
AFRODAD PRSP SERIES

(1/1) AFRICAN FORUM AND
NETWORK ON DEBT AND
DEVELOPMENT

(A) **A CRITICAL ANALYSIS OF THE
POVERTY REDUCTION STRATEGY
PAPERS (PRSPs)
PROCESS AND OUTCOMES**

THE CASE OF RWANDA

AFRODAD



ISBN 0 7974 2508 X
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Printed By High Gloss Printers
Harare, Zimbabwe

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Preface

The process of developing PRSPs is challenging in terms of policy formulation; institutional framework implications and capacity requirements. The study of the Rwandan experience suggests that effective participation in policy dialogue of all stakeholders runs against capacity limitations of the various stakeholders who have not had the necessary experience, capacity and practice of formulating policies and participating in development. Nevertheless, the Rwanda PRSP work has provided useful inputs into other national policy documents such as Vision 2020. The Rwanda PRSP has emerged not just a paper but also a way of depicting a different way of managing development.

Rwanda is a special case. Radical attempts by the state to be seen as open and transparent in Rwanda, is driven need of the political elite to build some sort of legitimacy to rule. It also stems from the apprehension that deep cleavages in the war-scarred society may further erupt unless the trust of the people is won. In Rwanda, the state needs the people. PRSP or no PRSP, the state would be relatively open because of recent history. Rwanda's PRSP is also unique in its ability to harness local culture for participation and poverty reduction. Rwandese society has a number of positive features, including institutions of traditional social organization, which can be harnessed for the struggle against poverty. These include; *Umuganda*, the tradition of work on public projects; *Ubudehe*, the tradition of mutual assistance; *Gacaca*, the tradition of communal resolution of disputes; *Umusanzu*, the tradition of support for the needy and contribution to the achievement of a common goal and linguistic homogeneity with the overwhelming majority of Rwandese society speaking Kinyarwanda.

On the economic front, Rwanda is making progress towards improving the quality of the budgetary process in the country and attempting to institutionalize the linkages PRSP objectives and the budget process. The budget process was being revisited in order to reflect PRSP priorities. With its PRSP macroeconomic framework, external balance is expected to improve through export promotion and development while monetary policy is expected to continue to improve under strict control. The rate of inflation is expected to remain low at around 3% and the exchange rate may depreciate slightly in real terms but overall it is expected to be stable. Rwanda's poverty reduction strategy aims at visibly increasing public investment in human and physical capital and at facilitating private sector savings and investment, and rapid economic growth paired with low inflation. Rwanda's poverty reduction strategy aims at visibly increasing public investment in human and physical capital and at facilitating private sector savings and investment, and rapid economic growth paired with low inflation. The strategy included an ambitious structural agenda, fostering improvements in the financial administration and its transparency, enhancing governance, and advancing the financial sector and its supervision. It is envisaged that expenditures must contribute, whether directly or indirectly, to the reduction of poverty. The PRSP itself is the starting point for aid coordination and organizing framework. Realigning donor policies and resources is attempted in the framework of PRSP.

Poverty reduction in Rwanda is to be achieved through public actions on six priority areas: rural development and agricultural transformation, human development, economic infrastructure, governance, private sector development and institutional capacity building. The National Poverty Reduction Programme (NPRP) located in the Ministry of Finance and Economic Planning (MINECOFIN) coordinates the PRSP. It is implemented through the various actions that Government and other parties undertake in each sector. The various sectors are supposed to formulate policies that are consistent with both vision 2020 and PRSP.

Although Rwanda's PRSP has been hailed by the International financial Institutions as a "comprehensive and innovative" Poverty Reduction Strategy Paper (PRSP), which provided "a sound basis for IMF concessional financial assistance," it remains to be seen how much it will contribute towards pulling the majority of Rwandese out of absolute poverty and foreign aid dependency.

Acknowledgements

AFRODAD wishes to extend its deep, sincere and profound gratitude to Mr. François Gasore of Rwanda for investing considerable time and effort in the research process of this report. We are also grateful to the initial research work done by Edward Kayitare Rabaduka and the incisive comments and suggestions made by the reader, Dr. Emmanuel Bugingo of the National University of Rwanda

The report could not have been possible without the cooperation received from various institutions and individuals. In particular we wish to thank the representatives/officials of all the Rwanda civic, governmental and private institutions that the researcher called upon for interviews, research materials and data. The central financial support and encouragement of Diakonia staff was invaluable to the project.

Special mention is due to the contribution made by the Project Managers; Erin McCandless and Ezekiel Pajibo. The report benefited incalculably from the intellectual advice and guidance of Opa Kapijimpanga, the AFRODAD chairperson. The entire report is indebted to the tireless and hardworking of AFRODAD secretariat, especially Charles Mutasa, who direct our research programs.

This Poverty Reduction Strategy Papers (PRSPs) research report is part of our second edition series on the subject. The first edition covered the first five countries to complete Poverty Reduction Strategy Papers in Africa namely; Burkina Faso, Mauritania, Uganda, Tanzania and Mozambique.

AFRODAD is proud to be associated once again with research on pertinent and contemporary issues such as the Poverty Reduction Strategy Papers. Last but not least, we are grateful to all the assistance we received during the study and needless to mention the fact that we assume full responsibility for the opinions expressed in this report.

LIST OF ACRONYMS

AIDS	Acquired Immune Deficiency Syndrome
BWI	Bretton Woods Institutions
CDF	Comprehensive Development Framework
CEPEX	Central Projects and external Finance Bureau
CSO	Civil Society Organisation
CSPR	Civil Society for Poverty Reduction
DFID	Department for International Development
ESAF	Enhanced Structural Adjustment Facility
GDP	Gross Domestic Product
GNP	Gross National Product
GoR	Government of Rwanda
GTZ	German Agency for Technical Corporation
HIPC	Highly Indebted Poor Countries
HIV	Human Immuno Deficiency Virus
IFIs	International Financial Institutions
IMF	International Monetary Fund
I-PRSP	Interim-Poverty Reduction Strategy Paper
JSA	Joint Staff Assessment
LGH	Local Government and Housing
LME	London Metal Exchange
MDGs	Millennium Development Goals
MTEF	Medium Term Expenditure Framework
NERP	New Economic Recovery Programme
NGOs	Non Governmental Organizations
NEPAD	New Partnership for African Development
NPA	National Poverty Assessment
NPRP	National Poverty Reduction Programme
NPRS	National Poverty Reduction Strategy
NURC	National Unity and Reconciliation Commission
PEAPs	Poverty Eradication Action Programmes
PRSP	Poverty Reduction Strategy Paper
PRT	Policy Relevance Test
PMA	Poverty Monitoring Analysis
PPP	Policies, Programmes and Projects
SIDA	Swedish International Development Agencies
SSA	Sub-Saharan Africa
UN	United Nations
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
WB	World Bank

Part I: Introduction and Background

1.0 Introduction

Both donors and civic groups in Rwanda have indicated a lot of optimism in the Rwanda PRSP. The Rwanda PRSP has for several reasons been linked to its national development and some international development programs. Its linkage with key national processes such as the establishment of a national constitution, the process of administrative and political decentralization, and the post-genocide 'unity and reconciliation' process has made it of more value than PRSPs in other countries.

