

***PRSP Institutionalisation Study:
Final Report***

Chapter 8

**Institutionalising the PRSP
approach in Rwanda**

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List of acronyms and terms

ADB	African Development Bank
ANT	Assemblée Nationale du Transition
CCOAIB	Conseil de Concertation des Organisation d'Appui aux Initiatives de Base
BNR	Banque Nationale de Rwanda
BWI	Bretton Woods institution (IMF and World Bank)
CDC	Community Development Council
CEAPS	Cellule d'Etude et Appui au Préscolaire
CEPEX	Central Projects and External Finance Bureau
CNDP	National Curriculum Development Center
CRDP	Community Reintegration and Development Project (World Bank/GoR)
CSO	civil society organisation
CSR	Caisse Sociale du Rwanda
CSRDP	Community-Based School Rehabilitation and PMR Project Management Report Development Program
CWIQ	Core Welfare Indicators Questionnaire
DEM	Direction of Extension and Marketing
DFID	Department for International Development (U.K. Government)
District	Administrative unit between Province and Sector; there are 106 Districts, replacing since March 2001 the 143 communes
DHS	Demographic and Health Survey
DPM	Direction de la Politique Monétaire
DRSA	Direction Régionale des Services Agricoles
EBSSSA	External Budgetary Support and Social Spending Adjustment (IMF)
EICV	Enquête Intégrale sur les Conditions de Vie
ESAF	Enhanced Structural Adjustment Facility (IMF)
FAWE	Forum for African Women Educationalists
FESP	First Education Sector Project
FESSA	Financed Excess Social/Antipoverty Spending Adjustment (IMF)
FRSP	Fédération Rwandaise du Secteur Privé
FSRP	Food Security Research Project
<i>gacaca</i>	Traditional village elders' council for arbitration
GTZ	Gesellschaft fuer Technische Zusammenarbeit
GoR	Government of Rwanda
HIPC	Highly Indebted Poor Countries (initiative)
IDT	International Development Target
IFAD	International Fund for Agricultural Development
IFI	international financial institution
ILO	International Labor Organization
IMCP	Inter-Ministerial Committee on Poverty
I-PRSP	Interim Poverty Reduction Strategy Paper
JSA	Joint Staff Assessment (by World Bank/IMF Joint Staff Committee)
KIE	Kigali Institute of Education

KIH	Kigali Institute of Health
KIST	Kigali Institute of Science, Technology and Management
LIFT	Leveraged Insurance Facility for Trade
M&E	monitoring and evaluation
Mayor	District governor, replacing since march 2001 the <i>Bourgmestre</i> in charge of the old <i>Commune</i>
MGRPR	Multidisciplinary Group of Researchers on Poverty in Rwanda (National University of Rwanda, Butare)
MICS	Multi-Indicator Cluster Survey
MIGEPROF	Ministry of Gender and Women in Development
MIJESOP	Ministry of Youth, Sports and Culture
MINAFASO	Ministry of Social Affairs Organization
MINAGRI	Ministry of Agriculture
MINALOC	Ministry of Local Government
MINECOFIN	Ministry of Finance and Economic Planning
MINEDUC	Ministry of Education
MININTER	Ministry of the Interior, Communal Development and Resettlement
MINISANTE	Ministry of Health
MTEF	Medium-Term Expenditure Framework
NEC	National Examination Council/Center
NGO	non-governmental organisation
NPRP	National Poverty Reduction Programme (here this refers to the Unit within MINECOFIN, rather than to the broader PRS process)
NTB	National Tender Board
NUR	National University of Rwanda (Butare)
NURC	National Unity and Reconciliation Commission
ONAPO	Organisation Nationale pour la Population
ORINFOR	Information
OSSREA	Organisation for Social Science Research in Eastern and Southern Africa
PASAR	Projet d'Appui à la Sécurité Alimentaire au Rwanda
PER	Public Expenditure Review
PETS	Public Expenditure Tracking Survey
PFP	Policy Framework Paper
PHRD	Policy and Human Resource
PIP	Public Investment Programme
PNLS	Projet National de Lutte contre le SIDA
PO	Pauvreté Observatory
PMS	Poverty Monitoring System
Préfet	Provincial governor
PPA	participatory poverty assessment
PPA(2)	Priority Program Area (IMF)
PRGF	Poverty Reduction and Growth Facility
PRAP	(Rwanda) Poverty Reduction Action Plan (= PRSP)
PRNP	Poverty Reduction National Programme (formerly PRS Unit; based in MINECOFIN Poverty Unit)
Province	Highest sub-national administrative unit; there are 12 Provinces

PRS	Poverty Reduction Strategy
PRSP	Poverty Reduction (and Growth) Strategy Paper
PSD	Private Sector Support Project
RFODR	Réseau des Femmes Oeuvrantes pour le Développement Rural
RHRDP	Rwanda Human Resource Development Project (World Bank)
RIPA	Rwanda Investment Promotion Agency
RWF	Rwandan Francs
Sector	[capital S as opposed to 'sector'] lowest-level administrative unit – under the 2001 restructuring there are 1,557 Sectors in Rwanda
SER	Sector Expenditure Review
SFICF	Small Farmer Input Credit Facility
SIP	Sector Investment Programme
SNE	Special Needs Education
SWAP	Sector Wide Approach
UBP	People's Savings Bank
<i>umidugudu</i>	villagisation
UNDP	United Nations Development Programme
UNESCO	United Nations Educational and Cultural Organisation
UNICEF	United Nations Children's Fund
UNLDC III	United Nations Least Developed Countries 3rd Conference, May 2001, Brussels
UPE	universal primary education
USAID	United States Agency for International Development

Summary

Overall message: a promising context for a good PRS process

The Rwandan PRS process is justifiably viewed with optimism concerning the importance of its influences and its ultimate benefits. Rwanda seems likely to become a 'model' example of how the various theories of good practice in PRSP/CDF ideology can achieve beneficial change.

But much of this optimism concerns future developments that will be dependent on other factors such as further progress towards peace, stability, reconciliation, decentralisation, and the establishment of a Constitution and democratic governance. External financing agencies have yet to make the required radical alterations to the way they finance and interact with government agencies. There will need to be continued improvements in budgetary control, forecasting, and prioritising, particularly through close linkage of the PRS and MTEF processes.

There are several factors which make it likely that the PRS process in Rwanda will add more value than it does in other countries:

- ❑ **A fresh start:** there is no previous national poverty reduction strategy, and the PRSP process started just after the Government of Rwanda (GoR) had given the go-ahead for establishment of central co-ordinating office, the National Poverty Reduction Programme (NPRP) within the Ministry of Economics and Finance (MINECOFIN).
- ❑ **Demand for co-ordinated development:** there is a dire need for better co-ordination and accountability of development agencies and donor funding as Rwanda moves from the emergency rehabilitation phase towards longer-term development strategies. The PRS process is being closely linked with tighter budgetary planning, the Medium-Term Expenditure Framework, and moves towards better co-ordination of donor support for Rwandan development.
- ❑ **Linkage with other key national processes:** two other key national processes are seen as critically inter-dependent with the establishment of an effective national PRS: the post-genocide 'unity and reconciliation' process, and the process of administrative and political decentralisation (including devolution of financial and planning responsibilities). One further crucial event, the establishment of a national Constitution by 2002, is to a lesser extent also linked with the PRS process in that progress in poverty reduction is seen as crucial to the establishment of the legitimacy of the government.
- ❑ **Donor support:** to a limited extent, the prospects for a good PRS process have also been strengthened by donor support (although also inhibited by inadequate responses from most donors whose projectised funding may continue to disrupt the PRS process). UNDP and DFID have given crucial financial and technical support to the establishment of the PRNP, and DFID's partnership with the GoR - based on long-term commitments to budget support backed up by technical advice - is

widely regarded as an excellent model of the way forward for international support to Rwanda.

- ❑ **Favourable contextual factors:** There are also several contextual features favouring the establishment of a PRSP based on deep and broad consultation. A nationwide Participatory Poverty Assessment (PPA) is currently under way. Apart from the benefits of donor technical and financial support, the PPA is helped by contextual factors such as cultural/linguistic homogeneity and population density (which facilitates efficient grass-roots consultation exercises), the high degree of obedience to local government requests to attend meetings, and by strong motivation to link poverty reduction with reconciliation, peace-building and decentralisation.
- ❑ **Spin-off benefits:** the PPA exercise is expected to become institutionalised into ongoing processes of participatory planning, closely linked with political and financial decentralisation and devolution processes as set out in August 2001 in a document entitled *Ubedehe to Fight Poverty*, produced by the NPRP together with the Ministry of Local Government and Social Affairs, linking the PRS and new Community Development Funds with traditional concepts and practices of grass-roots collaborative self-help. A further expected outcome from the PRS consultation process is a new experiment in citizen monitoring of public service (Citizen Report Cards following the Bangalore model).

Institutionalising the PRS process

The Poverty Reduction National Programme office, charged with lead responsibility for PRS processes, has a difficult challenge in promoting a sense of co-responsibility among the various key national stakeholder agencies for planning, implementing, and assessing the PRS. The steps towards institutionalising multi-agency partnerships in PRS processes will have to be spelled out, getting well beyond the sharing of information to the identification of specific responsibilities in various agencies at various stages.

Donor participation and 'country ownership'

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. Donors need to accept that they are key stakeholders, and must be responsible participants in the PRS process, not just bystanders. If they fail to play a significant part, there is a strong likelihood that they will not only miss opportunities to give useful advice, but will also alienate themselves from the whole process.

In Rwanda, foreign donors remain somewhat aloof from these new opportunities and challenges, and while this has allowed the PRNP to establish highly effective partnerships with two donors (UNDP and DFID) there may be more that other donors can do by supporting line ministries to engage in the PRS process. Donors can play active and crucial advisory roles without compromising country

ownership provided that they: a) ensure that their participation leaves room for meaningful participation by key national players; and b) avoid distorting the content by overemphasising priorities which are not seen as priorities by national stakeholders.

Donors also need to minimise their adverse influences on the PRS process. Likely adverse influences include the disruptive effects of continued fragmentary projectised funding, and the disempowering and disruptive influence of the IMF's practice of imposing unrealistic revenue forecasts on MINECOFIN and the Rwanda Revenue Authority.

Plans, resource constraints, and negotiation

Rwanda's PRSP will struggle to cope with two unavoidable and overlapping ambiguities:

- ❖ **It is both nationally-owned and donor-oriented:** while it is the first major opportunity to establish a fully integrated national anti-poverty strategy based on broad participation and institutional co-responsibility, it can on the other hand be seen much more narrowly as an opportunity or improve partnerships with foreign financing agencies, or as a threat that these agencies will impose new kinds of conditions (particularly in relation to HIPC debt relief, PRGF funds, and prospects for budgetary support from bilaterals).
- ❖ **It is both a plan and a negotiating tool:** Rwanda's PRSP will be entitled the 'Poverty Reduction Action Plan', implying a stronger emphasis on pragmatism than is expected in most PRSPs. While this must be a realistic plan based on the likely resource constraints over the next few years, it is also hoped that a good PRSP may attract more foreign funds.

Some Rwandan government officials are taking important steps to ensure that the PRS process is linked to holistic strategies and not just to opportunities to access new money. Promises of quick-disbursing HIPC-2 debt relief pose a danger that PRS planning exercises generate unrealistic and underprioritised wish lists. It is crucial that participatory planning exercises emphasise domestic roles as much as foreign funding, and that they produce ranked priorities linked to resource forecasts that are internally generated, Cabinet approved, and include explicit and transparent risk management processes.

Resourcing the PRS process

Rwanda is in the throes of a crucial and difficult transition from a post-emergency reconstruction to a longer-term development phase. With more hopeful signs of an end to warfare with Congo and rebel factions, the government is in a stronger position than before to devote its energies to anti-poverty strategies. Timing is therefore excellent for the PRS process, offering vital opportunities for: a) integration of aid into the national strategy (ending the current unacceptable situation whereby most aid bypasses government); and b) donor co-ordination. These opportunities will be missed, if the PRS process itself is under-resourced;

so far, the resourcing of the PRS has come mainly from four donors (World Bank, DFID, UNDP, and Sida).

Managing the consultation process

The Rwandan PRNP (formerly PRS Unit) is eager to engage in consultation with a wide range of stakeholders, but has so far found it hard to manage consultation actively. Although it is too early to expect significant progress, there are incipient signs of frustration at the inadequate responses to the draft I-PRSP from civil society and from international donors, and some indications of consultation fatigue at both national and local levels. While they have received excellent support in developing capacity for grassroots consultation in the nationwide PPA, there is a need for guidance on specific techniques for managing the consultation process at higher levels - such as pursuing key stakeholders with requests for specific kinds of input into the consultation process, and for organising thematic working groups.

Rights

Most donors would agree that PRS approaches should be rights-based rather than just needs-based. In the Rwandan PRS process so far, there has been some linkage with rights to the extent that the programme is linked with decentralisation, reconciliation, and gender equity. Political freedom, human safety, and labour standards have, however, not been addressed. In a country like Rwanda, which remains politically authoritarian, and whose recent history involves not only genocide and civil war but a post-genocide international war and questionable human rights record¹, it is particularly essential that the poverty strategy incorporates these other dimensions of human rights. Achieving this is likely to require consistent advocacy and monitoring by donors and civil society.

