

**The Government of Rwanda**

**ECONOMIC DEVELOPMENT AND  
POVERTY REDUCTION STRATEGY,  
2008-2012**

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## ACRONYMS

ACCA	Accredited Certified Chartered Accountants
ACH	Automatic Clearing House
AfDB	African Development Bank
AIDS	Acquired Immune Deficiency Syndrome
ARI	Acute Respiratory Infections
ART	Antiretroviral Therapy
ARV	Antiretroviral
ATM	Automated Teller Machine
BCC	Behaviour Change Communication
BHR	Banque de l'Habitat de Rwanda (Rwanda Housing Bank)
BNR / NBR	Banque Nationale du Rwanda / National Bank of Rwanda
BOT	Build-Operate-Transfer
BRD	Banque Rwandaise de Developpement
BSHG	Budget Support Harmonisation Group
CAADP	Common African Agricultural Development Programme
CBEPS	Capacity Building and Employment Promotion Sector
CBOs	Community Based Organisations
CCI	Cross-Cutting Issues
CDF	Community Development Fund
CDLS	District AIDS Committee
CEM	Country Economic Memorandum (World Bank)
CEPGL	Economic Community of the Great Lakes Countries
CFJ	Centre de formation des jeunes
CFSVA	Comprehensive Food Security and Vulnerability Analysis
CICs	Community Innovation Centres
CITT	Centre for Innovation and Technology Transfer
CNLS	Commission Nationale de Lutte contre le SIDA
CNLS	National Commission for Fighting HIV and AIDS
COMESA	Common Market of Eastern and Southern Africa
CDF	Community Development Fund
CSO	Civil Society Organisation
CSR	Caisse Sociale du Rwanda (Rwandan Social Fund)
CWS	Coffee Washing Stations
DAC	Development Assistance Committee
DCD	Development Cooperation Directorate (DAC)
DCCA	Decentralization, Citizens' Participation and Accountability
DDP	District Development Plan
DfID	Department for International Development
DHS	Demographic and Health Survey
DIC	District Innovation Centres
DMFAS	Debt Management Financial and Analysis System (UNCTAD)
DPC	District Performance Contracts

DPCG	Development Partners Coordination Group
EAC	East African Community
ECCAS	Economic Community of Central African States
EDPRS	Economic Development and Poverty Reduction Strategy
EIAs	Environmental Impact Assessments
EIB	European Investment Bank
EICV	Enquête Intégrale sur les Conditions de Vie des Ménages (Household Living Conditions Survey)
EmONC	Emergency Obstetric and Neonatal Care
EMS	Expenditure Management System
ESSP	Education Sector Strategic Plan
FRw	Rwandan Francs
GDP	Gross Domestic Product
GIS	Geographic Information System
GoR	Government of Rwanda
HIDA	Human Resources and Institutional Capacity Development Agency
HIMO	Programme de Development Local a Haute Intensite de Main- d'Oeuvre (Labour-Intensive Public Works)
HIPC	Heavily Indebted Poor Country
HIV	Human Immunodeficiency Virus
IAS	International Accounting Standards
ICT	Information and Communication Technology
IEC	Information, Education and Communication
IFC	International Finance Corporation
IFMS	Integrated Financial Management System
IFRS	International Financial Reporting Standards
IGAs	Income Generating Activities
IMF	International Monetary Fund
IMNCI	Intergrated Management of Neonatal and Childhood Illnesses
IMR	Infant Mortality Rate
IPPIS	Integrated Payroll and Personnel Information System
ISAR	Institut des Sciences Agronomiques du Rwanda
IWRM&D	Integrated Water Resources Management and Development
JADF	Joint Action Development Forum
JRLO	Justice, Reconciliation, Law and Order
KIST	Kigali Institute of Science and Technology
LABSf	Local Authority Budget Support Fund
LCA	Local Coordination Agreement
LTIF	Long Term Investment Framework
LTIs	Local Training Institutions
LTSFF	Long Term Strategy and Financial Framework
M&E	Monitoring and Evaluation
MDG	Millennium Development Goal
MDR	Multilateral Debt Relief
MDR-TB	Multi-Drug Resistant-Tuberculosis

MEFP	Memorandum of Economic and Financial Policies
MFI	Microfinance institutions
MIDA	Migration for Development in Africa
MIFOTRA	Ministry of Public Service, Skills Development, Vocational Training and Labour
MINAGRI	Ministry of Agriculture
MINALOC	Ministry of Local Government, Community Development and Social Affairs
MINECOFIN	Ministry of Finance and Economic Planning
MINEDUC	Ministry of Education
MINICOM	Ministry of Commerce, Industry, Investment Promotion, Tourism and Cooperatives
MININFRA	Ministry of Infrastructure
MINSANTE	Ministry of Health
MIS	Management Information System
MMR	Maternal Mortality Rate
MTEF	Medium Term Economic Framework
NBFI	Non Bank Financial Institution
NCSTI	National Commission for Science Technology and Innovation
NEJPRO	National Employment and Job Processing Opportunities
NHA	National Health Accounts
NISR	National Institute of Statistics, Rwanda
NRF	National Research Fund
OBL	Organic Budget Law
OCIR Cafe	Rwandan Coffee Authority
OECD	Organisation for Economic Cooperation and Development
OGMR	
OTC	Over The Counter
OVC	Orphaned and Vulnerable Children
PBF	Performance Based Financing
PEFA	Public Expenditure and Financial Accountability
PER	Public Expenditure Review
PFM	Public Financial Management
PLHIV	People Living With HIV (including AIDS)
PMTCT	Prevention of mother to child transmission of HIV
PRGF	Poverty Reduction and Growth Facility (IMF)
PRSP	Poverty Reduction Strategy Paper
PSAs	Public Service Agreements
PSTA	Strategic Plan for the Transformation of Agriculture
PTA	Parent Teacher Association
PWC	Price Waterhouse Coopers
RES	Rwanda Expertise Scheme
RIAM	Rwanda Institute of Administration and Management
RwF	Rwandan Francs
SADC	Southern African Development Community
SADIS	Satellite Data Distribution System



SEAs	Strategic Environment Assessments
SFAR	Student Financing Agency of Rwanda
SFB	School of Finance and Banking
SP	Social Protection
STI	Science, Technology and Innovation
STIR	Science, Technology and Innovation for Results
SWAp	Sector Wide Approach
TB	Tuberculosis
T-Bills	Treasury Bills
TFR	Total Fertility Rate
TIGA	Technology in Government Africa
TNA	Training Needs Assessment
TOKTEN	Transfer of Knowledge and Technical Expertise Network
TRAC	Treatment and Research AIDS Centre
TSC	Teacher Service Commission
TVET	Technical and Vocational Education and Training
U5MR	Under-five Mortality Rate
UBPR	Union des Banques Populaires du Rwanda
UN	United Nations
UNDP	United Nations Development Programme
USD	US Dollar
VAT	Value Added Tax
VCT	Voluntary Counseling and Testing
WATSAN	Water and Sanitation Sector

## EXECUTIVE SUMMARY

1. Rwanda's Economic Development and Poverty Reduction Strategy (EDPRS) provides a medium-term framework for achieving the country's long term development aspirations as embodied in Rwanda Vision 2020, the seven year Government of Rwanda (GoR) programme, and the Millennium Development Goals.
2. The strategy builds on strong achievements in human capital development and promotes three flagship programmes. These flagships serve as a device to prioritise actions by the GoR, mobilise resources for development and improve policy implementation through more co-ordinated interventions across sectors.
3. The first flagship, **Sustainable Growth for Jobs and Exports**, will be driven by an ambitious, high quality public investment programme aimed at reducing the operational costs of business. This means heavy investment in 'hard' infrastructure and enhancing the private sector's capacity to innovate. Such a big push by government will create strong incentives for the private sector to increase its investment rate in subsequent years. Action is also needed to develop the financial system in four areas: banking and access to credit, long-term finance and capital markets, contractual savings regulation, and payments systems. The second flagship, **Vision 2020 Umurenge**, is a highly decentralized integrated rural development programme that is designed to accelerate extreme poverty reduction in Rwanda. Finally, **Governance** builds on Rwanda's reputation as a country with a low incidence of corruption by developing a regional comparative advantage in 'soft' infrastructure.
4. In order to implement the strategy, the sectoral allocation of public expenditure will be organized to maintain momentum in the social sectors – education, health and water and sanitation – while also targeting agriculture, transport and ICT, energy, housing and urban development, proper land use management and environmental protection.
5. In agriculture, the main programmes include the intensification of sustainable production systems in crop cultivation and animal husbandry; building the technical and organizational capacity of farmers; promoting commodity chains and agribusiness, and strengthening the institutional framework of the sector at central and local level.
6. Environmental and land priorities involve ecosystems rehabilitation of degraded areas and strengthening newly established central and decentralized institutions. Special attention will be paid to sustainable land tenure security through land registration and rational land use planning and management, soil and water conservation, reforestation, preservation of biological diversity and adaptation and mitigation against impacts of climate change.

7. In education, the emphasis is on increasing the coverage and quality of nine year basic education, strengthening Technical and Vocational Education and Training (TVET), and improving quality of tertiary education.
8. The concerted effort to build scientific capacity will be based on the objectives of knowledge acquisition and deepening, knowledge creation through scientific research, knowledge transfer and developing a culture of innovation, in particular protecting intellectual property.
9. In infrastructure, the objectives are to reduce transport costs within the country and between Rwanda and the outside world, and to ensure security of energy supplies by increasing domestic energy production from several sources. Efforts will be made to promote investment in, and the growth of the Information and Communications Technology industry. In meteorology, the aim is to provide a wide range of timely, high quality information to different groups of users.
10. The housing subsector will develop planning tools for restructuring the country's settlement pattern, undertake feasibility studies of new residential areas and manage Imidugudu sites.
11. In health, the objectives are to maximize preventive health measures and build capacities to have high quality and accessible health care services to the entire population. This includes strengthening institutional capacity; increasing the quantity and quality of human resources; ensuring that health care be accessible to all the population; increasing geographical accessibility; increasing the availability and affordability of drugs; and improving the quality of, and demand for services in the control of diseases.
12. High population growth is a major challenge facing Rwanda. Reducing population growth requires innovative measures, including strengthening of reproductive health services and family planning and ensuring free access to information, education and contraceptive services.
13. The Water and Sanitation Sector aims to ensure sustainable and integrated water resources management and development for multipurpose use including increased access for all to safe water and sanitation services.
14. In social protection, the objective is to achieve effective and sustainable social protection for the poor and vulnerable. The sector will provide social assistance to the most needy while supporting the able-bodied to graduate out of extreme vulnerability and poverty into more sustainable means of self-support. To achieve this, a single, coherent strategy is being designed, and joint funding arrangements sought, to replace the current plethora of small programmes in this area.
15. The objectives in governance include strengthening the country's defence against external threats to maintain peace and security, maintaining and strengthening good

relationships with all countries, continuing to promote unity and reconciliation among the citizenry, and pursuing reforms to the justice system to uphold human rights and the rule of law. This programme also covers a wide range of public administration reforms which include strengthening public financial management (PFM), increasing transparency of policy making, improving procurement, diffusing performance-based budgeting and enhancing political accountability at all levels of government.

16. The EDPRS incorporates a number of cross-cutting issues (CCIs) which include gender, AIDS, the environment, and social inclusion. Wherever possible, material relating to CCIs has been integrated into the discussion of sectoral policies and programmes. Special attention is also given to the challenges and opportunities facing young people when the sectoral strategies are outlined.
17. Experience from the first PRSP (2002-2005) showed that progress was achieved in some areas, but implementation problems held back progress in others. Measures are in place to ensure that implementation of the EDPRS proceeds more smoothly and consistently. Greater efficiency can be achieved by improving incentives to execute policy and by relaxing the constraints which prevent policies from being carried out. To this end, a variety of measures are on-going, including public administration reforms to promote accountability, measures aimed at achieving a closer alignment between donors and EDPRS priorities, a greater role to markets and the private sector, and improved monitoring systems at sectoral and district levels.
18. The implementation of EDPRS will require RwF 4,684 billion over the five years 2008-2012. This amount includes public recurrent expenditure, public capital expenditure and private investment. The public component amounts to RwF 3,315 billion and represents 71 percent of the total cost of EDPRS. The total financing requirement is RwF 535 billion, equivalent to USD 1 billion over 2008-2012, or an average of USD 200 million per year.
19. EDPRS mainstreams a strong system of monitoring and evaluation at project, programme, sector, district and national levels to improve public sector performance. This document proposes an indicator system of four linked matrices which can be used by domestic stakeholders to monitor national development (EDPRS), by external stakeholders to exercise accountability for grants and loans (Performance Assessment/Policy Matrix), and, to a limited extent, by sector specialists to track performance over a rolling three year budget period (Medium Term Expenditure Framework).

# 1 INTRODUCTION

1.1 Rwanda's Economic Development and Poverty Reduction Strategy (EDPRS) is both a document and a process. As a document, the EDPRS sets out the country's objectives, priorities and major policies for the next five years (2008-2012). It provides a road map to government, development partners, the private sector and civil society which indicates where Rwanda wants to go, what it needs to do to get there, how it is going to do it, what the journey is going to cost and how it will be financed. The strategy provides a medium-term framework for achieving the country's long term development aspirations as embodied in Rwanda Vision 2020, the seven year Government of Rwanda (GoR) programme, and the Millennium Development Goals.

1.2 The EDPRS breaks with the past in two ways. Firstly, the strategy redefines the country's priorities. Rwanda's first Poverty Reduction Strategy Paper (PRSP) covered the period 2002 to 2005. It was elaborated in a post-conflict environment where the primary emphasis was on managing a transitional period of rehabilitation and reconstruction. Having made considerable progress during this transition, it is time to take stock and reassess the importance of different policy objectives. Secondly, this strategy document advocates a different way of doing things in Rwanda. In particular, it makes the case for consolidating and extending the decentralisation of public spending when accompanied by robust accountability mechanisms. The EDPRS also recognizes the key role of the private sector in accelerating growth to reduce poverty.

1.3 The priorities of the strategy are embodied in three flagship programmes: **Sustainable Growth for Jobs and Exports, Vision 2020 Umurenge** and **Governance**. The EDPRS assigns highest priority to accelerating growth to create employment and generate exports. It will achieve this through an ambitious, high quality public investment programme aimed at reducing the operational costs of business. This big push will create strong incentives for the private sector to increase its investment rate in subsequent years. With two thirds of the population aged less than 25 years, particular emphasis will be placed on creating jobs for young people. Vision 2020 Umurenge is a highly decentralized integrated rural development programme designed to accelerate extreme poverty reduction in Rwanda. It is currently being piloted in thirty of the poorest sectors (imirenge) of the country. Governance seeks to build on Rwanda's reputation as a country with a low incidence of, and zero toleration for corruption. In the next five years, Rwanda plans to develop a regional comparative advantage in 'soft infrastructure', understood as those aspects of governance, such as well-defined property rights, efficient public administration, transparency and accountability in fiscal and regulatory matters.

1.4 Viewed as a process, the EDPRS has involved extensive consultation over a period of more than one year with a wide range of stakeholders at both central and local government levels. This process was initially overseen by a National Policy Steering Group (NPSG), comprised of Ministers and Governors. The NPSG was supported by a Technical Steering Group, made up of Secretary Generals, Executive Secretaries from Provinces, and representatives of donors, civil society, faith-based organisations and the

private sector. In addition, nineteen sector working groups were involved in setting and costing targets for different resource-availability scenarios. The final stages of the work were guided by the Ministry of Finance and Economic Planning.

1.5 The EDPRS is set out in seven chapters. Chapter 2 provides a summary of what Rwanda has achieved to date in terms of recent growth performance, poverty reduction, human development and governance reform. It identifies the major challenges to be faced in the next five years and draws lessons for the EDPRS from the first PRSP. Chapter 3 offers a vision of where Rwanda could be in 2012. This provides a sense of direction for the EDPRS, while ensuring that the vision is anchored to reality via a set of detailed sectoral targets which have been carefully costed.

1.6 Chapter 4 explains the role of the flagship programmes as a device to prioritise actions by the GoR, mobilise resources for development and improve policy implementation through more co-ordinated interventions across sectors. This is followed by a detailed description of the sectoral and cross-cutting actions required to reach the EDPRS targets. Chapter 5 addresses the challenges of implementing the strategy. It argues that the risks of implementation failure can be reduced by improving incentives to execute policy and by relaxing the constraints which prevent policies being carried out. Concrete proposals are made for how this could be done in Rwanda.

1.7 Chapter 6 answers two questions: how much will the EDPRS cost, and how will it be financed ? The answers are derived from a macroeconomic programming exercise. Chapter 7 discusses how the EDPRS might be monitored and evaluated. An indicator system of four linked matrices is proposed which can be used by domestic stakeholders to monitor national development (EDPRS), by external stakeholders to exercise accountability for grants and loans (Performance Assessment/Policy Matrix), and, to a limited extent, by sector specialists to track performance over a rolling three year budget period (Medium Term Expenditure Framework). This framework is flexible and can be shaped to accommodate reporting requirements to both domestic and international stakeholders.

## 2 WHERE IS RWANDA NOW?

2.1 This chapter reviews the main features of Rwanda's recent socio-economic performance and the lessons learnt from the PRSP (2002-05). Its purpose is to provide a context for elaborating development policy in the medium term. This chapter draws on a variety of household surveys.<sup>1</sup> These include the first and second Integrated Household Survey on Living Conditions (Enquête Intégrale sur les Conditions de Vie des Ménages, EICV), Demographic and Health Survey (DHS), the Comprehensive Food Security and Vulnerability Analysis (CFSVA), and *Ubudehe* survey data, which records the desires and preferences of Rwandans.<sup>2</sup> The chapter also draws on the evaluation of PRSP1 and makes international comparisons. The analysis informs the priorities and strategies of the EDPRS which are formulated in subsequent chapters.

### ***2.1 Economic growth has slowed, population density continues to rise and the environment is under stress***

2.2 In the aftermath of the genocide and associated conflicts (1996-2000), real GDP grew at over 10% per year as the economy recovered from a low base. This was followed by a period of stabilization (2001-2005) during which growth fell to an annual rate of 6.4% (Table 2.1). On the demand side, growth has been driven predominantly by increases in private consumption. This is relevant for the discussion of poverty trends in section 2.2 because the principal poverty measure is consumption-based.<sup>3</sup> On the supply side, there was some structural shift in the economy as the service sector replaced agriculture as the major contributor to increases in output. However, agriculture (and food crops in particular) remains a major component of GDP and provides most employment.

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<sup>1</sup> Households surveys are a way of collecting representative, reliable and independent data. Households surveys help Governments by: providing data for evidence-based policymaking; providing information on users and non-users of services; setting baselines for policies; monitoring implementation; and evaluating results.

<sup>2</sup> *Ubudehe* is a traditional practice and culture of collective action to solve community problems. It has been adopted by the Government of Rwanda as an approach to fight poverty. It is present at 9,000 cells all over the country. The 2006 *Ubudehe* survey results suggest it should be a core method of the Government's approach to fighting poverty because it is embedded in Rwandan mind sets, is seen as an approach that benefits the poor, primarily through increasing access to livestock, promotes social capital and unification, increases participation in planning and decision making, and empowers the poor and women.

<sup>3</sup> The poverty measure is calculated from survey data on household consumption expenditure. The consumption aggregate computed in the National Accounts is broadly consistent with the figure which is generated by 'inflating' the survey data consumption expenditure to national level.

**Table 2.1: Trend real growth rate by activities (5-year averages in percent)**

	Share of total GDP		Average annual growth	
	1996-2000	2001-2006	1996-2000	2001-2006
<b>Gross Domestic Product (GDP)</b>	100.0	100.0	10.8	6.4
<b>Agriculture</b>	37.7	36.4	9.5	4.8
Food crop	31.9	31.4	9.9	5.1
Export Crop	1.0	1.1	11.7	6.3
Livestock	3.0	2.2	7.8	3.5
Forestry	1.5	1.3	10.7	3.7
Fisheries	0.3	0.4	29.9	3.7
<b>Industry</b>	15.1	14.2	7.5	8.1
Mining and quarrying	0.3	0.6	24.5	41.3
Manufacturing	8.2	6.8	4.1	6.0
Of which: Food	1.5	1.7	8.1	9.1
Beverages, & tobacco	4.2	2.5	-4.4	4.6
Others	2.4	2.7	19.5	6.5
Electricity, gas, & water	0.6	0.5	11.3	4.2
Construction	6.0	6.3	11.9	9.6
<b>Services</b>	41.9	43.8	11.7	7.4
Wholesale & retail trade	10.7	9.7	2.2	6.0
Hotels and restaurants	0.8	0.9	25.2	6.6
Transport, storage, communication	4.8	6.0	15.5	9.4
Finance, insurance	2.6	3.5	17.7	13.3
Real estate, business services	10.3	9.6	11.2	5.0
Public administration, education, health	12.4	13.2	21.0	7.9
Other personal services	0.3	0.9	141.2	12.1
<b>Adjustments</b>	5.4	5.7	38.5	5.6
Less: Imputed bank service charge	-1.6	-1.7	4.7	9.6
Plus: VAT and other taxes on products	7.0	7.4	23.4	6.4

**Source:** National Institute of Statistics data.

2.3 Gross fixed capital formation has risen steadily as a proportion of GDP since 1996 (Annex Figure 1). Since GDP growth rates have fallen since 2000, this implies that the productivity of gross investment has declined in recent years.<sup>4</sup> The composition of gross investment as between the public and private sectors has also changed over time.

<sup>4</sup> Or that the incremental capital-output ratio has risen.



The share of public investment fell steadily between 1997 and 2003 before rising in 2004 and 2005. The rising share of private investment from the late 1990s resulted from the government's policies of extensive privatization and economic liberalization.

2.4 The fiscal performance has been improving over the last five years, with revenue collection growing to around 13 percent of GDP in 2006.<sup>5</sup> The domestic fiscal deficit has widened from around 2 percent of GDP in 2001 to 6 percent in 2006.<sup>6</sup> Priority expenditures, which allocate resources to pro-poor needs<sup>7</sup>, have been increasing over the past five years. Rwanda has also benefited from both the HIPC and MDRI debt relief initiatives resulting in a sustainable debt position, in which the Net Present Value of Debt to Export ratio is less than 60 percent.

2.5 Rwanda has experienced strong trade performance with exports growing at an average of 12.5 percent per year since 2001 (Annex Figure 2). Due to the high capital requirements for Rwanda's development however, import growth has been outstripping that for exports with an average increase of 15 percent over the past 5 years. Therefore, we have seen a widening of the trade deficit as a percentage of GDP from 8 percent in 2001 to 12 percent in 2006. Rwandan economic growth and development depends on the diversification of its export product base in addition to the continuation of strong growth in exports.

2.6 The slackening in GDP growth is the result of output expansion in agriculture being constrained by several factors. Land is scarce and constrained by absence of well defined land administration system and poor settlement patterns in rural areas that would contain further arable land fragmentation and degradation as a result of high pressure and soil erosion. The level of technology is low, infrastructure in rural areas is inadequate, while human and physical capital is in short supply. As a result, agricultural productivity is low which generates poor returns to private investment.

2.7 Much needs to be done to improve rural roads and energy to support growth, as corroborated by the *Ubudehe* survey, in which the roads network was identified as a top infrastructure priority. For example, the proportions of roads of national and communal importance in good condition have risen respectively from 4.7 to 6.4 and from 1.7 to 5 per cent only, implying that large sections of the population face immense transportation obstacles to bring produce to markets, and more generally integrate into the national economy. The share of public expenditure going to infrastructure is lower than neighbouring countries. Moreover, energy remains very expensive in Rwanda, accounting for 14 percent of all non-food expenditure, but is a higher proportion for poorer households. Almost 80 percent of the value of fuel is obtained from biomass sources, such as firewood.

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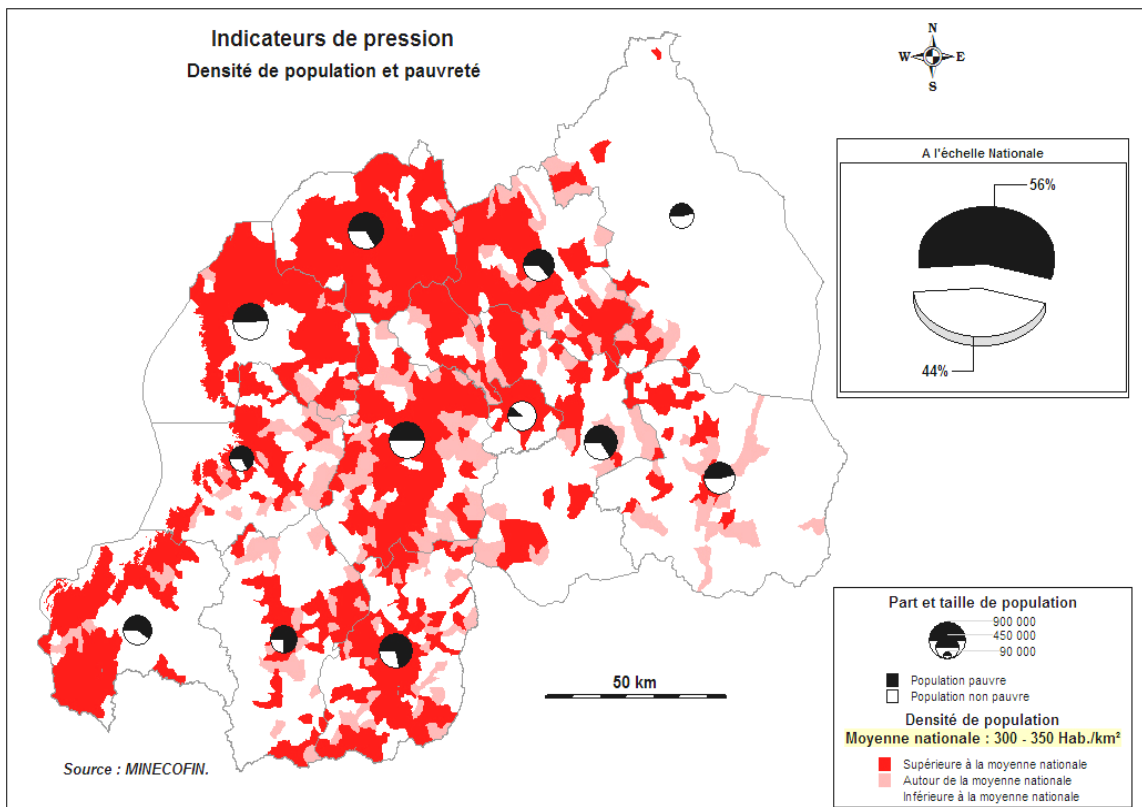
<sup>5</sup> National Institute of Statistics Rwanda (NISR) GDP estimates.

<sup>6</sup> Revenue excluding grants minus current expenditure, domestically financed capital expenditure, and net lending, excluding external interest. Sourced from IMF MEFP Tables.

<sup>7</sup> There have, however, been concerns among GoR and Development Partners that the present definition of priority expenditure is too broad and that a new classification of expenditures thought to be more directly poverty reducing should be instituted.

2.8 This situation is aggravated by increased population growth resulting from an increase in fertility combined with a decline in infant mortality.<sup>8</sup> The ensuing rise in population density has put pressure on the physical environment and induced labour migration between rural areas as well as from the countryside to the towns. A recent study found that ‘...the parts of the country that are increasing their share of the population are those that previously had a lower population density. Umutara and Kibungo, now in Eastern province, had the smallest number of people per square kilometre at the time of the census (2002), and have experienced the greatest increase in population share; conversely, Ruhengeri—now largely in Northern province—and the City of Kigali had high population density in 2002 and are now seeing a reduction in their share of the overall population’ (EICV2:2007,46). The positive association between population density and poverty incidence in Rwanda is shown in Figure 2.1.

**Figure 2.1: Poverty and population density**



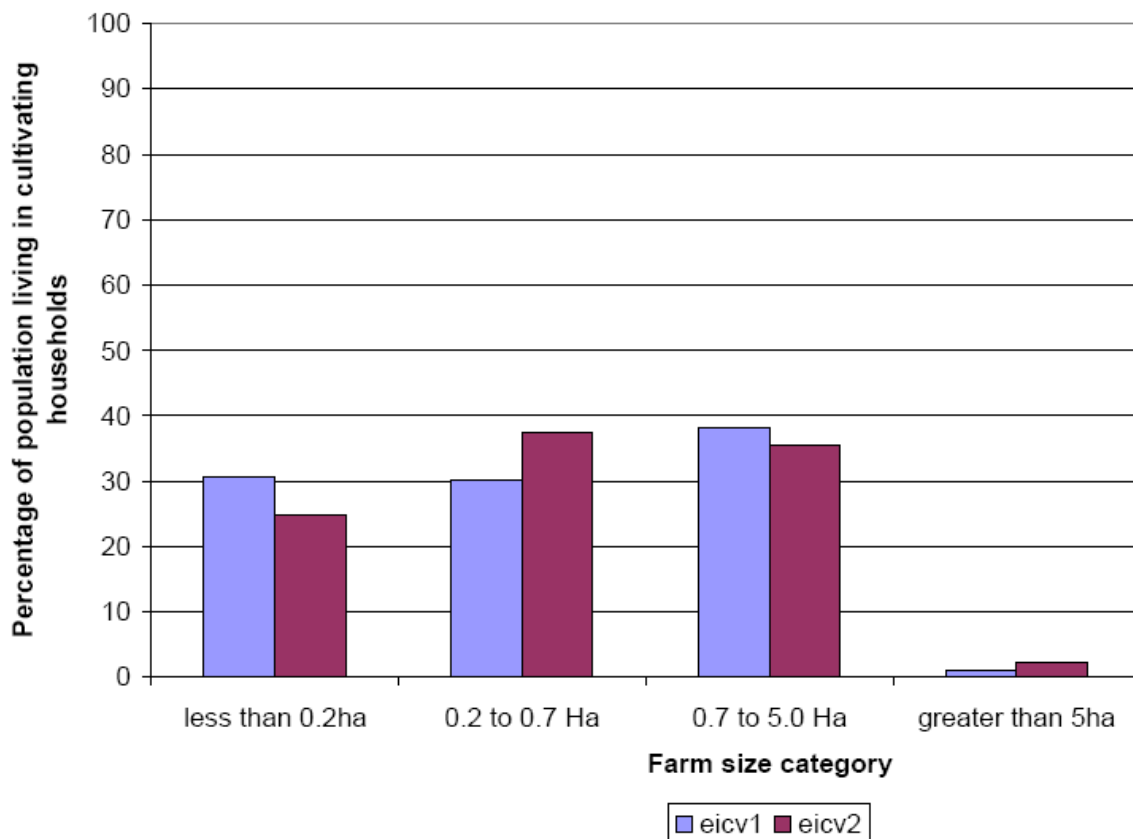
2.9 Natural population growth, together with increased number of returnees from neighbouring countries, has inevitably placed land administration and land use management issues as central areas of concern for the ongoing land tenure and land use management reform process. Land reform that ensures efficient and effective administration rights and obligations of land users, the introduction of legal and institutional mechanisms for land use management and dispute resolution all provide

<sup>8</sup> These demographic changes are analysed in section 1.3

scope to improve the welfare of the poor and vulnerable groups. The new Organic law on Land in principle strengthens women’s rights to land. The redistribution of land arising from the private state lands and pastures will likely have a positive impact on the poor. Safeguards that provide alternative livelihoods opportunities for the poor through land tenure regularization and options that encourage improved land management are being developed.

2.10 In general the proportion of households in each land size category has changed relatively little since 2000/01 (Figure 2.2). Two percent of cultivating households do not own any land, so rent, sharecrop or borrow land. Around of half of cultivating households (representing 3.6 million people in 2000/01 and 4.5 million in 2005/06) cultivate less than half a hectare. More than 60 percent of households cultivate less than 0.7 ha of land, and more than a quarter cultivate less than a 0.2 ha. Standard of living is strongly related to size of landholding, with those holding the least land generally being the poorest. There was a reduction in proportion of landowners in the bottom consumption quintile and an increase in the highest quintile.

**Figure 2.2: Land holdings in 2000/01 (EICV1) and 2005/06 (EICV2)**



2.11 Increasing population density together with policy initiatives to improve access to agricultural technology has increased the use of land-saving inputs in the last five years. The EICV surveys show that the share of cultivating households using organic or

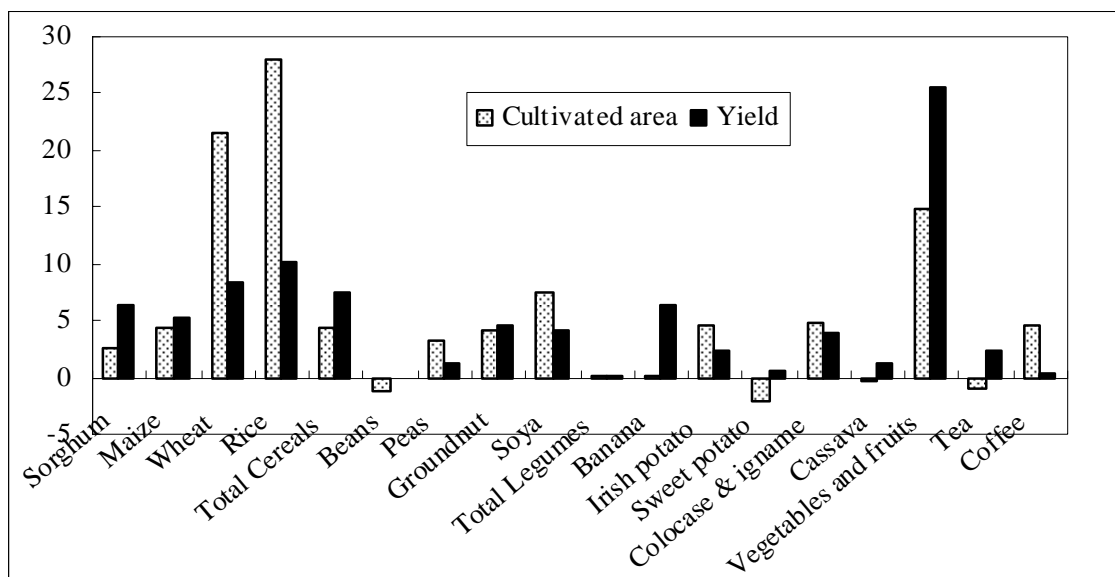
chemical fertiliser remains low overall (19 percent), but has doubled between 2000-01 and 2005-06. There has also been a substantial increase in the share of cultivating households that now purchase insecticide (25 percent) and seeds (71 percent). This holds for all quintile groups and all provinces (Annex Table 1).

2.12 By province, the largest increases in the numbers using fertiliser have been in Eastern province (from a very low base) and Northern Province. A slightly higher proportion of households use insecticides, but again the proportion of households purchasing has more than doubled, including in most quintile groups and in all provinces except the City of Kigali and Western region. There has also been a large increase in the number of households in all quintiles and provinces purchasing sacks, packaging etc. which reflects the growth in the number of producers selling some of their output over the period.

2.13 Ubudehe survey results suggest Rwandans place fertiliser and insecticide as top priorities for improving agriculture, followed by training and extension, anti-erosion and improved seeds.

2.14 Production of food and cash crops increased considerably in 2000-2005 (Figure 2.3). For wheat, rice, soybean and Irish potato, this was largely due to expansion of cultivated area. Production growth for other major crops, such as maize, banana, sweet potato, vegetables and fruits, is likely due to improved yields. Crop yields have generally increased but remain below world averages and, for a few key staples (maize, sorghum and cassava), regional averages (Annex Table 2). There was a significant increase in the degree of market engagement by producers: the share of farmers reporting selling crops has increased, for all staple crops and fruit and vegetables and across all quintile groups.

**Figure 2.3: Increase in Cultivated Area (ha) and Yield (kg/ha), 2000-2005 (Average Percent change)**



Source: World Bank Agriculture Policy Note, 2006 and Food and Agriculture Organization

2.15 In some areas of agriculture, major progress was made, including strengthening of exports, most impressively in coffee and horticulture (flowers, fruit and vegetables). For example, there was an increase in fully washed coffee from 48 tons to 1,100 tons per year between 2002 and 2005; exports of horticulture increased some 2,750 percent; hides and skins exports increased from US\$2.6 million to US\$4.7 million. The challenge is to extend such progress to food security crops such as sweet potatoes, beans, banana and cassava, through improved input usage.

2.16 The other major success story concerns livestock numbers, where the proportion of households owning animals has increased from 60 to 71 percent between 2000/01 and 2005/06. This increase was reported across all income quintiles and provinces, though the middle quintile had the biggest proportionate increase and Eastern province had the biggest cattle ownership. Livestock ownership varies by the gender of the household head, with fewer female headed households owning livestock than male headed households.

2.17 Rising population density in rural areas has placed the physical environment under increasing stress. However, there is evidence of widespread and organized responses to this threat of environmental degradation. By way of illustration, rural households are becoming increasingly involved in soil erosion control measures such as building radical terraces, particularly in the Northern and Western provinces of the country, improving watershed management, and engaging in reforestation work. In 2005-06, 60% of the rural population lived in communities that were engaged in reforestation activities, representing a large increase relative to 2000-01 for which the corresponding figure was 40% (Annex Table 3). For those that replanted, the average area planted also increased substantially from around 4 hectares per community in 2000-01 to more than 12 hectares in 2005-06. The biggest increase in the proportion living in communities that engaged in reforestation was in the Eastern province, followed by the Southern province; and it was smallest in the Northern Province. The increases were of similar magnitudes in all consumption quintiles. The increased involvement of the rural population in reforestation is consistent with the environmental priorities of the Ubudehe survey which were ranked as follows: tree planting, anti-erosion measures, fighting those who burn forests, education on the environment and caring for grazing areas.

