Unrestricted Version

# USAID/RWANDA
# INTEGRATED STRATEGIC PLAN
# 2004-2009

## Volume 1

This Strategic Plan for Rwanda was assembled by USAID/Rwanda. This Strategic Plan is a "pre-decisional" USAID document and does not reflect results of USG budgetary review.

Additional information on the attached can be obtained from Joan LaRosa, USAID/Rwanda.

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# LIST of ACRONYMS and GLOSSARY

| | |
|---|---|
| ACDI-VOCA | Agriculture Cooperative Development International – Volunteers Overseas Cooperation Assistance |
| ACP | African, Caribbean, and Pacific Group of States |
| ADB | African Development Bank |
| ADS | Automated Directives System |
| AFR | Africa Bureau (USAID) |
| AGOA | African Growth and Opportunity Act |
| AIDS | Acquired Immune Deficiency Syndrome |
| ANC | Ante-natal care |
| ART | Anti-retroviral therapy |
| ARV | Anti-retrovirals |
| ASARECA | Association for Strengthening Agricultural Research in East and Central Africa |
| A-SNAPP | Africa Bureau Agribusiness in Sustainable Natural African Plant Products Project |
| ASP | Annual Program Statement |
| ATDT | Agricultural Technology Development and Transfer Project |
| AU/IBAR | African Union/Inter-African Bureau of Animal Resources |
| BCC | Behavior change communication |
| BNR | National Bank of Rwanda |
| BSS | Behavior Surveillance Survey |
| CAMERWA | Rwandan Central Pharmacy |
| CARPE | Central Africa Regional Program for the Environment |
| CBO | Community-based organization |
| CDC | U.S. Centers for Disease Control and Prevention |
| CDF | Common Development Fund (GOR) |
| CIDA | Canadian International Development Agency |
| COMESA | Common Market for East and Southern Africa |
| CRSP | Collaborative Research Support Project |
| CS | Child survival |
| CS | Cooperating Sponsor |
| CSH | Child Survival and Health Account |
| CSO | Civil society organization |
| CVA | Conflict Vulnerability Assessment (USAID) |
| DA | Development Assistance Account |
| DAP | Development Assistance Program (USAID FFP) |
| DCA | Development Credit Authority (USAID) |
| DCHA | Democracy, Conflict, and Humanitarian Assistance Pillar Bureau (USAID) |
| DFID | Department for International Development (UK) |
| DG | Democracy & Governance (USAID) |
| DHS | Demographic and Health Survey |
| DRC | Democratic Republic of Congo |
| ECA | United Nations Economic Commission for Africa |
| EDDI | Education for Democracy and Development Initiative (USAID) |
| eHIPC | Enhanced Highly-Indebted Poor Country (World Bank) |
| EPAR | Emergency Plan for AIDS Relief (U.S. Presidential initiative) |
| ESF | Economic Support Funds Account |
| ETOA | Environment Threats and Opportunities Analysis (USAID) |
| EU | European Union |
| FAO | U.N. Food and Agriculture Organization |
| FBO | Faith-based organization |
| FFP | Food for Peace (USG) |
| FFW | Food-for-Work |
| FP | Family planning |
| FSN | Foreign Service National (USAID) |
| FY | U.S. fiscal year (October 1 – September 30) |
| Gacaca | Traditional Rwandan adjudication process adapted to deal with *genocidaire* case load |

| | |
|---|---|
| GDA | Global Development Alliance (USAID) |
| GDP | Gross domestic product |
| GOR | Government of Rwanda |
| GTZ | German Technical Assistance Agency |
| HIPC | Highly-indebted Poor Countries (World Bank) |
| HIV | Human Immuno-deficiency Virus |
| IARC | International agricultural research centers |
| ID | Infectious disease Account |
| IDA | International Development Association (World Bank) |
| IDHP | Integrated District Health Plans (GOR) |
| IEHA | Initiative to End Hunger in Africa (U.S. Presidential initiative) |
| ISAR | Institute of Agriculture Sciences of Rwanda |
| ISP | Integrated Strategic Plan (USAID) |
| ICT | Information and communication technology |
| ICTR | International Criminal Tribunal for Rwanda |
| IMF | International Monetary Fund |
| *Imidugudu* | Rwanda's "villigazation" policy |
| IP | Infection prevention |
| IPC | Inter-personal communication |
| IQC | Indefinite Quantity Contracts (USAID) |
| IR | Intermediate Result (USAID) |
| ISAR | National Agricultural Research Institute |
| ITN | Insecticide-treated bed nets |
| LIFE | Leadership in Investment in Fighting an Epidemic (U.S. Presidential initiative) |
| MAP | Multi-sectoral AIDS Program (World Bank) |
| *Marais* | Seasonal grass swamps |
| MCA | Millennium Challenge Account (U.S. Presidential initiative) |
| MCH | Maternal and Child Health |
| MFI | Micro-finance institutions |
| MINEDUC | Ministry of Education (GOR) |
| MOH | Ministry of Health (GOR) |
| MOJ | Ministry of Justice (GOR) |
| MOLG | Ministry of Local Government and Social Affairs (GOR) |
| MOU | Memorandum of understanding |
| MPP | Mission Performance Plan (USAID) |
| *Mutuelle* | Pre-payment health plan |
| NAC | National AIDS Commission (GOR) |
| NEC | National Electoral Commission (GOR) |
| NEPAD | New Partnership for Africa's Development |
| NGO | Non-governmental organization |
| NHA | National Health Accounts |
| NPA | Non-project assistance (USAID) |
| NUR | National University of Rwanda |
| NURC | National Unity and Reconciliation Commission (GOR) |
| OCIR/Café | National Coffee Board (GOR) |
| OE | Operating Expenses Account |
| OECD-DAC | Organization for Economic Cooperation and Development – Development Action Committee |
| OI | Opportunistic infections |
| ORTPN | Rwanda Office of Tourism and National Parks |
| OVC | Orphans and vulnerable children |
| PD | Policy Determination (USAID) |
| PEARL | Partnership for Enhancing Agriculture in Rwanda through Linkages (USAID) |
| PERUSAP | Pesticide Evaluation Report and Safer Use Action Plan (USAID) |
| PL-480 | Public Law 480, Title II Food Assistance (USG) |
| PLWHA | People Living with HIV and AIDS |
| PMTCT | Prevention of Mother-to-Child Transmission of HIV |
| PRS | Poverty Reduction Strategy |
| PRSP | Poverty Reduction Strategy Paper |

| | |
|---|---|
| PSC | Personal Services Contract (USAID) |
| RATES | Regional Agricultural Trade Expansion Support Program (USAID) |
| RBM | Roll Back Malaria |
| REDNET | Rwanda Education Development Network (GOR) |
| REDSO | Regional Economic Development Services Office for East and Southern Africa (USAID) |
| REMA | Rwanda Environment Management Authority (GOR) |
| RH | Reproductive health |
| RHUDO | Regional Housing and Urban Development Office (USAID) |
| RIPA | Rwanda Investment Promotion Agency (GOR) |
| RMF | Rwanda Microfinance Forum |
| SIDA | Swedish International Development Agency |
| SO | Strategic Objective (USAID) |
| SPA | Sector Program Assistance |
| STI | Sexually transmitted infection |
| TA | Technical assistance |
| TAACS | Technical Advisor in AIDS and Child Survival (USAID) |
| TRADE | Trade for African Development and Enterprise Project (USAID) |
| UBPR | *Union des Banques Populaires de Rwanda* |
| UN | United Nations |
| UNAIDS | Joint UN Programme on HIV/AIDS |
| UNDP | United Nations Development Program |
| UNESCO | United Nations Educational, Scientific, and Cultural Organization |
| UNFPA | United Nations Fund for Population Activities |
| UNHCR | United Nations High Commission for Refugees |
| UNICEF | United Nations Children's Fund |
| UNIFEM | United Nations Development Fund for Women |
| USAID/W | Agency for International Development/Washington (headquarters) |
| USDH | U.S. direct hire (USAID) |
| USG | United States Government |
| VCT | Voluntary counseling and testing |
| *Vision 2020* | GOR's long-term development plan |
| WAN | Wide-area network |
| WFP | World Food Program (UN) |
| WHO | World Health Organization (UN) |
| WIT | Women in Transition |
| WOCCU | World Council of Credit Unions |

# I. EXECUTIVE SUMMARY

Rwanda is a small, landlocked, and densely populated country of 8.2 million people in central Africa. It is known for the genocide in 1994 that was carried out by ethnic extremists who left nearly one million people dead and millions more living in exile. The government was in a state of collapse, and the economy and physical infrastructure were destroyed. The war and genocide not only destabilized Rwanda but also affected neighboring Burundi and the Democratic Republic of the Congo (DRC), where peace negotiations are on-going but fighting still continues today. The signing of the Arusha Peace Accords in 1994 created a Transitional National Government of Rwanda (GOR) that began the long process of rebuilding government structures and improving economic growth.

For the GOR to achieve long-lasting success, it must focus on building a nation that is capable of breaking the old patterns of authoritarian and centralized rule without sacrificing the security of its people. Presidential and parliamentary elections are scheduled for August/September 2003. If, during these elections the government allows for open expression of political dissent, it may unleash passions that, in the post-genocidal context, could quickly become violent and threaten the absolute ban that has been placed on the politicization of ethnicity. On the other hand, a failure to allow for political dissent and opportunities for constructive political organization may make outbreaks of violent conflict more likely. Thus, the challenge for the GOR will be to allow for broad participation of all groups in society while still maintaining stability.

Planning Parameters, Program Focus and Scenarios

The major parameters for the new strategy were laid out in a Parameters cable on August 16, 2002. In that cable, the Mission was authorized to prepare a five-year Integrated Strategic Plan (ISP) reflecting a scenario-based sustainable development strategy for the period FY2004-2008[1] that incorporates trigger points for optimistic and pessimistic circumstances for program implementation. A program review will be conducted at year three to ascertain whether the ISP is still addressing the prevailing conditions in the country.

The strategy flows directly from the previous Rwanda ISP for FY2001-2004, by continuing support in the areas of Democracy and Governance (DG), Health, Food Security, and Rural Economic Growth and provides critical support to achieve the objectives of the GOR Poverty Reduction Strategy Paper (PRSP) that was approved in July 2002. The new DG Strategic Objective (SO) will support good governance priorities; the Health SO activities will support the human resource development priorities for health, youth, and vulnerable groups like orphans; and the new Rural Economic Growth SO will support rural development and agricultural transformation as well as private sector development.

The ISP was developed in close collaboration with GOR, local NGO, and private sector partners and with USG stakeholders and partners from the Embassy and CDC in Kigali to USAID staff from REDSO/ESA/Nairobi, RHUDO/Pretoria and several USAID/W Bureaus. While the Rwandan Minister of Finance expressed satisfaction that the ISP directly supports the PRSP priorities, he was keen to note that the preferred donor financial arrangement was budgetary support. USAID/Rwanda does not anticipate providing budgetary support to the

[1] The ISP will be funded for five fiscal years—FY2004—2008—and will continue implementation through the end of FY2009.

GOR under the ISP, but will participate in and support the development and implementation of sector programs that correspond to activities under the new SOs. As GOR financial management and monitoring systems improve, USAID could consider non-project assistance (NPA) support later on during the ISP. This ISP will be reviewed in USAID/W after three years of implementation to determine if any changes are required.

Of the five performance goals in the most recent U.S. Mission Performance Plan (MPP) for FY2005, three were developed in close collaboration with USAID and incorporate performance criteria for each of the three newly-designed SOs. The ISP was designed to utilize resources from USAID Development Assistance (DA) and Child Survival and Health (CSH) accounts, and takes into account resources for Rwanda from Food for Peace (FFP) and Economic Support Funds (ESF). While FFP and ESF are not under the control of AFR, they have nevertheless been readily available to Rwanda and have served to enhance and expand the achievements of the present USAID Strategic Objectives for Democracy and Governance and for Food Security and Economic Growth. Moderately increased and decreased budget scenarios were developed for the DG and Economic Growth SOs, while significantly higher levels were used to develop the Health SO budget due to Rwanda's inclusion in the new Presidential Initiatives for HIV/AIDS.

In recognition of this change and in response to the volatile situation in the Great Lakes region, the Mission developed three possible scenarios that might impact on our development assistance: Scenario 1: **Steady Pace** is the Mission's operating scenario; Scenario 2: **Rapid Progress** characterized by rapid economic growth would enable Rwanda to absorb additional financial resources more effectively and perhaps put it on the path to eventually qualify for resources under the Millennium Challenge Account; Scenario 3: **Breakdown** envisions a series of events – such as successful rebel incursions or violent repression of dissent – that could have a strong negative impact and plunge Rwanda back into a very chaotic situation and that would shift resources toward humanitarian assistance. The Mission does not foresee a breakdown of law and order; however, sudden change is impossible to predict with certainty.

Rationale and Cross-cutting Themes

The ISP assistance goal is to **Increase Economic Growth and Improve Well-being in Rwanda**. The areas of intervention proposed in the strategy are all areas in which USAID has worked successfully in Rwanda and in which USAID has a strong comparative advantage. In analyzing the priorities for the ISP, support to the GOR's decentralization program emerged as one of the best opportunities to encourage grassroots political, social, and economic development. Decentralization presents a unique opportunity for USAID to build the capacity of district level governments, civil society organizations (CSO) and private sector entities. USAID determined that CSOs are important targets for strengthening democratic processes, delivering social services, and fostering economic growth. Opportunities to incorporate HIV/AIDS messages and interventions are also incorporated into all of the SOs.

In addition to the linkages between SOs on decentralization, civil society strengthening, and HIV/AIDS, the three SOs have common cross-cutting themes and activities that are also reflected in the GOR's PRSP. **Gender equity** will be advanced through greater participation of women in all levels of government and through the development of strategies to address sexual- and gender-based violence. Gender awareness training will be included in capacity-building activities for leaders at all levels, and special outreach efforts will be made to recruit women's organizations. Gender dimensions will be integrated into agricultural

programming and promote gender-responsive agricultural transformation with a special focus on improving access to credit for women.

**Environmental concerns** will be incorporated through extensive environmental reviews for all USAID-funded activities, including the local development projects funded under the DG SO. Capacity-building for the Ministry of Agriculture and the Rwanda Environment Management Authority (REMA) will improve their ability to carry out environmental assessments. Activities and partnerships under the Central Africa Regional Program for the Environment (CARPE) will also be encouraged. The Health SO will include training and technical assistance in infection prevention to protect health workers and clients from exposure to HIV and other infections and will also assist to develop and implement medical waste management plans.

The GOR seeks to develop an i**nformation and communication technology (ICT)**-literate society to help overcome the lack of natural resources in other areas. Each SO includes activities to strengthen ICT capabilities through provision of hardware, training in use and management of systems, and purchase or development of software and programs that are appropriate to the Rwandan environment. Building on previous USAID support, this includes further development of private sector internet cafes, additional assistance to education institutions and further development of GOR ministry communications systems.

Because of the lack of skilled staff to implement programs, **human resource and institutional capacity development** are woven though all the SOs. The DG SO will continue training GOR employees within the justice sector, legislative sector, and local government, and will also provide capacity-building support and training to CSOs at both the local and national levels. Health will focus on reinforcing technical capacity and training skills within Rwandan institutions to promote pre- and in-service performance-based training to develop and reinforce practical skills of health care providers and managers. The new Rural Economic Growth SO will continue to incorporate training by shifting the focus to on-site activities and in-country training that specifically target applied learning and agribusiness practices. USAID hopes to access resources from the ***Africa Education Initiative*** to support competency-based education and training programs that focus on the skills and knowledge in health, governance, business, farming, and ICT to expand the number of qualified technicians and skilled personnel to carry out development activities.

Each SO has identified possible **Global Development Alliance** partnerships. Discussions are currently underway with the John D. and Catherine T. MacArthur Foundation for a joint activity in building capacity for the justice sector. The Health team is negotiating with the William J. Clinton Foundation to form a strategic alliance for AIDS care and treatment and with Columbia University for health care financing.

Three New Strategic Objectives

USAID/Rwanda's Democracy and Governance SO is **Improved Governance through Increased Citizen Participation**. The three Intermediate Results (IR) are: 5.1 reinforced capacity for implementation of decentralization policy in target districts; 5.2 increased government responsiveness to citizens at the national level; and, 5.3 enhanced opportunities for reconciliation. The DG SO will promote an effective system of governance in which the citizens of Rwanda play an engaged and active role in every step of the democratic process from policy development to implementation at the grassroots level. USAID/Rwanda's focus on increasing citizen participation in governance is completely aligned with and informed by the GOR's PRSP and will contribute to strengthening the

actors, conditions, and environment for greater and more diversified citizen participation in Rwandan governance.

The Health Strategic Objective is **Increased Use of Community Health Services including HIV/AIDS.** Four IRs are: 6.1 reinforced capacity for implementation of the decentralization policy in target health districts; 6.2 increased access to selected essential health commodities and community health services; 6.3 improved quality of community health services; and, 6.4 improved community level responses to health issues. When referring to "community health services" in the context of the strategy, USAID/Rwanda envisions an optimized health care system which, irrespective of the location where services are actually provided, responds to community needs. Such a system fully integrates the community as an essential partner, along with health professionals and local elected leaders, in all phases of service design, financing, and delivery.

With USAID's broad and diverse health program experience, particularly in HIV/AIDS and reproductive health/family planning, and with its significant funding resources, USAID has emerged as a leader in the design, implementation, and scale-up of quality health program interventions and in health care financing. In addition, because of its field experience in supporting integrated service delivery, the MOH has requested that USAID maintains this orientation with the goal of increasing overall technical and absorptive capacity of the decentralized health care system. Therefore, the Mission has designed a strategy which integrates activities in all four technical priority areas: HIV/AIDS, Population, Maternal and Child Health, and Infectious Diseases/Malaria. At the same time, a separate HIV/AIDS Strategy has been elaborated and is provided in a separate annex to the ISP.

USAID/Rwanda's Rural Economic Growth (including agriculture and food security) SO is **Expanded Economic Opportunities in Rural Areas**. Three IRs are: 7.1 expanded adoption of improved agricultural and business practices; 7.2 rural finance more accessible; and, 7.3 rural infrastructure improved. This SO will expand economic opportunities in selected locations through strategic partnerships and increased incomes from both on-farm and off-farm employment. USAID's focus on economic opportunities in rural areas is completely aligned with the GOR's PRSP that calls for the transformation of agriculture and the expansion of off-farm employment in the rural sector. The main objective of the Ministry of Agriculture is to transform agriculture from subsistence into a viable and profitable market-oriented business so as to improve the welfare of the population. Working with GOR partners and the private sector, the Rural Economic Growth SO will both diversify and expand economic opportunity in the rural sector.