Information and learning

If the Rwandan PRS process is to improve the country's capacity for learning about poverty, two challenges will have to be met:

- **Developing a rationale for learning priorities:** The PRSP must identify hypotheses about how new policy directions, practices, and expenditures can help reduce poverty. The IPRSP like most other IPRSPs lacked explicit analysis of new policy directions and the rationale for these. If the PRSP addresses this, the Poverty Observatory (within the PRNP) will be much better advised on how to prioritise its efforts.
- **Improving information management:** Numerous studies have been conducted during the past year to address basic information needs on poverty levels, characteristics, and trends. The Poverty Observatory will have a key role in improving the generation, sharing, and use of information on poverty.

¹ See Human Rights Watch's 2000 Annual Report on Rwanda, and its 2001 reports on the political process and on resettlement - all available at HRW's website www.hrw.org.

The PRS process must involve compromises between the long-term need for establishing diverse and rigorous poverty monitoring systems, and the short-term and medium-term needs to demonstrate progressive steps towards poverty reduction.

1 Introduction

Rwanda is a country in dire need of the kind of poverty reduction strategy and process which the PRSP initiative promotes. It is extremely poor, recovering from the 1994 genocide and its subsequent instabilities, and highly aid-dependent but needing better aid co-ordination. It is also undertaking critically important national reconstruction processes whose success is mutually interdependent with poverty reduction - namely, national reconciliation, decentralisation, and the formation of a Constitution as the basis for democratic governance.

During comparison of the eight scoping studies, our Rwanda study emerged as the one most optimistic about prospects of the PRS process offering important and beneficial new opportunities for co-ordinated poverty reduction. Much of our effort in this second phase was therefore directed towards verifying whether our optimism seemed justified, if so why, and whether there were dissenting voices or signs of major impediments to effective institutionalisation of the process across the full range of development agencies in Rwanda.

The I-PRSP was finalised on schedule in mid-November 2000. The Joint Staff Assessment by the BWIs was generally favourable, saying that 'the IPRSP is very comprehensive, the [nationwide consultation] process found positive echo in Rwanda, a country with a tradition of consultation and that it confirms 'the underlying hypothesis of the Vision 2020 document on the linkage between poverty and national reconciliation.' It pointed to the need for better basic information on poverty, and for stronger emphasis on gender equality, on improving access by the poor to justice, and on the role and development of the press and media. It advises the Government against adopting a Poverty Action Fund as this 'might delay the ongoing budget reform program, create duplication and governance problems'. The response to this recommendation is a compromise solution, with donor-supported Community Development Funds being used for priority anti-poverty actions instead of a nationally ring-fenced anti-poverty fund.

MINECOFIN has also produced a National 5-Year Plan of Action in preparation for the UNCTAD/EU meeting of 'Least Developed Countries' in Brussels in May (UNLDC-III). Most of the text is the same as the I-PRSP, and since the PRSP is expected to have a medium-term perspective it surprising that a separate document was produced. There has been a similar production of parallel documents by the Ministry of Gender and Women, which has produced separately a National Gender Policy and a Rwanda follow-up strategy on the Beijing Platform for Action (although by contrast in that case the documents are not closely cross-linked). The strongest JSA criticisms of the I-PRSP were with reference to trade liberalization, private investments and credit, warning the Government against protectionism and state intervention in the market.

2 The country context

Key institutional issues

Prior to the 1994 genocide, Rwanda experienced rising poverty and inequality. Governance was hierarchical and authoritarian, racist, biased towards certain regions, and elitist.² The genocide and civil war of 1994 and the emergency situation that followed caused massive population movements, with further social and political instability, and disrupted social relations and organisations. Child and adult mortality rose steeply and poverty broadened and deepened.

Regional insecurity continues to delay resolution of the problems facing displaced people, and also absorbs domestic resources that could otherwise be devoted to poverty reduction.³ Rwanda's role in the conflict in the Great Lakes region is linked to its need to establish security and protect itself from external threat. This is a priority for the Government of Rwanda. Various foreign governments, donors, international NGOs, and the UN's Panel of Experts have criticised Rwanda's role and intentions particularly with respect to its presence in the Democratic Republic of Congo (DRC). Developments in the DRC will influence Rwanda's ability to move out of the post-genocide emergency phase into one of sustainable development: peace is a pre-requisite for sustainable poverty reduction. This applies equally to social relations within Rwanda. The work of the National Unity and Reconciliation Commission will influence how lasting poverty reduction can be promoted through participatory processes.

The Government is still preparing to clear the bulk of the cases of genocide suspects using *gacaca* – community level councils adjudicating cases and allowing the guilty to serve most of the balance of their sentences through community services. There are more than 100 thousand people held in prison on genocide-related charges.

Rwanda has no elected parliament but a National Transitory Assembly with 70 appointed members. General elections are due to be held in 2003. GoR has been pursuing a policy of democratising decentralised government structures and this too is an important part of policy to promote stability, peace and unity and reconciliation. Following the 1999 elections at local sector and cell levels,

² For a compelling account of this context and of the role of aid in perpetuating such a situation, see Uvin, Peter (1998) *Aiding violence: the development enterprise in Rwanda*, West Hartford, CT: Kumarian Press. The process of national reconciliation has involved strenuous denial or avoidance of mentioning 'racial' or 'ethnic' distinction in Rwanda. For example, President Kagame's speech at the National Summit on Unity and Reconciliation, October 2000, made no reference to 'Hutu' or 'Tutsi', but instead made one brief reference to 'backward ideas based on divisionism and ethnicity'.

³ In terms of central government expenditures, GoR has managed to reduce defence expenditure from 4.1 per cent of GDP in 1999 to 3.8 per cent in 2000. Recurrent 'social/anti-poverty spending' therefore increased to 4.1 percent of GDP in 2000 from 3.9 percent in 1999, and is expected to increase further to about 6.9 percent by 2004, helped in part by HIPC debt relief (according to the IMF HIPC-2 decision point announcement, December 2000). The Victims of Genocide Fund automatically receives 5 per cent of domestic revenues.

elections at District and Commune levels were held in March 2001 and were widely regarded as a success, with roughly 90% voter turnout. It has also been widely noted that voters had little effective choice. Mayors (replacing the old Bourgmestre position) are elected indirectly through an electoral college: 87% of the new Mayors are re-elected from their old *Bourgmestre* positions.

There is currently an atmosphere of considerable uncertainty about what the future holds for the de-centralisation programme. The two key issues which are yet to be resolved are how the *Préfets'* roles will change as local officials become more empowered (the assumption being that they will withdraw from executive to more facilitatory and co-ordinating roles and over the longer term perhaps be phased out altogether), and how the devolution of spending powers to Commune level will operate (the expectation being that some 30% of national expenditure will devolve to this level). Proposals for revenue sharing agreements and grant transfers have been presented to Cabinet but no final decision has been made on shares and amounts.

Reforms to public financial management are under way, but existing expenditure management systems at the centre are weak. The accounting, commitment control and cash management systems have not been able to prevent the build up of arrears. Audited government accounts have not been produced since the early 1990s. GoR's response to these expenditure management problems and particularly to the shortfalls of revenue collections from revenue forecasts in 2000 has been to introduce a cash budget with strict cash release rules. Managing the cash budget effectively while developing a Medium Term Expenditure Framework will present a difficult challenge for 2001 and 2002. The wider governance problem of accountability is being addressed but an effective system that includes independent audit has yet to be implemented.

There is a general problem of weak capacity in government. Many of the key agencies of government are staffed predominantly by people who either lack the skills to operate the systems that exist or who have limited skills and experience in designing and managing the implementation of institutional change.

Economic background and the poverty situation

Rwanda is now in transition from post-emergency recovery to building the future for sustainable development. Progress is steady but there remain structural problems that cause the high incidence and depth of poverty. Since the genocide and civil war poverty has deepened. The I-PRSP describes the challenge as fighting the risk of further pauperisation.

These structural problems include: high population density and growth (2.9 per cent per year); low human resource development; low agricultural productivity; cyclical droughts and recurrent localised famines; environmental degradation; high transport costs; and limited employment opportunities. At the meso and macro levels there are the linked problems of high trade vulnerability due to reliance on exports of coffee and tea; a structural trade deficit; a structural

imbalance between government revenues and expenditures; negative savings; and a low level of private investment.

Over 90% of the population work in smallholder agriculture, whose productivity and sustainability is constrained by uncertainty of land rights and by inadequate inputs such as fertiliser and soil protection. The large proportion of households that are labour constrained are headed by a child, a widow, or a prisoner's wife.

A lack of current household budget survey data makes summary poverty and well-being assessment difficult. Other social and economic indicators are few and of uncertain quality. In 1985, the last year for which reliable data are available, about 40 per cent of the population were classified as poor (with their average per capita income below the poverty line.) The latest (1999) estimate for the proportion below the poverty line is 65 per cent. Life expectancy at birth is now 49 years. The infant mortality is 131 per thousand live births. 48 per cent of the population over 15 years is literate. Measured access to safe water is 44 per cent of the population and access to health care is measured at 88 per cent of the population. A survey in 1997 found HIV/AIDS prevalence of an average 11.1 per cent among persons 12 years and older.

After a collapse in 1994, GDP recovered at a rapid and then decelerating rate from 1995 to reach its pre 1994 level by 1999. GDP is about USD 1.8 billion. The population is estimated at 8.1 million and hence average per capita incomes at USD 222. Real GDP growth of 5.2 per cent is estimated for 2000 (down from 5.9 percent in 1999). Inflation is currently around 6 per cent. The external current account deficit widened in 2000 and is estimated to be about 16.8 percent of GDP. The currency depreciated in 2000 and the Banque Nationale de Rwanda (BNR) sold significant amounts of foreign exchange reserves to restrain the depreciation. Despite these sales, the BNR managed to maintain gross official reserves at over six months of imports. GoR managed to reduce the primary fiscal deficit during 2000, but this required cuts in budgeted expenditures of 0.5 per cent as revenues were lower than targeted by 0.7 per cent of annual GDP.

For the future, GoR has developed a macroeconomic programme aimed at achieving annual average growth in real GDP of at least 6 per cent per year, to keep inflation below 5 per cent 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 imports. The programme also includes a goal of increasing the ratio of domestic revenue to GDP by one half of one percentage point per year.

As a reaction to the emergency, there were massive inflows of donor funds, but most of this did not go through government and was not co-ordinated or strategic. The debt burden rose sharply. At end-1999, total external public debt outstanding amounted to about US\$1.3 billion, representing close to 65 percent of GDP or, in Net Present Value terms, over 5 times its export earnings.

Rwanda reached the decision point under the HIPC 2 Initiative in December 2000, following completion of the second review under the second annual PRGF arrangement and approval of a third annual PRGF arrangement, and the completion of an interim Poverty Reduction Strategy Paper (I-PRSP).

The external finance situation: aid dependence

However, despite the consistently improving external current account performance envisaged in the macroeconomic framework, the desired debt sustainability will still only come about (and the NPV of debt to exports ratio being held to sustainable levels) if donor grants—as opposed to loans—are substantially higher than the historical trend at least for a number of years. The importance of continued donor grants in the short and medium term after the decision point cannot be over-emphasised, as even after full application of enhanced HIPC assistance, and assuming new financing consisting of at least 75 percent official transfers, Rwanda's debt ratios would stay above the debt sustainability target.

Recent policy history and previous poverty plans

In 1994, the new GoR issued a *Declaration of Principles* setting out medium-term principles for social, political, and economic development, emphasising reduced state roles and liberalising the market. A further *Framework of Economic Policies*, agreed with the World Bank and IMF, set out strategies for making the transition from emergency to development from 1998 to 2000. In 1999, a 3-year plan of action was prepared to manage the introduction and development of an MTEF from 2000 to 2002. In 1999, the *Policy Framework Paper* agreed between GoR and the IMF set macro-economic and structural priorities for 1999-2002, and the GoR's *Vision for the Future*, published in 1999, announced long-term objectives for the reduction in poverty through increasing agricultural productivity, generating higher rural skills and incomes, and off-farm employment (among other objectives for governance, grassroots participation in development and decision making, an all-inclusive economic system, macroeconomic stability, and human resource development).

The term 'transition', referring both to a graduation towards increased stability and to a change from short-term 'emergency' and 'reconstruction' efforts towards medium-term development planning, is frequently referred to in discussions and documents relating to Rwanda's current strategic opportunities and aid flows. In terms of planning, 'transition' refers to a desire for more explicit and coherent inter-agency and inter-sectoral set of policies and strategies with longer time horizons and increased transparency and rationality. In terms of financial flows, the hope is that transition will bring greater domestic capabilities for raising and predicting revenues, and that foreign donors and IFIs will increasingly bring their contributions into a comprehensive national planning framework, and agree to finance 'developmental' rather than 'welfare' programmes. In support of this transition is intended to bring better accounting, reporting and monitoring arrangements within government that can serve the needs of IFIs as well as GoR.