2.18 Other initiatives to reduce environmental degradation include the widespread adoption of improved cooking stoves in the Western region to reduce domestic fuelwood consumption. Efforts have been made to rehabilitate critically degraded ecosystems such as the Rugezi wetland and Lake Kivu by planting land cover to protect wetlands against siltation. Measures have been taken to improve the urban environment and Kigali has the reputation of being one of the cleanest cities in the region.

## 2.2 Poverty has fallen, but needs to fall faster to meet the MDG and Vision 2020 targets

2.19 The incidence of consumption poverty has fallen in rural and urban areas since 2000/01 (Table 2.2).<sup>9</sup> The extreme poverty line represents the level of expenditure needed to provide minimum food requirements of 2,500 kcal per adult per day. More than one-third of the population is unable to achieve this level of consumption and go hungry. The upper poverty line includes non-food requirements; over half of the population remains unable to provide for these basic needs. The average poor person's consumption is at about FRw 150 per day and has only increased by 2 percent in the past five years. Over 90 percent of poor people live in rural areas. Rates of poverty reduction since 2000 have been modest and are not fast enough to meet either the targets set in Vision 2020 or the MDGs. The total number of poor people has now increased to over 5 million.

**Table 2.2: Poverty headcount (share of population and number)**

	Poverty headcount (share of population)		Number of poor (millions)	
	EICV1	EICV2	EICV1	EICV2
<i>Upper poverty line</i>				
Kigali	16.1%	13.0%	0.11	0.09
Other urban	46.5%	41.5%	0.29	0.36
Rural	66.1%	62.5%	4.43	4.93
<b>National</b>	<b>60.4%</b>	<b>56.9%</b>	<b>4.82</b>	<b>5.38</b>
<i>Extreme poverty line</i>				
Kigali	8.4%	6.3%	0.06	0.04
Other urban	28.5%	25.3%	0.18	0.22
Rural	45.7%	40.9%	3.06	3.23
<b>National</b>	<b>41.3%</b>	<b>36.9%</b>	<b>3.30</b>	<b>3.49</b>

**Source:** EICV2 results.

2.20 It is interesting to compare objective poverty measures at national level with subjective measures based on perceptions of poverty. One source of subjective

<sup>9</sup> EICV surveys collected detailed information on household consumption, including the consumption of home produced items. This information is used to quantify households' standard of living in monetary terms and is the basis for measuring consumption poverty. Households are defined as poor whose real expenditure per equivalent adult is calculated as being below the poverty line. People defined as poor at the upper poverty consume less than FRw 250 per adult equivalent per day; those living in extreme poverty under the lower poverty line consume less than FRw 150. To calculate poverty incidence, for each household, total expenditure per annum was calculated, which was deflated by a regional price index for the relevant period to give real expenditure, and subsequently divided by an index of household size to give real expenditure per equivalent adult.

information is the *Ubudehe* survey, in which communities identified seven socioeconomic categories, into which households were asked to position themselves. The distribution of respondents by these categories is presented in Table 3. Most people were in the *umuhanya* and *umutindi* categories, indicating they felt they were among the poorest. Vulnerable people were identified in order of greatest destitution as widows, landless, sick, the elderly and child headed households.

**Table 2.3: Own distribution of poor by categories**

		Share of respondents (%)
Destitute	<i>Umuhanya</i>	18.0
Poorest	<i>Umutindi nyakujya</i>	52.5
Poorer	<i>Umutindi</i>	9.8
Poor	<i>Umukene</i>	7.1
Vulnerable	<i>Utishoboye</i>	4.8
Surviving	<i>umukene wifashije</i>	1.1
Others	<i>Abandi</i>	6.8
Total		100.0

**Source:** *Ubudehe* Survey (2006).

2.21 Major causes of poverty identified by *Ubudehe* survey respondents were lack of land, poor soils, bad weather and lack of livestock (Table 2.4). Exit strategies out of poverty were identified as paid employment, commerce and livestock. Over half of households sampled felt that their incomes or livelihoods had not improved in the past three years. Principal activities to be undertaken in future *Ubudehe* work were identified in the areas of as livestock rearing, agriculture, small business, water and roads.

**Table 2.4: Major causes of poverty identified**

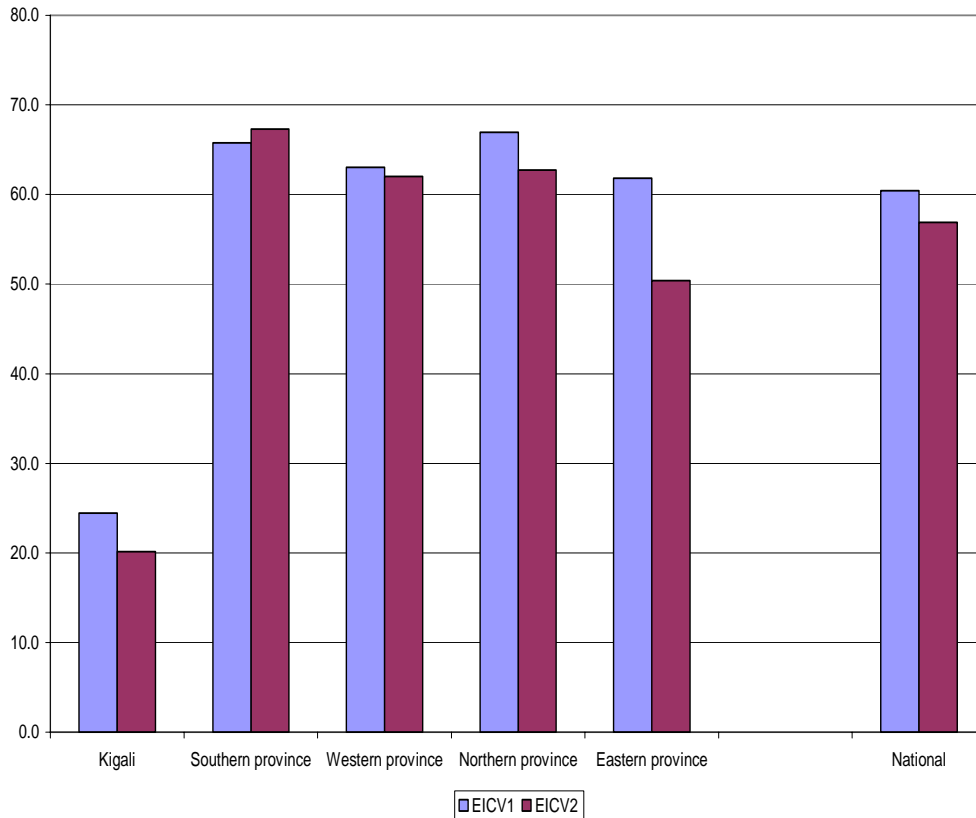
	Share of respondents (%)
Lack of land ( <i>Kutagira isambu</i> )	49.5
Poor soils ( <i>Ubutaka butera</i> )	10.9
Drought/weather ( <i>Izuba ryinshi</i> )	8.7
Lack of livestock ( <i>Kutagira itungo</i> )	6.5
Ignorance ( <i>Ubuji</i> )	4.3
Inadequate infrastructure ( <i>Ibikorwa remezo bidahagije</i> )	3.0
Inadequate technology ( <i>Ikoranabuhanga ridahagije</i> )	1.7
Sickness ( <i>Uburwayi</i> )	1.7
Polygamy ( <i>Ubuharike</i> )	1.2
Lack of access to water ( <i>Kubura amazi</i> )	1.1
Population pressure ( <i>Ubwiyongere bw'abaturage</i> )	0.7
Others( <i>Izindi</i> )	10.6
Total	100.0

**Source:** *Ubudehe* Survey (2006).

2.22 At regional level, changes in poverty varied. The poverty headcount fell significantly in Eastern province and declined by smaller amounts in Northern Province

and in the City of Kigali. However, poverty in Southern province did not change significantly, which is a cause for concern since the South is now the poorest province (Figure 2.4, Annex Table 4). Calculations show that 68 percent of the total reduction of poverty in the country was accounted for by poverty reduction in Eastern province.

**Figure 2.4: Changes in poverty at regional and national level (poor % of population)**

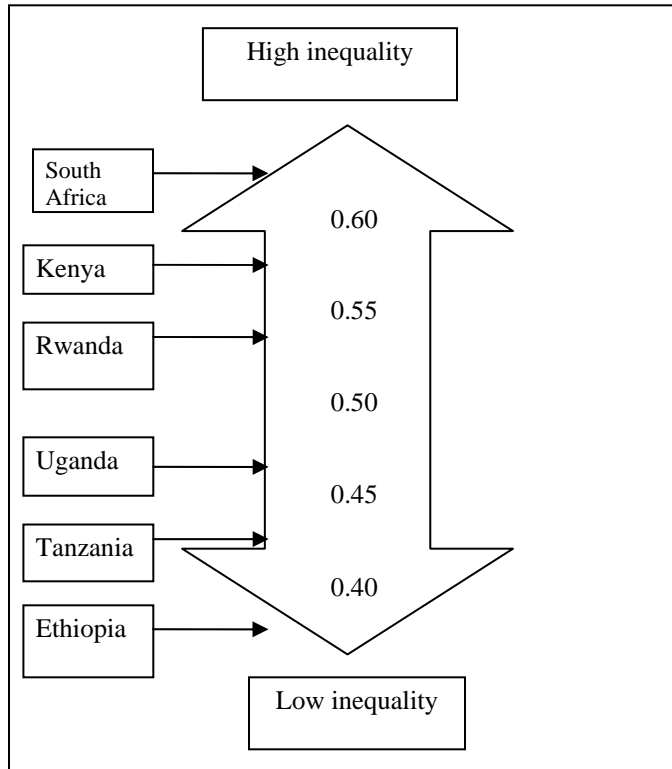


2.23 Comparison of consumption growth with rates of poverty reduction by province indicates significant differences in rates of transmission of growth to poverty reduction (Annex Figure 3). Rapid poverty reduction in Eastern province is mainly due to fast overall consumption growth (over 6 percent per annum). This may be due to several reasons, including poor initial conditions due to the drought in 2000/01, the fast growth of cereals over the period, trade with neighbouring countries and low population density. Poverty reduction in Northern Province has been high despite limited growth (1 percent per annum). Poverty reduction in Southern Province has been marginal or negative despite strong growth (4 percent per annum). Growth did not benefit the poor there.



2.24 Inequality, as measured by the Gini coefficient,<sup>10</sup> rose from an already large 0.47 to 0.51 over the period. This is very high by international standards: Kenya is the only country in the East African Community to have higher inequality (Figure 2.5). The pattern of inequality change varied by location, rising in rural areas and falling in urban. In Southern province, there was a surge in inequality: consumption growth was driven entirely by rising incomes of the rich, while real incomes of the poorest 60 percent of the population fell (Annex Figure 4).

**Figure 2.5: Gini coefficient of inequality in the African context**



**Source:** World Bank PovcalNet.

2.25 An increase in productive employment is the main transmission mechanism linking economic growth to reduced poverty, so it is important to examine recent trends in the Rwandan labour market. There has been diversification of household income sources as the proportion of the employed labour force engaged in agricultural occupations fell by 9 percent nationally to 80 percent, with most of the decline occurring among men. The domestic service and retail trade sectors have absorbed most of these workers.

<sup>10</sup> The Gini coefficient measures how concentrated incomes are among the population of an economy: the higher the Gini, the more concentrated incomes are among a few people. The Gini ranges between 0 (indicating income is distributed equally between all people) and 1 (indicating all income in the economy accrues to one person).

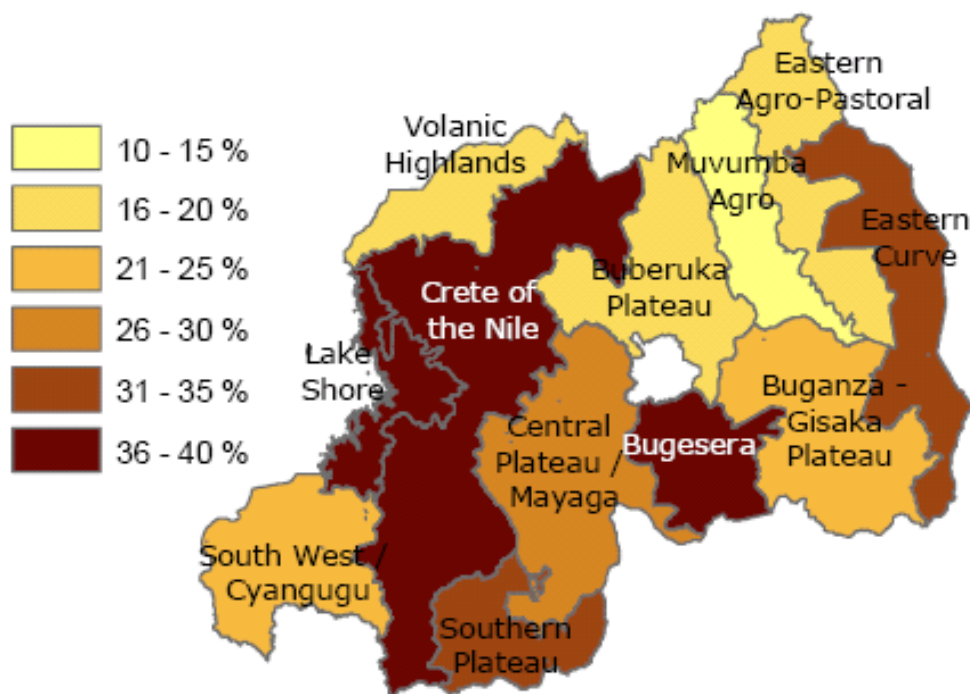
2.26 Survey evidence shows that the incidence of poverty is highest in households whose main source of income is agricultural wage labour. In 2005-06, 91 percent of such households lived below the poverty line which is a similar proportion than that in 2000-01. Households which depend on combining self-employment in agriculture with agricultural wage labour are not much better off, as 82 percent of this group live in poverty. This is a cause for concern because the proportion of individuals aged 15 and above whose main job is agricultural wage labour doubled from 4 percent in 2000-01 to 8 percent in 2005-06. Such a development reflects the acute shortage of land in many areas and the lack of rural non-farm employment opportunities. This occupational group is likely to continue increasing its share of the agricultural labour force in the medium term.

2.27 The most deprived subgroup of those who depend on agricultural wage labour is household heads and spouses who have worked in these jobs for long periods. Nearly half these individuals (41 percent), which include many widows, are among the poorest 20 percent of the EICV2 sample. They constitute the core of extreme poverty in Rwanda. By contrast, orphans are almost twice as likely to be in the wealthiest quintile as people under the age of 21 who have one or both parents still alive.

2.28 Vulnerable households (headed by women, widows and children) represent 43 percent of all households (against 51 percent five years ago) and are concentrated in rural areas (Annex Table 5). Poverty levels among these vulnerable groups fell, providing some support for the effectiveness of policies designed to reach the most vulnerable in society. However, poverty among vulnerable households is around 60 percent and higher than average, indicating that vulnerability remains a serious concern.

2.29 According to the Comprehensive Food Security and Vulnerability Survey, 52 percent of households are food insecure or vulnerable (National Institute of Statistics of Rwanda and World Food Programme, 2006). Food insecurity is found all over the country but tends to be concentrated in Western and Southern provinces (Figure 2.6). It is highest among agricultural labourers, those with 'marginal livelihoods' including those dependent on social transfers and female-headed households.

**Figure 2.6: Food insecurity (% of food insecure households by food economy zone)**



**2.3 Key health indicators have substantially improved, but inequalities in health outcomes persist.**

2.30 Good progress was made in improving the health status of the general population between 2000 and 2005. The infant mortality rate (IMR) declined by 19.6 percent, the under-five mortality rate (U5MR) fell by 22.4 percent and the maternal mortality ratio (MMR) decreased by 29.9 percent (Table 2.5). However, the IMR and U5MR still remain slightly above 1992 levels.<sup>11</sup>

**Table 2.5: Childhood mortality (per 1,000 live births) and MMR (per 100,000 births)**

	Infant mortality		Under-5 mortality		Maternal mortality	
	2000	2005	2000	2005	2000	2005
Rural	123.5	108	216.2	192	*	*
Urban	77.9	69	141.3	122	*	*
Total	107	86	196	152	1071	750

**Source:** Demographic and Health Survey 2000, 2005. Note: \* data not available.

2.31 There are, however, large differentials in health outcomes across Rwanda. Rural rates of mortality remain over one and a half times those in urban areas and the gap has

<sup>11</sup> The MMR in 2005 cannot be compared to that in 1992, owing to a change in DHS methodology in 2000.

not narrowed over time. U5MR is highest in the Eastern Province at nearly one-in-four children (233/1,000) and lowest in Kigali city at one-in-eight children (124/1,000). Southern, Western and Northern provinces have similar rates of mortality (around 170/1,000).

2.32 Furthermore, there exist large variations in the IMR and U5MR between the lowest and highest wealth quintiles of the population. The infant mortality rate is 56 percent higher and the under-five mortality rate is 73 percent higher in the poorest quintile as compared to the richest quintile. Narrowing this gap requires integrated and special policy measures.

2.33 As regards reproductive health, the total fertility rate (TFR) rose from 5.8 children per woman in 2000 to 6.1 children in 2005. This level of fertility is much higher than any of the fertility assumptions used for population projections in Rwanda.<sup>12</sup> A TFR of 6.1 may be compared to women's desired fertility level of 4.3 children and men's desired fertility of 4.0. The gap between actual and desired fertility suggests an unmet demand for family planning. This is confirmed by an increase in the proportion of married women expressing a need for contraception between 2000 and 2005, while the proportion of women indicating that they wanted no more children rose from 33 percent to 42 percent over the same period. The use of modern contraceptive technology increased from 4 percent to 10 percent among married women between 2000 and 2005, but it remains below the 1992 level of 13 percent.

2.34 Among those married women not currently using contraception and not planning to use it in the future, the views of husbands/partners on birth control were less important than the women's own preferences, including opposition based on religious conviction. However, it is encouraging that spouses in 59 percent of couples included in the DHS survey have the same opinion and approve of family planning. Outreach programmes need to be improved in this area as only 3 percent of women who are not using contraception were visited by a family planning field worker in the last 12 months and only 7 percent had discussed family planning at a health facility.

2.35 An examination of recent trends in child nutrition reveals a mixed picture. Three measures of children's nutrition status are presented here. Children who experience chronic malnutrition are short for their age and suffer from stunting. This condition is considered irreversible after the age of two and is therefore considered a measure of long-term nutritional status. The incidence of stunting rose from 42 to 52 percent in 2000-2005 (Annex Table 7) and is highest in Northern province (52 percent) followed by the West (47 percent). In contrast, nutritional indicators which are more sensitive to short-term fluctuations (wasting and underweight) improved over the period (from 7 percent to 2 percent and from 25 percent to 19 percent, respectively). A possible reason for this could be that the large increase in under-5 survival means stunted children are now recorded in the sample who would previously have died.

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<sup>12</sup> 3ème Recensement General De La Population Et De L'habitat Du Rwanda Au 15 Aout 2002; Perspectives Et Prospectives Demographiques.

2.36 Access to, and use of health and health-related services has improved in some areas, but not in others. 75 percent of people now live within 5 km of a health centre and 56 percent of nurses are in rural areas. Improved access is reflected in progress in maternal and child health care. For example, 95 percent women of reproductive age in Rwanda who have ever been pregnant received antenatal care during their last pregnancy. But needs remain very high – e.g. less than 50 percent of health centres fulfill staffing requirements – and are expanding fast due to rapid population growth.

2.37 Immunisation coverage has stalled since 2000, with the percentage of children receiving all vaccines remaining at three-quarters, though falling in urban areas (Annex Table 8). Further progress in childhood mortality reduction will necessitate improvements in this area. Sustained sensitisation campaigns in the rural areas may explain why rural rates of immunisation are now higher than urban.

2.38 There has been a large reduction in HIV prevalence, from 11 percent to 3 percent of adults over 1996-2005. This was associated with national-level campaigns conducted by CNLS to reduce stigma and discrimination, and a large increase in number of VCT sites to 110 in 2004, and increased treatment of sufferers (72 percent of pregnant sufferers are estimated to receive a complete course of ARVs). But concerns remain about low and decreasing condom use among unmarried women (4 percent of 15-24s in 2005 down from 11 percent in 2000).

2.39 The number of people with access to safe water increased between 2000 and 2005, but there was no change in the proportion of households having access to safe water (64 percent), and nor was there any reduction in the average distance a household had to travel to fetch safe water (0.5 km). The latter is an important indirect indicator of women's welfare since it is usually women who collect water for the household. The EICV survey found that, of all public services, Rwandans are least satisfied with access to drinking water (only 50 percent express satisfaction), while results of *Ubudehe* suggest Rwandans would rank water access as highest priority in infrastructure services (followed by roads, health, schools and electricity). This is understandable as over 80% of diseases that afflict Rwandans are waterborne, so access to safe water is a precondition for improving environmental health.

2.40 All quintiles reported an increase in the proportion of households which consulted a medical practitioner between 2000 and 2005. Nevertheless, inequalities in access to health care remain. Of those individuals self-reporting themselves as ill in EICV2, 20 percent of the poorest consumption quintile saw a medical practitioner, compared with 43 percent of those in the highest quintile. One factor that may explain this difference is the proximity of medical facilities. People in the lowest quintile live an average of 15 minutes further away from the nearest health care centre, and an hour's walk further from the nearest district hospital, than those in the highest quintile.

2.41 Government efforts to extend health insurance coverage are bearing fruit with 38 percent of the EICV2 sample included in mutual insurance schemes and a further 5 percent covered by other forms of insurance. Users' evaluation of health services appears

favourable with 77 percent of EICV2 user-respondents declaring they were satisfied with their nearest health care centre and 74 percent registering satisfaction with their district hospital. Similar results emerge from the Ubudehe survey where 60 percent of respondents considered the mutual insurance scheme to be a success and 52 percent considered that health service delivery had greatly improved.

2.42 Improvements in health sector were assisted by strong strategic plan from early in the PRSP period, although donor alignment has remained a challenge throughout, and careful targeting of all groups of the population, for example through the roll out of the mutuelles scheme.

#### ***2.4 Access to secondary education lags behind primary, but tackling quality aspects of primary education are also a high priority***

2.43 Progress in primary education has been strong. An advanced strategic plan and strong donor alignment appear to be critical success factors in this sector.

2.44 As indicated in the EICV, the net primary enrolment rate increased from 74 percent to 86 percent between 2000-01 and 2005-06 (Annex Table 9). The improvement has been seen in both urban and rural areas. Thus, the Government of Rwanda is on track to achieve universal primary education by 2015, in line with the Millennium Development Goals and the 'Education for All' principles. This progress has been made with only small increases in the total number of teachers, primary schools and classrooms. However, the number of qualified primary school teachers rose by 40 percent over this period. This suggests that an improvement in the quality of education played an important role in increasing primary enrolment.<sup>13</sup> Indeed, completion and repetition rates both improved over the period, to 42 percent and 17 percent respectively (Ministry of Education MIS data).

2.45 Gender parity in net primary enrolment had already been achieved by 2000–01 and now the rate is slightly higher for girls (87 percent) than for boys (85 percent). Thus, in terms of attendance, Rwanda has achieved the Education for All Goal of eliminating gender disparities in primary education by 2005. However, the goal emphasises the need not only for girls to be present in school, but also for attention to be paid to their needs in relation to teaching and learning practices, curricula and the safety of the school environment. These aspects are not covered by the EICV surveys.

2.46 Primary enrolment rates increase with household income, so large disparities in school attendance still exist across the income distribution. In the richest consumption quintile, 92 percent of primary-age students attend primary school, as compared to 79 percent of those in the lowest quintile. However, this gap of 13 percentage points is smaller than the 19-point gap observed in 2000–01. This indicates that enrolment rates

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<sup>13</sup> Note that the average time taken for pupils to reach primary school actually rose slightly from 22 minutes in 2000-01 to 25 minutes in 2005-06.

have risen faster among students in the lowest income group than among those in the highest income group.

2.47 Children of primary age not living with a relative and not formally the ward of the household head are the least likely to go to primary school. Full orphans, who have lost both parents, have a lower enrolment rate than children who have at least one parent alive. This finding presents a puzzle to policy-makers since it was shown previously that full orphans are most likely to be found living in the wealthiest households.

2.48 There is little difference in primary enrolment between children who have one or both parents still living. Membership of a household headed by a female, including widows, does not reduce the likelihood of enrolment.

2.49 Satisfaction with primary schools among households who use them is high. Almost four out of every five households are satisfied with the service they provide, and one-third reported observing an improvement in the 12 months preceding the EICV2 survey. These findings are confirmed by the results of the *Ubudehe* survey in which 70 percent of respondents considered that the delivery of primary education had improved greatly in the last three years. Educational priorities identified by *Ubudehe* were ranked as follows: more classrooms, more kindergarten schools, more qualified teachers, higher salaries for teachers and access to adult education.

2.50 A priority objective of Rwanda's recent education policy has been to increase secondary school enrolment, so that all children complete nine years of basic education: six years at primary school plus three years at lower secondary level (*tronc commun*). This is critical for enabling the country to achieve its goal of becoming a knowledge-based and technology-driven society. No school fees are charged at state primary schools and this policy was recently extended to the first three years of secondary school. The effects of this policy change are not seen in the EICV2 data because the survey was carried out before secondary school fees were abolished.

2.51 Only a small fraction of children go on to secondary education (Annex Table 9). In order to achieve its educational objectives at secondary level, the Government of Rwanda increased the number of teachers by 40 percent, the number of qualified teachers by 45 percent and the number of schools by 47 percent between 2000-01 and 2005-06. The effect of this expansion on school attendance has been modest. Over the same period, net secondary school enrolment rose from 7 to 10 percent. The rate is now slightly higher for boys (10.6 percent) than for girls (9.5 percent), which reverses the situation observed in 2000-01. It is striking that the increased use of qualified teachers (which may proxy for improved educational quality) had little effect on attendance. This may be because at the time of EICV2 secondary schools were still charging enrolment fees for the *tronc commun*.

2.52 The disparity in enrolment between the poorest and richest households is greater than at the primary level, and has increased over time. In 2005/06, net secondary school enrolment among children from the highest consumption quintile was ten times higher

(26 percent) than among children from the lowest quintile (2.6 percent). The relatively low enrolment of children not living with a relative and not formally the ward of the household head which was noted at primary level is repeated at secondary level. Membership of a female- or widow-headed household has little effect on enrolment rates. However, enrolment in secondary school among full orphans is much higher than for non-orphans. This reflects the greater probability of full orphans being found in the top consumption quintile where enrolment rates are highest.

2.53 Only 57 percent of user-households expressed satisfaction with secondary schools which is substantially less than was the case among users of primary schools. Furthermore, less than one quarter of user-households reported improvements in secondary schools during the previous twelve months.

2.54 In higher education, the number of students in the 6 higher learning institutions increased from 10,000 (2002) to 27,787 (2005). In science and technology, over 4,000 computers were distributed to schools in 2002-05 and initiatives to develop technology for rural areas were implemented, including creation of the Centre for Innovation and Technology Transfer (CITT) at KIST.

2.55 EICV data show that approximately two-thirds of people aged 15 and over declare themselves to be literate. The literacy rate reported by males (70 percent) is higher than that of females (60 percent), and literacy in Kigali (87 percent) is much more widespread than in rural areas (73 percent). Moreover, the overall literacy rate for 15-24 year olds is some 12 percentage points higher than that for the population as a whole, with the difference being particularly high in rural areas, indicating improved literacy rates over time.

## ***2.5 Governance reforms are well advanced, but much remains to be done***

2.56 Major progress was achieved in governance over the PRSP period, with constitutional reform, national elections, roll-out of *Gacaca* community courts, improved relations with the international community in general and neighbouring countries in particular, and significant reductions in reported crime. The issue of national security was not addressed within the PRSP, and the Independent Evaluation highlighted the importance of the EDPRS being comprehensive in this respect.

2.57 Both justice and *Gacaca* in particular were viewed favourably in the *Ubudehe* survey: 72% of respondents considered that the justice situation was good in their cell and 80% rated the performance of *Gacaca* courts as good or very good. A small percentage of households cited corruption as a problem. Although it is probably not widespread, it could be noted as an area of intervention together with enhancing people's knowledge of laws and educating local leaders on good governance practices.

2.58 The PRSP period saw progress on decentralisation, but with fiscal decentralisation moving more slowly than the institutional framework. Recently,



decentralisation has moved rapidly, with the necessary laws and policies relating to decentralisation developed and the Community Development Framework established to facilitate the flow of funds and management information between the centre and districts. Transfers increased from 2.7 billion FRw in 2003/2004 to 8.4 billion in 2005 (nevertheless below target). However, human resources and information sharing have remained very weak at local levels, as has the leadership of local government in the planning process.

2.59 Regarding citizen participation, empowerment, transparency and accountability, the new Constitution has provided a framework for representation and participation of citizens, bringing into existence key institutions including the two chambers of Parliament, an independent judiciary, the National Electoral Commission, the office of the Ombudsman and the Auditor General's office. National elections were held in 2003. The PRSP did not target a relationship of accountability between service providers and citizens, although the creation of the Office of the Ombudsman is important in this regard (fighting corruption) and trials of Citizen Report Cards offer a potential entry point. Participation of civil society in design, implementation and monitoring of the PRSP remains to be strengthened, although a national Civil Society Policy has been drafted.

2.60 Social Protection was not a strategic area identified under the first PRSP, and has suffered from a lack of strategic plan, consolidated budget and monitoring framework. Despite this, it is estimated that between 7 and 10 percent of the national budget has been allocated to social protection related programmes over the period (e.g. funds for genocide survivors, people with disabilities) which specifically target the most vulnerable groups in Rwandan society (Social Protection Public Expenditure Review, 2006). The adoption of a Social Protection Policy at the end of 2005 was an important step, but rapid development of a Strategic Plan is now needed. Transfers to vulnerable groups should be mapped and resources must be better targeted.

2.61 There has been progress on gender equality, as indicated by both girls' primary school enrolments and women's representation in Parliament, where Rwanda has the highest proportion of female Parliamentarians in the world (49%). However, much remains to be done. Much violence against women, such as rape and domestic assault, goes unreported and hence unpunished. And there remain problems with the Land Law: women who are not legally married have no legal entitlement to their husband's land. Efforts by local communities in sensitizing couples to legalize marriages are yielding fruits through group marriages ceremonies;

2.62 Rwanda participated in the negotiation and implementation of peace agreements in the region. The country also played a commendable role in the international conference on the Great Lakes Region, and contributed to African Union and UN peace keeping missions. This has led to improved peace, security and stability in the region, while also improving the image of Rwanda. These gains need to be consolidated in order to create an enabling regional and international environment for the implementation of the EDPRS.

## **2.6 Implications for the EDPRS**

2.63 Improvements have been seen in a number of important areas. These include a decline in income poverty and improvements in the welfare of some vulnerable groups. Good progress has been made in human development (health and education), but better targeting is required. A higher proportion of people have been able to find jobs outside the agricultural sector, but faster growth in the productive sectors is needed, particularly in agriculture. The role of the private sector should be more supported with various incentives to boost the economy.

2.64 Lessons from the evaluation of the PRSP (2002-05) suggest that the principal problems in the public sector relate to the implementation of policy. For example, fertilizer needs were identified as a priority and resources existed, but targets were not met. Employment creation was also acknowledged as a priority, but was not sufficiently pursued. Sectors knew what to do, but were less clear as to how to do it and tended to work in isolation from each other.

2.65 This review of Rwanda's recent socio-economic performance together with the lessons from the PRSP suggests four priorities for the EDPRS:

- i. **Increase economic growth** by investing in infrastructure, promoting skills development and the service sector, and modernizing agriculture by introducing improved land administration and land use management practices and adopting techniques to reduce soil erosion and enhance soil fertility.
- ii. **Reduce population growth** through family planning and education outreach programmes, while also improving the quality of health care and schooling.
- iii. **Tackle extreme poverty** through improved food security and targeted schemes of job creation and social protection. It is particularly urgent to create new employment opportunities for young persons just entering the labour market.
- iv. **Ensure greater efficiency in poverty reduction** through better policy implementation which includes enhanced coordination among sectors and between levels of government, sharper prioritization of activities, better targeting, widespread mobilization of the private sector, and more effective use of monitoring and evaluation.

### 3 WHERE DOES RWANDA WANT TO BE IN 2012?

3.1 The purpose of this chapter is to outline the objectives which the country hopes to achieve by the end of the EDPRS period. Defining clear objectives is the first step in the elaboration of a medium-term development strategy.

3.2 It is useful to distinguish two sets of policy objectives for Rwanda in 2012. Firstly, there are certain goals which are milestones on a longer journey. These include the Millennium Development Goals (MDGs) which have targets set for 2015, and the objectives of Rwanda Vision 2020 which have targets set for 2020. Given a time path for achieving the MDGs, there will be an implicit set of targets for 2012. However, since the EDPRS is a mechanism for implementing Rwanda Vision 2020 in the medium term, there is no separate set of targets for Rwanda Vision 2020 in 2012. Secondly, there are the EDPRS goals themselves which constitute a destination in 2012. These goals include targets which differ from those of Rwanda Vision 2020 and the MDGs.

#### *3.1 Implicit targets for the Millennium Development Goals in 2012*

3.3 The GoR has expressed its commitment to achieving the Millennium Development Goals. There are eight MDGs with 18 targets and 49 proposed indicators<sup>14</sup>. Most of the targets are set for 2015 against a **baseline of 1990**.

3.4 The MDGs fall into four groups. The first group includes targets defined as common levels of performance across all countries by 2015. This is the case for Goal 2 which refers to the achievement of universal primary education for boys and girls, and Goal 3 which is concerned with the elimination of gender disparities in education. The second group is composed of targets defined as common proportional reductions in deprivation between 1990 and 2015 across all countries. These include halving the headcount ratio of the consumption-poor (Goal 1), and reducing the under-five mortality rate by two-thirds (Goal 4). The third group contains targets defined as halting and reversing trends. Attaining the two targets of Goal 6 involves halting and reversing the spread of HIV, malaria and tuberculosis by 2015. The fourth group is made up of fuzzy targets which relate to Goal 7. These are not targets in a technical sense, in that they do not specify particular values which indicators should take by a specific date.

3.5 Rwanda's targets for the MDGs in 2015 are shown in Table 3.1 together with the implied targets for 2012<sup>15</sup>. Projections for MDG target indicators in 2012 are also given with each indicator colour coded according to the likelihood of the implied target for 2012 being reached.

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<sup>14</sup> The eighth MDG refers to the obligations of donor partners and is omitted from this chapter.

<sup>15</sup> Assuming a linear time path from the base year to 2015.

