

**AN APPROACH TO THE POVERTY REDUCTION
ACTION PLAN FOR RWANDA**

The Interim PRSP

November 2000

EXECUTIVE SUMMARY

1. Poverty in Rwanda is intimately related to a series of interlocking issues, in particular land, demography, environmental degradation, bad governance as well as low and limited sources of growth. These issues and constraints have contributed to continued degradation of welfare overtime, making poverty a widespread phenomenon. The headcount index is estimated to be over 65%, and increasing. This significance of the scope of poverty and its rising trends, particularly in the early 1990s, partly as a result of fragile social capital, the genocide and civil war of 1994 characterized by massive destruction of social and physical infrastructure, and increased share of vulnerable groups makes Rwanda a special case for an urgent agenda for growth and poverty reduction. In fact the urgency for Rwanda is not simply to reduce poverty but to fight risk of pauperisation.

2. The success of poverty reduction is predicated upon regional stability in general and Rwanda's security in particular. The interlocking violent conflict in the Great Lakes region slows down Rwanda's efforts to achieve national reconciliation and undermines efforts at economic development. The Government of Rwanda's primary and singular concern is security. We remain committed to a diplomatic solution to this conflict in the context of the negotiated Lusaka Peace Accord. Sustained efforts by the international community are required to enable Rwanda and other countries in the region to make the transition from conflict to peace and sustained economic development.

3. Rwanda's social indicators have deteriorated since the war. Health indicators are poor and there are exceptionally low levels of secondary and tertiary enrolment. Life expectancy of 49 years; high drop out rate at 16.8 %; infant mortality rate of 131 per thousand; maternal mortality rate of 810 per 100,000. The deterioration in health indicators is due mainly to the high level of malnutrition, the prevalence of malaria and AIDS. The low incomes of the population aggravate poor access to social services.

4. This document, the Interim Poverty Reduction Strategy Paper is the first step to developing a strategy to reduce poverty and aims to do the following:

- outline the challenges and policy questions confronting Rwanda in the fight against poverty
- outline the current view of the government on the overall strategy and the main actions that need to be undertaken
- provide a framework for how best to utilise existing domestic and aid resources
- set out the analytical work and participatory process, which will be undertaken over the next year.

5. Over the last two years the Unity and Reconciliation Commission in fulfilling its mandate has held countrywide consultation to an extent greater than elsewhere in Africa. It was broad consultation on all issues germane to National Unity and Reconciliation. Participants consistently identify poverty as a problem with far reaching consequences. We are building on the work of the Commission and will work closely with its members. In the course of the next year, after extensive national consultations, a national Poverty Reduction Strategy Paper will be developed. This will articulate specific prioritised, realistic and achievable plans, which are costed. It will build on the work in the current document to set out a comprehensive country-owned strategy, to guide government's policies and expenditures in all sectors. Through the process of formulating

the strategy, we hope to mobilise human and financial resources for better management and utilisation of existing resources. This full-fledged PRSP document will be completed during the second half of 2001.

Our long-term vision

6. The Poverty Reduction Strategy is prepared in the context of Rwanda's long-term vision, articulated in the Vision 2020 document which encompasses the following elements:

- (i) Good governance, democratisation, national reconciliation, national political stability, and security: grassroots participation in development and decision-making: and an all-inclusive economic system that allows effective empowerment of all social and economic groups in the population and creates an economy of stakeholders.
- (ii) Macroeconomic stability: creation of an enabling environment for private sector development: and reduction of the role of the public sector in economic activity while increasing the effectiveness of the state and the efficiency of government. It recognises that the embryonic development of Rwanda's private sector means it may require support and intervention, in specific areas, as long as that intervention does not impede competition.
- (iii) Elimination of human misery and poverty by raising productivity and employment of resources that the poor own and depend on, i.e. labour and land.
- (iv) Human resource development, improving access and quality at all levels of education, capacity building, nonformal education, improving health standards, preventing the spread of HIV/AIDS, malaria, and the rebuilding of social capital.
- (v) Promotion of a service based economy and knowledge based production founded on ICT.
- (vi) Progressive reduction of Rwanda's dependence on external resources and promotion of exports.
- (vii) Promotion of regional economic integration and reduction in the costs of access to ocean ports.

The special case for Rwanda

7. The transition from emergency to sustainable development in Rwanda is proving to be complex and not always a linear process. But steady progress is being made. In addressing the current socio-economic problems facing Rwanda, we need to bear in mind that they are of two forms: (i) those which are structural and date back several decades (ii) and those inherent to the 1994 genocide, superimposed on pre-existing underlying problems and fractures. It is therefore necessary to consider both the special case of Rwanda which calls for continued short term interventions to address emergency needs, and long-term perspective guided by sustainable development objectives.

8. The main structural challenges faced by Rwanda date back over the last 30 years and have resulted in a high incidence and depth of poverty. Some of these challenges include low agricultural productivity; famine and cyclical droughts; low human resource development; limited employment opportunities; high population density and growth; high transport costs and environmental degradation. These microeconomic problems give rise to the following macroeconomic difficulties: structural trade deficit; high vulnerability to terms of trade shocks due to heavy dependence on two export crops - coffee and tea; structural imbalance between government revenues and expenditures; negative savings; and low level of private investment.

9. The genocide and civil war of 1994 destroyed the country's social fabric and further weakened the state apparatus and institutional capacity. It also undermined confidence among Rwandans themselves and vis-a-vis the State. Rwanda recognises the need to establish a strong and effective state, which creates an enabling environment that is inclusive of all social groups as part of the transition to peace and political stability. The process of national consultations that has evolved with national unity and reconciliation and on how best to forge partnerships for poverty reduction is a way forward in our transformation of Rwanda into a democratic society.

10. Genocide added to and created specific problems which include: destruction of economic and social infrastructure and the productive apparatus undermining confidence of the population, multiplying the number of vulnerable people, and eroding an already weak human resource base. It also affected the demographic structure, resulting in increased numbers of women headed households and minor headed households; high incidence of traumatisation; high prison population; large numbers of internally displaced persons who lack shelter; increased incidence of poverty due to widespread loss of capital stock and labour; weakened social networks; and created an acute need for political development to achieve rapid reconciliation and forge a new sense of national identity.

Issues of land, demography and environmental sustainability

11. It is evidently clear that for progress in poverty reduction to be made, the issues of land, demography and environmental degradation must be immediately dealt with. Rwanda has a high rate of population growth at 2.9% per annum. We are now one of the most densely populated countries in Africa. About 49 percent of our population is below the age of 15 years. We acknowledge failure of demographic policies of the last 40 years and the need to address this.

12. Agricultural production per capita and crop yields have been declining steadily since the mid-1980s. High population pressure coupled with land scarcity has resulted in cultivation of increasingly marginal areas. It is paramount to reverse failure of agricultural policies in Rwanda that have been symptomatic since the early 1980s when the land frontier was reached and intensification should have been adopted. Land is the most important asset for most Rwandese households. In order to promote economic growth and equity, we need to provide secure tenure to farmers to enable them to invest in their land and use it as productively as possible. We are also committed to ensuring that land is used productively and sustainably by articulating a land use plan.

13. Failure to address issues of land and rising population has led to the deteriorating environmental situation. We face four major environmental challenges. First, water resources need to be conserved and better managed. Secondly, the fertility of our soil has been declining sharply for the last fifteen years and soil erosion is progressing. Thirdly, there has been extensive deforestation in a number of places. Fourthly, biodiversity is a resource under pressure. In the marshes, water, soil, and biodiversity are all potentially at risk if cultivation is not well managed. Marshlands in particular, a fragile resource, a valve for the population in times of drought is under severe pressure. Because of the tremendous population pressure there has been increasing cultivation of marshland areas, this has been done in a haphazard manner and with little regard for ecological balance and has caused adverse environmental impact.

14. A clear plan for the management of fragile ecosystems like the marshlands will be developed, incorporating both the necessary technical inputs and efforts to resolve the land tenure issues and sustainable use of marshlands. The policy on planting and harvesting of trees by individuals will be reviewed. The Government has launched a programme of afforestation.

Famine and Hunger:

15. There have been numerous and repeated incidences of famine and acute hunger in Rwanda since 1902¹. The most recent incidence of widespread hunger occurred earlier this year in Bugesera and in a number of other areas in the country. Deteriorating food security remains a major challenge facing Rwanda, which continues to import large quantities of basic foodstuffs. The repeated incidences of famine and cyclical drought has contributed to periods of heightened crisis and loss of life and human as well as economic capital, economic decline and undermined efforts to reduce poverty. The government in partnership with communities is making every effort to address this issue.

Proposed approach to Poverty Reduction and sustainable growth

16. In the immediate short term the priorities are the following:

- (a) policies to increase incomes, employment, labour productivity and rural recapitalisation in all its components. This includes extension services, provision of rural credit and financial services, and support to micro and small-scale enterprises.
- (b) actions to improve the quality of life of the poor and stabilise lives of the populations in the new settlements (*imidugudu*) by ensuring access to primary health care, primary education, water and sanitation, energy and housing.
- (c) addressing the problems of vulnerable groups in rural and urban areas on a sustainable basis, replacing transfers with sustainable livelihoods and establishing safety nets.
- (d) creation of training and employment opportunities for the unskilled young and empowerment of the skilled youth to engage in income generating activities.

17. Over the medium to longer term, it is essential to diversify the economy and to raise the rate of productive investment in Rwanda. The slowdown in GDP growth in 1999 and again in 2000 seriously compromise chances of poverty reduction and has to be addressed by raising investment. In Rwanda's case, we must strive for GDP growth of at least 9% per year for the next fifteen years if Rwanda is to achieve sustainable growth and poverty reduction. Provided this growth is equitably distributed, it will provide the resources necessary to improve the quality of life of all the people of Rwanda. To achieve these objectives obviously requires a high level of

¹1902 - 1903 Famine in Butare (*Kiramwaramwara*), documented in loss of bean crops through droughts and destruction of harvested sorghum due to rains. 1917 - 1918 famine throughout Rwanda (*Rumanura*). 1924 - 1925 Famine throughout Rwanda with an estimated 300,000 dead. 1943-44 famine (*Ruzagajura*) in several parts of the country. 1963 generalised famine conditions and drop off in food production. 1981 Food shortages in Eastern Rwanda due to drought conditions. 1990 Famine. One in six people affected by the famine. 1994 disruptions of food production in most of the country due to Genocide and massive internal displacements.

investment of at least an ICOR of 4.4%. Unfortunately the rate of savings is low, and attracting foreign investors will take quite some time. All this demonstrates to us that we must concentrate our efforts on high impact productive projects that can bring about real change in a relatively short time.

Economic Growth and transformation for poverty reduction

18. **Macroeconomic overview:** GDP is about US \$1.8 billion; agriculture contributes some 45% of GDP, 91 % of employment and 72 % of exports. There was considerable growth of the economy immediately after the genocide as a result of post-genocide recovery. Real GDP, which declined by 50 percent in 1994, rebounded by 34 percent in 1995 and 16 percent in 1996, and continued its rapid expansion growing by 13 percent in 1997 and 10 percent in 1998. The preceding collapse made attainment of rapid growth possible in the immediate aftermath of the 1994 events due mainly to the huge inflow of emergency and humanitarian aid. Since then, growth has slowed to about 5.9 percent in 1999 and 5.2 percent in 2000. The recent slowdown is partly due to declining volume of investment. Climatic conditions and terms of trade shocks may have also played a role, negatively affecting revenues from agricultural production.

19. The main elements of the medium term macroeconomic program are to: achieve annual average real GDP growth rate of at least 6 percent a year; keep inflation at below 5 percent a year; gradually reduce the current account deficit (excluding official transfers) from 16.8 percent of GDP in 2000 to about 10.7 percent in 2004; maintain the level of gross official reserves at a level of at least 6 months of imports; and to increase the ratio of revenue to GDP by half a percentage point per year. To achieve these objectives, the level of and productivity of investment have to increase.

20. **Debt management and HIPC:** Rwanda's external debt and debt service is unsustainably high and could further delay rebuilding of social and physical infrastructure damaged during the 1994 conflict. At end-1999, total external public debt outstanding amounted to about US \$1.3 billion, representing close to 65 percent of GDP. The debt service to exports ratio peaked at about 40 percent in 1999. The NPV of debt-to-exports ratio reached about 520 percent at end-1999. The enhanced HIPC initiative is designed to improve this situation by reducing the stock of debt owed to the multilateral institutions. Preliminary estimates suggest that annual cash-flow savings from this relief would be about US\$ 35 million a year from 2001 to 2010. The HIPC debt relief will once again put the country's external finances on a sustainable basis and also free financing for anti-poverty spending. The resources made available from the debt relief will be directed to identified priority programme areas.

21. It is however also time for, and the Rwandan people expect that a generous effort be made to reconstruct Rwanda as recommended by the Carlson Report to the UN Security Council and the Masire report to the OAU. Both these reports requested by the UN and the OAU in relation to the 1994 genocide are unambiguous on this issue and urge concerted special effort by the International Community to assist Rwanda in its process of reconstruction.

Sources of growth in the Rwandan Economy

22. It is clear that in the short term, there are two overriding challenges. The first is to increase exports to reduce structural trade deficit and keep foreign reserves at a reasonable level. Currently, two crops, coffee and tea dominate exports. Both these sectors need to be effectively modernised and promoted. In addition, there are other potential sources of export growth, including high value horticultural crops. The second challenge – which is very closely related – is to create growth in the rural economy by boosting agricultural incomes. In the medium to longer term, the challenge is how best to diversify the economy for deeper and more sustainable economic transformation and overall development.

23. *Tea and Coffee:* Tea and Coffee have over the last 30 years been the mainstay of Rwandan exports and both sub-sectors are called upon to make contribution to poverty reduction in the short -to medium terms. Increasing productivity, production and quality will have considerable effects on rural income and employment. Rwanda can triple its tea production in a span of 3-5 years with the right policies. The recovery of the coffee sector will require more robust efforts and it is likely that to kick-start it, the State will have to make selected, tapered interventions on the supply side.

Non -traditional exports

24. Cut flowers from Rwanda already attract a premium on world markets compared to those produced in the sub-region. Other non-traditional export crops that have been identified in the agricultural sector include avocado, pears, pineapples, passion fruit, green peppers, and processed bananas, sunflowers, and pyrethrum.

Diversifying the economy

25. Because of its high population density and landlocked position, we need to specialize in products which are not bulky and which require human resources rather than land. This means identifying new areas where Rwandese entrepreneurs can successfully compete in international markets. The following areas have potential for expansion in the medium to long term.

26. **Services:** Rwanda can overcome its natural geographic and resource constraints by playing the role of regional entrepot and a regional centre for service industry. There is one niche that can be developed relatively quickly. Rwanda, given a skilled bilingual population can aim at being a centre of tele-data processing. This is within reach if sufficient efforts go into human resource development, science, technology, management, bilingualism and an open liberal policy in the utility sector. There is also considerable potential for becoming a regional hub for financial services. However, the success in this area depends critically on the level and quality of human resources.

27. **Building a competitive skilled labour force:** We recognise that Rwanda's prosperity in the future will come from new insights, high quality human capital, and attitudes and actions that embrace competitiveness, and innovation. Rwanda can transform its population into a highly skilled bilingual force through human resource development. The development of human

resources can form a basis for a service economy based on skills in science, technology and management. Vocational and technical education, which offers skills for specific lines of employment, will be promoted. This form of education needs to be closely linked to the market. This will require public/private sector cooperation in the design, management and financing of vocational and technical education. The envisaged Human resource Development agency, a public/private agency is to be created to foster human resources development at all levels in Rwanda.

28. **Information and Communications Technology:** The role that information and communication technologies (ICT) could play in socio-economic development has been recognised worldwide. Communications and information technology can be engine for economic growth, instrumental to alleviate poverty. Rwanda is developing its policy framework for the longer-term vision for the country (Vision 2020) at the same time that its ICT policy and plan are being developed. This provides Rwanda a unique opportunity to integrate the two processes and develop an integrated ICT-led development approach to addressing the socio-economic challenges facing the country.

29. **Natural Gas:** Government is elaborating a project to develop on a limited scale, the natural gas deposits in Lake Kivu. It encourages private sector participation in this project. Up to 45 billion cu. m of the methane total volume of 55 billion cu. m can be economically exploited. This quantity represents about 25 million tons oil equivalent. **Tourism:** The endowment of the beautiful scenery and mountain gorillas can be exploited. Marketing will be important, as Rwanda's international image is still recovering from the genocide. In the past, tourism was the largest export earner after tea and coffee.

Sectoral policies for growth and poverty reduction

30. Poverty reduction should be a central objective of all sectoral programmes. While some actions contribute directly to reducing poverty now, others play a more long-term role in diversifying the economy over the medium term. This section discusses the main sectoral policies under three main headings: increasing the incomes of the poor: improving the quality of life: and addressing the needs of the most disadvantaged and vulnerable groups.

Frontloading priority actions

31. Given Rwanda's challenges, it is necessary in the short term to frontload a number of high impact programmes. These challenges are enormous, and even with HIPC debt relief, combined identified public and aid resources would not meet the financing required by the ambitious programme needed for effective poverty reduction. Rwandans will be called upon to participate in these programmes as they have done in the past in their own interest. A clear identification of programmes in which the population can participate in kind will be brought to the fore.

32. To effectively fight Poverty, Rwanda has four main policy priorities namely: (i) Revitalisation of agriculture and recapitalising the rural economy, (ii) Development of potential sources of growth and exports, (iii) Human resource development and (iv) Infrastructure development in agriculture, energy, water, transport and telecommunications. The government

intends to identify the key programs and to ensure that budget allocations to these key sub-sectors and activities receive priority and adequate funding for the budget.

The participatory process and preparing the full-fledged PRSP

33. The process of developing a national poverty reduction strategy provides an important opportunity for Rwandese people to contribute to the formulation, implementation and monitoring of policy to reduce poverty. The other benefit of the I-PRSP is that it forms the basis of discussions with donors on debt reduction. This interim PRSP has been prepared through a process and involving consultations at the central government and at prefecture level so as to raise awareness and understanding of the nature of poverty and to build consensus on the urgent need to work together to address the issue of poverty reduction. This was the start of a consultative process through which the population will participate in analysis of poverty and in finding complementary appropriate solutions. The full PRSP will be informed by a wider process of participatory poverty assessment and clear political choices.

Follow-up and Monitoring

34. The Poverty Observatory under the National Programme will coordinate the monitoring of poverty outcomes for Poverty Reduction. This unit has been recently established and is developing a set of poverty measures and welfare indicators, which will be regularly monitored. It will also undertake various research and analysis of poverty related issues. This unit will work in close collaboration with the Statistics Department and the National University.

Statistics for the monitoring of poverty and social development

35. Statistics are essential to plan and monitor the poverty reduction strategies and to successfully implement a development framework. Rwanda currently has a poor statistical base, due to the destruction of the statistical infrastructure during the war. The government is trying to rebuild the statistical system. Several surveys are underway or planned. The major surveys include the Household Living standard survey; a general Population census; Public expenditure tracking survey and; Demographic and Health survey.

Internationally agreed Objectives for poverty and social outcomes

36. Rwanda intends to work with its development partners to monitor its progress against the agreed upon international development targets. In addition to the internationally agreed targets, the National Poverty Reduction Programme has used a participatory approach to develop a set of indicators for poverty outcomes in Rwanda reflecting the main national priorities.

Policy Matrix and Timeline for Full-fledged PRSP

37. A policy matrix of programmes has being developed in a multi-sectoral framework. The timeline for the full-fledged PRSP is also outlined.

I. INTRODUCTION AND CONTEXT

1. Poverty in Rwanda is intimately related to a series of interlocking issues, in particular land, demography, environmental degradation, bad governance as well as low and limited sources of growth. These issues and constraints have contributed to continued degradation of welfare overtime, making poverty a widespread phenomenon. The headcount index is estimated to be over 65%, and increasing. This significance of the scope of poverty and its rising trends, particularly in the early 1990s, partly as a result of fragile social capital and the genocide and civil war of 1994, characterized by massive destruction of social and physical infrastructure make Rwanda a special case for an urgent agenda for growth and poverty reduction. Moreover, Rwanda's predominantly agrarian economy relies mainly on two export crops for foreign exchange, and therefore is exposed to numerous exogenous shocks, including terms of trade shocks, which makes it highly vulnerable. The annual growth rate of agricultural production has dropped from the abysmal level of 0.8 percent in the early 1980s to -2 percent in the early 1990s. In light of the significance of the depth of poverty and the risks of vulnerability, the urgent agenda argued for is not simply aim at reducing poverty, but also includes measures to protect the poor and most vulnerable groups against the risk of pauperization.

2. This agenda is the first step of ongoing efforts by the people of Rwanda to devise a national strategy to reduce poverty under the PRSP initiative. This agenda is contained in the present document, which is the Rwanda Interim Poverty Reduction Strategy Paper (I-PRSP). This document sets the stage for the full PRSP planned next year, and provides the guidelines on the details and consultations with all the stakeholders, government, firms, individuals, communities, NGOs, all the development partners of Rwanda, and the friends of Rwanda abroad, in the process of formulating and developing this national strategy. It outlines the challenges and policy options confronting the people of Rwanda in their fight against poverty, and the view of the government on the overall strategy and main actions that need to be undertaken. It also provides a framework for a better utilization of resources (both of domestic and external sources), and sets out the analytical framework of the participatory process initiated in this I-PRSP and to be broadened in the context of the full PRSP planned next year.

3. In that regard, this interim document may be viewed as a general statement of intent in preparation of the extensive national consultation planned in the full PRSP. The Government of Rwanda is fully committed to this new approach to growth and poverty reduction which departs from previously elaborated approaches to poverty reduction, in that it is highly inclusive and mainstreams the participation of all key players to the design of the national strategy.