In the second half of the 1990s, it was not possible for Rwanda to participate in HIPC 1. Rwanda has been seen as a special case and benefits from a special

debt arrangement with bi-lateral and multi-lateral donors - through the Trust Fund for the payment of its multilateral debt service. Rwanda's Interim PRSP, completed and approved by Cabinet by November 2000, allowed Rwanda to reach its HIPC 2 decision point by December 2000, with the IMF recommending a 71.3% reduction of debt - US\$452 million in NPV terms, or about US\$814 million in nominal terms. The conditions for the 'floating completion point' (to be reached by December 2002) include completion of the PRSP, macro-economic and structural reforms, improvements in health and education services, implementation of an AIDS strategy, and adoption and implementation of a national Action Plan to eliminate gender disparities. The full PRSP is now expected to be finalised in November 2001 (the original target of June 2001 having been amended).

So far, key reviews of poverty (e.g. UNDP 1999, World Bank 1994, 1998) and key documents on anti-poverty strategies (MTEF, World Bank Country Assistance Strategy 1999, DFID Country Strategy Paper 1999) have been drafted by donors and foreign consultants. MINECOFIN has used a number of short-term expatriates in advisory roles and to a large extent relied on them in its interaction with BWIs. Many senior positions in the government are held by Rwandan people who first came to Rwanda in 1994 or later. The demand for 'national ownership' of anti-poverty strategies in this context needs to be linked with foreign assistance. On the one hand demand for national ownership is being directly boosted through aid-funded national consultation and planning, while on the other hand it is inhibited by the demand for foreign expertise in drafting, implementing, and monitoring these strategies. Some Rwandans expressed concern that donors are holding back too much for fear of intruding on national strategic planning, and suggested that stronger donor involvement remains essential.

The I-PRSP is a new document although it understandably re-uses text from previous policy documents such as Vision 2020 and the 1999 PFP. Like most IPRSPs, Rwanda's does not systematically identify either ranked priority actions or significant departures from previous policies (other than to say that the process of bottom-up participatory consultation will be radically new).

Box 1: Calendar of key policy documents

- 1999 Policy Framework Paper
- 1999 Medium Term Expenditure Framework Development Plan
- 1999 April National Gender Policy
- 2000 Vision 2020
- 2000 September 2001-2003 Budget Framework Paper
- 2000 November Interim -Poverty Reduction Strategy Paper (I-PRSP)
- 2001 National Environmental Action Plan
- 2001 Agricultural Strategy
- 2001 March National 5-Year Plan of Action for UNLDC-III
- 2001 November PRSP
- 2002 National Constitution (drafted by National Constitutional Commission, adopted by referendum)

3 The PRSP in Rwanda: the process and the response

Basic facts about the PRS process

The PRS process was officially started in Rwanda in June 2000 with the production of a 'zero draft' and announcement of the process by the President in Parliament. Following a consultation process among various Ministries, donor agencies and CSOs mainly at national level plus some Provincial-level meetings, the I-PRSP was finalised in November 2000 endorsed as a suitable document by the BWIs' Joint Staff Assessment in December.

The National Poverty Reduction Programme (NPRP), the unit within MINECOFIN charged with leading the co-ordination and implementation of the PRS process, has spent the months from November 2000 to March 2001 planning a new phase of consultation which will be both 'deeper' (getting down to grass-roots levels whereas before the I-PRSP it only went to Provincial level) and more engaged and thematic (involving more active solicitation of the participation of key stakeholders at all levels and relating to specific themes and strategies).

Financing of the consultation process and of the NPRP unit has come mainly from DFID, which along with the UNDP has been closely involved by providing technical assistance and regular advice. At national level, there have been several well-attended meetings to discuss the general content of the I-PRSP and the closely-related National Five-Year Plan of Action.

At sub-national levels the key activity has been the nationwide Participatory Poverty Assessment (PPA - see below sections 4.1.2 and 4.6) being conducted mainly between May and October 2001 (by which time the PRSP should be ready for a month or so of final adjustments).

Parallel to this, the NPRP has commissioned (with DFID funding) a 'Policy Relevance Test' study which was conducted between April and July 2001 by the National University of Rwanda, covering 38 of the 100 Districts in groups of twenty-five people, selected on the basis of a series of criteria to cover different social and economics groups. This study, implemented by a team of 18 social scientists from the Rwanda chapter of the Organisation for Social Science Research in Eastern and Southern Africa (OSSREA), is expected to inform the NPRP about the knowledge and attitudes of all relevant stakeholder categories at all levels concerning the PRS process, and about relevant policies which need to be linked with the PRS. It is also expected to contribute to the process of strengthening the sense of co-responsibility for the PRS process among all of these stakeholders. The report was due to be produced by early September 2001.

Box 2: PRSP activities timetable

• Preparation of Interim PRSP	May - Nov 2000
• Preparation of first draft of IPRSP	May - Jun
• Establishment of National Programme for Poverty Reduction	June 2000
• Donor discussions on preparatory process for I-PRSP	June
• Consultation with Préfectures	July 2000
• Request for donor comments on working draft	Jul - Aug
• Preparation of participation action plan	Aug 2000
• Distribution of first draft of I-PRSP	Aug 2000
• Civil society consultations on working draft	Sept 2000
• Sectoral ministry consultations on working draft	Sept 2000
• Preparation of policy matrix & presentation to Cabinet	Sept/Oct 2000
• Editing and Cabinet approval of final draft I-PRSP	Oct 2000
• GoR/donor meeting to discuss I-PRSP	Nov 2000
• Participatory assessment for the PRSP	Sept 2000 - Jul 2001
• Development of Monitoring Indicators	Sep 2000 - Jan 2001
• "Ball-park" costings of sectoral priorities for PRSP	Jan - Mar 2001
• Consultations with civil society and other stakeholders	July 2000 - Sep 2001
• Macroeconomic Analysis	Jan - Apr 2001
• Survey and analysis of social service expenditures and outcomes	Sept 2000 - Feb 2001
• Household Survey	May 2000 - June 2001
• Demographic and Health Survey	July - Nov 2001
• Three-day workshop on 'Operationalising the PRSP'	July 2001
• PRS process inputs to Budget Framework Paper	Jun - July 2001
• PRSP draft outline followed by zero draft PRSP	Sept 2001
• National Consultation on Draft PRSP	Oct 2001
• Integration of national household survey results	Oct 2001
• Finalise draft PRSP and submission to Steering Committee	Nov 2001

The NPRP staff are becoming acutely aware of the need for persistent efforts on their part to elicit active participation from stakeholders outside MINECOFIN. Already in September 2000, they were noticing that simply sending the draft I-PRSP and inviting people to consultation meetings was not in itself enough to make people feel part of the process. Even key staff in key Ministries such as the Ministry of Gender (MIGEPROF) and the Ministry of Agriculture (MINAGRI) appears still to be waiting to be more actively wooed by the NPRP, rather than taking their own initiative in responding to the document.

The I-PRSP was formally adopted by the National Assembly in mid-November 2000, after a 1-day meeting by the Cabinet to discuss the final draft. After the

JSA was produced in December and published with the Government's agreement, IMF staff visited MPs in Parliament in January 2001 to discuss the process of producing the full PRSP. In early September 2001 a draft outline of the PRSP was sent out to most key stakeholders for comment before production of the 'zero draft PRSP' later in September.

DFID staff are said to have played a key role in persuading the BWIs to accept a delay in production of the PRSP until November or December 2001.

Questions of ownership and conditionality

The Policy Relevance study, conducted between April and July 2001 by the National University of Rwanda (NUR) at all levels from national to Sector, assessed the awareness and understanding of the PRS process among all key stakeholder categories, and explicitly solicited their attitudes to the concept of 'national ownership' by asking them to say whether they expect it to be 'totally Rwandan' or 'partially Rwandan' or whether they 'don't yet know'. Phrased in such broad terms in a questionnaire, it is difficult to see what useful information can be learned, but it is possible that subsequent discussion may reveal more helpful qualitative analysis of the concept.

In our own discussions, we addressed the issue of 'ownership' mainly indirectly, by asking people what they understood about the new PRS process, whether they had read, responded to, and discussed the I-PRSP, and what role they expected to play in its formulation, implementation and monitoring.

The overwhelming impression we gained from all parties outside MINECOFIN was that while most knew something about the I-PRSP and provisionally could see that they had contributions to make to the PRSP and to its implementation and monitoring, they had yet to develop a sense of co-responsibility for it or a sense of close partnership with MINECOFIN. In more pragmatic terms, the critical ingredients missing are the allocation of specific responsibilities within Ministries and other development agencies for liaising with specific MINECOFIN staff on specific issues. Key exceptions are DFID and UNDP, both of which have contributed substantial resources both in the form of finance and technical support through consultancies, advice, and secondments.

Despite the evident need for more direct encouragement of participation in the PRS process, it is nonetheless clear that in principle it is widely seen as providing opportunities for a substantially Rwandan-owned process, and is not seen merely as a set of procedural requirements imposed by the BWIs. Notably, it was mentioned by several people in MINECOFIN and among major bilateral donors that BWI staff in Rwanda and those who visit have yet to adapt their own practices to bring it in line with the principles of the PRS theory. Specifically, there were protracted debates with World Bank staff on the question of how its Country Assistance Strategy (which was due for a 3-year renewal in July 2001 but has been delayed to November), would merge with the PRS and whether both the CAS and the PRS could be delayed to allow them to reflect effective grassroots consultation.

For this study, four Bank staff were sent twice each a short email questionnaire on donor responses to the PRSP, together with a specific request for views on 'how the Bank's CAS for Rwanda will reflect the PRSP, both in terms of content and in terms of timing and the process by which the CAS is adapted and assessed'. Only one responded, but his helpful overview of the Rwanda situation and donor responses in general made no reference to the CAS or to any specific Bank responses. In other words, it is not only Rwandan stakeholders who are as yet unsure how as to what extent they will participate in the PRS process.

There are similar concerns about the IMF's commitment to the PRS. These arise from observations on the behaviour of the IMF in relation to its monitoring of the PRGF and in particular on its strong influence in the process of setting revenue forecasts for the MTEF. GoR has had a series of waivers on performance criteria in the PRGF, indicating that to some extent the conditions set have been unrealisable. In revenue forecasting the IMF's role has been high-handed. It is seen to be imposing unrealistic forecasts on MINECOFIN and the Rwanda Revenue Authority (RRA) out of some desire to show a strong tax collection response to ensure interim HIPC relief, but also to set challenging targets that set incentives for GoR to ensure the maximum tax collection effort.

This approach pays scant regard to the objectives of sustainable economic development, the lack of knowledge and understanding both inside and outside Rwanda of the structure of the economy and its existing and potential tax bases. Presenting glossy but unrealistic forecasts to meet short-term objectives is not consistent with the spirit of a longer-term approach to economic management. The IMF will always be a lead agency in this area and a credible and committed change in its behaviour is critical for success.

Government plans, approach, and capabilities

In comparison to the drafting of other policy documents such as the national strategies on agriculture, environment, and gender, the approach to drafting the PRSP appears to have been considerably more participatory and inclusive. The National Gender Policy, for example, appears to have been drafted by a short-term consultant from Tanzania assisted by two local consultants, with minimal consultation and minimal cross-referencing with other policy documents and processes including the IPRSP and at least three other gender policy/strategy documents.

The Poverty Reduction Action Plan has prompted discussion within GoR of the role of planning. Vision 2020 represents a long-term strategic perspective on Rwanda's development prospects and intentions. Whatever critics of this form of planning say it has supporters in Rwanda. This would seem to reflect a tradition of planning in the country, but also a desire to show how the country can develop in the future and put the 1990s behind it.

Planning for many (mostly critics) means centralised, quantitative planning supported by a dominant role of the state in the economy. For others it is simply a

process (and a document) that defines intended activities in a consistent way within the sphere of operation of the institution that is planning. It does not automatically mean an extension of the sphere of operation. Planning is used in a number of contexts. In Rwanda the Poverty Reduction Strategy has become the Poverty Reduction Action Plan. 'Plan' (echoing the use of this term in the PRSP of neighbouring Uganda) implies a stronger emphasis on pragmatism than is expected in most PRSPs. It suggests that it will be more specific about actions than the term 'strategy' implies. While this must be a realistic plan based on the likely resource constraints over the next few years, it is also hoped that a good PRSP may attract more foreign funds.

Central government response

The Government has responded positively and actively to the PRS initiative. The President launched the programme, in June 2000, in a speech to the National Assembly and broadcast on Radio Rwanda. The Council of Ministers has set up an Inter-Ministerial Committee on Poverty (IMCP) chaired by the Prime Minister and with representation by the Parliament through the Deputy Speaker.

In addition there is a Steering Committee charged with monitoring the PRS process, with senior representatives from all key ministries (mainly Secretary-Generals), plus representatives from civil society organisations, donors, and the private sector. This is supported by a Technical Committee, which is organising the consultations, working with sectoral ministries to review action plans and costing, undertaking expenditure outcome and tracking studies, and drafting the PRSP.

Finally, a Participation Task Force under the NPRP's direction is being established specifically to conduct the participatory consultation exercises and collate information and views from these. The consultation is about to start (April 2001, though this is some four months behind the schedule identified in the I-PRSP).

In organising the consultations leading up to the I-PRSP, the NPRP designed an *interim* process of consultation that relied on stakeholders making their own arrangements to react and provide comments. At that stage, consultation included representatives of key Ministries and development agencies in Kigali, and the *Préfecture* offices at Provincial level, but did not go down to District or Sector levels. Pre-IPRSP consultations were mainly conducted in general terms on the overall approach, and were not managed as a set of directed discussions of substantial issues in the content.