**Table 3.1: Progress against Rwanda Vision 2020 targets by Millennium Development Goal**

MDG Area	Vision 2020 and MDG Indicators	Baseline 1990	Baseline 2000	2006	Vision 2020 Targets		Progress to Vision 2020 Targets	MDG Targets			Progress to MDG Targets
					Target 2010	Target 2020		Target 2015 <sup>a/</sup>	Target 2012	Proj. 2012	
<b>MDG 1: Eradicate extreme poverty and hunger</b>	GDP per capita in US dollars		200	272	400	900	Red				
	Average real GDP growth rate (percent)		8.1	6.5	8.0	8.0	Yellow				
	Average real growth rate of the agricultural sector (%)		7.0	4.4	8.0	6.0	Red				
	Average real growth rate of the industry sector (percent)		2.0	8.0	9.0	12.0	Green				
	Average real growth rate of the service sector (percent)		11.0	7.4	9.0	11.0	Green				
	National savings (percent of GDP)		0.5	-1.3	4	6	Red				
	National investment (percent of GDP)		13.6	15	23	30	Green				
	Non-agricultural jobs (thousands)		200	419	1,000	2,500	Red				
	Poverty (percent below national poverty line)		60.4	56.9	40	30		30.2	34.7	52.3	Red
	Child malnutrition (% of under-5s stunted)	48 <sup>b/</sup>	43	45				24.5	27.2	69.8	Red
	Child malnutrition (% of under-5s wasted)	4 <sup>b/</sup>	7	4				2	2.5	0.4	Green
	Child malnutrition (% of under-5s underweight)	29 <sup>b/</sup>	24	23	20	10		14.5	16.3	14.0	Green
	Availability of proteins per person per day (percent of needs)		44		55	65		22			Yellow

MDG Area	Vision 2020 and MDG Indicators	Baseline 1990	Baseline 2000	2006	Vision 2020 Targets		Progress to Vision 2020 Targets	MDG Targets			Progress to MDG Targets
					Target 2010	Target 2020		Target 2015 <sup>a/</sup>	Target 2012	Proj. 2012	
	Gini coefficient of consumption disparity		0.47	<b>0.51</b>	<b>0.40</b>	0.35	<b>Red</b>				
	Road network (km/km <sup>2</sup> )		0.54		<b>0.56</b>	0.6	<b>Yellow</b>				
	Access to electric energy (percent of population)		2.0	<b>4.3</b>	<b>25</b>	35	<b>Red</b>				
	Annual electricity consumption (Kwh/inhabitants)		30		<b>60</b>	100	<b>Yellow</b>				
	Urban population (percent of total population)		10	<b>17</b>	<b>20</b>	30	<b>Green</b>				
	Agricultural production (kcal/person/day)			<b>1,878</b>	<b>2,000</b>	2,200	<b>Yellow</b>				
	Agricultural population (percent of active population)		90	<b>80</b>	<b>75</b>	50	<b>Green</b>				
	Use of fertilizers (Kg/hectare/ year)		1.5		<b>8</b>	15	<b>Yellow</b>				
	Use of chemical or organic fertilizers (percent of households)		6	<b>16</b>	<b>20</b>	50	<b>Green</b>				
	Financial credits to the agricultural sector (percent)		1.0	<b>1.9</b>	<b>15</b>	20	<b>Red</b>				
<b>MDG 2 Achieve universal primary education</b>	Literacy level (percent)		71	<b>74</b>	<b>80</b>	100	<b>Green</b>				
	Literacy level (percent of 15-24 year old)		74	<b>78</b>		100					<b>Yellow</b>
	Primary school net enrolment (percent)		72	<b>90</b>	<b>100</b>	100		100	94	100	<b>Green</b>
	Primary school		22	<b>42</b>	<b>100</b>	100		100	74	100	<b>Green</b>

MDG Area	Vision 2020 and MDG Indicators	Baseline 1990	Baseline 2000	2006	Vision 2020 Targets		Progress to Vision 2020 Targets	MDG Targets			Progress to MDG Targets
					Target 2010	Target 2020		Target 2015 <sup>a/</sup>	Target 2012	Proj. 2012	
	completion rate (percent)										
	Secondary school net enrolment (percent)		4	10	40	60	Red				
	Rate of qualification of secondary school teachers (percent)		43	52	100	100	Red				
	Professional and technical training centers (number)		11	11	50	106	Red				
	Admission in tertiary education (percent)		0.1	0.4	4.0	6.0	Red				
<b>MDG 3 Promote gender equality</b>	Gender gap in literacy (%)		10.0	0.2	0	0		0	0	0	Green
	Gender gap in primary education (%)		0.0	0.0	0	0		0	0	0	Green
	Gender gap in secondary education (%)		2	11	0	0		0	0	22	Green
	Female in tertiary education (percent)		20	30	40	50	Green				
	Female in decision-making positions (percent)		10	47.5	30	40	Green				
	Seats held by female in parliament (percent of seats)				48.8		50		50	50	50
<b>MDG 4 Reduce child mortality</b>	Life expectancy (years)		49	51	50	55	Green				
	Children immunized against measles (% of 11-23 month-old)			85.6		100					Green
<b>MDG 5 Improve</b>	Under 5 mortality rate (per 1,000 births)	151 <sup>b/</sup>	196	152	80	50		50	66	106	Red
	Infant mortality rate (per	85 <sup>b/</sup>	107	86	80	50		28	37	63	Red

MDG Area	Vision 2020 and MDG Indicators	Baseline 1990	Baseline 2000	2006	Vision 2020 Targets		Progress to Vision 2020 Targets	MDG Targets			Progress to MDG Targets
					Target 2010	Target 2020		Target 2015 <sup>a/</sup>	Target 2012	Proj. 2012	
<b>maternal health</b> <b>MDG 6</b> <b>Combat AIDS, malaria and other diseases</b>	1,000 births)										
	Maternal mortality rate (per 100,000 births)		1,071	750	600	200		268	353	455	Green
	Births attended by skilled health personnel (percent of births)			39		100					Yellow
	Population in a good hygienic condition (percent)		20		40	60	Yellow				
	HIV prevalence (percent)	11 <sup>c/</sup>	13 ? 9 <sup>d/</sup>	3	11	5					Green
	Modern contraception prevalence (percent 15-49 year-old women)	13	4	10							Yellow
	Malaria-related mortality (percent)		51	26	30	25					Green
	Doctors (per 100,000 inhabitants)		1.5	3	5	10	Green				
	Nurses (per 100,000 inhabitants)		16	22	18	20	Green				
	Laboratory technicians (per 100,000 inhabitants)		2	9	5	5	Green				
<b>MDG7</b> <b>Ensure environmental sustainability</b>	Access to safe/clear water (percent)		64	64	80	100		82			Yellow
	Land protection against soil erosion (percent)		20		80	100	Yellow				
	Land tenure security achieved (% of land parcels with land titles)			1	10	60		30			Yellow
	Land area covered by forest			20		30					Yellow
	Wood energy in energy		94		50	50	Yellow				

MDG Area	Vision 2020 and MDG Indicators	Baseline 1990	Baseline 2000	2006	Vision 2020 Targets		Progress to Vision 2020 Targets	MDG Targets			Progress to MDG Targets
					Target 2010	Target 2020		Target 2015 <sup>a/</sup>	Target 2012	Proj. 2012	
	consumption (percent)										
	Rwandan population (million)		7.7	9.1	10.0	13.0	Red				
	Population growth rate (percent)		2.9	2.6	2.4	2.0	Yellow				
	Women fertility rate (children per women)		5.8	6.1	5.5	2.1	Red				
	Urban population (percent of total population)		10	17	20	30	Green				

Notes

a/ Targets use 2000 data as base unless earlier figures exist. Projections based on compound growth over 2000-05.

b/ 1992

c/ 1996

d/ 2001

Shading key for indicators:  = Rwanda Vision 2020 indicator  = MDG indicator  = Vision 2020 and MDG indicator

Colour key for progress: green indicates that progress is on track, red signifies off track, and yellow means it is too early to tell.



3.6 Table 3.1 indicates that Rwanda has already achieved certain of the MDGs, such as gender equality in primary school enrolment and reducing HIV prevalence, while the country is on-track to attaining several other MDG targets, such as preventing the rise of malaria incidence. However, the targets for reducing consumption poverty and stunting among children under five look extremely challenging.

### **3.2 *Targets for Rwanda Vision 2020***

3.7 Rwanda's progress towards the targets of Vision 2020 shows a similarly mixed picture to that of the MDGs (see Table 3.1). The country is on track for several indicators. These include the aggregate investment rate, the growth of industry and services, the growth of the urban population, the use of chemical and organic fertilisers, literacy, life expectancy, and gender equality in tertiary education and in Parliamentary representation.

3.8 However, performance has been much weaker in some other areas. Per capita income has not risen as fast as hoped, and the 2020 target of US\$900 now seems out of reach. The national savings rate has fallen since 2000 and the number of non-agricultural jobs is less than half the target for 2010. Economic inequality has not declined, and while secondary school enrolment has risen, it has reached only 25% of the 2010 target.

3.9 Given the high priority assigned by Rwanda Vision 2020 to the development of the ICT sector, it is a matter of concern that not only were there no more professional and technical training centres in 2006 than in 2000, but that several of the existing centres are not adequately equipped and fully operational. The admission rate to tertiary education is also well below that required to create the knowledge base needed to accelerate growth of a skill-intensive services sector. Of greatest concern, is the rise in the total fertility rate which implies that population growth is higher than planned.

### **3.3 *Targets for the EDPRS in 2012***

3.10 This review of the MDG and Rwanda Vision 2020 targets provides a context for presenting the EDPRS targets for 2012. They were set following extensive consultation with the sectors and those working on cross-cutting issues. A public expenditure scenario has been identified for the EDPRS and a corresponding set of targets identified for each sector. In the EDPRS, total nominal government expenditure is assumed to grow at 9.0% per annum between 2008 and 2012. Furthermore, the pattern of public spending changes in 2008 to benefit those sectors and subsectors most closely linked to the EDPRS priorities of accelerating skill-driven growth and increasing employment.

3.11 At the sector level, the main beneficiaries are education (20.9 percent of the total budget), health (9.5 percent), agriculture (8.1 percent), transport and ICT (8.1 percent), energy (6.2 percent) and water and sanitation (7.0 percent). A comparison between the sector shares is given in chapter 6 (see Table 6.2).

3.12 There is also a significant reallocation of resources between different levels and types of schooling within the education sector. The major beneficiary is Technical and Vocational Education and Training (TVET), whose share of investment spending on education rises from 3% to 15%, which is equivalent to an increase in its share of total public investment spending from 0.6% to 2.3% (see Table A3.2).

### **3.3.1 Accelerate growth and poverty reduction**

3.13 The annual GDP growth rate is planned to rise from 6.5% to 8.1% by 2012 (see Table 3.3). The main driver of growth will be exports which are scheduled to increase at 15% p.a. compared to their current rate of 10%. This accelerated pace of growth will be made possible through a large increase in the investment rate which will rise from 15% to 23% of GDP by 2012. The effect of this big push will be to reduce the share of the population living in poverty from 57% to 46%, while those in extreme poverty will fall from 37% to 24%.

### **3.3.2 Widen and deepen the financial sector**

3.14 In order to raise the investment rate by nearly 60% over five years, it will be necessary to widen and deepen the financial sector in Rwanda. To this end, private sector credit is planned to expand from 10% of GDP in 2007 to 12% in 2012. At the same time, broad money as a share of GDP, which measures financial depth, is scheduled to rise from 17.5% to 20%.

### **3.3.3 Develop skills for a knowledge-based society**

3.15 In order for Rwanda to achieve the structural economic change implied by the targets of Vision 2020, the country must develop a wide range of skills among the labour force in a relatively short space of time. In primary education, the number of pupils per teacher and per class room is scheduled to fall from 70 to 54 between 2006 and 2012. This should improve the learning environment in primary schools which in turn will allow the completion rate to double from 52% in 2006 to 100% in 2012. Improving educational outcomes at the primary level is a high priority, so it is hoped that the proportion of pupils sitting the final year (year 6) exam who obtain marks above 50% will rise from 8.9% in 2006 to 20% in 2012.

3.16 At secondary level, the aim is to raise net enrolment from 10% to 40% between 2006 and 2012, while also ensuring that a higher proportion of those who enroll finish this cycle of their education. The completion rate for the *tronc commun* is due to double from 20% to 40%, while that for upper secondary is planned to rise from 11% to 16%. The gross enrolment rate in higher education is due to increase from 3.2% to 4.5%, while quality will be enhanced by ensuring that the proportion of teachers in higher education with appropriate qualifications rises from less than 20% to 30%. These improvements in the coverage and quality of primary and secondary schooling should increase the

employability of young persons entering the labour market without any further educational qualifications.

3.17 However, expanding technical and vocational education (TVET) is of strategic importance if Rwanda is to become the ICT hub of the region. The absorption rate of TVET graduates in industry should have risen from around 25% in 2006 to 75% by 2012.

### **3.3.4 Promote science, technology and innovation for economic growth**

3.18 Rwanda will have difficulty achieving either its poverty reduction or wealth creation objectives unless it embarks on a concerted effort to build science, technology and innovation capacity. By 2012, 50% of primary school children will have access to one laptop per child, 30% of primary schools will be equipped with a science corner which will promote fundamental information about science, and 70% of secondary schools will have science labs to provide high quality, practical science and technology education.

3.19 In higher education the number of Masters programmes in science will increase from 80 student places per year to 200 by 2012, Post Doctoral training for PhD holders to 100 per year and a regional scholarship programme established training 500 students in Rwanda from the CECAFA region. Research units in Higher Learning Institutions will be reinforced with six Centres of Excellence in science and technology established in the six public institutions. Overall the number of scientists, engineers and researchers population will have increased to 25 per 10,000 people.

### **3.3.5 Raise agricultural productivity and ensure food security**

3.20 Agriculture accounts for over one-third of GDP, but its average annual growth rate of 4.8% in 2001-2006 was half that registered in 1996-2000 (9.5%). Thus, it is essential to increase agricultural productivity to ensure that Rwanda meets its growth target. To this end, the area protected against soil erosion will rise from 40% of the agricultural land area in 2006 to 64% in 2012. Agricultural intensification will be promoted in both crop and livestock production. The proportion of rural households with livestock will rise from 71% to 82%, the application of inorganic mineral fertilizer will increase from 11% to 17%, and the use of improved seed will rise from 24% to 37%. The area under irrigation will increase from 15,000 to 24,000 hectares, and of this, the hillside area irrigated will expand from 130 hectares to 1,051 hectares. The area of reclaimed marshland will increase from 11,105 hectares to 16,442 hectares.

3.21 Basic food crop production is scheduled to rise by 15% over the EDPRS period, while average energy intake will increase from 1,734 kcals to 1,856 kcals/person/day. The number of farm households per extensionist is planned to fall from 3,000 to 2,550 and the number of farmer associations transformed into cooperatives will rise from 1,105 to 2,242.

The number of farmers per project receiving agricultural credit will increase from 5,454 to 5,945, while total agricultural credit will rise from 3% to 6.6% of all credit by 2012.

3.22 Rwanda's adoption of an export-oriented growth strategy has implications for the agricultural sector which will seek to increase the unit value of agricultural exports by improving quality and by producing new exportables. The proportion of tea graded as high quality will rise from 70% to 73%, while the proportion of coffee production fully washed will increase from 10% to 37%. The export of blu-wet hides and skins will expand from 3,183 tonnes in 2005 to 4,137 tonnes in 2012. The fraction of horticulture production exported will rise from 0.15% to 1.6%, while the area under sericulture will increase from 15 hectares to 3,010 hectares. The number of farmers and farmers' cooperatives specializing in priority commodity chains will double from 1 to 2.8 per district and post-harvest infrastructure per district will be increased as follows: modern markets (from 25 to 45), slaughter houses (from 1 to 2), storage capacity (from 100 to 670 units), agroprocessing units (from 121 to 205) and cold storage units (from 1 to 7). MINAGRI's budget execution rate will rise from 90% to 96%.

### **3.3.6 Manage the environment and ensure optimal utilization of natural resources**

3.23 There are several environmental targets in the EDPRS. Five critically degraded ecosystems will be mapped, assessed and rehabilitated from the current 50% to 80% (2012) (IMCE project). Rehabilitated ecosystems will contribute to an increase in hydro-electric power generation as in the case of the Ntaruka station which is presently operating below capacity due to drastic decline in water levels within the Rugezi wetland. Restored wetlands will provide water for irrigation, and both wetlands and protected forest areas, such as Nyungwe, will promote income generation from tourism. Moreover, a land use and management master plan will be developed by 2008.

3.24 It is planned to increase the proportion of protected areas for biodiversity preservation from 8% to 10% in 2012. Forest and agro-forest coverage is scheduled to increase from 20% to 23% of total surface land area, and annual wood consumption is due to be reduced by 30% between 2002 and 2012. Soil erosion and soil fertility decline will be reduced by 24% over the EDPRS period. In mining, the targets are to increase mineral exports by 250% by 2012 and increase employment from 25,000 to 37,000 of which 20-30% should be women.

### **3.3.7 Build economic infrastructure**

3.25 Infrastructure consists of five subsectors: transport, energy, housing, ICT and meteorology. In **transport**, MININFRA plans to have recruited 75 staff with appropriate Masters Degrees and to have started at least five major projects by 2012. The classified road network will be rehabilitated and maintained during the EDPRS, so that 31% is in good condition. In **energy**, 130,000 households will have access to electricity by 2012 compared to 70,000 households at present. Hydroelectric generating capacity will increase from 45 Mw to 130 Mw, while Lake Kivu methane gas reserves will come on stream and

generate 80 Mw of energy. Electricity coverage of institutions providing social and administrative services will rise from 50% to 80%. Twenty energy service companies will be created and 300 professionals trained to ensure that new generating capacity is adequately maintained.

3.26 In the area of **housing and urban planning**, 18 city master plans will be prepared, 6,336 imidugudu will be constructed and 13,000 hectares of land provided with services for housing. Seven districts with the worst living conditions will be restructured and their inhabitants relocated to better houses connected to basic services. In **ICT**, it is scheduled to have 300 telecentres per sector and for telecommunications access costs to fall from Rwf 120 to Rwf 63. As a result, it is hoped that access to communications services will rise from 4% to 12% of the population by 2012. In **meteorology**, the number of functioning weather stations will be increased from 4 to 150, so that by 2012, reliable weather forecasting is available to the whole country.

### **3.3.8 Improve health status and reduce population growth**

3.27 Several targets of the health sector, such as reducing infant and maternal mortality, are covered by the MDGs or Rwanda Vision 2020. This section describes a summary set of additional EDPRS targets drawn from the health sector logframe which are not included in Tables 3.1 or 3.2. Between 2008 and 2012, it is planned to reduce the total fertility rate from 6.1 to 4.5, and to reduce HIV incidence among 15-24 year olds from 1% to 0.5%. The incidence of chronic malnutrition (stunting) among the under-fives is due to fall from 45% to 35%, while the prevalence of anaemia among women aged 15-49 is scheduled to decline from 33% to 20%.

3.28 The percentage of the population living within one hour of a functioning health centre will rise from 58% to 70%, and the proportion of health centres and hospitals equipped to provide a comprehensive preventive and curative health care package covering family planning, nutrition and infectious diseases will increase from 45% to 70%. The proportion of children sleeping under insecticide treated bednets (ITNs) is planned to rise from 16% to 90%, while the corresponding proportion for pregnant women will increase from 20% to 90%. Chemioprophylaxis coverage of pregnant women will rise from 6% to 94%.

3.29 The detection rate of TB should increase from 45% to 65%, while the rate for those tested for HIV will rise from 60% to over 95%. The treatment success rate for TB cases registered under DOTS should increase from 83% to 95%, while the success rate for treating MDR TB will rise from 60% to 70%.

3.30 As regards AIDS, the number of health centres with integrated VCT and PMTCT will rise from 234 to 433, while the proportion of women accessing PMTCT should increase from 28% to 50%. The targets for anti-retroviral combination therapy coverage for those with advanced HIV infection will rise from 55% to 80% for women, from 50% to 75% for men, and from 30% to 70% for children. The condom utilization rate for those

aged 15-24 will increase to from 25% to 30% for women and from 39% to 45% for men.

3.31 Child health will be improved by increasing the proportion of health facilities implementing community IMNCI from zero to 50% by 2012. Full immunization coverage among children will increase from 61% to 85%.

3.32 Maternal health will be enhanced by increasing the proportion of pregnant women who make at least 4 antenatal visits from 13% to 50%, while also ensuring that the percentage of deliveries which take place in health centres rises from 28% to 75%. The proportion of midwives assigned to rural areas will increase from 17% to 55%. The main family planning target is to increase the proportion of women aged 15-49 years who use modern contraception from 10% to 70%.

3.33 As for nutrition, the proportion of under-fives with anaemia is planned to fall from 56% to 35%, while the corresponding proportion for those underweight is scheduled to decline from 23% to 14%. The percentage of women who are undernourished according to the Body Mass Index, ie. BMI<18.5, is due to fall from 20% to 13%. Environmental health and domestic hygiene will be improved by reducing the proportion of households without access to safe drinking water from 19.5% to 5%, and the proportion without latrines from 5% to zero.

3.34 In order to achieve these targets, institutional capacity must be strengthened and staffing levels increased at several levels. The proportion of health facilities which meet minimum staffing and equipment norms will rise from 30% to 75%. The number of doctors per head of population is planned to increase from 1/50,000 to 1/20,000 by 2012. All these targets assume that the share of health in total public expenditure rises as per the Abuja Declaration from 12% to 15%, and that per capita public health spending increases from US\$11 to US\$20 by 2012.

### **3.3.9 Improve water resources management and access to safe drinking water and sanitation**

3.35 A high priority of the EDPRS is to ensure sustainable and integrated water resources management and development (IWRM&D) for multipurpose use (energy production, irrigation, navigability). To this end, capacity and institutions will be built at national and trans-boundary levels, pilot sub basin committees and Local use Associations (LWA) will be established in the Nyaborongo and Muvumba Basins, while IWRM&D governance and investment plans will be put in place for the entire country by 2012. Underground and surface water master plans will also be carried out.

3.36 In chapter 2, it was shown from the EICV data that, although the numbers of people benefiting from access to safe water had increased, there had been no change in the proportion of households having access to safe water between 2000 and 2005 (64 percent), and nor was there any reduction in the average distance a household had to travel to fetch safe water (0.5 km). During the EDPRS period, the sector aims to increase the proportion of the population accessing safe water from 64% to 86%, and the proportion with

sanitation services from 38% to 65%. It is also planned to increase the proportion of the rural population living within 500m of an improved water source from 64% to 85%, and to raise the proportion of the urban population residing within 200m of an improved water source from 69% to 100%. The number of boreholes with hand pumps which will be constructed or rehabilitated will rise from 120 to 350. As regards sanitation, the sector plans that the proportion of schools with latrines complying with health norms will rise from 10% to 80%, and that the corresponding proportion for rural households will increase from 38% to 65%. To achieve these goals, the sector estimates that its share of public spending must rise from 5.4% to 7%.

### **3.3.10 Integrate and extend social protection**

3.37 The sector plans to extend coverage of vulnerable persons by safety nets from 12% to 17%, and to ensure that 85% of stakeholders perceive these safety nets as successful<sup>16</sup>. It is planned that 75% of vulnerable people graduating from livelihood enhancement schemes achieve economic independence, and that 80% of stakeholders consider the schemes successful. Overall, the sector hopes that 300,000 vulnerable persons will have found jobs by 2012.

3.38 As regards social insurance, it is planned that the entire target group among the employed and self-employed is covered by the mutuelles de santé, while 25% of the remaining population is included by other insurance schemes. The proportion of districts which undertake capacity building in social protection should rise from 40% to 80%, while the corresponding proportion among sectors will double from 25% to 65%.

3.39 Coordination among the different public and private agencies implementing social protection (SP) programmes will be enhanced by requiring all districts to supply evidence of consultation and harmonization among SP providers in their District Development Plans by 2012. Further targets include having 55% of sectors with at least two programmes for vulnerable groups managed and funded by CBOs, NGOs and the private sector. Stakeholder satisfaction is included by requiring that at least 75% of stakeholders report that advocacy has led to a strengthening of laws to protect the rights of vulnerable groups.

3.40 With regard to monitoring and evaluation, it is planned that MIS should be regularly used to support social protection policy-making and implementation in 75% of MINALOC departments, 65% of districts and 50% of sectors by 2012. Furthermore, 79% of civil society organizations should be regularly evaluating their own and MINALOC's SP activities by that date.

### **3.3.11 Promote decentralization, citizen participation and empowerment**

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<sup>16</sup> Vulnerable persons are defined as .....

3.41 Implementation of the EDPRS will occur largely at local level, so the targets set for decentralization, citizen participation and empowerment are of particular significance. In contrast with most other sectors, many of these targets are defined with respect to citizens' opinions. Thus, it is hoped that by 2012, all survey respondents (100%) will understand the policy of decentralisation, express satisfaction and confidence in decentralized governance, and believe that the government is accountable and responsive to people's needs. In addition, 95% of interviewees should report that the level of corruption and fraud is low or non-existent, 90% should believe that elections are free and fair, 80% should be satisfied with their participation in decision-making, 75% should express trust and confidence in government, and 75% should believe that the media is free and independent. It is also expected that Rwanda's position in international rankings of governance indicators such as those used by the World Bank (*Governance Matters*) and Transparency International (*Corruption Perceptions Index*) will have improved.

3.42 By 2012, all national laws, by-laws and regulations are expected to conform fully to the decentralization policy and to the principles of good governance, while virtually everyone (95%) should be satisfied with service delivery and local development. At this date, 80% of districts should be achieving a minimum of 80% of their service delivery and sustainable local development targets, while 75% of districts are expected to meet set benchmarks for mainstreaming cross-cutting issues, such as AIDS, gender, environment and social inclusion, in their planning and budgeting.

3.43 Resource mobilisation by local government to fund capital projects is encouraged by several targets. By 2012, 70% of districts are expected to allocate at least 30% of their spending to the Development Budget, while a similar proportion of districts should fund at least half their spending from locally mobilized resources.

3.44 Local autonomy is to be preserved by setting a target for 2012 that all districts should be able to report low or null levels of interference by central government in previously agreed DDPs and the MTEF. By the same date, the share of line Ministry spending on service delivery which is decentralized to local government should have risen from 50% to 80%, while resources allocated via the CDF should have increased from 4% to 10% of total public spending.

3.45 Women's representation on local government councils should rise from 42% to 50%, while voter turn-out should increase from 89% to 95%. Participation in *Umuganda* activities should rise by 50% as should the revenues generated by these activities.

3.46 With regard to public financial management, it is expected that by 2012 the proportion of districts and sectors with mechanisms in place for public reporting on their financial performance will have increased from 30% to 75%, while the corresponding figures for those reporting on their service delivery and sectoral activities will rise from 60% to 100%. By this date, the proportion of local government entities meeting a basic level of compliance with standard financial management rules, regulations and practices will have doubled from 50% to 100%.



3.47 Accountability will rise as by 2012, 80% of districts will be using performance contracts, citizen report cards and community score cards. Furthermore, the proportion of civil society organizations satisfied with the legal framework and their regulatory environment is due to increase from 60% to 80%, while the corresponding percentages of CSOs satisfied with their level of involvement in socio-economic development is planned to increase from 50% to 75%.

3.48 By 2012, all district, sector, cell and *Umudugudu* leaders will have been trained on unity and reconciliation. At this date, 10 MINALOC officials and 30 district officers will have been trained in the collection, analysis and dissemination of information from a variety of local sources. Socio-economic surveys will be conducted every two years in all districts to track progress in meeting performance targets and contracts (Imihigo).

### **3.3.12 Promote vibrant and professional public and private media to enhance citizen's voice and dissemination of public information**

3.49 The emergence of an independent press and media will be encouraged by increasing the number of journalists acquiring diplomas and certificates each year from 75 to 150, increasing the number of training seminars for journalists in ethics from 4 to 20 per annum, increasing the number of community radio stations from 3 to 10, and increasing the number of regional information centres from 13 to 30. The proportion of local leaders in charge of information at cell and village (*Umudugudu*) levels to be trained annually will rise from 20% to 80%.

3.50 The reinforcement of media institutions will facilitate open access to information on public affairs, decision and opportunities, and advocate for legislation by putting in place one media centre in each district; one modern printing machine is established and operational; modern equipment for journalistic work and media monitoring are acquired. In addition, the use of ICT in media enterprises will increase from 30 percent to 80 percent and the number of media clubs in secondary schools will increase from 120 to 360.

### **3.3.13 Support youth to participate in economic and social development**

3.51 There is a lack of baseline data on youth for target setting and it is likely that targets will be set based on expectations rather than information. There is also no clear picture of the number of support groups and institutions for sport, youth and culture or the effectiveness of the role they play. A baseline survey is urgently required to establish the priorities of youths, the range and effectiveness of current support systems and the degree of youth participation. This will be crucial for both the implementation and monitoring and evaluation processes to ensure resources are appropriately targeted.

**Table 3.2: Targets for the EDPRS in 2012**

<b>Priority area</b>	<b>Indicator</b>	<b>Baseline 2006</b>	<b>Target 2012</b>
Growth and poverty reduction	Real GDP growth (% annual)	6.5	8.1
	Export growth (% annual)	10	15
	National investment (% of GDP)	15	23
	Share of population living in poverty (%)	57	46
	Share of population living in extreme poverty (%)	37	24
Widen and deepen the financial sector	Private sector credit (% of GDP)	10	12
	Financial depth (broad money/GDP)	17.5	20
Develop skills	Pupil/teacher ratio in primary schools	70	47
	Pupils/classroom in primary schools	70	52
	Gross secondary school enrolment	10	30
	Number of TVET graduates	8,250	9,200
Raise agricultural productivity and ensure food security	% of agricultural land protected against soil erosion	40	64
	Area of hillside agricultural land irrigated (hectares)	130	1,051
	Use of mineral fertilizer (kgs/ha)	8	12
	Rural households with livestock (%)	71	90
Improve environmental management	Forestry coverage (%)	20.0	23.5
Build infrastructure	Reduction in annual wood consumption (million cubic metres)	8.9	6.2

	Critically degraded ecosystems mapped, assessed and rehabilitated	50%	80%
	Electricity generation (off/on grid, MWh)	45	130
	Road network in good condition	41	80
	ICT (composite network coverage)	4	20
Enhance capacity and increase employment	Number of additional full-time non-farm jobs created (per annum)		
	Employment in agriculture (% reporting as main occupation)	80	70
Improve health status and reduce population growth	Infant mortality (deaths per 1,000 live births)	86	70
	Maternal mortality (deaths per 100,000 live births)	750	600
	% of population covered by health insurance schemes	70	95
	% of women aged 15-45 using modern contraceptive techniques	10	70
	Incidence of HIV among 15-24 year olds (%)	1	0.5
Increase access to safe drinking water and sanitation	Access to safe drinking water (% of population)	64	80
Integrate and extend social protection			
Strengthen governance, security and the rule of law			

## **4 WHAT DOES RWANDA DO TO GET THERE ?**

4.1 This chapter begins by outlining the three flagship programmes of the EDPRS (growth, Vision 2020 Umurenge and governance) to show how they are related to underlying policy priorities. This is followed by a review of the actions and programmes adopted by each sector to achieve the EDPRS targets. All cross-cutting material on gender, AIDS, the environment and social inclusion has been integrated into the sector reviews.

### ***4.1 Flagship programmes and strategic priorities***

4.2 Flagship programmes are a device to prioritise actions by the GoR, mobilise resources for development and improve policy implementation through more co-ordinated interventions across sectors. Thus, they provide an opportunity to make a difference compared to the impact of the PRSP. Taken together, the Flagship programmes restore a balance between the productive and social sectors in the EDPRS.

#### ***4.1.1 Growth for jobs and exports***

4.3 The first flagship programme aims to make the Rwandan business environment the most competitive in the region, thereby laying the foundations for strong private sector growth in the future. In a first phase, public investments are targeted to relax key constraints on growth by (i) systematically reducing the operational costs of business given their existing technology, and (ii) by increasing the private sector's capacity to innovate.

4.4 Reducing business costs is the highest priority in the medium term because at present Rwanda has the highest transport and energy costs in the region. As a share of import prices, transport costs are nearly three times higher in Rwanda than in Tanzania or Kenya. The unit costs of electricity generation are two and a half times higher in Rwanda than in neighbouring countries (see Table 4.1). Heavy investment in infrastructure will reduce business costs by improving the quantity and quality of energy supplied to urban and rural areas, improving the transport network (roads connecting markets, bridges, airports and regional railways), expanding ICT (both provision and utilization) and improving access to water for drinking/sanitation and for irrigation.

**Table 4.1: Infrastructure costs in Rwanda compared to neighbouring countries**

Country	Transport costs (% of border price of imports, cif)	Energy costs (US\$/Kwh)	ICT
Rwanda	48	0.22	Monthly ISP fee 256 kbps: US\$1,250 (2005) Cybercafe: US\$0.71/hour
Uganda	35	0.08 - 0.10	
Burundi	23		
Kenya	17		
Tanzania	17		

4.5 Business costs will also fall as a result of government efforts to enhance the private sector’s capacity to innovate. Firstly, measures will be taken to help businesses screen global technology more efficiently. Many techniques and processes relevant to Rwanda already exist on the shelf. What is missing are staff with the skills to know where and how to search for appropriate information. Secondly, the capacity of business to transfer technology must be strengthened. There are various channels to accomplish this which range from encouraging direct foreign investment and facilitating licencing arrangements with overseas firms to building closer links between private firms and universities/research centres in Rwanda.

4.6 Thirdly, it is necessary to support the private sector to adapt technology once transferred to local needs. This is particularly important in agriculture, where variations in soil characteristics, topography and climate often require location-specific modifications to imported techniques. Fourthly, once the private sector has accumulated experience in identifying, transferring and adapting foreign technology, the government must provide an environment conducive to the creation of new technology. This requires not only a steady supply of well-trained graduates to business, but also a legal system which recognizes and protects intellectual property rights. Consequently, the legal, regulatory, licensing and tax compliance burdens on firms should be lightened and re-shaped to encourage innovative activity so as to boost productivity throughout the private sector.

4.7 In order to accelerate technological change in Rwanda, the Ministry of Science, Technology and Scientific Research, has developed a Science, Technology and Innovation for Results (STIR) program. This program will define institutional structures and relationships required to implement national STIR policy that are demand driven and responsive to development needs. A two-stage knowledge transfer programme is also under way. The first stage involved assembling teams of Rwandan and international experts to prepare a series of STI capacity building needs assessments and action plans in agreed priority areas. These include agricultural productivity, geothermal energy and geosciences, appropriate technology, food processing and food technology, clean

drinking water and sanitation, and bio-fuels. The second stage will involve financing and implementing specific policies and programs outlined in the needs assessments and action plans. These include programmes to develop coffee, silk, horticulture (flowers, vegetables, fruits), aquaculture, herbs and essential oils.

4.8 The big push delivered by a high quality public investment programme during the EDPRS period will reduce the operational costs of doing business in Rwanda and create strong incentives for the private sector to increase its investment rate in subsequent years. Better infrastructure and access to a more skilled labour force will make Rwanda more competitive in the context of regional integration.

4.9 The country recently re-assessed its position with regard to different regional economic groupings and decided to withdraw from the Economic Community of Central African States (ECCAS) and to cancel its application to join the Southern African Development Community (SADC)<sup>17</sup>. Rwanda will remain a member of the East African Community (EAC), the Common Market for Eastern and Southern Africa (COMESA), and the Economic Community of the Great Lakes Countries (CEPGL). In June 2007, Rwanda became a full member of EAC and negotiations are continuing in 11 sub-committees to bring the country's policies into line with those of EAC in areas ranging from trade, finance and investment to education, agriculture and health.

4.10 Full EAC membership should allow Rwanda to exploit its comparative advantage in regional markets, as well as benefiting from ongoing global trade liberalisation which offers improved access to European, American and Asian markets. By further opening up to international trade, exports should rise and inward direct foreign investment will be encouraged, thereby reducing the share of imported capital goods which are financed by external grants and loans. Thus, over time the main driver of economic growth in Rwanda should pass from private-sector-oriented public investment to export-led accumulation by the private sector.

4.11 Increasing the country's growth rate is essential to create employment opportunities for the large number of youths who will enter the labour market in the next five years. In 2005, two thirds of the population were aged less than 25 years, and it is estimated that between 2007 and 2012 around half a million additional young persons will be seeking jobs. The EDPRS provides a framework for the private sector to implement many of the projects identified in the National Action Plan for Promoting Youth Employment (NAPPYE) which include the production of both tradable and non-tradable goods and services.

#### **4.1.2 Vision 2020 Umurenge**

4.12 The second flagship programme aims to increase the efficiency of public service delivery and to accelerate the rate of poverty reduction in Rwanda, so that extreme destitution has been eliminated by 2020. Vision 2020 Umurenge is a rural development

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<sup>17</sup> Rwanda has signed a bilateral framework agreement with South Africa which covers trade, investment and certain other areas of mutual interest.

programme which is currently being piloted in 30 of the poorest sectors (*umurenge*) of the country. It reflects grass roots priorities identified through the *Ubudehe* exercise and is being implemented at the village (*umudugudu*) level under the management and coordination of the Umurenge in collaboration with the District authorities. The programme could be replicated across the nation in the next 3-5 years.

4.13 Vision 2020 Umurenge identifies several target groups and delivers packaged interventions designed to meet the specific needs of each group. Owner-cultivators with at least 0.25 hectares of land who live below the poverty line will be assisted by various initiatives aimed at increasing agricultural and livestock productivity. These include terracing schemes, supplying new crop and livestock technologies, improving the post-harvest environment (storage, processing) and providing access to financial services.

4.14 Agricultural wage labourers, who are among the poorest of the poor, will be targeted by schemes designed to provide on-farm and off-farm employment. They will also be supported by initiatives to raise their labour productivity, such as training programmes to develop skills, savings-promotion projects, and measures to improve access to financial services. Landless individuals living in poverty who are unable to work on account of disability will be supported by social assistance schemes. Lastly, small scale entrepreneurs living above the poverty line will be targeted by technical assistance programmes and micro-finance initiatives to help create jobs for others, particularly for young persons.

4.15 In order to improve service delivery at local level, especially to achieve greater access to water, schools, cost effective sanitation and waste management systems health posts or centres, family planning and other social services, Vision 2020 Umurenge will seek to encourage the rural population to move into more concentrated village settlements. This approach will be tested in 30 villages, equivalent to one in each initial Vision 2020 Umurenge.

### **4.1.3 Governance**

4.16 The third flagship programme seeks to improve governance in several areas. These include strengthening the country's defence against external threats to achieve peace and security, continuing to promote unity and reconciliation among the citizenry, and pursuing reforms to the criminal justice system (such as the *gacaca* courts) to uphold human rights and the rule of law. This programme also covers a wide range of public administration reforms which include strengthening public financial management (PFM), increasing transparency of policy making, improving procurement, diffusing performance-based budgeting and enhancing political accountability at all levels of government.

4.17 Improving governance underpins the other two flagship programmes. A prime objective of Vision 2020 Umurenge is to increase the efficiency of public service delivery, and this requires strengthening the capacity of local government to provide what citizens need. Accelerating growth for jobs and exports requires the country to attract higher levels of foreign direct investment which will be forthcoming only if the business environment in Rwanda is made more attractive. The country's low level of 'hard

infrastructure’ (transport, energy, communications) makes this a challenging task, but it is better placed to develop and exploit a potential comparative advantage in ‘soft infrastructure’, understood as those aspects of governance, such as well-defined property rights, efficient public administration, and transparency in fiscal and regulatory matters, which are of most concern to private investors.

4.18 If Rwanda is to become a centre of excellence in soft infrastructure and governance in Africa, it must maintain its reputation as a country with a low incidence of, and zero toleration for, corruption. Furthermore, it must develop a service culture in public administration where success is measured by outcomes and by citizens’ satisfaction. This will require institutional innovations, such as the introduction of client charters or public service agreements which specify who the clients of each administrative service are and what they are entitled to expect (see chapter 5). Technical expertise must be built up in regulatory agencies, possibly through an aid-funded retired executives programme, and the commercial justice system must be made more efficient. Gaps in business regulation and taxation must be filled. New company, bankruptcy and contract laws must be developed and an appropriate set of accounting standards enforced. A competition regime, which addresses the particular challenges posed by a small national market, should be designed and implemented to ensure domestic consumers benefit from competitive outcomes.