Rwanda illustrates well the need for caution, pragmatism, and country-specific application of the rhetorical concept of 'country ownership' of poverty reduction strategies. Rwanda is extremely poor, highly aid-dependent, and run by a new regime many of whose senior members first settled in the country after the 1994 genocide. It also shows that financing agencies have yet to make the required radical alterations to the way they finance and interact with government agencies. There is need for continued improvements in the ability of civil society to contribute to national development initiatives especially the economic aspects of the PRSP.

1.1 Nature of Research

The research on Rwanda's PRSP is basically literature review complemented with structured interviews with key stakeholders in government, private sector, civil society and the donor community. It also relies heavily on the use of focus group discussions with groups of ordinary men and women of Rwanda.

1.2 The Evolution of the PRSPs

The genesis of most of the PRSPs that a number of African countries are now pursuing including Rwanda originate from the World Bank. This is evident in the policy content of the strategies. After many years of being criticized as being anti-poor, since the early 1990's, the Bank has been involved in the design and conceptualization of guidelines and strategies towards poverty reduction. The Bank has also introduced products as part of its responsiveness to issues of poverty.

Under the new presidency of J.D Wolfenson, the Bank has changed its strategies and has embraced poverty reduction as an integral part of the Bank's policies. In 1999, speaking at a Joint Bank-Fund Annual meeting, Wolfenson said:

“We have learned that we must fight poverty front and centre.”¹

World Bank thinking on poverty reduction strategies are most aptly articulated in the World Development Report 1990 and the 1991 policy paper on Assistance Strategies to Reduce Poverty and the Operational Directive 4:15 which was issued in December 1991. In these papers, the Bank highlighted the need to:

“support policies that promote broad-based, labour-intensive growth, investments in human capital, and the provision of safety nets for those unable to share in the benefits of growth.”²

Poverty Reduction Strategies (PRS) that are embodied in the PRSPs, consist of a country's

¹ World Bank (2000), Poverty Reduction and the World Bank. World Bank, Washington DC. P 35

² World Bank (ibid), p 35

³ International Monetary Fund: About Country Policy Intention Documents.

vision, strategic objectives, goals and targets for the reduction of poverty within a given time frame.³ According to the World Bank, these documents describe a country's plan for macroeconomic, structural, and social policies for three-year economic structural adjustment programmes to foster growth and reduce poverty, as well as associated external financing needs and major sources of financing.

PRSPs were introduced in 1999 by the World Bank and the IMF (now commonly referred to as the Bretton Woods Institutions-BWIs) as part of their approach to debt relief for highly indebted poor countries, a framework which is now popularly referred to as the HIPC Initiative, with more recent variants known as the Enhanced HIPC. In Rwanda, an interim PRSP was finalized in October 2000 and later followed by the finalization of a complete PRSP in November 2001.

The packaging of PRSPs within the HIPC framework was aimed to ensure that debt relief provided under the initiative, as well as concessional loans from the international financial institutions help to reduce poverty in the poorest, most indebted Southern countries. Consequently, creditors now require that any country seeking debt relief under the HIPC facility should have in place, a poverty reduction strategy that must first be approved by them before financial support can be granted.

The World Bank has repeatedly emphasized that the PRSP must be drawn up by the applying country itself; that the country should identify, in a participatory manner, the poverty reduction outcomes which it wishes to achieve and the key public actions-policy changes, institutional reforms, and projects, which are needed to achieve the desired outcomes. For Rwanda, these seemed not to be an uphill task as the government drew experience of its post-1994 genocides 'unity and reconciliation' process, Vision 2020, decentralization process and the establishment of a new constitution that were participatory in approach.

The introduction of PRSPs has been hailed by a number of countries, and notably those who have already developed or are in the process of developing such strategies. It is seen as a serious effort towards poverty alleviation and resolution of the debt crisis that has negatively affected them. To Rwanda, it has been received as an opportunity to heal wounds of hatred and suspicion that surrounded civil society and state relationships, as well as a way of legitimizing government to administer and be entrusted with donor funds for development and poverty reduction.

Whilst there can be no doubt about the need for and the urgency for poverty reduction strategies, the current World Bank/IMF-based PRSP has raised some concerns. Decades of implementation of Structural Adjustment Programmes (SAPs) across the developing countries had raised a lot of criticisms and rejection of the BWIs largely because their policy prescriptions had exacerbated rather than reduced poverty. It is against this background that the World Bank introduced the PRSP concept. This ideological shift should be applauded as a positive development. However, there are still some serious questions that raise doubts as to the feasibility of PRSPs, as currently designed and implemented, as a solution to the challenges of poverty and debt in Africa as well as other poor countries in Latin America and Asia.

In Rwanda, PRSPs have seen donors warning the government against protectionism and state intervention in the market. Issues of privatization and liberalization are still important for donors in Rwanda. Despite attempts to attain maximum participation of civil society in the policy making process, evidence from this study shows that the Rwanda PRSP still has elements of policy strikingly similar to the old policies of macro-economic stabilization and

structural adjustment programmes.

If the PRSP is to work for Rwanda it has to be a starting point for donors and line ministries to start developing mechanisms based on effective sectoral policy make the best use of the resources available in the country. Currently, Rwanda is trapped in a cycle where external finance is ad hoc and project orientated and will remain so until there are strong, implementable sectoral plans and policies that donors can support directly. It is only when externally funded projects come within the national planning and budgeting framework, line ministries will quite rightly continue to devote very limited capacity to attracting and managing different donor driven projects rather than looking at the needs and policy requirements of their area of responsibility as a whole.

1.3 Research Aims and Method

This research study sought to gather information on the contentious issues arising within and around preparations of Rwanda's Poverty Reduction Strategy Paper (PRSP) vis-à-vis civil society participation and content input. Moreover, analysis of Rwanda's PRSP is undertaken amid the available information in the regard of the national development planning and international development initiatives.

More specifically the objectives were to;

1. Give a brief summary of the scope, principles and content underpinning the PRSPs in your country.
2. Identify the PRSP's economic indicators/benchmarks and their levels. (a) Establish whether these are likely to /were achieved by ascertaining their impact on the country's sustainable development. (b) Is the national external debt sustainable/likely to be sustainable after PRSP?
3. Establish the relationship between (a) PRSPs and existing national poverty strategies and development plans (current/short, medium and long term). In so doing identify the existing convergences and divergences of the PRSP and national development plans/initiatives.
4. Discuss whether PRSP addresses national poverty or individual household poverty.

The study employs as its technique the analysis of various documents and literature that have been produced on the Rwanda PRSP. It then complements the process with interviews with relevant stakeholders in the PRSP process (government officials, donors mainly the IMF and the World Bank, civil society organizations and individuals that were instrumental in the PRSP process). The International Monetary Fund and the World Bank were chosen because of the special role they play in the current thinking on the PRSP processes in most developing countries especially those countries that are under the HIPC debt initiative.

Besides perusal and analysis of related documents and interviews, informal discussions were held with various stakeholders particularly those within the civil society that actually feel the pinch of poverty. These were members of the local leadership that who in turn assisted in reaching some of the village members.

For the future, the government of Rwanda has developed a macroeconomic programme aimed at achieving annual average growth in real GDP of at least 6 percent per year, to keep inflation below 5% per year and gradually reduce the current account deficit (excluding official transfers) from 16.8 per cent in 2000 to 10.8 per cent by 2004 and to maintain the level of gross reserves of foreign exchange at 6 months of imports⁶.