The NPRP has not emphasised the potential HIPC 2 benefits or related conditionalities to participants, preferring to focus on the need for a coherent and feasible national strategy and the opportunities for participation to release community-level potential resource (non-financial) capacities. None of the interlocutors (outside central government) in Phase 1 of this study referred unprompted to HIPC and none commented on either conditionalities or benefits. However, the PRS Unit noted that some stakeholders believe the PRSP is a fund

to be disbursed quickly. Negotiations with the IMF on the PRGF in late 2000 were more focussed on the need to obtain interim HIPC relief.

There is concern that the timetable is too tight and there is strong and consistent external pressure on the PRS Unit to finish the PRSP quickly in order to meet IFI timetables and performance targets.⁴ This concern relates to both the validity of the participatory approach, if hurried, and to the quality (coherence and feasibility) of the PRSP.

After considerable debate it has been agreed that the target date of June 2001 for completion of the full PRSP was far too early to allow for nationwide participative consultations. November 2001 is now the expected completion date, but it is also being emphasised that the PRSP should itself be seen as a living document to be updated regularly thereafter, rather than as a 'final' document (this being in contrast with the Constitution, which is currently being drafted).

The method of consultation will be enhanced and the scope of participation will be deepened for the preparation of the full PRSP, which means that the PRS Unit will 'go under the tree' and facilitate direct grassroots participation in the consultation process.

The PRS Unit has consulted with sector ministries individually. Concerns have been expressed about financing the PRS. These concerns relate to the realism of the present three-year forecasts of domestic revenue and the impact of the cash budget. While there is strong agreement on the need to define a poverty focus, there are concerns that existing programmes may simply be relabelled as 'poverty' programmes, given the short time available and the lack of capacity in many sector ministries for substantial strategic change. It remains to be seen whether all sector ministries will, in the preparation of the 2002-2004 MTEF, be able to restructure and develop priority rankings of their activities and expenditure programmes to define avenues towards poverty reduction that are explicit, plausible, and monitorable.

Local government response

Local government is crucial to the PRS process, as local-level consultations and future implementation of anti-poverty programmes can best be carried out through its structures. The centrality of local authorities to the consultation and implementation process has rendered close co-operation between the National Poverty Reduction Programme and MINALOC essential. And, through MINALOC, links have been established with local authorities, particularly the prefectures.

The response of Préfectures to the PRS initiative has been positive to the extent that it is seen as supporting the process of decentralisation. There are some incipient signs of consultation fatigue, and one Préfet said he felt that most of the development issues at the Préfecture level had already been discussed and

⁴ The World Bank had indicated that the preparation timetable for its Country Assistance Strategy for 2001-2004 assumed the final PRSP draft by June 2001; it has since accepted that both must now be delayed until November 2001.

agreed with central ministries and that it is time to 'get on with it'. It is unlikely, however, that this view takes adequate account of the need for consultation at more local levels. The switch to a poverty reduction rather than sectoral approach, however, is recognised by some as new and useful. Yet, at least in the North-West (Gisenyi and Ruhengeri), there is a feeling that regional security issues dictate a need for resolution of emergency issues (regional insecurity and population displacement) before attempts to reduce poverty can begin to be successful.

Stakeholder awareness and perceptions of actors, process and ownership

Non-governmental organisation responses

The NPRP copied the draft I-PRSP in September 2000 to representatives of several national-level NGOs, mainly international NGOs but also major indigenous NGOs and NGO federations such as CCOAIB and Pro-Femmes. It also held a one-day meeting with them. Few NGOs responded. The main constraint seems to have been the fact that the I-PRSP was drafted only in English and was not made available in French and Kinyarwanda until the end of March 2001. Secondly, NGOs and NGO networks seem to have been ill-prepared for this opportunity. Several read the document and some sent in comments, but they were unable to provide individual or collective responses on substantive issues. Like the Ministries, they have so far waited for more direct soliciting of views on specific issues from NPRP staff.

International NGOs were expecting in September 2000 to prepare a set of collective responses through their own INGO forum, but this dwindled into inactivity due to lack of leadership. Christian Aid and Trocaire have covered local NGOs to discuss the PRSP. Both NGOs and other civil society organisations have been inhibited from policy dialogue and advocacy roles by their focus on service delivery.

Other civil society responses

The PRNP has used various forms of media to make itself known to the public and explain its approach. However, in the absence of government initiative, the media tend to be more interested in news rather than promoting or engaging in a strategy/policy debate.

Media coverage of the PRS process appears to have been very limited, and journalists told us that they don't see it as particularly newsworthy. However, the main weekly paper *Rwanda Newsline* did give it a full front-page coverage in its edition of November 13-19, 2000. The headlines were 'Rwanda seeks poverty alleviation assistance' and under this 'Donors demand immediate pull out of Congo'. It was clear that the main interest was not specifically in the PRS itself, but in the donors, foreign influence, and the war in Congo - all of which are more newsworthy than anti-poverty policies and strategies.

Journalists from the three main English language newspapers, *The Rwanda Herald*, *The New Times*, and *Newsline*, and the vernacular *Umuseso* were unanimous in pointing out that the newspapers are focused primarily on topics that sell their papers, and that politics is the major interest of their mostly urban-dwelling, mostly Kigali-based readership. However, their focus on politics is also characterised by a fair degree of self-censorship 'as a survival mechanism', according to one Editor-in-Chief. Apparently both the public and the government are far from being tolerant towards 'excessive criticism' of the government during what is regarded as a period of national healing.

Nonetheless, a survey of past and current issues of the major papers shows that the PRSP and the National Poverty Reduction Programme do not receive much coverage. In many cases they are mentioned within articles covering subjects related to poverty, Rwanda's involvement in the Congo, and foreign assistance such as 'Government defines poverty indicators';⁵ and 'EU committed to poverty reduction'.⁶ Remarkably, some articles, among them fairly extensive ones dealing with development issues, poverty and foreign assistance⁷ do not mention the PRSP or the NPRP.

Involvement of civil society other than international NGOs has been limited so far. However, the PRS Unit's meeting with civil society organisations in September 2000 was attended by the Rectors of the two Universities, and some trade union and church representatives.

A surprising absence in discussions so far has been the private sector. During our meetings in September 2000 and April 2001 with the head of the Fédération Rwandaise du Secteur Privé, we were told that the Fédération had not been involved and did not to see a role for itself in the forthcoming discussions. Since then, however, it has been to meetings on the PRSP and now looks likely to become increasingly involved. The churches are also potentially important facilitators of consultation, but a widespread view is that although church structures are important, they remain severely inhibited from overt participation in political and social discussions due to shame about the Catholic Church's mixed but often collaborative role in the genocide.

Academics' involvement is confined to the 18 members of the OSSREA research group in the National University of Rwanda, who conducted the Policy Relevance Test study from April to July 2001 (report due early September). In general, Rwandan academics have very limited capacity for research, and are not involved in policy or planning processes (having concentrated their efforts in the Emergency Phase on teaching activities). This will begin in Kigali, gathering and analysing written and oral information on the policies guiding the various Ministries, as well as private sector agencies and NGOs. Researchers will then proceed to a sample of Communes (Districts) for discussions about the relation

⁵ *The New Times*, Sept 11th-17, 2000.

⁶ *The New Times*, January 15th-18th, 2001.

⁷ See 'Focus on poverty alleviation', *The New Times*, Sept. 11th -17th, 2000; also 'Rwanda meets development partners', *The New Times*, November 13th -15th, 2000.

between these policies and the views of various stakeholders about poverty and policy priorities in those areas.

Donor and BWI plans, approach and capacities

The relations between the government and donors have been central to political debates since the genocide, given the very high aid-dependency and limited national capacity to work effectively with a largely unco-ordinated donor community. For the past six years the Kagame regime has frequently made public pleas for donors to provide programme and budgetary support for long-term development, rather than continuing with the fragmentary approach which has emphasised post-conflict reconstruction and rehabilitation projects outside the budgetary system.

Donors and of course the BWIs are in principle united in their agreement on the importance and value of the PRS process. As emphasised throughout this report, but particularly in sections 3 and 4, donors in many ways hold the key to the success of the PRS process. Yet partly because of the inhibitions arising from the concept of a 'country-owned' strategy, and partly due to inertia and lack of incentive for change, most donors have yet to respond effectively to the new opportunities afforded by the PRSP.

Only DFID, the World Bank, and the UNDP have been providing substantial amounts of budgetary, rather than projectised, support, and it is no coincidence that it is DFID and UNDP who have been most closely involved with the establishment and strengthening of the PNRP. Earlier models for budgetary and flexible support to Rwanda are the UNDP Trust fund for Rwanda (mainly 1996-98), and the multi-donor Multilateral Debt Trust Fund for Rwanda. It is yet to be seen whether these emergency-related structures will be replicated in support of the PRS. Logically, the strong donor emphasis on the centrality of MTEF to the implementation of the PRSP would imply that donors will bring most of their finance and technical assistance under the rubric of both the MTEF and the PRSP. The EC is expected soon to make changes towards budgetary support for Rwanda.

In general, donors are also supportive of the strategies outlined in the I-PRSP, and therefore anticipate that they will similarly approve of the PRSP. We have not heard of any suggestion that donors may differ substantially from the PRSP in what they see as the priorities for Rwanda.⁸ In their comments on approving Rwanda's HIPC decision point in January 2001, IMF Directors 'welcomed the large increase and improved composition of antipoverty expenditures envisaged for 2001, which in part is to be achieved through reallocation of resources from

⁸ By contrast, the OECD DAC report of the Informal Task Force On Conflict, Peace and Development Co-operation offered the key recommendation that donors should 'realise the inevitability of initial donor-driven support in key sectors such as justice and security framework reform. If donors are convinced that certain actions are important and the government does not prioritise these actions, but does also not oppose donor investment in them, donors must be willing to pay for them.' (Baaré, Anton, David Shearer, and Peter Uvin, 1999, *The Limits And Scope For The Use Of Development Assistance Incentives And Disincentives For Influencing Conflict Situations. Case Study: Rwanda*, p.6)

defense expenditure' but also 'expressed concern over the extra-budgetary expenditures, especially those relating to military spending, and welcomed the authorities' intention to bring them into the 2002 budget.'

4 The potential for institutionalisation

Institutional change: governance

The prospects for the PRS process in Rwanda to institutionalise poverty reduction policies, programmes, practices, and monitoring systems are inextricably interlinked with the national unity and reconciliation process and the decentralisation process. Success in any one will depend on institutionalisation of the others. These in turn depend on the success of participation by stakeholders in the PRS process and how this will translate into lasting institutional arrangements. In Rwanda these prospects need to be set in the context of the political traditions of the country and how these are intended to change in the future and bring about a new democratic system of governance. Beyond that institutionalisation of the PRS will depend on how it interacts with public expenditure management both within government and in terms of donor and BWI responses.

Stakeholder participation and political traditions

In late 2000, the former Minister for Foreign Affairs was appointed as Minister for Civil Society, indicating a new interest in formalising and upgrading the importance of relations between government and civil society. Shortly afterwards, this new Ministry became a Department within the President's Office. In addition, MINALOC has a Department for NGO Liaison. So far, this has concerned itself mainly with the bureaucratic functions of checking up on what NGOs are doing, rather than with policy dialogue on matters relating to NGO roles.

Both Rwandans and foreigners in Rwanda frequently refer to the 'culture of obedience/passivity', meaning that most people generally expect to carry out the instructions of those in power, and have minimal interest in participatory politics and policy-making. Whether or not this is a safe generalisation, it clearly casts doubt on the short-term prospects for developing participatory processes. At the national level, consensus politics remains the order of the day, the absence of official political parties being matched by a striking lack of policy debates.

An ambitious capacity-building programme has been begun, to establish capabilities and systems for nation-wide Participatory Poverty Assessment. Commissioned by the Poverty Unit in MINECOFIN, this process is being guided over several months by an experienced participatory assessment specialist from ActionAid Somalia, Sam Joseph.

The national PPA is currently in full swing, being undertaken at a Sector level (the second lowest level of local government), in all 1000 or so Sectors in Rwanda. This was made possible through initial March-May training of trainers in participatory approaches and techniques; of these trainees, two trainers went into each prefecture for a week of training people at Provincial and District level as trainers, following which these Provincial and District level trainers then trained locally-appointed people at Sector level.

This nationwide PPA will lead towards the longer-term process of local-level planning for anti-poverty actions that will draw on the budgets that are about to devolve to local administration. The staff being trained are mainly drawn from the ranks of elected local administrators, plus some teachers and local NGO staff. The pilot work in Butare is expected to produce an early report that will be used to guide similar, though perhaps less intensive work in other Districts. The European Union has indicated its interest in providing financial support to the activities identified in this pilot phase.

Members of the Ministry of Local Government and Social Affairs and the Unity and Reconciliation Commission have both seconded personnel to be members of the training team for the PPA. The Ministry of Local Government and Social Affairs will develop and build on this process over the next year, conducting a national version of the Butare Pilot, with support from the National Poverty Reduction Programme before taking over the process as a regular part of their activities.