4. This national strategy for poverty reduction is prepared in the context of Rwanda long-term vision, articulated in the vision 2020 document which encompasses the following key elements: (i) good governance, democratisation, national reconciliation, political stability, security, grassroots participation in the development and decision making process through promotion of an all-inclusive economic system that allows effective empowerment of socio-economic groups and creates an economy of stakeholders; (ii) macroeconomic stability through creation of an enabling environment for private sector development, reduction of role of public

sector in the economy while increasing government efficiency; (iii) elimination of human misery and poverty by raising productivity and employment of resources that the poor own and depend on, i.e. labour and land; (iv) human resource development through improved access and quality of education at all levels, strengthened capacity building through combination of formal, non formal education and special education, improving health standards through prevention of the spread of HIV/AIDS, malaria, and rebuilding of social capital and infrastructure; (v) promotion of a service based economy and knowledge based production; (vi) progressive reduction of Rwanda's dependence on external resources through diversification of production and promotion of exports; (vii) promotion of regional economic integration and reduction in the costs of access to the ocean/sea ports.

5. Since 1994, macroeconomic stability has been maintained and economic reforms are being successfully implemented; however what has been done is not enough. Sustained poverty reduction is impossible without high economic growth maintained over many years. Given Rwanda's current population growth rate of 2.9 percent per annum, this would mean maintaining real GDP growth of well over 6 percent per year for the next fifteen years. Provided that this growth is equitably distributed, it will provide the resources necessary to improve the quality of life of all the people in Rwanda. The question therefore arises on the conditions necessary for generating this growth in the short run and more importantly maintaining it over many years. Undoubtedly, the most important condition would be the growth of private sector activity on the basis of increasing private sector investment and factor productivity. This would necessitate increasing domestic savings to be generated both by the private sector and the Government. Currently the private and government savings to GDP ratios are negative or very low. The ways to address this fundamental problem should form part of the core of our sustainable high growth and poverty reduction strategy.

6. However, as a post-conflict country, Rwanda must also confront the challenges of a sound trade-off between short-term emergency measures necessary for rehabilitation, reconstruction of destroyed social and physical infrastructure, and key to the national reconciliation process and political stability needed for growth, and the medium- to long-terms measures, in its path and progress towards its long term vision. To account for difference in the nature of these challenges which all call for good arbitrage between short and long terms, the policy recommendations and actions formulated in this interim national poverty reduction strategy are classified into three broad categories: short-term emergency measures, medium-term policy measures, and longer term ones.

7. The remainder of this document is divided into eight parts. Part II provides summary characteristics of poverty and constraints to poverty reduction in Rwanda. Part III focuses on policy measures for creating an enabling environment for growth and private sector development in a country where over 90% of total active population continues to work predominantly in the primary sector, mainly agricultural production. Part IV summarizes measures for economic growth and transformation for effective poverty reduction. Part V provides sectoral policies for growth and poverty reduction. Part VI focuses on prioritising and costing of poverty reduction actions. Part VII provides an institutional framework for preparing and implementing the full PRSP planned next year. Part VIII focuses on follow-up and monitoring aspects of progress

towards poverty reduction and long-term vision. Part IX provides a policy matrix and timetable for elaborating and implementing the full PRSP.

II. POVERTY IN RWANDA: CHARACTERISTICS AND CONSTRAINTS

Characteristics and extent of poverty in Rwanda

8. The absence of a national household budget survey is a major constraint for welfare inference in Rwanda. This section draws on the 1985 household budget survey that may not account for major changes, which occurred in the post genocide period. However a household expenditure survey is currently ongoing and preliminary data is expected to be available in 2001 in time for the full PRSP.

Poverty trends and scope

9. In 1985 about 40% of the total population was poor, with their average per capita income below the poverty line. During the early 1990s, diminishing agricultural productivity and the decline in the international coffee price caused a significant reduction of per capita incomes. By 1993, 53% of the population had income per capita below the poverty line. The genocide, which caused destruction of assets, contributed to a dramatic increase in poverty, the proportion of households below the poverty line rose from 53% to 70% between 1993 and 1997². Since then, the country has been recovering. The latest estimate of the proportion below the poverty line is 65% (1999).

10. There are important regional differences in the magnitude of poverty based on the 1985, regions, which had poverty incidence much lower than the national estimate, include the East with 30%, North West at 34%, 38% in the South West, 45% in the North Central. The South Central was the poorest region with a poverty incidence of 58%. However this geographic distribution of welfare may have changed with the genocide, which affected both the population and income distribution through migration and decline of output. The ongoing household living survey coupled with the planned participatory poverty assessment will be used to update the poverty profile for the different regions.

11. Already, the north west (Gisenyi and Ruhengeri) has been badly affected by insurgency and now has the largest housing problem; and the north east has seen an increase in population, with a resultant shortage of roads and educational facilities (Umutara has the lowest enrolment rates in the country). Some of the most arid regions are found in the North Eastern region. Bugesera in the central part is plagued by persistent droughts. Water supply seems to be a particularly acute problem in Umutara and Bugesera.

12. All the regions share certain features. All areas have probably seen reductions in household incomes. All rural areas, with the possible exception of parts of the prefecture of Umutara, have experienced destocking of livestock and declining soil fertility. Most areas were

² These poverty estimates are based on projections from the 1985 household survey under certain distributional assumptions. For further details see Poverty Note, World Bank, 1997.

affected by the consequences of genocide, as reflected in population structure. The proportion of widow-headed households varying from 13% in the prefecture of Gikongoro to 28% in Butare).

13. Another characteristic of poverty in Rwanda is the gender disparity in access to productive assets. In the past, Rwandans women have not been legally able to own land. The Government of Rwanda recently took a step to correct this disparity by adopting a legislation that promotes gender equality, through female access to property rights, and increased access of the female population to health and education. Educating women and enabling them to work, earn and manage their incomes will help us to reduce fertility rates and improve the quality of living for all Rwandans.

14. The scope of poverty is also reflected in the relatively poor state of social indicators particularly secondary, tertiary enrolment rates, which are extremely low, even by sub-Saharan Africa standards. Table 1 shows deterioration since the war. It is worth pointing out the drop in gross enrolment rates between primary and secondary and between secondary and tertiary. The gross rate of primary enrolment has risen in recent years to 88% in 1999; but the secondary enrolment rate remains low at 9.7%, representing a transition rate of 22%. Drop out rates remain high at 16.8%. Repetition rates are very high at 31.7%. Most children spend some time at school, but many do not stay throughout primary education, for reasons including poor quality of teaching. The enrolment rates for boys are slightly higher than those for girls.

15. Health indicators are also relatively poor and worsened with the 1994 conflict, which affected most health infrastructure. The high level of malnutrition, the prevalence of malaria and AIDS further accelerated the deterioration of the indicators. The low incomes of the population aggravated poor access to social services.

Table 1. Rwanda: Social and Poverty Indicators

Rwanda: Basic Data	
Area	26,388 square kilometres
Population (total)	8.1 million
Population growth rate (1999)	2.9
GDP per capita (1999)	237
Social and Poverty Indicators	
Life expectancy at birth (years)	49
Literacy, % of population aged 15+	48
Gross primary enrolment %	88
Gross secondary enrolment	10
Gross tertiary enrolment	1
Access to safe water (% of population)	44
Access to health care (% of population)	81
Infant mortality rate (per 1,000 live births)	131

Source: Ministry of Finance and Economic Planning, Statistics Department, 'Rwanda Development Indicators', 1999 and 2000.

16. As noted above, child mortality is high in Rwanda. Maternal mortality is estimated at 810 per 100,000. Combined with a fertility rate of 6.5 this implies that up to 5% of adult women die of complications related to childbirth. AIDS prevalence increased from very low levels in the

early 1990s to 11% in the late 1990s. Malaria remains the leading cause of morbidity and mortality. There are also regional disparities in the provision of social infrastructure.

Characteristics of the Poor

17. Poverty is largely a rural phenomenon where the groups that are most affected by poverty are women-headed households (especially those headed by widows), child-headed households, prisoner-headed households, unemployed and unskilled youth, seasonal/casual labourers, the elderly, the disabled. Urban poverty is increasing rapidly, as large numbers of people migrate to the city. The participatory poverty assessment (PPA) conducted in 1997 focused in particular on identifying the causes of poverty and the economic constraints faced by poor households. The PPA results showed that there was an increase in inequality between the poor since the genocide with an emergence of the category of the new 'very poor' (World Bank, 1997). These households were primarily defined by their lack of able-bodied labour, and included an average of 38% of all households in the PPA communities.

18. Other characteristics of poor households identified through the participatory poverty assessment and analysis of the 1996 nutritional survey include: increased insecurity of land tenure; limited or no cattle holdings and small ruminants; lack of access to agricultural inputs; poor access to primary education; agriculture forming the primary source of revenue; no shelter; lack of food self sufficiency; long distance to market. Groups of poor households described how the problems encountered in the aftermath of the genocide had set off a vicious circle of low production, lack of seasonal savings, and lack of inputs in subsequent seasons, and increasing food insecurity. Shelter remains a major problem, with 250,000 households in 1998 living under plastic sheets and others in damaged or illegally occupied houses.

19. Poverty was compounded for some by social isolation and trauma arising from the genocide. One survey found that 96% of children witnessed violence in the genocide; communities will be coping with the psychological consequences for many years. But the process of recovery has been strengthened by our strong tradition of grassroots solidarity; for instance, widows have in many places chosen to live close together and co-operate in their very difficult circumstances.

The context of poverty reduction in Rwanda

20. **Structural problems.** To meet the challenges of the risk of pauperisation the evolving strategy must address the structural problems and the legacy of genocide. Rwanda faces many socio-economic structural challenges that date back over the last 30 years. These include:

- Low agricultural productivity. This aggravated by the failure of past agricultural policies, in particular the failure to make the transition in the early 1980s from an extensive low productivity and low value agriculture to an intensive high value farming. Before 1994, Rwanda's economy was characterised by a very high share of subsistence production and a

high proportion of people living in rural areas. Technology was relatively stagnant and soil yields were declining, partly because of a policy of self-sufficiency that inhibited technical change.

- Famine and cyclical droughts. Rwanda has suffered major famines since 1902. Cyclical droughts persist and result in acute food shortages and widespread hunger in certain parts of the country on a frequent basis.
- Low human resource development. The educational policy produced exceptionally low rates of secondary and tertiary enrolment, which has become a severe constraint on the development of the economy.
- Rising unemployment. High level of unskilled and jobless youth in both urban and rural areas coupled with limited job opportunities for the skilled.
- High population density and growth. Our population levels are unusually high for a small country, which depends so heavily on the use of the land for production. Moreover, this population continues to grow rapidly, making the need to develop and transform the economy particularly urgent.
- High transport costs constrain the participation in International trade. Our international trade is heavily dependent on land transport through two main corridors each with its specific set of problems. With the imposition of axle weight limits in neighbouring countries, increased operational costs have increased import costs. Internal transport costs also pose a major constraint, partly because of the decapitalisation of the transport sector and the poor conditions of feeder roads.
- There is evidence of environmental degradation. Forest resources suffered from the devastation of years of war coupled with increased use as a source of fuel. Since the end of the events in 1994, there have been no consistent reforestation policies and action plans. Reforestation is needed both for environmental protection and as a source of income generating activity. Other environmental problems include the stressed water resources, and the chronic decline in soil fertility and the increasing erosion and exploitation of the fragile ecosystems of the marshlands.

These microeconomic problems give rise to the following macroeconomic difficulties:

- Structural trade deficit, reflecting a low and narrow export base. Rwanda exports an average of US\$ 16 per capita compared to an average of US\$ 100 in Sub-Saharan Africa. Two export crops; tea and coffee account for almost 80% of exported goods. As a result, the country is dependent on external aid flows for both balance of payments and budgetary support.
- The heavy dependence on two export crops makes the country vulnerable to external price shocks. For instance, Rwanda's earnings from coffee exports fell from \$45 million in 1997 to \$26 million in 1999 despite an increase in the volume, because the price fell by more than half.

- Structural imbalance between Government revenues and expenditures. Rwanda has a narrow revenue base with domestic tax and non-tax collection averaging 8.7% of GDP in the period 1995-1997 compared to an average of 17.7% of GDP in Sub-Saharan Africa. Rwanda's fiscal deficit (excluding grants) averaged 10.8% of GDP over the period 1995–1999 compared to 6.6% for Sub-Saharan Africa. Overall external funding averaged 8.4% of GDP in the period 1995-1997 compared to an average of 2.4% of GDP in the rest of Sub-Saharan Africa. In the post war period 98% of capital expenditure has been funded by external donor assistance.
- Savings are negative. Overall savings in 1998 were –1.2% of GDP compared to +7.7% for Sub-Saharan Africa (excluding South Africa and Nigeria).
- The level of private investment is also low, at 8% of GDP in 1999. While some investments by smallholders may be omitted from the national accounts, the evidence is that there has been disinvestment in the rural sector since the early 1990s; stocks of animals are lower, coffee trees have been cut down or grown old, and there has been a reduction of anti-erosion activities in some areas. Low levels of investment have been exacerbated by declining Foreign Direct Investment especially following the genocide.

21. **Legacy of the genocide.** We continue to live with the consequences of the 1994 genocide, which profoundly affected the lives of everyone in Rwanda. The specific problems caused by genocide include the following:

- The demographic structure of the whole population has changed. We have a shortage of adult males (compounded by the prison population) and a high share of orphans. In 1996, 34% of households were headed by women and 21% by female widows (Enquete Socio-Demographique, 1996).
- A particularly distressed group is child-headed households; there were estimated to be more than 85,000 such households after the war but the numbers have fallen since because other households have adopted some of these children.
- About 130,000 people are in prison awaiting trial for genocide-related crimes. This imposes a large economic burden both on the state and on their households.
- The experience of violence traumatised a high proportion of the population. The National Trauma Survey in 1995-6 found that 96% of children had witnessed violence, 80% had experienced death in the family, 69% had witnessed death or injury, 31% had witnessed rape of sexual assault, and 91% had believed they would die. Episodes of irrational and violent crime still occur, and sometimes reflect the trauma involved in the events of 1994. In some cases traumatised household heads are unable to provide for their families hence the additional pressure on communities to provide safety nets.
- A culture of passive obedience leaves people open to political and sectarian manipulation; the decentralisation now occurring is giving people a chance to experience a culture of

open debate in which ideas are debated rather than passively accepted. The recent election of local leaders at grassroots levels provides the opportunity for participation in decision-making and implementation of community based programmes.

- The geographical spread of the population has changed; some areas such as Umutara and Kibungo have a much higher density of population than before.
- Many people lack shelter. Since 1994, about 177,000 houses have been constructed by development partners and NGOs, but this still leaves about 250,000 households under plastic sheeting, 62,000 in badly damaged properties, and 60,000 in properties that they are occupying illegally.
- Rural farmers have lost capital stock and labour. The Household Food Economy Analyses by Save the Children Fund have found dramatic reductions in households' holdings of livestock and small animals in almost every part of the country.
- The physical capital stock of private businesses and the public sector have been damaged.
- Networks of social links, for instance between rural and urban areas, have been affected, dampening the prospects of internal commerce.
- The prevalence of HIV has increased dramatically. The prevalence is 11.1% nationally and 10.8% in urban areas, compared to a rate of 1.3% in rural areas in 1996.
- Human resources were depleted by the genocide and hence are acutely in short supply.
- Since 1994, we have confronted recurrent threats from external forces such as the 1997 insurgency, which had to be neutralised in order to achieve security within the country's borders.
- There is an acute need for political development to achieve rapid reconciliation and forge a new sense of national identity and strengthen social cohesion.
- Since 1994, the government of Rwanda with assistance from the donor community has been working to address some of these problems. However their scope remains significant and their costs for the Rwandan economy high. In particular, the destruction of human and physical capital in the rural areas.

22. **Traditional cultural norms.** Traditional Rwandese society had positive features, which were eroded by colonialism and subsequent poor governance. These include traditional judicial institutions, safety nets, and solidarity. Modernising the economy will therefore be pursued in tandem with the revival of these positive features. In some cases, traditional cultural norms act as a constraint. Economic innovation will be nurtured by the development of a more questioning and independent-minded culture throughout Rwandese society. This has profound implications for the

educational system. Similarly, the tradition of *umuganda*, community labour, needs to evolve from a top-down to a participatory mode in which communities take responsibility for the provision and maintenance of those local public goods which the state cannot finance.

23. **Social capital and solidarity.** Rwanda has a very strong tradition of mutual assistance, which has done more than anything else to save people's lives in very difficult circumstances of the late 1990s. For instance, the help voluntarily offered by neighbours to child-headed households, including adoption has enabled these families to survive. In the current drought in Bugesera, the tradition of *umusanzu*, whereby children from poorer households can come to eat in better-off people's houses, has done much to moderate the effects on children's nutrition. The tradition of mutual assistance and voluntary contributions has recently been used to enhance security. Given the low resource base and the high expenditure needs, we need to mobilise such voluntary contributions for specific poverty-reduction measures.

24. **Opportunities.** Rwanda's challenge is to build on our advantages, turn constraints into opportunities and to minimise disadvantages.

- there is a strong tradition of community action, although it was in the past often directed in a top-down manner.
- the high population density and linguistic homogeneity should reduce the unit cost of delivering public services and awareness campaigns.
- the need for administrative reconstruction offers an opportunity to develop very lean administrative structures and adequate policies.
- the use of two international languages in addition to Kinyarwanda offers the opportunity to build good business links with West and East Africa and to develop a service based economy.
- the high share of female-headed household presents not only an obligation but also an opportunity to develop female leadership and address gender inequities, as does the political commitment to these objectives.
- A relatively young population provides a basis for a human resource based strategy axed on skills.
- relatively high rainfall by regional standards; this makes increases in agricultural productivity technically feasible.

25. The different regions also have varying strategic advantages depending mainly on natural endowments and this may frame regional priorities. For example, Gikongoro is particularly endowed for tea production, wood production (cypress and *muvula*) and livestock. Bugesera has potential for fishing and development of cottage industry as an alternative to agricultural production particularly due to persistent cyclical droughts in the region. In Umutara livestock rearing and rice production can be further developed. Gitarama is an area of entrepreneurial activity and commerce. Butare is an area of agricultural productivity; some of the crops grown include maize, rice and sorghum. Ruhengeri is a region of fertile soils where potatoes and pyrethrum are grown.

Existing approaches to Poverty Reduction

26. There have been several efforts to deal with poverty in the past by Government, donors, NGOs and civil society. The PRSP is not intended to replace existing initiatives but to help improve co-ordination.

27. **Emergency and humanitarian assistance, including food aid and shelter:**

In the years after the genocide, donors stepped into a vacuum. Extensive economic transfers, such as distributions of food, seeds and farm implements were given. However, in some instances, this led to a distortion of incentives and pricing mechanisms.

28. **Intersectoral projects, micro finance and communal funds:** There are various government programmes and projects (including donor financed) and NGO programmes that are oriented towards poverty reduction. These programmes and projects fall under the following broad categories: social sector, agriculture production, small scale income generating activities, initiatives to support vulnerable groups, in particular women, widows and orphans; and infrastructure programmes, mainly road networks. There have been a number of intersectoral projects promoting micro finance and community initiatives including: (i) women's communal funds managed by the elected women's committees at the commune level and initiated by MIGEPROFE; (ii) bank guarantee fund for small and medium scale enterprises for women (MIGEPROFE); (iii) communal Development Funds (FDC) – MINALOC; (iv) social infrastructure (MINALOC) ; (v) Income generating initiatives (MINALOC); (vi) livestock revolving credit schemes (WIT-MIGEPROFE, CARE International, SNV-PRADEC, etc.); (vii) savings and credits for co-operative members (AKAGEGA) and others in local communities. There is a need to bring together all the micro finance stakeholders in the country to discuss approaches, identify best practice and make clear recommendations on the formulation of micro finance policy and institutional framework. To this end a micro finance forum has been formed this year.

29. The Government has recently launched a programme financed by ADB on poverty reduction and actions in favour of women in selected communes of Kibuye, Gikongoro and Butare prefectures, which have been chosen on the basis of poverty indicators. The total project cost is US\$ 12 million. The aim of the project is to promote income-generating activities and increase the income of vulnerable households. The project has the following components: micro credit; community infrastructure (housing sites for vulnerable groups, rehabilitation of rural roads); capacity building with a view to improve capacity of beneficiaries to operate and manage micro-projects; and monitoring and evaluation of trends of socio-economic indicators of poverty.

30. Government has also approved the Umutara Community Resource and Infrastructure Development Project, jointly financed by IFAD, OPEC, NGOs and beneficiary contributions, which aims to empower local communities to plan and implement their own projects, as well as increase partnership at all levels of service provision.

31. **Addressing the special needs of vulnerable groups or disadvantaged groups:** Special programmes targeted at the ‘new poor’ whose vulnerability is as a result of the genocide and recent economic reforms have been developed. The Government established a Victims of Genocide Fund (VGF) in 1997. Government by law allocates 5% of annual domestic revenues to the Fund. External contribution to the VGF has not yet materialised as expected. The Fund provides support to victims including widows and widowers, orphaned and unaccompanied children, sexually abused women and children, the elderly without traditional support, the handicapped and the homeless and landless, to assist them overcome the trauma and economic and social deprivation of the genocide. The fund helps victims of genocide build sustainable livelihoods through assistance via programmes in the areas of education fees, healthcare, social rehabilitation, housing and income generating projects. It also raises public awareness of the problems of these victims, and assists them in exercising their human and property rights. The VGF financed programs are implemented with the active participation of beneficiaries and rely on existing structures, including government agencies, civil society associations and NGOs, and social development committees.

32. As part of the economic reform program the Government has implemented a demobilisation programme. It is critical that these demobilised soldiers are re-inserted into productive civilian life. The demobilisation program provides for activities including assistance for long-term economic and social reintegration including micro-credit and vocational training schemes. Vocational training centres have been established under the Rwanda demobilisation and Reintegration Program (RDRP) to provide training in various skills to demobilised soldiers. A credit scheme, with an initial fund of US\$ 0.6 million (largely financed by donors) has been put in place at a commercial bank to provide small subsidized loans to soldiers. The Government is seeking further donor financial support to implement these programs.