2.2 The Challenge of Poverty

Rwanda is a country in dire need of a robust and effective poverty reduction program after the aftermaths of genocides in 1994, war and instability that followed. Even prior to the 1994 genocide, Rwanda experienced rising poverty and inequality. The genocide and civil war of 1994 and the emergency situation that followed caused massive population movements, with further social and political instability, and disputed social relations and organisation. Child and adult mortality rose steeply and poverty broadened and deepened.

The social and economic indicators for Rwanda are few and of uncertain quality. The last year which reliable data are available is 1985 where 40% of the population was classified as poor. The latest (1999) estimates for the proportion of those below the poverty datum line is 65 per cent. Life expectancy at birth is believed to be 49 years. The infant mortality is 131 per thousand live births. See table below.

Table 1. Rwanda Social and Poverty indicators compared to those of the Sub-Saharan Africa (SSA)

	Rwanda	SSA - Average
Life expectancy in years	49	51
Infant mortality per 1000 lives birth	131	91
GNP per capita in \$ US	240	510
Foreign direct investment in % of GNP	0.1	1.3
Financial credit to private sector in % of GNP	8.1	65.1

Source: World Bank (1999).

⁶ Mutebi, F.G. at al (2001) Institutionalising the PRSP approach in Rwanda, Oxford Policy Management, Oxford, UK.

Part II: The Process:

3.0. The Rwanda Poverty Reduction Strategy (PRSP Process)

This section evaluates the depth and legitimacy of the participatory processes and the adequacy of associated institutions and processes. It examines the extent and depth of participation in policy formulation, priority setting, resource allocation decisions, and monitoring by all stakeholders.

The PRSP in Rwanda has been introduced at a time the country is in the throes of a crucial and difficult transition period from a post-emergency reconstruction to a long-term development phase. With more hopeful signs of an end to warfare with Democratic Republic of Congo (DRC) and rebel factions in sight, government is likely to be in a stronger position than before to devote energies to anti-poverty strategies. The PRSP events in Rwanda can best be summed up in a table format (see table 2).

Table 2: The Rwanda PRSP

Preparation for Interim PRSP	May-November 2000
Preparation of first draft of IPRSP	May-June 2000
Establishment of National Programme for Poverty Reduction	June 2000
Donor Discussions on preparatory process for IPRSP	June 2000
Consultation with Prefectures	July 2000
Request for donor comments on working draft	July-August 2000
Distribution of first draft of IPRSP	August 2000
Civil Society Consultations on working draft	September 2000
Sectoral Ministry consultations on working draft	September 2000
Preparation of policy matrix & presentation to Cabinet	September/October 2000
Editing and Cabinet approval of final draft of IPRSP	October 2000
Participatory Assessment for the PRSP	September 2000-July 2001
Development of Monitoring Indicators	September 2000- January 2001
Consultations with Civil Society and other stakeholders	July 2000-September 2001
Macroeconomic Analysis	January 2001-April 2001
Three-day workshop on 'operationalising the PRSP'	July 2001
PRSP Draft outline followed by zero draft PRSP	September 2001
National consultations on Draft PRSP	October 2001
Integration of Household survey results	October 2001
Finalise draft PRSP and submission to Steering Committee	November 2001

Source: Adapted from Rwanda P.P.A

The timing of the Rwanda PRSP has been viewed as excellent in that it has managed to be integrated into the national development strategy Vision 2020 and the Millennium Development Goals. The resourcing of the Rwanda PRSP has come from the World Bank, DFID, UNDP and Sida.

3.1 Participation in the Rwanda Poverty Reduction Strategy.

The question of who participates is one of the first criteria in assessing the quality of participation in PRSPs. The 'ladder of participation' used by the World Bank and others describe the following levels of participation: information sharing, consultation, joint decision-making, and initiation and control by stakeholders (cited in McGee and Norton

2000). The Rwandan government's expectation of participation was based on consultation, rather than joint decision-making.

The entire process in Rwanda started in June 2000 when the President of the Republic launched the task of elaborating a National Poverty Reduction Plan within the context of Rwanda's long term Vision 2020. The National Poverty Reduction Programme (NPRP), set up in 2000 in the Ministry of Finance and Economic Planning, conducted the PRSP process. The NPRP relied on extensive national consultations starting from the I-PRSP as it played its role of guidance and coordination. The consultations laid emphasis on involving grassroots' people but included political parties and members of the National Assembly, local authorities, commune/district development committees, religious groups, NGOS and community associations. Sector ministries participated fully and made their contributions to the final document. The method used by the Rwandan government ensured that they had good information about poverty, but they did not go far enough to engage with people on joint policy-making.

The process began with an Interim Poverty Reduction Strategy Paper (I-PRSP) that was finalised in November 2000. It was predominantly developed through sectoral working groups. After the Interim PRSP a Participatory Poverty Assessment (PPA) was done with three aims:

- (1) To generate an accurate profile and diagnosis of what poverty is in Rwanda
- (2) To evaluate the policies proposed in I-PRSP
- (3) To start a longer-term process in which poor people would generate and implement their own solutions.

The PPA comprised three components:

- (i) The National Poverty Assessment (NPA). This was carried out using participatory rural appraisal techniques. It was done at District level covering over 100 sites. The survey yielded information on different categories and characteristics of poverty, rankings of the problems faced by the community, analysis of gender roles, and captured discussions of the issues surrounding land ownership and tenure.
- (ii) The Butare Pilot Study- The Butare Pilot Community Action Plan examined 678 cellules from the whole Province. Two cellules were selected from each district of the remaining Provinces. All in all approximately 800 villages were assessed countrywide. Special attention was paid to focus groups including women, youths, local authorities and local and international NGOs in all these surveys conducted.
- (iii) Policy Relevance Test- This looked more specifically at existing policies and those proposed in the I-PRSP. After a round of discussions with line ministries the policies were evaluated using stratified socio-economic focus group discussions. The policies were assessed for their relevance to individuals and to their communities on the basis of their effectiveness and level of participation. They also looked at providing solutions to problems identified.

The draft document was considered in October 2001 by a national validation workshop that was attended by representatives of all stakeholders. Particular attention was given to criteria for, content of expenditure prioritisation, planning structure and partnership. Wide national

and international circulation of the initial outline and drafts of the document for comment and feedback have greatly shaped the final document. In addition Government plans to publish the document in English, French and Kinyarwanda so as to make it publicly available and conduct workshops and consultations on the implementation of PRSP.

The approval of the document has been expressed first by the National validation workshop that considered it to be reflecting the results of the consultations. The donor community stated their approval of the document through written statement some of which are:

- 1) The European Commission Statement on Rwanda's Poverty Reduction Strategy (Annex 1)
- 2) DFID Statement on Engagement with Government of Rwanda's Poverty Reduction Strategy (Annex 2)
- 3) An overview of the Poverty Reduction Strategy Paper by the Joint IDA-IMF staff assessment (July 18 2002)

3.2 Concept of Participation

Participation is possible during the following stages of the policy cycle: analysis, formulation, approval, implementation, and evaluation of policy. In the Rwandan case there was a high commitment to people's participation during the initial analysis phase, and little effort to ensure participation during the policy formulation stage. At the approval, implementation, and impact assessment stages, there is little indication that a successful participatory process was used. This could be due to a lack of political will and/or a lack of technical capacity to put in place participatory processes at later stages of the PRS policy cycle.