Another important spin-off from the PRSP process is the proposal to introduce Citizens' Report Cards in Rwanda. This is an innovative approach to generating information and discussion to help public service providers learn about users' perceptions of their services. Agreement has already been reached for members of the Policy Relevance Test team and the NPRP to be trained by the Centre for Public Accountability in Bangalore (the agency that has already won international acclaim for this innovation) towards the end of 2001.

National unity and reconciliation

A major national priority is to promote stability through 'reconciliation'. Although not directly related to poverty reduction objectives, this is clearly relevant since reconciliation and poverty reduction will be mutually interdependent: poverty reduction may, in the longer term, help heal the social and psychological damage of the genocide; promotion of equity should help avoid repeat violence; and the gradual building up of mutual trust and co-operation through associational life and networks should strengthen the economy and help reduce poverty.

Undoubtedly, Rwanda's long-term stability will depend on the government's ability to reduce inequality and bring about tangible improvements to people's day-to-day lives. Ultimately the task of winning the confidence of all its citizens will be rendered much easier by success at convincing them that improvement in their material circumstances was as much a priority as any other. As one official pointed out, 'a hungry man is an angry man; you cannot reconcile two hungry people'.⁹

Decentralisation

The poverty reduction strategy will be intimately connected with the active steps currently being taken towards financial and political decentralisation. A discussion

⁹ Interview with the Secretary General of a key ministry to the PRS process.

document produced by the NPRP together with the Ministry of Local Government and Social Affairs in August 2001, entitled *Ubedehe to Fight Poverty*, emphasises the importance of the traditional concept and associated practices of *Ubudehe* – ‘working together to solve problems’. The emphasis is on the importance of collective, inclusive, and participatory planning and action at ‘community’ level. *Ubedehe* is described in the document as a new ‘policy’ for implementing Vision 2020 and the PRSP and for linking these with political and financial decentralisation. It also announces the need ‘to redefine the traditional role that the Rwandan State has played ... moving from a top-down, autocratic approach associated with the past to developing local self-government structures which can facilitate collective action.’ This process will be supported by new Community Development Funds (with international donor commitments).

All the Prefectures are shortly due to renew their three-year Provincial Action Plans complete with costings for 2001-2004, although it will be the District Councils, not the Prefectures, which control the budgets. UNDP are intending to provide technical training for the management of Community Action Funds. It remains unclear how these would fit in with the budgeting of the MTEF and the PRSP.

Following the 1999 and 2001 elections of local government officials at Sector and District levels, MINALOC is implementing a programme of decentralisation to the *préfecture* and *commune* levels. The *secteur* will be the basic level for development planning and the *cellule* will provide information and be the fundamental unit for information generation and monitoring. Box 3 contains a presentation of central and local government structures and roles. The overall objective is to ensure political, economic, social, managerial/administrative and technical empowerment of local populations to fight poverty by participating in the planning and management of their development processes.¹⁰

The purpose is to enable local people to: participate in planning and monitoring public service delivery; hold local leaders to account through elections; have better control of service provision at the point of delivery; develop their own sustainable economic planning and management capacities; and enhance effectiveness of service delivery through a more efficient system of social communication between the top and bottom (i.e., in both directions).

After elections at *cellule* and *secteur* in October 1999, the focus has been on building the operation of community planning and participation at and below the *commune* level. This should be complete with *commune* level elections in December 2000. Elections at the *préfecture* level will follow in 2001. Central Government elections will follow in 2002 after the adoption of a new constitution. Understanding of the existing and future structures and roles of local government organisation is loose and variable. This seems to reflect the novelty in Rwanda of using governance hierarchies to encourage and incorporate grassroots opinions, initiatives and monitoring and accountability potential in government policy and

¹⁰ Republic of Rwanda/MINALOC, 2000, National Decentralisation Policy, Kigali: Imprimerie Nouvelle du Rwanda, pp.7-8.

public expenditure management. It certainly reflects the fact that the establishment of these structures is not yet complete.

Box 3: The governance framework: administrative tiers and their roles		
<i>Institutional level</i>	<i>Present role</i>	<i>Future Role</i>
Transition parliament [members nominated by the parties they represent]	Scrutinises and approves national budgets. Further scrutinises policies and their implementation through its various standing committees. Provides follow-up on recommended courses of action.	Future elected parliament expected to play the same roles.
Cabinet Council	Formulates and scrutinises policies.	Change not envisaged.
Préfecture (province)	Implements policies and transmits information downwards through the local institutional hierarchy. Also the guardian of the centre's local-level interests [security]	Will have no policy formulation and implementation role after decentralisation. Will play a capacity building role and guide the communes about central government policies and priorities and ensure local-level policies and byelaws do not contradict them. Subject to parliamentary approval, to be phased out gradually over a period of 10-15 years following decentralisation.
Sous-préfecture	Provides support to the préfecture level	Due to be phased out following the March 2001 local elections.
Commune (district)	It is the intermediary between préfecture and the grassroots in policy implementation and information transmission. Also plays inspectory and supervisory roles.	Following the March 2001 local elections, districts effectively became 'local governments' and therefore more important in policy formulation and implementation. Expected to grow in importance as newly elected leaders gain experience and the provincial level is gradually phased out.
Secteur	This is where aggregation of cellule-level interests to facilitate co-ordination of secteur-wide policy/project implementation takes place.	Current role to be enhanced as decentralisation takes root. Will also taken on administrative functions.
Cellule	Grassroots needs and priorities are articulated at this level.	Its role in determining and prioritising local needs to be enhanced following decentralisation.
<i>Nyumba kumi</i> [ten houses]	Roles in security, control and conflict resolution. Not active in development terms.	Future role unclear. Their very existence post-decentralisation also uncertain.

It is expected that in this way the culture of passivity and dependency encouraged by previous regimes will be broken. Also, it is expected that by encouraging people to work together in pursuit of common objectives such as improvement in service delivery, decentralisation will promote unity and reconciliation. The number of people elected to decentralised structures is intentionally large – 16 in each cellule on average – in an attempt to promote

active participation and to oblige people to work together and thereby encourage practical steps in unity and reconciliation.¹¹ While voting at the *cellule* and *secteur* levels was carried out through a queuing system that has the virtues of transparency to overcome suspicion of central government fraud, District-level elections were held on the basis of secret ballot.

The process of decentralisation presents a significant burden on legislative processes. Consequently, it has been addressed in a sequential approach rather than in a holistic way. It should also be noted that there are fundamental reforms being established in advance of a new constitution. Eight new laws have been drafted of which (only) three have been through the National Assembly. Redeployment of appropriately qualified staff from higher to lower level government structures will present a major challenge. The extent of the availability of the required technical skills at lower levels has not been assessed. This has led to uncertainty in the preparation of the MTEF for 2001-2003 (see below) and to the narrow and loose understanding of new and proposed structures. Despite the difficulties of implementation, decentralisation is widely regarded as crucial to the establishment of political unity and stability and to poverty.

Public expenditure management and institutional change

Institutionalisation of the PRS will require improvements in public financial management and the development of the MTEF - the translation of policies into costed public expenditure programmes designed to contribute to the policy outcomes. Within these programmes the provision of public goods and services will need to be oriented to the delivery of monitorable outputs. The costs of these programmes must be assessed for their long-term sustainability with reference to realistic assessments of the resources likely to be available to finance the implementation of the PRS. Improvements will be needed in financial accounting and reporting to promote fiscal transparency and to support monitoring of output performance.

The time and effort necessary to improve public financial management and develop an MTEF should not be underestimated. Rwanda has gone a long way in preparing for this process, but a great deal remains to be done. The development of an effective MTEF will require sustained and co-ordinated activity between the Parliament, the Cabinet, MINECOFIN, the sector ministries, the various tiers of local government, and supporting institutions such as the RRA, the Auditor General, and accounting and treasury functions in government and the financial sector. Donors and IFIs will also need to engage positively with a long term commitment. Expectations of the timing of future progress are being revised in the light of emerging constraints to more effective public financial management.

¹¹ There are currently 12 *préfectures*, 154 *communes* [now *districts*], 1543 *secteurs* and 9,103 *cellules*. The number of people currently elected to local governance structures is 162677: 145664 at the *cellule* level; 15430 at the *secteur* level; and 1583 at the district and town level.

During 2000 and 2001 there have been repeated public assertions by the GoR about their plans to strengthen the co-ordinating functions of CEPEX and the monitoring of poverty-related expenditures.

Background to the MTEF

Experience in the formulation and implementation of the 1996, 1997 and 1998 budgets had revealed a number of weaknesses, which had been the subject of complaints at the cabinet and parliamentary level as well as at sector ministry level. The joint Government of Rwanda (GoR) and World Bank Public Expenditure Review of 1997/98 recommended a gradual shift towards an MTEF system. This process continued in 1998 and 1999, with changes in the budget law being introduced to permit decentralisation of budgetary authority to sector ministries and sector expenditure reviews were undertaken in education, health and water.¹²

In January 1999, MINECOFIN issued a 'Position Paper on the MTEF'. A 'Design and Implementation Group' for the MTEF was established in March 1999, bringing together staff from the Divisions of Budget, Treasury, Macroeconomic Planning and Strategic Planning of MINECOFIN as well as CEPEX. A workshop was held in August 1999 to explain the MTEF concept to Secretary Generals and Directors of Finance and Administration and a briefing note on the MTEF was widely distributed. GoR drew up a three-year plan of action for MTEF development and implementation over 2000 to 2002. This plan was presented to a seminar for sector ministry planning staff and *préfets* in December 1999.

The Plan of Action set out a timetable for MTEF activities both within the fiscal year and over the years 2000-2002. This is organised in a phased programme addressing 5 objectives with a particular annual focus, as shown in Box 4. Experience to date shows that the objectives set for the development of the MTEF are unlikely to be achieved within the original timetable.

Progress with the MTEF

Progress so far with the MTEF Plan of Action has been mixed. During 2000, the first critical step in the MTEF was delayed, namely the resource forecast and the setting of expenditure ceilings. The formalisation of a cash budget system has led to concerns in sector ministries about the relevance of planning and forward budgeting without predictable resource flows. Missions, programmes and outputs in 2000 were defined, but not adequately to ensure that the poverty focus of policy was reflected in the 2001 budget structure. The 2001 Budget included for each ministry mission statements, programmes, objectives and outputs, but these were loosely defined, with no information on expenditures or budgets before or after the current budget year.

¹² During the course of 1999, a second round of Sector Expenditure Reviews was completed in the Health and Education ministries. The Sector Expenditure Review for the water sector was updated and a first review of public expenditures in the Justice sector was completed in 2000

Box 4: MTEF timetable 2000, by area of focus	
<i>Focus</i>	
Objectives	Ministerial Missions, Objectives and Outputs
Create a consistent and predictable National Policy and Budget Framework	National policy matrix endorsed by Cabinet
An accurate and reliable forecast of internal and external resources defining the three year budget constraint endorsed by Cabinet	
Introduce an output focus to budget preparation and execution	Ministerial Workshops facilitated by MINECOFIN to develop more precise definitions of missions, objectives and outputs with corresponding performance indicators.
Improve Financial Management and Accountability	Review of ongoing measures to strengthen financial management and accountability;
New measures to link financial and management accountability to measurable improvements in output performance	
Develop a comprehensive and integrated budget	A classification structure which clearly reflects missions, objectives and priority programmes and covers all aspects of government activities.
A Comprehensive inventory of public sector activities financed off-budget to develop proper record of Donor-financed projects within Development Budget	
Close the gap between sector policies and budgets	Review of sector policies by reference to new formalised "National Policy Matrix"
Detailed updating of sector policies in Health, Education, Water and Justice where sector expenditure reviews completed.	

Work continues on operationalising the definition of outputs and related performance indicators through a programme of training support from MINECOFIN to sector ministries in the budget preparation process of 2001. In May 2001, the training will extend to local government. The challenge for this year in the development of the MTEF will be to effect an explicit link between the output indicators of the MTEF/budget to the poverty monitoring processes of the NPRP. In response to the 2000 budget process, the NPRP office commented on the need for a clearer definition of how expenditure programmes and associated outputs and indicators can demonstrate poverty reduction effects.

From observations of some of the training process, it appears that policy has been too loosely articulated to permit definition of clear objectives and supporting

programmes with consequences for output and indicator definitions. It also appears that the senior management of many ministries do not engage in the detail of the process of translating policy into objectives and sector expenditure programmes and the definition of expected outputs at an early enough stage. Budget Committees comprising of the Secretary General and directors of departments have been created, but these do not yet seem to have engaged into practical development of the MTEF process and many sanctioned the presentation of budget estimates for 2001 far in excess of the ceilings indicated by MINECOFIN.

It may be appropriate for senior managers to take a step back from detailed management in the day to day running of a functioning system, but this is not appropriate in a period of significant change to public financial management such as the introduction of an MTEF linked to a PRS. Without clear leadership and guidance, especially in the articulation of policy at an early stage, middle-level staff in ministries lack the knowledge and confidence to develop programmes and define outputs that reflect the wishes of policy makers.

Despite the enthusiastic response from sector ministries to the principle of the MTEF, there is a marked absence of any real commitment to plan and budget within expenditure ceilings. This suggests that the practical implementation of the MTEF will take more time. The key constraint is the limited understanding of what 'prioritising' entails: 'priority' tends to be used to mean simply 'important', ignoring the need for distinguishing among higher and lower priorities and ultimately to favour some over others.