## ***4.2 Sectoral and cross-sectoral actions to achieve EDPRS targets***

4.19 This section presents the actions and programmes adopted by each sector to achieve the EDPRS targets. The sectors are reviewed in the order in which they reflect EDPRS priorities, while all cross-cutting material on gender, AIDS, the environment, youth and social inclusion has been integrated.

4.20 The list of cross-cutting issues in the EDPRS is standard, although the relative importance of one issue as compared to another is specific to Rwanda. **Gender** is included because men and women experience the process of development and the impact of policy in different ways. They may also have different needs and priorities. Although **AIDS** is less prevalent in Rwanda than in many Sub-Saharan African countries, it still poses a potentially serious, systemic threat to economic growth and social development. Given the scarcity of land in Rwanda, the country’s dependence on the exploitation of natural resources and its vulnerability to global climate change, assessing the **environmental** impact of a wide range of policies will be a key component of the EDPRS. The economic and social dislocation of the last two decades has compounded earlier problems of marginality and social exclusion, such as that faced by the Batwa. For this reason, **social inclusion** is treated as a cross-cutting issue (CCI). Although **youth** is not defined as a CCI in the EDPRS, special attention is given to the challenges and opportunities facing young people when the sectoral policies are outlined.



#### **4.2.1 Raise agricultural productivity and ensure food security**

4.21 The primary objective of the agriculture and animal resources sector is to contribute, in a sustainable manner, to the increase and diversification of household incomes, while ensuring food security for all the population. This sector objective is in line with the priorities of the Strategic Plan for the Transformation of Agriculture (PSTA). The programmes of the PSTA form the operational framework for implementing agriculture's contribution to the EDPRS, while they are also aligned to the broader planning frameworks of the Common African Agricultural Development Program (CAADP) and Rwanda Vision 2020.

4.22 The sector has developed four programmes to achieve its primary objective. The first programme identifies a series of actions to intensify and develop sustainable production systems in agriculture and animal husbandry. These include soil conservation measures, such as the construction and rehabilitation of terraces and the promotion of agroforestry technologies for sustainable land-use. On the livestock side, the 'One Cow per Poor Household Programme' was introduced in 2006 to increase asset ownership and promote animal husbandry among the poor. All beneficiaries of this programme are expected to practice zero grazing. Since large livestock tend to be owned by individuals and not households, it is important that women obtain the same access to this programme as men.

4.23 Improving the genetic potential of livestock will be achieved through importing pedigree animals and through greater use of artificial insemination. More effective animal disease control and better extension services, including delivery of vaccines and other veterinary services, will greatly boost livestock performance. Widening access to high quality animal feed is necessary to raise livestock productivity and to allow greater use of zero grazing. To this end, at least 1.5 tonnes of improved forage seeds will be distributed annually by the national seeds service. Fisheries and bee-keeping will be supported to encourage diversification of animal products.

4.24 Following an Environmental Impact Assessment, marshlands will be developed for growing high value crops such as rice. Irrigation will be extended by constructing small-scale systems for hillsides and lowlands using surface irrigation, pumping and sprinkler technologies, as well as introducing water harvesting systems and other water collection techniques. Greater use of improved seed will be encouraged by supporting the efforts of private seed distributors and by training farmer's cooperatives in seed multiplication and utilization.

4.25 This activity is complemented by a strategy to increase the informed use of organic and inorganic fertilizers. The last component in the first programme of this sector is to ensure access to food by the most disadvantaged and vulnerable rural households. This will be achieved by increasing production of key food crops coupled with the introduction of special food security programmes in every district and conducting regular surveys on social protection and food security. These programmes should address the

specific needs of women, PLHIV, orphans and child-headed households.

4.26 Soil conservation measures such as terracing and agroforestry should increase agricultural employment opportunities for youth in the short run if they are carried out through Labour Intensive Public Works Schemes (HIMO). In the long run, agricultural intensification and marshland development should create additional permanent jobs for the sons and daughters of the current generation of farmers.

4.27 The second agricultural sector programme focuses on building the technical and organizational capacity of farmers. One set of activities supports the creation and strengthening of farmers' cooperatives, so that they can plan and implement market-oriented production, processing and marketing of agricultural commodities. Another initiative involves working with the private sector to launch a decentralized extension service for all stakeholders in the agricultural sector. This will include the establishment of demonstration plots at district level in collaboration with the Community Innovation Centres (CICs). Access to general agricultural education opportunities should be equal for men and women, while the specific needs of female farmers should be met by specially designed courses on business and entrepreneurship.

4.28 Agricultural research systems will be strengthened in order to generate and diffuse technological innovations in crop and animal husbandry more widely and more rapidly. This research will be demand-driven and participatory to ensure that the results are timely and relevant to farmers. National research institutions will be encouraged to collaborate more closely, while their capacities, particularly that of ISAR, will be strengthened through forging closer links with external research institutions. Measures will also be taken to develop rural financial markets and increase the supply of agricultural credit from private and/or public sources to both men and women.

4.29 The third programme in the agricultural sector aims to promote commodity chains and support the development of agribusiness. The Government will assist the private sector by improving the investment climate, so that Rwandan exports are competitive in regional and world markets. This will require significant improvements in product quality which will be monitored and enforced by the Rwanda Bureau of Standards. A related initiative aims to increase the quantity and quality of selected export products. This includes subsidizing the acquisition of key inputs by farmers' cooperatives and facilitating access to external markets.

4.30 Each district will be encouraged to develop specialised commodity chains which make best use of locally available resources in adding value to agricultural products. This will require improvements in rural infrastructure to lower the costs of accessing markets. To this end, public investment will be directed into the construction and rehabilitation of feeder roads. The GoR will also facilitate the private sector in establishing other necessary infrastructure for the storage, transport, and processing of agricultural produce.

4.31 The final programme in agriculture aims to strengthen the institutional framework of the sector at central and district level. The agricultural sector budget should be implemented promptly and effectively, while greater efforts will be made to ensure that MINAGRI and related semi-autonomous agencies are adequately staffed. The Ministry's capacities in planning, budgeting, financial management and M&E should be strengthened at central and district level. Measures should also be taken to increase the number of women from disadvantaged groups who are actively involved in farmer organisations and agricultural service provision.

4.32 Appropriate mechanisms and capacities will be developed for the provision of accurate data throughout the sector on a regular basis, particularly with regard to agricultural statistics. This will include price data, as well as information relating to food security and the early warning system. Capacity must be built at all levels in the sector to ensure that the country's agriculture policy is implemented in all districts and is fully integrated with interventions executed by other sectors.

4.33 A study will be conducted to assess the impact of AIDS on agriculture in order to design and implement interventions in key areas. In addition, the sector will examine how to integrate PLHIV in the sector and develop programs for PLHIV at the district level.

#### **4.2.2 Develop skills for a knowledge-based society**

4.34 In order for Rwanda to make the transition to a knowledge-based economy and society, it is essential to improve access to quality, equitable and effective education. The education sector has a range of policies in place to achieve this and to ensure that the country attains the Millennium Development Goals, Education for All, and Rwanda Vision 2020. Policy and planning documents that have been developed include an education sector strategic plan (ESSP 2007-2011), a ten year education plan and a long term strategy and financial framework (LTSFF 2007-2015). These have been endorsed by development partners.

4.35 The education sector will contribute towards economic growth by making education more relevant for social and economic progress. This will be achieved by the establishment of a curriculum that imparts basic skills in traditional subjects, while also promoting social cohesion and making closer links between the content of education and the needs of the labor market. The priority areas for the education sector in Rwanda are increasing the coverage and quality of nine year basic education, improving the teaching of science and technology (particularly at secondary level), and strengthening Technical and Vocational Education and Training (TVET). Education's contribution to poverty reduction will include equal access for the most vulnerable groups in society, ensuring gender parity. Districts will be encouraged to develop education plans that specifically include local strategies for nine year basic education, environmental and natural resource management, girls' education, TVET, school management, adult literacy and early

childhood development.

4.36 At primary level, the Government aims to increase completion rates significantly by reducing the high rates of drop out and repetition in schools. Rwanda currently has one of the highest pupil-teacher ratios (71:1) in Sub Saharan Africa and reducing this will be vital to improving the quality of education in primary schools. Therefore, increased access and completion in primary schools will require increases in the civil service wage bill, as well as acceleration in the numbers of teachers being trained in teacher training colleges. The Teacher Service Commission (TSC) has been put in place to develop strategies for teacher motivation and retention including the set up of teacher co-operatives. Adequate numbers of classrooms that meet minimum quality standards will also be constructed in order to reduce class size. In primary schools the student-textbook ratio will be reduced to 1:1 in core subjects accompanied by in-service training of teachers in the effective use of learning materials. An ongoing programme will equip all 2,200 primary schools in the country with a science corner to promote fundamental information about science.

4.37 There will be a major expansion of secondary education, particularly in access to the first three years of secondary school (tronc commun). Rwanda has one of the lowest secondary enrolment rates in Sub Saharan Africa. The nine year basic education policy includes strategies to increase investment in teachers, curriculum, textbooks and classrooms. Providing high quality science and technology teaching at secondary level in schools equipped to undertake practical lessons is a high priority. The curriculum will be revised to include new subjects, such as entrepreneurial skill development, which should enhance the employability of pupils once they have left school. Colleges of education have now been established and will be expanded in order to increase the supply of teachers for the tronc commun.

4.38 Equipping new entrants to the labour force with the skills needed to operate and manage a continuous flow of new technologies requires that measures must be taken to update the vocational educational system, to ensure competitiveness in regional and international markets. The Government recognizes the essential role of TVET in the future economic growth of Rwanda. The TVET system aims to ensure the matching of skills to labour market and society needs. One key initiative planned is to set up a TVET board to co-ordinate all public and private stakeholders towards ensuring the provision of outcome-based TVET as well as to co-ordinate the TVET strategy with economic and district development strategies. To this end, high quality Vocational and Technical Training Centres will be established complete with a business enterprise unit to match the students of the schools with employment opportunities. This will also include an industrial attachment program at all levels of technical education.

4.39 It is important that TVET institutions become more relevant and effective, and that the TVET curriculum matches the needs of unemployed youth more closely. Priority areas for improving TVET include creating a merit-based approach based on recognition and rewards for quality work, establishing mechanisms to provide effective follow-up support, providing job placement services for trainees, promoting self-employment as a

productive means of earning a living, and requiring training institutions and programs to prioritize the skills needs of the informal sector and those living in poverty. In all these areas, trainers should be sensitive to, and help meet, the specific needs of female trainees and participants from vulnerable groups, such as OVC households.

4.40 Growth in higher education students has been increasing significantly in recent years and this is set to continue. Higher education outcomes have to be improved through the matching of skills to the labor market. This will be achieved through the targeting of loans and grants to priority areas of economic development such as science and technology. Strategies planned to improve equity through the higher education system include the means testing of student loans and grants. Incentives to growth in private higher learning institutions will be through access to the Student Financing Agency of Rwanda (SFAR) which funds students that plan to conduct their studies in public or private higher education institutions. This will create a climate of increased competition for students and all higher education institutions will have incentives to increase quality and cost effectiveness of the educational services they provide. It is planned that from 2008, loan recovery will commence to ensure that expansion of the universities is financially sustainable. SFAR will manage these funds. Exit strategies for expatriate teachers will be put in place, so that capacity in the long run is built in Rwandan nationals to carry out courses and conduct teaching in higher educational institutions at the higher level.

4.41 Rwanda has made impressive progress in improving adult literacy rates. The aim is to continue this trend and increase adult literacy rates further as specified in the targets of the education sector log frame (see Chapter 3). Furthermore, the education sector has launched several initiatives that address cross-cutting issues or support activities for which other sectors are responsible. These include programmes to improve hygiene in schools and increase knowledge of family planning and life skills.

4.42 Regarding gender, the country has already reached the Millennium Development Goal of equal access for both girls and boys at the primary school level. However, girls' academic performance is poor. Current policy aims to increase the proportion of girls in the relevant age group sitting and passing national exams at all levels of education. In particular, efforts will be made to encourage girls to study science and technology subjects. Programmes will be developed to sensitise teachers, parents and education managers to promote girls' education. Achieving this goal requires action on several fronts. School infrastructure should be made more gender-sensitive by providing separate sanitation facilities for boys and girls. More role models are needed, both inside and outside the education sector, for female pupils. To this end, measures will be taken to increase the number of women occupying senior positions in the educational system.

4.43 The education sector is well-placed to target children at the critical age (12-18) to reduce transmission of HIV. Activities will focus on developing and implementing a national AIDS and reproductive health curriculum appropriate for each educational level from maternal through university, as well as vocational training schools. As teachers are already in short supply, it is crucial that the education workforce remains healthy. An

AIDS workplace program will be implemented for all education sector staff and ancillary workers. In addition, the sector will provide appropriate support to vulnerable children to ensure continued access to education.

4.44 In the area of special needs, the educational aim is to improve access and retention of vulnerable children. These children include the extreme poor, orphans, refugees, returnees, and the physically and mentally handicapped. A policy is currently under development and methods of targeted assistance, such as child profiling, are being designed. Efforts will be made to increase the participation of vulnerable groups in PTAs to ensure that school management is inclusive and that school-based violence and abuse is eliminated. The school curriculum will be revised to be more responsive to the needs of children with disabilities. This strategy will play a key part in achieving a net enrollment rate of 100% at the primary level, and in increasing educational opportunities for all at secondary and higher levels of education.

### **4.2.3 Promote science, technology and innovation for economic growth**

4.45 Rwanda must build science, technology and innovation capacity to promote poverty reduction and wealth creation. Rwanda's commitment to this has been emphasized by His Excellency the President Paul Kagame on several occasions. At the African Union summit January 2007, President Kagame declared that Rwanda must "apply science and technology holistically – in all levels of education and training, in commercializing ideas, in developing business and quickening the pace of wealth-creation and employment-generation, in enabling government to provide better services, and indeed in providing basic tools to society at large for self- and collective betterment." To implement this vision in Rwanda, the Ministry of Science, Technology and Scientific Research was created under the President's Office in March 2006.

4.46 The National Science, Technology and Innovation Policy, approved by Cabinet in July 2005, recognizes that an effective approach to science, technology and innovation capacity building must include policies to promote knowledge acquisition, knowledge creation, knowledge transfer and culture of innovation.

4.47 Acquisition and deepening of knowledge is an essential strategy to achieve the human development objectives set out in Rwanda's Vision 2020 and the National Policy on Science, Technology and Innovation. In higher academic, technical and professional institutions the principal actions will be to train teachers, lecturers and high level professional technicians such as engineers, architects and medical professionals. The strategy includes the development of links with "best in field" technical and professional institutions internationally. Vocational and technical schools will provide Vocational and Technical Training Centres complete with business enterprise units to match students with employers, including industrial attachment programmes. High level vocational skills for continuing professional education will be developed in such areas as high level certification courses in ICT. Research units in Higher Learning Institutions will be

reinforced and investment in training and development of international partnerships in high quality research fostered to meet Rwanda's development needs.

4.48 To promote knowledge creation, research capability needs to be developed in all priority sectors of the economy. The strategy includes the reinforcement of research units in Higher Learning Institutions (HLIs) coupled with the investment in training and development of international partnerships in high quality Research to meet the development needs of Rwanda. Specific Interventions include the establishment of an S&T capacity building fund to support research capacity building initiatives and establishment of S&T Centres of Excellence in HLIs.

4.49 To promote knowledge transfer, science and technology capability needs to be reinforced in all priority sectors of the economy to foster diffusion of knowledge that exists outside Rwanda, adaptation of knowledge developed within Rwanda and ensure workers have requisite skills to use new technology. Sector areas that have been highlighted include agriculture, health, infrastructure, environment and Trade and Industry. Government of Rwanda has embarked on an STI capacity building programme designed to develop practical solutions to practical problems.

4.50 To promote a culture of innovation in Science and Technology at all levels, capacity at national level to process innovations will be promoted, District Innovation Centres established and a National Research Fund set up to provide financial stimuli for STI activities. Skills and knowledge will also be developed in the use and application of intellectual property.

4.51 An enabling legal, regulatory and institutional environment needs to be created to encourage and motivate STI in Rwanda. The GoR's Science, Technology and Innovation for Results (STIR) programme will define institutional structures and relationships required to implement the national STI policy that are demand driven and responsive to development needs. A National Commission for Science Technology and Innovation (NCSTI) will be established as a government agency to act as a coordinating body for STI.

#### **4.2.4 Build economic infrastructure**

4.52 Infrastructure consists of five subsectors: transport, energy, housing, ICT and meteorology. The primary objective of the first subsector is to reduce transport costs within the country and between Rwanda and the outside world. Maintaining and rehabilitating the road network is a priority, but alternative methods of moving people and goods are also being developed, such as the extension of the railway from Isaka in Tanzania to Kigali, an airport upgrade for Kanombe, studies for a new airport at Bugesera, and three water transport schemes<sup>18</sup>. MININFRA is building up its cadre of

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<sup>18</sup> These projects include (i) the construction of accosting quays on Lake Kivu and other lakes between 2008-10; (ii) building a shipyard on Lake Kivu by 2010, and (iii) making the Akagera river navigable by 2015.

professional staff at district and agency level to take these projects forward.

4.53 The goal of the second subsector is to ensure security of energy supplies by increasing domestic energy production from several sources (hydroelectricity, methane gas, solar power, biomass and petroleum). It is planned to connect 130,000 new households to the national electricity grid by 2011, as well as to supply power to administrative centres and service delivery points, such as schools and health centres. Efforts will be made to improve the quality and continuity of electricity supply by improving the maintenance of generating and transmission equipment by fully trained staff.

4.54 By 2020, it is envisaged that 70% of the population will be living in village settlements and that the remaining 30% will reside in towns. The housing subsector will develop planning tools for restructuring the country's settlement pattern, undertake feasibility studies of new residential areas, construct and maintain public buildings, and manage Imidugudu sites. This will involve surveying and demarcating land plots for building, and collaborating with private construction companies for slum clearance and upgrading residential districts.

4.55 The objective of the fourth subsector is to promote investment in, and the growth of the Information and Communications Technology industry. Efforts will be made to widen access to ICT among the population, and to promote ICT for e-Governance, education and capacity building, and for use by the private sector. To this end, the number of telecentres will be increased substantially and the cost of connecting to a telecommunications network will halve by 2011. It is hoped that the number of additional jobs created each year in the ICT sector will rise from 7,000 in 2008 to 20,000 in 2012. This ambitious programme will be overseen by a regulatory authority whose institutional capacity will need strengthening over the period of the EDPRS.

4.56 As regards meteorology, the aim is to provide a wide range of timely, high quality information to different groups of users. This will require a major rehabilitation of existing terrestrial weather stations, investment in a long-range radar system supported by trained staff, and the installation of a Satellite Data Distribution System (SADIS). Additional expenditure will be required to improve the dissemination of weather forecasts and other meteorological information. This is particularly important to farmers and to those responsible for different aspects of the physical environment, such as conservation areas and managing water resources.

4.57 Finally, the sector will ensure a set of appropriate measures are in place, so that the delivery of transport infrastructure and services contributes to the HIV response over the period 2008-2012. This will include providing devices to prevent HIV at rest areas along truck corridors. All tender contract documents will be required to have clauses addressing AIDS and to allocate at least 0.5% of the budget to AIDS, gender and environmental protection.



#### **4.2.5 Widen and deepen the financial sector**

4.58 For Rwanda to achieve accelerated economic growth driven by a high level of investment, it is essential that the country's financial markets are widened and deepened. Rwanda's financial sector is still relatively shallow, undiversified, dominated by an oligopolistic banking sector, and characterized by relatively high lending rates. There is extremely low insurance penetration and a scarcity of long term debt, home mortgage financing and equity capital. Regulation and supervision of pensions and insurance are being strengthened, and the payments system developed. To tackle these problems, the GoR has adopted measures for strengthening the country's financial sector which were approved by Cabinet in 2006.

4.59 The financial sector strategy focuses on four areas to develop the financial system: banking and access to credit, long-term finance and capital markets, contractual savings regulation, and payments systems. Access to banking services outside Kigali and the major towns is still very limited, as the population is only served by the network of UBPR and a few other micro finance institutions that offer very limited financial services. In order to provide more competition, broader access to financial services, and sounder regulation of this key institution, UBPR shall be treated as a de facto commercial bank. While fully respecting the cooperative governance principles on which it is based, up to 40 of UBPR's larger, sounder cooperative unit members with Globus computer systems will provide bank-like payments services to its members. While UBPR will be able to offer their clients most of the services that commercial banks can offer, their much lower maximum loan size requirement will ensure that they will still lend to a large number of clients and provide a broader range of banking services that their clients would otherwise seek from commercial banks.

4.60 Microfinance institutions (MFIs) are an important part of the financial system, so amending and enacting the draft Microfinance Law, as well as finalizing the microfinance implementation strategy, is a priority. A Micro Finance umbrella organization will be established and supported by Government and donors to give guidance to the industry. Government support in training of MFIs and their clients as well as capacity building will be enhanced in order to strengthen and professionalize the industry. Increased capital requirements for micro finance institutions, especially deposit taking ones, will be implemented. Licensing requirements, regulation and internal controls will be strengthened. Subject to results of a feasibility study, a mandatory stabilization fund will be established for licensed MFIs.

4.61 While commercial banks have most of the money available for lending in Rwanda, only about 10% of their lending is for housing and virtually no mortgage lending is for more than 7 years. There is little long term lending other than for housing and, if BRD is excluded, only 1.5% of bank lending is for agriculture. BHR has been viewed as the primary vehicle for financing new homes, but it cannot be a major lender because of its small size and its present commercial banking structure, which is inappropriate for this purpose. BHR will need to find long-term sources of financing to

ensure its sustainability. Commercial banks will be assisted in developing mortgage saving accounts to mitigate the inherent problem of a mismatch between long-term mortgage loans and short-term deposits.

4.62 BRD is a primary source of long term lending and also provides 55% of all bank lending for agriculture. However, it faces a major challenge in finding adequate long-term resources for on-lending, while it is exposed to increasing risk in its lending portfolio as the percentage of lending to agriculture rises. BRD will be supported to expand its developmental lending through increasing its funding sources from new equity shareholders, issuing loan-backed bonds and entering into co-financing arrangements with commercial banks.

4.63 As regards long-term finance, Rwanda does not have a supply of capital market-based long-term debt instruments, so does not have an interest rate yield curve, which is an essential tool for valuing long-term investment instruments. Moreover, the accounting and financial reporting environment based on IAS and IFRS that is a prerequisite for any capital market to develop is still largely undeveloped. Several steps will be taken to allow the emergence of a sound and facilitating environment for long-term capital transactions. These include developing legal, regulatory and operational guidelines for an Over the Counter Debt and Equities market which will be overseen and regulated by a Capital Markets Advisory Council. The long-term debt market will be used to create a yield curve, while the government will increase competition among buyers of these financial instruments by allowing foreign buyers and Rwandans from the Diaspora to participate in the purchase of bonds. The Accountants Bill will be enacted and implemented, so that all financial institutions, large companies, and “public” companies comply with IAS and IFRS accounting standards. The Companies Act, which already contains an appropriate regulatory environment for an OTC long term debt and equity market, will be passed and implemented.

4.64 On the demand side of the long-term capital market, the Central Bank shall be permitted to reissue that portion of the existing t-bills that represents government deficit financing in a mix of one to seven year Treasury Bonds. This will create opportunities for long-term investments by institutional investors like CSR and life insurance companies as well as by individuals. The possibility of a partial guarantee to domestic institutional investors from International Financial Institutions (IFC, AfDB, and EIB) to mitigate credit risk over a long-term horizon will also be explored. Other measures to increase the availability of long-term funds include introducing longer term home deposit savings accounts in banks, facilitating the creation of private pension funds, and amending laws to enable pension funds and insurance companies to invest in a wider variety of financial instruments, including in assets outside Rwanda that meet strict criteria.

4.65 As regards the regulation of non-banking financial institutions, the Rwandan Social Fund (CSR) and private insurance companies are the primary source of the country’s long term funds as well as providing a social safety net to protect the livelihood of those that retire and of families whose primary income earner dies. However, regulation and supervision of both the CSR and insurance companies need to be

strengthened. The Central Bank Act will be amended to enable BNR to develop a consolidated regulation and supervision function for NBFIs, including CSR and other pension funds that may be established, the insurance industry, and, if and when established, leasing and finance companies.

4.66 An efficient payments system constitutes an essential component of financial sector infrastructure. One of the highest priorities is to elaborate a national payments strategy embracing the use of all payments services instruments such as checks, credit and debit cards, ATMs, and automatic salary and pension deposits. To this end, a National Payments Council will be established to develop and implement a national payments strategy. This strategy will address the development of basic payments services targeted at the community at large, based primarily on electronic transfers.

4.67 The government will support the national payments system reform by i) introducing legislation requiring all wage and salary payments by medium and large scale enterprises, i.e., entities employing 5 or more staff, to be made electronically into the accounts of financial institutions; and ii) introducing a policy whereby all government payments, national and regional, to the extent feasible be made to, and received from, the accounts of financial institutions. Once the National Payments Strategy is in place, an Automatic Clearing House (ACH) will be implemented and its potential membership expanded beyond commercial banks to other entities who meet its agreed access criteria.

#### **4.2.6 Strengthen health programmes and reduce population growth rate**

4.68 Improving health is an important goal in itself and, as a component of human capital accumulation, it also contributes to higher incomes. Poverty and poor health are often linked in a vicious circle. Poverty exposes households to greater health risks stemming from undernourishment, limited or no access to safe drinking water and basic sanitation, overcrowding, illiteracy, and an inability to access and/or utilise health care resources. Poor health reduces household savings, constrains learning ability, lowers productivity and leads to a low quality of life.

4.69 The health sector plans interventions in seven areas to allow Rwandans to break out of this vicious circle of poverty and poor health. The first objective is to strengthen institutional capacity at all health facility and administrative levels. This will be achieved by allocating and managing health financial resources more efficiently, and by ensuring coordination among vertical disease programs and mainstream health service delivery in a cost-effective manner. Private sector involvement in the provision of health care will be encouraged and the Integrated Health Management Information System will be strengthened to allow better monitoring, supervision and evaluation. This should ensure that the National Health Accounts, Public Expenditure Review and Mid Term Expenditure Framework are institutionalised and updated annually. Having stronger management systems in place should improve partnerships between the public sector, the private sector, the informal sector, and community/traditional healers.

4.70 The second objective is to increase the quantity and quality of health sector human resources. Efforts will be made to improve the availability of well qualified health professionals throughout the country; particularly in rural areas. This shall be done by defining fixed positions in the rural health facilities and recent graduates shall be required to work for a minimum of two years in rural health care facilities. To increase the quality of health care the government shall expand and strengthen the existing Performance Based Financing (PBF) system through which wage premiums are paid to health workers based on performance of facilities.

4.71 The third objective is to ensure that health care be accessible to all the population irrespective of their ability to pay. In order to ensure access to, and use of health services, the sector is putting in place sustainable ways of helping the very poor and members of vulnerable groups. This is done through the Community Health Insurance Scheme “Mutuelles”, where membership for the very poor and vulnerable groups is subsidised through the solidarity funds. Efforts are also under way to ensure that everyone is covered by health insurance with an emphasis on strengthening the community health insurance (Mutuelles) scheme. On the supply side, the number of doctors will increase and they will be provided with appropriate medical equipment.

4.72 The fourth objective is to increase geographical accessibility to quality health care services. By 2012, the proportion of households living within 1 hour from a fully functioning and equipped health care facility will be increased. In order to achieve this goal, the sector needs to increase the provision of health services in more remote and underserved areas of the country. The capacity of health centres and hospitals to provide a comprehensive preventive and care package for family planning, nutrition, AIDs, TB, malaria and IMNCI will be strengthened. The health sector will also need to build and rehabilitate some health facilities.

4.73 The fifth objective is to increase availability and affordability of drugs, vaccines and consumables. As utilisation of health care facilities increases, evidence shows that the binding constraint becomes drug availability. Providing safe and effective medications, diagnostics and other commodities to patients is vital for improving quality of health care. Such a policy has cost saving effects which is the rationale for attempting to reduce the number of out-of-stock days for all essential drugs for public health facilities.

4.74 The sixth objective is to improve the quality of, and demand for services in the control of diseases. Drawing on available evidence relating to the effectiveness and affordability of key health interventions, measures will be taken to address the major diseases and risks that contribute to the heavy burden of morbidity, mortality and low productivity in Rwanda.

4.75 Strengthen reproductive health services and family planning in order to reduce population growth: these policies focus on promoting family planning, specifically on reproductive health for youth, involving men in family planning, supporting couples and individuals who decide responsibly and freely on the number and spacing of their

children, and ensuring free access to information, education and contraceptive services. Broader activities include improving maternal health through scaling up Emergency Obstetric and Neonatal Care activities, sensitising the community to danger signs during pregnancy, increasing access to prenatal, delivery and postnatal care to reduce maternal and infant mortality, In addition, by community mobilisation, behaviour change communication (BCC) and promotion of gender empowerment total fertility rate will be reduced.

4.76 *Reduce the incidence of communicable diseases, by improving promotion, prevention, care and treatment of malaria, TB and AIDS:* during the time horizon of the EDPRS, malaria case management will be improved by early case recognition followed by appropriate response and referral, combined with better access to services. Efforts will be made to increase the use of insecticide treated bed nets, especially by children and pregnant women, and to reduce mosquito breeding through improved general sanitation and other means. Chemioprophylaxis for pregnant women will be promoted.

4.77 TB Case Management will be strengthened by early case recognition with appropriate response and referral, combined with better access to services. Directly Observed Treatment Short Course (DOTS) and STOP-TB strategies will be expanded; closer links will be forged between TB and AIDS programmes, while the problem of multi-drug resistant-tuberculosis (MDR-TB) will be addressed.

4.78 As regards AIDS, the health sector will ensure that HIV counselling and measures to prevent HIV transmission from mother to child are routine during prenatal and postnatal visits and circumcision of young people will be promoted in order to reduce transmission. Screening and testing of children will be expanded. Building on the progress already made by the Treatment and Research AIDS Centre (TRAC), which has been recognized by an award from the Technology in Government Africa (TIGA) project, the treatment, care and support of HIV infected and affected people will be improved. Measures will be taken to combat ignorance and disseminate knowledge about the causes of AIDS and how it can be prevented. In particular, awareness programmes will target populations at higher risk of exposure, such as the armed forces and highly mobile groups among the population.

4.79 People living with HIV have an important role to play in advocating preventive measures and promoting changes in sexual behaviour. Their voices can provide first hand testimonies to persuade people to alter their attitudes and adopt safe strategies of HIV prevention. Support will be provided to widows, widowers and other groups, such as Orphaned and Vulnerable Children (OVC) and People Living with HIV (PLHIV), who have to cope with the socio-economic impact of HIV and AIDS. These awareness programmes will provide employment opportunities for young persons who are likely to be particularly effective in communicating health messages in this area.

4.80 *Decrease the prevalence of childhood diseases through IMNCI (Integrated Management of Neonatal and Childhood Infections):* measures are in place to scale up implementation of IMNCI. Efforts will be made to expand full vaccination coverage of

children, and a large scale campaign will be launched to raise awareness of diarrhoea, ARI and other childhood disease prevention measures.

4.81 *Reduce the rate of macronutrient (chronic and acute) malnutrition and the prevalence of micronutrient deficiencies:* policies to achieve this objective include promotion of optimal nutritional practices, including those for mothers and infants, and expanding community-based nutrition programmes. Therapeutic and supplementary feeding services for malnourished children will be strengthened, while nutritional education, care and support will be provided to PLHIV and other vulnerable groups at health facilities and at community level. Micronutrient supplements and de-worming treatment will be provided to the most vulnerable populations, including children under-five, primary school pupils, pregnant and lactating women, and those on anti retroviral therapy (ART). A Nutrition Surveillance System will be established as part of a comprehensive Food Security and Early Warning System.

4.82 *Improve the environmental health and hygiene conditions of the population:* this will be achieved by increasing access to potable water to prevent water-borne diseases, and through improvements in environmental sanitation. Massive BCC and awareness campaigns will be launched to change individuals' behaviour and promote higher standards of personal hygiene. Safer methods of waste disposal will be promoted at community and health facilities.

4.83 *Develop and implement a national programme to combat mental illness:* a major legacy of the genocide is the large number of people suffering from trauma and other effects of having suffered bodily harm and/or having witnessed others being murdered or mutilated. The number of trauma counsellors will be increased and targeted programmes will be launched to meet the needs of different groups, particularly children.

4.84 The seventh objective of the health sector is to develop accessible national reference, training and research facilities of high quality with specialist health care services and state of the art equipment to improve the training and investment environments. People with the financial resources and the ability to travel tend to use health services abroad. This can also ensure that investors have access to satisfactory health care services within the country. This further requires strengthening the skill base of the country's medical sector by training more specialised medical personnel. A strategy will be formulated to develop further areas of specialisation in Rwanda and a policy framework will be drawn up to promote clinical research on high morbidity and mortality diseases.

#### **4.2.7 Improve water resources management and access to safe drinking water and sanitation**

4.85 The purpose of the Water and Sanitation Sector (WATSAN) is to ensure sustainable and integrated water resources management and development (IWRM&D) for multipurpose use including increased access for all to safe water and sanitation

services. The sector has planned activities in seven areas to meet its EDPRS targets. Firstly, a set of tasks has been identified which feed into the preparation of a National Water resources management master plan which will be approved by 2009. These include surveying and assessing all the country's surface and groundwater resources and establishing a national system of monitoring water quantity and quality. Watershed management committees will be set up across the country and the Nyabarongo and Muvumba Rivers will each have 10 km of their river borders protected.

4.86 Secondly, measures will be taken to increase access to water for economic purposes. These include reviewing existing legislation to improve the regulatory framework for water use and promoting water harvesting for agriculture. The possibilities for expanding navigation on the country's water bodies will also be explored. Thirdly, a series of actions are contemplated to improve access to safe water for domestic use. These include developing guidelines for water and sanitation planning, design, construction, operation and maintenance for public and private bodies. Initiatives will be taken to provide, supply and rehabilitate water infrastructure, such as boreholes with hand pumps.

4.87 Fourthly, it is planned to improve access to sanitation services meeting hygienic standards. Measures will be taken to increase the proportion of schools, health centres and rural households with latrines. Collection and processing of solid waste from households and institutions will be extended. Fifthly, human and institutional resource capacities in water and sanitation will be strengthened. To this end, a needs assessment will be carried out and a capacity building plan approved by 2008. Finally, the institutional framework for water sector policy making, planning and implementation will be enhanced by developing a National Water and Sanitation Master Plan, and by putting in place a results-based monitoring and evaluation system.

4.88 In planning its interventions in these seven areas, the sector will be mindful of cross-cutting issues. Since it is women who are primarily responsible for fetching water, it is important to design and implement a rural water supply programme that is responsive to their needs. For example, the sector will strive to decrease the average distance to the nearest safe water source in order to protect women and reduce their vulnerability to rape. WATSAN will also play a role in HIV prevention by providing programming and condoms for its workers and by taking actions to reduce the number of days its workers are away from home. Sensitization activities will be carried out to create awareness among the population about the links between AIDS and access to water and sanitation services.

#### **4.2.8 Enhance capacity and increase productive employment**

4.89 The Capacity Building and Employment Promotion Sector (CBEPS) aims to strengthen public sector capacity to provide effective and efficient service delivery, as well as to launch initiatives leading to increased levels of decent and economically productive employment. The sector plans activities in four areas. Firstly, policies and legislation will be put in place for both private and public workplaces which mandate a

safe, secure and equitable work environment, while also introducing measures to ensure compliance. This will enshrine workers' and employers' rights and responsibilities in the Labour Laws and Public Service Policy, which in turn will be used as guidance for a range of other regulatory and procedural documents.

4.90 To ensure quality of revisions to the Labour Law and related regulatory documents, technical assistance and capacity building of key MIFOTRA staff will be required. Technical support for the development of a Public Service Policy and associated regulatory documents, including the Public Service Statute, will also be needed. To monitor and support compliance with these policies and laws it will be necessary to put in place a Public Service Commission. It will also be important to strengthen the capacity of Labour Inspectors through key inputs which include increasing the number of inspectors from 30 to 60; provide transport to facilitate workplace visits in rural areas; 15 days training per year for 30 inspectors at RIAM for the Certificate in Labour Administration; a computer with standardised database for each district labour office.

4.91 Secondly, the key to effective and efficient service delivery is building the human, institutional and organisational capacity of public service institutions. The sector will work in partnership with all sectors involved in Capacity Building and Employment Promotion issues, especially MINALOC, MINEDUC and MINSANTE to ensure capacity building is responsive to needs at all levels of governance. The sector will also strengthen the capacity of local training institutions to ensure cost-effective and responsive professional development of public sector staff. To support this, a National Reform Coordination Unit will be established.

4.92 To support identification of needs and ensure professional development in key areas, a National Skills Audit will be carried out and the results used to develop a Skills Development policy and strategic plan. Support will be given to all public institutions to carry out a Training Needs Assessment, the results of which will be used to develop institutional Training Plans based on the priorities identified. These will be used by the CBEP sector to develop a national Masterplan of public service training based on priority needs. All public sector training will be funded through a centralised Skills Enhancement Fund which will be established and managed by MIFOTRA. Appropriate equipment will also be requested to support key CBEP sector activities and upgrading of facilities to ensure compliance with revised policies and legislation for Health and Safety and equity. Local Training Institutions (LTIs) will also be strengthened to enable them to carry out training of public sector personnel at all levels; this will require technical assistance to build training capacity, develop appropriate curricula; and improve their facilities. Two projects, 'Migration for Development in Africa' (MIDA) and 'Transfer of Knowledge and Technical Expertise Network' (TOKTEN), will support engagement of the Rwandan diaspora in capacity building for the public and private sectors. This will allow the Rwandan diaspora to develop harmonious relations with the mother country and to contribute to the good image of Rwanda in the international community.