The Rwanda poverty reduction strategy paper is a result of intensive consultations and provides a comprehensive poverty diagnosis while spelling out the government strategy and priority actions to reduce poverty in Rwanda. The approach used during this participatory process involved sensitisation and confidence building within the community. Communities were sensitised on the entire process right from the initial stages of I-PRSP. The process is meant to continue and so is the communities' participation.

One factor of history that has influenced the pace at which people have responded to participation is the fact that most people had little role in the policy formulation and implementation process in the past. Although the post-1994 Government is committed to changing this relationship between the people and the state, the response on the ground is slow. The National Poverty Assessment (NPA) has been a first key step in introducing the priorities of communities into the planning and expenditure processes at central and local levels of administration. It also lays the foundation for assisting communities themselves to mobilise their own resources to overcome the problems they face and to support the delivery of public goods that are valued by the community.

While the participation of CSOs has been picking up, concern can be expressed on the relatively little role that the Parliament has played in the whole process of participation. As the peoples' representative institutions, its role in policy processes needs to be greater than it has been to date. This should apply to all elected representatives of the people at all levels so that the participation process is grounded in democratic institutions for sustainability to be ensured.

President Kagame claimed, "The process has no limit for the participation of civil society but instead expect them and other stakeholders to continue even long after the donor support

has been withdraw in terms of direct financial aid⁷.” It assumed that the policies from the broad consultations would be incorporated in the sectoral programmes and frameworks to fit the objectives and goals of PRSP.

3.2.1 The PRSP process

The Rwanda PRSP process was in one way consultative (taking thematic working groups at the district level) and in another one the participation was to enhance local problem solving experience. The rule was that outsiders must facilitate not operate the processes.

The PRSP has been prepared by the National Poverty Reduction Programme, which was set up in 2000 in the Ministry of Finance and Economic Planning. The National Poverty Reduction Programme reviews all PRSP activities, coordinates and collaborates with all other sectors and provides the necessary information about the implementation of the programme. Coordination is effected through the focal points it has established in various sectors.

Key to the whole Rwanda PRSP Process was the concept of UBUDEHE, the traditional Rwandan practice and cultural value of working together to solve problems that was then used to facilitate the implementation of PRSP by involving the poor. The concept of *ubudehe* is very inclusive, covering men and women and all social groups. In regard to PRSP, the objective of *ubudehe* is to revive and foster collective action at community level. It is designed to work with and reinforce the on-going political and financial decentralization process and to provide a direct infusion of financial capital into the rural economy, aimed at overcoming one of the main obstacles to pro-poor economic growth. This means moving from a top-down, autocratic approach associated with the past to developing local self-government structures that can facilitate collective action.

Therefore Poverty Reduction Strategy and Decentralization processes have been focused not only on individuals, nor only on macro structure and processes, but also on cellules. Cellules, as the lowest administrative unit of around one hundred households, are small enough to foster collective action but also linked directly into the system of government. In the PRSP process the concept of *ubudehe* was then used for participatory poverty assessment allowing the poor communities to list the activities and events, materials, equipment, infrastructure, information and manpower needed to address their problems

The PRSP process began with a team of trainers at national level, at district level and cell level. The national team trains the district team and the district team trains the cell team, which on their turn will facilitate defining community priorities and community action at the cell. The diagnosis of the poverty profile in Rwanda was done through the Participatory Poverty Assessment (PPA) that also evaluated the policies proposed in the Interim-PRSP. The PPA is a process that sought to engage the people of Rwanda in defining and finding solutions to the poverty in their own communities. This included assessing both governmental and non-governmental interventions and developing structures that provide the basis for community level action and development.

Three major tasks were done through the PPA. First was the National Poverty Assessment (NPA) survey that covered more than 100 sites. The survey that was done through the use of participatory rural appraisal techniques identified the different categories and characteristics of poverty, ranked the problems faced by the community, did an analysis of gender roles and stirred a discussion of issues surrounding land ownership and tenure. Second was the Butare pilot project that took the methodology a stage further. This was conducted at the cellule level where, after ranking their problems, communities went on to develop action plans to solve the problems they identified and also outlining of the coping strategies of one of the poorest households. The third stage was the Policy Relevance Test that looked critically at existing tests and the ones proposed in the interim PRSP.

⁷ President Paul Kagame addressing Donors' Conference held in Kigali on 6-8 November 2002 at Hotel Mille Colline

Table 3: Timetable of key PRSP activities

Date	Activity	Details
April - July 2001	Costing of anti-poverty programming	Identify with line ministries through the MTEF and the I-PRSP the anti-poverty priority programmes and defines unit cost and cost up programmes.
May- June	Begin the development of a strategic plan of the National Poverty Reduction Programme	Identifying strategic objectives, developing roles and responsibilities and drawing up corresponding action plans.
June	Public Expenditure Tracking Survey (PETS) in health and education	Publication of report tracing flows of funds, identifying systemic leakages and weaknesses and highlight the linkages between budget allocation and service delivery.
June	Core welfare Indicators Questionnaire (CWIQ) of 5000 households nationally	Publication of report assess the living conditions of households, access to social services and levels of satisfaction of people using the social facilities.
May - July	Policy Relevance Test (part of the PPA)	Reporting of survey results of relevance of poverty reduction policies.
June	Butare Pilot (part of the PPA) completed in all cellules in Butare province	Completion of training of core trainers for the National Poverty Assessment training teams and piloting the methodology for further development and implementation.
June - July	National Poverty Assessment (part of the PPA)	Reporting of results of the simplified version of the Butare Pilot conducted in ever sector in Rwanda.
Mid July	Seminar on 'Operationalising the PRSP'	With a wide range of stakeholders reviewing preliminary results of the PPA and looking towards mechanisms and systems for implementation.
End July	Presentation and circulation of Poverty data	Including PPA and all other data collected or under review.
Early Aug	Proposed outline of PRSP drafted and circulated for comment	Drafting will take place in teams with responsibility for particular sections, with a co-ordination and oversight function played by the steering committee.
Early Sept	Household Living Conditions Survey preliminary data analysis	Prioritised data analysis to be fitted into draft
End Sept- mid Oct Nov Dec	Consultation and circulation of drafts Final PRSP Start information campaigns on the PRSP	National seminars with different constituencies and on different topics Final draft submitted and circulated. Media campaigns, working with Urunana, feed back through local government
Jan 2002	Sectoral and technical meetings with ministries, NGOs and other stakeholders	Foundation for taking forward the development of better sector wide planning and resources mobilization
Jan	Citizens' Report Cards	Beginning the development of Rwanda capacity to undertake the methodology.
Feb	Institutional capacity assessment	Determining the weakness and constraints of the strategic planning departments of line ministries

Source: Government of Rwanda 2002.

The traditional practice of *ubudehe* in Rwanda illustrates the strong historical understanding of collective work by Rwandan communities. Through incorporating such traditional practice into the PRSP process many needs of the poor were identified. For example, poor health has been identified during the National Poverty Assessment as one of the greatest causes of poverty. However, one must hastily point out that the fact that Rwandan poverty analysis is more in-depth and real is certainly not due to the fact that there was better capability in Rwanda than elsewhere. The difference probably lay in the 'intent of the state'. In Rwanda the state genuinely wanted poor's direct involvement as it was in national interest (interest of the political elite!) to link poverty reduction and collective action to national reconciliation⁸.