The planning structure in Rwanda is based on the articulation of ministry mission statements and objectives. The objectives are typically loose descriptions of policy goals, e.g., 'to improve access and quality of primary education'. These objectives are then linked to programmes, i.e. clusters of related activities such as a primary education programme, within which are sub-programmes (to be introduced into the 2002-2004 MTEF) linked to specific measurable outputs. The MTEF is necessarily being developed iteratively, in the hope that detailed definition of outputs and activities will help inform future policies and priority rankings. But this process needs to be made more efficient through the engagement of policy makers and senior managers.

Donors (especially those providing budget support) likewise need to become more closely engaged in understanding the outputs that GoR intends to deliver from its public expenditure, as well as the priority ranking of those outputs, so as to ensure that they provide appropriate technical assistance and advisory support. Through such engagement, donors may then stand a better chance of engaging policy makers and senior managers in the process of reforming public finance management in Rwanda. So far, donors are inhibited from such close engagement by their worries about the quality, comprehensiveness, and transparency of GoR accounting and reporting systems. This lack of trust perpetuates the project approach, with separate project implementation units, bank accounts and accounting systems - all of which drains qualified staff from the GoR and weakens its capacity to address the accounting and reporting problem which causes donors' lack of trust in the first place.

GoR is addressing the accounting and reporting problems. It has presented new legislation to Parliament on an organic law for public finance and on the general rules for public accounting. The ADB has provided a public accounting adviser to MINECOFIN for one year to provide follow-up support to the implementation of this legislation. These laws will be backed up by documentation for general rules and the preparation of procedural manuals. These tools will be presented and supported through training to the staff of Departments of Administration and Finance in the sector ministries. This process has been facilitated by the creation of a new division of public accounting in MINECOFIN separate from the Treasury Operations Division.

The MTEF is also constrained by the high rate of staff turnover in sector ministries. People who participated in MTEF training in 2000 have been replaced, inhibiting the cumulative development of *organisational* capabilities. Much of the training is projectised, and initiated and provided by external technical assistants rather than being institutionalised as a long-term process.

Resource forecasting

In 2000, projections of domestic resources were prepared only after the definition of sector ministry programmes and in an *ad hoc* manner without the benefit of a formal macroeconomic framework. The problem was compounded by a mid-year reassessment of the current year's domestic revenue projection that forced significant cuts in ministry expenditures. This was an appropriate response, but has led to concern about the funding available and criticisms from the ministries that the process of planning three-year expenditure programmes is undermined, if it is not put in the context of predictable resource ceilings.

The importance of this should no longer be underestimated. The success of the PRS will depend on the government's ability to produce medium term expenditure ceilings drawn from internally produced resource forecasts approved by Cabinet and backed up by a transparent and credible risk management strategy. These shortcomings were recognised by the MTEF Co-ordination Unit and it intends to address these problems in 2001 in conjunction with the macroeconomics department.

Improvements in resource forecasting and particularly in risk management strategies will need active support of donors and a change in conditions related to narrow revenue collection targets as currently used by the IMF and copied by other donors. This presents a considerable challenge as it has already emerged that the final forecasts of domestic resources for 2001-2003, set at the end of 2000 in conjunction with the IMF, are unlikely to be realised in 2001. These forecasts show a large step increase in 2001 and rates of increase of more than twice the *assumed* rate of nominal GDP in the following two years. The basis for these increases in 2001 is a set of tax collection measures and assumptions about the collection of arrears to be implemented by the Rwanda Revenue Authority (RRA).

There seems to have been a difference of opinion between GoR and the IMF mission about the likely speed of response of domestic resources to these new measures and of the likely collectability of the estimated stocks of arrears. The IMF has taken the more optimistic view. GoR is concerned that these cannot be realised and that failure to meet publicised targets will undermine the credibility of the MTEF process. Some observers have indicated that the IMF was trying to show a positive revenue response to support the proposal to the IMF Board to approve the I-PRSP and Rwanda's access to interim HIPC debt relief. If this is the case then it indicates a shorter-term focus than is consistent with the spirit of the PRS.

There is a problem of reconciling the need for clear forecasts based on a proper understanding of the economic activities that generate the various tax bases and the desire to set targets for RRA that somehow influence its tax collection behaviour. Both are necessary and there needs to be a proper balance between the two. Too great an emphasis on analyses of statutory and actual tax bases does not create short-term incentives for RRA to collect revenue. Too much pressure to collect revenue from known tax payers could inhibit the development of a sustainable tax policy and tax administration system.

To address this problem and promote better agreement between GoR and the IMF, MINECOFIN has requested technical assistance from the IMF for a three-month study of domestic resource mobilisation that can make an informed assessment of: the tax gap; the feasibility of measures that can be taken to close it; and the likely time path of response to these measures. This process should also go some way to facilitating the process of resource forecasting for the MTEF in the future. DFID has provided a programme of support to RRA and has also been concerned about the lack of knowledge in RRA and MINECOFIN about the economy and of the tax bases that exist. It is also concerned that this lack of knowledge makes for poor design of tax policy.

Cash budget

In 2001 the government has instituted a cash budget system in a classic response to mismanagement of public finances. The cash budget sets up rules for the allocation of cash resources released each month. MINECOFIN has set up a priority ranking for the items and activities that are to be funded. Its purpose is to stop expenditures being made in advance of receipts and thus to avoid domestic borrowing and the further accumulation of arrears. As a means of securing fiscal stability a cash budget can be effective. It undermines, however, the idea of creating predictability in the MTEF. It is also at odds with the degree of confidence expressed by the IMF in proposing forecasts of domestic revenue increases of twice the rate of assumed nominal GDP growth.

Cash budgets treat symptoms and not causes. What is needed to treat the cause is process of re-instituting proper control of expenditure commitments to avoid the build up of arrears and a system where budgets are made and controlled within predictable resource envelopes, i.e., an effective MTEF process.

Comprehensiveness of the budget

Progress with the creation of a comprehensive database of public sector activities financed off-budget and through donor flows in the development budget appears to be slow for capacity reasons. For the purposes of the 2001-2003 MTEF, information was gathered in an *ad hoc* manner. Donors need to take account of the challenge set out in the MTEF Action Plan to have 'integration' of the recurrent and development budgets by 2002 and begin discussions with MINECOFIN and CEPEX on the timing of changes necessary to adapt and develop donor information systems to meet that challenge.

Links between the PRNP and the MTEF process are being built. The major challenge is to ensure that the programme definitions, outputs and indicators coming from line ministries are linked to the poverty monitoring requirements. Given the information and monitoring constraints throughout government, it will be necessary to limit the number of indicators that are set up and monitored, at least in the short and medium term, and this needs to be discussed with and understood by donors.

It is important to ensure that new MTEF and PRS processes are managed and presented in ways that do not raise expectations that cannot be met. This applies to the 'contract' between MINECOFIN and the sector ministries and will apply to the more complicated and indirect 'contract' systems between central fiscal managers and the various decentralised structures of government on which effective participative implementation of a PRS will rely.¹³ The chances of institutionalising the MTEF and PRS processes will be undermined by disillusionment, if the contract cannot be honoured because resources do not flow in a predictable way to support the implementation of the strategy. A critical first step is the timely setting of expenditure ceilings set by Cabinet, on which both the MTEF and the implementation of a PRS will depend.

The importance of supportive donor responses

Foreign donors and financing agencies influence Rwanda's PRS process in the following ways:

- providing financial and technical support to PRS-related consultation, monitoring, and capacity-building
- financing and supporting specific anti-poverty initiatives which are being explicitly incorporated within the PRS
- providing general budgetary and technical support to the GoR
- indirectly influencing the PRS process by continuing to finance projects or develop strategies without serious attempts to co-ordinate these within the PRS and MTEF processes

¹³ The essence of the contract is that MINECOFIN will endorse and guarantee allocations to programmes on the basis of good quality planning, implementation and monitoring of poverty focused service delivery.

- combining with other external political and economic influences to link aid to political processes such as the conflict in the DRC, the constitutional process, and human rights monitoring.

The Government of Rwanda is particularly concerned about the need for stronger co-ordination of the developmental activities of both government agencies and foreign donors. A 'Poverty Note' of 2000 on the GoR's website refers to the 'disjointed poverty initiatives of both government and donors' and to the 'poor statistical base', and further argues that 'the definition and coverage of priority program areas for poverty reduction needs to be expanded beyond the social sector spending on health and education to include other key economic sectors like agriculture and road infrastructure and settlements').¹⁴

Although the NPAP (PRSP) will be the first full national anti-poverty strategy in Rwanda, MINECOFIN has since 1999 been working with the World Bank, the UNDP, and DFID to develop a Poverty Action Plan linked with the MTEF process and the introduction (from 2001) of a three-year rolling budget. UNDP and DFID have since 1999 been the main providers of financial and technical support to the establishment of the NPRP.

Consultations with donor agencies on the PRS process began with an Aid Co-ordination meeting on February 22, 2000 (several months before the June launch of the PRS process) at which the GoR presented to donors a document elaborating the approach to poverty reduction and sustainable growth. There is a major meeting of international donors scheduled for early October, relating to the final PRSP drafting. UNDP has recently (June 2001) prepared a brief (one-page) country report on its support to the PRSP process so as to develop over the coming months a three-year programme of assistance to the NPRP. In this, it rightly sees itself as playing a pivotal role in 'build a framework for aid co-ordination and resource mobilisation around the umbrella of the PRSP'. However, the UN's Common Country Assessment, currently being drafted as part of the UN Development Assistance Framework, is reported to be far too long and piecemeal so far to play a meaningful role in the PRS process.

Donors could also play a role ensuring co-ordination among the various national strategies which they are supporting. ECA and UNDP together financed a consultancy to draft the National Gender Policy. This appears to have been a poorly designed consultancy. A Tanzanian literature professor wrote the policy document assisted by two Kigali-based consultants, the initial result being a draft that bore little relation to any other policies. In April 2001 a second version of this had been prepared by MIGEPROFE, which still carried only a brief mention of the relevance of the national PRS.

¹⁴ www.rwanda1.com/government/poverty.

Box 5: Recent developments in donors' relations with Rwanda

- 1996-98 UNDP establishes Trust Fund for Rwanda
- 1999 UK signs ten-year bilateral agreement with Rwanda, with budgetary support
- Feb 2000, Aid Co-ordination meeting
- Sept 2000, UK DFID announces £63 million budget support over 3 years, of which £21 million earmarked for support to education
- Nov 2000, Rwanda *Newsline* devotes its whole front page to the PRS process and to donors' demands that Rwanda withdraw troops from Congo.
- Feb 2001 Multistakeholder meeting to review World Bank's CAS for Rwanda
- April 2001 Report to UN Security Council on Illegal Exploitation of Natural Resources in DRC (www.un.org/Docs/sc/letters/2001/357e.pdf) includes allegations against GoR, Rwanda businesses, and foreign donors and investors in Rwanda
- May 2001, Rwanda's presentation at UNCTAD LDC3 Conference (Brussels) emphasises a 'pact between donors and recipients' to collaborate in poverty reduction on the basis of a PRSP, with flexible financing and long-term commitments.
- July 2001, GoR announces that it will appoint a multi-disciplinary team of experts to evaluate and monitor all donor funded projects to ensure a more coordinated and efficient implementation¹⁵
- July 2001 US government announces concessional terms of trade with Rwanda (along with other African countries) under Africa Growth And Opportunities Act
- June 2001 national debt strategy workshop
- July-August 2001: Japan, Netherlands, Germany, USA and France all separately announce proposed increases in aid to Rwanda
- July 2001 IMF Deputy Director for Africa commends Rwanda's improved economic performance, especially control of public finance, inflation, and macro-economic stability
- July 24 2001 Finance Minister admits inadequate economic management, poor project management and inadequate tracking of foreign disbursement, due to the 'lack of a clear focal point for foreign aid management, which in turn leads to inadequate coordination of development projects'.¹⁶
- August 2001 South Africa 30-person delegation to develop stronger trade links and follow up on S.Africa-funded aid projects.
- September 2001: final consultation draft of UNDAF document, to be explicitly linked with PRSP
- October 2001: World Bank Board to review Rwanda Country Assistance Strategy 2001-2004 [deadline delayed from July 2001]
- November 2001: final consultation draft of PRSP, plus major national consultation meetings
- December 2001: deadline for finalising of PRSP for HIPC Completion Point

¹⁵ Kabanda, speaking at a conference aimed at reviewing the performance of 11 World Bank-financed projects in Rwanda

¹⁶ www.reliefweb.int/IRIN/cea/countrystories/rwanda/20010724c.phtml.

Rwanda is capacity constrained and is committed to working with its development partners and expects technical and advisory support from that partnership. Many, but not all, of the policy issues that GoR is developing are similar to those in other countries. There is much that the donors and IFIs can offer in terms of bringing experience from elsewhere to support GoR. There is concern that some of the donors do not have the capacity to engage at a sufficiently senior level in the detail of the process of change that is going on. Part of the problem here lies in the duplication of donors' efforts. Bilateral donors admit that they do not co-ordinate their efforts.