4.93 Thirdly, in order to ensure increased levels of economically productive employment, the sector will implement two complementary initiatives. The first is the establishment of a National Employment Agency with district branches which will provide information and advice to job seekers and provide contact with potential employers. The second initiative will provide access to priority high quality vocational training through the Rwandan Workforce Development Authority and its provincial and district centres. This is aimed at increasing the number of off-farm jobs in Rwanda. Priority will be given to employment of youth, women and people living with disability, and the elimination of child labour.

4.94 The new employment promotion interventions will require considerable capital costs in establishing the National Employment Agency and 30 district branches, and the Rwandan Workforce Development Authority with 5 Provincial Workforce Centres and upgrading of the current CFJ vocational centres to become District Workforce Centres targeting all Rwandans for employment. This will require construction, rehabilitation and provision of all equipment as well as a full complement of staff who will be trained appropriately. A strategic plan will be developed which will elaborate the orientation, higher level objectives and programmes of these organisations.

4.95 Fourthly, CBEPS will seek to improve coordination of activities and collaboration with partners across public and private sectors, and to establish effective data collection and reporting processes to support monitoring and evaluation of progress. This will involve setting up a number of teams to address capacity building and employment promotion priorities, which might include measures to promote young entrepreneurs and increase the number of apprenticeships. This in turn will require provision of adequate communication equipment, including improved wireless connectivity for all staff members. An effective Management Information System will require the design of integrated databases which link to the proposed national database to be managed by NIS. Training of CBEP staff to maintain specific sections of the database related to their sub-sector interventions is planned. Equipment will include upgraded computers for key staff, and dedicated servers. The creation of new posts for professional officers in the areas of monitoring and evaluation, and statistics will be requested.

4.96 The sector will monitor the gender composition of employment in different sectors, and of jobs in different skill categories. Measures will be taken to widen the occupational choices facing women and to eliminate gender-based wage discrimination. CBEPS is also committed to addressing AIDS in the workplace. The sector will ensure HIV and AIDS sensitization and prevention is provided in both public and private enterprises, with at least 60% of enterprises providing this by 2012. In addition, the sector will work to ensure that policies and employment laws related to AIDS are developed and implemented.

#### **4.2.9 Raise the contribution of the manufacturing sector to economic development for sustainable growth**

4.97 The GoR regards the manufacturing sector as a major engine of sustainable growth and development. In the long-run, the main source of job creation in Rwanda will pass from the primary to the secondary and tertiary sectors. To prepare for this transition, measures will be taken to enhance the production of competitive and high value manufacturing goods for sale in local, regional and international markets.

4.98 The New Industrial Policy focuses on the following strategic objectives. The government will enhance the performance of the existing manufacturing sector, including textiles and food processing by promoting labour productivity and product quality. It will induce companies and start-up SMEs to move up the value chain into higher value added activities that use domestically produced inputs, such as leather goods production. The GoR will place a major effort on trade capacity building to enhance productivity and quality for exports and meeting import competition in the domestic market. This is essential for Rwandan companies to seize new opportunities in the COMESA and EAC trading associations.

4.99 GoR will also strongly promote the development of new product lines. Many possibilities have already been identified in agro-processing and mining. It will promote higher value-added activity in rural areas such as sericulture, tea, coffee washing and handicrafts for the tourist industry. To encourage foreign companies to move into medium-technology activities, in partnership with Rwandan companies where possible, GoR will provide incentives for foreign direct investment and deploy export processing zones. Finally, GoR will rapidly build up modern governance structures through the streamlining and modernization of public organizations.

4.100 The government will focus efforts on promoting resource based manufacturing (processed food, wood products, beverages such as coffee and tea) and in low technology products (leather goods including footwear production, textiles and simple metal products). For medium and high technology production, such as machinery assembling plants, chemical production, advanced ICT and electrical appliances and pharmaceuticals, efforts will be made in mobilizing foreign and local investors, particularly through joint ventures. Appropriate instruments and incentives to promote manufacturing activity, such as export processing zones and industrial parks, will be established.

#### **4.2.10 Integrate and extend social protection**

4.101 The objective of this sector is to achieve effective and sustainable social protection for the poor and vulnerable. This group is defined as all those below the poverty line in the EICV2 (2005). To this end, a single, coherent strategy is being designed to replace the current plethora of small programmes in this area. The strategy is fully aligned with the MDGs and Vision 2020 at national level, while also being integrated into Vision 2020 Umurenge at local level. It will be implemented by

establishing budget lines for different vulnerable groups, and mechanisms will be set up to coordinate activities across SP Programmes and to strengthen advocacy work. More specifically, a central coordination body will be established at national level, while coordination teams will also be assembled at district and sector level.

4.102 Establishing a comprehensive social protection programme, including social assistance will require a feasibility study to determine vulnerability criteria, establish the number of vulnerable people who would be eligible, assess their gender-differentiated needs and design cost-effective delivery mechanisms. After this exercise, the sector will review and strengthen the institutional framework of SP and establish a SWAP or joint funding arrangements for a more coordinated and impact-focused approach.

4.103 The sector will support people who are able-bodied to graduate out of extreme vulnerability and poverty into more sustainable means of self support through cash for work, micro credit, income generating activities and vocational/entrepreneurial skills development. This should result in less people needing social assistance and more people economically active and eventually able to participate in microfinance, social insurance mechanisms (health, unemployment and pensions) and to contribute to Government revenue.

4.104 The sector will need to review the legal and policy framework for harmonisation, simplification and improvement of formal social insurance mechanisms, including ensuring that men and women are treated equitably. A civic education programme will be launched to disseminate information to workers in the formal and informal sector on social insurance.

4.105 Success in assisting people out of extreme poverty and vulnerability will free up Government resources to help those who are not able to help themselves and will need to receive social assistance for the long term, or at least for a minimum period. People needing long term social assistance include: unsupported elderly, people with disabilities, people incapacitated by AIDS. Other groups may only need social assistance for a shorter period of time such as: orphans and vulnerable children, child-headed households and historically marginalised people. Genocide survivors fall into both these categories.

4.106 In order to enable food insecure households to move into sustainable self-support, the sector will establish a range of employment alternatives for this category of vulnerable people and ensure that issues of gender equity and disability are taken into account. Some people will be employed in public works (HIMO) and encouraged to save, so that they can access micro-credit. Others in micro-credit will receive help to start Income Generating Activities (IGA).

4.107 With respect to HIV and AIDS, support will include providing effective delivery of a minimum package of services to vulnerable groups including OVC and PLHIV with a strong focus on increasing the number of OVC accessing school. The sector will identify issues that adversely affect vulnerable groups and advocate for changes in areas pertinent to those infected and affected by HIV and AIDS. These areas

include land rights, land tenure, participation in governance, and access to education, health and priority infrastructure (shelter, water and sanitation). Additional public campaigns will aim at reducing stigma and discrimination of vulnerable groups.

4.108 In order to build capacity, cascade training programmes will be developed to support Social Affairs Officers and civil society to deliver and monitor social assistance and other SP Programmes, such as HIMO and Ubudehe. Capacity building includes the provision of equipment and other facilities to SP providers, so as to improve their working conditions. This process will also sensitize leaders and SP service providers at all levels to the meaning of unity and reconciliation in order to show how it relates to their daily activities and practices.

4.109 The sector, in collaboration with other stakeholders, will also develop strategic plans for disaster preparedness. Risk analysis will be carried out of the impact and probability of a range of disaster scenarios such as floods, volcanic eruption and a mass influx of refugees/returnees. Mitigatory measures will be implemented where high probability and high impact are identified. All these outputs cannot be successfully delivered without putting in place a sound institutional capacity-building programme and an effective M&E and Management Information System (MIS) which is discussed further in Chapter 7.

#### **4.2.11 Strengthen governance, security and the rule of law and freedom of expression**

4.110 The government intends to pursue a variety of reforms across different areas of governance. These are discussed in turn.

##### **4.2.11.1 Security and cooperation**

4.111 Achieving EDPRS objectives will partially depend on the prevailing of peace and security not only in Rwanda, but also in the region, and on external contributions in the form of Official Development Assistance and Foreign Direct Investment. Therefore, Rwanda will endeavour to create a climate of peace, security and stability in the region and beyond by developing, maintaining and strengthening good relationships with all countries and by cooperating with other members of the international community in the elaboration and respect of international law. Rwanda will project itself as a country that is peaceful and secure, where democracy thrives and economic policies are stable and predictable. It is a state which respects human rights, the rule of law, and its international obligations.

4.112 The Security and Cooperation Sector will contribute to the overall goal of EDPRS by ensuring a safe and secure environment for all Rwandans and non Rwandans. To achieve this purpose the sector has developed strategies based on the EDPRS Security and Cooperation Logframe. The Ministry of Defence coordinates the security and cooperation sector. MINADEF, MINAFFET and NSS are the core implementing and cost sharing agencies, while MININTER, MINALOC and MINIJUS shall act as key partners.

4.113 During the EDPRS period (2008-2012), the Security and Cooperation Sector will be guided by five objectives. Firstly, the sector will develop and implement a holistic national security policy. This will involve consulting with different stakeholders, drafting the security policy, seeking nation-wide legal and constitutional approval, setting up periodic action plans and budgets, and designing a Monitoring and Evaluation mechanism for follow up and implementation.

4.114 Secondly, the sector will strive to enhance the capacity of its institution through effective training, provision of adequate equipment and infrastructure as well as recruitment of personnel into relevant posts to fill the skills gap. A security sector training needs assessment will be carried out. A training strategy as well as recruitment and retention strategy will also be developed. The sector will also establish specialised training centres for different categories of personnel. The recruitment and retention rate will be used as one of the measures for the progress and effectiveness of the security sector.

4.115 Thirdly, the Security Sector will also strive to gain more trust, confidence and support of the local population and international partners. In so doing, the sector image will be promoted. This will in turn contribute to the creation of a conducive atmosphere for an increased number of tourists, visitors and business investors to Rwanda. These indicators will be gauged against UN security rating level. More trust and confidence will attract members of the international community to vie for more Rwanda security personnel into the regional and UN peacekeeping operations.

4.116 Fourthly, the security sector will strive to strengthen regional and international cooperation. This is one reliable way of combating and solving the problem of armed groups and most wanted criminals from foreign lands. This will be verified by movement of voluntary returnees of Rwandan refugees, arrest and repatriation of most wanted criminals, combating of international organised crime, especially money laundering, terrorism, cyber crime, child and human trafficking, drug trafficking, as well as absence of territorial violations and prevention of genocide ideology.

4.117 Other indicators of the Security Sector include the opening of foreign embassies and missions in Rwanda; the opening of embassies, missions, security liaison offices and military attachments abroad by the Government of Rwanda, and the continued participation of the Government of Rwanda in regional and international peacekeeping operations.

4.118 Fifthly, the Security Sector will establish and strengthen a Management and Information System (MIS) with operational database. This will provide quality and timely data to inform decision makers. Citizens' scorecards will be designed and put in place to accommodate important security-related data. Surveys based on appropriate methodologies will also be conducted.

4.119 To achieve the above objectives, there will be need for supportive national planning and budget allocation to various sectors in order to facilitate effective

implementation of Economic Development and Poverty Reduction Strategy (EDPRS). Effective coordination with other sectors will also be vital to ensure that the set targets are met in time with considerable flexibility and complementarily.

4.120 The Government of Rwanda attaches vital importance to security sector as the custodian of national security and development. The current security working group has formulated and elaborated on security sector log frame, carried out a baseline study, setup a plan of action and budgeted for the planned activities. It has also come up with recommendations on the way forward for the sector. It is however observed that there could emerge overlaps or related cross cutting issues during the implementation phase. Such cases could flexibly be ironed out during monitoring and evaluation (M&E) as well as during implementation and periodic reporting process.

4.121 To achieve a safe and secure environment it is assumed that there will be no expected regional or international instability; that there will be consistent commitment from the donors as well as availability of adequate human and financial resources to execute the allocated budget and planned programmes. It is also assumed that there will be good and adequate infrastructure in place as well as a favourable international and regional foreign policy towards Rwanda. It is also assumed that other sectors will in one way or the other contribute to a safe and secure environment.

4.122 There is need for MINECOFIN to coordinate and harmonise all national planning processes and to ensure that resources are made available in time to support these security priorities in order for the Security Sector to contribute effectively to the overall goal of EDPRS and to attain the purpose of the Security Sector in the set periodic frame work.

#### **4.2.11.2 Justice**

4.123 The objective of the justice sector is to strengthen the rule of law so as to promote good governance and a culture of peace. This will be achieved through five sets of interventions. The first set aims to ensure universal access to justice in Rwanda. Justice, Reconciliation, Law and Order (JRLO) institutions will be strengthened after undertaking a benchmark study to establish the prevailing levels of human, material and organizational capacities within the sector. Once priority needs have been identified, measures will be taken to reinforce capacity in the administration of justice. Access to justice will be improved through the provision of legal aid services to indigent men and women and to vulnerable groups. Efforts will be made to increase the efficiency of the justice system by streamlining court procedures, clearing the backlog of cases and establishing a functional Law Reform Commission.

4.124 Enacting a law against gender-based violence is a pre-condition for improving access to justice by many women. Once enacted, a major popular awareness campaign will be required to secure widespread recognition that domestic violence, rape and sexual harassment are criminal offences. Implementing such legislation will require the training

of judicial personnel, police officers and prison staff on human rights, gender based violence and the management of cases involving vulnerable and disadvantaged groups. More legal professionals need to be trained in juvenile justice and more mediators are required with the skills to recognize and treat cases of child abuse. The right of ex-combatants to be presumed innocent until proved guilty after a fair trial should be respected.

4.125 The second set of interventions focuses on eradicating genocide ideology and building a culture supportive of the rule of law. This will be attained by recognizing, monitoring and enforcing human rights in general, and those of women, children, PLHIV and vulnerable groups in particular. The processing of 1994 genocide cases will be expedited and measures taken to increase the number of women and vulnerable individuals participating in decision-making organs, such as gacaca courts. An effective system of compensating victims will be established by 2010, while those convicted of crimes will be helped to re-integrate into society after serving their sentences. Assistance to genocide survivors will be strengthened.

4.126 A third policy initiative aims to promote transparency and accountability. Measures will be taken to reduce corruption by reinforcing the legal framework which supports anti-corruption monitoring mechanisms, including the activities of civil society organizations aimed at increasing transparency and accountability.

4.127 A fourth policy is to ensure that law and order are maintained and enhanced. Community policing will be strengthened and measures taken to improve prison conditions. Rehabilitation programs and income generating projects for prisoners will be developed.

4.128 The Justice, Law and Order and Security Sectors have an important role in both the prevention of HIV and in mitigating its impact. Prevention actions are key in these sectors as they contain populations at higher risk, including those in the prison system and other uniformed services staff. Rehabilitation programs will be provided for prison inmates that include AIDS programming and voluntary counseling and testing (VCT). To contribute to impact mitigation, the sector will review laws to ensure they address human rights, provide training for sector staff on key human rights issues related to topics including HIV and AIDS, and will carry out a sensitization program on human rights. Legal aid programs will be created to improve the access of vulnerable populations—including those infected and affected by HIV and AIDS—to legal services. The Security Sector for its part will conduct a sector wide needs assessment by mid 2008 that will include AIDS. In addition, the sector will increase the number of security personnel accessing VCT services as a result of awareness programs and ensure a greater percentage of security organizations have AIDS sensitization campaigns by 2012.

### **4.2.11.3 Unity and reconciliation**

4.3 A number of measures will be taken to reinforce mediation, unity and reconciliation mechanisms in society. These include improving formal and informal institutional arrangements supporting dispute resolution and conflict management. The key challenge is the prevalence of a genocide ideology in the country and region. To deal with it, a multi-sectoral approach is suggested with the justice sector enacting a law on 'genocide ideology'; clearly defining it; setting up a 'genocide ideology content data bank' to track it; swift & uncompromising trial of its promoters; sensitizing judicial officers on relationship between their work U&R by end 2008; and sensitizing all citizens on laws, rights & responsibilities.

4.4 Resolution is also particularly important in the case of land disputes which are widespread and are extremely challenging to resolve in ways that do not store up problems for the future. The Unity and Reconciliation Commission will implement a multisectoral approach jointly with the justice sector to enact a law on genocide ideology. The legal environment for community-based mediation and arbitration will be strengthened. Civic education programs which stress the value of living in peace, unity and reconciliation will be supported and expanded at national and local level. The education syllabus and curriculum will be enhanced to include unity, reconciliation, mediation and conflict management. In health, trauma & counselling centres will be active in all districts & main hospitals by 2009, and free or subsidized medical services provided to survivors, especially aids victims & vulnerable groups.

4.5 At the local government level, the key issue is of building trust and tolerance among and between individual citizens, ensuring greater empowerment and participation of citizens-who are recovering from a legacy of none or partial participation and constrained access to services. Activities suggested include sensitizing and training all district, sector, Cell & *Umudugudu* leaders about U&R, empowering districts to set up clear guidelines and principles for employment, recruitment and access to services; setting up unity clubs in all districts; use of *Umuganda* to discuss progress and constraints to U&R; encouraging high participation of and attendance of gacaca & citizens encouraged to reconcile.

### **4.5.1.1 Decentralisation, citizen participation and empowerment**

4.129 The mandate of the Decentralization, Citizens' Participation and Accountability sector (DCPA), which is based in MINALOC, is to provide equitable, efficient and effective pro-poor service delivery, while promoting local development in an environment of good governance. The sector has identified three areas for interventions. Firstly, clear guidelines and frameworks (policy, legal and institutional) must be defined, so as to establish sound partnerships in service delivery and build capacity at all levels of governance to ensure quality service provision.



4.130 Secondly, measures will be taken to develop a democratic culture by institutionalizing citizens' participation at various levels of decision-making. Particular emphasis will be placed on ensuring voice for women, youth and children. Awareness campaigns will be conducted in civic education, so as to inform the population about electoral processes, political rights, civil liberties and freedom of expression. Seminars and workshops will be held to promote good governance by building capacity and enhancing professionalism in the daily activities of every public institution. A basket fund will be established to finance a range of activities, including stakeholder feedback via the use of Citizen Report Cards and Community Score cards. A robust public and private media will be developed to promote freedom of expression and inform citizens of their political rights.

4.131 Thirdly, mechanisms for monitoring and evaluation will be developed which are based on the sector's nascent management information system. M&E user manuals and ICT equipment will be supplied to every district, and a geographic information system (GIS) will provide baseline data. MINALOC personnel will be trained in data collection, data analysis, and data-base management. A central documentation unit will be created and an E-Governance system will be established to promote transparency and accountability across all levels of government.

4.132 In planning its interventions, DCPA will be mindful of cross-cutting issues. A National Commission of Children will be established together with Children's Fora which will meet regularly during the year. Community-based measures will be put in place to protect vulnerable children, children in conflict with the law and victims of violence and abuse. The sector's monitoring system will collect disaggregated data relevant to the needs and concerns of vulnerable groups, to provide a basis for designing more effective public actions to counter the lack of social inclusion.

4.133 As regards gender, it is important that both men and women have equal access to accurate, timely and relevant information. This will allow them to participate fully in democratic decision-making, such as voting and contributing to planning processes, and provide them with an evidence base for evaluating government performance at local and national level. Steps should also be taken to encourage women to put themselves forward for electoral office and appointed positions. A national plan of action should be drawn up and implemented to strengthen the capacity of women elected or appointed into decision-making positions.

4.134 Finally, DCPA is committed to ensuring local government meets benchmarks for HIV and AIDS indicators and activities in their district development plans, annual plans, and medium term expenditure frameworks. The sector will also work to enhance civil society in the management of comprehensive HIV prevention, care, and support programs.

#### **4.5.2 Manage the environment and ensure optimal utilization of natural resources**

4.135 The Rwandan economy is primarily dependent on natural resources. Over 87% of the population depends on subsistence agriculture for its livelihood, and more than 94% use fuelwood as their primary source of energy for both domestic and industrial uses. Increasing population pressure on land and forest resources places biodiversity under threat with potentially adverse impacts on export revenue from tourism.

4.136 Under conditions of extreme poverty, benefits accruing in the future tend not to be highly valued in the present. This fact together with an absence of clear property rights in land and rising population density has led to overexploitation of land and encroachment on fragile areas, including wetlands. This situation has potentially serious implications for national food security as well as for energy supplies, owing to the decline in wetland water levels. Interruption of the role played by Rugezi wetland as a water reservoir has already led to electricity supply shortages in Rwanda. In this case, the cost of fuel purchases required to run generators to provide replacement electricity to the national power grid is around US\$65,000 per day.

4.137 Developing an adequate legal, regulatory and policy framework for managing the environment is important. However, unless this is matched by the political will and sufficient resources to build capacity and strengthen those institutions charged with implementing environmental policy, there will be little impact on the current situation.

4.138 Key environmental interventions in the EDPRS include rehabilitation of degraded wetlands and other Protected Areas to ensure preservation of biological diversity. An incentive framework must be put in place to reduce industrial pollution, while guidelines should be developed and disseminated on the conduct of Strategic Environment Assessments (SEAs) and Environmental Impact Assessments (EIAs).

4.139 Priorities in the area of land management include establishing and operationalising land institutions, land registration and land use planning, through a land use and management master plan. A costed strategic roadmap for land reform is slated to be ready by October 2007. Procedures must be developed and documented to manage existing land folders and the land data base that will facilitate implementation of land tenure regularization nationwide. Women's rights to land and other property should be recognized and strengthened, regardless of their civil status (single, married, divorced, widowed).

4.140 The forestry sector will require interventions that include designing and implementing a reforestation strategy with diverse species, as well as inventorying and mapping national forest resources to provide the basis for a 10-year national forestry plan. A joint strategy with MINAGRI will be developed to promote agroforestry for non-wood uses (medicinal plants, honey production, wild foods, and handicraft production).

4.141 In the mining sector, measures will be taken to promote private sector participation in exploration, mining and processing, and promote value addition of quarry products to reduce imports of construction materials. All potential areas of significant mineral deposits should be mapped by 2012. The new geology surveying programs conducted by OGMR will assist in attaining this objective which will provide valuable information to investors. Assisting cooperatives of small miners to acquire know-how and access appropriate technology will ensure that mining strategy incorporates a pro-poor component. Programmes should be developed to train women in the skills required by the mining industry, as well as in broader competencies relevant to environmental management.

4.142 As a cross-cutting issue, environmental policies are being developed in close collaboration with other sectors. Land use management issues will be addressed with the agriculture sector to develop interventions for reducing land degradation, soil erosion and soil fertility losses. The forestry sector has engaged with the environment and energy sectors to limit deforestation. The mining sector is addressing the problem of potential environmental degradation from quarrying activities.

### **4.5.3 Support youth to participate in economic and social development**

4.143 The role of young people in the EDPRS, as makers and targets of policy, is of particular importance for two reasons. Firstly, since two thirds of the population is aged less than 25 years, the strategy stands or falls by the success with which it meets the challenges facing the youth of Rwanda. Secondly, owing to the widespread economic, social and political dislocation the country has experienced during the last twenty years, an entire generation of young Rwandese citizens has been damaged by forced migration, traumatic childhood experiences, and lost or interrupted schooling.

4.144 In this document, ‘youth’ is defined as persons aged between 14 and 35 years, while ‘youth employment’ refers to work undertaken by those aged between 16 and 35 years. In 2007, almost 3.5 million persons were aged between 16 and 35 years and they made up 40% of the population.

4.145 The first step in elaborating a youth development strategy is to acknowledge that the problems and challenges faced by different groups of young persons vary widely. Consequently, any comprehensive strategy to promote the participation of youth in the country’s economic and social development will consist of a portfolio of policies and programmes, each of which is targeted at particular groups of young people. Table 4.2 provides a summary profile of Rwandan youth disaggregated by age group. Several target groups are identified and certain policy responses are suggested merely by way of illustration. A more detailed discussion of policies designed to meet the needs of different groups of young persons may be found in the National Action Plan Promoting Youth Employment (NAPPYE).

**Table 4.2 A PROFILE OF RWANDAN YOUTH**

<b>Age group</b>	<b>Target groups</b>	<b>Main problems/issues</b>	<b>Policy responses</b>
14 – 15 years (Tronc commun)	Non-orphans (able-bodied)		
	Orphans (not household heads)		
	Orphans (household heads)	Lack of schooling, poverty and mental stress	Incentives to adopt; support to NGOs targeting orphans
	Semi-orphans (one parent alive)		
	Physically maimed/mutilated/handicapped	Physical disability	Fit prosthetic limbs, physiotherapy, counselling (group, individual)
	Homeless/street children	Finding a home and a family	Incentives to adopt; support to NGOs establishing 'safe' houses
	Juvenile delinquents	Criminal record, lack of schooling	Provide route back into education/vocational training
	Drug addicts	Criminal record, lack of schooling, damaged physical and mental health, lack of self-esteem	Rehabilitation, counselling and monitoring
16 – 18 years (Upper secondary)	Non-orphans (able-bodied)		
	Orphans (not household heads)	Mentally traumatized, fear, panic attacks, flashbacks, lack of trust	
	Orphans (household heads)	Mentally traumatized, fear, panic attacks, flashbacks, lack of trust	Incentives to adopt; support to NGOs targeting orphans
	Semi-orphans (one parent alive)	Mentally traumatized, fear, panic attacks, flashbacks, lack of trust	
	Physically maimed/mutilated	Physical disability	Fit prosthetic limbs, physiotherapy, counselling (group, individual)
	Mentally traumatized	Fear, panic attacks, flashbacks, lack of trust	Psychological, psychiatric treatment
	Unemployed/underemployed	Poverty, lack of self-esteem	Provide route back into education/vocational training
	Child prostitutes	Poverty, lack of self-esteem, high incidence of STDs	Provide route into education/vocational training; support to NGOs targeting prostitutes
	Homeless/street children	Finding a home and a family	Incentives to adopt; support to NGOs establishing 'safe' houses
	Juvenile delinquents	Criminal record, lack of schooling	Provide route back into education/vocational training
	Drug addicts	Criminal record, lack of schooling, damaged physical and mental health, lack of self-esteem	Rehabilitation, counselling and monitoring
19 – 22 years (Higher education)	Young household heads		
	English-speaking returnees facing French language instruction in higher education		
	Unemployed/underemployed	Poverty, lack of self-esteem	Provide route into education/vocational training
	Juvenile delinquents	Criminal record, lack of schooling	Provide route back into education/vocational training
	Drug addicts	Criminal record, lack of schooling, damaged physical and mental health, lack of self-esteem	Rehabilitation, counselling and monitoring
	Prostitutes	Poverty, lack of self-esteem, high incidence of STDs	Provide route into education/vocational training; support to NGOs targeting prostitutes
23 – 35 years (Labour market)	Ex-genocidaires (including child genocidaires)	Remorse, drug problems, social isolation (if imprisoned, or shunned/outcaste if not in prison)	
	Ex-combatants (including child soldiers)	Mentally traumatized, fear, panic attacks, flashbacks, lack of trust, drug problems	
	Victims of child rape/sexual abuse in/after 1994 (some of whom are, and have children who are, HIV positive)	Fear, panic attacks, flashbacks, lack of trust, difficulties in establishing close relationships with own/other sex	Psychological, psychiatric treatment

4.146 The remainder of this section outlines the strategy of the Youth, Sports and Culture (JESPOC) sector to strengthen youth's participation in the social, economic and civic development of Rwanda. The sector aims to strengthen a wide range of public, private and civil sector groups and agencies to support youths' participation in sport, culture, income generation and life skill programmes. It will support these programmes to ensure that youths are part of the decision making and implementation process, thus developing their skills while building their self-esteem and self-confidence.

4.147 Youth Friendly Centres (YFCs) will be a focal point at district level for provision of information, advice, counselling and guidance to support youth to access a wide range of services and opportunities available. Small scale training programmes will also be developed. The YFCs aim to reach out to youths at sector and cell level through the National Youth Council (NYC) structure and by establishing productive links with local, regional and national support groups. Programmes will focus on key areas of sports, culture, employment promotion, AIDS and reproductive health, life skills and management of the environment. Opportunities for intergenerational learning will be promoted.

4.148 Through this system JESPOC will work with youth to identify how key facilities can best be developed and protected at sector level. It will also develop district, regional and national facilities that will serve to further promote Rwandan culture and sport. It will be important to ensure effective coordination and advocacy within the Ministry of Youth, Sports and Culture (MIJESPOC); across the JESPOC sector; across the key sectors of Capacity Building and Employment Promotion, Education, Health and Private Sector; as well as with donor agencies and NGOs. Effective data collection will enable information based decision making and support the monitoring and evaluation process.

4.149 In order to strengthen the support system to enable effective implementation of Youth, Sports and Culture strategies and programmes it will be necessary to obtain technical support to manage the initial identification of all support systems (including MIJESPOC) , design the training needs analysis (TNA) process and instruments, carry out the TNA, as well as develop a plan for capacity building. This will not only look at human resource capacity, but also at the institutional and organisational effectiveness of support institutions. It is anticipated that funds will be available through the Skills Enhancement Fund for capacity building of public sector services. The capacity building plan will be used to mobilise funds for institutions outside the public sector.

4.150 Staff will be requested for the Youth Friendly Centres to enable provision of a range of services for youth. As far as possible, the current NYC structure will be used to reach youths at sector and cell level, with members elected to the Youth Committees being given specific responsibilities for programme development. Capacity building of YFC staff and NYC members will be major factor in the success of these programmes.

4.151 A range of facilities have been identified as essential to support increased participation of youth. Major construction during this EDPRS period will be District and

Provincial Stadiums and regional museums. Feasibility studies will be carried out and funding will be requested based on priority locations. Such construction will be closely linked to the HIMO scheme where Rwandese job seekers are employed and trained while they work, such public construction will generate employment and also develop essential skills.

4.152 Initially YFC premises will be located in currently vacant buildings until permanent premises are identified. Feasibility studies will identify where there is greatest need of such centres. Many sports and cultural facilities will not require additional construction but will make use of existing underutilised structures, and open air venues. Local District Development will take responsibility for development open air / open access sports facilities at sector level, e.g. football pitches, basket ball and volley ball courts, again using the HIMO schemes.

4.153 It is envisaged the process of programme development will be a participatory one with youth engagement in both the development of the programme and production of materials. Technical Assistance will be required to support the development of these and funds for this will be requested from government, donors and NGOs. Coordination teams will be set up at national, district and sector level to ensure effective management and implementation of activities. This will require provision of adequate communication equipment including computers for NYCs and wireless connectivity.

4.154 Integrated databases at all NYCs will enable ease of exchange of information among NYCs and support data collection processes for JESPOC. Technical assistance will be required for the database design and training of NYC staff to manage them effectively. NYCs will be responsible for the majority of data collection for JESPOC monitoring and evaluation. MIJESPOC will require the creation of new posts for Monitoring and Evaluation officers to manage the data collection process, carry out data analysis with staff at all levels, and generate reliable annual reports based on logframe indicators. Technical assistance is needed for development of a Monitoring and Evaluation Framework and training of all MIJESPOC staff.

## **5 HOW DOES RWANDA GET IT DONE ?**

5.1 Among the lessons learnt from the PRSP was that while policy-makers knew what had to be done in 2002-05, they were less assured in knowing how to do it. As a result, implementation failures occurred for several reasons. Institutional capacity was limited in many areas. There was a lack of results-focused objectives and targets combined with a weak system of monitoring and evaluation. The contributions of different sectors to reducing poverty, accelerating growth and attaining the MDGs were not clearly defined. As a result, coordination failures occurred between sectors and there was inadequate linkage between budget lines and policy objectives.

5.2 The risks of implementation failure in the EDPRS can be reduced by improving incentives to execute policy and by relaxing the constraints which prevent policies being carried out. This chapter describes a variety of policies for changing incentives in Rwanda. The first set of policies includes a variety of public administration reforms designed to promote accountability. These range from decentralization and the launch of a multisectoral rural development programme (Vision 2020 Umurenge) to measures aimed at achieving a closer alignment between donors and EDPRS priorities.

5.3 The second set of policies assigns a greater role in policy implementation to markets and the private sector. In this case, the challenge is to ensure that public policy at both macroeconomic and microeconomic levels is consistent with desired private sector behaviour. The last section of the chapter reviews the challenges to implementation identified by each sector and cross-cutting issue, and explains how these challenges will be met.

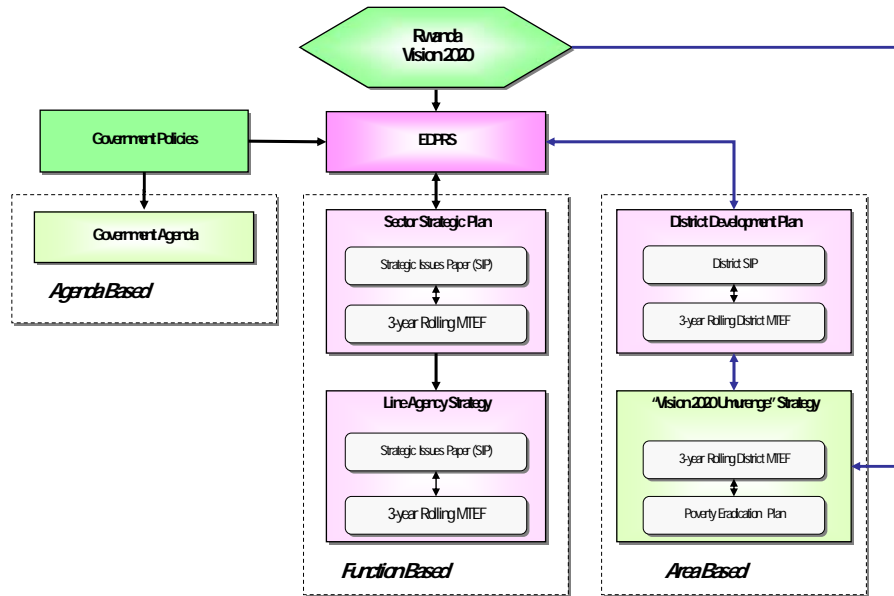
5.4 Putting in place ‘user-friendly’ systems of monitoring and evaluation at sectoral and district level will be essential to ensure effective implementation of the EDPRS. This will require establishing management information systems (MIS) in some sectors and simplifying/improving the MIS in others. Given the importance of monitoring and evaluation to successful execution of the EDPRS, these activities are discussed at length in Chapter 7.

### ***5.1 Implementation framework for the EDPRS***

5.5 The links between the EDPRS and other elements of the planning system are shown in Figure 5.1. Public policies are formulated and implemented in three dimensions simultaneously in order to drive key programmes forward, provide public services, and enhance area specific competitive advantages. EDPRS priorities, which are set for a five year period, reflect both the long-term objectives of Rwanda Vision 2020 and government policies derived from its own agenda. Implementation of the EDPRS has a function-based dimension via Sector Strategic Plans and Line Agency Strategies, and an area-based dimension via District Development Plans and Vision 2020 Umurenge. Both Sector Strategic Plans and District Development Plans have a five year time horizon.

Figure 5.1

## EDPRS in the planning system



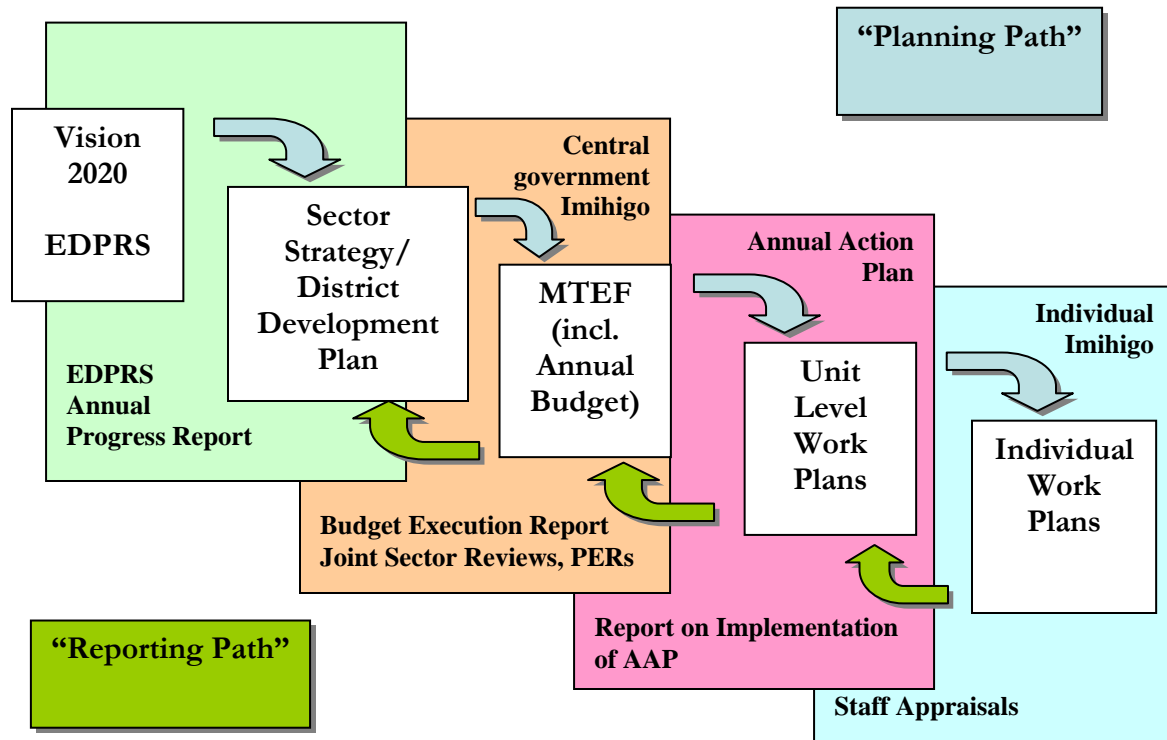
5.6 The Sector Strategic Plans elaborate EDPRS objectives and strategies in more detail. Similarly, the District Development Plans draw from the EDPRS and the Sector Strategies in order to balance these national priorities with local needs identified at district level. The MTEF shows how funds in the coming three years are used to generate the required outputs. The Annual Budget performs a similar function over a one year period. Procurement planning is an important element to arrive at a realistic MTEF.