3 Degree and Impact of Civil Society Participation

Due to capacity constraints mentioned above, members of the civil society's participation were limited to certain levels and some thematic areas. The outstanding contributions by the civil society were mainly in the social services. However in principle they were not limited by any regulations or omissions by process or NPRP. Consequently civil society participated fully where their capacity permitted.

Civil society, as understood in the Rwanda context, refers to community groups that consist of religious organizations, non-government organizations (NGO), community based organizations (CBOs), cooperatives, trade unions, academic groups, the media etc. Civil society and community-based organizations have successfully played intermediary roles between people and the state. This has been exhibited in sensitisation campaigns for new government programmes, determination of priority areas to address and by contributing with vocal and more audible voice to public debate on specific issues. Civil society is very useful in the monitoring of government programmes and can usefully contribute to their evaluation. The government of Rwanda strived to engage all groups that constitute the civil society by approaching to make their contributions to the PRSP process and document.

There is no evidence of members of the civil society that bluntly refused to take part in this PRSP process. However, the capacities of most CSOs to carry out independent research and analysis, with the exception of International NGOs, was very limited indeed. Although, the NPRP brought in expertise and finance to enable the civil society make its contribution to PRSP. It was not, under the circumstances, possible to provide capacity building to members of the CSOs prior to their participation in the process. For the same reason, no evidence is available of parallel processes being carried out by the civil society. In general, it can be concluded that the PRSP process enabled the creation of long-term partnerships between the civil society, the government and the development partners.

One of the positive impacts of the process is that the population was sensitised about their own situation and plight and permitted to participate in the entire process. The population gained skills in tackling burning issues in a participatory manner through collective effort and also gained confidence in the articulation of views and ideas to those in a position to assist. This is a positive social impact on the community.

Historically, the people of Rwanda had little role in the policy formulation and implementation process. This is mainly due to the historical methods of governance where the state appears to have issued directives to its population without prior consultations. However, government today has shown and expressed willingness to change this approach as is evidenced by the whole process of PRSP right from design and subsequent implementation and monitoring.

Biswas.J. (2002) Global Governance Term paper; MA-Governance and Development, IDS, Sussex.

3.4 Expectations and Concerns of Civil Society

Most civil society organizations in the Third World countries had diverse expectations of the desirable levels of participation in PRSPs. The Rwandan CSOs appear to have expected consultation, rather than joint decision-making. To this end, the Rwanda civil society assisted government in collecting better information about poverty and responded to draft documents, but they did not challenge the government's strategies by proposing alternatives. As noted, 'when both civil society and government enter the PRS process with the expectation of consultation, a lower level of participation, it appears to be easier for their expectations to be met, as in Rwanda.'⁹ The expectation of civil society and government seem to have matched up easily.

CSOs reported that agendas and documents were not disseminated before the meetings, preventing them from preparing properly. In order to enable a genuinely participatory process, governments must plan a strategy to provide necessary and timely information to people in appropriate formats.

Lack of time characterized the participatory process. Meetings on the PRS were announced at short-notice, and CSOs felt that they had insufficient time to consult with their constituencies, raising questions about their legitimacy and accountability. Lack of time particularly deters the participation of excluded groups, such as poor people and women, who could not afford to take time out at such short-notice.

Some groups were excluded from the debate because information and documents were not available in appropriate languages, especially in Kinyarwanda, the vernacular. The PRS process occurred almost entirely in French, making it difficult for much of the indigenous population to participate fully. This particularly affected indigenous women, as they tend to have low levels of French literacy. Likewise, the PRS documents were not translated into community languages, excluding people who did not speak the language of the political elites.

3.5 Civil Society-Government Relations

The government created broad space for participation, and the PRSP was quite inclusive. This occurred in spite of (rather than due to) the strength of Rwandan civil society and despite government inexperience with participation. CSOs due to their minimum participation experience tended to focus on short-term solutions to immediate service-delivery problems. Their minimal experience with strategic dialogue gave them a very limited capacity to engage with the government in the PRSP process

The government made a strong effort to hear ordinary people's views. A large segment of the population participated in the National Poverty Assessment, a study involving 1000 sectors (the second lowest organisational level) that included outreach to communities and households. The government also undertook a Policy Relevance Test in 38 out of 100 districts, in which 10,000 people participated in focus group discussions on the effectiveness of proposed policies. Thus, in Rwanda, the PRS process was characterised by a relatively high level of participation of ordinary people.

Government engagement with CSOs is seen through the National Poverty Assessment (NPA) exercise that preceded the PRSP. During this assessment communities' priorities were introduced into the planning and expenditure process at central and local levels of

⁹ Painter. G. (2002) *Quality Participation in Poverty Reduction Strategies; Experience from Malawi, Bolivia and Rwanda*, Christian-aid, London.

administration. In the past, communities were directed to deliver free labour for the construction of public goods such as roads and bridges. The approach now is to build on this tradition but allow communities to manage their own labour and focusing on the community's own priorities.

The government of Rwanda tried to be in harmony with civil society on matters of development. Of recent the government is undertaking several democratic processes with the full participation of its population. Generally people have been widely consulted on various issues. The National Unity and Reconciliation Commission was the first government body to move from village to village, institutions, social groups to seek their opinions on how the country could live in harmony after the traumas of the war and the genocide. The Constitutional Commission has used the same approach and a conference was organised from the 8th to 10th November to discuss the draft Constitution. This conference had representatives Rwandese of all walks of life from within and without the country. Generally the population expressed pleasant surprises that they also could be consulted on making National Laws, a fact that has not happened in the past. The PRSP itself could not afford to ignore the approach and has effectively used it to produce the current document.

International NGOs, national NGOs, trade unions, and some churches participated in the process. But religious organisations, rurally based NGOs, peasants' associations and the informal sector were not fully involved. Although government made some attempts to facilitate the participation of excluded groups (notably women's groups), but the impact of these efforts was minimal. Civil society faced barriers to participation, and some kinds of CSOs were excluded (such as rural organisations and indigenous peoples' organisations). A very few people in rural areas participated.

3.6 Government Participation

The PRSP process under the auspices and guidance of the NPRP borrowed heavily from the Unity and Reconciliation Commission on the approach of wide consultations which it used since it was established in 1999 and charged with leading national efforts to promote reconciliation essential for sustainable human development and lasting peace. In Rwanda because of the war and genocide social conflict is as wide spread as poverty and thus affects the entire nation. The problems are thus very similar so are the approaches and methodologies to solving them.

Since poverty is a multi-dimensional issue a number of government ministries were prominently involved. The key ministries were MINAGRI, MINALOC, MINISANTE, MINECOFIN and MINITRANSCO. All these fully participated especially when sectoral action plans and policies for implementation of the process were being drawn. The inter-ministerial coordination was easily achieved because poverty reduction being a national issue required actions that are in line with their normal responsibilities.

The decision to launch the poverty reduction process was sanctioned through a parliamentary process while the strategic sectoral policies will had to be approved by parliament.

3.7 Donor Participation

The Government of the United Kingdom through the Department For International Development (DFID), the Government of Sweden, the IMF and the World Bank did PRSP funding. DFID did welcome the strategy and committed to taking the PRSP as the starting point for all their future interventions. The European Commission, on behalf of the European

Union, committed to making the PRSP the principle guide and framework for their cooperation with Rwanda.