Technical and advisory support to the MTEF

MINECOFIN has established an MTEF Unit to manage the implementation of the plan. This includes one permanent MINECOFIN staff member, a temporary employee, an ODI Fellow and a DFID funded co-ordinator. The unit co-operates closely with the Budget Division. The DFID funding includes a pool for drawing down additional short-term technical inputs. The process of MTEF preparation workshops for line Ministries was facilitated by a short-term advisor funded by the World Bank. Co-ordination and co-operation with other departments within MINECOFIN and with the Minister's *cabinet* of external advisers is being built up slowly through the MTEF preparation process.

The future of the *cabinet* is uncertain. The three advisers are funded by UNDP and their contracts are finishing in mid 2001. It is not clear that UNDP will fund a continuation of this support, having expressed concerns to Government that the activities of these advisers have not been shadowed by GoR staff who can then take over.

MINECOFIN has created a new structure to co-ordinate government's management of the conditions attached to the PRGF in the form of a GoR co-ordinator in MINECOFIN serving as a focal point for a group of contact people one from each sector ministry.¹⁷ This role was previously filled by the head of the PRS unit in MINECOFIN. This structure has a staff of two people who work closely with the macroeconomics division of MINECOFIN.¹⁸ The role also requires and relies on close co-operation with and co-ordination of the *cabinet*. In addition there are a several technical advisers in MINECOFIN supporting various areas of public financial management. These have largely operated as independent advisers rather than as a cohesive team supporting a planned set of activities in public financial management reform. A new Secretary General of MINECOFIN has been appointed.

¹⁷ This person was formerly head of the macroeconomics division within MINECOFIN and subsequently Director of Budget and has been a key individual in the promotion and development of the MTEF.

DFID is providing short-term inputs to assist in the costing of the PRS. Some tentative costings have been prepared within MINECOFIN these indicate needs of the order of USD 1 billion over three years.

It is not clear that the donors' behaviour shows long-term commitment to the PRS and MTEF processes. Some bilateral donor systems do not permit the provision of programme or budgetary support. They continue with a project approach with project cycles detached from the planning and budget cycles. Accounting, banking and reporting arrangements are separate from government systems.

While GoR systems remain weak this can be seen as an appropriate response to ensure short-term impacts. The spirit of the PRS is a longer-term strategy. Ensuring public sector activity supports poverty reduction will require a medium term focus, hence the HIPC/PRGF requirements for a MTEF. In continuing project support donors and IFIs will come under increasing pressure to demonstrate how such an approach supports GoR objectives of achieving comprehensiveness, transparency, predictability and accountability in PEM. The pressures on staff time within GoR to deal with projects leaves little time for development of systems. Hundreds of bank accounts the result of going around the accounting problems of public sector accounting. Tying up qualified staff in accounting and reporting of externally funded activities to the detriment of transparency and accountability in the use of domestic resources.

The politics of poverty reduction in Rwanda

The PRS process has been fairly high-profile in Rwanda, within government though not in the media, because poverty increased dramatically in the years leading up to and following the 1994 genocide, so that reducing poverty is seen as critical to establishing the credentials of the government and the basis for national security, reconciliation, and long-term development.

The linkage of poverty reduction with reconciliation and decentralisation has been noted above. One further crucial event, the establishment of a national Constitution by 2002, is to a lesser extent also linked with the PRS process in that progress in poverty reduction is seen as vital to the establishment of the legitimacy of the government.

The key challenge for the PRNP will be to try to bring about or influence changes in the incentives which shape the planning of line ministries and donor agencies, such that all recognise not just the shared responsibility for the PRSP but that it is in their interest to integrate their activities within it. Several donors mentioned that so far there is no real incentive to change, although peer pressure exerted particularly by DFID, UNDP and the Bank may be generating momentum for a shift towards budget support. The importance of this issue is well expressed in the following quote from the NPRP progress report, May 2001:

Rwanda is trapped in a cycle where external finance is ad hoc and project oriented and will remain so until there are strong, implementable sectoral plans and policies that donors can support directly. However,

until externally funded projects come within the national planning and budgeting framework, line ministries will quite rightly continue to devote their 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. A vital next step in this is the institutional assessments of analytical and planning capacities within line ministries and the development of plans to strengthen and develop them over time. The PRSP has to be the mechanism for breaking out of this cycle, providing a starting point for donors and line ministries to start developing processes and mechanisms which, based on effective sectoral policy, make the best use of the resources available to Rwanda. This requires strong commitment from donors to the PRS process, using it as the framework within which to channel their assistance.

Participatory and integrated planning

Perhaps the most important outcome so far from the PRS process has been the rapid development of national capabilities and activities in participatory planning assessment under the 'Participatory Poverty Assessment' (PPA) rubric. The approach to this is outlined above in Section 3. In terms of content, the PPA process has been focusing specifically on the following:

- poverty profiles (categories and characteristics of poverty as locally defined)
- community problem ranking
- public service assessment
- gender roles, and
- land issues (this latter being emphasised so as to help with the key challenge of developing the National Land Policy).

But as with the PRS process in general, the test will be whether the PPA processes, and subsequent findings and recommendations, actually lead to changes in policies and practices of local and national development agencies.

An important step will be to ensure that the PPA process and outputs are recognised as legitimate and important at national level. UNDP staff are reported to have recommended that PPA findings should be reported directly to Cabinet as they are produced. NPRP staff appear to favour this idea, but have yet to work out how frequently it would be realistic to expect to report to Cabinet, and in what kind of form PPA reports could be produced. Some staff in Rwanda with first-hand experience of the PPA process in Uganda noted that although Uganda is widely regarded as the world's best example of PPA-policy linkage, in reality PPA findings were marginalised from the main national policy-making processes.

Another task will be to persuade individual line ministries that the PPA is relevant to their work and to their priority setting. The Unity and Reconciliation Commission are an encouraging example of a key agency which is showing strong interest in working with the NPRP to assist with and use the findings of the PPA. By contrast, the view from the Ministry of Agriculture was that there is no

prospect of the PPA resulting in any modification of the National Agricultural Strategy, since this is already seen as being entirely geared towards reducing poverty, as well as being based on sound participatory consultation.

Key features of Rwanda which appear to favour the development of a PRS process that based on deep and broad consultation include the following:

- Cultural and linguistic homogeneity and dense population facilitate quick and cost-efficient grass-roots consultation exercises.
- There is a high degree of obedience to local government requests to attend meetings (although arguably this may inhibit the *quality* of participation despite facilitating a high *quantity* of attendance at meetings).
- Most stakeholders are strongly motivated to link poverty reduction with reconciliation, peace-building and decentralisation.

5 Information, knowledge-management and the PRSP

Generating information and managing understanding for pro-poor policy-making

Formal national-level management of understanding¹⁹ about poverty and about the efficacy of anti-poverty strategies is minimal in Rwanda. There is an important distinction to be made here between the *generation of information* (capture and collation) on the one hand, and the *management of knowledge* on the other – the latter including sharing and analysis of information, and the generation, sharing, and application of knowledge to policy and practice.

For example, to date a great deal of information on poverty has been generated by the National Unity and Reconciliation Commission through its country-wide consultations and solidarity camps focusing on the causes of conflict and disunity and how to address them. None of this information has as yet been put to use by the NPRP, partly due to the Commission's lack of formal links with the PRSP.

Likewise, there is a wealth of information on various dimensions of poverty held by a variety of organisations and in general unused. Two separate MINECOFIN staff members emphasised that the main challenge is not to generate new statistical data but to make good use of the data that are already available but are unused and un-collated. A major difficulty is to collate figures from different sources that often contradict each other. For example, three different figures have been given for nation-wide access to safe water: 44%, 70%, and 80%. Sometimes contradictions arise from different indicators or different interpretation of indicators: the figure for 'access to health facilities' is 81%, for example, but it has been estimated that only 27% of people actually use health facilities, suggesting that some quite complex interpretation and further qualitative research is needed to establish how many of the remaining 73% feel they have inadequate access to health facilities.

The key challenge, then, is to develop an effective system for co-ordinating and analysing the available information, and for disseminating and ensuring the application of the new understandings that are generated.

In 1997, GoR conducted a Participatory Poverty Assessment (PPA) in ten rural and two urban communes, which resulted in an excellent and comprehensive report on the multiple dimensions of poverty, complete with numerous sound recommendations on strategic priorities for anti-poverty action. There is little sign that over the past three years the information or recommendations have been applied. Senior staff in key ministries are not aware that a PPA was conducted, and there has never been an explicit channel for translating understandings from the PPA into policies and actions - although some who participated in the PPA,

¹⁹ Knowledge-management is of course the more familiar term; but for contexts and subject matters characterised by high degrees of uncertainty, softer and more processual terms such as 'understanding' and 'learning' seem more suitable.

including the head of the new PRNP, are informally applying the lessons and experience gained from it.

One of the PPA report's key recommendations was that to address the problems of the poor, greater inter-agency communication was needed to avoid the duplication of effort: 'a co-ordination structure for poverty reduction [should] be established, chaired by the Ministry of Finance and Economic Planning, and supported by a small technical unit.' It was not until three years later that DFID, encouraged by the new opportunity offered by the PRS process, began financing this new institution, which is now known as the PRNP and which includes the Poverty Observatory.

Until the past year or so, scarcity of information on the extent and diversity of poverty in Rwanda (due to the destruction of information during the genocide, and to the fact that information has received low priority during the post-emergency reconstruction phase) was widely seen as a key constraint on managing understanding about poverty and development. However, several major information-gathering exercises have been recently completed or are due for completion before the PRSP is finalised (see Box x), and the full national population census (financed 80% by EU, 10% by GoR, and the remainder by UK and Netherlands) is expected to be completed during 2002.

Box 6: Recent and imminent sources of information on poverty and anti-poverty action in Rwanda

- National Unity and Reconciliation workshops and camps
- Participatory Poverty Assessments
- Nation-wide consultations 1999-2001 by the Unity and Reconciliation Commission
- Demographic and Health Survey by the Ministry of Health (2000-2001)
- Core Welfare Indicators Questionnaire (CWIQ) by MINECOFIN (2001)
- Enquête Intégrale sur les Conditions de Vie (Integrated Living Standards Survey) by MINECOFIN
- Food Security Research Project (PASAR) by Ministry of Agriculture/Michigan State University (1990-94 and 1999-2001)
- Multi-Indicator Cluster Survey by MINECOFIN
- Education survey by Ministry of Education
- Study of Land Rights by Human Rights Watch (2001)
- Public Expenditure Tracking Surveys (PETS) in Health and Education (2000)
- Emergency Coping Strategy study by Save the Children (2000)
- Participatory Poverty Assessment by PRNP/ActionAid/local government (2001)

The I-PRSP identified the Poverty Observatory within the PRNP as the main agency responsible for co-ordinating and disseminating understanding about poverty and anti-poverty strategies. This was established as the main national

poverty monitoring office in February 2000 following a Prime Minister's Decree in November 1999 (i.e., well before the PRSP process was formally launched in June 2000). This is staffed by a co-ordinator and an economist assistant, plus an ODI Fellow economist, but is expected to be strengthened shortly by a statistician and one other ODI Fellow. It has also been assisted by two short-term DFID-financed consultancies, one on poverty information, and another on mainstreaming gender dimensions within poverty policy and monitoring.

There has been considerable debate about how extensive the Poverty Observatory's mandate should be, given its limited capacity and the pre-existing information management structures and systems that already exist. Crucially, the Observatory still needs to work out clear divisions of responsibility with the Statistics Department within MINECOFIN (including linkage with the MTEF process) and with the information systems within the key line ministries particularly Agriculture, Education, and Health.

The Observatory's specific tasks are to:

- report quarterly and annually (to the Minister of Finance and Economic Planning and to various monitoring organs of the PRGF Committee) on poverty and human development indicators;
- conduct specific poverty studies when needed;
- analyse the impacts of policies, programmes, and projects; and
- identify the anti-poverty budget and assess the quality and impact of these expenditures on poverty.

The Department of Statistics (located in MINECOFIN) has begun a major national household living standards survey, which is expected to be completed by the end of 2001.

The Ministry of Health has its own health management information system, and the Ministry of Education is being assisted by DFID to strengthen its planning system, which could ultimately lead to an education Management Information System. It is expected that through the Poverty Observatory these will be closely integrated with the overall learning strategy associated with the PRSP.

Learning requirements and policy rationale

Any development agency needs to prioritise among an almost limitless range of possible investments in learning. Rwanda's (and other countries') inadequate expenditure prioritising in the IPRSP has already been noted, so it is not surprising that there is little sign of strategic prioritising in investments in learning.

It was also noted above that Rwanda's I-PRSP, like most others, lacks systematic identification of new departures from previous policies and expenditure patterns. This is not surprising, as it needed to build on previous policies and develop a policy dialogue to feed into the PRSP. But it therefore

lacks a clear rationale, or statements of ‘theories’²⁰ about how changes in policies and expenditures might lead to specific kinds of poverty-reducing outcomes. Without such hypotheses, rational planning of investment in knowledge is impossible.

The PRNP has a long way to go before it develops a clear understanding of what it wants to learn about poverty reduction and how it wants to learn it. It is encouraging, however, that the Poverty Observatory is explicitly being seen as an analytical and advisory rather than an information-gathering unit. If it continues to focus on knowledge and understanding rather than on the generation of new data sets it should in the longer term help the people of Rwanda develop an understanding of the links between policies, practices, and poverty.