Lessons learned from existing poverty reduction initiatives

33. An important lesson learnt from the experience of existing poverty reduction initiatives has been that Rwanda cannot rely on the national budget and external financing alone and should identify local initiatives for mobilisation of resources and implementation of sustainable programmes.

34. In the past several large development programs/projects were not successfully implemented due to the lack of government capacity to design, manage and implement these programs.

35. As a response to the limited skilled human resources there has been an emphasis on technical assistance. However, in many cases this has been short term and therefore not sustainable. There is need for longer-term technical assistance and capacity building so as to improve project effectiveness.

36. Capacity-building, monitoring and evaluation are key components that need to be strengthened for better design and execution of projects.

III. BUILDING AN ENABLING ENVIRONMENT

37. **The role of the state :** The state's main role is to create a conducive environment in which economic activity can take place effectively. The current thrust is towards a strong and effective state that provides a visionary leadership and management role³. A delicate balancing act needs to be created between market forces and the strong guiding and facilitative hand for the state.

38. For decades the state was dominant in virtually all sectors of the economy. The state's direct intervention in businesses including banks, insurance companies, transport companies, telecommunications, food commercialisation, fuel distribution and small industries impeded private sector development and reduced the rate of private investment, which remains very low. The top-down approach to governance frustrated and inhibited the population, discouraging creativity and competitiveness and encouraging dependency on government and NGOs.

39. The attainment of sustainable economic growth and poverty reduction requires a rapid transition from a lethargic state-controlled system to a more liberal economy, in which the state creates the proper socio-economic institutions and the right conditions for growth. The overarching objective of government is to create an environment that allows effective participation of all social and economic groups in the population. However, given Rwanda's embryonic private sector and scope of rural poverty and low level of human resources and skills, there is a strong need for the State to work with communities and NGOs to promote developments in agriculture, human resources and financial services and reduce regional disparities which remain significant.

40. In some cases the Government may need to go beyond the role of creating an enabling environment through institutional and economic reforms in order to jump start the transformation and modernisation process that is essential for growth. Government would need to make extensive use of strategic planning, using a wide range of incentives to guide investments and to address the problems of market failure in technology and skill development , which we currently face.

41. **Regional framework :** The success of poverty reduction is predicated upon regional stability in general and Rwanda's security in particular. The Government of Rwanda remains committed to a diplomatic solution to this conflict. Sustained efforts by the international community are required to enable Rwanda and other countries in the region to make the transition from conflict to peace. Stability in the region will result in an end to population displacements

³ Characteristics of a strong, effective and just state include: (a) providing a stable macroeconomic environment; (b) good governance and national reconciliation; (c) enforcing a coherent legal and regulatory system which protects the property rights of all citizens, including the poor, and enabling entrepreneurs to operate in a business-friendly environment; (d) maintaining quality infrastructure; (e) promoting human resource development; (f) protecting the environment; and (g) intervening to correct market failures, promote equity and protect the vulnerable.

and also enable government to include the displaced who form a particularly vulnerable group into the development process.

42. Rwanda's integration into regional markets of goods and services and for labour is a key element for poverty reduction and sustainable economic growth. For these reasons, Rwanda is participating actively in a number of regional trade initiatives including the CBI and COMESA and has applied to join the EAC.

43. **Framework for Good Governance :**The Government of National Unity has provided a bold vision for the future, restored social stability, re-established peace and security, and put in place mechanisms for effective governance. This has been done through various mechanisms including:

(i) Following the successful implementation of local elections at the grassroots level in March 1999, representative and elected grassroots leaders are in place at the cell and sector levels. Further elections are planned at the commune level early 2001. This has promoted popular participation through decentralised democratic structures.

(ii) The Human Rights Commission was established in March 1999 Over the past year, it has formulated a human rights programme in the context of Rwanda that focuses on protection and promotion of human rights and capacity building for the commission itself. It has just published its first report.

(iii) The Unity and Reconciliation Commission has passed a one-year mark, having begun its operations in March 1999. Since March 1999, the Commission has undertaken various activities and actions in pursuit of its mandate. In particular, it conducted a series of popular consultations in all the communes in the country. Unity and Reconciliation is the basis for the durable peace, security, human rights, poverty reduction and sustainable development.

(iv) In late-1999, a Commission on Legal and Constitutional Affairs was established to consult with the population and propose the constitutional arrangements for a democratic Society.

(v) The Government is giving priority to capacity building for the justice system, and has set up national civilian police to replace the paramilitary gendarmerie in public security and maintenance of law and order.

(vi) In 1999 cabinet approved a bill permitting the use of traditional methods of justice (*gacaca*) to clear the bulk of the cases of genocide suspects. This involves community-level councils adjudicating cases and allowing the guilty to serve most of the balance of their sentences by community service. The *gacaca* system is designed to accelerate the adjudication of the cases of the many of the detained genocide suspects.

(vii) To promote accountability and transparency, the Government established the Office of the Auditor General in 1999, which is an independent public institution. The transparency of budget preparation and execution is being improved through the adoption of the organic budget law and the regulatory framework for public accounts. Furthermore, with technical assistance the Government is in the process of introducing a medium-term expenditure framework, which aims

at progressively introducing program-based medium term expenditure (MTEF) budgeting for linking expenditures to monitorable outputs.

(viii) The Government has initiated decentralisation of state management as a policy to enhance effectiveness and efficiency in service delivery and to improve government responsiveness to the needs of the people. Decentralisation will make more participation in decision-making at all levels of government possible and also create greater accountability and transparency. The law establishing decentralisation is under discussion in parliament. The implementation of the policy will be incremental, bearing in mind the need to match requirements with resources. Parts of the budget have been decentralised to the prefectures. The commune will become the most important local administrative unit; funding may be earmarked for spending at this level, building on the existing work and resources of Commune Development Committees.

(ix) The Government has supported the empowerment of the civil society, freedom of expression and association and freedom of the Press. Social networks of NGOs, community based organisations, women in development, and youth operate freely.

Legal and prudential framework: property rights and contracts

44. Our first priority is to ensure that all Rwandese citizens have secure access to basic assets like land, housing, and livestock. Our recent history makes the achievement of these objectives more complicated than in most countries. The land policy is currently under discussion. The promotion of private sector development requires that people are free to take economic decisions for themselves and can be confident that contracts are enforceable. Hence the Internal Trade Act and Labour code have been revised to promote a more liberal environment, and the commercial legal sector is being reformed to ensure that lenders can foreclose on collateral and people can enter into contracts in the confidence that they will be able to enforce them.

Physical security; Law and Order

45. Security is widely identified by Rwandese as a high priority. While security has greatly improved we remain committed to establishing structures of law enforcement, which effectively guarantee the physical security of all Rwandese. There is therefore a strong need for an adequately financed National Police Force. Further debate and discussion is needed on how to design a cost-effective approach in the area of local community security mechanisms.

Economic Policy framework

46. **Private Sector Development:** Government remains committed to private sector led growth and intends to continue to deepen economic and institutional reforms to promote the private sector, develop exports, and improve the competitiveness of the economy. The strategy of the Government for private sector development is based on the following elements: (i)

maintaining a stable macroeconomic framework and eliminating distortions in incentives; (ii) establishing a liberal and transparent legal, labour, trade, and tax framework for the private sector; (iii) enterprise development and (iv) reducing business costs through the provision of infrastructure and public utility services at competitive costs.

47. **Privatisation and Regulation:** The privatisation of state enterprises underway will be accelerated. Nonetheless, the Government would like to emphasize the quality of privatisation rather than the mere number of enterprises divested. It is essential in Rwanda where capital markets are underdeveloped to adopt a double track approach. Priority will be given to the privatisation of the tea factories and plantations, and the two public utilities – Rwandatel and Electrogaz. A multi sector regulatory agency will be established in the course of 2000 to regulate the activities of utility firms.

48. **Investment Promotion:** Investors need to have a conducive environment. In addition to the legal and financial reforms mentioned above, the Rwanda Investment Promotion Agency has been established and is already operational. The state-owned Chamber of Commerce has been replaced with the independent Private Sector Federation to establish the needs of businesses. Promoting Rwanda as an investment destination, acting as an effective one-stop centre are key functions.

49. **Human Resource Development:** Rwanda's weak human resources and institutional capacity were further exacerbated by the genocide. Consequently, the reconstruction process has involved capacity building and institutional reform. A particular area of emphasis has been the rehabilitation of institutions of higher learning and professional education and training and the establishment of new ones to expand training opportunities. The Kigali Institute of Education has been established to train teachers for secondary schools and teacher training colleges and therefore facilitate the rapid increase in the number of trained primary school teachers. The Kigali Institute of Health has been set up to train health workers. The Kigali Institute of Science, Technology and Management has been established to provide quality practical, full and part-time technical and vocational education to meet the needs of the labour market.

50. In recognition of the unique human resources challenges facing Rwanda, the Government is in the process of establishing a Human Resource Development Agency to develop, co-ordinate and monitor the implementation of the human resource strategy.

Civil Service Reform

51. After the genocide of 1994, many of the senior and qualified staff were killed or fled the country; and the civil service was bloated with large numbers of unqualified staff, as urgent needs and lax employment procedures led to recruitment of many contractual employees. Since 1998 the Government has undertaken a civil service reform program with the following components: retrenchment of unqualified staff, removal of ghost workers, reinsertion and regularisation of qualified staff, and the new hiring of qualified staff. However, weaknesses still exist in the civil

service; many staff are poorly qualified and organisational structure is weak. To address these shortcomings, the government will implement measures in the course of 2000 and 2001 to rationalise and streamline functions and employment within the civil service, implementing new ministerial cadres organiques and undertaking job classification and grading. In parallel, the government will hold further consultations with the civil society and its partners on the reform of public administration, consistent with its long-term vision and in line with its strategies for poverty reduction and human resources development. This will form the basis of future reforms.

Infrastructure

52. Transport: Over the last four years, the Government has put in place a policy and institutional framework for the accelerated development of the road sub-sector. A new Road Fund law, based on the best practices of road schemes in Africa, has been enacted and the capacity of the Road Directorate has been strengthened.

53. Energy: The government intends to encourage private sector provision and distribution. Electrogaz, the water/energy utility will be restructured and put under private management in 2000, followed by progressive privatisation in subsequent years. Rwanda sees the development of its natural gas resources as key to poverty reduction and is encouraging private sector investment.

54. Water and Sanitation: Government intends to encourage strong community participation in rural water delivery. For urban areas, the restructuring/privatisation of Electrogaz will help to improve services. With regard to urban sanitation, the priority is to build the institutional capacity of urban administrations to effectively manage sanitation services.

55. Telecommunications: The Government is encouraging private investment in the communication sector and will privatise Rwandatel, the state owned telephone company by end 2001. A licence to operate a second International gateway has been awarded to MTN-Rwandacell.

Restoring and protecting the environment

56. Rwanda is preparing a national environment action plan. The crucial policy areas are with regard to protection of water resources, forests and soils. The implementation of these measures will require intersectoral cooperation between MINITERRE, MINAGRI, MINERENA, and MINICOM.

Promoting gender equity

57. Women in Rwanda have played a central role in the reconstruction of the country. After the genocide they formed an exceptionally large proportion of the population and many had to take responsibility for their household. Tragic as this experience has been, it also offers an opportunity to enable women to assume new roles in Rwandese society. Our first task has been to

create a legal framework, which recognises women's rights. The revision of the matrimonial code offers couples a choice of property regimes, in which a couple can choose to own assets in common. The labour code and land legislation will remove restrictions on women's ability to work and own property. We are also stepping up efforts to mainstream gender in all policies and programs, empower women through education, targeted micro credit programmes and community safety nets .

IV. ECONOMIC GROWTH AND TRANSFORMATION FOR POVERTY REDUCTION

58. **Economic structure and performance:** Rwanda's economy is small; GDP is about US\$1.8 billion. Agriculture contributes some 42% of GDP, 91 % of employment and 72 % of exports. Within this sector, food crop production constitutes the major activity, whilst production for exports remains relatively modest. The services sector contributes about 39% of GDP and employs roughly 6.5% of the working population. Within this sector, wholesale and retail trade as well as public administration account for about 50% of services. The industrial sector makes up 20% of GDP and employs slightly less than 2% of the working population. Manufacturing constitutes the most important source of industrial activity, accounting for almost 12% of GDP, whilst construction accounts for 8% of GDP.

59. There was considerable growth of the economy immediately after the genocide as a result of post-genocide recovery. Real GDP, which declined by 50 percent in 1994, rebounded by 34 percent in 1995 and 16 percent in 1996, and continued its rapid expansion growing by 13 percent in 1997 and 10 percent in 1998. The preceding collapse made attainment of rapid growth possible in the immediate aftermath of the 1994 events due mainly to the huge inflow of emergency and humanitarian aid. Since then, growth has slowed significantly to just 5.9% in 1999 and possibly even less in 2000. The recent slowdown is partly due to the completion of various projects and investments related too the reconstruction and also as a result of drought that has led to a decline in agricultural production . Terms of trade shocks may have also played a role. This calls for the need to explore other prospects of growth to prevent further deterioration. The Government, with the assistance of the World Bank, intends to undertake a study to investigate the structural underpinnings of the real sector and to explore strategies that could assist to sustain the growth that Rwanda has experienced in the last five years.

60. In Rwanda's case, we must strive for GDP growth of at least 9% per year for the next fifteen years if Rwanda is to achieve sustainable growth and poverty reduction. To achieve these objectives obviously requires a high level of investment of at least an ICOR of 4.4%. Unfortunately the rate of savings is low, and attracting foreign investors will take quite some time. All this demonstrates to us that we must concentrate our efforts on high impact productive projects that can bring about real change in a relatively short time.

61. **Macroeconomic performance and objectives:** Since 1995, Rwanda has achieved a high rate of economic growth, but this slowed gradually from 34% in 1995 to 9.5% in 1998 and 5.9% in 1999, when the economy was affected by some difficult external factors including low commodity prices and increases in international transport costs. Inflation performance has improved in recent years, declining from 11.7 percent in 1997 to 6.8 percent in 1998. In 1999 inflation declined to 2.1 percent, mainly reflecting falling food prices as a result of improved security in the northwest and good weather. It rebounded in 2000 to about 3 percent, partly affected by drought in some regions, higher transportation costs through neighbouring countries, and higher international fuel prices. Revenue increased as a proportion of GDP from 6.9% in 1995 to 10.3% in 1997 but then slowed down, growing to 10.4% in 1998 and falling back to 9.8% in 1999. Within public expenditure, a substantial reallocation is projected from military spending, which will fall from 3.8 % of GDP in 2000 to 2.3% in 2004, towards social sectors, which will rise from 4.1% to 6.9 % of GDP over the same period. The Macroeconomic Framework is shown in Annex 1 Table 2.

62. The main elements of the medium term macroeconomic program are to: (i) achieve annual average real GDP growth rate of at least 6 percent a year; (ii) keep inflation at below 5 percent a year; (iii) gradually reduce the current account deficit (excluding official transfers) from 16.8 percent of GDP in 2000 to about 10.7 percent in 2004; (iv) maintain the level of gross official reserves at a level of at least 6 months of imports; (v) increase the ratio of revenue to GDP by half a percentage point per year; and (vi) maintain-assuming HIPC relief-debt at sustainable levels as defined by the net present value of debt to exports ratio of 150 percent.

63. Underpinning these objectives would be a containment of the fiscal deficit (excluding grants) to about 9.6 percent in 2001 (compared to 9.3 percent of GDP in 2000) and a gradual reduction of the deficit after 2001 by about 0.5 percent of GDP annually to 2004. This declining deficit, however, is consistent with strong growth in social/anti-poverty spending, which is expected to approximately double as a percent of GDP between 2000 and 2004 (from about 4 percent of GDP to about 7 percent). An increase in capital expenditure from 7 percent of GDP in 2000 to 8.2 percent of GDP by 2004 is also envisaged. These increases in human and physical capital investment will be possible due to the gradual increase in the domestic revenue to GDP ratio to about 12.6 percent by 2004-the average level in the 1980s-and gradual reductions in defence spending. The envisaged reductions in the overall fiscal deficit are consistent with the intention of the Government to avoid both unsustainable foreign indebtedness and domestic borrowing.

64. Revenue performance is expected to improve progressively on account of improvements in tax and customs administration, in particular the strengthening of the administrative capacity of the Rwanda Revenue Authority and political commitment behind measures to enforce tax laws and combat tax evasion. Such measures include strengthening income tax recovery, improving transit and warehouse control, broadening the tax base, reducing exemptions, introducing a value-added tax (VAT), implementing fully the petroleum pricing mechanism. In the context of the effort to reduce poverty, the measures envisaged will explicitly make an effort to minimize any tax burden on the poor. Consistently with this approach, the Government aims to keep inflation low so as to minimize the inflation tax, which falls predominantly on the poor.

65. Increases in government savings would also depend on making expenditure more efficient through improved expenditure management and prioritization toward poverty reduction, and an acceleration of civil service and public enterprise reforms. The introduction of an MTEF with the 2001 budget will be instrumental as it will cover expenditure programs of all ministries, and, along with regular public expenditure reviews, it is expected to enhance the costing, prioritization, efficiency, and transparency of government expenditure, and strengthen its link to performance indicators. The Government has also initiated a further decentralization of budget execution to the *préfectures* and to a smaller extent the *communes*.

66. **Debt Management and HIPC:** Rwanda's external debt and debt service is unsustainably high and could further delay rebuilding of social and physical infrastructure damaged during the 1994 conflict. At end-1999, total external public debt outstanding amounted to about US \$1.3 billion, representing close to 65 percent of GDP. The debt service to exports ratio peaked at about 40 percent in 1999. The NPV of debt –to- exports ratio reached about 520 percent at end-1999, after which it is projected to decline gradually to 460 percent at end-2010 and around 260 per cent in 2019. This level of indebtedness is unsustainable by international standards. The target NPV of debt-to-exports ratio is estimated at 150%.

67. The enhanced HIPC initiative is designed to help reduce the stock of debt owed to the multilateral institutions. Rwanda qualifies for debt relief under this initiative. Our track record of sound macroeconomic management and commitment to poverty reduction meet the requirements of this programme. Preliminary estimates suggest that annual cash-flow savings from this relief would be about US\$ 25 to 30 million a year from 2001 to 2010, which is equivalent to 1 ½ percent of GDP. Given that social expenditure in 1999 was about 3.9 percent of GDP, if savings from debt-service payments were redeployed in the social sectors, the potential impact would be substantial. The HIPC debt relief will put the country's external finances on a sustainable basis and also free financing for anti-poverty spending. The resources made available from the debt relief will be directed to the priority programme areas. The provisional list of priorities is presented in Section VI.

68. Once the debt service has been brought to sustainable levels, Rwanda will avoid contracting unsustainable volume of debt. To this end, it will be necessary that a significant proportion of external resources come in the form of grants rather than loans. For Rwanda a combination of increased net resource transfers, concessional borrowing, growth in exports and private sector development is essential for sustainable growth to be achieved. To ensure that the debt burden is accurately assessed, the management of external debt is being strengthened. Projections of the future levels of debt have been developed for the country in collaboration with the IMF and with UNCTAD/UNDP debt management support.

69. **Internal debt:** Weak expenditure controls, delays in the approval of budgetary instruments, and uncertain timing of external inflows, have led to the government accumulating arrears. An inventory of arrears is being compiled; a programme is in place to reduce the arrears, and controls will be strengthened to prevent their re-emergence. It is important to address domestic debt, which even when small in absolute terms has serious drawbacks on medium and small business in that it creates problems with banks and foreclosures increases levels of unemployment and poverty through crowding out investment.

70. **Monetary policy:** This will be aimed at achieving the inflation and net foreign asset targets of the Government while providing room for a strong increase in credit to the private sector so as to help achieve the real GDP growth objective and the desired increase in private investment. In this connection the NBR will remain vigilante and stands ready to use its monetary policy instruments to check any signs of inflationary pressures. The NBR will be pursuing its monetary program targets through indirect instruments, including treasury bill auctions and money market operations on its own account, while allowing the market to determine the level of the exchange rate, with any interventions in the foreign exchange market by the NBR limited to meeting its targets for net foreign assets. In this context, the Government has initiated steps to remove distortions from the market for foreign exchange.

Trade Liberalisation and Regional Integration

71. Since 1994 Rwanda has embarked on a comprehensive liberalization of its foreign trade regime and adhered to the regional integration targets under the Cross-Border Initiative (CBI) and Common Market for eastern and Southern Africa (COMESA). Rwanda has also made significant advances in regional integration. It has also been invited to join the Commission for East African Cooperation (EAC) and is expected to become a member in the near future.

72. Like many low-income countries, Rwanda traditionally depended to a great extent on trade taxes for its government revenue, and this explains the slow pace of trade liberalisation. However in 1997 trade reforms were accelerated, Rwanda reduced its tariff rates and eliminated all export and nontariff barriers. Following the changes to the tariff code passed under the 1999 budget, Rwanda's trade regime became one of the most open in sub-Saharan Africa.

73. Key policy concerns related to the revenue impact of the current trade reforms remain especially in view of the fact that the value of imports has not improved significantly as originally envisaged. As a matter of fact the value of imports have declined significantly since 1998 resulting in shortfalls in import related revenues.

74. Trade liberalisation will require some restructuring of domestic industry, which was previously highly protected. Most manufacturing firms in Rwanda were set up as import substituting entities with the protection of high tariffs, quantitative restrictions and price controls. In a small relatively open landlocked economy, rather than talk of protection the right approach is on a case-by-case basis, selective intervention, limited in time and which does not impede competition. A number of criteria will have to be considered: (i) export orientation, (ii) level of local raw materials input, (iii) employment generated directly and indirectly, (iv) level of value added and (v) taxes paid. The time frame for intervention will be determined on industry case-by-case basis.

75. The government also recognises that domestic- firms can become internationally competitive only if they are supported by reliable and competitively priced utilities. Manufacturing industry faces constraints of high transport and other utility (electricity, water, telecommunications) costs. Hence liberalisation must be accompanied by a strategy for

restructuring utilities with an increased role by the Private Sector. The law providing monopoly for Electrogaz was repealed, the company is being restructured preparing for its privatisation.