The statements made specifically in reference to the PRSP by representatives of the donor community indicate coordinated efforts to achieve set goals. It has to be pointed out however that each side have their benchmarks to the dialogue. Although donors were keen to support a PRSP process in Rwanda, they were raised concern over the Rwandan politics, especially its involvement the Democratic Republic of Congo (DRC)'s internal affairs by committing so many resources and how this might affect donor development funding. The time the November 2002 donor conference was held this previously thorny issue had assumed levels of mutual understanding because Rwanda had withdrawn all her troops from the Congo. Other issues of concern to the donors were transparency and accountability in the use of the donor funds and the mechanisms in place to ensure they are achieved.

4.0 The Policy Outcomes

Vision 2020 identifies the key objectives that need to be attained for Rwanda to become a middle-income country by 2020. The development of Rwanda is supposed to be guided by its long-term perspective Vision 2020 which has the following 7 goals:

1. Good political and economic governance
2. Rural economic transformation
3. Development of services, manufacturing and mining
4. Human resource development
5. Lowering risks and costs of doing business in Rwanda and development of the private sector
6. Regional and international economic integration
7. Poverty reduction

During the PRSP consultations government identified the governance problems to be the key issue in addressing poverty as exhibited through failure to design appropriate policies and implement them. The policy outcomes that seek to create wealth in the country were designed primarily to tackle these structural problems. They are grouped in the following policy areas:

- Rural development, agricultural transformation and employment generation
- Human resource development and improving the quality of life
- Improvement of the economic infrastructure
- Promotion of good governance
- Development of the private sector
- Macroeconomic management, fiscal and monetary policy and public expenditure management.

The PRSP strategies permit more negotiations with IFIs than was the case previously. In previous strategies, solutions were tailor made by IFIs and conditions set for the implementation without consultation and participation of the beneficiary community. Under the present arrangement, building blocks provided by the community are used in their presence to put up the entire process.

The greatest asset PRSP has is its participatory and wide ranging consultative approach used in developing the entire process. In the Rwanda case The PRSP can also benefit from a number of positive features the country has and they include:

- Tradition of community work on public projects (Umuganda)
- Tradition of mutual assistance on farmlands (Ubudehe)
- Tradition of communal resolution of disputes (Gacaca)
- Tradition of support for the needy (Umusanzu).

4.1 Key Strategies and Assumptions

The major priority sectoral areas have core programmes that have been identified as particularly high priority. These are:

- ✓ Intensifying small-scale agriculture and livestock including extension, credit and support to marketing
- ✓ Labour intensive public works including environmental infrastructure (agro-forestry, marshes, terracing and water management) and rural roads.
- ✓ Malaria and HIV/AIDS prevention and support to health insurances and health workers.
- ✓ Primary school text books
- ✓ Skills development for: the youth, women, and small business start-up schemes.
- ✓ Adult literacy
- ✓ Justice system for the genocide suspects known as *Gacaca*
- ✓ Demobilisation and reintegration into socio-economic activities
- ✓ Shelter provision for the homeless, development of low-cost housing and infrastructure in settlements known as *imidugudu*
- ✓ Development of sector strategies

There are a number of assumptions used in approaching the PRSP process;

1. For poverty reduction strategies to work in Rwanda after war and genocides other national mechanisms must provide the conducive environment in which they will operate. After the disruption caused by the war, it is assumed that the constitution of the damaged social capital is fully recovered. National security is also paramount and it is hoped that all insurgency, internal or external have been contained.
2. The donor community, the government and the civil society's smooth cooperation and proper coordination are essential to put these strategies into action.
3. Rwanda's population is estimated to grow at a rate of 2.5% per year. There is therefore need for economic transformation and growth to keep pace with this rate of population growth. Once the population growth outstrips, for example growth in food production, the consequences are detrimental. To achieve rapid poverty reduction there must be high positive per capita growth. Also if the incomes of the poor grow faster than those of other groups, poverty will be reduced rapidly. In Rwanda this can be achieved by investing in rural and specifically in agricultural growth.
4. It was also assumed that the land productivity was crucial to poverty reduction as such it was necessary to make transformation from low value agriculture to high value farming. Rwanda's agro based economy was experiencing low agricultural productivity due to the failure of past agricultural policies.
5. The problem of human resources development especially limited employment opportunities was identified to be exacerbating poverty.

4.2 Macro-economic and Social Policy Options and Targets.

As result of the wide-ranging consultations circulation of the draft paper for discussion, strategies were developed based on sectoral actions. Six broad priority areas were identified for the poverty reduction strategy. These are:

Rural development and agricultural transformation.

This includes the actions that most directly affect poor people's ability to raise their incomes. It includes agriculture and environment, land, supporting off-farm employment, credit, rural energy, small-scale rural infrastructure and labour intensive rural public works.

Human development.

This includes the actions that most directly influence the quality of life of the poor. It includes health, family planning, skills development, education, water and settlement. Settlement is included because it is operationally so closely linked with water supply.

Economic infrastructure.

This includes the development of roads, energy and communications to support economic development both in urban and rural areas.

Governance.

This includes security, decentralisation, sectoral strategies, accountability and transparency and civil service reform

Private Sector development.

This concerns the promotion of investment, the reduction of the costs and risks of doing business and the promotion of exports.

Institutional capacity building.

This is a crosscutting issue that affects all sectors. It includes the design of institutional structures and incentives to encourage the development and retention of the relevant skills in public and private sectors.

Given the need to prioritize actions within the framework of the priority programmes, the following criteria have been used, and will be used in future, to prioritize expenditure. The criteria were discussed by two working groups at the validation workshop for the PRSP and have been revised in light of the working groups' recommendations.

- ✓ Expenditures must contribute, whether directly or indirectly, to the reduction of poverty. Expenditures will be targeted at those activities that the private sector cannot realistically be expected to undertake.
- ✓ Expenditures will target those activities that can be shown to have high socio-economic impact, as measured by rates of return or other quantitative criteria.
- ✓ Expenditures will target the activities that communities have identified as important to them.
- ✓ Expenditures will be directed to well planned activities for which realistic and modest unit costs have been identified and where there is a well-developed expenditure proposal.
- ✓ In cases where the previous two criteria are not met but the activity meets the other criteria, priority will be given to supporting policy development and planning in the sector.

voluntary process meant to buttress ownership of Africa's development agenda in the context of a transformed relationship with development partners. Rwanda is also a member of the implementation committee of NEPAD and prescribes to the view that only Africa can develop itself, that aid is only that aid which fits national priorities. To achieve these international standards Rwanda has sought membership in regional blocs and fully participates in policy formulation. Presently membership to the East African Community is being negotiated.

5.0 Monitoring and Evaluation

The main objective of the poverty monitoring system is to provide relevant information and promote constructive public debate on the challenges, solutions and progress in poverty reduction in Rwanda. Rwanda's strategy for poverty reduction contains two principal goals that are part of the MDGs:

- To reduce by half the proportion of the population living below the poverty line by 2015 and
- To reduce by three quarters the infant and maternal mortality rates for the same period

PPA based the selection of indicators for monitoring poverty on extensive consultations including information the population gathered. In the first place the poverty Observatoire, in collaboration with the Ministries and other partners involved in the production and use of indicators, drew up a list of poverty monitoring indicators. The list was reworked to take into account people's information from the PPA, the priority programmes and the availability of information. The Observatoire will also work towards the development of Millennium Development Goals.

