Rwanda's water resources are under pressure from population growth and rapid development. Rwanda's minerals sector is small but represents a very large share of export revenues and is growing rapidly. There are high hopes for increasing investment and production, but the sector is currently relying on less efficient processing technology and low skilled labor.

Who are the key players/institutions in the process of developing natural capital accounts?

A National Steering Committee was formed in October 2013 to set priorities and oversee NCA preparation and implementation under the authority of the Minister of Natural Resources. Key sectoral, financial, statistics and investment agencies are represented on the committee. The Director General of the Rwanda Natural Resources Agency (RNRA) chairs the committee, and the Director General of Planning at the Ministry of Finance is the co-chair.

The steering committee meets regularly and has since approved the WAVES scoping report, selected the sectors for focus during implementation and approved the work plan for the first year.

The steering committee established a technical working group to advance the country's NCA efforts. The technical working group is a key part of the institutionalization effort and will help to ensure that NCA products are understood, that consultant inputs are assimilated, and that government staff take the lead in briefing management on priorities and milestones.

The NCA country coordinator was appointed in February 2015. Her role is to champion the initiative across government, work closely with technical staff in key government agencies, organize and facilitate meetings and training events, and provide technical coordination and reporting on the delivery of the World Bank's technical assistance.

A communications specialist was recruited in March 2015 to work with the National Steering Committee, country coordinator, World Bank team and WAVES Secretariat to develop and implement a communications and engagement strategy. The specialist is supported by the International Institute for Environment and Development (IIED) – a WAVES partner – based in London.

What is the relevance of natural capital accounts to national strategies – EDPRS2 and Vision 2020, for example?

Rwanda's Vision 2020 aims for the country to become a middle-income, knowledge-based economy that is competitive both regionally and globally. The second Economic Development and Poverty Reduction Strategy (EDPRS2) focuses on four thematic strategies: economic transformation, rural development, productivity and youth employment, and accountable governance.

The two strategies recognize the role of natural resources in development as well as the growing pressure on existing resources from population increase. The accounts can inform debates, leading to new policies based on a broad analysis of the contribution of natural resources to the economy and the impact of economic activities on the environment.

How will the accounts be developed and what progress has been made?

Work is planned to build natural capital accounts for priority sectors with involvement of government officials from key agencies and wider stakeholders, including technical consultants.

The first phase in the first quarter of 2014 assessed the feasibility of institutionalizing natural capital accounting and identified how and where it can contribute to policy and resource management decisions.

The second phase began in 2015 with a three part strategy: technical work on land and water accounts; capacity building workshops and on-the-job training; and policy analysis based on the sectoral work and identified gaps and needs. It is expected to last for three years.

Are there other African countries that have developed and benefited from accounts?

Two other African countries have been involved in developing natural capital accounts working with WAVES: Botswana and Madagascar.

Botswana recently developed water accounts, which focused on improving data for the mining sector, a major water user. Two policy briefs, one on water and the other on water and mining, serve to make the connection between the findings of the accounts and implications for future policy decisions in the water and mining industries.

They may inform debates, for example, around the need to improve water efficiency through technologies such as drip irrigation, and the need to review irrigation water tariffs.