# II. ASSISTANCE ENVIRONMENT

## A. The Country Setting

Rwanda is a small, landlocked, and densely populated country in central Africa. Known as the "Land of a Thousand Hills," Rwanda has five volcanoes where endangered mountain gorillas still survive. Historically seen as a cooperative development partner, the nation has been plagued by isolation, poverty, and ethnic conflict. The former government addressed these problems through a highly centralized and authoritarian regime – a pattern inherited from Rwanda's colonial past. In the early 1990s, political, socio-economic, and military pressures resulted in a civil war, enabling Hutu extremists to implement the devastating genocide of 1994 that left nearly one million Tutsi and moderate Hutus dead and lead to the exodus of millions of Rwandans to refugee camps in neighboring countries. The government was in a state of collapse, and the economy and physical infrastructure were destroyed. The war and genocide not only destabilized Rwanda but also affected neighboring Burundi and the Democratic Republic of the Congo (DRC), where fighting still continues today; armed Rwandan rebels in the DRC still threaten to overthrow the Government of Rwanda (GOR).

The signing of the Arusha Peace Accords in 1994 created a Transitional National Government that began the long process of rebuilding government structures and improving economic growth. The first priority of the new GOR was to restore peace and security within Rwanda. In addition to accomplishing this, over four million refugees were repatriated and resettled. The GOR has stabilized the economy and has undertaken significant reforms in public expenditure management and strategic budgeting. Real GDP growth averaged almost 10% per year between 1995 and 2000. After publishing Rwanda's **Vision 2020** – a long-term planning document – the GOR developed the **Poverty Reduction Strategy Paper (PRSP)** that outlines the country's priority actions for reducing poverty and increasing economic growth. Endorsed by all donors in November 2001, the PRSP was a key to Rwanda's eligibility for the IMF Highly-Indebted Poor Country (HIPC) debt relief program that was approved in July 2002.

In spite of the progress made since 1994, Rwanda remains one of the poorest countries in the world. According to 2002 World Bank estimates, the per capita income of $220 in 2000 was one-third less than the per capita income in 1990. Poverty is pervasive, and it is most acute for the 90% of the population that depends on agriculture for its livelihood. Leading causes of rural poverty are: low productivity of the agriculture sector; lack of economic opportunities outside of small-scale, often subsistence, agriculture; poor health, including high maternal and under-five mortality rates and the devastating impact of HIV/AIDS; limited access to health care; high illiteracy rates; and a high population growth rate on land of decreasing fertility and absorptive capacity.

The remoteness of Rwanda in landlocked central Africa, coupled with the isolation of farm families dispersed across "a thousand hills" throughout the country exacerbates Rwanda's problems by limiting access to markets and making agricultural inputs more expensive and social services less accessible. Its limited natural resource base and relatively small pool of skilled workers act as further constraints to development.

External conflict and continued turmoil in neighboring countries continue to be a concern. Rwanda demonstrated its commitment to a regional peace process by signing of the Pretoria Peace Agreement in July 2002, and subsequently withdrawing 23,000 troops from the DRC in October 2002. At this time, however, fighting continues in Burundi and the DRC, and tensions with Uganda tend to ebb and flow. In this environment, the GOR will do whatever is necessary to maintain its territorial security.

Three major justice mechanisms have been established in order to render justice for approximately 100,000 prisoners accused of genocide-related crimes and end Rwanda's culture of impunity: the International Criminal Tribunal for Rwanda (ICTR), Rwanda's classic judicial process, and Gacaca – a traditional adjudication process that has been adapted to deal with the genocide case load. In addition, the successful reintegration of former prisoners and demobilized soldiers is essential if Rwanda is to realize the reconciliation it needs to forge a peaceful future. It is estimated that the

Gacaca process could take up to ten years to complete. Reconciliation and healing, on the other hand, will take generations, and the international community cannot expect Rwandans to heal quickly from the wounds of war and genocide.

In the meantime, the GOR needs to focus on building a nation that is capable of breaking the old patterns of authoritarian and centralized rule without sacrificing the security of its people. The GOR's groundbreaking decentralization program has made a promising beginning, but increased institutional capacity of both the public and the private sector is needed to implement this bold plan, as are fiscal resources.

### B. Economic, Social, and Political Environment

The economic situation in Rwanda improved in 2002 in spite of the global recession and the fall in prices of key export commodities. Real GDP growth and annual inflation were 9.4% and 2%, respectively. The solid GDP results mainly reflect an exceptional harvest in subsistence crops due to good rains and above-average performance in the construction sector. The projected GDP growth rate for 2003 is 3%, significantly below the 7% - 8% required for sustainable poverty reduction.

With approximately 60% of Rwandans living below the poverty line, the GOR faces significant economic development challenges. However, through prudent economic management and determined efforts to lift the living standards of the population, the GOR is making progress on several fronts. Economic growth has averaged 10% per year over the last nine years; and the 60% of the population living below the poverty line represents a vast improvement over the estimated 82% in 1994.

As part of its poverty reduction strategy, the GOR has clearly stated its policy that the private sector will be the engine of growth for economic development in Rwanda. The support of the private sector is based on promoting investment, strengthening the financial sector, implementing privatization, and improving the legal environment. The strategic areas are tourism, agribusiness, handicrafts, and export capacity-strengthening. In 2003, the GOR organized the first-ever investment trade fair in Rwanda. To develop investment incentives, the Rwanda Investment Promotion Agency (RIPA) is preparing a draft revision of the law on investment and is harmonizing procedures with the tax authority with respect to tax exemption for potential investors. The performance of the financial sector has been a major concern to the government. With assistance from the World Bank, the GOR is taking action to restructure and privatize two of its major banks. Since 1994, the GOR has privatized 37 out of 77 companies targeted for privatization. Recently, the GOR signed a management agreement with a private operator to manage Electrogaz, the electricity and water utility. The sale of a majority stake of Rwandatel, the telephone utility, to a strategic investor is expected by the end of 2003, and in the tea sector two plantations will be privatized in 2003. This will pave the way for privatization of the entire tea sector in subsequent years. With USAID's assistance a multi-sector regulatory agency has become operational.

In trade and investment, the continued decline in international prices of tea, coffee, and coltan has increased the vulnerability of Rwanda's balance of payments. As a result of the decrease in exports, the external deficit increased from 15.9% of GDP in 2001 to 17.2% in 2002. In the medium term, the high level of external deficit will remain a concern. In light of this, the GOR is taking steps to expand and diversify the export base, including greater concentration on the specialty coffee market, privatization of tea estates, intensified use of fertilizer to increase yields in the production of export crops, and replenishment of Rwanda's ageing tree stocks. The GOR has continued to promote economic openness as an incentive to economic growth. With a view to joining COMESA in January 2004, Rwanda has started to reduce inter-border tariffs. Further, Rwanda will be able to benefit from the AGOA agreement, particularly in the textiles and handicraft industries.

Preliminary census data released in December 2002, reported that 16.7% of Rwandans live in urban areas or towns and 7.5% live in the capital city, Kigali. This represents a significant increase in urbanization since 1991. Rural exodus, which is having a greater effect on males, points to the urgent need to develop viable economic activities that will increase the earning power and improve the living standards of the rural population. This is even more critical with the expected demobilization of thousands of Rwandan soldiers and ex-combatants, and the release of prisoners as a result of the Gacaca genocide hearings. The 2002 census data also reveal that almost half of the Rwandan

population (48.6%) is under the age of 16. The youthfulness of the population combined with a high growth rate estimated at 3%, in a country that is one of the most densely populated in Africa (322 persons/km$^2$), results in a tremendous pressure on the land, the environment, and all public services from health care to education. Only 4% of women are using a modern family planning method, although almost 70% indicated they would like to stop having children or wait at least two years before the next birth. On January 6, 2003, the GOR reported 2002 data on HIV-prevalence rates among pregnant women: the rate was 13.7% in Kigali City, while rates in rural areas ranged from 1.1% to 5.2%. The estimated rate of 8.9% as published by UNAIDS is used for planning purposes. As a result of high infant and child mortality (107 deaths per 1,000 live births) due to malnutrition, malaria, lack of adequate health services, high fertility, and HIV prevalence, the average life expectancy in Rwanda has dropped below 40 years of age.

Despite the progress being made in primary education, human resources are poorly developed. According to the PRSP Progress Report, the gross enrollment rate in primary school in 2003 was almost 100%. However, this strong achievement has been dampened by relatively high drop-out rates of up to 16.6%. The net enrollment rate rose from 74.5% in 2002 to 82% in 2003. This figure is expected to rise further due to the abolition of the annual school fee (currently 300 Rwandan francs) that becomes effective in September 2003. Secondary education is still relatively underdeveloped, as only 42% of primary students in 2002 made the transition to secondary school. In addition, access is restricted for the poor, as less than 5% of secondary school children are from the poorest 20% of households. The critical shortage of trained teachers, classrooms and teaching materials, and improvement in the quality of teacher training must be addressed if Rwanda is to reach its development goals.

Rwanda's natural resource base has been greatly impacted by the growing population, movement of people, and demand for fuel wood and land needed to resettle returning refugees. Over 80% of Rwanda's forest resources have been lost during the last 40 years. The Ministry of Agriculture promotes private sector investment in the forestry sector. Rwanda's tropical forests are unique economic assets and need protection, as do the dwindling number of mountain gorillas and other primates. Seasonal grass swamps, *marais*, occupy about 10% of the country and are an important productive resource. Their rehabilitation and development hold a range of potential threats if not properly considered and managed. Soil fertility levels in many areas are low as a result of erosion. Some hillsides lose as much as 80 to 100m$^3$ of soil per hectare per year resulting in infertile or unproductive fields after only three or four years.

Politically, Rwanda is at a crossroads. The transition period ends in 2003, and the final stages must be completed in an open and transparent manner. The new constitution was ratified on May 26, 2003, and presidential and parliamentary elections are scheduled for August 25 and September 29, 2003, respectively. These tasks must be undertaken in a manner that ensures participation and open competition. The Conflict Vulnerability Assessment (CVA) noted that, as the Rwandan political system relies heavily on consensus-building and on the avoidance of partisan electoral politics, its challenge will be to find ways to facilitate the constructive political expression of grievances, rather than allowing them to fester. It notes that the nation and those who control its politics face a fundamental dilemma: increased scope for open expression of political dissent may unleash passions that, in the post-genocidal context, could quickly become violent and threaten the absolute ban that has been placed on the politicization of ethnicity; on the other hand, a failure to allow for political dissent and opportunities for constructive political organization may make outbreaks of violent conflict more likely. The real challenge for the GOR, both during the upcoming elections and in the long term, will be to allow for broad participation of all groups in society.

### C. Progress and Potential

Rebuilding in the wake of a trauma as profound and pervasive as the 1994 genocide would challenge any society and government. However, Rwanda has undertaken a number of important initiatives whose achievements have been remarkable. These include:

- An extended period of peace and stability within the country's borders;
- The maintenance of a highly competent, professionalized, and disciplined military;
- The withdrawal of 23,000 troops from the DRC;

- Reform of the judicial system;
- Decentralization of local government;
- The establishment of the National Unity and Reconciliation Commission (NURC), a body specifically mandated to deal with issues relating to conflict within the society;
- Implementation of Gacaca – the traditional justice system to try those accused of genocide;
- The drafting and ratification of a new constitution;
- The scheduling of presidential and parliamentary elections;
- The establishment of a new regulatory agency to regulate electricity, water, communications, and transport;
- Privatization plans to sell off state-owned assets;
- The development of a poverty reduction strategy; and
- The steps taken to liberalize the economy, focus on exports, and make the economy more competitive.

### 1. Rwanda's Eligibility for the Millennium Challenge Account

In coordination with the U.S. Embassy in Rwanda, USAID staff developed a scorecard for Rwanda based on the criteria identified for the new Millennium Challenge Account, to determine the potential for Rwandan eligibility. The results of the analysis, which were presented to the Minister of Finance, demonstrated the GOR's strengths and weaknesses in three important areas: good governance, investing in health and education of people, and promoting economic policies that foster enterprise and entrepreneurship. Each SO under the ISP includes activities aimed at improving Rwanda's overall score and potential for eligibility.

#### Good Governance

Rwanda scores low for civil liberties and political rights based on the Freedom House ratings. For World Bank Institute measurements of accountability and rule of law, Rwanda scores below average for sub-Saharan African countries. There is no rating available for GOR effectiveness, but in the control of corruption category, Rwanda rates as one of the highest achievers – well above African and other least-developed countries.

With the collapse of the government structures due to the genocide, the overall trend in recent years has been positive. The judicial system is being reestablished with greater independence, as is the new legislature. But freedom to organize political parties and hold open and free discussion is still limited and will remain so under the new constitution. With USAID's support, the first independent radio station in Rwanda is scheduled to begin operating in October 2003. This community radio station will provide an important additional source of information for the people of Kibungo province. The GOR has consistently articulated its policy that unity and reconciliation take precedence over ethnic division, even at the expense of restricting some freedoms. As a result, the performance of Rwanda in the area of political rights and civil liberties will probably remain below internationally recognized norms and standards.

The GOR has made significant progress rebuilding government structures, establishing an independent Auditor General Office under the National Assembly, implementing the National Tender Board, and devolving authorities to the district level governments. With further activities programmed to enact civil service reform and improve the overall justice system, both – formal and Gacaca – the scores for good governance should steadily rise in the coming year. The GOR will also have to work hard to maintain its high anti-corruption score, particularly as local governments begin to manage significant amounts of funds earmarked for rural development projects.

To improve scores for Good Governance indicators, the GOR should focus on putting into practice the political rights and civil liberties guaranteed under the new constitution such as allowing public debate, increasing the number of independent radio stations and newspapers, and permitting political party mobilization. Scores for voice and accountability could be increased if civil society were allowed to advocate openly for citizens and empowerment of local government were increased. By decreasing the complexity of the judicial process and re-enforcing the technical capacity of judges and judicial staff, the rule of law scores would increase. Under the new Democracy and Governance SO, USAID will assist the GOR to improve these scores by supporting the National Assembly to increase the

frequency and level of public debate. USAID is also prepared to fund additional independent radio stations and training for journalists, judges and local government accountants and elected officials. USAID will also support Gacaca to strengthen the rule of law and upcoming elections that should be free and fair.

#### Investing in People

Of the four indicators used to evaluate this sector, Rwanda scores highest for immunization coverage rates with 76% coverage – well above the average for low-income countries. New initiatives in education have significantly increased primary school enrollment to 82%. The total number of students completing primary education has increased considerably in the past two to three years. In 2002, the GOR allocated 25.8% of its total recurrent expenditures to education, up from 16% in 1998. This overall score could be improved if the GOR provided a greater percentage of GDP on health and primary education, and did a better job of monitoring and collecting data. In addition primary education completion rates need to be improved and a health financing policy should be developed and implemented. While education sector support is provided by the UK DFID, USAID will play a key role in assisting the GOR to develop a health financing policy that will improve the percentage of GDP spent on health while maintaining high levels of coverage for basic health services like immunization.

#### Promoting Economic Freedom

Rwanda does not have a Country Credit Rating, nor has it been rated for "days to start a business." Inflation has been very low at 2%, while the budget deficit was 11%. As Rwanda moves to join COMESA, its trade policy has steadily improved and will continue to do so as it reduces its tariffs regime to qualify for membership. The recently established Rwanda Regulatory Agency for water, energy, telecommunications, and transport, combined with its qualification to export under AGOA, will contribute to increasing the scores in these categories. The establishment of a "one stop shop" is one of the GOR's stated priorities and this will minimize the time it takes to establish a business. To improve scores for Promoting Economic Freedom, the GOR should focus on decreasing the deficit, keeping inflation under control, and standardizing regulations on trade and business development. The GOR should also consider allowing its Country Credit Rating to be determined. As the lead donor of the Private Sector Cluster Group, USAID can assist the GOR and donors to focus on priority issues to develop the private sector. USAID will provide assistance to the Rwanda Private Sector Federation, the Ministry of Finance Privatization Secretariat and the Rwanda Investment Promotion Agency, which was established to provide one-stop-shopping for investors. USAID will also support harmonization of customs tariffs with COMESA and the European Union, and further development of the Multi-sector Regulatory Agency.

### 2. Rwanda's Priorities for Poverty Reduction and Economic Growth

The comprehensive Rwandan PRSP is the cornerstone of all development activities in the country. One of its major objectives is to raise half of the population living below the poverty line out of poverty by 2015. It clearly articulates the six development priorities of the GOR:

- Rural development and agricultural transformation
- Human resource development
- Economic infrastructure
- Good governance
- Private sector development
- Institutional capacity-building

From these priorities, sector programs are being developed that incorporate external funding including the USAID activities discussed in this ISP.

## D. <u>Potential Country Risks</u>

The CVA concluded that Rwanda does not face an imminent prospect of internal violent conflict. However, it identified several underlying issues and potential risks that could trigger instability. USAID/Rwanda has taken these risk factors into consideration in the development of the new ISP. The potential risks to stability are summarized below:

a. The greatest threat of significant, large-scale violent conflict derives from the possibility that Rwandan refugees and political dissidents could coalesce into a broad-based armed opposition and launch a cross-border armed insurrection, most likely from the territory of the DRC, but possibly from within Uganda or Tanzania. If such an incursion were to occur at a time when internal resentments over underlying internal issues were high, it might encounter broad popular support and pose a real threat of significant destabilization and protracted violence. The likelihood for this is low, and will decrease as the peace processes in neighboring DRC and Burundi move forward.

b. Because of the genocide, great importance is attached to the maintenance of peace and stability and the promotion of long-term reconciliation, with little space for peaceful and constructive debate on the differences of how to achieve these aims. Opportunities for peaceful political opposition groups to coalesce, organize, and develop are constricted, as is freedom to express dissent. There is no independent press and civil society is closely monitored. The restrictions on political and civil liberties, including human rights violations, could result in disengagement of the international community from Rwanda and an associated decline in the level of concessional loans and grants available to the GOR. This risk is low to medium. The implementation of upcoming elections will be critical in determining many funding commitments for FY2003-2004.

c. Serious unresolved issues and potential triggers of violence could lead to a breakdown in internal stability. With high levels of poverty there is significant potential for conflict over land tenure and land use issues. With regard to the 115,000 untried cases of persons accused of crimes connected to genocide, the GOR faces daunting logistical, juridical, and social challenges that if unsuccessfully handled, could have destabilizing consequences, at least locally. The risk is low to medium.

### E. The USG Foreign Policy Interests in Rwanda

As described in the FY2005 MPP prepared under the direction of the U.S. Embassy in Rwanda in February 2002, the key U.S. national interests in Rwanda are: increasing regional stability; promoting democracy and human rights; advancing economic prosperity and security; and enhancing global health. By focusing on these areas, the USG hopes to consolidate the regional peace process and speed up Rwanda's transition from reconstruction to development. The USAID strategy directly contributes to MPP Performance Goal #2: **Advance the growth of democracy and good governance, including civil society and the rule of law, respect for human rights and religious freedom**; Performance Goal #3: **Economic institutions, laws, and policies foster private sector economic growth, sustainable development and poverty reduction**; and Performance Goal #4: **Effective programs that promote global health, especially in the areas of HIV/AIDS, malaria, and tuberculosis**.

### F. History of USAID Assistance in Rwanda

USAID has had a long-term commitment to Rwanda that was interrupted by the genocide in April 1994. The program was re-established several months later to provide emergency and humanitarian aid including food aid for refugees and internally displaced people and programs in health and nutrition, water and sanitation, and seeds and tools. During 1995-96, transitional programs funded the rehabilitation of regional courts, training for the communal police force, small grants to rural women's groups for productive enterprises, and continued work in HIV/AIDS prevention. The first ISP for 1997-1999 provided over US$158 million from Development Assistance (DA), Economic Support Funds (ESF), PL480 Food Assistance, and Humanitarian Assistance to promote local elections, strengthen HIV/AIDS prevention, integrate food security and agricultural development, and promote new telecommunications technologies. As the major bilateral donor agency, USAID developed excellent working relations with the new Transitional GOR officials, which still exist today.