The Institutional framework for monitoring poverty has apportioned roles as follows:

1. The Observatoire acts as the overall coordinator of the monitoring system ensuring that the selection of indicators reflects the direction of the strategy
2. The line Ministries will produce information that will serve as a basis for other work in poverty monitoring. These ministries can better produce certain kinds of information such as the availability of services.
3. The MTEF: The regular monitoring of inputs for the priority reduction programmes is primarily with the Budget Department and CEPEX. Outputs will be presented for all recurrent expenditures as part of the budget submission. Ministries will report annually on their success in delivering the previous year's output
4. Provincial administrative reports. In the context of decentralisation, provincial reports will be very important since they allow a better understanding of the outputs and challenges in terms of poverty reduction. These reports will also provide an understanding of the distribution of National resources
5. The Population; Participatory poverty research and assessments will allow the definition of priority problems and the mechanisms used by communities to resolve those problems. The population will use a system known as the Citizen's Report Cards in providing the feedback on poverty reduction progress.

The poverty monitoring indicators are given in Table 4 below.

Table 4 Poverty Monitoring Indicators

1. Outcome Indicators (gender-disaggregated where possible)
Health / Nutrition Life expectancy Infant mortality rate Under 5 mortality rate Maternal mortality ratio Malnutrition Vaccine cover Births attended by qualified personnel Rate of contraceptive use HIV/AIDS Incidence Rate of satisfaction
Education /Adult literacy rate Level of education Enrolment rate Drop-out-rate Repetition rate Rate of satisfaction
Income/Consumption poverty Poverty incidence/depth/severity for select groups Unemployment rate Time use Agricultural productivity Fertilizer use Access to extension services Marketed agricultural production Imported fertilizer volume Cattle ownership <i>Differences in the cost of living</i>
Time Poverty Time use data (especially gender disaggregated)
2. Access Indicators (Gender disaggregated)
Health/Nutrition Number per doctor/population Proportion of population per hospital bed Number of meals per day Satisfaction of calorific needs
Education Teacher/pupil ratio Book/pupil ratio Number of pupils per class Rate of retention from primary to secondary
Housing and settlements Population with access to safe water Population with access to hygienic facilities Lighting source Energy source Possession of a radio Possession of a mattress
3. Process Indicators (gender-disaggregated wherever possible)
Growth and distribution GDP growth Agricultural production growth rate Changes in size distribution of landholding (or summary index, Gini)
Employment/Wages Change in real wage rate of casual labour (on-farm) Active population Public expenditure data (health and Education) As % of total Government Expenditure Primary Health and Education as % of all levels
4. Proxy Indicators (gender-disaggregated wherever possible)
Correlates to poverty (sensitive to change) Characteristics of the poor (sensitive to change)

The findings from all regular monitoring surveys and mechanisms will shed light on the impact of policy and failures and enable strategy redesign for future poverty reduction strategies and efforts.

6.0 Quality and Process of Outcomes

In the words of the Rwandan Minister of Finance; “ The Strategy is not a technocratic document produced only by experts. Rwandans of all walks of life had a say in the diagnosis of problems and proposed solutions”.

Given the wide-ranging contributions to the document by the various stakeholders it can be said that there is co-ownership of the PRSP document. However due to disparities in capacities and finances the ownership appears proportionate to these resources.

In the context of the donor/borrower relationship, the donor tends to have a stronger influence and say over the entire process. The government being the organiser and endowed with technocrats and experts gets custody of the document thus having better access to it than the population. The majority of the population are illiterate or semi-illiterate and find it hard to access the document (and that is if they know it exists) let alone interpreting its contents. The entire process was government controlled although people's ideas were included.

Part III: Conclusion and Recommendations

7.0 Conclusion

Among many PRSPs, the Rwanda PRSP seems to be one of the few PRSPs that have designed a participatory process that builds consciously and closely on local participatory traditions and cultural norms. However, the feasibility and desire to participate in formulation of national policy by local poor people continues to be marred by ruling elites and bureaucrats who see no need to build their capacity and continue to avoid distribution of information in local languages that they can easily follow the issues.

The future of Rwanda's PRSP will depend not so much on factors directly-related to poverty reduction per se but its ability to make further progress towards reconciliation, stability, decentralisation and all that goes with good governance. On the international front, the donors should ensure that their participation leaves room for meaningful participation by key national players and avoid overemphasizing priorities that are not seen as priorities by national stakeholders.

7.1 General Recommendations

1. The continued use of donor funds as contained in the PRSPs means the country remains indebted. To reduce this indebtedness new loans should have at least a 50% grant element but this essentially limits borrowing from IDA, ADB and IFAD. Thus the process exposes the Nation to further debts.
2. The development of the private sector and Investment attraction. Although included in broad priority areas of PRSP, these existing programmes established by law such as the Rwanda Investment Promotion Agency (RIPA) and the Private Sector Foundation that the PRSP should consider close collaboration and harmonization of efforts in addressing similar issues. A vibrant private sector will create a middle class population that will stabilize the country's economy.
3. Pursuing the broader programmes of Vision 2020. This will greatly guide the PRSP since all its programmes are within the context of Vision 2020.

7.2 Recommendations to Civil Society

1. Take advantage of the opportunities available to articulate the problems clearly.
2. Seek assistance for capacity building to boost the level of participation in the process.
3. Take advantage of the relationship with government created by the PRSP process to carry out advocacy and lobbying especially fighting corrupt tendencies that might hijack the PRSP process.

7.3 Recommendations to Government

1. Negotiate with international financial institutions and secure terms and conditions that do not aggravate the current debt burden.

2. Provided conducive environment for the CSOs, Investors and private entrepreneurs in which to operate and flourish.
3. Ensure good governance characterised by transparent and accountable resource management.
4. The numerous national poverty studies that feed into the PRSP process need to be harnessed and ensure the introduction of a poverty observatory that will help in generation, sharing and use of information on poverty.

7.4 Recommendations to Donors

1. Donors should consider the plight of aid recipient countries and minimise conditionalities to levels that are manageable and achievable
2. Consider further debt relief mechanisms with particular reference to specific circumstances that affect the aid recipient nations (for example war ravaged and famine hit countries).

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Appendices

ANNEX 1: European Commission Statement on Rwanda's Poverty Reduction Strategy

The European Commission welcomes the PRSP and is committed to making it the principal guide and framework for its future cooperation with Rwanda. I have the pleasure of informing you that Commissioner Poul Nielson, member of the European Commission, has written to President Paul Kagame, asking that through him, his views be passed on to you. While His Excellency the President is currently abroad, the office of the President has kindly allowed me to share his principal messages with all of you

While Commissioner Nielson was unable to be present in person, he asked that it be known that the Delegation of the Commission to Kigali has his full support as representative of the Commission. He explains that this is appropriate since a decentralised approach to policy formulation and to programme implementation is the best way to ensure that EC support is indeed closely aligned with Rwanda's poverty reduction effort

He asked that through President Paul Kagame the Rwandan people and more particularly the Rwandan administration should be congratulated for the striking progress achieved in conceiving and adopting a strategy to fight poverty. You have developed a path despite the multiple constraints you have to confront, one which if followed will provide a qualitative leap in well being that the people deserve

Good governance is the essential cement to hold together all Rwanda for implementing the strategy to reduce poverty in your country. This implementation is linked to Rwandan efforts for the return to the peace and security in the region, in particular in the DRC, and also to the consolidation of reconciliation and democratisation processes in Rwanda

The European Commission supports the redirection of effort towards the rural economy, and believes that the holistic approach being adopted is the only way for Rwanda's multiple and complex objectives to be reached with limited resources that may be mobilised. We believe that issues generally known as governance are central to the success of PRSP: they are not just cosmetically convenient annex to the main effort. This would be true for all countries, but Rwanda is unique in the range of issues to be integrated into the mainstream PRST process-demobilisation, integration of former soldiers (both government and rebel), decentralisation and above all reconciliation.