76. Rwanda faces significant natural barriers to trade as a landlocked country. Thus, beyond the liberalization of trade in goods and movements of factors of production, the development of trade -related infrastructure is essential for regional cooperation. The damage inflicted by heavy rains associated with El Nino on the road systems in Tanzania and Kenya in 1998 and the enforcement of maximum truck weight rules in Kenya have imparted a new sense of urgency to this issue.

77. In addition, the further enhancement of intraregional trade will require improvements in the institutional environment for the private sector, including through the effective implementation of the new investment code, a further liberalization of the exchange regime, and the simplification of procedures for customs declaration and setting up of new businesses.

Encouraging Investment, Competitiveness and Enterprise development

78. Rwanda Investment Promotion Agency and the Private Sector Federation have been established. RIPA's mandate is to facilitate potential investors and promote interest in investment in Rwanda. The Private Sector Federation provides a forum for the private sector to identify and organise actions to increase its competitiveness.

79. The RIPA is establishing a one-stop window to simplify the procedures facing investors in Rwanda. It will commission studies of constraints on competitiveness, and use these as a basis for regular discussions between the private sector and the government. It will also develop a system for the transfer of information between Rwanda and the outside world and support marketing campaigns. The Private Sector Federation will undertake a study of the sectors in which Rwanda can develop a competitive advantage, using the cluster approach. It will also set up a matching fund to support technical assistance to the private sector. This fund is expected to prepare a study on the constraints facing small-scale enterprises in Rwanda.

80. In Rwanda now, we need technical innovation in all sectors. The state can work closely with the private sector in identifying technologies, which the private sector can adopt. Particularly in the case of small rural producers, markets alone may not perform this role adequately.

Privatisation

81. Since the privatisation policy was adopted, significant progress has been made in privatising public sector enterprises, particularly since 1998. During 1999-2000, the Government intends to sell or bring to the point of sale or liquidate a cumulative total of 50 enterprises out of a divestiture program of 65.

82. A lack of qualified manpower and the lack of resources to widen and increase ownership hamper the privatisation policies of the Government by Rwandans. The government is

considering establishing of a trust fund, which will enable the proceeds of privatisation sales to be made available for venture capital for domestic entrepreneurs, including potential buyers of the privatised firms. The government, and civil society conscious of the likely social consequences of privatisation, would like to see bolder accompanying measures to privatisation, which mitigate unemployment and loss of income.

Strengthening the financial sector

83. Prior to and as a result of the 1994 conflict, the financial system in Rwanda was weakening. Net foreign assets were declining, banks were increasingly burdened with non-performing loans, and financial transactions were tightly controlled. The real sector faces financial constraints. There is limited access to and high cost of credit due to limited instruments for savings mobilisation. There is also a lack of long-term resources, short term and foreign currency deposits account for 60% of total bank deposits. In total less than 10 percent of the average total bank loans went to the real sector in 1997 and 1998. The system of Banques Populaires has been quite effective in bringing financial services to rural areas, however while it was effective in mobilising rural savings it has not returned the resources for investment in rural areas.

84. Since 1995 steps have been taken to address these problems and liberalize the financial sector. Possible remedial measures to these constraints include: (i) encourage commercial banks to concentrate more on financing private sector activities; (ii) actively seek out and promote specialised bank and non-bank financial institutions (venture capital, leasing, investment funds, agricultural and rural savings and loans); (iii) encourage formation of trade associations and peer savings and loans groups as a link between micro, small and medium size businesses and the banking sector. Restructuring plans have been agreed between the BNR and the commercial banks. The audits of the 1998 banks showed that there were significant nonperforming assets, resulting both from some deficiencies in lending practices, and from the effects of the war and genocide on the creditworthiness of borrowers.

85. A legal framework for a diversity of institutions is being considered. (a) a legislative framework for micro finance institutions, which allows a wide diversity of institutions while ensuring adequate supervisory regulation to protect depositors. (b) The Banques Populaires are in the process of restructuring their operations, and it is envisaged that they may evolve in the direction of a credit union, raising money from rural deposits and recycling these deposits within the rural economy – a model that has worked well in parts of West Africa.

86. International evidence shows that most successful credit unions and other micro finance institutions have needed sustained financial support, but they have always charged positive interest rates and established a disciplined culture of repayment, and some have been able to reach full profitability in the end. Hence we need to identify mechanisms to support these initiatives including capacity-building, seed money, and possibly a credit line for which different initiatives would compete on financial and social criteria.

87. Government will also consider working with financial institutions to improve access to credit by productive sectors. One possibility is to aim to increase the currently very small share of loans going to agriculture. In 1997 and 1998 Agriculture received less than 1 percent of the average total bank lending.

Sources of growth in the Rwandan economy

88. In the short term, there are two overriding challenges. The first is to increase exports. Currently, exports are dominated by two crops, coffee and tea. Both these sectors need to be effectively modernised and promoted. In addition, there are other potential sources of export growth, including high value horticultural crops, textiles, banana beer, hides and skins, semi-processed foods. But these goods have to compete on quality and cost with similar goods in the region.

89. The second challenge – which is very closely related – is to create growth in the rural economy by boosting agricultural incomes. There are three reasons why this must be central to our anti-poverty strategy. First, most poor people in Rwanda depend on agriculture; raising their incomes in the short run will depend on increasing productivity and tradability in agriculture. Second, increasing agricultural incomes will increase demand for non-agricultural goods and services like trade, transport, and construction. Especially in the rural areas, these activities cannot develop unless agricultural incomes rise, because they serve a demand created by agricultural incomes. Agricultural growth is therefore a prerequisite for the transformation of the rural economy. Thirdly, it is possible to achieve the needed increase in agricultural productivity, but it will require energetic public action. High priority therefore has to be given to this sector.

90. In the medium to longer term the challenge is how best to diversify the economy for deeper and more sustainable economic transformation and overall development.

Promoting exports

91. There are two key challenges faced by Rwanda in its efforts to increase exports: tackling the pervasive structural problems of the traditional export sectors; and promoting the development of non-traditional exports, based on Rwanda's natural endowments and regional/global opportunities.

92. The tea and coffee sub-sectors can make enormous contribution to poverty reduction in the short -to medium terms. Increasing productivity, production and quality will have considerable effects on rural income and employment.

Tea

93. The tea sector has recovered, but there is potential for much greater expansion. It was estimated in 1999 that the production capacity of OCIR-THE factories can be increased from

13,100 metric tonnes per annum to 19,400 tonnes with an investment of US\$ 4.5 million to rehabilitate existing processing facilities. Thereafter installed capacity can be further increased with an additional investment of US\$ 20.1 million. Because of its natural conditions and international reputation for growing high quality tea, the expansion of tea production appears to provide Rwanda with the best opportunity in the near term. At the moment the potential income from tea is not being realised because of inadequate processing capacity. The investment needs of the tea sector are being addressed through the privatisation of the state/owned tea factories and estates, a process, which is underway.

Coffee

94. Coffee production has fallen from over 40,000 tonnes in the early 1990s to below 20,000 tonnes today. The 1999 Census of producers shows that coffee is produced by about 400,000 small farmers (only 60% of the number before 1994), mostly in small stands of trees of which 20-25% are over 30 years old. Although coffee production in Rwanda has been stagnant at a low level for the last few years, the sub-sector has great potential. Through replanting of the existing old bushes with new high-yielding varieties, and the construction and operation of washing stations to produce fully-washed coffee. It is estimated that the introduction of new seeds and inputs can increase production to 22,900 tonnes by 2003 and 26,700 by 2005. Recent key developments in the sub-sector include the following; (i) entry of several new private firms into the processing and marketing of coffee (ii) establishment of producers' associations, with interest in owning and operating washing stations and (iii) the reform of OCIR-Café to redefine its role to allow it to focus more effectively on promotion of improved techniques.

Food Crops

95. Production of food crops with clear export potential in the region can be boosted. With respect to cereals in general and maize in particular, an investment in silos for storage will have to be made if production is to be increased to meet the identified cyclical shortages in the sub-region. There are also many other commodities, which could be grown and processed for exporting such as fruit juice and alcoholic beverage made from bananas.

Non-traditional exports

96. Cut flowers from Rwanda already attract a premium on world markets compared to those produced in the sub-region. To overcome the problem of high transportation costs, production will have to be increased significantly to levels that justify chartering dedicated cargo planes. Other non-traditional export crops that have been identified in the agricultural sector include avocado, pears, pineapples, passion fruit, green peppers, processed bananas, sunflowers, and pyrethrum. High value horticultural products are very well suited to a small and landlocked economy. Provided that the international market continues to expand, international buyers are likely to continue to look for new places to source their products, and Rwanda intends to make itself an attractive place for such investments.

Diversifying the economy

97. Because of its high population density and landlocked position, we need to develop competitive advantage in products which are not bulky and which require human resources rather than land. This means identifying new areas where Rwandese entrepreneurs can successfully compete in international markets. The following areas have potential for expansion in the medium to long term.

98. **Services:** Rwanda can overcome its natural geographic and resource constraints by playing the role of regional entrepot and a regional centre for service industry. There is one niche that can be developed relatively quickly. Rwanda, given a skilled bilingual population can aim at being a centre of tele-data processing. This is within reach if sufficient efforts go into human resource development, science, technology, management, bilingualism and an open liberal policy in the utility sector. There is also considerable potential for becoming a regional hub for financial services.

99. **Information and Communications Technology:** The role that information and communication technologies (ICT) could play in socio-economic development has been recognised worldwide. Communications in and of themselves promote economic growth and alleviate poverty. Rwanda is developing its policy framework for the longer-term vision for the country (Vision 2020) at the same time that its ICT policy and plan are being developed. This provides Rwanda a unique opportunity to integrate the two processes and develop an integrated ICT-led development approach to addressing the socio-economic challenges facing the country in particular:

- (i) Government is encouraging the establishment of a regional IT institute in Rwanda.
- (ii) Private sector companies are encouraged to take advantage of the liberalised environment to set up Internet kiosks.
- (iii) We will explore ways in which contracts for IT development in the public sector can be allocated to the Rwandese private sector in order to help establish a critical mass of private sector expertise in the country.
- (iv) We will use ICT to support the transmission of information throughout the public sector and the economy as a whole; for instance, agricultural market information centres in rural areas, and web sites, which medical staff could visit.
- (v) Rwandatel has been extending services to rural areas. The availability of wireless technology will make the extension of telecommunications services to rural areas more feasible.

100. **Natural Gas:** Government is elaborating a project to develop on a limited scale, the natural gas deposits in Lake Kivu. It encourages private sector participation in this project. Up to 45 billion cu. m of the methane total volume of 55 billion cu. m can be economically exploited. This quantity represents about 25 million tons oil equivalent. **Tourism:** The endowment of the beautiful scenery and mountain gorillas can be exploited. Marketing will be important, as Rwanda's international image is still recovering from the genocide. Tourism was in the past the largest export earner after tea and coffee.

Building a competitive skilled labour force

101. We recognise that Rwanda's prosperity in the future will come from new insights, high quality human capital, and attitudes and actions that embrace competitiveness, and innovation. Rwanda must strive to create a competitive edge out of its two advantages of human resources and bilingualism. Rwanda can transform its population into a highly skilled bilingual force through human resource development. The development of human resources can form a basis for a service economy based on skills in science, technology and management. Vocational and technical education, which offers skills for specific lines of employment, will be promoted. This form of education needs to be closely linked to the market. This will require public/private sector cooperation in the design, management and financing of vocational and technical education. The envisaged Human resource Development agency, a public/private agency is to be created to foster human resources development at all levels in Rwanda.

V. SECTORAL POLICIES FOR GROWTH AND POVERTY REDUCTION

102. Poverty reduction will remain a central objective of all sectoral programmes. While some actions contribute directly to reducing poverty in the short term, others play a more long-term role in diversifying the economy over the medium term. This section discusses the main sectoral policies under three main headings: increasing the incomes of the poor; improving the quality of life; and addressing the needs of the most disadvantaged and vulnerable groups. Policy actions are categorised into three broad areas: short - term measures, medium term measures and longer term ones.

Enabling poor households to increase their incomes

Land use and ownership

Challenges:

103. Land is the most important asset for most Rwandese households and will remain important for many years to come. The population movements following the genocide have led to a number of new cases of insecurity of land tenure. This included conflicts over existing plots after population displacement, the temporary nature of new land allocations involving returnees, and the halting of previous projects, which allocated communal marshland to the population. Lack of land tenure security hinders long-term investment in the land necessary for higher productivity. In order to promote economic growth and equity, we need to provide secure tenure to people to enable them to invest in their land and use it as productively as possible, while enabling those who wish to do so to sell their land and use the money for other productive activities. We are also committed to ensuring that land is used productively and sustainably by establishing clear guidelines for land use.

Policy measures:

104. **Short term:** (i) the government is currently preparing a land policy and formulating a draft land act. Provision within the law should ensure security and legal status of tenure; (ii) the government will implement legislation to remove the statutory discrimination against women's right to own land, and to allow different options for the apportionment of property on marriage including the joint ownership of assets; (iii) adopt the land law. **Medium term:** (i) pass the land law and implement the law so as to enable people invest in their land. (ii) sensitisation of land users on the land law and ensure appropriate documentation of ownership and land use. **Long-term:** Land use Intensification.

Recapitalising rural households; savings, micro finance and restocking

Challenges:

105. The war resulted in massive decapitalisation of the rural sector, in which livestock and houses were destroyed. Most rural capital has traditionally been held in the form of livestock, used both as a store of wealth and a source of organic fertiliser for cultivation. Rural households also need to invest in inputs – improved seeds, manure, chemical fertiliser and pesticides. These short-term investments are central to the recovery of the Rwandese rural economy.

Policy measures:

106. **Short term:** (i) government will avoid taxing goods that are used as capital assets by the poor, including agricultural inputs; (ii) support including matching grants will be considered for assets where there are positive externalities and where a one-off subsidy would not involve a long-run expenditure commitment. (iii) Banques Populaires will be supported in its restructuring process so as to enhance its role in domestic savings mobilisation and credit provision.

107. **Medium term:**(i) savings mobilisation and promotion of seasonal loans (ii) Rural credit institutions will be encouraged to do the following: focus on seasonal loans as a first priority, and move gradually into long-term investment loans; develop business with farmers groups, women associations and other community organisations, producer co-operatives, which foster investment activities within and outside agriculture.

Natural assets and environmental degradation

Challenges

108. We face four major environmental challenges. First, water resources need to be conserved and better managed. Secondly, the fertility of our soil has been declining sharply for the last fifteen years and soil erosion is progressing. Thirdly, there has -been extensive deforestation in a number of places. Fourthly, biodiversity is a resource under pressure. In the marshes, water, soil, and biodiversity are all potentially at risk if cultivation is not well managed.

Policy measures

109. **Short term:** (i) well-maintained traditional structures for water harvesting (gravity –led and earth-built) and terracing on the hillsides will be restored and promoted. Secure land rights are needed to provide the necessary incentives; community initiatives will play a central role; (ii) soil fertility management including the use of organic and inorganic fertiliser will be further promoted; (iii) a clear plan for marshland management will be developed, incorporating both technical inputs and efforts to resolve the land tenure issues and user rights of marshlands. (iv) where marshes are already under cultivation, small scale drainage and irrigation infrastructure will be put in place. (v) Government has this year launched a programme of afforestation under which 65,000 hectares of forests are to be planted. About 80% of the costs are to be covered by *umuganda* (community labour).

110. **Medium term:** (i) Agro forestry is being promoted; (ii) there is a need to review the policy on individual planting and harvesting of trees (iii) community management of forests, and the adoption of innovative energy-efficient cooking technology adaptable to our habitat, will be promoted to ensure that the newly planted forests are sustainable.

111. **Long term:** Rwanda will seek resources for the preservation of rare species, which are of value to the whole world, under the Global Environment Facility. Biodiversity in the forests, including the gorillas in the Volcanic Park and the plant species in the marshes, will require protective action.

Investing in rural transport and market infrastructure

Challenges

112. Currently, rural producers find it difficult to market their output, for a number of reasons: the decapitalised transport sector, the poor condition or absence of roads, the shortage of links between producers and traders, but our terrain makes transport costs significant even over some small distances. Some roads and bridges are in poor conditions, both because of inadequate maintenance and because of the effects of some humanitarian transport in the post-genocide period.

Policy measures

113. **Short term:** (i) the Road Fund is responsible for maintenance, funded through the budget and also by a direct levy on fuel. Some of the Road Fund's spending goes to the communes to support labour-intensive forms of maintenance; (ii) Community participation in infrastructure maintenance will be encouraged through the Commune Development Committees (CDCs) (iii) Promote the use of bicycles and donkeys. Traditional means of transport for example the wooden scooter widely used in Ruhengeri and Gisenyi (*Igitogotogo*) and also used in Gikongoro (*Igicugudu*) and Gitarama (*Ikimahuro*) will be upgraded by the technical department of KIST; (iv)

we intend to improve the availability of local trade infrastructure to enable people to market their crops.

114. **Medium term:** (i) we will develop and implement a national road investment programme to prioritise major rehabilitation and upgrading projects (ii) farmers' groups will be encouraged to organise marketing and contact traders. This can be enhanced through the creation of market information systems and Agribusiness centres. USAID has funded a study on the possibility of setting up an Agricultural Market Information system of Rwanda, which would track daily prices for the four major local markets – Kigali, Ruhengeri, Gisenyi and Butare- in addition to tracking international export prices. **Long term:** the road-rail link through Ishaka will be further developed and the feasibility of a railway to Kigali will be explored.

Rural and low-income urban energy

Challenges

115. Most of the energy consumed by the poor is currently in the form of fuel wood. This form of power needs to be conserved by community forest schemes and the promotion of other easily adaptable forms of energy. Limited access to energy constrains the lives of poor households in two main ways. First, the shortage of fuel wood imposes time and financial costs on poor households, putting a particular burden on households, which are short of labour, and making it harder for children to attend school. In parts of Umutara, fuel wood is apparently selling at RWF 700 for a bundle, which will serve a family for one day, imposing a very serious financial cost on poor households. Secondly, poor access to energy impedes the development of non-agricultural activities and agro processing at all levels, compromising the prospects of economic diversification.

Policy measures

116. **Short term:** We will promote cheap energy sources and use, for instance improved stoves, kerosene, biogas in public institutions including schools and prisons, and solar energy, as appropriate. **Medium term:** We will consider subsidising some rural electrification; this may include public or private provision. The small size of our country, high population density, and the location of some villages very close to electricity lines, may make this option feasible.

Research and extension services for agriculture and livestock

Challenges

117. The agricultural research system was very badly weakened during the genocide. Agricultural extension services based at the level of the communes need to be strengthened through training of extension workers and increase in resources.

Policy measures

118. **Short term:** options for making the extension service reach farmers effectively will be explored. (i) government provision of the necessary infrastructure will be strengthened (ii) we will encourage public/private partnership for input supply.

119. **Medium term:** (i) adaptative research and participatory extension systems will be encouraged. So as to ensure adequacy and speed up the diffusion of new technologies, the research and extension systems need to be integrated and opened to effective participation from beneficiary farmers; (ii) farmers' associations and specialised local organisations will be strengthened to enable them to work with extension and research systems so as to enhance the delivery of research and extension services to communities; (iii) extension should promote the use of both organic and inorganic fertiliser; increased use of improved seeds; (v) promotion of alternative high-value small holder crops; (vi) better processing and storage needs to developed; (vii) the capacity of the Institute des Sciences Agronomiques du Rwanda will be strengthened (ISAR).

120. **Long term:** the private sector will be encouraged to participate. There is a need to strengthen the capacities within the current extension services system to integrate farmer organisations and private sector operators in the design and implementation of technology dissemination policies.

Food security

Challenges

121. There have been numerous and repeated incidences of famine and hunger in Rwanda. These are periods of marked economic decline and stripping away of any accumulated capital realised during the inter-famine periods, not to mention the loss of lives. Deteriorating food security remains a major challenge facing Rwanda, which continues to import large quantities of basic foodstuffs. The highest proportion of this is in food aid. The food balance situation remains precarious with an estimated deficit of 158,000 tonnes/ cereal equivalent projected for 1999. Whilst food crop production improved somewhat in the north-western region largely on account of better security, the spectre of drought and famine became a real possibility elsewhere in the country as a result of harsh climatic conditions. The real challenge is how to create the minimum level of incomes and entitlements of the people in the regions that are persistently affected, like Bugesera, so as to prevent starvation.

Policy measures:

122. **Short to medium term:** (i) through policies to promote agricultural revitalisation and rural recapitalisation both farm and off-farm household incomes can be increased so as to increase the purchasing power of households. This includes extension services, provision of rural credit, and support to micro and small-scale enterprises. (ii) in the short term government will promote the use of traditional storage systems at household level, the use of improved storage facilities at

either prefecture or zonal level, and encourage communal storage through farmers' associations, co-operatives, etc. **Medium term:** there is scope for mobilisation of communities to grow selected food crops that can be stored so as to develop household food reserves. **Long term:** we need to facilitate a Grain-Reserve-Fund at communal level which enables communities to have access to revolving credit for purchase of food during the harvest and for establishment and management of storage facilities.

Promoting off-farm employment

Challenges

123. Rwanda faces high youth unemployment rates. The number of unskilled young people is estimated at 1 million and their ranks rise by some 100,000 per annum. There is also evidence of high under employment in rural areas and increasing unemployment in the urban areas. Poverty alleviation can be best achieved by raising productivity of the resources owned by poor people, primarily labour. Given the high rate of population density and growth, it will be necessary to complement the efforts to raise labour productivity (through a higher rate of intensification and faster commercialisation of production) with efforts to raise off-farm employment.