In FY1999 the first ISP was extended 2001 and redesigned to support three primary areas: Increased Rule of Law and Transparency in Governance (SO1); Increased Use of Sustainable Health Services in Target Areas (SO2); and Increased Ability of Rural Families in Targeted Areas to Improve Household Food Security (SO3). It was extended again to FY2004 to coincide with the end of the transitional period. The USAID program focused on rebuilding the justice system, the health system, and the

agricultural research and extension system. Additional support in information and communications technology (ICT) and higher education (through the Leland Initiative and the Education for Development and Democracy Initiative — EDDI) brought computer and internet services and advanced training courses in public health, conflict management, law, and agriculture to the National University of Rwanda (NUR) and other tertiary training institutions. Because of the extreme poverty of Rwanda and the limited development assistance resources channeled through USAID, the results of the SOs have been outstanding for pilot activities and projects that took advantage of development opportunities, but national level impact is difficult to measure. With the significant increases in HIV/AIDS funding, however, lessons learned are being applied and a measurable impact at national level is envisioned by the end of the new ISP.

### G. Planning Parameters

The major parameters for the new strategy were laid out in a Parameters cable on August 16, 2002. In that cable, the Mission was authorized to prepare a five-year ISP reflecting a scenario-based sustainable development strategy for the period FY2004-2008[2] that incorporates trigger points for optimistic and pessimistic circumstances for program implementation. A program review will be conducted at year three to ascertain whether the ISP is still addressing the prevailing conditions in the country.

In moving from an interim to a sustainable development strategy, the following Agency goal areas were approved for inclusion in the new Rwanda ISP: Conflict Prevention, Democracy and Governance; Health including HIV/AIDS; and Agriculture, Food Security and Economic Growth. USAID is expected to include the cross-cutting themes of education, HIV/AIDS, ICT, gender, human capacity development, and the environment. The document should also include conflict vulnerability triggers and a separate annex with the HIV/AIDS strategy.

### H. Other Donor Involvement

Donor support has been crucial to Rwanda as official development assistance levels exceed the average for sub-Saharan Africa. Even as the GOR seeks to reduce its dependency on external support in the long term, project support, technical assistance, budgetary support, new credits, and debt relief under the Enhanced Highly-Indebted Poor Country (eHIPC) Initiative will continue to be vital for the development of Rwanda over the period covered by the new USAID/Rwanda ISP. It is critical that USAID/Rwanda develops a strategy that is both non-duplicative and complementary to those of other key donors in Rwanda.

The ***World Bank*** Country Assistance Program for Rwanda emphasizes four key areas: Revitalization of the Rural Economy, Private Sector Development and Employment Creation, Human and Social Development, and Policy and Institutional Reform. Assuming a continuation of the current progress in the implementation of the Lusaka Accord, the World Bank envisions new lending to Rwanda in the amount of US$60 to $70 million per year. In addition to the Rural Sector Support Project, a long-term activity that supports the GOR's strategy of promoting the transition from subsistence to market-oriented agriculture, the Bank financed the Competitiveness and Enterprise Development Project to establish a Commercial Court to promote investment and facilitate resolution of commercial disputes, the Emergency Demobilization and Reintegration Project for ex-combatants to their communities, and the US$30 million Multi-sectoral HIV/AIDS Project for prevention and treatment activities.

The ***United Nations*** (UN) pursues activities in five thematic areas in Rwanda: Governance and Justice, HIV/AIDS and Reproductive Health, Raising the Productive Capabilities of the Poor, Regional Integration, and Transitional Issues. Issues of gender, ICT, and human rights cross-cut all of the thematic areas identified by the UN. It is envisioned that through the various UN entities—**UNDP,**

[2] The ISP will be funded for five fiscal years—FY2004—2008—and will continue implementation through the end of FY2009.

**UNFPA, UNICEF, FAO, WFP, UNESCO, WHO, UNHCR, UNAIDS, UNIFEM, ECA and OIC ICTR**— approximately US$163 million will be committed to Rwanda over the period from 2002-2006.

Within the framework of the ACP-***European Union*** (EU) Partnership Agreement (the "Cotonou Convention"), the EU will provide Rwanda with both project assistance and budgetary support, committing up to US$165 million over five years. Through project assistance, the EU has been the lead donor in rural infrastructure such as roads. This focus on rural community development will likely strengthen as the EU finalizes its five-year strategy for Rwanda. The EU has incorporated decentralization as a key theme in its programming, and its work complements USAID justice sector activities by supporting justice training, providing budgetary support to the GOR, and assisting NGOs working on Gacaca.

Like USAID/Rwanda, the United Kingdom's **Department for International Development (DFID)** is also developing its multi-year strategy for Rwanda in 2003. Under its new strategy, DFID anticipates committing approximately US$240 million over the four-year planning period of their Country Assistance Plan. This represents a modest increase for each year of the program period. DFID will continue to work directly with the central GOR, devoting the bulk of its resources to direct budgetary support. Through both budgetary support and technical assistance, DFID has been a leader in the donor community in its support for alignment and harmonization of donor programs and of sector-wide programming, particularly in education and gender. DFID will also continue to include civil service reform and decentralization in its programming. The USAID Democracy and Governance (DG) team collaborates with DFID on decentralization activities such as financial management training for district-level officials. USAID also collaborates with DFID Education Advisors on ICT and HIV education activities, on support for gender mainstreaming, and on the Rwanda Harmonization and Alignment Initiative, in which DFID represents donors that provide budgetary support and USAID represents donors with projects.

**SIDA's** (Sweden) assistance began in Rwanda at the time immediately following the genocide and like a number of other donors has evolved from an exclusive focus on humanitarian assistance. In the past Sweden's assistance to Rwanda was funneled through the UNHCR and UNDP, but SIDA has more than doubled its assistance to Rwanda in the past year. Currently SIDA supports capacity-building activities, the NURC, decentralization programs in Butare, and restructuring the national police. They are also supporting demobilization of soldiers and provide extensive support to the National University of Rwanda.

**GTZ** (German Government) supports good governance activities by providing funding to the NURC, assistance to the judiciary to establish a case database, and support for the decentralization process.

The **Netherlands Government** recently increased bilateral assistance for Rwanda and is a lead donor in good governance activities. In addition to assistance to the judiciary, Netherlands is the principle supporter of Rwandan human rights organizations, and has provided assistance to the media sector. Working with the Ministry of Local Government, the Netherlands is the lead donor agency for decentralization and the Common Development Fund (CDF) that will finance district development project when it is fully established. Their experience in supporting decentralization in Cyangugu Province was closely reviewed by USAID's DG and Health Teams in developing their new strategies. The Netherlands is also the largest bilateral donor supporting the GOR's demobilization and reintegration program for ex-combatants and represents the bilateral donors on that program's task force.

The **Belgian Government**, once Rwanda's largest donor, still plays an important role in supporting health and governance sector activities. In addition to supporting hospitals with construction, equipment, staff, and training, the Belgians provide funding to NGOs for health activities and they are the lead donor for the Health Cluster Group. They also support local NGOs in six of 12 provinces for monitoring Gacaca activities. They provided ad hoc assistance to the National Electoral Commission (NEC) during the last local election cycle.

Since 1998, the **Canadian International Development Agency (CIDA)** has supported a women's development fund including consultations for new laws to improve women's legal rights in the areas of property, marital, and labor rights. Further projects promoted social justice awareness and equality of

women and children, as well as voter education targeted specifically at women. CIDA is in the process of drafting a new ten-year strategy that will focus Canada's support away from democracy issues and more toward health and HIV/AIDS issues. CIDA is also taking the lead in the development of a national public works program that will provide employment to unskilled laborers in the rural areas.

The activities of the **Swiss Cooperation** focus on the areas of decentralization, and justice, including human rights and Gacaca. Their decentralization efforts are implemented in Kibuye Province.

### I. GOR and Donor Coordination

An important outcome of the GOR-Donor Partners Meeting of November 2002, was the "Framework for Aid Coordination in Rwanda" – a plan which creates the conditions necessary to improve the efficiency, effectiveness, and impact of aid resources so as to better contribute to poverty reduction and sustainable development. This plan assigns a lead donor agency with the lead GOR ministry to support development of sectoral strategies based on Poverty Reduction Strategy (PRS) priorities, assess the resources needed, and rationalize donor inputs be they budgetary or project support. Overall donor coordination is lead by the Minister of Finance and Planning and the UN Resident Representative. Program clusters that correspond to PRS priority areas and lead donor agencies and ministries are as follows:

**Table 1. PRSP Cluster Areas and Lead Agencies**

| Cluster Area | Lead Ministry / Commission | Lead Donor Agency |
|---|---|---|
| Agriculture, land settlement and environment | Ministry of Agriculture, Animal Resources, and Forestry | EU |
| Infrastructure and ICT | Ministry of Infrastructure | World Bank |
| Private sector development | Ministry of Commerce, Industry, and Tourism | USAID |
| Health | Ministry of Health | Belgium |
| HIV/AIDS | Ministry of Health | USAID |
| Governance | Ministry of Local Government and Social Affairs | UNDP |
| Decentralization | Ministry of Local Government and Social Affairs | Netherlands |
| Elections | National Electoral Commission | UNDP |

Although this is a positive step in coordinating programs in support of the PRS, USAID should anticipate further efforts on the part of the GOR for increased harmonization of all development assistance similar to those being proposed by the OECD-DAC Task force on donor practices and recent World Bank and IMF concept papers. USAID assistance is implemented through projects directed at priority areas in the PRS. But as governmental systems continue to strengthen and financial accountability becomes increasing reliable, USAID Sector Program Assistance (SPA: non-project assistance) can and should be considered as a tool to better harmonize USAID efforts to support the PRS and also ease our management burden. Over the course of this ISP, USAID will actively seek ways to prepare our programs to use SPA or if possible incorporate such an approach into our current strategy.

# III. OVERVIEW OF ASSISTANCE PROGRAM

## A. Guiding Principles and Policies

The strategy for USAID/Rwanda flows directly from the previous Rwanda ISP for FY2001-2004, by continuing support in the areas of Democracy and Governance (DG), Health, Food Security, and Rural Economic Growth. It will be funded over a five-year period beginning in October 2003 (FY2004), the first year in which funds would be obligated. It will end in September 2009, a year after the final obligation of funds, when it is estimated that all activities financed under the SOs would be completed (per ADS 201.3.7.8).

The ISP provides critical support to achieve the objectives of the GOR PRSP that was approved in July 2002. The new DG SO will support good governance priorities; the Health SO activities will support the human resource development priorities for health, youth, and vulnerable groups like orphans; and the new Rural Economic Growth SO will support rural development and agricultural transformation as well as private sector development. In a meeting chaired by the Minister of Finance, USAID organized a final review of the new ISP on May 27, 2003, with GOR, local NGO, and private sector representatives. Observations and suggestions were incorporated into the final document or will be addressed through specific activity designs. The Minister of Finance expressed satisfaction that the ISP provides direct support to PRS priority programs. The Minister, however, was keen to note that the preferred donor financial arrangement was budgetary support. USAID/Rwanda does not anticipate providing budgetary support to the GOR under the ISP, but will participate in and support the development and implementation of sector programs that correspond to activities under the new SOs, particularly health, decentralization, and agriculture/rural transformation. As GOR financial management and monitoring systems improve, USAID could consider non-project assistance (NPA) support if it becomes an appropriate development tool later on during the ISP.

Of the five performance goals in the most recent U.S. Mission Performance Plan (MPP) for FY2005, three were developed in close collaboration with USAID and incorporate performance criteria for the three newly-designed SOs.

The new strategy is integrated because, in addition to resources from USAID Development Assistance (DA) and Child Survival and Health (CSH) accounts, it takes into consideration resources for Rwanda from Food for Peace (FFP) and Economic Support Funds (ESF). While FFP and ESF are not under the control of AFR, they have nevertheless been readily available to Rwanda and have served to enhance and expand the achievements of the present USAID Strategic Objectives for Democracy and Governance and for Food Security and Economic Growth. Moderately increased and decreased budget scenarios were developed for the DG and Economic Growth SOs, while significantly higher levels were used to develop the Health SO budget due to Rwanda's inclusion in the new Presidential Initiatives for HIV/AIDS.

The strategy was prepared jointly by all relevant United States Government (USG) partners, including regional (from REDSO and RHUDO) and Washington-based USAID staff, as well as Rwanda-based staff from USAID, the Embassy, and CDC. USAID staff engaged in a participatory planning process that included customers, stakeholders, and partners, and took into account the GOR priority programs, the inputs of other donors, USAID's predominant capabilities, and expected funding levels and earmarks. A USAID training course in Strategic Planning was held in October 2002, to officially launch the development of the new Strategic Objectives.

## B. Rationale for Programming Focus

The ISP assistance goal is to **Increase Economic Growth and Improve Well-being in Rwanda**. This strategy builds on the successful social and economic programs already underway and supports the political reforms necessary for continued democratization. The ISP continues to focus in three strategic areas: Democracy and Governance; Health, including HIV/AIDS; and Rural Economic Growth, including food security and agriculture. The proposed programs are closely aligned with the GOR's priorities as set out in the PRSP. The areas of intervention proposed in the strategy are all areas in which USAID has worked successfully in Rwanda and in which USAID has a strong comparative advantage. In sum, the design of the strategy and the selected areas of intervention,

reflect the Mission's experience which shows that USAID's programs in Rwanda are effective and are having a positive impact on the lives of ordinary people.

In analyzing the priorities for the ISP, support to the GOR's decentralization program emerged as one of the best opportunities to encourage grass roots political, social, and economic development. The goal of the decentralization program is to strengthen local government structures in the 106 districts nationwide and devolve decision making and authority for development to the local level. Decentralization presents a unique opportunity for USAID to strengthen civil society organizations (CSOs) while helping to build the capacity of district level governments. USAID-financed activities under the existing strategy to build financial accountability at the district level were highly successful and set the stage for continued engagement under the new ISP.

Given the weakness of CSOs, and the government restrictions imposed on them, USAID determined that CSOs are important targets for strengthening democratic processes, delivering social services, and fostering economic growth. In this regard, each of the SO teams has established strong linkages around the decentralization program. The primary focus of the DG SO will be to support civil society organizations to promote development, including advocating for national elections and ensuring broad participation and transparency at the local level. The Health SO will collaborate with the DG SO and work with some of the same civil society groups to improve delivery of health and HIV/AIDS services. The Rural Economic Growth SO has identified the need for local government authorities to recognize and encourage development of local private sector entrepreneurs who will drive the development of the rural economy.

The CVA noted that even nine years after the genocide, Rwandans are still deeply affected by it, and the need for reconciliation in Rwanda is still acute. With the Gacaca trials for over 100,000 prisoners scheduled to begin in 2003, witnesses will testify and prisoners will be released and will move back to their homes in the places where the genocide crimes occurred. The need for fair trials and punishments and reconciliation is more important at this time than ever before. USAID will seek ESF resources from the U.S. State Department as well as earmarked funds and project opportunities from AFR and REDSO to support activities that foster reconciliation, provide conflict management training, and provide psycho-social support to victims of torture. Providing economic opportunities that allow diverse groups of victims, ex-prisoners, and ex-combatants to come together to raise rural incomes will also be a powerful tool for fostering unity and reducing conflict.

The overall health status of Rwandans is poor, and the major factor limiting access to health care services is poverty and the lack of basic fees needed to pay for services. By refocusing the Health SO at the Health District level and below, the services will be focused much closer to the client and will involve greater community participation in identifying, accessing, and assuring the quality of services. The tremendous increases in funding for health and HIV/AIDS will make it possible to strengthen the overall health infrastructure to deliver a quality package of basic health services that will include HIV/AIDS prevention, care, treatment, and mitigation. USAID collaborated with CDC in developing the new HIV/AIDS Programs under the Presidential Initiatives that will link with other donor programs including those from the Global Fund and the World Bank (MAP); these will support a national program for AIDS Care and Treatment that was developed with assistance from the Clinton Foundation and recently approved by the Cabinet. The Health SO has also linked with the DG and Rural Economic Growth SOs to include HIV/AIDS prevention and mitigation activities with civil society strengthening, micro-finance, and food aid projects.

Most closely linked to the PRS, the Rural Economic Growth SO was refocused to meet the priority needs of using agricultural development as the engine of growth that will lead to the reduction of poverty in the rural areas of Rwanda. While acknowledging the continued need for food aid to guarantee food security, the Rural Economic Growth SO was developed to promote increased agricultural production, new agriculture-related business development, private sector entrepreneurship, and improved marketing and exporting. By linking with other donor activities that focus on developing infrastructure and reducing environmental degradation, the Rural Economic Growth SO has been developed to increase support for those areas, such as agribusiness and specialty coffee production and promotion that the have achieved results under the present Agriculture SO.

## C. Geographic Coverage for Strategic Objectives

All three Strategic Objectives will include activities at the central level including policy development and implementation. At the same time, specific administrative and health districts were recently selected as the target areas for the Democracy and Governance (DG) and the Health SOs. Anticipated sites for all SOs are included on the attached map.

*DG/Health Geographic Coverage*

The DG and Health teams will be working in eight of the eleven Provinces of Rwanda beginning in Kigali-Ville, Kigali-Ngali, Byumba, Gitarama, Kibungo and Kibuye. The Health team is already working in most of the health districts in these provinces and the DG team has extensive experience already with decentralization activities in Byumba and Kibungo. It is reasonable to launch new ISP activities in these provinces during the first phase since activities are already on the ground in 11 of the 14 health districts in these provinces. During the second phase in FY 2005, an additional province with three health districts will be adde3d. In FY 2006, during phase three, the final province with three districts will be added. Corresponding with these health districts will be approximately 50 Administrative Districts with Local Governments that will be supported by the DG team and will focus on health with support form the Health team. These provinces and districts were selected based on USAID presence, on coverage by other donors (priority needs of the Ministry of Health) and funding available under the Health SO.

*Rural Economic Growth Geographic Coverage*

The Rural Economic Growth SO team expects to be working in all the provinces of Rwanda with a mix of activities depending on pockets of food insecurity and zones of economic potential. In this context the REG SO takes into consideration the need to provide a safety net for vulnerable groups while supporting income generation and increased employment in high potential zones with multiplier effects in the rural economy. For example, specific geographic zones account for the production of high potential commodities including specialty coffee and Irish potato. In this respect, agro-ecological zones with their different resource bases and attributes such as climate, soil and altitude, will determine the appropriate mix of interventions.

## D. Cross-Cutting Themes

In addition to the linkages between SOs on decentralization, civil society strengthening, and HIV/AIDS, the three SOs have common cross-cutting themes and activities that are also reflected in the GOR's PRSP.

**Gender equity and increased women's participation in development** is an integral part of all the SOs. The results of the Gender Assessment will be used in developing procurements under all SOs in this ISP. All scopes of work for requests for proposals and applications will be reviewed by the USAID Gender Advisor to ensure compliance with the ADS. All SO teams will account for the impact of gender through the design, implementation, monitoring, and evaluation of their activities. Whenever possible, service statistics for all SOs will be disaggregated by gender to ensure that women have access to services in proportion to their needs.