While ownership of the strategy is with you and with the poor of Rwanda, your strategy offers to the international community a framework through which we may support your efforts. The European Union as a whole, and the European Commission in particular, are determined to make your poverty reduction strategy the framework for our cooperation support. You may count on the European Commission to be a firm supporter of the poverty reduction strategy, both in words and in financial support.

The European Commission cooperates with Rwanda through a variety of instruments of which the most important are the funds allocated through the National Indicative Programmes of the European Development Funds, the last of which was established through the Cotonou Convention. The Government of Rwanda, together with the European Commission, has almost completed the preparation of its strategy document for the programme to be funded under the Cotonou Convention. The strategy provides for the rural economy to be prioritised. The choice of this concentration theme is clearly congruent with PRSP. In order that there be a consistent approach in the sector, both project and budget support will be given. A total of 124

mio Euro has been earmarked for assistance over 5 years, in addition to which a further contribution has been indicated as possible support in response to unforeseen events such as significant falls in particular export earnings. In addition to these new sums to be made available under Cotonou, considerable funds remain to be disbursed from earlier European Development Funds. Those from the 6th and 7th EDF have been put largely to the rehabilitation of the physical and institutional fabric of the country, while Stabex funds- some 20 mio Euro are being put into reform of tea and coffee production. Commissioner Nielson programmed the funds from the 8th European Development Fund as late as March 2000. Some 40% has been committed on projects now underway while the remaining 60% should be committed on projects still being finalized in the coming months. All these projects fit well into the PRSP, even if their selection predates the completion of the poverty reduction strategy.

The parallel implementation of the different programmes will ensure that disbursement remains in the range of 50-110 mio/year for some time to come.

The European Commission Recognises that budget support is a particularly practical way for support to be given and to be received. It carries a corollary of a more intense sectoral dialogue on resource allocation and policy. That dialogue will be intensified in close consultation with other donors in order to simplify implementation and monitoring mechanisms.

The European Commission believes that the objectives set for the PRSP are necessarily ambitious, for the poverty challenge in Rwanda is huge. We nonetheless believe that if all resources are applied consistently to the anti-poverty effort, there is good reason to believe that the quantum leap that Rwanda hopes for can indeed be achieved. We promise to give our weight to that effort.

ANNEX II

Department for
DFID International
Development, UK

DFID PROGRAMME OFFICE
Kigali, Rwanda

November 9, 2001

DFID Statement on enlargement with Government of Rwanda's Poverty Reduction Strategy

Statement of Intent

DFID welcomes the Government of Rwanda's Poverty Reduction Strategy. We commit to taking the strategy laid out in the PRSP as the starting point for all our future interventions.

We strongly support the process of development of the strategy so far. We welcome the principles of building national ownership, building policy and financial coherence, a central focus on the perspectives of the poor and the development of a sound social and economic policy framework.

We recognise that this paper marks the beginning of a long-term process and commit to supporting Government and its partners to implement, monitor and further develop the Strategy.

DFID's Planning and Financial Frameworks

DFID commits to aligning all its new planning frameworks, including our Country Strategy Paper, with the PRSP.

We will ensure, to the greatest possible degree, that all financial forecasting and information provided to Government by DFID is predictable in order to enable Government to plan over the medium term, within the context of the PRSP

We commit to giving the majority of our support to Rwanda through budget assistance, against the Government's own commitment to the principles and actions of PRSP.

We commit to supporting the development of institutional frameworks that enable ourselves and other partners to have full confidence in Government financial procedures, and that therefore make external funding flows more predictable.

We commit to strengthening and prioritising assistance to policy development and financial planning at sectoral level. This will include working with the Government and other actors to develop sectoral strategies

We commit to supporting Government and its partners to develop sound coordination mechanisms at policy and planning level that better ensure balanced support and effectiveness in poverty reduction.

Promoting and Simplifying Joint Performance Assessment

« We commit to promoting common performance assessment and monitoring mechanisms in conjunction with other development partners. These will reduce transaction costs for Government and donors and be robust in assessing Government commitment to the principles and approach »

Rwanda PRSP Official Launch OFFICIAL LAUNCHING OF THE PROCESS FOR THE ELABORATION OF THE POVERTY REDUCTION STRATEGY PAPER IN RWANDA (PRSP)

Today 1/6/2000 His excellency, Major General Paul Kagame the President of the Republic of Rwanda officiated the launching of the process for the elaboration of the Poverty Reduction Strategy Paper (PRSP).

The occasion was attended by Government Ministers, Members of Parliament, Secretary Generals from Ministries, Prefects, Representatives from the umbrella organization of the civil society and resource persons from Universities, Private sector, NGOs, Religious organization, Members of the Diplomatic Corps, other dignitaries and the general public.

The programme was started by an introductory note by the Speaker of Parliament Honorable Vicent Biruta, followed by the speech of the Right Honorable Bernard Makuza Prime Minister of the Republic of Rwanda. He presented the institutional framework recently set up by the government to elaborate and put in place the PRSP. This will take place through a national consultative process.

The institutions set up to help in the elaboration of the PRSP are:

1. The National Coordination Committee made up of 9 ministers and chaired by the Prime Minister.
2. The National Steering Committee, made up secretary generals from the relevant ministries, representatives of the civil society, representatives of donors and representatives of the private sector.
3. A technical team under the steering committee made up of 5 units : Macro economy, structural reforms, social sector, real sector and poverty observatory.

His Excellency the President of the Republic of Rwanda, in his key note address, emphasized the following:

Poverty in Rwanda is a critical area of concern, it is rooted in the structural problems of the country and genocide has worsened it.

So people should not sit and wait but they should think critically. Rwandese should not be intimidated by the fact that Rwanda is small and is not endowed by natural resources, since we know of smaller countries with no specific natural wealth, but which are prosperous and are aiding large developing countries.

Rwandese can and should sit and think about their future, and find ways and means of addressing their problems from their own potentials.

He raised certain critical areas of concern and requested all stakeholders to base on them and give an input through the forth-coming consultations on how to overcome poverty in Rwanda. Some of the critical areas noted were:

- Empowerment of the community through good governance
- Reconciliation conflicts resolution
- Agriculture and land reform Gender issues
- Private sector promotion
- Entrepreneurship
- Fight against aids and other killer diseases
- And above all he emphasized the fact that good performance will depend on the new culture and attitude that fights corruption, laziness and ignorance.



AFRICAN FORUM AND NETWORK ON DEBT AND DEVELOPMENT

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