Policy measures

124. **Short term:** (i) actions to improve the skills of the unemployed youth include their integration into formal and non formal employment through artisanal skills development, and the setting up and equipping community service centres (carpentry, masonry, motor mechanics, plumbing, electricity, tailoring, shoe repairs etc.) to promote self employment; (ii) high labour intensive public and private works programmes will also be developed and encouraged e.g. low cost housing schemes using local raw materials, maintenance of feeder roads etc. Seasonal projects are likely to be appropriate. **Short to medium term:** an AGETIP initiative is being designed in Rwanda as a tool to provide infrastructure using labour-intensive methods at lower costs than conventional methods. **Long term:** set up a system for manpower planning so as to ensure the matching of skills with job opportunities in the labour market.

Improving the quality of life

Housing and resettlement

Challenges

125. Since 1995, Rwanda has experienced massive refugee and returnee movements with far reaching consequences. This has been coupled with internal displacement of people resulting in increased vulnerability of segments of the population. The number of people that have been resettled is close to 3.5 million. Despite this achievement, there are still many Rwandese without

proper housing. There are estimated to be 250,000 households living under plastic sheeting, 62,000 in damaged houses, and 60,000 in illegally occupied properties. We need as a matter of urgency to find ways of assisting these households.

Policy measures

126. **Short term:** (i) in 1995 the government initiated a resettlement programme (*imidugudu*), which involved the construction of integrated settlements for returnees, and people who had been displaced. It is believed that the *imidugudu* will fulfil more than merely the creation of new communities. The fact that people would be concentrated, living in defined areas, would make it easier and more efficient to provide social and economic services. (ii) experience has shown that the participatory approach to *imidugudu* needs to be strengthened so as to involve the beneficiaries in decision-making on issues like the site selection, house design, and distance from their fields.

127. **Medium term:** (i) we need to integrate the delivery of public services with the new pattern of settlement, to ensure that the new settlements have access to basic public services; (ii) given the considerable costs of rehousing, we will be seeking to identify cost-effective forms of rehousing and exploring the sharing of costs with beneficiaries, although the poverty of the people who need housing makes extensive cost-sharing difficult.

128. **Long term:** as a long-term policy, it is envisaged that the *imidugudu* would help to reduce dependence on subsistence agriculture by allowing for more rational distribution and use of land. As well as creating opportunities for off farm income generation given the increased social per capita resulting from the population concentration in these settlements;

Education

Challenges

129. Rwandan education suffers from poor quality. Raising quality of education is fundamental. The government is committed to making basic education available to the whole population. Our objective is to achieve universal primary education by the end of 2010. This requires increased funding for primary education. At the same time, Rwanda has exceptionally low levels of secondary and tertiary enrolment. At the higher levels of education, it is hoped that over time students can bear more of the costs, partly through a loan scheme. The social rates of return on higher education indicate the need to invest in tertiary training to fill the gap left by genocide and provide the capacity needed to carry forward Rwanda's development challenge.

Policy Measures

130. **Short term:** (i) *Primary education.* Support systems for example Parent teachers associations and Commune development committees (CDCs) will be strengthened to be put in place to objectives the UPE objectives and improve quality. In particular community based schools and increased resources to nonwage costs are required; (ii) the direct poverty-reducing effects of secondary education can be maximised by targeting bursaries at poor rural based students, rather than across-the-board subsidies. Targeting is desirable both for equity reasons and because it allows a higher enrolment rate to be achieved, since the better-off are more able to finance their children's secondary education; (iii) *Tertiary education.* Private sector participation has started in the tertiary sector and fee-paying places at some institutions, such as KIST, are currently oversubscribed, suggesting that cost-recovery is compatible with expanded enrolment. However, there will be a need to support the ablest students from poor backgrounds, for both efficiency and equity reasons. **Medium term:** *Science and Technology.* The Government is encouraging the promotion of teaching of Science and technology at all levels and the promotion of practical and industrial training. The Government plans to establish one science-focused secondary school in each region.

131. **Medium to long term:** *Vocational education and technical skills training.* The Government intends to strengthen technical and vocational institutions at the second cycle of education in line with the needs of the labour market. The Private sector will be involved in provision of vocational training including the instructional policies, the design of the curriculum and the financing of training;

Functional adult literacy.

Challenges

132. This is a crucial area of the educational system, which needs serious attention. Functional adult literacy is increasingly recognised as a valuable intervention. In Rwanda's case, it can play the following specific roles: empowering people to take community responsibilities; promoting reflection on peace and reconciliation; helping rural producers identify modern inputs in the market, so that they know what they are buying; encouraging men and women to become more informed about family planning.

Policy measures

133. **Short term:** (i) a national strategy for functional adult literacy is being developed; (ii) it will be important to reflect our national objectives of peace, reconciliation, technological development in the curriculum. A number of NGOs and community based organisations are interested in the area and a diversity of approaches is being adopted; (iii) adult literacy programmes will be linked to support programs for income generation activities and other programs like family planning. **Medium term:** it may be possible to link adult literacy

programmes to the establishment of Internet kiosks, so that people who have acquired literacy can use it in everyday life. For instance, even poor rural households could benefit if farmers' groups were to have email contact with traders and with market information so that they can bargain more effectively. Public-private cooperation could be very rewarding in this area.

Health

Challenges

134. The four main challenges faced in the curative health sector are: the limited skilled human resources; ensuring quality at all levels of health care services; and financing priority healthcare spending; and making the system accessible to all Rwandese people including the poorest. In the preventive health sector, it is crucial to act fast to reduce the prevalence of AIDS, malaria and other infectious diseases.

135. Public expenditure on health has increased from 2.9% in 1996 to 4.2% of the national budget in 1999. Between 1998 and 1999 the increase was by about 35%. Nonetheless these efforts are thwarted by the immense needs and cost of providing healthcare affordable to the poor. While healthcare norms recommend a transition towards 1 health centre per 20,000 inhabitants, there are many centres that cover more than 30,000 inhabitants, and in certain districts, a large proportion of the population lives more than 1.5 hours walk from a health centre. The health centres also have a low occupancy rate. The use of the health system is low and has fallen in the last few years, partly because of the costs of healthcare and due to lack of full information on services offered. In the face of a significant drop in external resources there is a stronger need for community contributions, for instance by pre-payment medical schemes.

136. Pre-payment schemes have been introduced in partnership with USAID on a Pilot basis in three health districts – Kabgayi in Gitarama (22,000 families); Byumba (49, 000 families); and Kabutare in Butare (18,000 families) An annual fee of RWF 2500 for a family of not more than 7 persons is paid for healthcare provided at the health centres. The fee was suggested by the communities through focus group discussions on affordability of services. The scheme is managed by local authorities and management committees of the health centres. The funds enable the health centres to purchase drugs from CAMERWA. Take-up rates of about 10% have been achieved in the first year; those households, which have bought the insurance, have greatly increased their use of the health system.

Policy measures

137. **Short term:** (i) we will continue to improve the running of the existing system by training health workers. In 1997 the Government set up the Kigali Health Institute to provide training to health workers; (ii) we are trying to increase the accessibility of the system to the poor by strengthening the management of the health *animators*, who are volunteers working with management of the health centres for community health outreach. **Medium term:** (i) we will continue to strengthen of the decentralised health management system to ensure quality primary

health coverage for the entire country; (ii) for preventive health care, we have started the process of developing action plans and will implement programs in partnership with private and NGO health providers to fight the leading causes of mortality and morbidity, particularly malaria, HIV/AIDS, and malnutrition.

HIV/AIDS

Challenges

138. About 11% of the population over 12 years in Rwanda is estimated to be HIV/AIDS infected. The Government is committed to intensifying the fight against HIV/AIDS which is a major development constraint and which has the capacity to neutralise Rwanda's long-term development strategy based on human resources.

Policy Measures

139. **Short term:** (i) the Government with donor support has prepared a multi-sectoral strategy and action plan for 1999 – 2001 for a renewed fight against HIV/AIDS. Key areas for action in line with the multi-sectoral approach include the treatment of other sexually transmitted diseases, prevention of mother/child transmission of HIV/AIDS, counselling and improved availability of condoms. The Government will update the HIV/AIDS strategy and action plan in 2001; (ii) the Government will mobilise cultural, religious and civic leaders to strengthen Information, education and Communication (IEC) activities, counselling, and care and support for persons infected with HIV/AIDS as well as AIDS orphans; (iii) we will target at-risk groups for particular attention for preventive information campaigns. Young people, sex workers; and people whose work involves frequent travel such as truck drivers and some public servants need particular attention. **Medium term:** domestic and external resources that are mobilised for HIV/AIDS prevention and control activities will be used to ensure the financing of the national strategic Plan for the medium term programme (1999-2001) for HIV/AIDS and STDs in Rwanda. This plan of action is the existing framework to coordinate and initiate multi-sectoral interventions for prevention and control of the pandemic.

Water and Sanitation

Challenges

140. In rural areas, access to potable water fell from 64 percent in 1984 to about 50 percent in 1996. Currently about a third of water supply infrastructure does not function and poorer families cannot afford user fees for potable water. About 80 percent of rural households have latrines, but there are no latrines in marketplaces, in 80 percent of primary schools, and 40 percent of health centres. In urban areas, about 40 percent of the population have piped water. The state-owned enterprise, Electrogaz, that manages urban water supply is in financial difficulty and meets only half of the demand for water. There is no solid waste disposal system in the urban areas.

Policy measures

141. **Short term:** (i) we are promoting strong community participation in management and maintenance of rural water supply; (ii) for urban sanitation, the priority is to build the institutional capacity of urban administrations to effectively manage sanitation services. **Medium term:** (i) we have estimated the costs of rehabilitating and maintaining the existing rural water supply. Once rehabilitated community mechanisms will be put in place to ensure that the structures are maintained; (ii) in urban areas the restructuring/privatisation of Electrogaz will help to improve services (iii) an across the board full cost recovery may not always be practical, considering the low incomes of the rural population and the positive consequences of public health from consumption of good quality water. Subsidy for rehabilitation will be appropriate, with some community contribution to ensure that there is a real demand; (iv) there is also a need for some new investment in some areas; for instance, some *imidugudu* are located a long way from water supply. **Medium to Long-term:** A system of progressive user fees and cross-subsidy (high income areas to pay full cost) will be designed and adopted.

Reproductive health and population issues

Challenges

142. **High rates of population growth, fertility and dependency.** Rwanda 's Population is estimated at 8.1 million people. This represents a four-fold increase since 1950, when the population stood at 2 million. Rwanda has always had a high population growth rate estimated at 2.9% and a high population density of 305 people per square Km.. This high growth rate is linked to a decline in under-five mortality, and a continued high fertility rate, currently estimated at 6.5 children per woman. The high fertility rate is linked to several factors: a traditional (socio-economic) preference for large families, with children considered a source of family wealth and social security; the inadequate access to family planning programs. The genocide and its aftermath have contributed further factors, including a loss of professionals trained in reproductive health, and the emergence of a "fatalistic" sense in many Rwandans, with a desire for more children to replace family losses. Rwanda's high fertility rates combined with a youthful population structure (49% of Rwandans are less than 15 years of age), means that demographic momentum alone will ensure a high population growth rate for at least the next two decades. The current dependency ratio is estimated at 110%.

143. **Reproductive health issues.** Rwanda has high levels of infant and maternal mortality (130 per 1,000 births and 810 per 100,000 births, respectively). Access to reproductive health services, including family planning, pre-and post-natal care, and the diagnosis and treatment of STDs, is limited. One apparent consequence of the genocide has been the marked reduction in the contraceptive prevalence rate, from over 21% before 1994, to an estimated 7% in 1996. The situation has probably been exacerbated by the post-1994 loss of professionals trained in reproductive health and the marked information-gap concerning the actual needs for reproductive services and education.

Policy measures

144. **Short term:**(i) to strengthen the effectiveness of family planning programs they will be more closely linked with other reproductive health services; (ii) Government in partnership with community organisations and some NGOs, is promoting low risk maternity through sensitisation of women, pre-natal care and promotion of professionally assisted childbirths; (iii) promote family planning services that take into account the desires of women to space and limit births, provide basic quality of services and acceptability of methods, while retaining a strong focus on informed choice; (iv) Improve access to affordable services and information, broaden the choice of methods; (v)functional adult literacy programmes to encourage informed discussion about family planning. **Medium term:** incentive and disincentive packages will be considered, such as the restriction of free education and subsidised health care to a certain number of children per family.

Security: policing and the judicial system

Challenges

145. We cannot put our history behind us until all Rwandese feel secure from physical threat. We have made immense progress in this area, with the end of the insurgency in the North-West and the stability of the rest of the country. The police force has been reorganised as a civilian force but remains seriously under financed. However, there are still incidents of violence often associated with the traumas that people experienced in the mid-1990s, and there is also a problem of theft in some poor drought-affected areas. The legal system is still heavily overburdened by the effects of genocide. Domestic violence is a problem, which contributes to children leaving home.

Policy measures

146. **Short term:** (i) develop effective mechanisms to ensure that the police are accountable to the communities they serve; (ii) Seek cost-effective ways of dealing with minor crime at the community level; (iii) we will seek ways of dealing with crime by children through the appropriate community centres. **Medium term:** (i) we will design a cost-effective structure for the police that reflects the available resources while delivering effective community policing; (ii) continue to sensitise men and women on the problem of domestic violence with a view to eliminating it.

Addressing the special needs of vulnerable or disadvantaged groups

147. Many of the relevant actions for these groups will be mainstreamed in other sectoral strategies, including micro finance and the targeted delivery of public services. In dealing with vulnerable groups the government aims at policy actions that are sustainable rather than assistance through transfers. In the case of vulnerable groups, one important way of addressing their poverty is through improved delivery of social services. In this regard programmes and projects undertaken by the Administration of the Victims of Genocide Fund (e.g. shelter, education, and

micro-finance) and other resources from NGOs and donors have to be made sustainable and better mainstreamed into the existing sectoral strategies.

Victims of genocide

Challenges:

148. Victims of genocide are in many cases very poor, including large numbers of widows and orphans. They also have special needs; in many cases they had suffered terrible physical and psychological harm, and had lost their families, reducing their access to social networks and increasing their vulnerability. Many had also lost their property or felt too insecure to return to the places where they had formerly lived. The challenge faced is how best to create sustainable livelihoods for this section of our population.

Policy measures

149. **Short term:** We need to establish accountable and transparent management of the victims of Genocide Fund (VGF) established by the Government in 1997, and financed from the recurrent budget. The Government by law allocates 5% of all revenues to the Fund. **Medium term:** We encourage contributions from communities, NGOs and donors.

Widows, orphans, disabled and prisoners' families

Challenges

150. In addition to the widows and orphans who are victims of genocide, there are many widows and orphans for other reasons, including AIDS; Also, there are more than 100,000 households whose head is in prison, and there is a significant number of child-headed households. These groups are generally more vulnerable. In particular, most of these households face a shortage of labour, which constrains their ability to raise incomes and care for their children. The experience of the Victims of Genocide Fund, of the Department of Social Affairs, and of the many NGOs involved, can be used to design interventions to help these groups.

Policy measures

151. **Short term** (i) the legal reforms intended to strengthen women's property rights need to be actively publicised and promoted; (ii) clear allocation of responsibility is needed to protect the welfare of orphans. Local authorities need to be sensitised to their responsibility for this; (iii) to encourage the enrolment of orphans in schools, they are exempted primary school fees and often accepted without uniform. Headmasters and communities will be encouraged to find imaginative ways to promote enrolment, perhaps including tolerating partial attendance when a child has unavoidable domestic duties, or organising child care at the community level so that children with siblings are free to attend schools. **Short to medium term** (i) exemptions apply to health fees but the implementation varies across facilities; (ii) widows' groups have been proactive in organising themselves and strengthening their social capital; (iii) we will promote awareness of the problems of the disabled and encourage community-based solutions. All public services should be

accessible to disabled people wherever possible. Equipment for the disabled needs to be subsidised, as part of the health system.

VI. COSTING AND PRIORITISING ACTIONS FOR POVERTY REDUCTION

Prioritisation and sequencing of programmes

152. At the heart of the poverty strategy is the integration of poverty reduction into each area of public policy, and the prioritisation of actions across sectors. Prioritisation and sequencing are critical because both financial and human resources are so stretched. It is essential to focus on high impact programmes and projects. Among the criteria to be used in assessing the returns to public action are:

- economic rates of return, where these are available.
- the incidence of benefits: are poor people likely to benefit from the activity?
- the need for public intervention: can the activity be left to the private sector, or must the government intervene?
- the extent to which delaying an activity will worsen the problem (AIDS, road maintenance and environmental concerns are areas where delay can cause the problem to worsen).
- level of job creation.

Using the MTEF to prioritise expenditures

153. The definition and coverage of priority program areas for poverty reduction needs to be expanded beyond social sector spending on health and education to include other key economic sectors like agriculture, water and sanitation, road infrastructure and resettlement. The government intends to identify the key areas and to ensure that budget allocations to these key sub-sectors and activities receive priority and adequate funding for the budget. To this end, a provisional list of Priority areas within which programmes will be targeted for additional resources from debt relief, other forms of exceptional external assistance, for priority investments and operational resources, including manpower, and protection of allocations in the budget process, is presented below and the details of the programmes and activities are presented in annex 1 table 5.

Table 2 Provisional List of priority areas	
Priority area	Output indicators
REVITALISATION AND RECAPITALISING RURAL ECONOMY	
<ul style="list-style-type: none"> • Reduction of number of families in marginal food situation – elimination of hunger 	Indicators on food security in Annex 1 Table 6. Indicators to be developed further.
<ul style="list-style-type: none"> • Resettlement – enabling sustainable livelihoods for population in the <i>imidugudus</i> 	Houses built, number of families resettled, other infrastructure provided to <i>imidugudu</i> ,

<ul style="list-style-type: none"> • Providing public works and off farm employment in rural areas 	Number of people employed in public works programmes
<ul style="list-style-type: none"> • Restocking of livestock 	Number of animals in various categories delivered.
<ul style="list-style-type: none"> • Rehabilitation of Agricultural research and extension services 	Research: improved and applicable methods developed. Extension: proportion of agricultural producers taking up improved farming methods such as organic and inorganic fertiliser and seeds: frequency of contact with producers.
<ul style="list-style-type: none"> • Financing the rural economy by variety of instruments and micro finance 	Proportion of people/households with savings accounts/ proportion with loans
HUMAN RESOURCE DEVELOPMENT	
<ul style="list-style-type: none"> • Preventive and basic health care 	Usage, quality measures outlined in Annex 1 Table 4
<ul style="list-style-type: none"> • HIV/AIDS, Malaria control 	To be developed in line with the HIV/AIDS strategy. For malaria control indicators are to be provided by Ministry of Health.
<ul style="list-style-type: none"> • Primary education 	Indicators of enrolment, drop out rate, and quality listed in Annex 1 Table 3
<ul style="list-style-type: none"> • Functional adult literacy 	Number of people taught
<ul style="list-style-type: none"> • Secondary and vocational education 	Indicators of enrolment, drop out rate, and quality listed in Annex 1 Table 2
<ul style="list-style-type: none"> • Capacity-building for local institutions under decentralisation 	Number of people trained in specific skills
INFRASTRUCTURE	
<ul style="list-style-type: none"> • Feeder roads and other rural infrastructure 	Km. Constructed or rehabilitated, number of inter communal bridges repaired.
<ul style="list-style-type: none"> • Rural water supply 	Number of water points per specific area; indicators of maintenance to be developed
<ul style="list-style-type: none"> • Agricultural infrastructure, water management and soil conservation 	Number of hectares planted, terraces constructed and rehabilitated, canals

154. These priority areas will be identified using the presentation of the budget in terms of programmes, which is being introduced this year under the MTEF. If new resources become available, these areas will receive extra funding, provided that the outputs being funded are clearly identified by the relevant ministry. This applies to the release of funds from the HIPC initiative and other budgetary support.

Prioritisation at central and local levels

155. The decentralisation process will have a number of implications for the prioritisation of expenditure. First, the decentralised authorities need to be allocated adequate resources to perform their new functions. Secondly, the new administrative structures need to be dovetailed with the central civil service reform to avoid an overall increase in the number of government personnel. Thirdly, there is a policy choice about the amount of magnitude the lower levels of government have to select their own priorities. Prioritisation at these levels will fall within the overall Medium Term Expenditure Framework (MTEF).

Development expenditures

156. Prioritising the development budget has been more difficult than prioritising the recurrent budget given the need for co-ordination with various partners. The government intends to move as fast as possible from an ad-hoc project approach to a programme approach through the MTEF. At the very least, projects must be clearly identified as supporting the key objectives of line ministry MTEF programmes. The successful implementation of this approach will require cooperation from our development partners.

Mobilising community and civil society resources

157. NGOs have a diversity of objectives and purposes and it is not possible or desirable for government to control all their activities. Nonetheless, there are a number of cases where NGOs are providing services such as classroom construction, which are also provided by government; here cooperation to ensure that all activities are integrated into a single programme is to be strengthened. NGOs normally work through communities for such activities or implementation on behalf of Government.

Mechanisms for channelling donor resources to priority programmes

158. Government's preferred form of assistance is flexible budgetary support. A number of our development partners are now committed to providing budgetary support. In the budget system now in operation, mechanisms and systems of accountability are in place. The arrangement is functioning very well under the budget support to Rwanda by a number of key donors. It is the view of the government that synergy can be established if many donors increasingly fund their programmes through the budget.

159. However, as second best arrangements for donors whose institutional practices or aid philosophy do not permit, for now, disbursement of funds through the budget, the Government invites them at the minimum to co-ordinate on an annual basis with the Ministry's External Finance Bureau.

160. The government may consider the creation of a Poverty Action Fund, which would channel resources from government and donors into the Priority Programme Areas, perhaps with civil society involvement in monitoring the use of funds.

161. With discussions between Government and donors on priority areas, budget processes, projections and the sustainability of programmes, the use of existing resources is better co-ordinated and more effectively utilised.

Costing the needs for poverty -reduction

162. Costing of poverty reduction strategies is proving to be more difficult than originally envisaged. Input costs need to be reliably estimated, and it is clear that some inputs, like institutional reform and better governance, are inherently difficult to cost given the difficulty in a clear definition of the relationship between inputs and outcomes.