Although the GOR encourages active participation of women in elected and other governmental positions, the DG team identified the lack of qualified candidates and applicants as a major constraint to achieving the GOR targets, i.e., 30 percent of seats in the new Legislature. In order to address this constraint, the DG SO team will support local civil society organizations that are working to identify and encourage women to actively participate in elected and appointed positions at the local and national levels. Funding for district level activities under the decentralization program will be made available only when local leaders have demonstrated that women are proportionately represented to reflect the composition of the community. Gender awareness training will be included in capacity-building activities for leaders at central, district, and community levels and special outreach efforts will be made to develop women's organizations.

Gender constraints identified by the Health SO include the dominant role played by men in determining access to health care for women and children. Men also make decisions regarding sexual practices and reproductive health including family planning. There is also a high acceptance of wife-

beating among both men and women. In order address these constraints the Health SO will develop specific activities such as behavior change communication (BCC) interventions targeted at men to empower them to break the cultural norm of male domination over women. At the same time, if funds are available, USAID plans to continue sexual and gender-based violence (SGBV) programs aimed at documenting this problem and assisting women who are victims with counseling, health care and other appropriate support. To increase the participation of women in designing and implementing new health activities, the Health team will identify gender concerns in national health policies and take gender into account in resource allocation and management activities. BCC activities aimed at young girls and boys will also address the issues of gender equality and importance of women's active participation in identifying and seeking appropriate health care. Monitoring indicators will include measures of women's health.

Gender constraints identified by the Rural Economic Growth SO include women's limited access to finance, limited control over resources, and limited decision-making in management capacity. At the same time, women are traditionally burdened with the responsibility of producing for the household. In Rwanda, this is particularly daunting given the prevalence of female headed households. To address these constraints, the Rural Economic Growth team will target interventions where women can optimize control over their assets and benefits such as: targeting coffee cooperatives and dairy cooperatives where women comprise the majority of the membership and management structure; targeting microfinance interventions to women's solidarity groups; developing labor saving agricultural technologies that will alleviate the burden on the majority of female producers; providing direct food distribution to widow-headed households; seeking to support widow-headed handicraft cooperatives; and engaging in policy dialogue and advocacy on issues that directly impact on women such as land reform.

**Environmental concerns** are paramount to Rwanda's development. As population pressures continue to mount, Rwanda needs to preserve and strengthen environmentally fragile productive areas and seek to educate its people about ways to value and preserve Rwanda's physical resources. The Rural Economic Growth SO already incorporates extensive environmental reviews as it supports reclamation of agriculturally productive land and the use of agricultural inputs for increased productivity. Environmental regulations will be closely followed and the precepts of good environmental stewardship will be nurtured. This SO will make efforts to build up the environmental capacity of select institutions such as the Ministry of Agriculture and its envisioned Rwanda Environment Management Authority (REMA) to carry out environmental assessments through environmental capacity-building. It will also encourage interventions and partnerships under the Central Africa Regional Program for the Environment (CARPE). The DG SO will use an innovative environmental review process for each of the local development projects funded by USAID. Infection prevention (IP) practices and medical waste disposal are sub-optimal at most health centers in Rwanda; thus, overall promotion of IP will be part of the Health SO, and will include training and technical assistance so that clients and health staff alike are appropriately protected from exposure to HIV and other infections. USAID will also seek to assist health centers to develop and implement medical waste management plans.

USAID/Rwanda strongly believes that **information and communication technology (ICT)**, if used strategically, can be an effective tool to spur economic and social development. The application of ICT is a major GOR priority. The GOR's policy is to develop an ICT-literate society to help overcome the lack of natural resources in other areas. Thanks to resources from the Leland Initiative and the EDDI, USAID has been able to finance key ICT activities in support of this important GOR objective. These initiatives include: a grant to World Links to put a computer in every primary school in Rwanda, installing a computer network at the Ministry of Justice (MOJ) to improve the efficiency of the court system by connecting the MOJ with all of the courts nationwide, improving connectivity between institutions of higher learning, helping a teacher training college to use distance learning as an educational tool, and helping private sector operators to become internet service providers.

Under the new ISP, USAID intends to continue to provide strategic ICT support and to ensure that the GOR can manage and maintain the systems already provided. In the Health SO, significant opportunities exist to reinforce the implementation of the proposed programs. For example, the GOR is developing a telemedicine pilot as part of its National Information and Communication Initiative

which could be integrated into USAID's target districts to further reinforce quality of care. Equipping each district health team in target areas with a computer and training will be an effective tool to help develop district health plans and budgets. USAID is in negotiation with Rwanda's institutions of higher learning to help develop the Rwanda Education Development Network (REDNET). This will help these institutions to use more effectively the networks they already have and allow them to exchange information, develop inter-library programs, and develop and teach common courses. The Rural Economic Growth SO already finances an activity which allows private sector operators to check markets and prices using the internet. To increase the effectiveness of our investments, USAID plans to sponsor a donor conference on ICT in Rwanda. The purpose of the conference will be to get a better handle on who is providing what technology to Rwanda and to seek better coordination so as to avoid duplication. The Mission will look to our partners in USAID/W to continue the financial support and invaluable advice in this vital sector.

**Human Resource and Institutional Capacity Development** are identified as PRS priorities. Because of the lack of skilled staff to implement programs, training and institutional capacity-building is woven though all the SOs. Specifically, the DG SO will continue training GOR employees within the justice sector, legislative sector, and local government, and will also provide capacity-building support and training to CSOs at both the local and national levels. The Health SO will focus on reinforcing technical capacity and training skills within Rwandan institutions to promote pre- and in-service performance-based/competency-based training programs that develop and reinforce practical skills of health care providers and managers. These training experts could be located within the MOH, Rwandan health education facilities (e.g. nursing schools, Medical School, School of Public Health), or within the private/non-profit sector and would be responsible for training of trainers at the Health District level. Human resources development has been a formal part of agricultural and economic growth efforts to date, particularly in connection to higher education institutions, such as those associated with the Partnership for Enhancing Agriculture in Rwanda through Linkages Project (PEARL). The new SO will continue to incorporate training in all activities, but will shift the focus to on-site activities and in-country training that specifically targets applied learning and agribusiness practices.

Under the current USAID program, EDDI resources helped to transform the computer science curriculum at the National University of Rwanda (NUR), revise and restructure the School of Public Health, incorporate distance learning strategies and technologies at both the NUR and the Kigali Institute of Education, and send agricultural scientists to the U.S. for advanced degrees. USAID hopes to access resources from the Africa Education Initiative to support competency-based education and training programs that focus on the skills and knowledge in health, governance, business, farming, and ICT to expand the number of qualified technicians and skilled personnel to carry out development activities.

### E. Synergies between SOs

During the development of the new Rwanda ISP, the three SO teams collaborated in developing and reviewing their new SO frameworks. As a result, they also identified specific areas where teams would work together to maximize results and to build synergies across technical areas. The major areas of collaboration are described below.

To the extent possible, the DG SO team will **work with local-level community organizations** in the health and rural economic growth sectors to strengthen civil society capacity to increase citizen participation in district government policy and decision-making processes. By strengthening the capacity of vital rural community organizations such as health-oriented community development groups and agricultural cooperatives, the DG team would link with the Health and Rural Economic Growth SO teams to better achieve their respective objectives. Synergies will also be created at the policy level. The DG SO team's work on policy advocacy and decentralization at the national level – specifically on issues related to health and rural economic growth – will promote synergistic relationships between the SO teams and will help build capacity within the GOR, civil society organizations (CSO), and the private sector. When advocating at the national level, CSOs and private sector organizations can be effective engines for economic growth, while at the same time providing

transparency to the process. Support for a productive and democratically enabling civil society ultimately should be borne at least in part by private sector actors; the linkages with the private sector at the national level could provide a venue for talking about corporate responsibility and citizenship.

USAID's Health Strategy has been designed in close collaboration with the Democracy and Governance team and the Rural Economic Growth team. Perhaps the most innovative element of the new strategy design is the creation of the shared Intermediate Result 1—*Reinforced capacity for implementation of the decentralization policy in target* districts—in the DG and Health Results Frameworks. Activities to implement this IR will be co-designed, co-financed, and co-managed by the two teams. Another area of synergy between DG and Health is institutional civil society capacity-building. Under the health strategy, interventions will strengthen community-based organizations to be active participants in health planning, advocacy, and program implementation.

The Health SO also has synergies with the Rural Economic Growth SO for expanded economic opportunities in rural areas. These two SO teams are currently designing an operations research project to examine the impact of food aid on nutritional status and on "overall well-being" of people living with AIDS as part of an evaluation of the LIFE project with PL-480 food support. This will inform future joint activities linking PLWHA, OVC, and other vulnerable populations to agricultural outreach services in order to improve food security and nutritional status. The two teams are currently co-funding a project to encourage groups receiving micro-credit loans to support community response to HIV/AIDS.

The Rural Economic Growth SO will undertake to capture vital, value-added synergies with Mission investments in health, democracy and governance, and the food-for-peace portfolio. In collaboration with the National Agricultural Research Institute and producer groups, the Rural Economic Growth and Health SO teams will seek to produce nutritionally fortified crops for processing and consumption by HIV-AIDS affected individuals. The Rural Economic Growth SO will integrate community-based HIV-AIDS training among women's solidarity groups and village banking structures as part of its microfinance program. In collaboration with the DG Team, the Rural Economic Growth team will support decentralization of agricultural extension services in consultation with central and district-levels and will also support policy development work to address constraints and opportunities for the achievement of the two SOs. Illustrative areas of policy work include: land reform, biotechnology, microfinance, and import of agricultural inputs, such as fertilizer. Policy development work will seek to engage inter-disciplinary teams at the National University of Rwanda and community-advocacy efforts necessary to foster change at the micro- and macro-policy level, while building analytical capacity at the National University of Rwanda to complement USAID's investments there. Finally, Food for Peace resources including both direct feeding and monetization resources will continue to be fully integrated into the Rural Economic Growth SO.

### F. Compliance with FAA Sections on Tropical Forests and Biodiversity (118, 119)

Sections 118(e) and 119(d) of the Foreign Assistance Act require that each country strategic plan analyze (1) the actions in that country necessary to achieve conservation and sustainable management of tropical forests and biodiversity, respectively, and (2) the extent to which the actions proposed for the supported by the ISP meet the need thus identified. In order to address the requirements, USAID/Rwanda carried out an Environmental Threats and Opportunities Assessment (ETOA) that included a review of the condition and framework of forest and biodiversity conservation in Rwanda and the likely effects of the proposed ISP. A complete analysis of the state of tropical forests and biodiversity in Rwanda is contained in the ETOA—a summary of which is included in the ISP Volume II—Assessments. The specific requirement of FAA sections 118 (e) and 119 (d) are summarized here.

**Rwanda's Tropical Forests:** Rwanda's afro-montane forests include Nyungwe, Gishwati and Mukura, and the Volcanoes National Park (PNV). Because Gishwati and Mukura have been used for cattle grazing and resettlement, only small isolated patches of forest remain there, in inaccessible areas. Nyungwe Forest Reserve is globally as well as nationally important for the conservation of several restricted-range species found only in the Albertine Rift eco-region in Africa. The reserve is home to 13 species of primate, 1,068 plant, 85 mammal, 278 bird, 32 amphibian, and 38 reptile

species. In all, 62 species of fauna and about 250 plant species are endemic to the Rift. Nyungwe's socioeconomic importance is as significant as its biological importance. The reserve is the watershed for over 70 percent of Rwanda; its streams feed both the Congo and the Nile basins. It thus protects the watershed of not only surrounding communities but also communities much further downstream. The buffer zone around the forest has been planted with economically important species and is a source of building poles and firewood for local populations. Honey production and the harvesting of medicinal plants are other important economic activities.

Nyungwe faces several major threats derived largely from population growth, pressure on land resources, lack of sustainable sources of income for local communities, and limited awareness and availability of economic incentives for sustainable use of biodiversity. Poaching of large mammals is high. The absence of large ungulates in the forest appears to have upset Nyungwe's ecological balance, especially in burned areas. Legislation now before Parliament would make Nyungwe a national park, a classification that in theory at least would make all human activities in the park illegal.

PNV, the Volcanoes National Park, is one of the oldest protected areas in Africa—established by King Albert of Belgium in 1929 in an effort to set aside the Virunga Mountains in the DRC, Rwanda, and Uganda to save the habitat of the last representatives of the mountain gorilla. Over half the current mountain gorilla population is found in the three national parks sharing the Virunga Mountains. The PNV contains 245 species of plants, 115 species of mammals, 187 species of birds, 27 species of reptiles and amphibians, and 33 species of arthropods. Among the plants, 17 species are threatened, of which 13 species of orchids are internationally protected. Many plant and animal species in the park other than the gorilla have gone unstudied.

Threats to the park include poaching of gorillas and other wildlife, wood cutting, bamboo harvesting, medicinal plant collection, and beehive placement. Local community options for alternatives to park use are very limited and costly. Though revenues generated by gorilla tourism are quite high, little if any is returned to the communities.

Gallery forests are strips of forest along watercourses or extending from wetlands. In Rwanda their area has been significantly reduced by clearing for agriculture, bush fires, and cutting for fire and construction wood. Gallery forests are now found only in the east along the Akagera River system, covering an area of about 163 ha. Gallery forests contain a number of rare, endemic species, some of which have potential for modern and traditional medicine, but their commercial exploitation could have negative environmental consequences on the few remaining gallery forests if no safeguards are put in place.

**Biodiversity in Rwanda:** Rwanda shelters 2,150 species of plants, and the assumption is that the degree of endemism is quite high. The UNEP World Conservation Monitoring Centre lists eight species of trees as either threatened or others of "conservation concern" in its tree conservation database. The American Museum of Natural History lists 87 species of amphibians and reptiles in Rwanda. The only reptile species listed with concern is a tortoise. Rwanda is one of Africa's top birding countries; an incredible 670 different species have been recorded. Four species of birds are threatened of extinction: the shoebill stork found in Akagera; Grauer's rush warbler found in PNV, Nyungwe, and the swamps of Rugezi; the kungwe apalis found in the Nyungwe; and the African or Congo bay owl.

Rwanda contains 151 different types of mammal species, 11 of which are currently threatened and none of which is endemic. The country is particularly well known for its 14 to 16 species of primates, most prominent among them the world's most endangered ape, the mountain gorilla found in PNV. Others are the mountain monkey in the Nyungwe National Park, the endangered chimpanzee in Nyungwe and the golden monkey, endemic at a certain altitude in PNV.

**The principal threats to biodiversity stem from human influence, legal and institutional causes, and natural causes.**

Human influence: There is a high degree of human disturbance in 66 percent of the area in Rwanda, and a medium degree in the remaining 34 percent. No piece of land has remained undisturbed. With the influx of more displaced persons and an increase in competition for arable land, the percentage of high disturbance is likely to increase. Deforestation was estimated at 2.3 percent per year between 1980 and 1990, and forested areas are still under attack. Nyungwe has lost more than 1,000 ha, PNV

is being nibbled, Akagera has lost more than 50 percent of its area, Mutara no longer exists, and Gishwati has practically ceased existing as a forest reserve. The losses in protected areas are both traditional and a reflection of the economic situation. The increases in population in Rwanda have brought increased demand for cleared land for cultivation and for fire and construction wood, as well as grazing and wildlife poaching. Poverty and the lack of alternative income -generating opportunities, fires (either natural or deliberate), and the introduction of exotic species (e.g., the water hyacinth) also undermine biodiversity.

Legal and institutional causes: There is a general lack of motivation and incentive to conserve biodiversity, particularly for communities near protected areas. The ministries that protect and manage protected areas are also institutionally weak, with overlapping mandates; shortages of equipment, resources, and qualified personnel; weak collaboration with local administrators, and minimal enforcement of the laws.

Natural causes: Erosion and landslides, drought, floods, and disease also have an impact, as does the proliferation of competitive species.

**The GOR's biodiversity conservation efforts focus on protected areas**. Of Rwanda's total territory, 12.42 percent, 3,270 $km^2$, is either totally or partially protected including PNV in the northwest, ANP in the east, and Nyungwe Forest—a 970$km^2$ tract of rainforest with unusually high biodiversity. After ratifying the Biodiversity Convention, the GOR drafted a *National Strategy and Action Plan for the Conservation of Biodiversity (2000)* that analyzes the current status and threats to biodiversity and proposes objectives, strategies, and an action plan. The GOR has made progress toward most of its objectives, but more work needs to be done in the following areas:

- Prioritizing a research program oriented to conservation and management of biodiversity
- Improving institutional, juridical, political, and human resource cadres to assure better management of protected areas and wetlands
- Improving the protection and management of critical areas outside the formal protected area system.

**General Recommendations related to Rwanda's Tropical Forests and Biodiversity:**

- It is critical that the Rwanda Environmental Management Agency (REMA) be established and function as an interministerial body to advise on and coordinate environmental management. REMA should also have a technical arm tasked with conducting environmental assessments.

- Longer term, the GOR may need an environmental strategy for refugee relief and other emergency activities, as well as for village settlements. The strategy should: (i) ensure that both indigenous and refugee populations are involved in making decisions for the use and management of environmental resources; (ii) integrate activities to minimize environmental impacts; (iii) identify energy resources and attempt to mitigate local environmental impacts; and (iv) monitor environmental impacts. The strategy should be part of the National Environmental Action Plan.

- There is a clear need to establish REMA as a way to improve coordination at the national level. There is also a need to strengthen capacity in Ministries to ensure that they consistently integrate environmental concerns in everything they do. One example is the need for ORTPN (the Tourism Agency) to improve cooperation among the NGOs working in PNV to improve their effectiveness, reduce costs, and better serve local communities.

- ORTPN should set up a revenue-sharing scheme for PNV and other protected areas that would return a percentage of tourism proceeds to proximity communities for investment in activities lost as a result of denied access to the forest.

- The GOR should develop more coherent national strategies to raise public awareness of environmental and biodiversity issues, highlighting practical everyday linkages, such as those between environment and health. More effort is needed to bring in key partners, such as churches, the media, primary school teachers, and community leaders.

**ETOA Recommendations for USAID/Rwanda:** The assessment team recommended integrating biodiversity and forestry issues into the Mission's general programs to establish the essential conditions for conservation while meeting the objectives of social and economic stability, including:

- Find ways to support formulating the regulations and applications that will be needed once the framework environmental law is passed.
- Support the establishment of Rwanda Environmental Management Agency (REMA).
- Continue to work with primary partners (ADAR, ACDI/VOCA, and PEARL) to assure that all projects addressing agribusiness development ensure that producers and processors are aware of supply chain requirements for environmental and social values.
- Work proactively to resolve major biodiversity issues like overgrazing.
- Help the GOR develop environmental strategies for refugee and other emergency relief and for resettlement villages.
- Help build local capacity for conducting IEEs and EIAs.
- Further promote a balanced, transparent, and accountable system of governance across SOs to allow decentralized management of natural resources and private initiatives.