Indicators for monitoring/tracking PRSPs

Despite the inadequate availability of hard information, there is a strong consensus among donors and government staff on generalities:

- poverty has steeply increased since the genocide of 1994; low agricultural productivity is the most significant overall cause, and this is in turn due to unclear land rights, poor soil management, disruption of the social relations of production, limited availability of inputs;
- life expectancy and infant mortality indicators are worse than before, due to high rates of malaria, respiratory diseases, and HIV/AIDS;
- education, shelter, health services, and infrastructure are in poor shape;
- all poverty reduction challenges are exacerbated by (and interconnected with) the population growth rate of around 2.9%, with birth rates rising steeply after the genocide; and
- the government has very limited funds to spend on poverty reduction, with higher expenditure levels going through bilateral donors and NGOs.

Staff of the Observatory have recently been working with international development advisers to identify indicators by which progress of the PRS can be monitored. So far, this has involved discussions with the Department of Statistics and the statistics officers in the various ministries, and to a lesser extent with other Ministries particularly through the work of the two DFID-funded consultants on poverty monitoring and gender mainstreaming. The PPA studies are also expected to generate recommendations for indicators.

The I-PRSP produced provisional sets of targeted indicators for overall economic performance, macroeconomics, education, and health, with the explicit intention to modify these after further inter-ministerial consultations, studies, and the PPA. The NPRP’s agreement for DFID’s support specifies that it will draw up a Poverty Monitoring Plan (to capture information from both governmental and non-governmental sources) and a Poverty Information Plan (for publicising

²⁰ This term is not intended here in the abstract sense of academic grand narratives. All policy is based on explicit or more often implicit understandings about how specific changes of action might result in specific kinds of outcome.

information about poverty). The rationale for separate plans is not entirely clear, although the implied distinction between information-gathering and knowledge management (as discussed above) is sound.

The proposed system will track both expenditure and the delivery of social services. Two important aspects of this system are as yet unclear: how complementarity with the monitoring system of the MTEF will be ensured, and how information on developmental outcomes will be tracked. It is hoped that the situation will be clarified by further meetings between the Observatory and those MINECOFIN staff dedicated to the MTEF.

Perhaps the most difficult challenge for the Observatory and other key poverty monitoring stakeholders over the coming months will be to identify a clear distinction and a balance between two kinds of indicator:

- ❑ a core set of targeted performance indicators by which the whole PRS will be judged, and which may eventually be used to inform decisions by donors and BWIs; and
- ❑ a much broader set of indicators and analytical questions which will offer a menu of issues for participatory monitoring, surveys, and research projects to assess.

The importance of this crucial distinction is exemplified, for example, in the initial recommendations by the DFID-funded gender-mainstreaming consultant, which include a proposed set of 100 key gender-disaggregated 'indicators' (most are actually questions rather than indicators) for poverty assessment.

Evaluation of policies, programmes and projects

In post-genocide Rwanda there has been minimal evaluation of the effectiveness of development policies, programmes or projects. The lack of evaluation was noted, for example, in the World Bank's country review 2000 and in the March 2001 DFID-funded consultancy on poverty monitoring. The latter consultancy is helping the PO develop monitoring systems but is explicitly not trying to address impact evaluation, while acknowledging that in future this will become an important part of the PO's work.²¹

The apparent lack of interest in evaluation is particularly striking given that Rwanda was the focus of one of the world's most ambitious evaluation studies ever conducted, namely the 1995 multi-agency study of international roles before and after the genocide. It is, however, reasonable to regard the basic management of information on poverty and on anti-poverty policies and processes as a prior requirement before trying to conduct evaluation of the effectiveness and impacts of policies, programmes, and projects.

²¹ Shaffer, Paul, 2001, Interim Mission Report on Consultancy to support the Poverty Observatory, 14 Feb-3 March 2001

Donors' information requirements

There is as yet no clear sign of the PRS process leading towards co-ordination of donor information requirements. Apart from DFID, the World Bank, UNDP, and IMF, most donors are still emphasising discrete projects and requiring separate assessment and reporting in relation to project-specific activities and outcomes, rather than being prepared to accept monitoring and assessment of national processes as legitimate forms of accountability and learning. Staff at MINECOFIN say that many donors simply lack the capacity to participate effectively in national planning and learning, and that this is why they continue to focus exclusively on their 'own' projects.

International NGOs, and Rwandan NGOs with international funding, constitute a major potential source of basic information on poverty indicators and trends particularly at grassroots level. There is, however, a long way to go before they will share such information effectively amongst one another let alone with government. Only a few NGOs, e.g., World Vision, Oxfam, SCF, and Human Rights Watch, have made serious attempts to disseminate information based on their grassroots experience in Rwanda. Understandably in the post-emergency phase they have concentrated mainly on activities rather than on learning about the processes that influence poverty and well-being. In principle, NGOs appear to accept the need to collaborate and co-ordinate with government and share information with all relevant stakeholders, but there is as yet no sign of any serious drive to incorporate mutual learning into their plans.

Between our first and second visits we noticed an increased recognition of the importance of international donors as both users and producers of information on poverty and anti-poverty strategies. An important qualification to the concept of a 'country-driven' PRS and associated poverty monitoring is that international donors (including NGOs) will for many years to come be needed as funders, technical advisers, and users of poverty information.

The immediate priority must be for the PRSP to identify the critical information needs for planning and learning, the indicators that both reflect key anti-poverty priorities and can be assessed cost-efficiently, and the means for assessing these. When this has been done, there is no doubt that considerable further technical assistance will be needed in setting up national M&E systems. However, there would be little point in addressing the supply side in information management without a clearer view on where the demands for information are coming from. Without clearly articulated information demands, resources invested in M&E could well be wasted, and findings not incorporated into plans. An important step would be for the Observatory to conduct a survey of potential user demands for particular kinds of poverty-related information.

The anticipated new law on NGOs, requiring them to declare strategic priorities and areas of operation, and to ensure that these fit national priorities, could offer new opportunities to improve the gathering of information about NGO achievements as well as inputs and activities.

It will be important to ensure that the information strategy is primarily led by assessment of the importance of specific processes in poverty reduction, and by identification of critical knowledge gaps, rather than by identification of things that are easy to measure. So far it looks as though information-gathering in the various ministries has been overwhelmingly shaped by economists' demand for numerical data. While the demand for some basic 'hard' data is understandable, it will be crucial for Rwanda to develop expertise in the generation and management of qualitative information about poverty and the quality of life. This will require new additions of expertise in social development and in political and institutional analysis, but before this it will be necessary to assess the demand for information and analysis that is currently unavailable.

6 Conclusions and implications

With few exceptions, the people we met in Rwanda exuded optimism about the PRS process as well as respect for its important role in doing just the things which PRSPs are supposed to do: being the focus for efforts to develop and learn about nationally-inspired, consultative, participatory, and co-ordinated anti-poverty strategies and plans, and for improving international and intra-national inter-agency collaboration. In the words of a World Bank representative in Rwanda, 'donors are optimistic about the PRSP process in Rwanda. Some regard the process as potential best practice.'

Not surprisingly, several people also expressed doubts about many of the challenges of putting the PRSP ideology into practice. Donor co-ordination, cross-ministry collaboration, institutionalising 'deep' and 'broad' nationwide participatory planning, budget forecasting, and assessing outcomes, will all certainly remain difficult challenges for many years to come. Several people in agencies that would be expected to play key roles, such as the media, NGOs, Ministries, and the Fédération Rwandaise du Secteur Privé, appear not yet to see themselves as co-responsible or even potentially involved in the process in a significant way. But there can be no doubt that the general message is that the PRS process will bring benefits to Rwanda and that it will bring about and/or be closely interlinked with important forces of administrative, social, political, and economic change.

This country study therefore endorses the original research hypothesis that the new process-oriented emphasis in the 'conditionality' used by external financing agencies can be expected to lead to poverty-reduction policies, strategies, and plans which are: more strongly 'owned' by Rwandans rather than externally imposed; better co-ordinated; based on broader consultation, more results-oriented, and with better medium-to-long-term orientation, and that these changes in turn will lead to greater effectiveness and sustainability in anti-poverty action.

It must be emphasised, though, that much of this optimism concerns future developments that will be critically dependent on factors which are not directly part of the PRS process. Rwanda will need to make further progress towards peace, stability, reconciliation, decentralisation, and the establishment of a constitution and democratic governance. External financing agencies will have to make radical alterations to the way they finance and interact with government agencies, and as yet the PRS process has not produced tangible changes in this regard (apart from the strong DFID and UNDP support to the process, which is closely linked with their long-term efforts to establish effective partnerships with the GoR). And there will need to be continued improvements in budgetary control, forecasting and prioritising, particularly through close linkage of the PRS and MTEF processes.

Annex 1: People met

Barikana, Eugène	Prefect of the Province of Kibungo
Berg, Ingrid	Embassy Of Sweden (Sida), Second Secretary (Aid)
Bolton, Giles	DFID First Secretary, Aid
Bolton, Giles	DFID Governance Adviser
Bugingo, Emmanuel	OSSREA General Coordinator
Butare, Andrew	Christian Aid Country Representative
Christiansen, Karin	Observatoire de la Pauvreté au Rwanda, ODI Fellow, Economist
Dunn, Sarah	DFID Kigali
Gashugi, Laurent	FAO Kigali, Chargé de Programme
Gatare, Francis	National Economist, UNDP
Gulrez, Dr Mohammed	Dept Political Science/Administration, NUR
Habitimana, Jean-Baptiste	World Vision credit programme
Hakizabera, Pipiani	Executive Secretary, Rwanda Private Sector Federation (RPSF)
Hakizabera, Pipiani	Fédération Rwandaise du Secteur Privé, Executive Secretary
Haq, Dr	NUR, Department of Management
Harelimana, Augustin	
Herbert, Mr	Kigali Institute of Higher Education
Howe, Gerard	DFID Social Development Adviser
Josefson, Ulrike	Sida
Joseph, Sam	ActionAid Somalia, in charge of PPA training in Butare
Kalisa, John Bosco	FRSP (Fédération Rwandaise du Secteur Privé ivo)
Kambanda, Jeanine	PRO-FEMMES Executive Secretary
Karamaga, Camille	National Coordinator, UNLDC III
Karega, Vincent	MINECOFIN, PRSP National Coordinator
Karenzi, Ben	Director-General, MINECOFIN (formerly Rwanda National Assembly Chairman of State Budget and Property Committee)
Kayigema, Anicet	CCOAIB, Executive Secretary
Lamont, Tim	MINECOFIN, MTEF Co-ordinator
Mbiri Baraguni, Barbara	MINECOFIN, Social Sector Adviser
Minani, Faustin	Lecturer in Agricultural Economics, University of Butare
Mndleza, Emmanuel	Ministry of Justice
Muganza, Angelina	Minister of Gender and Women in Development (MIGEPROFE)
Mukamazimpaka, Hilarie	AVEGACoordinator
Munyantore, Ephrance	UNDP/MINALOC, in charge of donor-funded CDC
Munyura, Pierre	USAID Democracy and Governance Officer
Murangira, Francois	Rwanda Trade Union Centre For Workers [CESTRAR], General Secretary
Murukezi, Anastru	Agricultural Consultant; former Sec-Gen of MINAGRI
Musafiri, Prosper	MINECOFIN, Budget Director/Acting Secretary General
Musahara, Dr Herman	Department of Economics, NUR

Musoni, Protais	MINALOC (Ministry Of Local Administration And Social Affairs), Secretary General, and Chairman of Electoral Commission 2001
Mutebwa, Alfred	Director, Directorate of Planning and Agricultural Statistics, Kigali
Mutebwa, Alfred	MINAGRI, Director, Planning
Mutyimina, Esperance	DUTERIMBERE, Director of Microfinance National Unity and Reconciliation Commission, Vice-President
Ndagiza, Fatuma	MIGEFASO (Ministry of Gender and Women In Development), Personal Assistant to Minister
Ngirumpatse, Paulin	Projet IGL (USAID/AFRICARE), Project Coordinator
Nkusi, Alphonse	MINEDUC, Planning and Co-operation Officer
Nyinawumwami, Christine	MINECOFIN, Consultant
Nyumba, Aloïs	Unity and Reconciliation Commission
Nzabonimana, Venant	Christian Aid, Capacity-Building Officer
O'Brien, Monica	TROCAIRE, Country Representative Observatoire de la Pauvreté au Rwanda, Coordinatrice
Poston, Mark	DFID Education Adviser
Rakita, Sara	Human Rights Watch researcher, Kigali
Reidy, Frank	Country Director, Refugee Trust [Coordinator of International NGO Forum until Sept 2000]
Richardson, Faye	Health Unlimited
Rwiza, Peace	Unity and Reconciliation Commission
Shuffell, Sarah	
Sledge, Salifu M	Country Representative, ActionAid
Sufian Mutangomwa	CRDP/WORLD BANK
Ullenert, Herr	GTZ
Ulrika Josefsson	Sida
Zaninka Kayirere, Claudine	
??	Prefet, Gisenye
??	Prefet, Gitarama