163. In the PER process, this work has started. Medium term costings have been developed for health, education, and water supply. With regard to the justice sector review an attempt has been made at costing the *gacaca* programme over the medium term. We will therefore be undertaking a substantial analytical exercise to refine these costs during the formulation of the PRSP itself.

VII. INSTITUTIONAL FRAMEWORK FOR PREPARING AND IMPLEMENTING THE PRSP

Institutional framework

164. An institutional framework for preparing the Poverty reduction Strategy with all stakeholders has been established so as to improve the monitoring and co-ordination of the program. Three structures have been created namely, Interministerial committee, Steering committee and the Technical committee.

165. The Interministerial committee in charge of policy coordination and chaired by the Prime Minister includes the ministries of Finance and Economic Planning; Agriculture and Livestock; Industry, Commerce and Tourism; labour and Civil service; Health; Education; Public Works, Transport and Communications; Energy, water and natural resources; Gender and Women in development; Local Administration and social affairs; and Lands, settlement and Environment. The steering committee that is charged with monitoring and evaluating the PRSP process includes all Secretary generals of the ministries on the Interministerial committee, Donor Representatives, Civil society and the Private Sector. The technical committee is headed by the National poverty reduction programme co-ordinator. It comprises of technical staff from the Poverty Observatoire, Macroeconomics department, and Statistics department. This committee includes the core team responsible for drafting the Interim PRSP. The other functions of this committee include: (i) organisation of the national consultations (ii) working closely with sectoral ministries to review action plans and costing of priority programs (iii) undertake the expenditure outcome and tracking study; develop a set of monitorable indicators.

Role of decentralised and local authorities

166. In the past, before the adoption of decentralisation as a core policy in Rwanda, the local administrations' role was to implement central orders, communicate central government decisions to the grass roots, and mobilise community labour for public works. Today the decentralised

administrations and local authorities are seen as an engine for transformation, playing key roles in planning, management, monitoring, evaluation and advocacy. The PRSP will provide a framework in which national priorities are set and the set of decisions, which are to be left to the communes, are defined. In the implementation of the strategy, it will be important to strengthen community-level decision-taking and implementation capacity, using the already existing mechanism of the commune development committees (CDCs) and developing grass-roots participation at lower levels. The commune development committees (CDCs) will serve as a first stage in developing participatory mechanisms to help communities identify and achieve their priorities. The CDCs will also play a leading role in establishing community feedback mechanisms for monitoring the process.

How the I-PRSP has been prepared

167. The process of developing a national poverty reduction strategy provides an important opportunity for Rwandese people to contribute to the formulation, implementation and monitoring of policy to reduce poverty. The other benefit of the I-PRSP is that it forms the basis of discussions with donors on debt reduction. This interim PRSP has been prepared through a process and involving consultations at the central government and at prefecture level. Consultations have been held with the following groups:

168. Participation within Government at the national level was done as follows and will continue: President's Office; Prime Minister's Office; line Ministries; Other Government institutions and parastatals; and Parliament. Participatory discussions were conducted at the Prefecture level with all stake holders involving an average of 100 people at each prefecture, representing the following groups: prefecture administrative staff; technical staff representing line ministries; elected leaders; women and youth representatives; representatives of NGOs and local associations; representatives of the Private sector; representatives of churches; representatives of the Unity and Reconciliation Commission.

169. So as to start off the process of developing and formulating the Interim PRSP consultations were held with the various stakeholders so as to raise awareness and understanding of the nature of poverty and to build consensus on the urgent need to work together to address the issue of poverty reduction. At the Prefecture level we held sensitisation seminars so as to facilitate the process of grassroots consultations under the leadership of the Prefets. It was agreed that initially discussions would be held around issues pertaining to the nature and causes of poverty in each prefecture (the matrix of identified problems through prefecture consultations is provided in annex 3); the perception of participants of the existing government, donor and NGO programmes and initiatives; and the role of grassroots leadership and communities.

Preparation of the Full-Fledged PRSP

170. The full PRSP will be informed by a wider process of participatory poverty assessment and clear political choices. Participation at the grass root level with all stakeholders. The aim of

these consultations is to create awareness and mobilise all the stakeholders for coherent action against the problem of poverty that affects the majority of Rwandese people. The planned consultations and dialogue will be driven by the established mechanisms in charge of the poverty reduction programme. They will take different forms for the following target groups: (i) focus group consultations at prefecture levels with local authorities, elected women's and youth representatives, NGOs and associations, religious groups and resource people; (ii) participatory poverty assessment: this will be carried out in almost 60 communes, consisting of the five poorest in each prefecture. This process will take a longer time than the other consultations because it will focus on the marginalized and poorest people, dispersed in different areas of the country, and the methodology and tools require careful preparation; (iii) consultative workshops will also be carried out in Kigali, with NGO umbrella organisations, the private and government-owned media, business people, politicians, religious leadership, MPs, senior civil servants, financial institutions, and bilateral and multilateral donors.

The participation task force

171. A Participation Task Force (PTF) will be established under the direction of the national coordinator of the poverty reduction programme (head of technical committee). The PTF will comprise a range of individuals, from government and civil society, with skills and experience in using participatory approaches to address poverty issues. The PTF will be responsible for managing the implementation of the poverty consultations (which will be undertaken by four implementation teams), and for synthesizing the outputs from these consultations. The PTF will be responsible to the national co-coordinator, and will be guided by the steering committee.

172. The PTF will provide the lead for an innovative and unique process of consultation, which will generate a single, national poverty reduction strategy. The approach adopted by Rwanda is expected to set new standards for the development of PRSPs.

The PTF will have the following responsibilities:

- review the use of participatory methodologies in Rwanda, identifying key lessons, which have been learned by organisations. In particular, the experiences of Action Aid, SNV, the World Bank's Community Reintegration and Development Project, Africare, Pro-femme, and the work of MINALOC.
- based on this review, develop outline recommendations for methodologies to be used by the implementation teams (see below). A guidebook should be produced by the PTF, which will be used by the implementation teams.
- develop reporting formats for the implementation teams. These formats should allow concise presentation of core issues, but allow scope for developing specific issues of interest to the poorest.
- develop criteria for monitoring the work of the implementation teams. In effect, this will be the basis for ensuring quality control within the exercise, and should be based on a common understanding of participation, as endorsed by the steering committee.

- undertake regular monitoring visits to the field to verify the procedures and quality of implementation.
- maintain an up-to-date record of the field activities of the implementation teams so that monitoring visits can be made.
- identify four implementation teams. The core requirements for these team members are presented in detail below, but important aspects will include experience of using participatory methodologies and knowledge of communities.
- ensure that common approaches are being used by the different teams and their members.
- in conjunction with sector ministries, assemble a summary of the principal poverty-focused government policies. The implementation teams to inform people of government initiatives will use these summaries.
- organise a national-level feedback process for the draft poverty reduction strategy paper, which ensures that all 12 prefectures have an opportunity to comment on the proposal. This national-level process should include a range of innovative processes, including radio and TV presentations, and web-based feedback, as well as prefecture and cellule level workshops and consultations.
- arrange for the draft PRSP to be published and discussed by communities and predominantly the poor throughout the country.
- arrange for a video unit to accompany some of the monitoring visits to record the actual consultations used as part of the participation process.
- ensure that complementarity between ongoing quantitative studies (such as the Household Living Standards Survey) and the PRSP information process are fully explored and that the results of the different enquiries are compared.

Outputs of the Participation Task Force (PTF)

173. The PTF will provide the following outputs to the national PRSP steering committee: (i) a single national report outlining the results of the country-wide participatory poverty assessment; (ii) a video of the participation process, demonstrating the approach of the implementation teams and individuals consulted; (iii) a national-level feedback process, during which the entire country will be given an opportunity to provide feedback on the draft poverty reduction strategy.

Table 3. Indicative timetable for the participatory process

Activity	Responsible	Date
Identify PTF team	National co-ordinator	mid-September 2000
review participatory methodologies	Participation Task force (PTF)	end September 2000
Develop methodology, outline fieldwork programme, and report outline	PTF	end-October 2000
identify and recruit prefecture implementation teams	PTF	mid-November 2000

Train prefecture teams	PTF	end-November 2000
identify and hire synthesis team	PTF	end-December 2000
Field work conducted and monitored	PTF	December –June 2001
undertake preliminary analysis of PPA results and develop draft PRSP	synthesis team	July 2001
National consultations on draft PRSP	PTF	end-August 2001
finalise draft PRSP and submit to steering committee	PTF	end-October 2001

Consultations with Donors

174. The objective of the consultations with donors will be to exchange ideas on how best to maximise the collaboration with donors in the process of formulating and implementing a coherent poverty reduction and growth strategy. Within the framework of an established budget calendar, the Government plans to hold periodic briefings with donors. During these consultations the proposals for poverty reduction programs and financing needs will be discussed. Government also intends to use the agreed Poverty Reduction Strategy Paper (PRSP) as one of the instruments for strengthening multi-sectoral co-ordination with its development partners. Donor inputs into actions directed at poverty reduction will be discussed. The PRSP is viewed by government as a new long-term initiative that needs to be translated into more effective use of the available resources on the part of both government and donors.

Further Technical analysis for preparation of PRSP

175. Before the PRSP is written, there are several technical pieces of work, which will be done. Most of these have already been mentioned earlier in the document but are summarised here for convenience: (i) Costings of the major poverty-reducing priorities will be developed to help guide the overall fiscal framework. If time permits, these will be made available to the participatory researchers so that these costs can be used in participatory discussions; (ii) the structural underpinnings of the real sector and exploration of Growth prospects for Rwanda will be examined in cooperation between the Government and the World Bank; (iii) projections of progress towards the International Development Targets and the relation with Rwanda's own objectives will be undertaken; (iv) Survey results will become available from the expenditure and outcome tracking study, the CWIQ household survey, and the urban component of the living standards survey together with results from some rural areas, allowing an initial poverty profile to be developed (though final results from the full household survey will not be ready until after the PRSP). The link between the CWIQ and tracking studies will allow benefit-incidence analysis to be done; (v) further technical studies appraising the needs for environmental action will be carried

out; (vi) participatory research on land is under consideration, in cooperation between NGOs and other government agencies; (vii) an inventory of existing studies on poverty in Rwanda is to be undertaken by the poverty observatory and a programme of future studies to be developed; and (viii) finalisation of the functional classification to improve the link between inputs and outputs so as to increase the effectiveness of budgetary allocations.

VIII. FOLLOW – UP AND MONITORING

Institutions for follow-up

176. The interim PRSP and PRSP itself are likely to raise a substantial range of policy issues, which need to be followed up. Responsibility needs to be allocated to specific institutions, under the overall guidance of the National Programme for Poverty Reduction. The Interministerial Committee will be supported by the Steering Committee and the Technical Committee of the programme. The Policy Matrix indicates leading agencies for the main interventions.

Monitoring performance

177. The MTEF process involves defining clear indicators of inputs and outputs for all areas of public expenditure. It is particularly important to define output indicators for the Priority Programme Areas. The Budget Department of MINECOFIN is working with all other ministries to develop a set of output measures, and a preliminary list is given below. The monitoring of poverty outcomes will be coordinated by the Poverty Observatoire under the National Programme for Poverty Reduction. This unit has been recently established and is developing a set of measures of poverty, which will be regularly monitored, in addition to commissioning specific studies on poverty in Rwanda. This unit will work in very close cooperation with the Statistics Department of MINECOFIN, which publishes Rwanda Development Indicators annually, and with the Management Information Systems of line ministries.

This structure for monitoring is summarised in the following table:

Level of indicator	Primary responsibility
Input indicators	Budget Department/CEPEX
Output indicators	Budget Department/Line ministries/Local administration/CEPEX
Outcome and impact indicators	National Programme for Poverty Reduction/Statistics Department/CEPEX/Line ministries/local administration

Statistics for the monitoring of poverty and social development

178. Rwanda currently has a poor statistical base, because of the destruction of the statistical infrastructure during the war. For us to be able to set meaningful development targets and to monitor progress made over the years in reducing poverty and achieving sustainable growth it is essential to be informed by accurate national statistics. The government is trying to rebuild the statistical system. Statistics are essential to plan and monitor the poverty reduction strategies and to successfully implement a development framework. The development of a statistical system requires the development of a prioritised programme of national statistics, where different surveys are conducted regularly and can be compared over time. Some of the main components of this system are outlined below.

179. **Household living standards survey:** Since the end of the events of 1994, the Government has carried out several surveys focusing on the social sector. Currently, it has embarked on a major household living standards survey. The survey will immediately allow the construction of a cross-sectional picture of poverty in Rwanda, allowing us to identify more precisely the geographical and sectoral pattern of poverty, and giving information and set a baseline for monitoring future progress towards reaching targets and objectives.

180. The initial results from the urban areas are expected in April 2001 and it is envisaged that the national survey will be completed in August 2001 and results will be available by December 2001. The Statistics Department will use the data to construct measures of welfare for each household and develop a poverty profile. Once this very rich data set is available, there will be a variety of studies that can be undertaken using it. To maximise the use of the data, it is envisaged that the Poverty observatoire, the Statistics Department and the National University will collaborate to undertake various research and analysis on poverty related issues.

181. **Population census:** The national population and housing census will be conducted in 2002. This census will contribute to the improvement of knowledge on the social, demographic and economic characteristics of the population of Rwanda in order to enable the formulation and implementation of a viable National Policy in addition to defining strategies for poverty reduction. The population movements, which have occurred in the last few years, make the census important for the regional allocation of resources. It will provide a sampling frame for better design, and implementation of future household surveys for poverty analysis and welfare inference over time.

182. **Public Expenditure Tracking Survey:** In order to improving social service provision and its impact on the poor, we need to increase the efficiency of resource flows. A tracking study was initiated in September 2000 with the objective of tracking budgetary and non-financial resource flows to primary health and education facilities. The study will also aim at assessing the impact and user satisfaction from public spending on social services. This monitoring/Tracking survey is being co-ordinated by the National Poverty Reduction Programme.

183. Alongside the tracking survey, a CWIQ (Core Welfare Indicators Questionnaire) survey is being fielded. This will allow us to relate households' use of services with their relative income levels, so that we can identify which groups of households are currently benefiting from public services and which are being excluded, an exercise known as 'benefit-incidence analysis'.

184. **Demographic and Health Survey:** A Demographic and Health Survey has been undertaken this year for the first time since the early 1990s. This will give data on child health and fertility, which is comparable over time, and will help with the design of health and population policy. Preliminary results are expected in November 2000.

185. **Other surveys:** There are a range of other surveys undertaken by government departments and NGOs in Rwanda, including the Household Food Economy analyses conducted by Save the Children Fund and many other specific surveys. The Poverty Analysis Unit is developing an inventory of existing studies to improve coordination of studies in the country.

Internationally agreed objectives for poverty and social outcomes

186. Rwanda intends to collaborate with the international community in measuring its progress against the agreed international development targets. Many of these indicators for Rwanda, which are listed below, have been closely monitored over the past years, though not within a clearly defined framework. The government will continue to improve the national statistical data machinery.

Table 5 International development targets	
International Development Targets	Proposed corresponding monitorable indicators for Rwanda
Economic well-being	
Reducing extreme poverty: Reduction of proportion of people living in extreme poverty by at least one-half by 2015.	1. Poverty headcount 2. Poverty gap 3. Gini coefficient 4. Under 5 child malnutrition
Social Development	
Achieving universal enrolment in primary education There should be universal primary education by 2015	5. Net enrolment ratio in primary education and by gender; 6. completion of 5th Grade of primary education and by gender; 7. Literacy rate of 15 to 24 year-olds & by gender
Improving gender equality in education Progress towards gender equality and the empowerment of women should be demonstrated by eliminating gender disparity in primary and secondary education.	8. Ratio of girls to boys in primary & secondary education; 9. Ratio of literate females to males (15 to 24 year-olds)
Reducing infant & child mortality rates The death rates for infants and children under the age of five years should be reduced by two-thirds the 1990 level by 2015.	10. Infant Mortality Rate 11. Under 5 Mortality Rate

Reducing maternal mortality rate The rate of maternal mortality should be reduced by three-fourths between 1990 and 2015.	12. Maternal mortality ratio 13. Births attended by skilled health personnel
Reproductive health Access should be available through the primary health-care system to reproductive health services for all individuals of appropriate Ages, no later than the year 2015	14. Contraceptive Prevalence Rate 15. HIV Prevalence in 15 to 24 Year-Old Pregnant Women
Environmental sustainability and regeneration	
Environment There would be a current national strategy for sustainable development, in the process of implementation, by 2005, so as to ensure that current trends in the loss of environmental resources are effectively reversed at both the global and national levels 2015.	15. Rwanda national sustainable development strategy* 17. Population with access to safe water 18. Population with access to adequate sanitary facility 19. Biodiversity: land area protected* 20. Forest area as % of land area
General Indicators	
Other selected indicators of development Population Gross National Product	21. GNP per capita 23. External debt as % of GDP 24. Investment as % of GDP 25. savings as % of GDP 26. Adult literacy rate 27. Total fertility rate 28. Life expectancy at birth

* these are in the process of discussion.

National outcome indicators for poverty reduction

187. In addition to the internationally agreed targets, the National Poverty Reduction Programme has used a participatory approach to develop a set of indicators for poverty outcomes in Rwanda reflecting the main national priorities. The indicators will be used at all levels as evaluation tools in order to allow the unit to assess progress made in poverty reduction on a continuous basis. The currently agreed list is presented in Annex 1 Table 6. Some of these indicators may need further refinement in order to make them fully quantifiable.

Dissemination

188. The poverty observatoire will develop a poverty information plan for publicising poverty information in addition to collaborating with the statistics department in production of the existing Rwandan Development Indicators and other new publications, including Internet publication. There is currently no comprehensive documentation centre for researchers and policymakers. Consideration is being given to establishing a national documentation centre and possible exploration of a developing an Internet based 'one-stop documentation centre'.

IX. POLICY MATRIX AND TIMELINE FOR FULL-FLEDGED PRSP

189. A policy matrix of the key policy areas and programmes is being developed in a multi-sectoral framework. The timeline for preparation of the PRSP is presented in Annex 2.

Policy Matrix section 1: the overall framework of governance					
Policy Area	Key Issues/Objectives	Actions	Lead Agency	Role Of Donors And Civil Society	Targets/Monitoring Indicators
National reconciliation	National reconciliation is a requirement for sustainable poverty reduction.	The Unity and Reconciliation Commission (URC) was established in March 1999 and has undertaken major national consultations. Community involvement is central to the URC's approach. A national summit is held annually and the URC undertakes civic education, conflict mediation and community initiatives.	Unity and Reconciliation Commission	Some NGOs have incorporated peace and conflict resolution into adult education curricula.	Activities are ongoing
Human rights	The government is committed to establishing a culture in which human rights are respected and abuses are reported and punished	The Human Rights Commission's 4-year plan of action includes materials and skills development, civic education and sensitisation, and monitoring and reporting of human rights including investigating allegations of abuses since May 1999. It has just published its report.	HRC	Press and local authorities will have a crucial role in reporting and defending human rights	HRC to develop indicators by end-2001
Constitution	Rwanda is currently using the Arusha agreement as a guide to constitutional procedures.	The Legal and Constitutional Affairs Commission was formed in late 1999 to draft a new constitution.	Constitutional Commission	Public debate will be important in drawing up the constitution.	
Decentralisation	Promotion of participation and democratisation through decentralisation .	A bottom-up approach to the establishment of democratic political institutions has been adopted; elections at the secteur and cellule level were held in 1999 and commune-level elections are to be held early 2001. Capacity-building programmes are underway to empower the grassroots communities fully. The Electoral Commission has been established.	MINALOC, all sectoral ministries.	Capacity building, promoting and financing community initiatives; networking and transmitting information	Participation in ongoing local elections.
	Fiscal and capacity constraints in the decentralised structures.	Government decentralisation policy is to transfer powers first to prefectures and then to the communes. Legislation is being introduced for the transfer of powers.	MINALOC, with MINECOFIN, MIFOTRA, and sectoral ministries		
Security	Internal and external security has greatly improved since 1997. To ensure this progress is maintained, regional conflicts need to be resolved.	Rwanda strongly supports the Lusaka Framework for peace in Great Lakes region. Peace in the region will permit the reduction in military expenditures.	GOR	International support for the implementation of the Lusaka Framework is crucial for the achievement of peace in the region.	
Gacaca	Severe backlog of genocide cases, with about 130,000 people in prison. Resolving the cases will contribute to promoting national reconciliation.	<i>Gacaca</i> (participatory justice) is to be implemented over the next three years. A process of sensitisation and the elections of gacaca judges at community level are to be carried out before trials start in the second half of 2001.	MINIJUST/ Supreme Court	Gacaca tribunals to be staffed by volunteers from the community	Number of Gacaca tribunals established and functioning. No. of cases processed.
National police	The different police forces have to be rationalized and restructured . The civilian police needs to be adequately financed.	The paramilitary gendarmerie has been absorbed into the civilian police force. A community policing approach is being adopted and mechanisms are being developed to ensure that the police forces are accountable to local people and to monitor the quality of service delivery.	MININTER with MINIJUST	Communities to cooperate closely with the local police.	Crime rates (based both on crime reported to the police and on households' reports of their experiences)

Policy matrix section 2: Macroeconomic Management, fiscal and monetary policy and private sector development

Policy Area	Key Issues/Objectives	Actions	Lead Agency	Role Of Donors And Civil Society	Targets/Monitoring Indicators
Macroeconomic management, monetary and fiscal policy	High and sustainable growth needs to be achieved and inflation kept low	Maintain low inflation Increase Economic Growth	MINECOFIN	Debt relief and long-term commitments of budgetary support.	Inflation target below 5% over medium term Real GDP growth of at least 9% over the medium term
	Expand revenue base	VAT to be introduced in early 2001. The introduction of VAT has been announced and an advertising campaign has started.	MINECOFIN/RRA		Introduction of VAT in 2001
	Improve revenues	RRA Action Plan provides the framework within which tax and customs administration will be strengthened so as to improve revenue performance. Strengthen and formalize link between Revenue Protection Service and Customs department. Strengthen and formalize link between tax collection department and customs, and improve collection of information from wholesalers with a view to improving tax collection. Computerize the operations of both the large taxpayer unit and small and medium taxpayer unit. Complete census to identify and register all direct taxpayers. Maintain or achieve voluntary declaration and payment compliance rates of at least 95 percent for large enterprises and at least 40 percent for SME (from 95 percent and [10] percent, respectively, in 1999). Achieve collection rate of 75% of tax assessment within one month of assessment through strict application of reminder and enforcement procedures. Consider changing the incentive structure of the RRA, including through making salaries dependent on fiscal revenue performance. Ensure that regulations and procedures on enforcement of tax collection, as well as suspension of enforcement, are strictly followed.	RRA		Revenue to GDP ratio of 11-12% in medium term End-September 2001 End-June 2001 End-September 2001 July 1, 2001 End-September 2001 End-December 2001 End-March 2001 December 1, 2001
External resource mobilization and debt	Rwanda's external debt is unsustainable	Maintain debt at sustainable levels. The preparation of the PRSP is an important part of the process of achieving debt relief.	MINECOFIN/BNR	Government will work with multilateral and bilateral agencies to implement debt relief.	NPV of debt-to-exports ratio of 150%
Internal debt management	There are substantial domestic arrears.	An inventory of domestic arrears is being compiled and a plan for paying off these arrears and addressing their causes is being developed. Government will seek assistance for reducing the domestic debt burden including arrears.	MINECOFIN, in co-operation with all ministries.		Verified domestic arrears to be eliminated by end-2002.