**USAID/Rwanda's Response:** Rwanda's tropical forest and biodiversity needs are intertwined as the maintenance of biodiversity depends on the preservation and conservation of forest habitat. Although Natural Resource Management is not one of USAID/Rwanda's strategic focus areas, USAID SO Teams have integrated forestry and biodiversity issues into their programs. Rwanda's high population density and growth rate result in increased pressure on forest habitat. The efforts of the USAID Health SO6 team to provide family planning services and reduce the infant mortality rate (a major cause of high fertility) will directly support biodiversity conservation efforts. Under the new ISP, activities that build on previous interventions such as technical assistance to review Rwandan draft laws and policies for the environment will continue. USAID will encourage other donors (Netherlands, Germany, World Bank) to support REMA, since USAID will not be able to provide financial support. REG SO7 agro-business and FFP activities will proactively strive to improve the environment and will work to develop innovative economic growth activities related to good forest management that enhance the value and protection of Rwanda's forests. An example would be converting district-owned forest plantations to long-term leasehold status, to be managed by farmers associations. REG SO7 activities related to livestock and cattle will seek to address problems with overgrazing. Although not involved in refugee settlement activities, USAID will encourage other donors and programs funded by the State Department to include environmental strategies for refugee camps and resettlement villages. USAID will continue to develop Rwandan capacity for conducting environmental assessments by supporting training programs and making these assessments a requirement and integral part of project design and development. If adequate DA resources are available, the DG SO5 and REG SO7 teams will support decentralization program activities that build capacity of local governments to internalize the environmental review process and build capacity for environmental management and protection at the district, sector, and cell levels. These two SO teams will also join forces to strengthen civil society organizations that promote environmental management, such as Rwandan NGOs active in environmental education, community conservation, and other environmental initiatives, to empower communities to effectively manage natural resources and become stronger advocates for environmental issues.

USAID will also continue to encourage international and local NGOs that work in conservation, natural resource management and environment to seek funding from USAID (through CARPE), the State Department (ESF) and other USG funding mechanisms (GDA) for activities in and around Rwanda's national forests that support biodiversity and protection of forest habitat. The REG SO7 team will coordinate with these groups and ORTPN to promote eco-tourism projects that directly benefit communities and villagers who live around and near the forests to give them alternative means for economic survival and promote environmentally-friendly and sustainable activities.

### G. Global Development Alliances

The Global Development Alliance (GDA) represents a new way of doing business. The GDA reorients how USAID sees itself in the context of international development assistance, how it relates to traditional partners, and how it seeks alliances with new partners. Under this new business model, USAID will use its resources and expertise to assist strategic partners in their investment decisions

and stimulate new investments by bringing in new actors and ideas to the overseas development arena. While USAID will continue to deploy resources where private funding is not available and where the public sector role is clear and pre-eminent, GDA activities provide synergies and economies of scale to organizations and individuals working on common development issues.

USAID Rwanda has already used the GDA approach in a partnership with World Links, a non-governmental organization, through the Rwanda Alliance for Primary Education Computerizations Project, which links NGOs with local and international corporations to provide all Rwandan primary schools with computer hardware and software and develop basic computer literacy. USAID has contributed just over US$1 million and the partners will contribute US$5.4 million in in-kind contributions and material and technical support.

Each SO has identified possible GDA activities, and these will be discussed within the specific Strategic Objectives sections. Discussions are currently underway with the John D. and Catherine T. MacArthur Foundation and the William J. Clinton Foundation to form strategic alliances in support of justice and HIV/AIDS activities, respectively.

### H. Development Scenarios

As the transition draws to a close in Rwanda, and the Transitional National Government makes way for the newly elected officials governing under the framework of a new constitution, Rwanda is at important crossroads. In recognition of this change and in recognition of the volatile situation in the Great Lakes region, USAID/W asked the Mission to lay out three possible scenarios and describe how these scenarios might impact on our development assistance. (See Section V, pages 79--85 , for detailed scenarios and proposed actions.)

Scenario 1: **Steady Pace**. The program outlined in this ISP assumes that the evolution of Rwandan political, social, and economic life will continue on its current path, and will be characterized by stability and internal security. This is the Mission's operating scenario. Although no path can ever be completely smooth, we assume that the magnitude of any problem that might arise will not seriously disrupt the positive direction of Rwanda's development. Under this scenario, moderate economic growth will provide increased employment opportunities for Rwandans.

Scenario 2: **Rapid Progress**. In this scenario, the pace of positive social and political change increases and economic growth improves markedly, perhaps as a result of an improved global economy and/or the result of economic reforms the GOR has put in place. Such an environment would enable Rwanda to absorb additional financial resources more effectively and perhaps put it on the path to eventually qualify for resources under the Millennium Challenge Account.

Scenario 3: **Breakdown**. Under this scenario, the fragile nature of the region gives way to a gradual deterioration in Rwanda and/or the region. Although no single event could destabilize Rwanda, a series of events – such as successful rebel incursions or violent repression of dissent – could have a strong negative impact and plunge Rwanda back into a very chaotic situation. Many of these events are themselves triggers for other events which could create a disastrous snowballing effect. In such an event, emergency response would be our only recourse.

Each scenario covers a wide range of possible conditions. The most probable scenario over the next three to five years will be the "steady pace scenario," in which change will be gradual and generally positive. The Mission does not foresee a breakdown of law and order; however, sudden change may be impossible to predict with certainty.

In scenarios 1 and 2, the Mission would expect to continue to achieve positive results. As the social, political, and economic situation continued to improve in scenario 2, the Mission would request an increase in funding to reflect improved GOR performance. A significant deterioration in the status quo would inevitably result in a crisis that would require more flexible and creative uses of resources. For example, a breakdown scenario that displaces significant numbers of people would require increased amounts of humanitarian assistance, particularly in rural areas. USAID/Rwanda needs the ability to adjust program activities and the resource levels as conditions change.

### I. Implementation Time Table

USAID Rwanda expects the approval of the new ISP by September 2003 and start-up beginning in October 2003 with the new fiscal year. Major procurements will begin as soon as the ISP is approved and the full Performance Monitoring Plan will be ready for fourth quarter FY2003. Many of the required baselines are now available within Rwanda, and results at the sub-IR level in areas where programs are continuing with relatively little change will be available in the annual report for FY2004. Some impact will be seen for SO level results by year three when this ISP is reviewed.

# IV. USAID/RWANDA STRATEGIC OBJECTIVES

## A. SO5: Improved Governance through Increased Citizen Participation

### 1. Statement of the Strategic Objective

USAID/Rwanda's Democracy and Governance Strategic Objective (SO) is **Improved Governance through Increased Citizen Participation**. Three Intermediate Results (IRs) are incorporated in the SO framework to facilitate achievement of this objective:

- IR 5.1: Reinforced capacity for implementation of decentralization policy in target districts
- IR 5.2: Increased government responsiveness to citizen groups at the national level
- IR 5.3: Enhanced opportunities for reconciliation

This new Democracy and Governance (DG) SO will promote an effective system of governance in which the citizens of Rwanda play an engaged and active role in every step of the democratic process from policy development to implementation at the grassroots level. USAID/Rwanda's focus on increasing citizen participation in governance is completely aligned with and informed by the GOR's PRSP. In sum, USAID/Rwanda will contribute to strengthening the actors, conditions, and environment for greater and more diversified citizen participation in Rwandan governance.

### 2. Development Context

**Elitism and hierarchical control:** Rwanda has a complex culture based on central authoritarian rule that has been exacerbated by historical events. From a kingdom ruled by the divine authority of the Mwami, to the exploitive colonial era, to the majority control philosophy of the post independence period, the participation of the governed has been determined by the central authority. There has rarely been a distinction between required public mobilization and voluntary participation. As a result, the governed have had little understanding or confidence in the decisions and requirements of their government, and people at the grassroots have had little or no sense that they could or should have a role in national decisions. Inclusion and competition were seen as a threat to national unity rather than the basis for a strong and dynamic society. Government institutions were assumed to benefit the elite and not the populace. The job of the people was to obey and hope that their reward would be the beneficence of the authorities.

**Transitional Government of National Unity:** Rwanda's nine-year political transition period will end in 2003. Since the Transitional Government of National Unity's inception in 1994, it has undertaken several bold initiatives, which, if successful, will contribute to the development of the social, political, and economic life of Rwanda. These GOR initiatives include: decentralization; judicial reform; Gacaca; the PRSP – a roadmap for national poverty reduction; a new constitution ratified in June 2003; presidential and legislative elections slated for August and September 2003, respectively; and privatization. These initiatives represent a new democratic beginning for Rwanda. The long-term goal of a democratic Rwanda is a transformational process that will culminate in an independent judiciary, a decentralized system of governance, and reduced poverty. However, systems are fragile and the initiatives undertaken will take years to achieve. Many political institutions are in the early stages of development; for example, elected district councils are only two years old, and the newly elected legislature will emerge in September 2003.

**Citizen participation:** Because of Rwanda's complex history and culture, there has evolved a political system characterized by forced public mobilization, rather than voluntary public participation. For example, under pre-genocide rule, all Rwandan citizens of voting age were required to vote, even if there was only one candidate for whom to cast a ballot. Although citizens in Rwanda have inherited this tradition of forced engagement with the State, the public has very little influence or understanding of how government policy is developed at the national level or implemented at the grassroots level. Citizens therefore lack confidence in government institutions, and they have a general attitude of powerlessness vis-à-vis government structures. The GOR has tended to treat inclusion and competition as antagonistic rather than complementary principles. In its effort to create national unity and avoid a return to division and violence, the government exerts considerable pressure for conformity of ideas and expression. Politicians, civil society activists, and others are expected to stay within tightly controlled bounds of discourse. Although the state allows discussion of ideas in a variety of forums, the topics of debate are set by authorities, and in most cases, participants feel constrained to respond within established ideological parameters. These public discussions, thus, serve more as opportunities for mobilization than as occasions for free and open exchange of ideas. Other possible arenas for the expression of ideas, such as the press, are also constrained.

**Challenges to democracy in Rwanda:** The recently completed, USAID-sponsored Rwanda Democracy and Governance Assessment listed the following eight factors as the most critical constraints on Rwanda's full realization of participatory governance in the post-transition period: 1) the continued centralization of political decision-making and administrative and financial powers; 2) the tendency to limit discourse and the expression of competing ideas; 3) the general lack of civic knowledge and voluntary political participation; 4) the weakness of civil society organizations at all administrative levels; 5) the weakness of government systems to manage and deliver services; 6) the inability of the government and civil society organizations to effectively forge partnerships at the national or local levels; 7) a general lack of confidence in the judicial sector to render justice; and 8) a perception that the culture of impunity has not been completely eradicated since Rwanda's 1994 civil war and genocide.

**GOR priorities:** The GOR has identified good governance as a prerequisite for poverty reduction that will contribute directly to people's well-being by providing institutions and mechanisms through which people's voices can be heard. The PRS sets national priorities for good governance that will promote regional and national stability, human rights, national reconciliation, citizen participation, and accountability. The GOR pledges to promote regional and national stability by participating in regional conflict resolution activities and reducing the size of its army through systematic demobilization. The GOR established the NURC, which is charged with mainstreaming reconciliation throughout all sectors. Also toward the goal of reconciliation, the GOR aims to promote the National Human Rights Commission, to support the successful implementation of Gacaca, and to improve prison conditions. The GOR also places a high premium on the smooth implementation of decentralization reforms, as demonstrated by its commitment to the Common Development Fund and the implementation of civil service reforms designed to foster transparency and accountability at all levels.

The **capacity of local government structures** to form effective and responsive partnerships with civil society is severely limited. There are few mechanisms in place to engage citizens and civil society in local government processes. Administrative and financial systems are generally tenuous, and no uniform financial management system is in place, hindering transparent accounting of financial flows from national to local levels. The local level capacity for setting priorities and allocating resources across services and project preparation is limited, which hinders the promotion of transparency and accountability. In short, the potentially significant contribution of local governments to strengthen democracy, improve service delivery, and support economic development is not being fulfilled, and civic engagement in decision-making is far from optimal.

**Civil society organizations (CSOs)** are just beginning to understand their role in society at the national level. Although civil society has made some gains in service provision and advocacy, CSOs (apart from farmers' associations and cooperatives) are almost non-existent at the district level and below. CSOs face challenges due to lack of human and financial resources, as well as basic communication and coordination. Umbrella organizations help to coordinate and support groups in several areas of civil society, including human rights, women's promotion, genocide survivors, and rural development, but these remain limited in scope and strength of participation at the local level,

due largely to their own capacity limitations, lack of supportive government systems that enable participation and understanding, and ongoing cultural tendencies not conducive to independent civic action. Citizens' confidence in government will increase as they see improved responsiveness and access to services and political processes, and this will in turn enhance the capacity of civil society to engage in national and local debates.

**Judicial reform:** A major change that was initiated during Rwanda's transition period was judicial reform. The new constitution includes a re-organization of the formal justice sector, and subsequent prescriptive laws will presumably follow. This dramatic change shifted the judicial system from a Belgian-inspired civil law system to a modified common law system, which is the norm in many other Anglophone African countries. Likewise, the GOR developed genocide justice during the transition period. Gacaca – a traditional adjudication practice that has been adapted to help address the lower level genocide-related cases – is now underway. 250,000 judges were elected and trained—although there continues to be significant training needs.

**Bicameral Legislature:** A new bicameral legislature will be established after the September 2003 election. These new legislative bodies will face many challenges, including orienting new legislators, notably the new women parliamentarians who will be elected by special election, and putting into place legislation that has been pending for the past year. The present draft of the new law for land reform is unclear about implementation arrangements and there is concern that under certain scenarios the reform process could become a conflict flashpoint or result in an increase in internally displaced people. Progress with land reform will be followed closely by the DG and Regional Economic Growth SO teams and activities to reduce land reform as a conflict trigger will be incorporated into both SOs where feasible.

**HIV/AIDS and other public health threats:** HIV/AIDS has increased resource demands in health as well as in social and economic sectors. High birth rates are still expected to more than double the population in less than twenty years. The pressure on already strained land and water resources will increase the potential for conflict, highlighting the need for effective systems of negotiation and problem solving. Equally significant is the anticipated urbanization of what has been a heavily rural population. Since 1990, Rwanda has gone from 7% urban to 15%, and by 2020 will reverse the location of the majority with an estimated 60% urban population. HIV/AIDS infection is dramatically more significant in urban areas. Homeless children and unemployed youth are also increasingly visible on urban streets, representing a future population of disaffected and poorly skilled young adults. Thus, the health sector and economic growth support become priority service areas for decentralization as a response to these trends. Targeting resources to Kigali and other urban areas is necessary, given the higher prevalence of HIV/AIDS and the role the cities play in the growth of the country.

Despite recent democratic gains, Rwanda cannot be considered an ordinary country. It must be considered as, in effect, a society in post-traumatic convalescence. This gives rise to an assumption that the ordinary rules of state-building and democracy cannot be applied by the government, or by the international community, in the ordinary ways. Throughout the transition period, USAID has taken advantage of specific windows of opportunity to engage both the GOR and civil society to support the stabilization and democratization processes.

### 3. USAID's Engagement in the Democracy and Governance Sector

Since 1995, USAID/Rwanda has ranked among the largest donor agencies in the Democracy and Governance sector. The current DG SO has aimed activities at increasing the rule of law and transparency in governance. Activities in support of democracy and governance have been central to USAID programs not only because of the urgent need in post-genocide Rwanda, but also due to the deep realization that USAID programs in the late 1980s failed to address the fundamental flaws in issues of governance that contributed to the devastation of the 1994 genocide. Programs since 1995 have helped to re-establish and maintain peace and security, encourage a more independent and effective judiciary, promote greater citizen representation to increase accountability and transparency at all levels of government, and promote the healing and tolerance that are the foundations of reconciliation and unity.

USAID/Rwanda DG activities in the early transition phase were aimed at providing security for Rwandan persons and property. Under the current DG SO, USAID supported the professional development of a new national police force. In 1996, USAID provided funding for the production of ethnicity-free identity cards as a measure to end divisionist discrimination.

In addition to being an early sponsor of the NURC, USAID has supported several justice sector activities to help facilitate national reconciliation. These activities include: the development of a nationwide justice sector computer network to facilitate both formal justice and Gacaca file transfers, the physical rehabilitation of regional court buildings; a wide-reaching conference on genocide; provision of essential commodities for the judicial investigators in order to compile case files for the over 115,000 prisoners detained on genocide-related charges; provision of a justice advisor to the Prosecutor General's office; and the establishment of an English-language law degree program at the National University of Rwanda. The DG SO has also placed Rwandan journalists at the International Criminal Tribunal for Rwanda (ICTR) in Arusha, Tanzania, so that Rwandans could receive first-hand knowledge of the procedures.

One of the primary supporters of Gacaca, USAID/Rwanda has facilitated national consultations that helped to refine the Gacaca legal process, provided supplemental Gacaca judge training and nearly US$1 million in support of a national Gacaca case management database. This network will have broad implications for GOR; in the near future, it will be available to other ministries as well, thereby facilitating communications and research.

USAID/Rwanda has focused many of its efforts at the community level in order to assist and empower individuals and groups particularly affected by the genocide. By supporting and promoting efforts to end gender- and sexually-based violence, USAID has addressed some of the needs of survivors still struggling with the consequences of sexual torture. The DG SO has also provided grants to numerous groups addressing the needs of traumatized individuals. Additional grants were administered for community-based activities in which local groups identified their development needs and then implemented inexpensive but significant community projects. Working with local NGOs, USAID has worked with several local NGOs to increase their organizational capacity to assist and advocate for women, labor unionists, and political activists. USAID is committed to developing strong and responsible CSOs that can respond to local needs, while fostering national dialogue on sensitive post-genocide issues.

USAID has supported Rwanda's decentralization in several ways. In addition to facilitating the development of the national fiscal decentralization framework, USAID has established a nationally-accepted accounting system for district government offices and trained the relevant officials. Informed collaboration between CSOs and the GOR is an ongoing effort, as is support for increased transparency in the areas of policy development, implementation, and financial accountability.

The upcoming national elections represent the official end of the Transitional National Government, and are thus an important watershed in Rwanda's political development. In recognition of this fact, USAID/Rwanda has supported the election process by funding educational election posters, providing polling station materials, and purchasing indelible ink. USAID is also working with the National Electoral Commission to establish a complete and transparent voter database system which may culminate in the production of security-enhanced voter cards. USAID is also supporting independent media coverage of the election process as well as a team of international observers.

In addition, with funding through the Leland Initiative, EDDI, and an AFR public-private partnerships award, USAID funded significant education and ICT activities with the NUR, the Kigali Institute of Science and Technology, the Kigali Institute of Education, and the Primary Education Department of the Ministry of Education. Through the purchase and installation of computer equipment, and technical assistance and training for professors, teacher trainers and teachers, all levels of the GOR education system are coming on-line and benefiting from ICT.

### 4. Development Hypothesis and Critical Assumptions

The Mission's Democracy and Governance Strategy is based on the hypothesis that **if** interaction between government bodies and responsible civil society organizations can be incorporated into the

standard operating procedures of society, **then** Rwanda will evolve more quickly and effectively towards a strong participatory democracy. Although national decentralization policy implementation is already underway, local government institutions are weak and will need sustained support if they are to succeed in their mandate to provide effective delivery of services to the community. People at the grassroots level are waiting to see the impact of local empowerment in their lives. At the same time, a new legislature – will be elected in September 2003, and should play a significant role in encouraging civic involvement. Citizens' involvement is essential to make this new approach work, but the capacity of civil society is lacking. This SO will strive to build capacity at each level, and to foster interaction amongst the various political actors.