### 5.2 *Align individual incentives to planning priorities*

5.7 The MTEF and Annual Budgets serve as the basis from which Ministries, Districts, and other spending agencies derive annual work plans; first for each unit, and subsequently for each individual staff member working in that unit. For planning to be effective, regular reporting must occur to gauge whether efforts are yielding the desired results. The different planning tools aim to achieve ex ante compatibility of incentives between different levels of the administrative hierarchy. This is so that individual civil servants are motivated to achieve objectives which are consistent with higher level planning priorities. These tools are matched to a reporting path which exacts ex post accountability in the reverse direction (see Figure 5.2). But it is also important to build capacity of planners and put in place incentives to retain trained staff.



**Figure 5.2: Planning and reporting tools for implementing the EDPRS**



5.8 Within a public sector agency, individual staff report to a Unit Director, Unit Directors report to the Secretary General, and the Secretary General reports to the Minister. The Minister is accountable to a broader audience for the execution of the budget and for progress made in achieving the targets set in the Sector Strategic Plan and the EDPRS. Effective reporting requires a ‘fit-for-purpose’ monitoring and evaluation system at each level. This is discussed in chapter 7.

### **5.3 Extend and consolidate the process of decentralization**

5.9 Decentralisation should improve policy implementation in two ways. Firstly, by assigning responsibility for broad areas of service delivery to local government, the pattern of public spending should match citizens’ priorities more closely. If this closer match is achieved, then voters have a stronger incentive to demand the implementation of policy. Secondly, by reallocating state functions from central government to the districts, accountability is increased at local level.

5.10 In 2005, the administrative structure of the country was changed. There are now four Provinces, the City of Kigali and thirty districts. Below the districts there are three further levels of administration: sectors (416), cells (2,150) and villages (14,975). To date, the decentralization process has focused on shifting responsibility to the district level. However, one of the EDPRS flagship programmes – Vision 2020 Umurenge – extends this process down to the sector and village (umudugudu) levels.

5.11 Over 90% of district government revenues come from central government transfers. The exception is the city of Kigali which raises around one third of its revenues from municipal taxes and fees. Some transfers from central government are not earmarked for particular expenditures. The Community Development Fund (CDF) commits 10% of central government revenue to financing investment projects selected by the districts. CDF resources have recently been made available to assist districts identify suitable projects to the CDF committee. Another source of non-earmarked funds is the Local Authority Budget Support Fund (LABSF) which commits 5% of central government revenue to the districts. In practice, most LABSF resources are used to pay local staff.

5.12 All other transfers from central government are earmarked for particular types of spending at local level. These earmarked funds accounted for around 87% of central government transfers to districts in 2007. Some of these funds are paid in ways which encourage local providers to improve service delivery. Thus, the Ministry of Education funds primary education through capitation grants. So, if enrolment increases, so does the revenue of the school.

5.13 The introduction of annual local government performance contracts is the most recent initiative to increase the accountability of local governments to central government. The local government performance contract is an implementation device for the District Development Plan (DPP) which includes a mix of national and local priorities. Each contract is signed by a district mayor and the President of Rwanda.

5.14 Line Ministries offer districts a choice of performance indicators for inclusion in DPCs and allow districts to set their own targets. In practice, many districts select indicators which are not on the list, and are, therefore, not closely linked to earmarked spending allocations. Work is currently underway to achieve a closer alignment of DDP indicators with the pattern of local spending, so as to improve monitoring of the EDPRS.

5.15 Weak systems of financial control at local level are a major constraint on devolving further powers to the districts. The EDPRS includes measures to strengthen these systems and to put in place a more robust accountability framework which incorporates the monitoring of both physical outputs and financial indicators.

#### ***5.4 Flagship programmes will strengthen intersectoral coordination***

5.16 A necessary condition for achieving many of the EDPRS targets set by individual line Ministries or sectors is that other public and private agencies undertake certain complementary actions by particular dates (see Box 5.1). Improving horizontal coordination within the public sector is a strategic priority of all the flagship programmes of the EDPRS. Growth for Jobs and Exports stresses the interdependence of policy actions in different sectors to accelerate economic growth at national level in ways which benefit low income groups. Similarly, effective implementation of Vision 2020 Umurenge will require a high level of intersectoral coordination at district and subdistrict level to ensure maximum impact on the poorest communities.

5.17 This section highlights three areas which will be addressed by the EDPRS to strengthen intersectoral coordination: (i) exchanging information; (ii) building trust, and (iii) strengthening accountability. The primary focus of this section is strengthening coordination among different agencies within the public sector, while the equally important task of improving coordination between the public and the private sector is addressed in section 5.7.

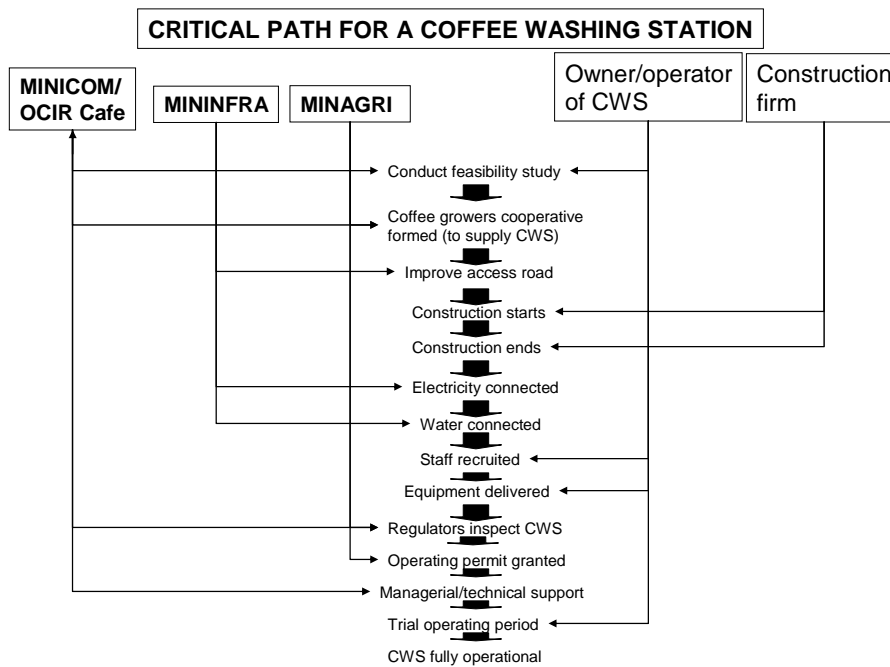
5.18 Ensuring that all those involved in implementing a particular project, programme or policy know and agree on who does what, when, and how is the first step towards successful coordination. Several mechanisms are in place to promote the fullest exchange of information among those charged with delivering the EDPRS. These include the sector working groups and the clusters responsible for cross-cutting issues. The National Planning Forum, which includes the Directors of Planning from all the line Ministries, meets twice per year to harmonise actions for the budget and to review the District Development Plans. Where the timing of an intervention by one organisation is particularly crucial for other agencies, the agencies might calculate the daily joint costs to them of the key agency failing to implement agreed actions by the set date. This cost information should be made available to the key agency before implementation begins and might be publicised more widely.

5.19 However, the exchange of information on its own is unlikely to guarantee successful coordination. It must be complemented by building trust among the different contributors to what is a joint enterprise. Trust is essential because a line Ministry must often commit resources to implement an activity at a particular date before knowing whether necessary prior actions will be taken by partner agencies. The higher the level of trust in an agency to deliver on time, the more willing other agencies will be to commit their own resources in a timely fashion. The EDPRS should take full advantage of existing channels for building trust among line Ministries and sectoral agencies to improve implementation.

## BOX 5.1: Coffee Washing Stations- a critical path analysis

### Box 5.1: Coffee Washing Stations – a critical path analysis

One of the EDPRS targets of the Agriculture and Animal Resources Sector is to have 240 coffee washing stations (CWS) fully operational by 2012. In order to achieve this objective, it will be necessary to coordinate the activities of several public agencies as well as to link these activities to actions undertaken by the private sector. The critical path shown below indicates the chronological sequence of selected activities which must be carried out by three line Ministries (MINAGRI, MININFRA, MINICOM/OCIR Cafe) in conjunction with two private firms (a construction company, the owner/operator of the CWS) to supply a fully operational coffee washing station.



At present, the pre-start up inspection is undertaken to ensure that each CWS has a minimum capacity to process 50 tons in the season which runs from March to June. No formal operating permits are issued at present, but it is planned to do in the near future.

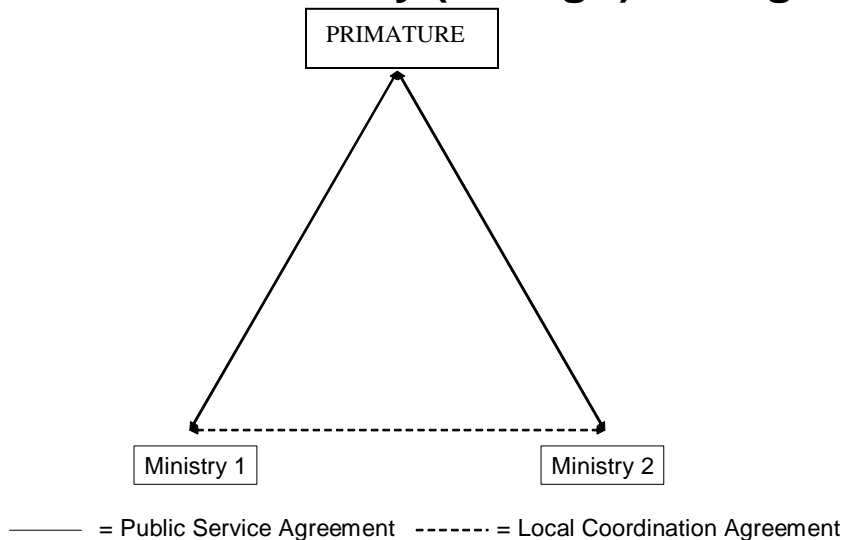
Given the number of different organizations participating in this project, the potential risks of coordination failure are high. Institutional mechanisms for reducing these risks are discussed in the text.

5.20 Strengthening accountability is the last, and most important, element required to improve intersectoral coordination of the EDPRS. This could be done in two complementary ways. Firstly, require all line Ministries and other public agencies to sign a formal agreement which stated what time-bound outputs would be delivered in return for their budgetary allocation. In the UK, such arrangements are called Public Service Agreements (PSAs). In Rwanda, PSAs (central government *imihigo*) would increase the accountability of line Ministries in exactly the same way as the District Performance Contracts increase the accountability of local to central government. PSAs could provide a mechanism whereby line Ministries are given an incentive to think and act laterally as well as vertically. Consequently, their introduction should strengthen coordination within and between sectors.

5.21 Secondly, in those cases where intersectoral coordination is particularly crucial to ensure a successful outcome, the participating line Ministries and other public agencies could be encouraged to sign a local level coordination agreement (LCA). This would state the reciprocal obligations of all the participants, establish a timeline for delivery and might include the estimated costs of implementation failure by a key agency (see paragraph 16). LCAs could serve as a device for implementing Vision 2020 Umurenge. Monitoring would be undertaken by the local Executive Secretary who would report regularly to the district and/or sector Joint Action Development Forum (JADF). Such agreements would have no legal force, but would nevertheless provide an informal mechanism of horizontal accountability at local level which would provide a base to the ‘accountability triangle’ (Figure 5.3).

**Figure 5.3**

### The Accountability (Imihigo) Triangle



## **5.5 *Improve public financial management***

5.22 Effective public financial management is important for two reasons: (i) to ensure that resources approved in the budget are allocated to implementing agencies in timely fashion to execute their programmes, and (ii) to provide a framework for ex post financial accountability which allows officials and elected politicians to establish where and how public funds were spent. Strengthening Rwanda's system of public financial management (PFM) is a pre-condition for implementing certain aspects of the EDPRS. The Organic Budget Law (OBL) was gazetted in September 2006, but capacity building is required to ensure that the law is effectively implemented. In early 2007, the GoR with assistance of Price Waterhouse Coopers produced the country's first set of consolidated accounts in line with the Constitutional requirement. GoR is currently developing the capacity of the Accountant General's office and the Finance Departments of different budget agencies, so that it is able to produce final accounts in subsequent years.

5.23 A quarterly cash flow plan was adopted in January 2006 and this sets the spending limit of budget agencies. A Single Treasury Account has been established and all government agencies are subject to a system of zero balance drawing bank accounts. All government dormant accounts (including those of districts) have been closed. The next phase is for bank accounts in commercial banks. As regards debt management, the debts databases of MINECOFIN & BNR were reconciled in 2006. The next steps are to update the existing database, convert to DMFAS version 5.3, train staff on DMFAS and initiate the consolidation link between MINECOFIN & BNR.

5.24 It is expected that implementation of the SMARTGOV system, which will link all 30 district administrations and central government on the same server, will become transformed into an Integrated Financial Management System (IFMS) in the medium term. IFMS will consist of core expenditure management system (EMS) modules, including budgeting, accounting and cash management. IFMS will be interfaced with other Government of Rwanda systems like revenue, public debt management and payroll. BUDGETMASTER was used to prepare the 2006 Budget and it has been used for reporting and monitoring budget execution since January 2006. PUBLICBOOKS is an accounting system which is expected to be available for bookkeeping for 2008 transactions.

5.25 The governance structure for PFM reforms is headed by a National Steering Committee supported by a Technical Secretariat. Owing to the volume of work needing to be done, MINECOFIN has approved the creation of three sub-committees to divide up tasks and ensure the necessary focus. The Sub-committees, which will involve key stakeholders and relevant experts, are (i) Planning, Budgeting and Intergovernmental Fiscal Relations; (ii) Financial Management and Accountability (Accounting, Auditing & Treasury, IFMIS/ICT), and (iii) Procurement Reforms.

5.26 The PFM Trust Fund, which is supported by the World Bank through HIDA, aims to support the Government's PFM reforms program. It does this in several ways. A major commitment of the fund is to build sustainable capacity for public accounting and internal audit under the Rwanda Expertise Scheme (RES). This is a programme designed to increase the supply of highly skilled manpower in the economy. Two types of training are available: short-term (skills enhancing on Rwanda Public Accounting System) and long-term (Accredited Certified Chartered Accountants). The ACCA Certification was chosen due to its presence in Rwanda at the School of Finance and Banking (SFB) and its global qualification appeal. Training started in May 2006 and a first set of professional examinations took place in December 2006. 220 candidates are on ACCA part 1. Training is conducted on a part time basis in the evening for those working in Kigali, to avoid disruption of their daily work. For upcountry employees, it is on block release for a full-week.

5.27 The Trust Fund also supports coordination, monitoring and evaluation of PFM reforms, which includes financing the PFM reforms secretariat and steering committee. The secretariat provides technical assistance to the annual sector public expenditure review process and undertakes an annual evaluation of PFM based on the Public Expenditure and Financial Accountability (PEFA) Performance Measurement Framework. The fund supports the development of the SMARTGOV system modules through system development, testing, and training of responsible staff. Other activities supported by the trust fund include building capacity for the reform of the procurement system and for the Office of the Auditor General.

## ***5.6 Promote greater harmonisation and alignment of donors with EDPRS priorities***

5.28 The successful implementation of the EDPRS will depend to a great extent on the continued support of Rwanda's development partners. In recent years, donors have financed over half of the Government's budget, and the investments foreseen in the EDPRS will require a scaling up of aid in the medium-term.

5.29 The importance of strong partnerships between the Government of Rwanda and its Development Partners – comprising official donors, local and international NGOs, civil society and the private sector – cannot be underestimated. The Government recognises the key role played by dialogue with its various partners, and to this end it continues to support and strengthen a number of fora aimed at enhancing the quality of dialogue, coordination of development activities, and harmonisation of donor assistance.

5.30 The Development Partners Coordination Group (DPCG) is the high level forum comprised of representatives from GoR and Development Partner organisations. Founded in 2002, the Group currently meets every two months, offering the GoR an opportunity to present progress in planning and implementation of its development programme, and offering the opportunity for dialogue with and between partners on the coordination of their assistance. The DPCG has been involved in the GoR's work on the development of

the EDPRS and Aid Policy, amongst others.

5.31 Membership of the Budget Support Harmonisation Group (BSHG) forms the basis of strong partnerships between Rwanda's budget support donors. The BSHG is the single forum in which budget support issues are discussed and negotiated, and this harmonised approach results in reduced transaction costs for both donors and the Government. Budget support donors agree on triggers for disbursement and its timing. They undertake two reviews per year, examining the Government's performance against the EDPRS targets, budget execution, progress in the strengthening of PFM systems, and macroeconomic stability.

5.32 Clusters and Sector Working Groups are fora designed to facilitate in-depth dialogue between the Government and its Development Partners at the sector and sub-sector level, with a view to ensuring joint planning, coordination of aid, and joint monitoring and evaluation. Clusters undertake an annual joint sector review, which assesses the sector's performance against the EDPRS matrix, with the results feeding into the EDPRS Annual Progress Report.

5.33 In line with the Paris Declaration on Aid Effectiveness, the GoR recognises the importance of mutual accountability in its relationships with donors, and will take steps to strengthen these reciprocal obligations through the use of new and existing systems. Increased attention will be accorded to aid and its effectiveness in the joint sector reviews, with a view to ensuring that external assistance is coordinated in an effective manner at the sector level.

5.34 Rwanda's aid policy sets out a number of areas in which the Government will seek to see progress, both in terms of donor policies, practices and behaviour, and the need for improvement on the Government's part in its management and execution of development programmes and projects. Key areas addressed by the Policy include: (i) a statement of the GoR's preferences in terms of aid modalities, with General Budget Support and Sector Budget Support given preference over Projects; (ii) the requirement that all aid be reported in the GoR budget and that clear alignment with strategic plans is identified; (iii) the desire on the part of the GoR to see donors making increasing use of its PFM systems, which in turn require further strengthening; (iv) pooling of funds and increased use of forms of delegated cooperation between donors are to be encouraged; (v) donors are invited to make greater use of their comparative advantages in the allocation of their assistance to sectors and sub-sectors, with the GoR playing a role in guiding donors; (vi) the Government will ensure a clearer division of responsibilities between its Ministries and agencies in the negotiation and management of aid.

5.35 In the past, much donor assistance has been poorly aligned with the Government's priorities, limiting the impact of aid on poverty reduction and economic development. The Aid Policy makes specific reference to EDPRS, requiring that all aid be aligned with the priorities set out in the document. In formulating proposals for assistance, donors are required to set out how their aid relates to the priority areas set out in the EDPRS, and they must show that this assistance fits with the interventions and activities outlined in



sector strategic plans and/or district development plans. Insofar as the EDPRS is the guiding framework within which budget allocations are determined, the Government believes that aid given in the form of budget support will best ensure alignment, whilst reducing the transaction costs associated with project-based aid. Budget Support triggers are taken from the EDPRS matrix so as to ensure complete alignment of expenditure undertaken through this route with the EDPRS priorities.

5.36 In addition to the current efforts made by some donors to harmonise their assistance, it is anticipated that the use of the Sector-Wide Approach (SWAp) should be extended. At present, only the education sector makes full use of such an approach. The SWAp is characterised by (i) leadership by the recipient government institution(s); (ii) a single comprehensive programme and budget framework; (iii) a formalised process for donor co-ordination and harmonisation of donor procedures for reporting, budgeting, financial management and procurement, and (iv) efforts to increase the use of local systems for programme design and implementation, financial management, monitoring and evaluation.

5.37 It is also foreseen that all donors should seek to harmonise their missions and analytical work, with a view to further reducing the transaction costs borne by the government, and in the interests of furthering joint understanding of development issues and approaches. The GoR aims to ensure that all sectors adopt a sector-wide approach in their planning and management of donor funds by 2008.

5.38 Whilst the true benefits of enhanced aid effectiveness can only be observed indirectly, through performance against poverty reduction and economic development objectives, the GoR has, in collaboration with its donors, set targets for a number of aid effectiveness indicators. These are based on the mutually agreed targets set out in the Paris Declaration on Aid Effectiveness, and are formulated on the basis of data obtained from the GoR and donors in the roll-out of the OECD-DAC Baseline Survey on Aid Effectiveness.

5.39 At the 2006 Annual GoR and Development Partners Meeting, Rwanda's in-country donors endorsed the survey findings and targets derived from them. Donors agreed to adopt the aggregate targets as minimum targets for performance at the donor agency level, with those donors already performing well seeking to improve further their performance against these indicators. The GoR recognises that attaining these targets is contingent on its own efforts as well, and to this end it is committed to working with its donors to ensure that these are met or exceeded. Follow-up surveys will be undertaken in 2008 and 2010, so as to track progress against these indicators over time.

## ***5.7 Assign a greater role in policy implementation to markets and the private sector***

5.40 Attaining many EDPRS targets, such as those relating to crop output levels and input use in agriculture, will depend in large part on the private sector. The government

will provide a conducive environment for business by enforcing property rights, reducing infrastructure and transactions costs, correcting market failures, and being transparent in policy-making and execution, but in the end it will be the decisions of millions of decentralised producers which will determine whether many EDPRS targets are achieved.

5.41 Consequently, it is essential that public and private sector actions are well coordinated to ensure effective implementation of the EDPRS. As in the case of promoting better coordination within the public sector, this requires both sets of decision-makers to share information and to trust each other. However, unlike the public sector, the government cannot rely on administrative mechanisms, such as Public Service Agreements or District Performance Contracts, to enforce accountability by the private sector.

5.42 Firms are primarily accountable to their share holders through their success in the market which serves as an effective system of monitoring and evaluation, so long as competition is assured. This means that civil servants in certain sectors must develop a good understanding of how specific markets work. In particular, they need to monitor prices closely, appreciate how they are determined, and improve their knowledge of how producers and consumers respond to price changes. Only in this way can policy-makers formulate credible projections of whether the private sector is behaving (or is likely to behave) in ways consistent with the achievement of the EDPRS targets.

5.43 Ensuring that the public sector understands markets is not only important for the design and implementation of regulatory frameworks in Rwanda to promote economic efficiency, it is also crucial for assessing the distributive impact of price changes and formulating (if necessary) a well-informed and appropriate public policy response. It was shown in chapter 2 that landless agricultural wage labourers have emerged as one of the poorest groups in the country. This means that the real agricultural wage (defined as the money wage divided by an index of retail consumer prices) should be closely watched as a leading indicator, or early warning signal, of welfare among the extremely poor.

5.44 Since the EDPRS will be driven by investment-led growth with an increasing export orientation, the government must ensure that its macroeconomic policy does not force up real interest rates (thereby crowding out private investment) and that large inflows of overseas development assistance do not lead to an appreciation of the Rwandan franc (thereby reducing the profitability of business investment in new exportables).

## **5.8 *Implementation issues at sectoral level***

5.45 This section reviews the challenges to EDPRS implementation identified by particular sectors and indicates how these challenges will be met. Schools, training centres and other institutions of higher learning will increase their effectiveness in delivering quality **education** through a comprehensive capacity building programme. Initially, the emphasis is on managing change and taking action to improve performance.

Priority areas are the strengthening of school management, improving the administration of local education services, and developing the capacity of the central ministry to monitor and evaluate progress in, and changes to, the delivery of education services.

5.46 The role of schools and districts will be the key to improving service delivery. Funds that are currently transferred to districts cover teachers' salaries, school feeding, and construction. The aim is to decentralize funds further as districts' implementation capacity, together with their M & E capability, are strengthened. In 2007, primary schools received 2,500 RWF per child in capitation grant to meet schools' operational costs, and an additional 1,800 RWF per child to pay for contract teachers and teachers' allowances. By 2012, if the education sector strategic plan is fully funded, the target capitation grant will be 5,500 RWF.

5.47 Success in the education sector will depend on sustained regional stability, and the continued support of all development partners. A financing gap has been identified and increased bilateral sector budget support, as well as fast track initiative funds, are being used to help fill this. However, it appears that commitments will not be sustained over the whole EDPRS period (2008-2012) and the financing gap rises dramatically in 2009. Development partners are being encouraged to increase their levels of budget support in order to finance the sector wide approach adopted by the Ministry of Education.

5.48 Effective implementation of the **health** strategy will require the collaboration of all stakeholders. To this end, each partner has been assigned specific tasks that will contribute to the achievement of health sector objectives. Most key interventions will be implemented at district level, although certain capacity building initiatives will be undertaken centrally.

5.49 The roles of different stakeholders in implementing the EDPRS-Health strategy are as follows. The Ministry of Health takes leadership of the health sector at national level. It establishes legal tools, standards and protocols for the sector and is responsible for designing policies in collaboration with other stakeholders. The Ministry formulates laws and decrees, and issues health guidelines. It mobilises resources, produces training modules, trains trainers, and builds capacity at district level. The central Ministry is also responsible for managing the national health information system and for strengthening the sector's monitoring and evaluation processes.

5.50 Local government is responsible for ensuring that the EDPRS-Health strategy is effectively implemented. This will be done with the help of planning and budgeting tools, such as the health sector logical framework, the District Development Plans (DDPs), the MTEF and operational plans. The district will ensure that barriers associated with financial and geographical access to quality health care are addressed. Particular emphasis will be put on increasing coverage of the population covered under community health insurance (Mutuelles), and building, rehabilitating, upgrading and adequately equipping health facilities within districts. Districts have a major responsibility to implement the family planning programme and to establish an efficient monitoring and

evaluation system at local level. They are also charged with training health providers, appointing and supervising governance bodies and mobilising resources locally.

5.51 Effective implementation of the health strategy will require close collaboration with other sectors. In order to reduce population growth, Health, Finance, Education, Gender and Youth must work together to promote family planning. Similarly, Health, Agriculture, Water and Sanitation must cooperate to address problems of malnutrition and access to safe drinking water, as well as to improve conditions of domestic hygiene among the population. Health will take full advantage of existing institutional mechanisms (Health Sector cluster, Technical Working groups) to achieve the required degree of coordination.

5.52 The sector wide approach will serve as a framework to strengthen collaboration between the health sector and development partners who will participate in joint planning and in the health sector review. They will align their financial and technical support so as to implement the EDPRS-Health strategy. Civil society, including the media, faith based organisations, community based organizations and local non governmental organizations will work with the health sector to implement the health strategy. To this end, all these organizations will adopt, and seek to improve the Information Education and Communication (IEC), and Behaviour Change Communication (BCC) approaches. The private sector will also play a key role in delivering health care services, especially in the prevention and cure of major diseases, such as malaria, ARI and AIDS.

5.53 In the **water and sanitation** sector, central government deals with strategic issues at national level, while the districts are responsible for implementing most of the activities in the log frame. Ensuring effective coordination with other public and private agencies is particularly important for this sector, given that water and sanitation affect such broad areas of economic and social life. These include health (in the home and in clinics/hospitals), education (school sanitary facilities), infrastructure (energy and transport), and agriculture and animal husbandry (for irrigation and supporting livestock). The dense network of interdependent links between WATSAN and other sectors will be coordinated more effectively during EDPRS implementation.

5.54 The smooth execution of **infrastructure** projects also requires close coordination among several stakeholders. MINECOFIN and the donors share responsibility for mobilizing the resources to finance a sector strategy which will be developed by 2008 as a SWAP. MININFRA is the lead implementing agency for the sector and has responsibility for coordinating the activities of other participating line Ministries and public agencies.

5.55 The decentralization and transfer of MININFRA resources and responsibilities to the districts will be undertaken in two steps. In 2008, a mechanism based on MININFRA agencies will be implemented to provide technical support and financial advice to the districts on resource transfers. Then, a year later, this mechanism will be replaced by a system of direct transfers to districts without any involvement of MININFRA. However, the Ministry will still be willing to respond to ad hoc requests for technical support from

districts after this date. The main risk associated with this process of devolution is that many districts will continue to request assistance from MININFRA after 2008 and the Ministry will lack the capacity to respond promptly and effectively.

5.56 The private sector will finance and execute infrastructure projects, particularly in energy, real-estate development and ICT. This will occur through a variety of institutional mechanisms ranging from foreign direct investment to different types of private-public partnerships, which may include Build-Operate-Transfer (BOT) schemes.

5.57 In the area of **capacity building**, MIFOTRA confronts several challenges to implementing its strategy. It faces problems associated with executing the EDPRS with its current workforce, while at the same time changing its management style to one of delegated responsibility and results based accountability. The Ministry needs to maintain effective communication within the sector and across sectors, while also rolling out a large scale MIS.

5.58 The first challenge will be to manage the process of Public Reform, implement a range of programmes for Employment Promotion, and coordinate Capacity Building across the public sector with the current number of staff. A recent independent report concluded that ‘these few staff have been swamped with work pressures from the myriad of activities they are being asked to manage’. However, new appointments are in the pipeline to replace temporary staff and bring the permanent workforce up to its full complement. In the short term, the appointment of a Monitoring and Evaluation expert and a statistician are essential. Recruitment of additional staff with designated responsibilities would reduce the workload and facilitate the effective implementation and coordination of programmes by MIFOTRA.

5.59 The second challenge is for the Ministry to improve its planning (both operational and financial) and prioritisation. Planning processes need to be revised with decision-making authority delegated to Directors, and through them to the officers in their departments. Management must focus on a proactive results-based approach. This will empower officers and agencies to work towards specific sector targets, and hold them accountable for the delivery of outputs and the achievement of outcomes. Performance Contracts will be put in place to this end.

5.60 The third challenge relates to the effectiveness of communication. There is little horizontal communication, which is essential at both senior management and directorate level to ensure full awareness of the interventions taking place and the progress of outcomes. Vertical reporting also needs to be cross departmental. Inter-sectoral partnerships are poorly coordinated and will need strengthening at both management and operational level to enable effective sharing of information, joint action and reduced duplication of effort.

5.61 The fourth challenge facing MIFOTRA is to implement two large scale MIS projects: the Integrated Payroll and Personnel Information System (IPPIS) and National Employment and Job Processing Opportunities (NEJPRO) scheme. These systems are

essential to support informed decision making within MIFOTRA and in other sectors. Implementation of such systems has been problematic in both developing and developed countries. It requires strong project management skills, a clear understanding of the organisational implications of opting for IPPIS, and a restructured ICT department. MIFOTRA has begun the process of procurement, but specialised technical support, additional staff to manage the process, and training of all officers in its use will be required.

5.62 The 2006 Public Expenditure Review highlighted a serious lack of coordination between **social protection** interventions. By way of response, the sector intends to establish a coordination body at the central level and set up coordination teams at District and Sector level. These coordination teams together with Community Based Organisations (CBOs) and the private sector will support cross-sectoral planning and implementation of SP Programmes. These teams will also identify issues which adversely affect vulnerable groups and advocate for change. They will work closely with the Vision 2020 Umurenge Programme to ensure coherent implementation.

5.63 Successful implementation of the **justice sector** strategy will depend on adopting a sector-wide approach (SWAP), generating synergies with other sectors, demonstrating commitment by Development Partners, and strengthening sector/district technical committees. There is support and enthusiasm in the sector for working with a single vision and purpose, rather than have individual institutions work independently. A secretariat, which includes CSOs, has already been established to coordinate the SWAP. The success of this initiative will depend on the commitment of all stakeholders, including development partners, while effective implementation of the justice sector strategy also requires adequate funds to be made available.

5.64 The first step taken to implement the sector strategy of **decentralisation, citizen participation and accountability** will be to carry out a stakeholder analysis in order to promote effective partnerships and help identify champions of good governance. MINALOC is the lead Ministry for this sector and is responsible for liaising with other sectors and public agencies during the process of decentralisation. Implementing the governance agenda also requires the participation of other actors such as CSOs, NGOs, the media, political parties and the private sector which either complement the government's role in service provision, or serve to promote public awareness by holding the government accountable for its actions.

5.65 The **youth, sports and culture** sector (MIJESPOC) faces several challenges to implementing their plans. Following public sector reform, the Ministry is operating with a reduced workforce, while their mandate has not been reduced. Youth is a priority for the economic development of Rwanda and their participation in the process is key. The sector has identified a range of programmes and it will be challenging to implement these. However, through effective partnerships with supporting groups (both existing and proposed), the programmes can be realised.

5.66 Youth unemployment is a key problem. While new initiatives are in the pipeline, such as the Rwandan Workforce Development Authority with its provincial and district vocational schools, and the National Employment Agency with its District Employment Agencies, these are not likely to be in operation for some time. It will be important that the youth programmes envisaged are successful in developing the confidence and attitudes of youth to be proactive in the job creation process and give them the support they need.

5.67 The sector intends to put in place a Management Information System and appoint a Monitoring and Evaluation officer to support the data management process. A detailed plan for monitoring and evaluation of all JESPOC targets will be developed and will identify the methodology and frequency of data collection and identify responsibility. YFCs will collect data on activities at district, sector and cell level through reports and regular meetings with sector and cell outreach NYC representatives. This will monitor the extent of participation of youth in the JESPOC outreach programmes as well as other programmes initiated by local or national support groups.

5.68 There will be links from the YFC databases to the District databases as well as a central database at MIJESPOC. Further information will be recorded through national surveys, institutional reports and external reports. JESPOC will identify data that can be collected through existing national surveys, e.g. the EICV Household Survey and Labour Market Survey to ensure that data is appropriately disaggregated to show the Rwandan categories of youth by age and questions relevant to the sector are included.

5.69 A core team of staff from MIJESPOC departments will take responsibility for internal monthly and quarterly reports on progress based on the logframe targets at activity and output level. Annual reports will be disseminated to all stakeholders. Impact assessments will take place in 2009 and at the end of the EDPRS period (2012).

5.70 The **environment** is both a sector and one of the cross-cutting issues (CCI) in the EDPRS. This implies that policy implementation should emphasise joint actions with all sectors on issues and activities that have potential impacts on the environment. To this end, all projects and programmes should be subject to an Environmental Impact Assessment. Land use management issues will be addressed by developing a joint strategy with the agriculture sector to design and execute interventions to reduce land degradation, soil erosion and soil fertility losses and to promote the rational use of mineral fertilizers and pesticides. The forest sector is fully engaged with the environment and energy sectors to limit further deforestation and promote reforestation. The mining sector is engaged with environment subsectors in addressing potential environmental degradation from quarrying activities, and with the private sector in ensuring value addition to mineral resources in an environmentally sustainable way.

5.71 These joint intersectoral strategies present valuable opportunities for socially efficient resource allocation and make it more likely that priorities are comprehensively addressed using a sector wide approach (SWAp). Thus, ensuring that budget allocations are earmarked in all ministries to support joint strategies for managing the environment

and natural resources will ensure that EDPRS priorities contribute to sustainable national development. The development of District Development Plans (DDPs) is important as the priorities of the EDPRS will guide interventions that will be implemented through the DDPs. Thus, achieving the EDPRS goals of poverty reduction and sustainable growth will depend on how well sectors and districts integrate the various tools that have been provided by the environment sector to support the EDPRS process.

5.72 The central government through the National AIDS Control Commission (CNLS) will continue to oversee **AIDS** policy and provide strategic leadership and technical support, while coordinating a national multi-sectoral response. Each sector will be responsible for carrying out the AIDS actions defined in their logical frameworks at national level and meeting the targets set. Given the decentralized nature of government, most activities will be implemented by the districts, which will include EDPRS indicators and activities in their District Development Plans (DDPs) and annual plans. Support is being provided to ensure that the AIDS actions written into the EDPRS are carried out at district level.

5.73 A workshop was held for District AIDS Committee (CDLS) staff to promote understanding of the AIDS actions included in the EDPRS and to assist them to support their district to execute these actions. CDLS and districts were also provided with an EDPRS AIDS checklist to facilitate the integration of these actions into DDPs. Districts are responsible for advocating on behalf of those infected and affected by HIV and AIDS, while ensuring that any support provided reaches their most vulnerable citizens first.

5.74 Continued capacity building will be required to ensure that sectors and districts have the means to implement AIDS actions. CNLS together with its partners will continue to strengthen the CDLS staff and provide technical assistance to sectors. CNLS will also assist sectors and districts to identify funding sources for AIDS actions to ensure the required support is available to meet the EDPRS targets. As the HIV prevalence rate decreases, so there is a risk that donor support to this area may fall. Therefore, the government should monitor the situation closely and press donors to commit funding over the entire EDPRS cycle (2008-2012).

5.75 Implementation of an **engendered** EDPRS depends on several factors. The most important is to ensure that gender issues are fully integrated into sector and district plans from the start. Unless, and until this is achieved, gender like other cross-cutting issues risks being marginalised by policy-makers. Clear budget commitments must be made to promote gender as an issue. Only by doing this will the Government and its citizens see where progress is being made and where remedial support is required. Tracking gender-disaggregated data through the monitoring system will allow policy makers to identify the differential impact of policies and service delivery on men and women. Following a comprehensive needs assessment, capacity must be strengthened to enable line ministries to carry out their designated responsibilities to implement EDPRS actions on all cross-cutting issues.