Policy matrix section 2: Macroeconomic, fiscal and monetary policy and private sector development

Policy Area	Key Issues/Objectives	Actions	Lead Agency	Role Of Donors And Civil Society	Targets/Monitoring Indicators
Increasing efficiency of public spending.	Improve governance through greater accountability and transparency.	<p>MTEF has been launched covering the period 2001 -2003; A new budget classification has been adopted for 2001; strengthen the integration of the recurrent and development budgets</p> <p>Ensure that adequate reporting mechanisms and budgetary controls are put in place for monitoring the expenditure budgets of prefectures</p> <p>Improve public debt monitoring and management on the basis of a plan prepared with assistance from donors</p> <p>Prepare financial instructions as provided for in the organic budget law in order to promote effective expenditure control</p> <p>Improve the capacity of CEPEX to gather data on disbursements on donors and expenditures on projects in order to improve monitoring of project implementation in a way that is consistent with the new Budget classification</p>	MINECOFIN, in co-operation with all sectoral ministries.	Donor cooperation in providing flexible support within well-articulated and agreed programmes is crucial	<p>Costing of sectoral programmes and activities by line ministries will be further improved during the first half of 2001</p> <p>End-March 2001</p> <p>End-September 2001</p> <p>End-June 2001</p> <p>End-June 2001</p>
		<p>Office of the Auditor-General was established in 1999. Complete the audits of the 1999 accounts of the Ministries of Public Works, Transport and communications; Energy, Water and Natural Resources; Defence; Health and Education. Strengthening the Auditor General's office, and a strategy and timetable for delivering a full audit of public accounts annually.</p> <p>Prepare the public accounts for 2000 with the revised budget classification (excluding government assets other than cash and submit them to the Cour des Comptes; complete quarterly public accounts with a four-month delay</p> <p>The Auditor General will initiate and complete the audits of the Ministry of Justice, including prisons and several courts, the Presidency, three embassies, the Ministry of Agriculture, including autonomous bodies and projects; the National Tender Board, the Secretary of Privatization, and the Office Rwandais des Recettes.</p> <p>Prepare a monitorable action plan for further strengthening the Auditor General's office, including inter alia by recruiting qualified staff and training and by preparing a strategy and timetable for delivering a full audit of public accounts annually.</p> <p>Adopt the law covering public tendering.</p> <p>Strengthen capacity at the National Tender Board (NTB), line ministries, and local levels to adequately monitor, analyze, and audit the tendering process, before decentralizing the tendering process.</p> <p>Take steps to ensure transparency and fairness in the tendering process via information dissemination and an adequate appeals process.</p>			<p>Develop an action plan by end February 2001</p> <p>end-July 2001</p> <p>December 1, 2001 until March 2002</p> <p>End-February 2001</p> <p>End-March 2001</p> <p>End-September 2001</p> <p>End-June 2001</p>

Policy matrix section 2: Macroeconomic, fiscal and monetary policy and private sector development

Policy Area	Key Issues/Objectives	Actions	Lead Agency	Role Of Donors And Civil Society	Targets/Monitoring Indicators
		<p>Incorporate extrabudgetary projects and transactions, including voluntary contributions to national defense and their use, into the budget</p> <p>Put in place a mechanism to deal with all identifiable cases of corrupt officials in accordance with the law.</p> <p>Establish a <i>Tribunal de Commerce</i> and a <i>Tribunal Fiscal</i>.</p> <p>Complete a review of all waivers and exemptions from import duties and taxes, and produce a plan with a view to eventually eliminating them, with the exception of those established under international agreements. Where needed, submit to parliament proposals to amend legislation in the context of approving the 2002 Budget.</p>			<p>2002 budget</p> <p>End-May 2001</p> <p>End-December 2001</p> <p>End-September 2001</p>
Improving poverty focus of public expenditures	Protecting budget allocations to priority programmes.	<p>Priority programme areas have been identified for 2001. Develop a system for monitoring poverty related expenditures by end January 2001.</p> <p>Develop a system for monitoring poverty related expenditures on a monthly basis.</p>	MINECOFIN, And related sector ministries.	All partners to be involved in the discussion of the priority areas.	<p>Increase social/anti poverty spending to 4.9% of GDP in 2001</p> <p>Monitor quarterly expenditure targets</p> <p>January 1, 2001</p>
Private Sector Development	Low level of private investment	<p>RIPA to establish a one-stop shop for investors. Strengthening of the operational capacity of RIPA to ease administrative and regulatory constraints limiting business creation and improve investor assistance function.</p> <p>Restructure CPMER (Centre de Promotion des Petites et Moyennes Entreprises) to provide technical, managerial and financial services to support emerging or existing SMEs.</p>	RIPA		<p>End-June 2001</p> <p>End-June 2001</p>
	Weak financial sector	Restructuring of commercial banks is ongoing and will continue. BNR will strengthen supervision and the bank regulatory framework.	BNR	Commercial banks cooperating with BNR.	On site inspections on all banks every year, starting 2001
	Commercial legal reform is needed to ensure that contracts are enforceable	An Arbitration Centre has been established and commercial tribunals are being developed. The centre will become fully operational by end-June 2001	MINIJUST/MINICOM	Private sector consultations will be needed.	
	Strengthen dialogue between the public and private sector.	Strengthening of the operational capacity of the newly established Private Sector Federation by end –September 2001.	MINICOM		
	Public Sector Reform	Publication of prime ministerial decree of the “cadres organiques”. Completion of job descriptions and “cadres organiques” for all prefectures by end-March 2001. Retrenchment of the remaining unqualified core civil servant staff by end-January 2001. Computerization of civil servants’ database extended to all ministries by end-December 2001. Adoption of civil servants’ code submitted to parliament by January 1, 2001.	MIFOTRA		
Privatisation of	Explore options to accelerate privatisation and increase the	Acceleration of privatisation process	Privatisation Secretariat	Number of enterprises privatised.	

Policy matrix section 2: Macroeconomic, fiscal and monetary policy and private sector development

Policy Area	Key Issues/Objectives	Actions	Lead Agency	Role Of Donors And Civil Society	Targets/Monitoring Indicators
state enterprises	participation of Rwandese in the process.	A privatisation trust fund is being considered to widen ownership in privatised companies. Regularly monitor the socio-economic impact of privatisation.			
	Improved Service delivery by utilities	Electrogaz (water, electricity) to be put under private management by end June-2001. Offer 51 percent of Rwandatel (telecommunications) to a strategic investor by end-September 2001. Multi-regulatory agency to be established .	MINECOFIN, Privatisation Unit, MINERENA, MINITRACO		
	Tea production is severely constrained by processing capacity and farmers receive low prices.	A strategy for the privatisation of the tea factories has been adopted. Bring two tea factories/estates to the point of offer for sale.	MINAGRI, OCIR-The, MINECOFIN Privatisation Unit		End-April 2001
	Coffee production has declined since 1990 and quality is low. Washing stations owned by the parastatal OCIR-Cafe are in poor repair hence the quality of the coffee is low.	The coffee market has been liberalized and all export taxes removed. A strategy to revive coffee production has been adopted. Coffee washing stations and processing plants are being privatised. Some washing stations may be transferred to farmers groups. OCIR-Café is to be transformed into an industry-based organization.	OCIR-cafe		Increase coffee production to 22,900 tonnes by 2003 and to 26,700 tonnes by 2005
Improving internal trade	Liberalization of the legal framework for internal trade.	Internal Commerce Act is being revised .	MINICOM, MINECOFIN		

Policy matrix section 3: Sectoral actions to enable poor people to find employment opportunities and raise their incomes

Policy area	Key issues/Objectives	Actions	Lead agency	Role Of Donors And Civil Society	Targets/Monitoring Indicators
Revitalisation of agriculture	Achieve rapid agricultural productivity growth	Clear set of activities and outputs to be developed for the agricultural research and extension services. Strengthening use of organic and inorganic fertilisers and implement market based distribution of inputs. Improve access to financial services and other assets.	MINAGRI		
Off farm Employment	Improve living conditions in rural areas and reduce poverty generally Increasing levels of unemployment of both skilled and unskilled youth	Vocational and Technical education is being strengthened. Public works projects are to be actively explored. The introduction of an AGETIP mechanism is envisaged. Community service centres are to be established to support activities such as carpentry, masonry, motor mechanics, plumbing, electricals, tailoring, shoe repairs etc.	MINECOFIN	Public Works projects will be established in partnership with private sector, NGOs and donors.	
Infrastructure	High costs of internal and external transport are an obstacle to commercialisation.	Develop a transport sector investment strategy and an action plan for medium-and long-term development. Encourage reestablishment of private truck cooperatives to restore free movement of goods and markets. A new road-rail link is to be opened up through Ishaka and the extension of the railway to Kigali will be considered.	MINITRACO		
	Rwanda's road network has deteriorated Prefecture-level consultations found that in some cases bridges have not been repaired, impeding local development.	High priority for spending on maintenance and rehabilitation; strengthen community management of maintenance.	MINITRACO, Road Fund	Community management	Monitoring indicators to be developed for state of roads.
	Develop rural market infrastructure	Use low-cost investment approaches to upgrade local markets.	MINAGRI/MINALOC/ MINICOM	Private sector role to be determined	
	Develop communications infrastructure	Promotion of private investment in all telecommunication market segments through open competitive licensing regime, and build institutional capacity for policy development and sector regulation. Ensuring financial self-sufficiency of Office National des Postes (ONP) for sustained delivery of affordable services.			End-September 2001
Environmental Protection	The marshlands of Rwanda are an important resource and effective use and sound management is essential to maintain the ecological balance.	A programme for improving water management in the marshes for instance by constructing small retention dams, and for bench terracing is underway. 3,000 ha. are to be improved this year. This will open up marshlands for controlled agricultural activity while protecting the biodiversity.	MINAGRI, MINITERRE		Draft environmental law elaborated and submitted to cabinet by end-2001 Master plan of allocation and utilisation of land elaborated by end-2001
Access to assets: land	Access to land is critical for the livelihoods of most rural households.	Government is currently preparing a land policy in consultation with the population. A draft land act is being formulated.	MINITERRE		

Policy matrix Section 4: Human resource development and improving the quality of life

Policy areas	Key issues/Objectives	Actions	Lead agency	Role Of Donors and Civil Society	Targets/Monitoring Indicators
Access to assets: financial services	Improve access to credit for poor households to finance small projects, to restock livestock, working capital, and chemical fertilizers and other improved inputs..	<p>There is a wide range of micro finance schemes, with different levels of cost and performance. Work is being undertaken to gather evidence on the functioning of different schemes and establish best practice.</p> <p>A credit line will be needed to expend the best-performing schemes (on criteria of sound financial management, poverty and community development impact).</p> <p>The BNR is operating a credit line for traders in inputs for food crops. OCIR-Café is guaranteeing marketing credit to coffee farmers' groups. Some traders are guaranteeing loans to farmers' groups for seasonal credit. All these schemes are to be supported and extended.</p>	BNR/Micro finance Forum/MIGEPROFE/MINALOC/Banques Populaires		
	Regulatory framework for Micro finance is needed.	Create a legal framework for private sector micro finance and other financial mechanisms for rural-based activities accessible to the poor			End -2001

Policy matrix Section 4: Human resource development and improving the quality of life

Policy areas	Key issues/Objectives	Actions	Lead agency	Role Of Donors and Civil Society	Targets/Monitoring Indicators
Human resource development	Strategy and Coordination of Actions	Develop a strategy and action plan, and coordinating mechanisms for national human resources development effort..	HRDA	Private sector and civil society to be partners with the government in the development of the strategy.	
Education	Rwanda lost substantial part of its human resource base to the genocide.	<p>Highly educated people are in short supply; hence the need to invest in tertiary training and immediate skills development to fill the gap left by genocide and provide the necessary capacity.</p> <p>Government has considerably increased real expenditure on education (which has risen from 14% of total government expenditure in 1997 to 17% in 1999), and over the next three years will increase the share of this expenditure going to primary (from 51% in 1999 to 2003) while reducing the tertiary share from 26% to 8.4%.</p>			
Primary education	Gross primary enrolment (88% in 1999) is high but quality needs improvement. The dropout rate is very high.	<p>Quality and access in primary education are being addressed by (1) classroom construction (2) improved inputs (3) in-service teacher training including in-service training (4) curriculum reform (5) strengthening the inspection system. The Government intends to:</p> <p>Make operational at least 6 teacher training colleges, and raise the percentage of qualified teachers from 22% to 40% by 2005.</p> <p>Provide one textbook for every four students by 2005. Increase the focus on science, technology and vocational skills</p>	MINEDUC	Communities are expected to contribute . Parent Teacher Associations have been established.	UPE, defined as 95% net primary enrolment, by 2010.
	Poorer children face some barriers to enrolment including financial cost and domestic tasks.	Study on barriers to access to be undertaken with support from DFID	MINEDUC/Social Welfare and Community Development/MINALOC/ secteur and cellule authorities	Communities to be encouraged to take responsibility for ensuring that all children in their neighbourhood are able to go to school.	

Policy matrix Section 4: Human resource development and improving the quality of life

Policy areas	Key issues/Objectives	Actions	Lead agency	Role Of Donors and Civil Society	Targets/Monitoring Indicators
Secondary and tertiary education	Secondary enrolment is low.	Bursaries for gifted students exist; these could be means-tested and extended. Public funding may be targeted on secondary schools in poorer rural areas	MINEDUC	Private sector has an important role in the secondary sector. Parent Teachers Associations.	
	Only 15% of upper secondary students are females whereas in tertiary institutions the figure is 10%	Government will explore incentives (e.g. making fees lower for girls) to encourage more women to attend upper secondary and tertiary institutions.	MINEDUC/MIGEPROFE		Eliminating gender disparity in primary and secondary education by 2005.
	The vocational and technical component of secondary education needs strengthening	Vocational education is one of the streams of the secondary system. The curriculum will be reviewed to ensure that the skills will help the students find employment.	MINEDUC	Private sector role in developing the vocational component could be very important.	
Tertiary education	Tertiary enrolment is very low and highly educated people are in short supply. Access to tertiary education for people from poorer backgrounds is particularly limited.	Student loans system to be introduced.	MINEDUC		
	Skills shortages in public sector	Civil service reform .	MINECOFIN/Public Service		
Adult education and functional adult literacy	High illiteracy is especially prevalent among women.	Develop the programmes of functional adult literacy and adult education operated by a number of NGOs into a national programme	MINALOC	NGOs have considerable experience.	Literacy rates.
Health	Rwanda has high infant and child mortality, low life expectancy, and high AIDS prevalence. The health system is mainly externally funded and external support is projected to fall over the next few years.	Increase proportion of budget allocated to health to ensure increase in per capita spending	MINISANTE/MINECOFIN		
	The health sector strategy has designed a new structure for the health system which needs to be made fully operational	Implement the health sector strategy including upgrading facilities, training staff, ensuring that the system of drug supply works efficiently, training and managing community health workers to serve the community	MINISANTE		At least 50% of district health centres to be fully equipped by 2001.
	Usage of the medical system is low and has fallen in recent years. Factors include the cost of drugs	Community insurance schemes are being piloted with some success; take-up is around 10% of the population, but rising. Exemption schemes operate, with mixed experiences.	MINSANTE	Community management integral to these approaches.	New cases per person per year, disaggregated by gender.
HIV/AIDS	About 11% of the population over 12 years is estimated to be HIV-positive.	Update the HIV/AIDS strategy and action plan in 2001	MINISANTE and all development stakeholders		

Policy matrix Section 4: Human resource development and improving the quality of life

Policy areas	Key issues/Objectives	Actions	Lead agency	Role Of Donors and Civil Society	Targets/Monitoring Indicators
	HIV/AIDS is a development problem, which could impede the long-term strategy based on human resource development.				
Reproductive Health and Population Policy	High Fertility rate at 6.5; low usage of contraceptive methods; and high maternal mortality rate at 810 per 100,000	Improve quality of family planning services and link these programs with other reproductive health services. Improve access to information.	ONAPO/MINEDUC/MINISANTE/MINALOC/MIGEPROFE/MIJESPOC	Community-level discussion of the issues is important.	12% of reproductive women protected from unwanted pregnancies by end-2003. The Demographic and Health Survey will develop more indicators.
Water and Sanitation	One third of the rural water infrastructure is in need of rehabilitation. There are some serious shortages of services in new settlements, including cases where people have to walk 20 to 25 km. to find water.	Elaborate Investment proposals based on sector strategy for improved access to water supply and sanitation in rural and urban areas. These will include rehabilitation of existing infrastructure and may include some new investment for areas where existing infrastructure is very distant, possibly including water harvesting.	MINERENA	Communities to be involved in designing and managing projects under a demand-led approach. Most costs of investment to be borne by the public sector, but communities will manage and maintain facilities.	Access to safe water. Volume of water used.
		Strengthen community participation for management and maintenance of rural water systems.	MINERENA/MINALOC/MIJESPOC		
	No system of solid waste disposal in urban areas.	Build institutional capacity of urban administrations to manage sanitation services.	MINALOC/MINERENA		
	Urban water supply meets only 50% of the demand.	Expedite the restructuring of Electrogaz	MINERENA/Privatization Unit	Private sector role to be determined.	
		Introduce progressive system of user fees, to ensure that better-off urban dwellers pay the full cost of their water.	MINERENA/Electrogaz/regulatory agency		
Resettlement and housing	There are about 350,000 of household require rehousing either because they are under plastic sheets, in damaged housing, or are occupying houses illegally.	Providing houses for the unhoused is a major exceptional expenditure, which needs to be addressed. An action plan has been elaborated and activities including provision of social infrastructure costed to the extent possible. Costs of new housing will be minimised by encouraging community participation.	MINITERRE		Number of houses built

Policy matrix section 5: Specific measures for vulnerable and disadvantaged groups and safety nets

Policy area	Key issues/Objectives	Actions	Lead agency	Role Of Donors And Civil Society	Targets/Monitoring Indicators
Victims of genocide	Genocide survivors have needs for educational, medical, housing and legal costs. Trauma and social isolation are important dimensions.	The Victims of Genocide Fund receives 5% of government revenue and provides assistance to survivors in all these areas. A survey of genocide survivors has recently been conducted. Increase the transparency of management of the fund.	VGF/MINALOC	Increased community and donor participation in ensuring sustainable safety nets is encouraged.	
Safety nets for food security	Cyclical food shortages due to droughts, floods and hailstorms.	Forward planning and early warning system. Management of water resources to consider possible environmental effects.	MINAGRI/MINITERRE/MINALOC		
	Poor storage capacity	Develop and implement food storage programme at various levels including traditional household storage systems, storage facilities at prefecture level, communal storage by farmers' associations, women's groups etc. Encourage cash savings.	MINAGRI	Storage may be best carried out by the private sector and communities; government to invest only where these mechanisms are clearly failing.	

Policy matrix section 6: Coordination and monitoring of the PRSP

Policy area	Key issues	Recommended actions	Lead agency	Role Soci
Further analytical work needed for the PRSP	The PRSP needs to be based on a combination of technical and participatory analysis.	<p>Prefecture-level consultations have been held for the I-PRSP.</p> <p>A Participatory Action Plan, including community-level consultations in 50 cellules in 5 prefectures, is included in the I-PRSP and will be implemented November 2000-June 2001.</p> <p>Technical analysis needed includes (a) the development of 'ballpark' costings of objectives in all major sectors, (b) the use of evidence from the benefit-incidence study and the 'CWIQ' household surveys, and (c) further work on growth prospects. These exercises will inform the strategic decisions made in the PRSP.</p>	National Programme for Poverty Reduction, working with the Poverty Analysis Unit, the Budget and Macro Departments in MINECOFIN.	Inpu acad stre
Preparation of the PRSP	The government is committed to presenting a PRSP to the people of Rwanda during 2001	The PRSP will be prepared, based on the I-PRSP, during 2001. It will resolve some of the policy issues and strategic choices raised in the I-PRSP, as well as further concerns, which arise from the technical and participatory analysis.	National Programme for Poverty Reduction	Inpu partn
Approval of the PRSP	The PRSP is a major national strategic document which requires widespread discussion before approval	PRSP to be submitted for approval in October 2001.	GOR	Draf all D
Implementation of the PRSP	The PRSP will be implemented through sectoral plans and the MTEF	Development of sectoral plans and detailed costings to feed into the annual budget in all sectors	GOR, coordinated by the National Programme for Poverty Reduction	See p
Monitoring the implementation of the PRSP and the evolution of poverty	Both the implementation of the proposed actions and the evolution of poverty indicators need to be monitored	<p>A system of poverty monitoring indicators is being developed and will be fully specified in the PRS.</p> <p>A facility survey in the education and health sectors is to be conducted in 2000, linked to a CWIQ household survey. A full national household survey has been launched in 2000 and will be completed in 2001. The Demographic and Health Survey will provide preliminary health data by mid-November 2000.</p>	National Programme for Poverty Reduction, and the Poverty Analysis Unit	Infor deve
Capacity-building for poverty analysis and participatory methods	Capacity in these areas needs to be strengthened.	Capacity building will be part of the PRSP process.	National Programme for Poverty Reduction.	