The development of this SO was informed by numerous studies and analyses including the Civil Society Assessment, April 2001; Decentralization Assessment, November 2002; Conflict Vulnerability Assessment, April 2002 – January 2003; Rwanda Democracy and Governance Assessment, December 2002; and Justice Sector Assessment, December 2002 (see summaries in Annex A, pages 78-134), and includes the **critical assumption that** USAID/Rwanda receives the resources needed to continue its presence in the democracy and governance sector, including Economic Support Funds and special earmarks and regional project funds.

### 5. Consultative Process

The USAID/Rwanda Democracy and Governance team has consulted with a broad range of stakeholders in order to produce an effective and realistic strategy that will build on USAID's areas of comparative advantage and reflects a broad consensus view of USAID's future role in DG activities in Rwanda. Specifically, the team held a series of consultative meetings with current and potential stakeholders, including GOR representatives, implementing partners, donors, and CSOs. USAID held these meetings on October 8, 2002, with approximately 20 stakeholders in attendance to discuss preliminary thinking on Democracy and Governance Strategy development; and on January 22, 2003, to discuss a revised version of the team's results framework. Additional meetings were facilitated with separate ministry officials who were not able to attend those partner meetings. Comments gathered at these meetings have been incorporated into this SO's development. Drafts of the Results Framework, as well as the Mission's democracy and governance-related assessments were shared and discussed with other donors. In designing the DG section of this ISP, USAID DG and conflict management colleagues in REDSO, and AFR were consulted.

## Figure 1. USAID/Rwanda Results Framework for Democracy and Governance

**Critical Assumptions:**
- Adequate USAID funding;

# SO 5: Improved Governance through Increased Citizen Participation

**Overall indicators:**
Citizen confidence in government processes increased
Citizen engagement in government increased at all levels

**I.R. 5.1**
Reinforced capacity for implementation of decentralization policy implemented in target districts
**Key Indicator:**
- Percentage of district plans and budgets documented to reflect citizen input
- Percentage increase in local resources going to priority needs, including health

**I.R. 5.2**
Increased government responsiveness to citizen groups at the national level
**Key Indicator:**
- Number of issues influenced by CSOs
- Number of National Legislature public hearings

**I.R. 5.3**
Enhanced opportunities for Reconciliation
**Key Indicator:**
- Percentage of citizens perceiving that courts (classic and Gacaca) are rendering equitable justice

*I.R. 5.1.1*
Strengthened capacity of central and local administrations to implement decentralization

*I.R. 5.1.2*
Increased citizen participation in local-level policy and decision-making processes

*I.R. 5.2.1*
Increased consultative capacity of targeted government units

*IR 5.2.2*
Strengthened civil society capacity to represent citizens' views at the national level

*I.R. 5.3.1*
Improved efficiency and effectiveness of selected aspects of justice delivery

*I.R.5.3.2*
Positive interaction among diverse groups of people supported

### 6. Results Framework

**SO5: Improved Governance through Increased Citizen Participation**

*Key indicators:*

Polls will be undertaken annually in target areas with 2003 serving as the baseline to determine:

- Percentage of citizens with increased confidence in government processes as they are evolving in their communities
- Percentage of citizens engaged in government processes

This Strategic Objective builds on the work of the previous DG SO which focused on decentralization, strengthening civil society, and rebuilding the justice sector. The Mission will achieve this objective by providing parallel and interrelated support for governmental bodies and civil society actors to build an interactive process focused on three Intermediate Results (IR): IR 5.1 Reinforced capacity for implementation of decentralization policy in target districts; IR 5.2 Increased government responsiveness to citizen groups at the national level; and IR 5.3 Enhanced opportunities for reconciliation.

In implementing this SO, USAID will continue to support Rwanda's groundbreaking decentralization program, to assist Rwanda's new legislative bodies to carry out their mandates of representatives of the citizenry, and to strengthen Rwandan CSOs to increase citizen participation in local and national governmental decision-making. USAID will also continue to support justice sector efforts to increase the possibility for further reconciliation within Rwanda. Efforts to address the past through Gacaca or the formal justice system will be coupled with civil society efforts to ease the trauma still pervasive in society and help to chart new norms of conduct that promote the rights of all people to live in peace.

**IR 5.1: Reinforced capacity for implementation of decentralization policy in target districts**

*Key indicators:*

- Percentage of district plans and budgets documented to reflect citizen input
- Percentage increase in local resources going to priority needs, including health

Both the CVA and the DG Assessment noted that the authoritarian nature of the previous Rwandan government and its acceptance by the citizenry were important contributing factors to the genocide. Building an effective development partnership between local government and civil society will help to change these entrenched political and cultural values. This Intermediate Result will be achieved through an innovative synergy with the Health SO team, in which local level community groups will increase their capacity to participate in decision-making and assist implementation of community development projects, particularly those related to health.

The transitional government has instituted a broad decentralization process that will effectively remove many decisions from central control and place them at the district level. To successfully implement this plan, assistance is needed on several fronts. District officers need to build administrative competencies that enable them to develop district plans; identify and collect at least part of the revenue needed for local development; account for all funds in a transparent manner; and begin to incorporate the social sector programs implemented though parallel decentralized structures – such as health, education and agricultural development support – into district-wide plans. In addition, civil society needs to be engaged at each level of the administrative process and to see some visible change as a result if people are to believe that decentralization efforts are genuine and represent real benefits for their respective districts.

To address these challenges, two sub-Intermediate Results will be achieved:

**IR 5.1.1: Strengthened capacity of central and local administrations to implement decentralization**

The success of decentralization rests in the institutional capacity of district councils and local administrators to work effectively with local communities. This requires the development of both elected and appointed officials and CSOs in areas such as planning, priority setting, and budgeting as well as designing and implementing programs and projects. Resource mobilization is also essential to effective community programs. Central funds will never meet local needs, so districts

must develop fair revenue-generating strategies that do not discourage the private enterprise needed for economic growth.

The proposed national grant program for district governments, the Common Development Fund (CDF), is built on early programs initiated by USAID and other donors; these programs allow communities to determine their needs and develop small but viable projects to meet those needs, which in turn will result in better services, infrastructure, and economic-based support such as improved markets. The program creates an incentive for improved dialogue, as administrative districts and citizens consider the best way to use these resources in their communities. Not only do these funds assist communities by supporting projects, but they ultimately serve as an anti-corruption measure by ensuring reliable and regular reporting and feedback systems for both the government and the public.

*Illustrative Activities*:
Activities under this sub-IR will build upon community development programs such as the CDF. A technical assistance plan for support to the Ministry of Local Government and Ministry of Finance on fiscal decentralization will define the specific areas for USAID assistance. Support will be linked to specific sectors – beginning with health, and possibly continuing in education and agriculture, resources permitting – to implement the decentralization policy. Competency-based training programs will be developed at the national level and implemented in target districts in conjunction with the Ministry of Local Government, Ministry of Finance, and line Ministries. There will be continued on-site training and re-enforcement of financial accountability procedures. Technical assistance and training will be expanded to include strategic planning mechanisms, local resource allocation across programs and services, and project and service delivery preparation. Institutional development will also focus on ways to incorporate input from community groups and CSOs as District Councils plan, set priorities, budget, design, and implement programs and projects. New training modules may address such areas as management, law, human rights, and principles of good governance.

Initially, activities will focus on clarifying roles at the national level and at the local level, supporting the integration of Health Districts with the Administrative districts. There are currently 106 administrative units but only 39 Health Districts. Both of these structures are decentralized but not geographically coherent, and the ministries wish to harmonize them in order to enhance local services. Health Districts have been working under a decentralized program for five years, and their experiences should and will inform the decentralization process in the Administrative Districts. However, financial accountability in the Health Districts is weak, so the accounting system already developed for the Administrative Districts may be a helpful tool for the Health Districts. Officials at both levels will be trained in program fund accounting, including how to augment resources available for service delivery. Administrative districts will be supported in developing their development plans and identifying priorities for health-related projects. In order to develop transparent community-based health programs that reflect district priorities and community input, local citizens as well as the health and administrative teams will participate in district planning for health services. Districts will be supported with two specific goals in mind: 1) to establish participatory mechanisms that ensure citizen and stakeholder participation, and 2) to effectively monitor budget allocation and project implementation.

#### IR 5.1.2: Increased citizen participation in local-level policy and decision-making processes

Due to the deeply entrenched centralized authority in Rwanda, one of Rwanda's most neglected sectors has been civil society. CSOs are particularly weak at the local level, and people are reluctant to re-define their roles in the governmental process. Civil society input into local government decision-making processes and in monitoring implementation of those decisions is critical to building citizen confidence in government and in making services more responsive to citizen needs.

*Illustrative Activities:*
To achieve this sub-intermediate result, DG activities will focus on two areas: 1) capacity-building support for national- and provincial-level CSOs to mentor local level citizen groups so they can effectively engage local government on issues of development planning and encourage accountability; and 2) continued limited financial support for participatory local community development activities. Partnerships among civil society, the private sector, and local governments will be encouraged to ensure improved economic development and service delivery.

These activities will complement the establishment of participatory decision-making systems at the local level and will focus on women's participation, as appropriate. Training modules will cover the role of civil society at the district level and management for creating and administering legitimate community development programs. Strengthened CSOs will contribute to good local governance by improving public participation and increasing oversight, resulting in improved services, increased transparency, and minimized opportunities for corruption.

**IR 5.2: Increased government responsiveness to citizen groups at the national level**

*Key Indicator:*

- Number of issues influenced by CSOs
- Number of National Legislature public hearings

Although decentralization is an important element of the democratic evolution occurring in Rwanda, national legislative bodies have an integral role to play in the push and pull of the democratic process. Legislators must listen and respond to the people, initiate and debate legislation, and support or challenge executive actions as appropriate.

To achieve this delicate balance of advocacy and oversight, legislators and national CSOs need to develop the skills of participatory governance. This process began during the transition period as the Transitional National Assembly played an increasingly active role in reviewing proposed laws and calling on ministers to account for policies and budgets. These early steps have helped to define the role of the legislature in the Rwandan context.

However, both the CVA and the DG Assessment noted trends toward: 1) more narrow and exclusive debate of important national policies; 2) government consultation processes characterized as mobilization of support for decisions already taken rather than open discussion of issues; and 3) increasing intolerance of dissent. Reversing these trends is essential to the objective of greater citizen participation in decision making.

National CSOs have also begun to inform lawmakers, advocate on behalf of their constituents, and question government actions that run counter to the public good. Many constituencies, such as human rights advocates, genocide survivors, women, labor unions, and people concerned about land tenure issues, are among the groups that now have national CSO representation.

The new constitution gives individuals the right to elect political party candidates who will represent them at the national level. It also designates, for the first time, 30 percent of seats in the Parliament and Cabinet specifically for women. Accordingly, representatives must now develop the skills necessary to listen to the electorate and respond to its needs. In the same manner, national CSOs need the skills to be a link between citizens and national government to help open dialogue, increase political space for dissent, and increase participation in national politics.

To address these issues, two sub-Intermediate Results will be achieved:

**IR 5.2.1: Increased consultative capacity of targeted government units**

The role of the legislative branch is slowly being redefined as independent and representative in Rwanda. Early efforts with the Transitional National Assembly have demonstrated that officials are eager to learn new ways to play this important role. Public dialogue is slowly expanding, but its quality can be improved and frequency increased. To promote this process, USAID will help government officials gain the skills necessary for participatory governance and foster an environment supportive of public debate on issues and policies.

*Illustrative Activities:*

To achieve this sub-Intermediate Result, activities will include capacity-building technical assistance to the legislative and, potentially, the executive branches of government that will focus on the mechanisms and skills necessary for consultative processes. Special attention could be paid to newly elected women officials. Funds may also be made available for open debates on national issues through various fora such as radio, town hall meetings, and public national debates. Financial support is also planned to promote the discussion of national issues at the district level during the 2006 local elections. Illustrative national issues to be debated could include: access to community health care and HIV/AIDS services, health and fiscal decentralization, regulation of import/export trade taxation, access to rural finance, and/or land

reform. Bringing these issues into open political space would promote synergy with the Mission's other SOs and would ultimately assist other Mission SO teams in achieving their respective results.

**IR 5.2.2: Strengthened civil society capacity to represent citizens' views at the national level**

Public dialogue assumes two or more parties with a variety of views. Just as legislators need to develop the mechanisms and skills for participatory democracy, so do CSOs. To be an advocate and watchdog at the national level, CSOs need the skills to seek public input, analyze issues, prepare presentations, defend positions and question authority. In addition, such groups need to develop the skills to manage and administer their organizations effectively and to account for resources in a transparent manner.

*Illustrative activities:*
Activities in support of this sub-intermediate result will include capacity-building assistance to selected national-level CSOs, focusing on policy analysis, advocacy skills and public opinion assessment.

**IR 5.3: Enhanced opportunities for reconciliation**

*Key indicator:*

- Percentage of citizens perceiving that courts (classic and Gacaca) are rendering equitable justice

Participatory democracy cannot thrive in an environment of suspicion and recrimination. Rwanda's past is an ever-present specter that will not go away without great effort. The GOR has struggled to provide balance between moving forward with important democratic reforms and recognizing that Rwandans still need to internalize psychological and behavioral changes that would help mitigate internal conflict. "Never again" are words frequently on the lips of government and civil society interlocutors alike when discussing the genocide, but the reality is that the genocide ideology and security threat still exist. Therefore, it is essential that efforts for improved democratic processes also address Rwandans' needs for justice and healing. The Mission has funded justice sector activities primarily from ESF, and the depth and breadth of continued activities will depend on the level of ESF support received.

To address these issues, two sub-Intermediate Results will be achieved:

**IR 5.3.1: Improved efficiency and effectiveness of selected aspects of justice delivery**

There is immediate need for continued support for Gacaca. This process is a bold initiative to document the past, seek justice, and begin the healing process. Its success is critical if the culture of impunity is to end. While donor support will not guarantee its success, a lack of donor support will guarantee its failure. Therefore, USAID will continue to be involved in this process in order to support the prospects for a positive outcome. According to Rwanda's Supreme Court, Gacaca could take up to ten years to complete and require an additional US$22.6 million in donor funds for supplemental materials, training, and other urgently needed services. There are also extensive needs in the judicial branch to implement the obligations and reforms of the new constitution. While this immense requirement may exceed USAID's limited resources, it does not preclude us from playing a supportive role.

*Illustrative Activities:*
Since 1994, the justice sector has been overwhelmed by the magnitude of the task before it and the need to establish a professional and independent judiciary. The new constitution redefines the justice sector and the legal practices that will be used in Rwanda. The change to a modified common law approach somewhat resembling the US system, provides the USG with greater opportunities for involvement, such as legal training for justice sector officials. The extent of activities will depend on funding levels, including support for the Gacaca process. USAID will also identify specific areas of support that build on its recent ICT activities in the justice sector.

**IR 5.3.2: Positive interaction among diverse groups of people supported**

Legal answers are not sufficient to address the pain and confusion that still haunts much of Rwandan society. Past USAID assistance has addressed issues of trauma, sexual- and gender-based violence and community dialogue and consensus building, in an attempt to promote psychosocial healing and to reinforce a change toward positive sociological ideologies.

*Illustrative activities:*
USAID will continue to seek support from central and regional programs and congressional earmarks, such as those for supporting victims of torture and conflict management. Reconciliation activities with community-level organizations related to children and youth and land disputes will be coordinated with the USAID Health and Regional Economic Growth Teams.

### 7. Linkages to USAID Global and Regional Objectives, USAID/Rwanda's SOs for Health and Economic Growth, and U.S. Embassy Performance Goals

The Democracy and Governance SO comes under the Agency Pillar for **Democracy, Conflict and Humanitarian Assistance (DCHA)**, under the USAID Program Goal to **Strengthen Democracy and good governance,** and under Objective 4: **Encourage more transparent and accountable government institutions.**

To the extent possible, the DG SO team will work with local-level community organizations in the health and agriculture/economic growth sectors in order to achieve cross-sectoral synergy within the USAID/Rwanda Mission. Activities with health-oriented community development groups that provide organizational and advocacy capacity-building will present opportunities to co-fund certain activities, thereby optimizing the impact of the Mission's funds. Agricultural cooperatives are vital rural community organizations, and similar linkages between DG and the Rural Economic Growth SO will help both SO teams achieve their respective objectives.

Mission synergies will also be created at the policy level. The DG SO team's work on policy advocacy and decentralization at the national level – specifically on issues related to health and economic growth – will promote synergistic relationships between the SO teams and will help build capacity within the GOR, CSOs, and the private sector. When advocating at the national level, CSOs and private sector organizations can be effective engines for economic growth, while at the same time providing transparency to the process. Support for a productive and democratically enabling civil society ultimately should be borne at least in part by private sector actors; the linkages with the private sector at the national level could provide a venue for talking about corporate responsibility and citizenship – especially the issue of corporate philanthropy, a concept entirely foreign to Rwanda's private sector.

The USAID Democracy and Governance Strategy also directly supports Performance Goal #2 of the US Embassy in Kigali Mission Performance Plan (MPP): **Support and strengthen structures that will make Rwandan society more democratic.** By requesting Economic Support Funds for USAID's decentralization, justice and Gacaca, and civil society activities, the Embassy – including the Public Diplomacy Section – works in close collaboration with the USAID DG SO Team.

### 8. Donor Coordination

The donor community in Rwanda is engaged in a number of complementary activities. Key bilateral partners in the specific areas of the new strategy are noted below:

- **Decentralization:** DFID provides support to the Ministry of Finance to promote transparency in budgeting, and has also expressed interest in providing budget system training for district level officials in all 106 Administrative Districts. Sweden is working with decentralization programs in Butare, while the Dutch focus their decentralization activities in the Cyangugu Province.
- **Justice sector and** Gacaca*:* The EU supported a major training program in justice and provided budgetary support for Gacaca. They have also been supporting democratization at the cell level and district and sector level human rights training. The Dutch Government is engaged in assistance to the judiciary, supports the principle Rwandan human rights organizations, and has provided assistance to the media sector (working in concert with DFID). Belgium's DG-related support has focused on Gacaca budgetary support and Gacaca monitoring; they have supported monitoring activities in six of 12 provinces using local NGOs. The activities of the Swiss Cooperation in the DG-related areas focus on the areas of human rights and Gacaca monitoring, primarily in Kibuye Province.
- **Institution-building:** The Swedish Cooperation's (SIDA) primary emphasis in good governance is on institutional capacity-building; they are restructuring the national police, supporting demobilization of soldiers, and providing extensive support to the National University of Rwanda. The European Union and the World Bank provide extensive

budgetary support for institution-building. The Belgians also helped to support NGO capacity-building. SIDA, DFID, and the Belgian Government provide support to the National Unity and Reconciliation Commission.