## **5.9 *Effective implementation requires good communication***

5.76 EDPRS will only be effective if its messages are well understood, accepted and supported by all stakeholders, from ordinary citizens to Cabinet and international partners. It will be as important to communicate throughout the implementation of the EDPRS as it is during the preparation. Both the volume and effectiveness of communications matter. Communicating the strategy must be seen as, and is, a shared responsibility of many stakeholders, but the overall strategy needs monitoring to ensure that the right incentives are in place, best practice is respected and the communication is successful.

5.77 Methods for communicating the EDPRS include dissemination of the document itself (including a shorter, popular version in Kinyarwanda), holding workshops and making use of the mass media (radio, newspapers and television) especially through MININFOR and ORINFOR. Responsibilities for communication will be shared between MINECOFIN, Parliament, Ministries, foreign representation in Embassies abroad and diaspora. MINECOFIN should have overall responsibility for ensuring that communication is effective. Support will be provided to ensure that all actors have adequate expertise and resources to play the role.

## **6 HOW MUCH WILL IT COST AND WHAT ARE THE MACROECONOMIC IMPLICATIONS?**

### **6.1 Introduction**

6.1 The macroeconomic framework seeks to strengthen and consolidate achievements in terms of macroeconomic stability and socio-economic reforms as well as to support the rebalancing of public expenditures between social and productive sectors. In order to achieve the targets presented in Chapter 3, the flagship programmes and cross-sectoral actions detailed in Chapter 4 and their implementation described in Chapter 5 will have to be supported by consistent policies and public expenditure programmes.

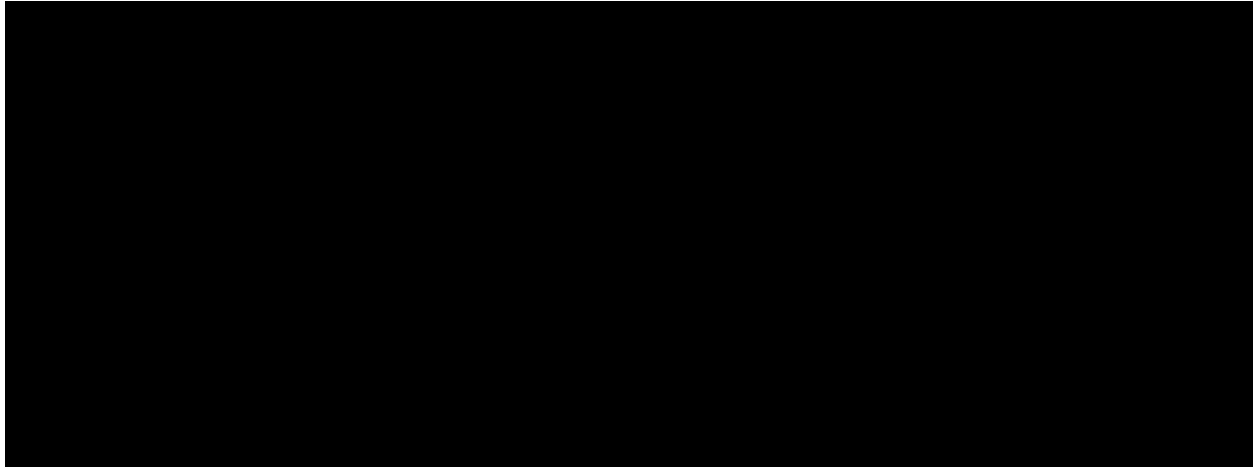
6.2 This chapter centres on public and private expenditures required to achieve the EDPRS targets, taking into consideration the various constraints to which the Rwandan economy is exposed. It seeks to ensure overall consistency between programmed expenditures and resources available, committed, and expected. In final resort, it identifies the resources mobilization efforts required to support adequately the EDPRS while maintaining macroeconomic stability.

6.3 Under EDPRS, public expenditures will be organized to maintain the momentum in social sectors while targeting productive sectors to achieve the MDGs and Vision 2020. In particular, productive expenditures will aim to (i) address skills shortages; (ii) modernize the agriculture, making it a reliable source of export earnings; (iii) eliminate the infrastructure backlog (including energy, water, transport, and ICT) to reduce the operational costs of doing business in Rwanda; (iv) create the conditions under which sciences and technologies pave the way towards knowledge-based services to become a dynamic source of economic growth, employment and poverty reduction.

### **6.2 EDPRS costs**

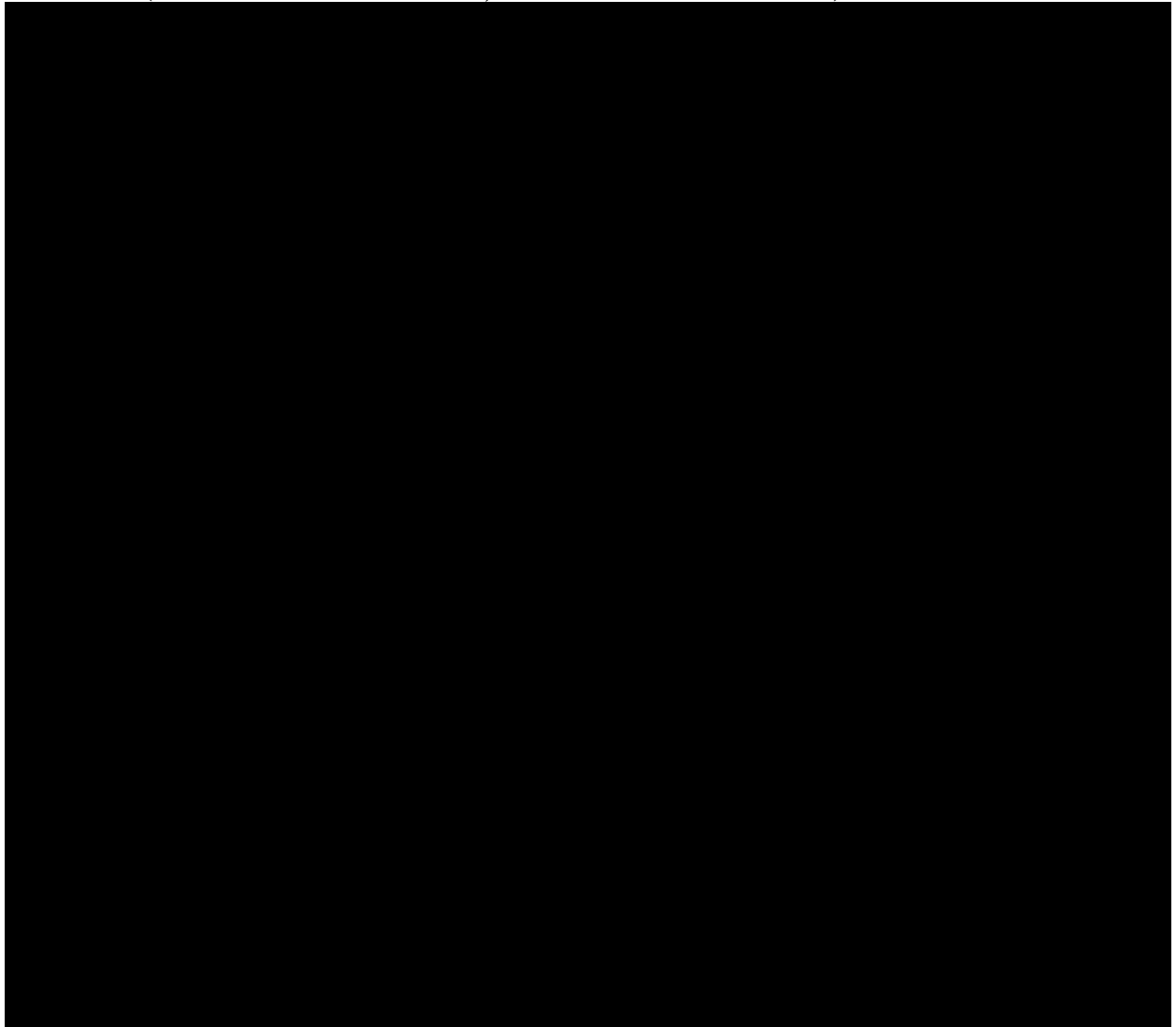
6.4 The implementation of EDPRS will require RwF 4,822 billion over the five years 2008-12. This amount includes public recurrent expenditures, public capital expenditure and private investments. The public component amounts to RwF 3,330 billion and represents 69% of the total cost of EDPRS. The table below shows the annual composition of these items.

**Table 6.1: EDPRS costs**



6.5 The allocation of the public component across sectors is described in the following table. It captures the EDPRS objective of rebalancing the social and productive sectors. The components of social sector are shown under “social and human development” and absorb 34% of total expenditures (respectively 42% of total recurrent expenditures and 22% of total capital expenditures). The components of productive sector span over “infrastructure” and “production & environment”. Together they represent 35% of total expenditures (respectively 10% of total recurrent expenditures and 74% of total capital expenditures). Finally, both social and productive sector are supported by “governance and sovereignty” expenditures (including public debt service) which represent 31% of total expenditures (respectively 48% of total recurrent expenditures and 4% of total capital expenditures).

**Table 6.2: Proposed shares of public expenditures by sector for the EDPRS period 2008-2012 (in billion Rwandan francs, unless otherwise indicated)**



### **6.3 Public investments**

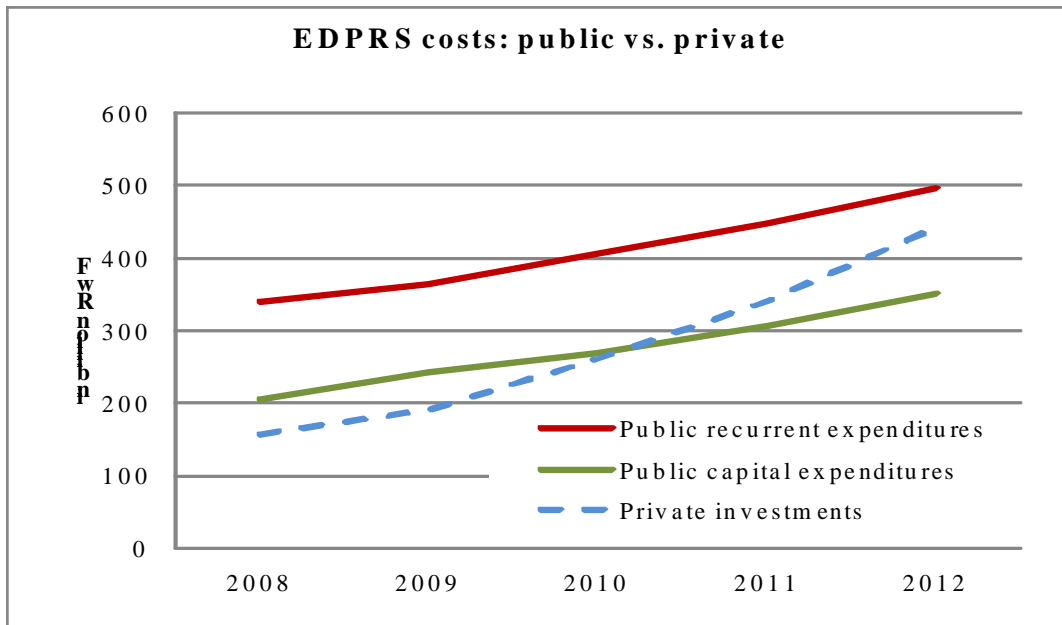
6.6 Among public capital expenditure, it envisaged that 67% of public investments will be implemented at the central level while about 33% will be implemented at district level of government.

6.7 At the central level of government, public investments can further be decomposed between on-going projects and new projects. On-going projects represent almost 47% of total public investments for 2008-12 or RwF 436 billion and mostly reflect commitments made prior to EDPRS and continuing over the EDPRS period. New projects represent 20% of total public investments or RwF 185 billion and specifically geared toward financing the achievement of the EDPRS targets detailed in Chapter 3 (Table 3.2).

6.8 At local level of government, all public investments are new. Total capital expenditure for all districts should reach RwF 450 billion, or an average of RwF 3 billion per district and per year. The amount will finance DDPs and will be phased-in gradually as capacities are being built at local levels of government. These investments will also contribute toward the EDPRS targets.

6.9 An important focus of public investments is to serve as an engine for private investments. It is believed that public investments that allow systematic reductions in business operational costs will have a multiplier effect thereby inducing further private investments. The following figure shows the evolution of public recurrent and capital expenditures as well as private investments. In effect, public investments will trigger new private investments and generate private investment flow above past trend.

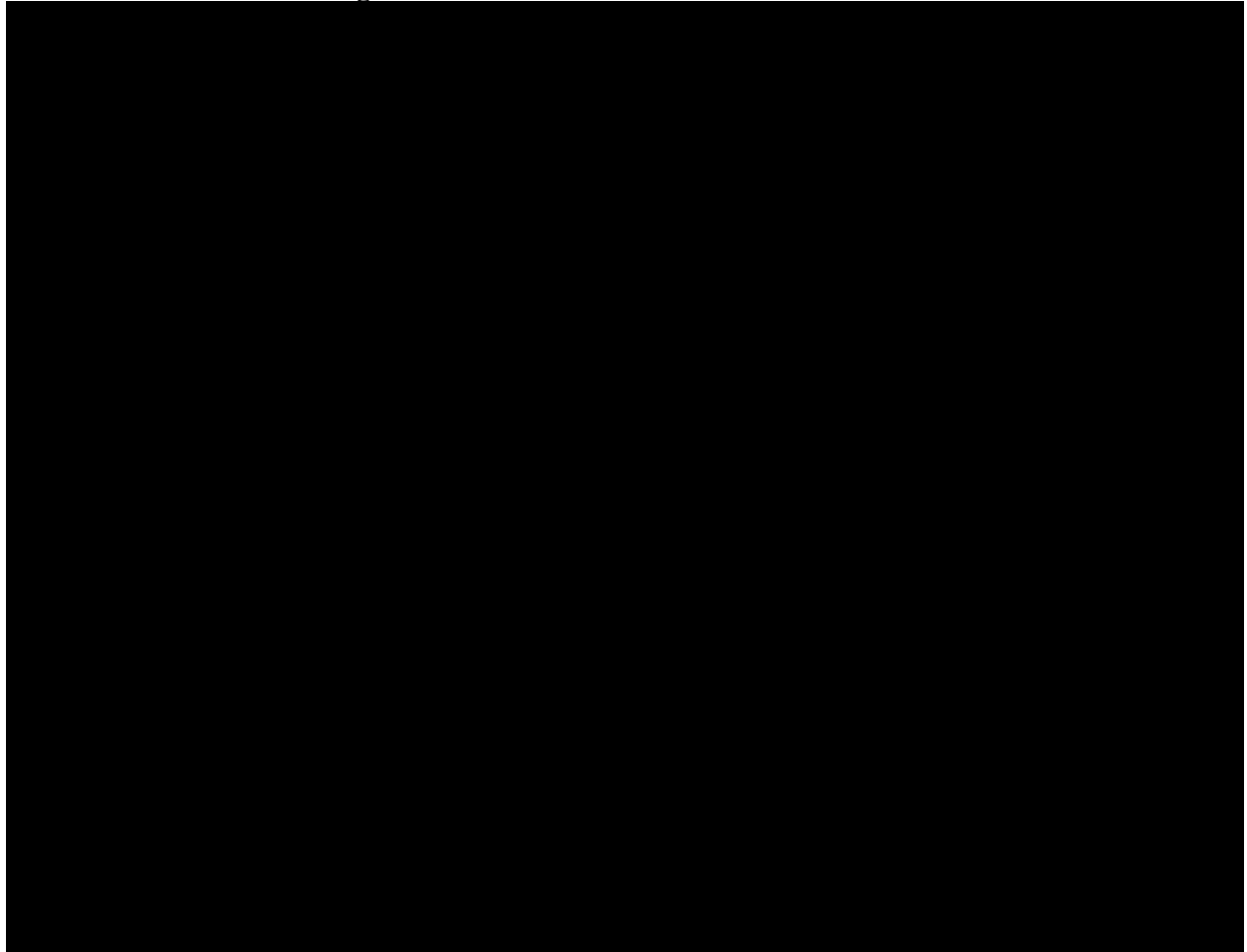
**Figure 6.1: Public expenditure to trigger private investment**



#### **6.4 EDPRS financing requirements**

6.10 The recurrent and capital expenditures will be financed by a combination of domestic tax and non-tax revenues, external budgetary grants (i.e. budget support), external project grants & loans, and external net borrowing. Domestic resources represent 50% of total required resources for EDPRS. Internal net borrowing will not finance EDPRS but serve as a tool to (i) smooth volatility in external resources and (ii) sterilize any adverse effects of capital inflows.

**Table 6.3: Public financing of EDPRS**



6.11 External committed budgetary grants are estimated at RwF 772 billion. Most development partners provide data on commitments for 2-3 years ahead only. Hence, the amounts shown in the table represent such commitments by budget support donors and are extrapolated over the entire EDPRS period. This committed amounts falls short of the expected RwF 977 billion, leading to a financing requirement of RwF 205 billion (equivalent to USD 386 million).

6.12 External project grants & loans are estimated to a total amount of RwF 737 billion for the EDPRS period. Taking into consideration the resource envelope from project donors, RwF 590 billion can be mobilized, leading to a financing requirement of RwF 147 billion (equivalent to USD 276 million).

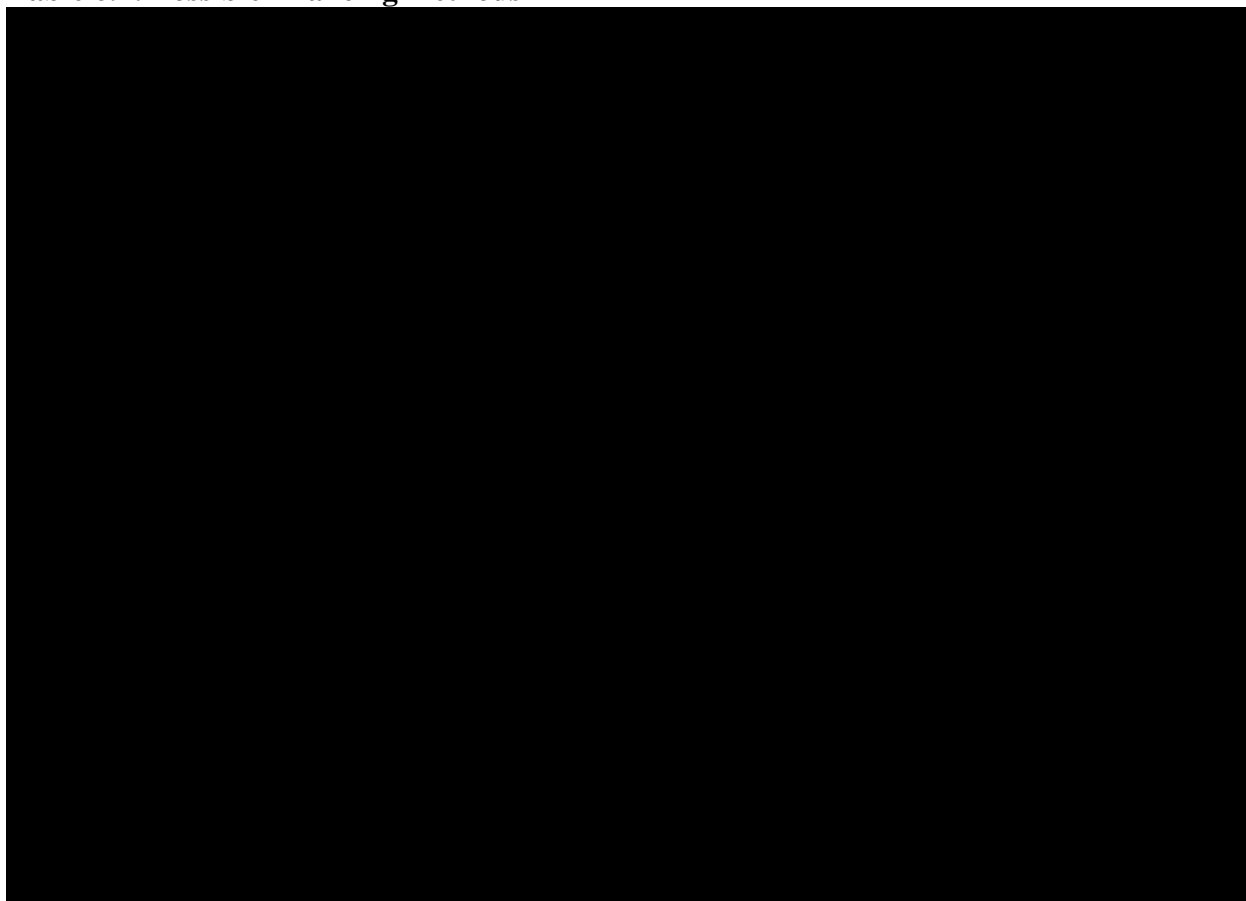
6.13 Together, the total financing requirement is RwF 352 billion (equivalent to USD 662 million) for the EDPRS period, or an average of **USD 132 million** per year.

## 6.5 Possible financing methods

6.14 Following the G8 commitments in Gleneagles in 2006, it is expected that the financing requirement will be funded through additional grants.

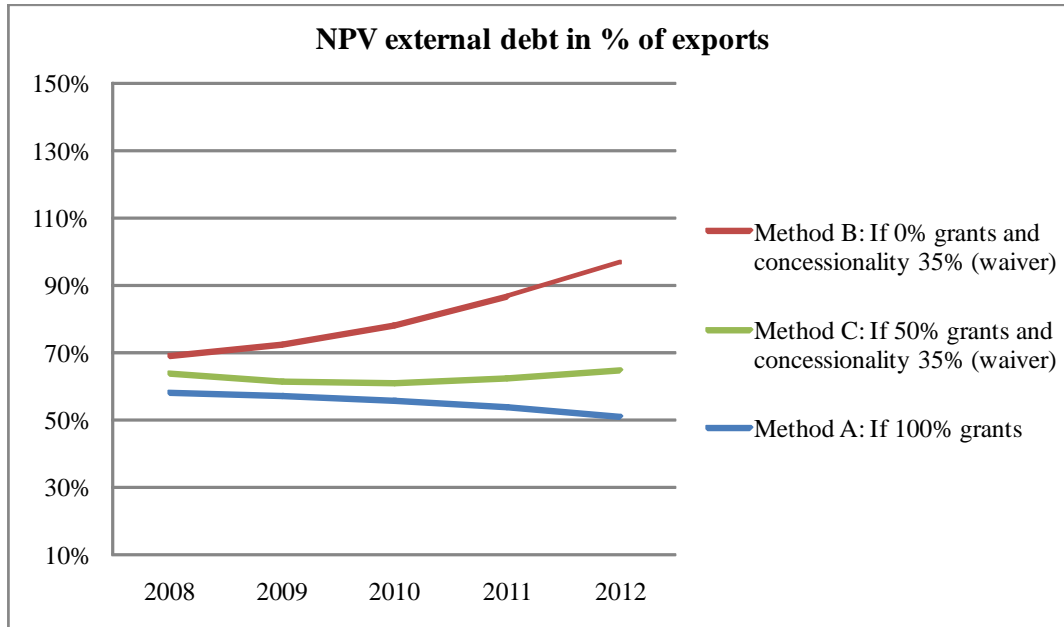
The following table considers three financing methods: (A) with 100% grants as per G8 commitments, (B) an extreme with 0% grants which would require resorting to external borrowing to the extent of the financing requirement, and (C) an intermediate with 50% grants and 50% external borrowing to cover the financing requirement. External borrowing is likely to require mobilizing new lenders which could possibly entail concessionality lower than 50%; the borrowing mechanisms assume a 35% concessionality, which would require a waiver from current international arrangements.

**Table 6.4: Possible financing methods**



6.15 The sustainability indicator chosen is the least favourable for the Rwanda economy which is characterised by a relatively small export base compared to similar countries: Net Present Value (NPV) of external debt divided by exports of goods and services. Based on this indicator, method B displays an unsustainable evolution towards the internationally accepted threshold of 150%. Hence, method B should not be taken into consideration. Method C, on the other hand, is an acceptable possibility and so is the favoured method A. This is illustrated in the following figure.

**Figure 6.2: Summary debt sustainability**



## 6.6 Macroeconomic implications

6.16 The EDPRS has been structured to ensure full consistency and feasibility of its macroeconomic underpinnings. The macroeconomic framework ensures a balance between macroeconomic stability and economic growth for employment and poverty reduction. In addition, the fiscal program does not rely on domestic borrowing leaving room for increases in credit to the private sector. In other words, care has been put to avoid the crowding out of the private sector, which is an essential contributor to EDPRS success.

6.17 Inflation has been an ongoing concern. As a result, monetary policy has been set relatively tightly with reserve money growth of 13% per year on average, compared to nominal GDP growth of 13%. Current spells of double digit inflation will be brought back in the single digits in the coming years. This will result from both the monetary stance and public investments targeted at removing skills and infrastructure bottlenecks. Indeed, the latter will reduce costs of utilities and operational costs of doing business in Rwanda and will induce a relaxation of structural constraints that have fuelled inflation in the past.

6.18 The export base has traditionally been in relatively narrow. Public investments will increase imports by 17% per year on average and worsen the current account. Over time, however the improved productive capacity will boost export growth to 15% per year on average and ease the pressure on the current account. The current account deficit including grants is estimated at 5.5% of GDP per year on average (against 6.7% over



2002-06) and current account deficit excluding grants is estimated at 12.9% of GDP per year on average (against 12.6% over 2002-06).

6.19 The nominal exchange rate is likely to continue to appreciate if external inflows materialize as projected. The working estimate puts the Rwandan franc at 525 against the USD in 2012, against 549 at the end of 2006. This represents about 1% nominal appreciation per year against the USD. Such moderate nominal appreciation in conjunction with the inflation differential is likely to induce a more pronounced real appreciation that could potentially hamper export promotion efforts.

6.20 Investment quality has been limited over time. The public investments will be submitted to closer scrutiny to ensure new investments are targeted in priority at relieving structural constraints that penalize the private sector development. All three sectors of activity (agriculture, manufacturing and services) are likely to benefit from the improved quality of public infrastructure. Such investments are essential to support a stronger and balanced pro-poor growth.

## **7 HOW WILL RWANDA KNOW IT IS GETTING THERE?**

7.1 In order to know whether the EDPRS is achieving its objectives, policy makers must be able to monitor progress and evaluate the impact of key public actions. Monitoring involves three steps: (i) observing how a set of indicators changes over time; (ii) analysing and drawing conclusions from those observations, and (iii) feeding those conclusions back into the policy process. Effective monitoring is essential for improving public sector management, ensuring transparency in decision-making, and holding policy makers to account.

### ***7.1 The institutional framework of monitoring***

7.2 The first step in assembling an effective monitoring system is to establish the institutional framework. This will require a period of debate as there is a variety of ‘models’ from which to choose. It is important to devise a system which is appropriate to the country’s needs as it makes the transition to a highly decentralised public sector. One option would be to modify and adapt some of the institutions involved in the preparation of the EDPRS, such as the EDPRS National Steering Committee and the EDPRS Technical Steering Committee, so that they could play a monitoring role. Another would be to start from the pilot with Vision 2020 Umurenge and see what kind of higher level monitoring framework could be developed to meet the demands of national and international stakeholders, which would not place an excessive administrative burden on villages, sectors and districts.

7.3 Whatever the details of the monitoring system chosen, it is likely that a small group will be required in central government to monitor the EDPRS and evaluate the impact of key interventions. The work would include assembling and collating information on the EDPRS indicators, analysing changes in the indicators, ensuring feedback from this analysis into policy-making, and proposing measures to stakeholders for improving the monitoring system over time. The group would also identify EDPRS interventions for impact evaluation.

### ***7.2 The EDPRS indicator system***

7.4 Rwanda has built up several monitoring systems at national, subnational and sectoral level. Each of these systems is the product of different initiatives launched at different times with different agendas. The result is that policy-makers at national level face an excessively large number of indicators for tracking the country’s development. Consequently, there is an urgent need to prioritise indicator selection and to improve coordination and connectivity between separate information systems

### 7.2.1 Linking inputs to outputs and outcomes

7.5 At the national level, a single set of four indicator matrices could be used to monitor the EDPRS, while also serving as a revised master Performance Assessment Matrix (PAM) or Performance Assessment Framework (PAF). This should ensure that Rwandan policy makers and donors are (literally) reading from the same page(s). The purpose of the four matrices is to allow the construction of simple causal chains linking public expenditures in the budget to desired EDPRS outputs and outcomes (see Box 7.1).

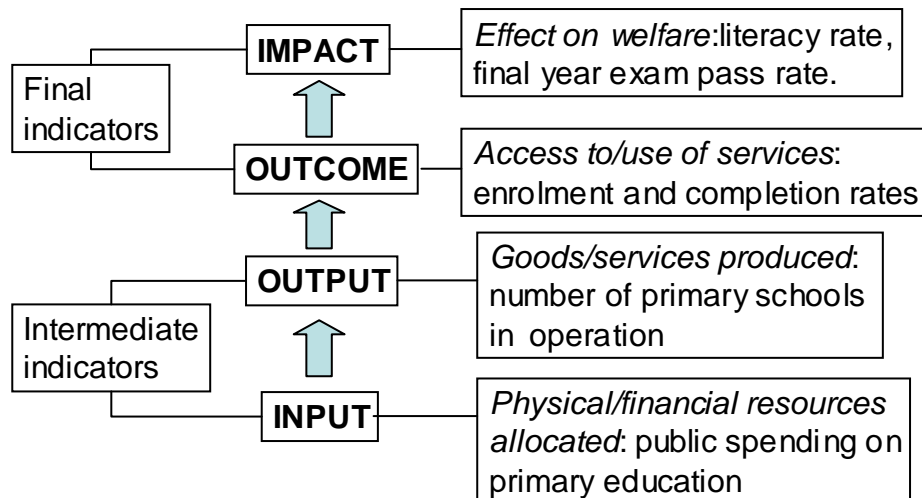
#### BOX 7.1: Indicators form a causal chain

### Box 7.1: Indicators form a causal chain

For the purposes of EDPRS monitoring, it is useful to distinguish between four types of indicators: inputs, outputs, outcomes and impact. The commitment of inputs by the government through the annual budget generates certain outputs. These outputs provide opportunities for private individuals to consume and/or invest in goods and services supplied by the government, such as schooling and health care. Those individuals who take advantage of these opportunities, because they calculate that it is beneficial for them to do so, generate values for outcome indicators. Finally, as a result of consuming and/or investing in these goods and services, individuals' welfare is enhanced.

An application of this causal sequence to primary education is given below:

**OBJECTIVE:** increase the coverage and quality of primary education



7.6 The proposed framework would have the following elements:

- A matrix of no more than 20 strategic outcome and impact indicators that provide a succinct overview of progress in development and poverty reduction (Table 7.1). Most of these indicators share three features. Firstly, they measure as closely and as directly as possible, certain key dimensions of human welfare in a society. These include freedom from (consumption) poverty and bad governance, and freedom to live a long and healthy life, fulfil one's educational potential and enjoy a safe, clean and biodiverse environment. Secondly, they are derived from data which are not available on a yearly basis. For example, the poverty headcount ratio is calculated using consumption data collected every 3-5 years in a LSMS or household budget survey. Thirdly, many outcome indicators are beyond the direct control of the government, although they can be influenced indirectly by government actions (social protection). For these reasons, the outcome indicators in the first matrix cannot, and should not, be used for the annual release of budget support.
- A matrix of no more than 30 intermediate indicators which can be more or less directly linked to government actions, are not affected by random events, and for which relatively good data are produced annually (Table 7.2). These indicators should include outputs and/or inputs which measure public interventions which are causally linked to the outcomes in the first matrix. For example, an indicator measuring the proportion of the vulnerable population covered by social protection measures is one determinant of poverty incidence, while it is also something over which the government has some direct control. Some or all of the intermediate indicators in the second matrix would be linked to budget support operations by the donors.
- A matrix of no more than 15 policy actions per year in key areas of reform which are considered high priority for development and poverty reduction (Table 7.3). Some or all of these actions might serve as annual triggers for the release of budget support funds.
- A matrix of second-generation indicators which are superior to some of those currently in use, but for which adequate data are not yet available (Table 7.4). These include indicators that could be incorporated into the EDPRS monitoring system in the future. The fourth matrix in this case would show the institution responsible for each indicator, its current status, and a date by which it might be available.

**Table 7.1: EDPRS Strategic Outcome Indicators**

Indicators	Base 2005-06	Target 2012	Data source	Frequency
GDP growth rate (% per annum)	6.3	8.8	National accounts; macro projections EDPRS	Annual
Share of population living in poverty (%)	56.9	46.0	EICV	Every five years
Share of population living in extreme poverty (%)	36.9	24.0	EICV	Every five years
Real agricultural wage (average daily nominal wage/consumer price index)			-EICV, Labour survey -MINAGRI administrative records	- Every five years - Annual/quarterly (?)
Economic inequality (Gini coefficient of consumption)	0.51	0.40	EICV	Every five years
Infant Mortality Rate (per 1,000 live births)	86	75	DHS	Every five years
IMR in lowest wealth quintile	114	99	DHS	Every five years
Incidence of stunting (height for age) (%)	52	27.2	DHS	Every five years
Maternal Mortality Rate	750	600	DHS	Every five years
Population growth rate (% per annum)	2.9	2.3	DHS	Every five years
Total fertility rate	6.1	5.5 (2010)	DHS	Every five years
% of households having access to clean drinking water	64	80	EICV	Every five years
Malaria prevalence (% of adults in Eastern province)	35	28	Malaria Metrical Survey; Malaria Prevalence Household Survey	Annual
HIV prevalence (% of adults aged 15-24)	All	1.0	DHS	Every five years
	Men			
	Women			
Percentage of pupils sitting national exams in primary year 6 who obtain an average mark of at least 50/100 (% of examinees)	All	8.9	National Examination Council	Annual
	Boys			
	Girls			
Share of population expressing satisfaction/confidence in decentralised governance (%)	85	100	Select source	
Number of new corruption/ embezzlement cases involving public funds reported by Auditor-General (?) (per annum)				Annual
Proportion of corruption/embezzlement cases involving public funds on file which have been resolved through prosecution or otherwise (%)	70	?		Annual
% of cumulative total of those charged with genocide-related offences who are still awaiting trial				Annual
Percentage of protected areas with biodiversity preservation (%)	8	10		Annual

**Table 7.2: EDPRS Intermediate Indicators**

Indicators	Base 2005-06	Target 2012	Data source	Frequency
Gross fixed investment (% GDP)	16.3	23.5	MINECOFIN	
% of agricultural land protected against soil erosion	40	60	Annual reports of MINAGRI and MINITERE	
Area of hillside agricultural land irrigated (has)	130	3,200	Annual reports of RADA/REMA/MINAGRI	
% of farm households using			Annual reports of RADA/ISAR/MINAGRI	Annual
• Inorganic mineral fertilizers	10.8	21.0		
• Organic fertilizers	6.8	25.0		
• Improved seeds	3.0	20.0		
• Insecticides	23.9	45.0		
% of livestock in intensive systems	16	60		
% of farm households with access to extension services	1:3,000	1:1,500		
% of district gravel roads rehabilitated				
Number of households with access to electricity	77,000	200,000	Electrogaz, MINIFRA, NEDA	
Power outages (% of any 24 hr period)	10	?	Electrogaz	
Primary completion rate	52.4	125	EMIS	
Pupil/teacher ratio in primary schools	70:1	47:1		
Gross secondary school enrolment	10	30		
Pupil/teacher ratio in secondary schools	30:1	32:1		
% of TVET students absorbed in industry	25	75		
Pupil/teacher ratio in TVET institutes	30:1	15:1		
% of TVET teachers with qualifications	20	35		
% of women aged 15-49 years using modern contraceptive techniques	10	70	DHS; HMIS	
% of women giving birth in health centres	28.2	75		
% of rural households within 500 metres of an improved water source	61	85	Water Sector Strategy Development Report	Annual
% of urban households within 200 metres of an improved water source	69	100		
% of population living within 5 kms of a functioning health centre	58	70	HMIS	Annual
Number of primary pupils/school latrine (or toilet)				
Number of insecticide treated bednets distributed annually			Population Service I (PSI) MINISANTE	
% of population covered by health insurance	70	95	HMIS, MOH and private insurance bodies	
Average number of days to deal with licences	130	70	World Bank <i>Doing Business</i> reports	
Number of prisoners per warder	10	?		
Number of additional full-time non-farm jobs created (per annum)				

<b>Table 7.3: EDPRS Summary Policy Matrix</b>					
<b>[WORK IN PROGRESS: policy actions have not yet been discussed with sectors. They are included for illustration only]</b>					
<b>Sector</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Agriculture	Implement national fertiliser strategy	Develop national food security strategy			
Infrastructure: Transport	Adoption of a road maintenance strategy	Adoption of a transport master plan for Rwanda	Transport safety policy adopted		
Infrastructure: Energy	Develop access strategy paper that encompasses grid expansion and off-grid access	Off-grid access plan approved by Parliament			
Infrastructure: ICT	Develop a regulatory framework for ICT	Approve regulatory framework for ICT	Implement regulatory framework for ICT		
Infrastructure: Land	Land use master plan developed	Land use master plan implemented			
Education	<ul style="list-style-type: none"> <li>- Teacher Development and Management Policy finalized</li> <li>- TVET policy finalized and published</li> </ul>	<ul style="list-style-type: none"> <li>-SFAR means testing guidelines in place</li> <li>- Special Needs Education Strategic Plan finalized</li> </ul>	<ul style="list-style-type: none"> <li>- Girls Education Policy and Strategy published</li> <li>- Minimum Quality Standards framework in place</li> </ul>	<ul style="list-style-type: none"> <li>- Guidelines for PTAs and School Boards issued</li> <li>- Updated science, technology and ICT in education policy in place</li> </ul>	<ul style="list-style-type: none"> <li>- School Mapping linked to GIS and construction planning, Revise school construction guidelines</li> <li>- Adult literacy policy published</li> </ul>
Health	<ul style="list-style-type: none"> <li>- Defining health personnel fixed positions for rural areas</li> <li>- Publish drug pricing policy</li> <li>-Signing of Sector Wide Approach Memorandum of Understanding</li> </ul>	<ul style="list-style-type: none"> <li>- Publish health financing policy</li> <li>- Creation of health financing data base</li> </ul>	Preliminary report of Demographic and Health survey (DHS)	Publish final report of DHS	Comprehensive evaluation of health sector performance
Social protection	A comprehensive social safety net in place	Strategic disaster preparedness plans approved by all stakeholders	Social protection coordination teams in place at district level and have had their first coordination meeting		
Water and Sanitation	Results-based planning, monitoring and evaluation system operational	National WATSAN master plan, developed, approved and operational			
Capacity building	Policies and strategies for health and safety, elimination of child labour and social security labour inspectorate approved by Cabinet	Public Service Statute and Public Service Management Policy approved by Parliament	Public Service Commission operational		
Justice	Design and develop an MIS and M&E system for the sector	Implement the MIS and M&E systems			
Private sector	Reform the fiscal and commercial laws	Develop and implement a production and export diversification strategy			

Decentralisation	Comprehensive capacity building (CB) needs assessment produced and agreed by all stakeholders	Five year CB plans developed at district level	Strategic plans, action plans and responsive interventions are developed using M&E data		
Science and Technology	Technology Diffusion Fund is established to promote appropriate technology transfer in rural and peri-urban	National Commission of Science, Technology and Innovation (NCSTI) established	Science and technology Centres of Excellence established at six public institutions of higher learning	Capacity Building Fund is established for financing human and physical research infrastructure in public and private sector	A centre or a fund established to support training and research on development activities in value added enterprises
Environment	Begin distribution of environmental inspection checklists to cell level in all districts	Database of all regulated substances updated annually and accessible to public	At least 10 out of 16 environmental regulations and guidelines functioning at central and decentralized institutions to facilitate investments		
Gender and Social Inclusion	Social Audit methodology adopted by all districts and sectors	Annual gender status report institutionalised with 2007 as baseline			
AIDS	Incorporate AIDS variables in new research work and data analysis	Employers (public and private) to implement the national HIV and AIDS workplace policy			



**Table 7.4: EDPRS Second Generation Indicators**

**[WORK IN PROGRESS: indicators have not yet been discussed with sectors. They are included for illustration only]**

<b>Indicators</b>	<b>Available in</b>		<b>Data source</b>	<b>Frequency</b>
Measure of overcrowding				
Experience/perception of corruption among poor			DIAL module in household survey	
Malaria incidence				
Employment rate for graduates from TVE (% employed within 6 months of graduation)				
Number of secondary school teachers trained in science				
% of secondary schools connected to the internet				
Percentage of pupils sitting national exams in tronc commun year 3 who obtain an average mark of at least 50/100 (% of examinees)				
Percentage of pupils sitting national exams in upper secondary year 6 who obtain an average mark of at least 50/100 (% of examinees)				

### **7.2.2 Using the EDPRS indicator system to provide an evidence-base for policy: some examples**

7.7 A monitoring system is of little value if its indicators are not used to shape policy-making. This section describes how the EDPRS monitoring framework can be applied by using the indicators to ask, and to answer, a sequence of policy-related questions. In tracing out this sequence of questions and answers, the relationship between the EDPRS monitoring framework, sector logframes and other sources of information becomes apparent.