Annex 1 Table 1: SELECTED ECONOMIC AND FINANCIAL INDICATORS, 1994-2002

	1994	1995	1996	1997	1998	1999	2000 Prov	2001 Proj	2002 Proj
	(Annual Percentage change unless otherwise stated)								
Economic Growth and Prices									
Real GDP (percentage change)	-50.2	34.4	15.8	12.8	9.5	5.9	5.2	6.0	6.4
Nominal GDP (in billions RWF)	165.8	337.2	431.4	562.4	632.1	646.1	686.8	749.3	821.3
CPI Inflation (end of period)	64.4	38.3	9.2	16.6	-6.0	2.1	6.8	3.0	3.0
	(In percent of GDP)								
National Accounts									
Gross Domestic Investment	11.7	15.0	15.5	14.9	15.7	14.3	15.7	16.8	17.6
o/w private investment	9.0	6.9	6.4	6.7	9.0	8.0	9.0	9.4	9.8
Gross National savings	5.7	19.2	15.3	11.7	10.9	12.1	7.3	7.5	9.2
	(in billions RWF)								
Sectoral									
Agriculture	82.5	149.0	200.3	252.0	278.6	262.7	284.9	317.9	352.5
Industry	35.1	55.7	80.8	107.6	124.6	129.3	127.2	137.9	152.0
Services	48.2	132.5	150.3	202.8	228.9	254.1	274.7	293.5	316.8
Balance of payments									
	(Annual percentage change unless otherwise indicated)								
Exports, f.o.b. (in US dollars)	-52.5	56.8	22.9	50.0	-31.0	-4.5	11.7	15.1	12.6
Imports, f.o.b. (in US dollars)	37.2	-47.2	9.9	30.1	-7.8	-12.2	9.5	1.2	7.3
Gross official reserves (in months of imports)	1.3	5.0	5.0	5.4	6.1	7.4	6.8	7.0	6.6
Terms of Trade (deterioration-)	11.8	22.6	-14.7	45.3	-16.1	-15.0	-5.7	1.1	-0.8
	(in percent of GDP, unless otherwise indicated)								
Government Finance									
Government revenue, excluding grants	3.6	6.9	9.1	10.3	10.4	9.8	10.3	10.8	11.7
Government expenditures and net lending	16.0	20.6	22.1	19.5	18.6	19.7	19.6	20.5	20.3
Primary Fiscal balance (excluding exceptional expenditure but including domestic capital expenditure)	-5.4	-3.3	-1.8	0.3	0.0	-2.2	-0.1	0.2	0.8
Overall Government balance (payment order)									
including grants	-11.5	-2.4	-5.7	-2.4	-2.9	-3.9	-5.5	-4.9	-3.8
excluding grants	-12.4	-13.8	-12.9	-9.2	-8.1	-9.9	-9.3	-9.6	-8.6
External Sector									
External debt (end period)	134.4	82.7	79.0	61.2	57.4	67.5	77.7	78.1	34.8

Annex 1 Table 2: Macroeconomic Framework and Implications for Public spending 1998-2004

	1998	1999	2000 Prov	2001 Proj	2002 Proj	2003 Proj	2004 Proj
Nominal GDP	632.1	646.1	686.8	749.3	821.3	899.7	986.7
Real GDP growth	9.5	5.9	5.2	6.0	6.0	6.4	6.4
Inflation (end of period)	-6.0	2.1	2.9	6.8	3.0	3.0	3.0
Total revenue (as percent of GDP)	10.4	9.7	10.3	10.9	11.7	12.2	12.6
Current expenditure (as percent of GDP)	11.9	13.5	12.6	12.9	12.3	12.2	12.2
Total expenditure and net lending (as percent of GDP)	18.6	19.7	19.6	20.5	20.3	20.4	20.4
Primary deficit (excluding exceptional exp., as a percent of GDP)	0.0	-2.2	-0.1	0.2	0.8	0.9	1.0
Social sector spending (as percent of GDP)	2.8	3.9	4.1	4.9	5.5	6.1	6.9
Social sector spending (as percent of current expenditure)	23.2	28.9	32.8	38.2	44.7	50.1	56.5
Military Spending (as percent of GDP)	4.3	4.1	3.8	3.2	2.9	2.6	2.3
Military Spending (as percent of current expenditure)	36.1	30.9	29.9	24.8	23.2	21.2	18.6

Annex 1 Table 3: Education performance indicators 1997-99

	1997	1998	1999
Primary education			
gross enrolment, total	1,154,768 (80%)	1,270,733 (88%)	1,288,617 (88%)
Male	574,642	635,765	644,430
female	580,126	634,968	644,187
completion	71,017 (28%)	60,361 (22%)	
transition	10,304 (18%)	12,503 (21%)	14,151 (22%)
number of qualified teachers	6,574 (33%)	10,463 (46%)	14,860 (51%)
student-teacher ratio	56	56	55
student-qualified teacher ratio	175	121	109
books per class			
books per pupil		0.56	
teachers provided with materials			
teachers trained in-service	2210	2568	7116
students at TTCs			2611
number of classes			30,866
No. of classrooms			23,395
classrooms constructed	1,243	576	89
repetition rate			30%
drop-out rate			20%
percent passing national exam			(22.6)
Secondary education			
gross enrolment, total	82,224	90,840	103,222 (9.7%)
male	41,588	45,054	50,919
female	40,636	45,786	52,303
completion	8,133	10,500	
transition to higher education	(11%)		
number of qualified teachers	1,115 (28%)	1,188 (31%)	1,098 (31%)
books per class			
books per pupil			
teachers provided with materials			
No. of teachers trained in-service			836
students at KIE		299	400
No. of classes			
classrooms built		30	44

Annex 1: Table 4 Health Sector Performance Indicators 1997-1999

Indicators		Numerator/Denomintor	Source	1997	1998	1999
Proportion of received annual reports	Annual	Number of annual report sent by ministerial entities/ Expected number of annual reports	MoH	n.a	n.a	n.a
Proportion of received monthly reports(%)	Quarterly	Number of monthly reports sent by HC and DH/Expected number of monthly reports to be sent by these facilities	MoH	n.a	80	85
Health facilities coverage	Annual	Mean population by HC	AR	23 030	22 774	23 707
Total number of medical doctors	Annual	Number of Rwandan medical doctors working in public facilities at the end of the period	AR	181(1)	144	148
Medical Doctor/inhabitants ratio(100 000)	Annual	Number of national and expatriate medical doctors working in public and private health facilities/Total population of Rwanda/100 000	AR	n.a	n.a	n.a
Total number of nurses(A1,A2,A3)	Annual	Number of Rwandan nurses(A1,A2,A3)working in public facilities at the end of the year	AR	889	1 033	1 442
Nurses(A1,A2,A3)/inhabitants ratio (100 000)	Annual	Number of national and expatriate nurses working in public and private health facilities/Total population of Rwanda/100 000	AR	n.a	n.a	n.a
Mean population by health district	Annual	Total population of Rwanda at the end of the year/Total number of HD	AR	196 410	197 000	202 700
Proportion of health districts with determined Catchment areas(%)	Annual	Number of HD of which the territory is properly divided in catchment areas x100/Total number of HD	AR	67.6	67.5	25
Number of functional Health Centres	Annual	Number of HC that are delivering services at the end of the year	AR	330	346	342
Number of functional District Hospitals	Annual	Number of DH that are delivering services at the end of the year	AR	28	29	30
Inhabitant per hospital bed ratio	Annual	Population of Rwanda at the end of the year/Total number of hospital beds	AR	n.a	n.a	
Proportion of health districts covering 75% of MoH defined MPA (%)	Annual	Number of HD covering 75% of the MoH defined MPA at the end of the year x100/Total number of HD	AR	15	10	18
Proportion of health districts hospitals covering 75% MoH defined CPA (%)	Annual	Number of DH covering 75% of the MoH defined CPA x100/Total number of DH	AR	51	65	85
Curative services utilisation rate(New cases/inhabitant/year)	Quarterly	Number of new cases consulting HC for curative care/Total population of Rwanda	MR	0.36	0.28	0.25
Proportion of births attended by trained health personnel (%)	Quarterly	Number of births attended by trained personnel during the period/ Expected number of births during the period	MR	10.2	10.7	10.2
Antenatal care utilisation rate(first contacts)(%)	Quarterly	Number of pregnant women attended by trained personnel / once during their pregnancy Expected number of pregnant women during the period	MR	54.6	58.4	68.1
Proportion of women in child bearing age using modern contraceptive methods (%)	Quarterly	Number of women in child bearing age currently using modern contraceptive methods/ Number of child bearing age women during the period	MR	n.a	n.a	
Proportion of detected high risk pregnant women(%)	Quarterly	Number of pregnant women with detected high risk pregnancy/ Number of pregnant women attended by trained personnel at least once during the period	MR	12.9	7.8	11.1
Immunisation coverage for measles (%)	Quarterly	Number of doses of measles vaccine administered to children under one year old/Number of under one year old children	MR	53.2	36.3	36.7

Indicators		Numerator/Denomintor	Source	1997	1998	1999
MoH budget as a percentage of National Budget(%)	Annual	Actual figures	PER	2.2	3.1	4.2
Share of Gross Domestic Product to Health Sector(%)	Annual	Actual figures	PER	0.3	0.4	0.4
Breakdown of recurrent expenditure on Health by economic classification (%)	Annual	Share of budget spent on salaries and on other goods and services (salaries/OGS)	PER	60/40	54/46	53/47
Proportion of recurrent MoH budget for service delivery at the district level (%)	Annual	Total amount of Ordinary Budget spent at the HD level x100/ Ordinary Budget	PER	47	48	49
Domestic recurrent expenditure at the district level (RWF per inhabitant per year)	Annual	Money spent at HD level on the Ordinary Budget during the year/Total population of Rwanda	PER	88	138	175
External recurrent expenditure at the district level (RWF per inhabitant per year)	Annual	Money spent at HD level by external donors during the year/ Total population of Rwanda	PER	880	770	637
Average expenditure on medicines in District hospitals (million RWF per DH)	Quarterly	Total amount of money spent by DH to buy drugs Total number of DH	MR	1.4	n.a	n.a
Average expenditure on medicines in Health Centres (million RWF per HC)	Quarterly	Total amount of money spent by HC to buy drugs/ Total number of HC	MR	28 (2)	1.5	1.0
Expenditure for medicines on the budget(million RWF)	Quarterly	Amount of money spent to buy drugs with the Ordinary Budget	MR	74.1	228.8	245.2
MoH : Ministry of Health MPA : Minimal Package of Activities; Complementary Package of Activities HF : Health Facilities(HC+DH) AR : Annual Reports		HD : Health District HC : Health Centre DC : District Hospital PER : Public Expenditure Review n.a : not available				

Annex 1 Table 5 Provisional list of Priority Programmes for 2001

Ministry	Programme	Activities
MINEDUC		
	<p>1. Primary and Pre-Primary Education</p> <p>2. Secondary Education</p> <p>3. Higher Education (excl. UNR)</p> <p>4. AIDS Education</p> <p>5. Special Needs Education</p> <p>6. Institutional Support to Education (following items only)</p>	<ul style="list-style-type: none"> - Payment of teacher's salaries - Training of teachers - Sensitisation of parents to increase enrollment - Reintegration of children into schools - Equipment and books for primary schools - Payment of teacher's salaries - Training of teachers - Equipment and books for secondary schools - Coordination and evaluation of institutes of further education - Transfers to: <ul style="list-style-type: none"> KIST KHI KIE ISAE-BUSOGO - Awareness campaign for teachers, parents and authorities - Seminars for teachers on Special Needs Education - National Examinations - Evaluation of composition of exams
MINISANTE		
	<p>1. Support to Specialised Programmes</p> <p>2. Strengthening of Capacity of Referral Hospitals</p> <p>3. Central Support Services (following items only)</p>	<ul style="list-style-type: none"> - Prevention of Aids - Prevention of Leprosy and Tuberculosis - Prevention of Malaria - Laboratory for retroviral infections - Running of CHK - Running of Ndera Hospital

		<ul style="list-style-type: none"> - Salaries of Decentralised Services - Running of Decentralised Services - Pharmacy - Primary Health Care
MINAGRI		
	<p>1. Agricultural Production</p> <p>2. Animal Production</p> <p>3. Rural Engineering and Soil Conservation</p> <p>4. Marketing</p> <p>5. Forests</p>	<ul style="list-style-type: none"> - Training of horticulturists - Development of fruit production - Seed multiplication and distribution - ISAR - Improved animal husbandry and breeds - Prevention of diseases and vaccinations - Promotion of aqua-culture - Development of marsh lands for agriculture - Prevention of soil erosion - Repairs to storage facilities - Support to agricultural extension programmes - Management of natural forests - Increase and diversify forestry products - Reforestation programmes
MINITERE		
	<p>1. Planning and Management of Lands</p> <p>2. Planning and Supervision of Human Settlements</p> <p>3. Conservation and Protection of the Environment</p>	<ul style="list-style-type: none"> - Implementation of national lands policy - Drawing up of Land Reform Bill - Drawing up of urban and rural cadastre - Sensitisation of population to national regroupment policy - Organisation and coordination of Imidugudu - Regional and international cooperation in enforced resettlement

		<ul style="list-style-type: none"> - Elaboration of national environment policy - Training of environmentalists - sensitisation programs
MINERENA		
	<p>1. Energy</p> <p>2. Water and Sanitation</p> <p>3. Gas</p>	<ul style="list-style-type: none"> - Elaboration and implementation of Master plan of electrification - Installation of power lines - Promotion of bio-gas in rural areas - Water treatment plants - Collection and analysis of hydrological data - Rural water supplies - Study on environmental impact of exploitation of gas in Lake Kivu - Promotion of commercialisation of gas from Lake Kivu
MINALOC		
	<p>1. Decentralisation</p> <p>2. Rehabilitation of the Family</p> <p>3. Mass education</p> <p>4. Social Reintegration</p>	<ul style="list-style-type: none"> - Training of members in decentralised administrations - Support to decentralised structure - Elaboration of laws regarding resource management - Elaboration of laws, programmes and policies for the protection of children - Elaboration of policy on mass education - Coordination and implementation of Education programmes - Elaboration and implementation of policies favouring vulnerable groups and genocide survivors - Centres for unaccompanied children
MIGEPROFE		

	1. Support to Self-Promotion of Women	<ul style="list-style-type: none"> - Financial Support to Communal Funds - Fonds de Garantie - Training of members of communal funds - Construction of Houses for Women - Support to Women Elected Councils
MIJESPOC		
	1. Professional Training 2. Mobilisation of the Youth 3. Cultural Promotion (following items only)	<ul style="list-style-type: none"> - Vocational training of youth - Running of Youth Training Centres (YTC) - Sale of products of YTCs - Encourage participation in revenue generating activities - Elections of National Youth Council - Running of National Youth Council - Organisation of National Youth Festival - Genocide Memorial Commission - National Commemoration Day of the Genocide
MINIJUST		
	1. Planning and Administration (following item only)	<ul style="list-style-type: none"> - Creation of 6th Chamber (GACACA)
MININTER		
	1. Police Services 2. Prisons	<ul style="list-style-type: none"> - Prevention and detection of crimes - Road security - Air and border police - Recruitment of new police cadets - Training of police force - Maintenance and repair of 19 prisons - 120,000 prisoners fed and clothed - Re-education of prisoners

MIFOTRA		
	1. Civil Service Reform	- Support to the reform of the Civil Service
MINITRACO		
	1. Development of Transport Infrastructure	- Planning and repairs to bridges - Tarmacing of major roads - Development and improvements to rural road networks
MINICOM		
	1. Industrial and Artisanal Development	- Support for SMEs - study on development of industrial zones - Investor's Guide to Rwanda - RIPA - Standards Bureau
	2. Promotion of Commerce	- Development of local markets - Promotion of foreign trade - COMESA
COUR SUPREME		
	1. Programme GACACA	- Preparation of laws regarding GACACA - Election of members of GACACA courts - Monitoring and evaluation of system - Inspection and coordination of activities - Training of supervisors - Running of trials - Database of court cases

Annex 1 Table 6 Outcome indicators for poverty reduction in Rwanda

I. Impact indicators

POPULATION

Population in millions
 Rate of mortality ('000)
 Crude birth rate ('000)
 Life expectancy at birth (years)
 Fertility rate
 Infant mortality per thousand births
 Maternal mortality per 100,000 births
 Child mortality rate (under 5 years)
 Rate of population growth

II. Performance indicators

FOOD SECURITY

Cultivable land per inhabitant
 Share of agricultural production in GDP
 Rate of growth in agricultural production
 Index of agricultural production
 Food imports/agricultural production

HEALTH AND NUTRITION

% of recurrent budget allocated to health
 Health expenditures per inhabitant
 Access to health services(%)
 Population per doctor
 Population per nurse
 Population per hospital bed
 Rate of use of health services (new cases per head)
 Rate of use of contraceptives
 Premature births /total births
 Child malnutrition rates
 HIV/AIDS prevalence

Proportion (of children U5) underweight (%):
 Calories per person/day

EDUCATION

Budget allocated to education (%)
 Government expenditure on education
 Literacy Rate
 Gross Primary Enrolment (%)
 Net Primary Enrolment (%)
 Transition Rate to Secondary education (%)
 Repetition rate (%)
 Drop out Rate (%)
 Abandonment rate in primary school
 Total enrolment

Annex 1 Table 6 Outcome indicators for poverty reduction in Rwanda
Transition Rate to higher education (%)
Repetition rate (%)
Drop out Rate (%)
Higher education
Public expenditure in higher school
Total enrollment
<i>HABITAT</i>
Access to latrines (%)
Access to safe water (%)
Access to modern source of energy
<i>LABOUR FORCE</i>
Active rate (10 years and more)
Dependency ratio
Unemployment rate (%)
<i>TRANSPORT</i>
Average transport expenditure per head
Share of transport in expenditure
Average transport time
<i>CAPABILITIES</i>
Rate of access to credit
Rate of access to infrastructure
Participation rate
Rate of membership of associations
Access to basic information services
<i>GENDER</i>
Female literacy rate (%)
Economically active females
Female share of active labour force
Female-headed households (%)
Time spent per day by females in domestic activities
<i>ENVIRONMENT</i>
Land area ('000 km ²)
Internal renewable water resources per capita (cubic metres per years)
Annual fresh water withdrawals as % of water resources
<i>BASIC ECONOMIC INDICATORS</i>
GDP per capita (\$)
Inflation rate
Gross Domestic Investment (% of GDP)
External debt as % of GDP
Consumer price index
Total debt per capita, in \$
III. Poverty indicators
Incidence of poverty (P0)
Depth of poverty(P1)
Intensity of poverty (P2)
Inequality (Gini coefficient)
Share of the poorest 10% in incomes
Share of the richest 10% in incomes
Ratio of the poorest 40% to the richest 20%

Annex 2: Timeline for the full PRSP

	2000									2001											
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Preparation of I-PRSP																					
Preparation of first draft of I-PRSP	x	x	x																		
Establishment of national programme for poverty reduction		x																			
Donor mission to discuss preparatory process for I-PRSP		x																			
Consultations with prefectures			x	x																	
Comments requested from donors on working draft			x	x																	
Preparation of participation action plan				x																	
Distribution of first draft of I-PRSP				x																	
Consultation with civil society on working draft					x																
Discussion of working draft with sectoral ministries					x																
Preparation and presentation to cabinet of policy matrix					x																
Editing and cabinet approval of final draft of I-PRSP					x	x															
GOR/donor meeting to discuss I-PRSP							x														
Participatory assessment for the PRSP																					
Identify PTF (participatory task force) members					x																
Review participatory methodologies					x																
Develop methodology, fieldwork programme, report outline						x															
Recruit prefecture implementation teams							x														
Train prefecture teams							x														
Recruit synthesis team								x													
Field work conducted and monitored								x	x	x	x	x	x	x							
Primary analysis of results															x						
	2000									2001											

	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Development of monitoring indicators																				
Workshop on draft system of indicators and methodology					x															
Development of indicators					x	x	x	x	x	x										
Ballpark costing of sectoral priorities for PRSP										x	x	x								
Memo: budgetary workshops for MTEF										x	x	x								
Consultation with civil society and other stakeholders (including courtesy calls, Website, etc.)			x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		
Macroeconomic analysis																				
Economic and sector work on growth prospects (GOR/WB)									x	x	x	x								
Long run forecasts of poverty (using national household survey)																			x	x
Survey of expenditures and outcomes in social services																				
Fieldwork: expenditure tracking					x	x														
: CWIQ household survey							x	x												
Preliminary results							x	x	x	x										
Household survey																				
Fieldwork: urban	x	x	x	x	x	x	x													
Rural				x	x	x	x	x	x	x	x	x	x	x						
Preliminary results: urban											x									
Rural																		x		
Population census (to be held in 2002)																				
	2000								2001											
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Demographic and health survey																				

Fieldwork			x	x	x	x															
Preliminary results							x														
Input from PRSP processes used in preparation of budget Framework Paper														x	x						
Drafting of PRSP															x						
National consultation on draft																x	x				
Integration of national household survey findings																			x		
Finalise draft PRSP and submit to steering committee																	x	x			
Dissemination																				x	x