Rwanda is currently receiving interim assistance from several multilateral organizations, including IDA, the IMF, the ADB, and the Paris Club. The World Bank's rural sector support project includes a component for reform of the general public administration sector and its Emergency Demobilization and Reintegration Project assists ex-combatants with re-integration into the social and economic life of the country. UNICEF is working with the Ministry of Education to produce a set of modules on reconciliation in the national school curriculum.

## 9. Global Development Alliance

### Rwanda Alliance for Primary Education Computerization

The Rwanda Alliance for Primary Education Computerization, comprised of World Links, AlphaSmart, ComputerAid International, Microsoft, Device Global Technology, and Birchfield Interactive PLC, are implementing a project which will supply a blend of information technology hardware, software, and basic computer literacy training for students and teachers in all Rwandan primary schools. This project leverages the equivalent of US$5.4 million in financing and in-kind contributions by partners on a USAID investment of US$1.1 million. This was the Rwanda Mission's first GDA.

### MacArthur Foundation

Preliminary discussions are underway between the DG SO team and the John D. and Catherine T. MacArthur Foundation on a joint program to support the Gacaca process in Rwanda. Traditionally, the MacArthur Foundation focuses its international justice grant mechanisms on the establishment and operations of international criminal courts and tribunals, as well as national level assistance to sensitize countries about their national responsibility for the tribunals. However, the unique legal situation in Rwanda resulting from the genocide has sparked an interest within the Foundation for a special one-time opportunity to fund an activity supporting the Gacaca judicial training. The Democracy and Governance team will continue its engagement in improving the efficiency and effectiveness of justice delivery, and a MacArthur Foundation training program would be an effective complement to current DG justice sector activities. As many donors are committing resources to the Gacaca process, there may be opportunities to develop a more comprehensive GDA in the near future.

## 10. Implementation Modalities

The Mission anticipates that three to eight implementing partners will work towards these goals. One third of these will likely be contractors, while two-thirds will be grantees. Although one or more central Indefinite Quantity Contracts (IQC) may be utilized, preference will be given to Rwandan implementing partners. These will be new partners and therefore new procurements.

**Table 4. Illustrative Performance Monitoring Plan DG SO 5**

| Level | Indicator and Definition | Data Source and Method of Collection | Data Acquisition by Mission | | Results | | |
|---|---|---|---|---|---|---|---|
| | | | Frequency | Responsible | FY | Baseline | Target (2009) |
| SO5 – Improved governance through increased citizen participation | Citizen confidence in government processes increased | Annual Polling[3] | Annual | P. Munyura | 2004 | [4] | [5] |
| SO5 | Citizen engagement in government increased at all levels | Annual Polling 1 | Annual | P. Munyura | 2004 | 2 | [6] |

[3] Scope of Work for Polling Exercise has been developed following AfroBarometer methodology. First poll will take place after completion of GOR elections during first quarter of FY2004. USAID will seek other donors to co-finance this activity.

[4] As of now, the political system is characterized by forced public mobilization, rather than voluntary public participation. Citizens therefore lack confidence in government institutions and civil society involvement is low.

[5] At the end of this strategy, we are expecting that citizens will have more confidence in the various central and local governments, parliament and judicial systems.

[6] Citizens and civil society will be more engaged in government processes and in local government processes in particular. Elected officials will be more accountable to their citizens by providing them better services.

## B. SO6: Increased Use of Community Health Services including HIV/AIDS

### 1. Statement of the Strategic Objective

USAID/Rwanda's Health Strategic Objective is **Increased Use of Community Health Services including HIV/AIDS.** Four Intermediate Results are incorporated in the SO framework to facilitate achievement of this objective:

- IR 6.1: Reinforced capacity for implementation of the decentralization policy in target health districts
- IR 6.2: Increased access to select essential health commodities and community health services
- IR 6.3: Improved quality of community health services
- IR 6.4: Improved community level responses to health issues

When referring to "community health services" in the context of the strategy, USAID/Rwanda envisions an optimized health care system which, irrespective of the location where services are actually provided, responds to community needs. Such a system fully integrates the community as an essential partner, along with health professionals and local elected leaders, in all phases of service design, financing, and delivery. The Mission will achieve this objective by reinforcing all levels of the decentralized health care system – central, district, community – to promote *demand* for, *access* to, and *sustainability* of *quality* community health services. This strategic approach is fully consistent with GOR priorities as expressed in the national PRSP.

### 2. The Development Context

Development in Rwanda must be understood in the broader context of the 1994 genocide. In the eight years since the civil war which devastated the country's population, infrastructure, and institutions, progress has been made in rebuilding a nation, including the health care system. The country has transitioned from the immediate post-genocide period of emergency humanitarian aid, to a long-term vision of sustainable economic and social development. Although successful health interventions have been implemented in Rwanda over the past nine years, the overall health status of the population remains poor.

**Maternal health:** The maternal mortality rate (1,071 per 100,000 live births) is one of the highest in Africa. While most pregnant women (92%) receive ante-natal care (ANC) services from a trained health provider and almost 80% report having two or more antenatal visits, two-thirds of women delay their first clinic visit until the sixth month of pregnancy or later. Moreover, 73% of women deliver at home. Of all pregnant women, only 31% have the assistance of a trained health provider at delivery. The vast majority of women (71%) receive no post-natal care within the month following childbirth.

**Family planning:** Another factor contributing to maternal mortality is the high total fertility rate (5.8 children) and a large unmet need for family planning/birth spacing services. Although 94% of all women are able to name at least one modern method of contraception, the percentage of women in union who have ever used a modern family planning method has declined from 25% in 1992 to 18% in 2000. Despite the fact that more than two-thirds of women in union age 15-29 years want to wait two years or more to have their next child, only 4.1% of married women in this age group are currently using modern family planning methods.

**Child health:** The infant mortality rate also remains high at 107 deaths per 1,000 live births. Approximately one of every five Rwandan children born will not live to see his/her fifth birthday. Clearly, several key child survival practices need strengthening. For example, whereas 85% of children have received their third dose of DPT by one year of age, only 70% of children in this age group have been fully vaccinated and 69% have received vitamin A supplementation. Approximately 97% of children are breastfed and 71% are still exclusively breastfeeding at 4-5 months of age. Most striking are the rates of moderate and severe growth retardation (42.6% and 19.1% respectively), and weight insufficiency (24.3% and 5.2% respectively) which clearly compromise growth and development of Rwanda's younger generation. Moreover, sick children often do not receive proper care. For example, only 15% of children with symptoms of acute respiratory infection were taken to clinics for evaluation, and only 30% of children with diarrhea were given additional fluids for rehydration.

**Malaria** continues to be a major cause of morbidity and mortality in Rwanda. According to Ministry of Health (MOH) estimates for 2001, one in ten adults experienced an episode of malaria and one of every three deaths among children under age 5 was due to malaria. Malaria was the leading cause of clinic visits and accounted for the vast majority of deaths at District Hospitals that year. Unfortunately, malaria prevention practices are not widespread. Only 6.6% of Rwanda households have a bednet and, among those households with children under five, only 68% report that all the children sleep under nets. Treatment for presumed malaria is provided very infrequently even to the most vulnerable populations. Among children under five with fever, for example, only 9.2% received anti-malarial medication. These data point to the need for priority interventions addressed towards malaria, nutrition and family planning/birth spacing.

**HIV/AIDS** has emerged as a generalized epidemic in Rwanda and constitutes an ever-increasing challenge for the health system and the economy as a whole. Although available data are limited, the seroprevalence rate appears to be highest in urban areas and may be higher in women than in men. HIV rates may tend to be higher in older age groups, but the seroprevalence among younger adults (15-24 years old) is not negligible. Because there is no reliable population-based survey from which a national seroprevalence rate can be calculated, the estimated rate of 8.9% as published by UNAIDS is used for planning purposes. The same source estimates 500,000 people (all ages) currently living with HIV/AIDS. In comparison, the most recent MOH statistics indicate a total of 17,950 AIDS cases reported between 1998 and 2001. This figure significantly underestimates the actual number of cases because AIDS patients may be registered under other clinical categories, and many patients die before accessing the health care system. Other reasons include reticence of health care providers to label a patient as having AIDS and lack of knowledge regarding the standard criteria for making the diagnosis of AIDS.

A number of factors impact the spread of HIV in Rwanda. Data from the Demographic and Health Survey (DHS 2000) and the Youth Behavior Surveillance Survey (BSS) confirm that the majority of Rwandans have heard of HIV/AIDS, although awareness rates are generally higher among adults compared with youth. Sexual debut among Rwandan youth is relatively late (21 years) compared with other sub-Saharan countries. However, condom use remains very low in the general population, with only 0.4% of women and 1.8% of men having reported using a condom during their most recent sexual relation. Access to condoms remains a barrier for some population groups: only 27.1% of out-of-school girls and 35% of adult women know where to obtain a condom. Women's limited decision-making authority and traditional gender roles within the Rwandan cultural context also contribute to an increased risk of HIV/AIDS transmission. Gender-based violence such as rape, domestic violence, child sexual abuse, and sexual harassment in schools, have been highlighted by top-level GOR leaders, including the President of Rwanda. However, increased effort is still needed to find practical solutions.

**Decentralization:** To better respond to the needs of the population, the GOR is implementing broad decentralization reforms impacting both health service delivery and local governance. Both the Rwandan government and population consider these reforms as the key to realizing their development goals, including health. The challenge is to clarify new roles and responsibilities at all levels of the decentralized system – including central level, Administrative and Health Districts, and within communities – and to build adequate capacity to enable officials at all levels to fulfill their new mandates.

**GOR priorities:** The GOR has identified health as one of its development priorities in the PRS, with the principal objectives being disease prevention (especially malaria and HIV/AIDS), increased access to integrated basic health care (including family planning services), and improved quality of care. To achieve these objectives, the GOR proposes several interventions, including support to Health Districts to strengthen decentralization of primary health care, health professional training, widespread introduction of pre-payment health plans (*mutuelles*), and improved access to condoms and bednets for the rural poor. To address the priorities, the GOR is requesting donors to work through the "Framework for Aid Coordination in Rwanda" which creates the conditions necessary to improve the efficiency, effectiveness, and impact of aid resources so as to better contribute to poverty reduction and sustainable development. Sectoral strategies based on PRSP priorities are considered "essential instruments" which will help assess the resources needed by sector and provide the basis for sector-wide programs. USAID will be an active partner contributing to the development of a national health plan and will adjust its activities as needed in order to support GOR health sector objectives.

To fully achieve these development goals, the GOR and its partners must engage in integrated systems-strengthening and institutional capacity-building within the decentralized health care system. Many health centers lack necessary infrastructure, equipment, and supplies. A shortage of qualified health care providers and administrators also continues to be a significant problem. The quality and quantity of pre-service and in-service training programs for health professionals in Rwanda are not optimal, and instructors often lack sufficient continuing education to keep their own skills and knowledge up-to-date. Administrative and management capacity of public health programs also needs reinforcement. Doctors and nurses educated in clinical care often find themselves in positions such as Health Center Directors or District Medical Officers without any training or orientation to the new skills they will need to be effective health program managers. Similarly, while decentralization of local administrative and financial control is a well-intentioned step, technical capacity of local leaders is not keeping pace with their new roles and responsibilities. There is also a significant shortage of public financing for the health sector. A national health accounts study in 1999 showed that 50% of health sector costs in Rwanda are provided through donor support, with only 9% coming from the government.[7] A sizeable 33% were paid directly by households, placing a large burden on limited domestic resources in a country where 60% of people live below the poverty level. Not surprisingly, health care costs are a significant barrier to services for many Rwandans. Given all these factors, it is understandable that the quality of health care at many facilities falls below national standards.

**Addressing Human Resource Needs:** The Health team identified the lack human resources and a major constraint for successful achievement of the SO and incorporated several activities to directly address this issue. In addition to continuing support for the School of Public Health and the National University of Rwanda, the SO will support the Kigali Institute of Health pre-service training program for nurses and other health professionals to increase the capacity to train and graduate qualified health workers for district hospitals and health centers. These two activities with key Rwandan health training institutions will lead to an increase in the numbers of qualified health workers.

At the same time, the GOR will be working on Civil Service Reform (with assistance from UK DFID and the World Bank) to improve the work environment and terms of employment for GOR officials. The donor cluster group for Health (headed by the Belgians) will make sure that improving the conditions of employment for health workers is given priority in the implementation of Civil Service Reform. The effect of the Decentralization Program on recruitment and employment of health workers at district level and below is still evolving. Working with the Ministry of Local Government and the Ministry of Health, the USAID DG and Health SO teams will monitor the progress and work with GOR and other donors to track changes and facilitate selection of the best options for recruiting and retaining qualified health workers, particularly at the district level.

Finally, through in-service training activities that will be developed to increase technical knowledge and skills in areas including family planning, malaria, child health and HIV/AIDS prevention and treatment, the competency of health workers will be directly addressed. By including training and focusing on interventions such as infection prevention and quality assurance, the health program will foster an improved work environment that will benefit not only health workers but also their clients who will receive better health services.

### 3. USAID's Engagement in the Health Sector

As a key partner in the health sector, USAID's support has evolved in response to national needs, from a focus on emergency humanitarian relief immediately following the genocide to sustainable health sector development under the subsequent strategic plan. With an influx of HIV/AIDS resources through Presidential AIDS Initiatives and by virtue of Rwanda's designation as an Intensive Focus Country, USAID has become the principal donor supporting a broad spectrum of HIV/AIDS health sector activities in prevention (including Voluntary Counseling and Testing (VCT), Prevention of Mother-to-Child Transmission (PMTCT), preventive therapy for opportunistic infections (OI), and peer education for youth, faith-based organizations, and the military), as well as clinical care (anti-retroviral program at two sites), and mitigation (community mobilization, income-generating activities, and home-based care).

The Mission has also expanded its health portfolio to address other PRS health priorities. In response to the high maternal mortality rate, USAID initiated interventions to improve the quality

[7] In 1999, the MOH received 4.2% of the national budget, but this level dropped to only 3.6% in 2001.

of reproductive health care. Following the results of a recent family planning assessment, USAID/Rwanda supported the development of client education materials, the introduction of a modern method of natural family planning, and technical support to the contraceptive logistics system. In malaria prevention and control, the Mission has supported the purchase of subsidized bednets and the revitalization of the national Roll Back Malaria (RBM) program. With Education for Democracy and Development Initiative (EDDI) resources, the Mission helped establish a Master's Degree program at the School of Public Health at the National University of Rwanda. To improve financial access to health care, USAID has supported the institution of pre-payment health plans (*mutuelles*) which provide Rwandan families with access to a basic package of health care services at a reduced cost.

Through USAID experience implementing health programs in Rwanda, several valuable lessons have been learned:

a. Health activities cannot be effectively implemented as vertical programs. Because the health care system has scarce resources and limited capacity to deliver quality health care services, a significant amount of effort must be invested to reinforce overall system infrastructure and capacity to provide **integrated services.**

b. GOR and donor efforts since 1994 have not yet succeeded in rebuilding capacities at the peripheral levels of service delivery. Health activities, especially more complex services such as clinical management of HIV/AIDS, can only be successfully accomplished by reinforcing the **decentralized health care system**.

c. Health communication and sensitization activities in Rwanda have not yet attained maximum impact primarily because effective communication channels have not been used. Significant emphasis needs to be placed on **interpersonal communication** through peers and formal leadership structures at all levels.

d. **Civil society organizations** (e.g. women's groups, agricultural cooperatives, associations of People Living with HIV/AIDS (PLWHA), faith-based organizations) are important partners for implementing effective health activities but, like many grassroots Rwandan groups, they lack program planning and management skills. Therefore, significant effort and time are required to ensure their sustainable participation in health promotion and disease prevention as well as care and support.

### 4. Development Hypothesis and Critical Assumptions

The Mission's Health Strategy is based on the hypothesis that **if** the community health system (service delivery and promotion of healthy behaviors) is strengthened through greater sustainability and higher quality of services, and the population's access to and demand for those services are increased, **then** the use of community services will also increase. Increased use of community health services and adoption of healthy behaviors will, in turn, result in measurable improvements in the health status of the population.

To ensure optimal performance and results under the Health Strategy, several **critical assumptions** are expected to remain true throughout the duration of USAID activities:

- HIV/AIDS, reproductive health, family planning, child survival, malaria, health communication, and health care financing remain strategic priorities for the GOR;
- Coordination is continued and strengthened among and between the government, donors, and NGOs;
- USAID continues to receive adequate levels of funding in all categories – especially in child survival, population, and malaria – in order to implement the integrated approach envisioned under this strategy;
- Other key partners – especially the U.S. Centers for Disease Control and Prevention (CDC), UNFPA, Global Fund, World Bank, and the Belgian Cooperation – meet their commitments for providing development support to Rwanda in the health sector;
- The GOR meets its commitments:
    - To assure adequate MOH staffing in key programs;
    - To fully implement the decentralization process, including the provision of adequate funds through the Common Development Fund;

- To create an effective mechanism ("Management Unit") for MOH to channel and manage (other) partner funds;
- To publicly advocate for solutions to the AIDS pandemic;

### 5. Consultative Process

To develop the new Health Strategy, USAID/Rwanda used a collaborative, consultative approach incorporating input from key partners in the Government of Rwanda, implementing agencies, other donors, program beneficiaries, and technical experts. USAID helped organize the first joint field visit with the MOH and the Ministry of Local Government (MOLG) to discuss the approaches for reinforcing capacities within the decentralized system with leaders from Administrative Districts, Health Districts, and community groups.

Numerous meetings and informal discussions with other donors such as UNFPA (reproductive health and family planning), the Belgian Cooperation, and WHO (malaria) also helped define the scope of USAID's activities under the new strategy. Similarly, USAID has planned its HIV/AIDS activities in conjunction with those of the World Bank, the Global Fund, and the Clinton Foundation. The Mission and CDC have also consulted frequently to coordinate the U.S. Government's (USG) large portfolio of HIV/AIDS activities in the context of the Presidential Initiatives (including PMTCT and Emergency Plan for AIDS Relief).

The Health Team also integrated input from program beneficiaries regarding their needs, expectations, and concerns. The DHS and BSS surveys provided data derived directly from population responses. Many of the assessments and reports cited in the Key Analyses section included interviews, discussion groups, and/or surveys of community members and civic leaders as part of their methodology. Feedback from community members voiced at meetings of Health Committees, Community Quality of Care teams, and *mutuelle* General Assemblies has also informed the design of the Health Strategy.