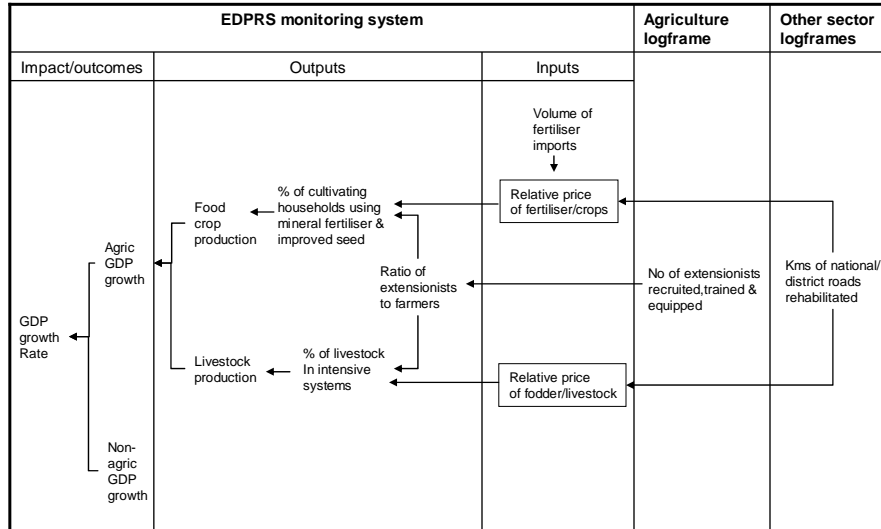
7.8 Suppose that the GDP growth rate (an outcome indicator in Table 7.1) falls to a level below the rate projected for the EDPRS scenario of 7.6% in 2009. In seeking to discover why this has occurred, it is useful to look first at the aggregate investment rate (an output indicator in Table 7.2). If this has also fallen, then the answer to why growth has slowed is likely to be associated with the lower investment rate. In this case, EDPRS monitors should investigate whether both public and private investment rates have fallen. If the public investment rate has risen, but the private rate has fallen, then attention should focus on whether the problem is on the demand- or the supply side of private investment. Factors which inhibit the demand for investment include higher real interest rates, an appreciation of the franc (for exporters) or a failure to take a policy action which reduces the transactions costs of business or creates a more favourable business climate (see intermediate indicators in Table 7.2). On the supply side, private investment may have fallen due to banks' reassessment of the risk to borrowers.

7.9 However, if the aggregate investment rate has not fallen, the reasons for slower growth may be found at the sectoral level. In this case, it is useful to begin by comparing the performance of agriculture with non-agriculture (Figure 7.2). If agricultural growth has declined, EDPRS monitors should examine whether both crop and livestock production have been equally affected. Suppose that livestock production has continued to grow fast, but crop production has not expanded as planned. Attention should then focus on whether more farmers are using improved seed and fertilizer (an output indicator in Table 7.2). If there is no evidence of increasing intensification of agriculture, the reasons for this may be the high relative price of fertilizer (a market information indicator in Figure 7.2), which is in part due to slow progress in rehabilitating national and district roads (an output indicator in the infrastructure logframe shown in Figure 7.2), or a failure to increase the number of extensionists per farmer (an output indicator from the agricultural sector logframe in Figure 7.2).

7.10 These examples show how the outcome, output and input indicators in Tables 7.1 and 7.2, together with the policy actions listed in Table 7.3 can be used to trace a causal sequence of actions (and inactions) within the public sector and between the public and private sectors. Once identified, this sequence can provide an important evidence-base for assessing and improving current policy.

Figure 7.1

## Links between EDPRS indicators, sectoral logframes and market information



### 7.3 Implications for the statistical system

7.11 The EDPRS monitoring system is only as good as the data which feeds it. The quantitative information is drawn from surveys and Censuses conducted by the National Statistical Institute (NSI), and from the routine data systems of line Ministries. Qualitative information is generated by the ubudehe process and other types of participatory poverty assessment.

7.12 The NSI has a key role to play in strengthening and developing the EDPRS monitoring system. By continually seeking to improve the country's official statistics, it will provide a sound evidence-base for policy-making. Ideally, the NSI's mandate should extend beyond surveys and Censuses to include the exercise of quality control over information collected by line Ministries, which are often the weakest link in the data chain. The NSI, together with properly qualified civil society organizations, should be the prime source of suggestions for second generation indicators. This will require that any long-term plans for developing the monitoring system are fully integrated with Rwanda's National Strategy for the Development of Statistics (NSDS).

### 7.4 Evaluation of EDPRS interventions

7.13 Evaluating the impact of public actions is more complex than monitoring a set of indicators. This is because it requires isolating the causal impact of a particular intervention on a particular outcome from all the other determinants of that outcome. For

example, a programme which provides food supplements to infants in poor households aims to improve their nutritional status and reduce child mortality. However, child mortality and nutritional status may also depend on mother's education, access to clean drinking water and the distance to the nearest health clinic.

7.14 In order to identify and quantify programme impact, it is necessary to estimate what the outcome among a group of those benefiting from the intervention would have been in the absence of the intervention<sup>19</sup>. Unfortunately, this hypothetical state of affairs cannot be observed directly, so it is necessary to select a control group to serve as a counterfactual.

7.15 A variety of techniques are available for conducting impact evaluation, but they share some common features. Firstly, an evaluation strategy should be agreed and designed before the intervention occurs. This will determine what techniques will be used and what data will be collected at which date. If no thought is given to evaluation until after the intervention has started, certain evaluation strategies may no longer be available.

7.16 Secondly, all evaluation strategies require a baseline survey of the selected beneficiaries and the control group before the intervention occurs. This provides a benchmark for comparing post-intervention outcomes among the treatment group with those among the control group. After the intervention starts, follow-up panel surveys of the two groups are carried out to measure how the outcomes of interest, such as infant mortality or child nutrition, change over time. Thirdly, all rigorous impact evaluations demand technical expertise in statistics.

7.17 The ideal design for an evaluation strategy requires random assignment to the treatment and the control group. This is rarely feasible to undertake for several reasons. However, there are occasions where it is possible to adopt a strategy of randomization. Such opportunities arise when a new programme is launched, but owing to budget and/or administrative constraints, it is not possible to implement it nation-wide in a single year. If selection into the programme is randomized, then those areas excluded by chance from the programme initially can serve as a control group until they are covered by the intervention.

7.18 It may be possible to undertake a randomised evaluation of the impact of Vision 2020 Umurenge. At present, this programme is in a pilot phase during which each district selected its poorest umurenge (sector) to participate. While these 30 sectors were not randomly chosen, it would be possible to evaluate the pilot using propensity score matching techniques, so long as baseline survey information is available for all sectors before the intervention began. Randomization could then be used to select the date of entry for the remaining 386 sectors into the programme. If it took a minimum of two years for Vision 2020 Umurenge to attain national coverage, this would provide a

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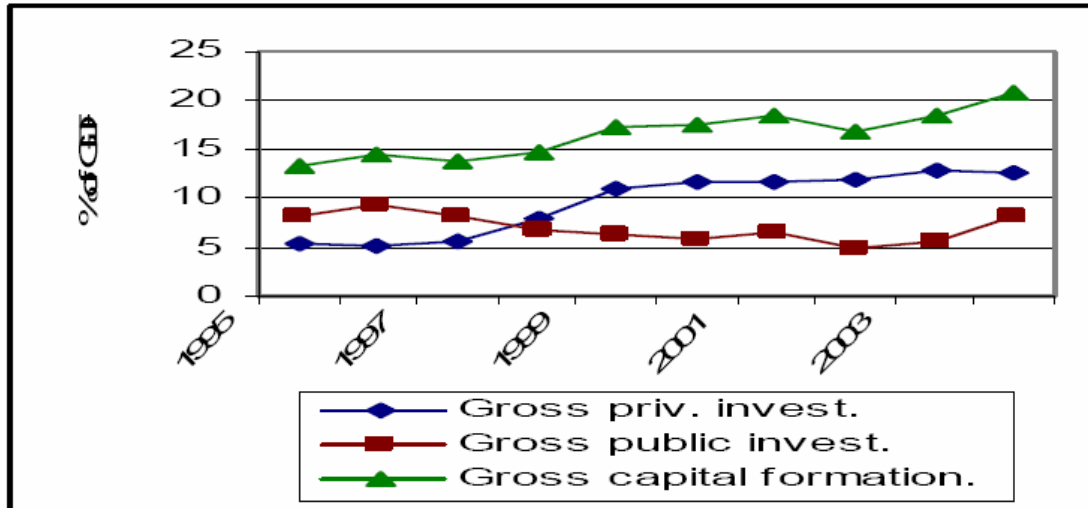
<sup>19</sup> Those benefiting from an intervention are known as the treatment group, while those non-beneficiaries serving as the basis for comparison are known as the control group. The control group provides the counterfactual.

window for undertaking a rigorous impact evaluation.

7.19 This is the evaluation design currently being used to assess the impact of performance based contracting for general health and HIV and AIDS services in Rwanda. In 2001, a pilot phase started in nine districts. The national roll-out of this programme began in mid-2006 in twelve randomly chosen districts, and coverage will be country-wide by 2008 (Gertler et al, 2007). The twelve districts selected into the programme in 2006 are the treatment group, while the nine districts which are not covered by the programme until 2008 act as a control group for two years (2006-2008).

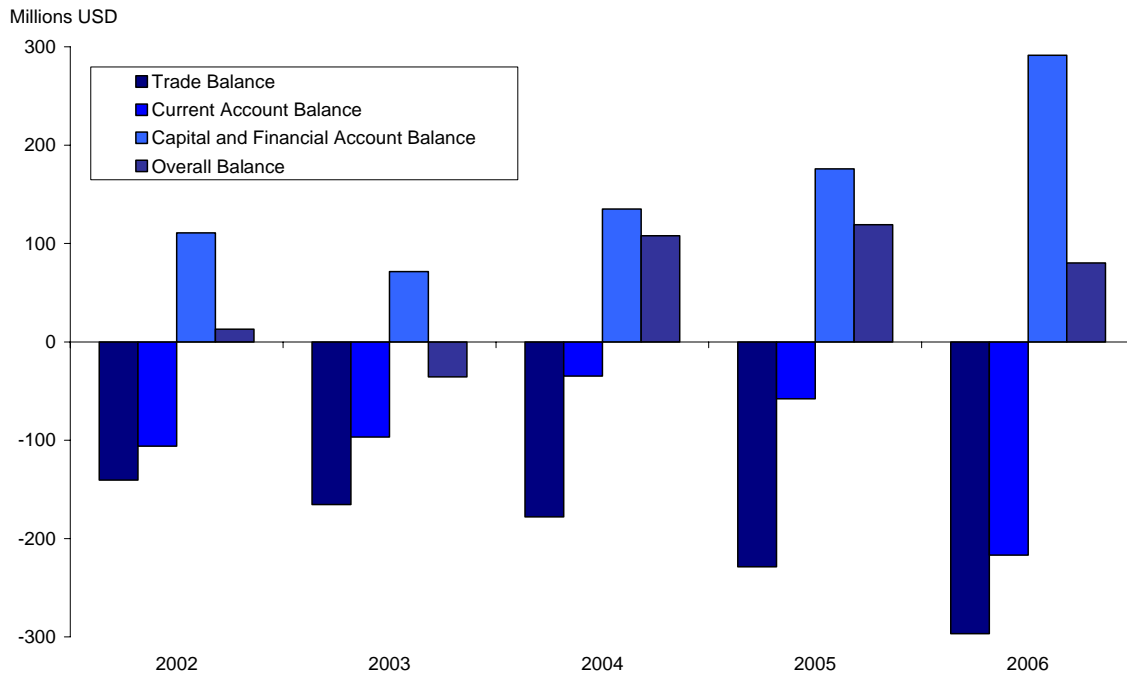
## ANNEX TO CHAPTER 2

**Figure A2.1: Public and private shares of gross fixed capital formation**



Source: World Bank

**Figure A2.2: Rwanda's balance of payments performance**



**Table A2.1: Balance of payments**

Millions USD	2002	2003	2004	2005	2006
Trade Balance	-140.6	-165.4	-177.9	-228.7	-296.7
Exports (fob)	67.4	63.3	98.1	125	142.7
Coffee	14.6	15	32.2	38.3	54
Tea	22	22.5	21.6	24.4	32.1
Imports (fob)	-207.9	-228.7	-275.9	-353.6	-439.4
Current Account Balance	-105.9	-96.8	-34.7	-57.8	-216.8
Overall Balance	12.8	-35.7	107.9	119.2	80.1

**Table A2.2: Crop-growing households using different inputs by quintile (%)**

Crop input	Survey	Expenditure quintile					Total
		Lowest	2nd	3rd	4th	Highest	
Organic fertiliser	EICV 1	0.9	1.1	2.8	3.5	5.6	2.6
	EICV 2	3.7	6.9	8.1	7.0	10.6	7.1
Chemical fertiliser	EICV 1	1.8	3.2	7.1	7.8	11.8	6.0
	EICV 2	6.6	9.3	11.4	15.9	17.4	11.9
Labour	EICV 1	6.7	13.7	25.2	38.4	58.6	26.5
	EICV 2	16.6	34.4	47.8	63.9	77.9	46.7
Seeds	EICV 1	58.9	51.1	51.2	49.9	41.4	51.1
	EICV 2	71.4	73.6	73.4	70.6	65.6	71.2
Sacks and packaging	EICV 1	10.0	14.6	19.2	20.3	28.1	17.8
	EICV 2	21.5	36.2	43.6	47.0	46.2	38.6
Insecticide	EICV 1	3.9	8.1	14.2	14.8	21.1	11.8
	EICV 2	10.3	21.4	29.6	33.6	39.2	26.2

Source: McKay et al. (2007)

**Table A2.3: Crop yield comparison 1999-2003 average (Mt/Ha).**

Yield (Mt/Ha)	Rwanda	Burundi	Ethiopia	Tanzania	Uganda	Africa's average	World average
Maize	0.8	1.1	1.8	1.6	1.8	1.3	4.4
Sorghum	0.9	1.2	1.3	1.1	1.5	0.8	1.3
Cassava	6.1	9.0	n.a	10.2	13.2	8.9	10.6
Sweet Potatoes	5.8	6.5	9.6	1.9	4.4	4.6	14.9
Potatoes	8.0	2.6	9.1	6.9	7.0	7.7	16.3
Plantains	6.5	5.2	16.0	2.2	5.9	5.6	6.3
Beans	0.7	0.9	0.6	0.7	0.7	0.6	0.7
Peas	0.5	0.7	0.7	0.4	0.6	0.7	1.7
Coffee	0.7	0.9	0.9	0.4	0.7	0.5	0.7
Tea	1.3	0.8	1.0	1.3	1.9	1.9	1.3

**Source:** World Bank CEM, calculated from FAOSTAT, 2005.

**Table A2.4: Households' engagement in reforestation activities, by quintile**

Quintile	Rural population living in communities that practise reforestation (%)		Mean hectares planted <sup>1</sup>	
	EICV1	EICV2	EICV1	EICV2
Lowest	41.2	62.0	4.8	12.4
Second	39.2	59.9	5.0	12.4
Third	40.3	56.3	5.4	12.0
Fourth	40.1	58.2	4.2	12.1
Highest	37.4	62.1	3.9	13.2
Total	39.8	59.6	4.7	12.3

**Source:** EICV2 results. Note: (1) Data refer to communities where replanting took place.

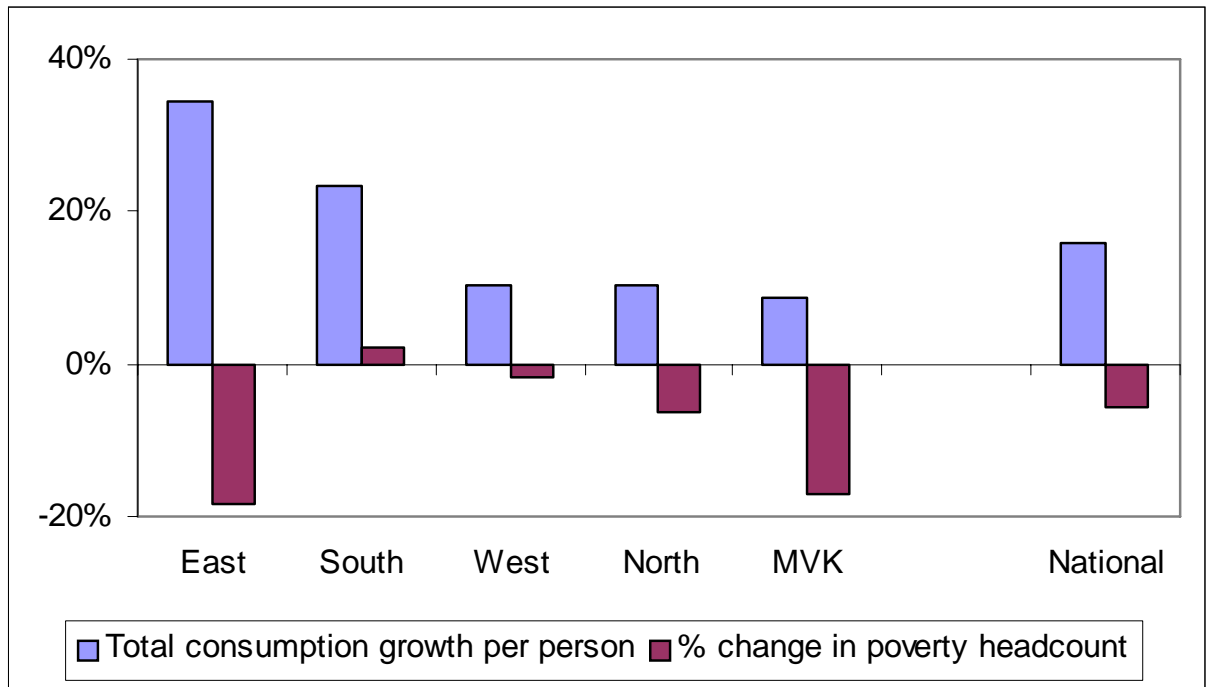


**Table A2.5: Poverty headcount, share of poor and Gini coefficient by province**

	Poverty headcount (%)		Share of the poor (%)		Extreme poverty headcount (%)	
	EICV1	EICV2	EICV1	EICV2	EICV1	EICV2
<i>by province</i>						
City of Kigali	24.4	20.2	4.1	3.4	15.4	11.1
Southern province	65.8	67.3	27.1	30.2	45.9	47.2
Western province	63.1	62	24.9	26.3	41.8	40.9
Northern province	66.9	62.7	23.5	20.3	47.2	40.8
Eastern province	61.8	50.4	20.4	19.7	41.7	28.7
<i>by old province</i>						
City of Kigali	16.1	13	2.2	1.7	8.4	6.3
Kigali Ngali	70.7	46.5	11.9	8.4	54.0	26.4
Gitarama	53.8	56.5	9.4	9.9	34.5	31.2
Butare	73.5	70.6	10.0	11.4	52.5	53.4
Gikongoro	76.1	79.2	8.0	9.1	56.5	62.9
Cyangugu	63.9	61.4	8.0	7.3	45.2	40.9
Kibuye	73.1	64.5	6.9	6.7	47.1	41.7
Gisenyi	54.9	61.8	8.7	11.5	36.0	42.3
Ruhengeri	71.2	64.5	13.7	11.3	49.4	41.1
Byumba	64.7	67.2	9.9	9.9	43.8	43.3
Umutara	53.7	45.4	3.7	4.7	33.2	24.1
Kibungo	53.7	50.3	7.6	8.1	33.2	30.1
<b>National</b>	<b>60.4</b>	<b>56.9</b>	<b>100.0</b>	<b>100.0</b>	<b>41.3</b>	<b>36.9</b>

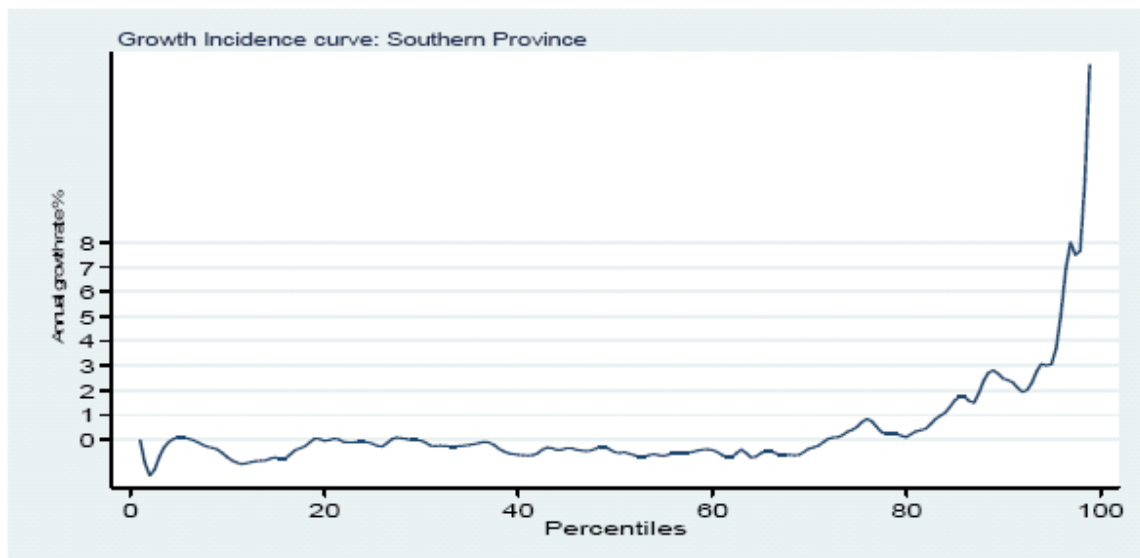
Source: EICV1 and EICV2 surveys.

**Figure A2.3: Growth and poverty by province, total percentage change in 2000/01 to 2005/06**



Source: EICV1 and EICV2.

**Figure A2.4: Growth incidence curve, Southern Province**



Note: The curve plots the percentage change in real income at each percentile of the income distribution.

Source: McKay et al. (2007).

**Table A2.6: Population share, poverty status and location of vulnerable groups**

Vulnerable household type		Population share (%)	Poverty headcount (%)	Location by rural/urban (%)	
				Rural	Urban
Female headed	2000/01	27.6	66.3	16.9	83.1
	2001/02	23.4	60.2	17.3	82.7
Widow headed	2000/01	22.0	67.7	15.9	84.1
	2001/02	18.7	59.9	16.0	84.0
Child headed	2000/01	1.3	60.1	19.0	81.0
	2001/02	0.7	56.9	22.9	77.1

Source: EICV1 and ECV2 surveys.

**Table A2.7: Occupation by gender and poverty status (%)**

	Male		Female		Poor		Non-poor		National	
	EICV1	EICV2	EICV1	EICV2	EICV1	EICV2	EICV1	EICV2	EICV1	EICV2
Professionals	2.4	2.6	1.5	1.5	0.5	0.4	3.9	3.8	1.9	2.0
Senior Officials and Managers	0.1	0.1	0.0	0.0	0.0	0.0	0.1	0.2	0.0	0.1
Office Clerks	0.9	0.6	0.5	0.5	0.0	0.1	1.6	1.2	0.7	0.6
Commercial and Sales	3.3	6.5	2.3	5.4	0.8	3.2	5.6	9.1	2.7	5.9
Skilled Service Sector	3.4	7.2	2.4	4.1	0.4	2.5	6.3	9.2	2.8	5.5
Agricultural & Fishery	83.5	71.2	92.4	86.3	96.4	88.9	77.1	68.2	88.6	79.6
Unskilled Elementary	6.4	11.8	0.8	2.1	1.8	4.9	5.3	8.3	3.3	6.4
<i>Total</i>	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: EICV1 & EICV2. All Persons Aged 16 and Over Working in Previous 12 Months

**Table A2.8: Nutritional status of children (percent of under-5s)**

	Stunting incidence		Wasting incidence		Underweight incidence	
	2000	2005	2000	2005	2000	2005
Male	43.9	46.3	7.0	4.2	25.1	22.9
Female	41.2	44.4	6.5	3.6	23.4	22.1
Urban	27.4	33.1	6.4	3.8	15.2	16.2
Rural	45.3	47.3	6.8	3.9	25.9	23.5
Total	42.4	52.2	6.8	2.1	24.5	19.4

**Source:** DHS. Note: these indicators are calculated by comparing anthropometric measurements (stunting is measured by height-for-age, wasting by weight-for-height and underweight by weight-for-age) to those of a reference population of healthy under-5s.

**Table A2.9: Children receiving immunisation (%)**

	All vaccines		DPT3		BCG	
	2000	2005	2000	2005	2000	2005
Urban	77.0	71.0	86.5	84.9	98.3	96.5
Rural	75.8	75.8	85.9	87.8	96.8	97.6
Total	76.0	75.2	86.0	87.0	97.0	96.3

**Source:** DHS2 and DHS3. Note: Data refer to the percentage of 12-23 month olds receiving vaccination.

**Table A2.10: Net and gross primary enrolment rate, by gender and location (%)**

	EICV1				EICV2		
	Male	Female	All		Male	Female	All
<i>Net enrolment</i>							
City of Kigali	81.5	83.9	82.7		89.8	91.0	90.4
Other urban	75.5	72.8	74.1		89.0	91.3	90.1
Rural	72.9	73.0	72.9		84.0	86.2	85.1
National	73.7	73.7	73.7		84.8	86.9	85.9
<i>Gross enrolment</i>							
City of Kigali	107.4	118.3	112.8		129.3	131.7	130.5
Other urban	117.8	112.6	115.2		149.4	149.7	149.6
Rural	111.2	108.7	109.9		140.2	139.6	139.9
National	111.4	109.6	110.5		140.4	140.0	140.2

**Source:** EICV1 and EICV2 data. Note: Net enrolment rate shows children aged 7–12 who are reported to be attending primary school, as a proportion of all children aged 7–12. Gross enrolment rate shows students of any age who are reported to be attending primary school, as a proportion of all children aged 7–12.

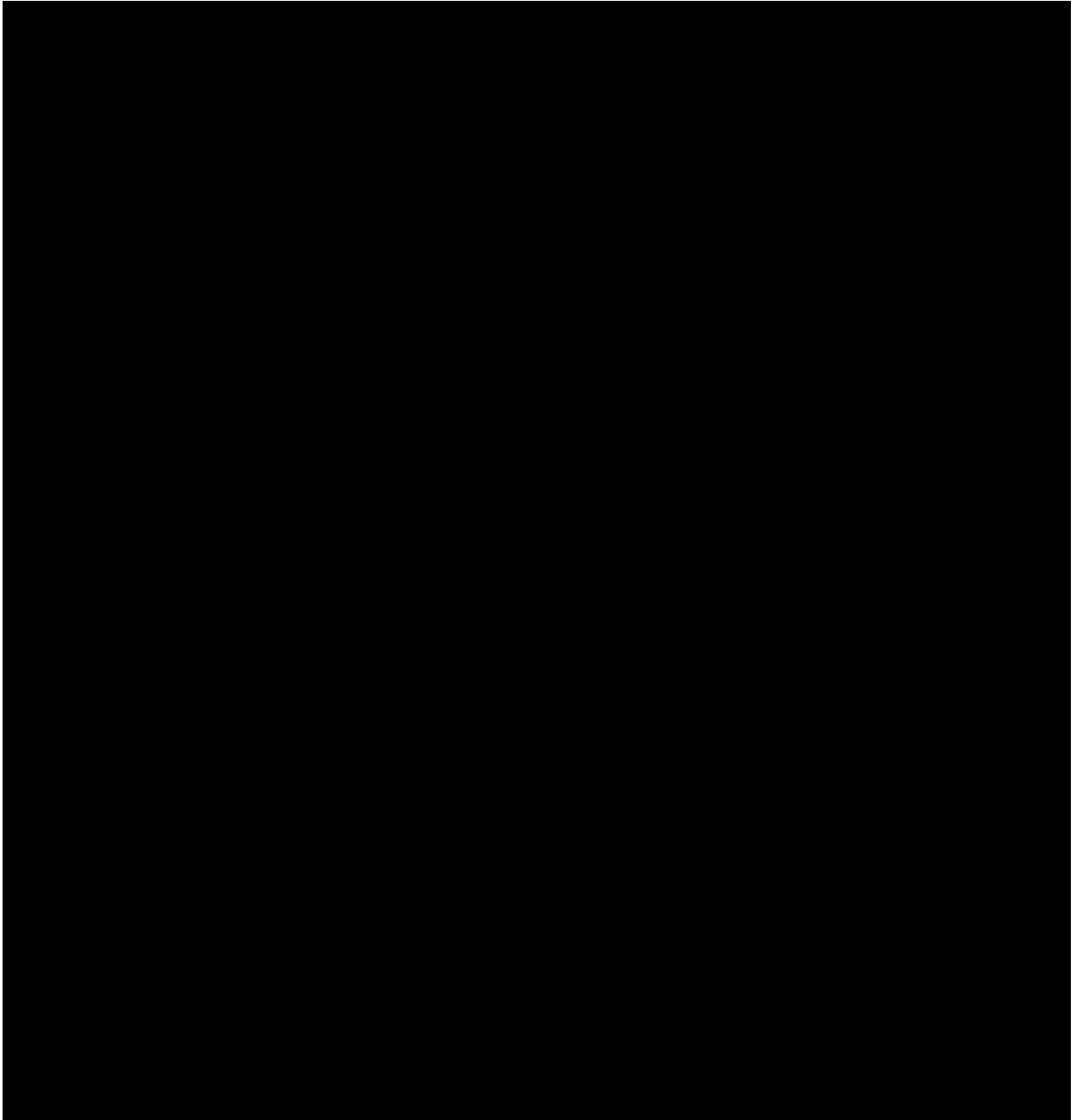
**Table A2.11: Net secondary enrolment rate, by gender and location (%)**

	Male	EICV1			Male	EICV2	
		Female	All			Female	All
City of Kigali	24.9	22.7	23.6		29.2	29.0	29.1
Other urban	7.4	11.3	9.3		12.6	14.9	13.8
Rural	4.5	5.4	5.0		8.9	7.0	7.9
National	6.2	7.5	6.9		10.6	9.5	10.0

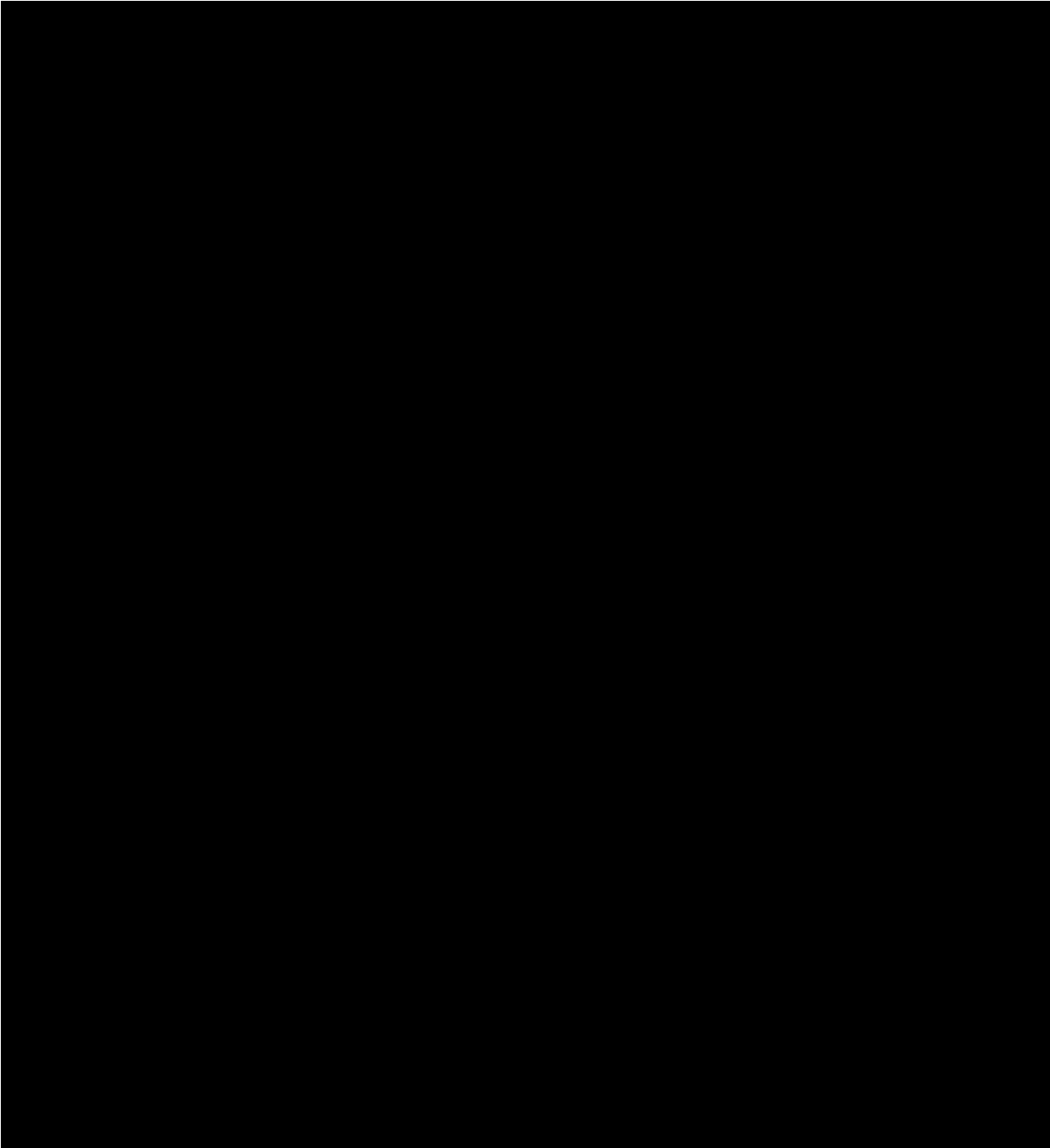
**Source:** EICV1 and EICV2 data. Note: Net enrolment rate shows children aged 13–18 who are reported to be attending secondary school, as a proportion of all children aged 13–18. Figures do not include students on vocational 'post-primary' courses.

ANNEX TO CHAPTER 6

**Table A 6.1**



**Table A 6.2**



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