**Figure 2. USAID/Rwanda Results Framework for Health**

## SO6: Increased use of community health services, including HIV/AIDS

**Overall indicators:**

- Contraceptive Prevalence Rate
- Condom Use
- PMTCT Use
- Anti-retroviral Treatment coverage
- ITN Use

**Critical Assumptions:**

- HIV/AIDS, FP, MCH, ID/Malaria, and health care financing remain GOR priorities
- Strengthened coordination among GOR, Donors, and NGOs
- Adequate USAID funding in all categories
- Key partners are committed to provide health sector development support
- GOR will meet staffing, decentralization, funding, advocacy commitments
-

### SUSTAINABILITY

**I.R. 6.1**
Reinforced capacity for implementation of the decentralization policy in target health districts
**Key Indicator:**
- Integrated health plans with multiple funding sources

*I.R. 6.1.1*
Strengthened capacity of central and local administrations to implement decentralization

*I.R. 6.1.2*
Increased citizen participation in local-level policy and decision-making processes for decentralization implementation

### ACCESS

**I.R. 6.2**
Increased access to selected essential health commodities and community health services
**Key Indicator:**
- Number of Health Districts with 1+ sites providing comprehensive AIDS care

*I.R. 6.2.1*
Improved logistics management systems for selected essential health commodities

*I.R. 6.2.2*
Increased opportunities for community financial participation in health care

*I.R. 6.2.3*
Expanded range of community health and mitigation services available

### QUALITY

**I.R. 6.3**
Improved quality of community health services
**Key indicator**:
? Number of Integrated District Health Plans approved based on performance indicators

*I.R. 6.3.1*
Improved professional training programs for clinical and public health service providers and managers

*I.R. 6.3.2*
Improved health data collection and management capacities

*I.R. 6.3.3*
Improved supervision and training provided by Health District

### DEMAND

*I.R. 6.4*
Improved community level responses to health issues(HIV/AIDS/FP/CS Malaria)
**Key indicator**:
- Comprehensive prevention knowledge: HIV, malaria, unwanted pregnancies

*I.R. 6.4.1*
Reinforced capacity of community groups (CBO, FBO, Assoc PLWHA, and Health Providers) to promote positive health behaviors

*I.R. 6.4.2*
Expanded capacity of community groups to respond to needs of vulnerable and at risk populations

### 6. Results Framework

**SO6: Increased Use of Community Health Services including HIV/AIDS**

*Global Key indicators (for Intensive Focus Countries):*

- HIV seroprevalence
- Changes in sexual risk behavior (e.g., median age of entry into sexual relations, partner reduction in sexually active population)

*SO Key indicators:*

- Contraceptive Prevalence Rate
- Condom use at last risky sex
- PMTCT Use (number of HIV+ pregnant women receiving HIV prophylaxis)
- Treatment coverage (number of HIV+ individuals receiving ART)
- Use of insecticide-treated nets

The Mission will achieve this objective by reinforcing all levels of the decentralized health care system – central, district, community – to promote demand for, access to, and sustainability of quality community health services and health promoting behaviors (see Figure 1 above). USAID/Rwanda's Health Strategy is designed to reinforce GOR policies and priorities, to build on existing implementation experience and expertise, to capitalize on USAID's comparative advantages, and to complement activities of other donors. The SO focuses on "use" because this level is most directly within the Mission's manageable interest. This term also includes "use of" *health-promoting behaviors*, in recognition of the roles that individuals and communities play in improving health status.

With its broad and diverse health program experience, particularly in HIV/AIDS and reproductive health/family planning, and with its significant funding resources, USAID has emerged as a leader in the design, implementation, and scale-up of quality health program interventions and in health care financing. Because of USAID's field experience in supporting integrated service delivery, the MOH has requested that USAID maintains this orientation with the goal of increasing overall technical and absorptive capacity of the decentralized health care system. Because the GOR can address these problems most effectively in an integrated manner, the Mission has designed a strategy which integrates activities in all four technical priority areas: HIV/AIDS, Population, Maternal and Child Health, and Infectious Diseases/Malaria.

Taking into account progress and challenges identified in the current strategy, and requests from the MOH that USAID support the decentralized health system, the new strategy will concentrate primarily on strengthening the Health District level, with support to selected central-level activities and broad-based support for community mobilization in the selected Health Districts. Large infusions of funds to district levels from the World Bank's Multi-sectoral AIDS Plan (MAP), the Global Fund, and USG Presidential Initiatives and probably the Clinton Foundation, justify USAID's focus on improvement of local planning and management systems which can effectively use these resources to achieve HIV/AIDS objectives within the context of overall health systems strengthening.

The **district level** focus will be on joint programming of the "Integrated Community Health Model" (see Figure 3 below) characterized by effective participation across the "triad" of partners composed of:

- Health Technicians: district health team, hospital and health center personnel
- Local Government: elected leaders in Administrative Districts
- Community/civil society: community health workers, associations (women, youth, PLWHA, farmers, prisoners, etc.) faith-based organizations, community-based organizations, NGOs, etc.

The objective of the Integrated Community Health Model is to promote partnership for the design and implementation of coordinated programming based upon the management cycle: defining priorities; planning activities; budgeting and financing activities; implementing activities; and evaluating results. The product is a single comprehensive Integrated District Health Plan which coordinates activities and

maximizes both inputs and results. Strengthened management capacity will result in improved quality of health care delivery and ultimately increased use of services.

Based upon extensive discussions with MOH and other donors, USAID's **central level** support will target the following areas:

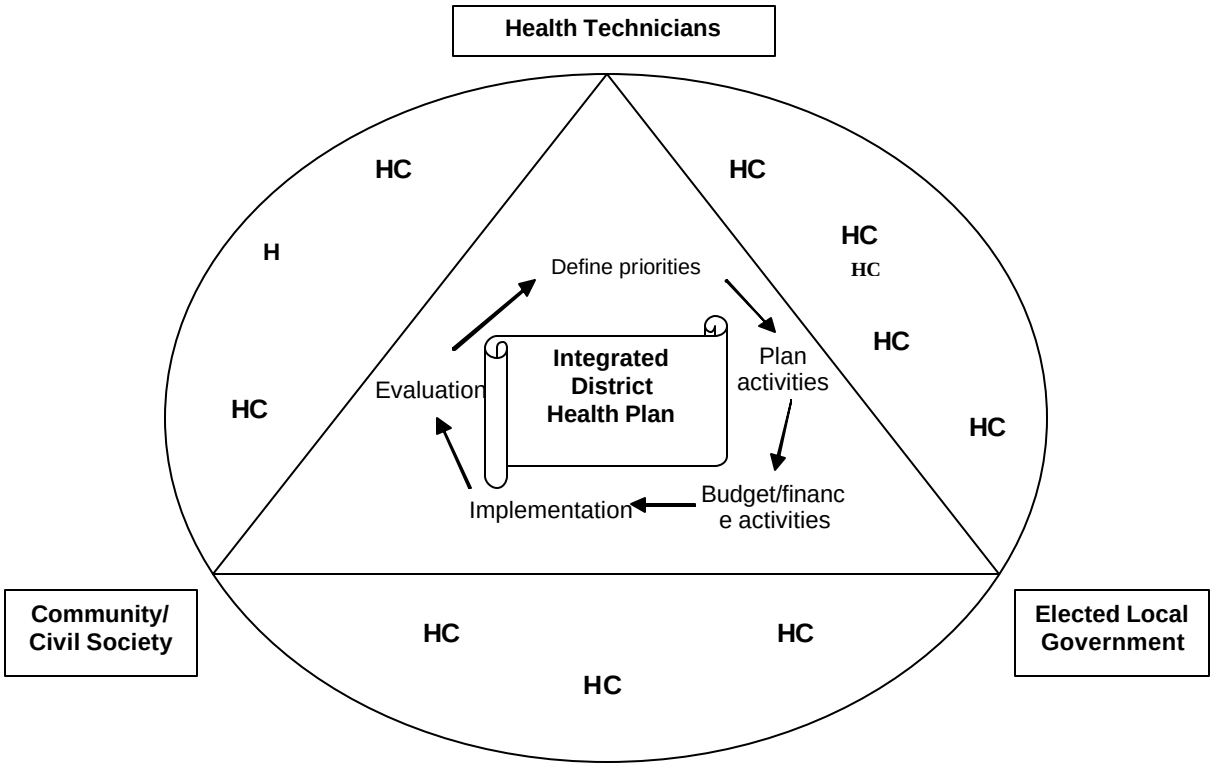
- Decentralization Implementation
- National Health Care Financing Policy (including health accounts)
- National Roll Back Malaria Program
- Health Communication (including HIV/AIDS BCC strategy)
- Drugs and Supply logistics (including HIV/AIDS and family planning)
- HIV/AIDS National Monitoring and Evaluation

USAID's **community level** support in the targeted Health Districts will include both advocacy and service delivery components:

- HIV/AIDS stigma reduction
- Community-based distribution of selected products (condoms, mosquito nets, contraceptives, etc.)
- Income-generation activities to increase financial access to services
- Home-based care
- Orphan support
- Food security and nutrition
- Community level interventions in HIV/AIDS mitigation, care and support developed by community groups such as CBO, faith-based organizations, Associations of PWLA

**Figure 3. The Integrated Community Health Model**

**Health District** (**H** – District Hospital, **HC** – Health Center)



### IR 6.1: Reinforced capacity for implementation of the decentralization policy in target areas

*Key indicators:*

- Number of Integrated District Health Plans (IDHPs) financed by multiple (3 or more) funding partners (including GOR, Common Development Fund, other donors, NGOs, etc.)
- Number of IDHPs developed in collaboration with multiple (3 or more) community-based partners
- Number of CSOs with improved capacity in program and fiscal management.

In collaboration with the Democracy and Governance Strategic Objective (SO5), the Health SO will support MOLG and MOH to transition more effectively to a *sustainable*, decentralized system. The Mission seeks to strengthen the policy environment and implementation of decentralized services at three tiers: 1) enhancing central planning and management systems; 2) improving decentralized (Administrative and Health Districts) planning and management to work toward the Integrated Community Health Model for joint planning and financing; and 3) increasing community participation by strengthening civil society organizations in the entire program management cycle, from initial planning and budgeting through to monitoring and evaluation.

#### IR 6.1.1: Strengthened capacity of central and local administrations to implement decentralization

USAID will provide technical assistance and funding support to the central level for advancing and monitoring the practical implementation of decentralization policy. At the Health District level, USAID will support implementation of the Integrated Community Health Model through training in all aspects of the program cycle (planning, budgeting, management, and evaluation) and through direct grants.

*Illustrative Activities:*
Support MOH and MOLG in identifying and applying policy actions to implement decentralization reforms for the health sector; strengthen MOH capacity to develop National Health Sector Plan for effective coordination of activities and resources (including a Health Financing Policy); provide training and regular site-based support for job competency to ensure effective joint Administrative District/Health District planning, budgeting and managing of health activities.

#### IR 6.1.2: Increased citizen participation in local-level policy and decision-making processes for decentralization implementation

Another area of synergy between the DG and Health SOs is the participatory planning and implementation of Integrated District Health Plans. Emphasis will be placed on strengthening the capacity of community groups to engage in planning processes with the Administrative District/Health District partners of the triad, and also to effectively plan and manage their own community-based activities as part of the Integrated District Health Plans.

*Illustrative Activities:*
Provide training to strengthen linkages between Administrative District/Health District leaders and the community through effective participatory planning and team building; provide training and support for community groups, civil society organizations, and vulnerable groups in the following areas: advocacy, communication, assets and needs assessment, and program planning and management.

### IR 6.2: Increased access to selected essential health commodities and community health services

*Key indicators:*

- Number of Health Districts with at least one site providing comprehensive AIDS care (including VCT/PMTCT, OI prophylaxis and treatment, ART, and community wrap-around services)
- Number of Health Districts assuring access to community-based distribution of selected essential commodities and services

A critical impediment to use of services is limited *access* to services. USAID's support will focus on key factors determining access such as the availability of essential commodities (e.g. bednets, HIV test kits, vitamin A, anti-retroviral drugs (ARV)), the client's ability to pay for health care services, and the complete package of services,[8] (e.g. behavior change education and counseling, nutrition, family planning, that are offered within the health care system).

**IR 6.2.1: Improved logistics management systems for selected essential health commodities**

A strengthened logistics system can help ensure that essential health commodities such as contraceptives, medications, bednets, condoms, HIV test kits, etc. are available at service delivery points.

*Illustrative activities:*

Provide technical assistance and training to MOH and national drug warehouse (CAMERWA) to enhance the logistics management system for essential health commodities and medications; provide technical assistance and training to Health District pharmacists, supervisors, and health center staff regarding logistics management for selected essential commodities and medications.

**IR 6.2.2: Increased opportunities for community financial participation in health care**

In order to reduce financial obstacles to accessing health care – without compromising quality or sustainability of services – a comprehensive analysis of real costs is required. USAID will support such analyses and based upon them expand access to innovative approaches such as *mutuelles*, health credits, public works programs, and group loans from local banks or microfinance institutions (MFIs).

*Illustrative activities:*

Conduct a National Health Accounts (NHA) analysis as the basis for developing a National Health Care Financing Policy; conduct a District Health Account analysis to determine costs for basic and integrated health care service packages; provide technical assistance to increase community participation in *mutuelles.*

**IR 6.2.3: Expanded range of community health services available**

At present, the minimum package of services according to national protocols is not available in all service delivery sites. USAID activities will help ensure access to the scope of basic services by expanding existing services, i.e., complete contraceptive method mix available at health centers, and by adding new services, i.e., ARVs, at appropriate service delivery sites.

*Illustrative activities:*

Provide technical assistance to central level coordinating network and district teams to help expand HIV/AIDS clinical care programs; provide on-site training for Health Animators to provide a broader range of community-based commodity distribution, i.e., family planning, bednets, water treatment, and health education; provide technical assistance and training to strengthen community capacity to provide "wrap-around" services (e.g. psychosocial support, nutrition, home-based care) for families impacted by HIV/AIDS.

**IR 6.3 Improved quality of community health services**

*Key indicators:*

- Number of Integrated District Health Plans including performance indicators on service quality with reliable mechanisms for indicator measurement
- Number of IDHP with evidence of attention to gender issues such as sexual violence, equity in service delivery, responsiveness to male and female reproductive health needs

[8] The minimum package of services has been defined for all levels of service delivery in the health care system, but not all sites can or do offer the complete minimum package.

- Percentage of clients served according to clinical standards (or protocols) in areas such as malaria in children, and presumptive treatment in pregnant women, ART, family planning, STI diagnosis and treatment

Clients will pay for services which they regard as being of good *quality*. Low health care utilization rates in Rwanda are attributable to many factors, including widespread, often accurate, perceptions that the quality of services is poor. USAID will strengthen the quality of decentralized health care services through interventions at several levels.

**IR 6.3.1: Improved professional training programs for clinical and community health service providers and manager**

USAID will support reinforcement of selected pre-service training programs so that health care professionals are adequately prepared with the technical and managerial skills to deliver the required package of quality services in the field.

*Illustrative activities:*
Provide technical assistance to MOH, Ministry of Education (MINEDUC), and other educational institutions and facilities to routinely review and update curricula for health professional training in clinical and community health areas, related to HIV/AIDS, RH/FP, and Child Survival/Malaria; provide on-site training and internship opportunities and technical assistance to provincial nursing schools to reinforce teaching skills, assure adequate clinical and didactic training, and update instructor technical knowledge. Work with other donors and the MOH to support civil service reform activities that will improve working conditions for health workers.

**IR 6.3.2: Improved health data collection and management capacities**

USAID will support improved health data collection, analysis, and utilization at all levels of the health care system to reinforce capacity of clinical and community health care providers and managers to make informed, data-based decisions.

*Illustrative activities:*
Provide on-going training and technical assistance to the National AIDS Commission (NAC) to implement the National HIV Monitoring and Evaluation Plan, including data analysis and report writing; provide training to Administrative District/Health District staff, including District AIDS Committees and health centers, to reinforce local health data collection systems and enhance capacities to use data reports for making informed decisions about health care services and for health care planning; provide basic training to community groups and leaders in health data collection and interpretation so to improve capacity to participate actively in Integrated District Health Planning.

**IR 6.3.3: Improved supervision and training provided by Health District**

In the decentralized health care system, the Health District team has primary responsibility for providing all in-service training and supervision for health care staff in their districts. At present, District teams are understaffed, under-trained, and under-funded to perform this important responsibility adequately. USAID will focus a significant amount of technical assistance and resources at the Health District level to enhance these capabilities.

*Illustrative activities*
Assist MOH to develop national policies, procedures, guidelines needed to reinforce services within the decentralized health care system; reinforce Health District personnel skills in training, counseling, management, and supervision to support quality services in HIV/AIDS, RH/FP, and CS/Malaria.

**IR 6.4: Improved community level responses to health issues**

*Key indicators:*

- Comprehensive prevention knowledge regarding HIV, malaria, family planning
- Number of CBO and faith-based organizations providing activities of psychosocial support, home-based care, income generating or other assistance for persons infected and affected by HIV/AIDS (including OVC)

Community action as well as individual behavior change will be necessary to generate demand leading to increased use of community health services and adoption of health promoting behaviors. Communication, behavior change strategies, advocacy, and community mobilization approaches are all required to promote changes in care seeking behavior, preventive practices, and community responses in care and mitigation for HIV/AIDS and community promotion of healthy practices related to nutrition, family planning, and malaria control.

#### IR 6.4.1: Reinforced capacity of community groups (CBO, faith-based organizations, Associations of PLWHA, health providers) to promote positive health behaviors

Creating capacity within the health system to develop health messages and materials, building health advocacy skills among local leaders, and improving ability among health care providers to counsel clients effectively, are all essential elements for promoting healthier behaviors among the population.

*Illustrative activities:*
Support the National AIDS Commission in developing the National HIV/AIDS BCC strategy and operational plan; provide training for health care providers in BCC/IPC skills with suitable client education materials; provide training and TA for assets and needs assessments, specific content programming around HIV/AIDS, MCH, malaria, advocacy and community mobilization to CBO, faith-based organizations and public and private sector health providers.

#### IR 6.4.2: Expanded capacity of community groups to respond to needs of vulnerable and at risk populations

This sub-IR complements IR 6.4.1 by facilitating a community response to improving the health and conditions of vulnerable and at-risk populations. It aims to foster participation and organized responses by CBO, faith-based organizations and other community groups to issues of stigma, conflict, allocation of resources and gender violence, through provision of home care, psychosocial support, and care for vulnerable populations such as OVC, prisoners being reintegrated into their communities, widows and PLWHA. This IR also provides the opportunity for linkages with Democracy and Governance interventions through increased citizen participation.

*Illustrative Activities:*
Support district level initiatives to promote community response to HIV/AIDS; stimulate participation in health communication activities among non-traditional partners (agricultural cooperatives, private sector, faith groups, etc.); provide training for community groups and leaders in integration of health messages and educational materials into their activities; conduct participatory, qualitative research in order to help local communities develop responses appropriate to the unique Rwandan situation

### 7. Linkages with USAID Global and Regional Objectives, USAID/Rwanda SOs for Democracy and Governance and Economic Growth, and U.S. Embassy Performance Goals

The Health SO comes under the Agency Pillar for **Global Health (GH)**, under USAID Program Goal — **World population stabilized and human health protected,** and under Objective 4: **Reduce HIV transmissions and impact of the HIV/AIDS pandemic**.

USAID's Health Strategy has been designed in close collaboration with the Democracy and Governance team and the Rural Economic Growth team. Perhaps the most innovative element of the new strategy design is the creation of the shared Intermediate Result 1 in the DG and Health Results Frameworks. Activities to implement this IR will be co-designed, co-financed, and co-managed by the two teams. Another area of synergy between DG and Health is institutional capacity-building within civil society. Under the health strategy, interventions will strengthen community-based organizations to be active participants in health planning, advocacy, and program implementation.

In collaboration with the CDC Office in Rwanda, the USAID Health Strategy also directly supports the Performance Goal #4 of the U.S. Embassy Mission Performance Plan (MPP): **Effective programs that promote global health, especially in the areas of HIV/AIDS, malaria, and tuberculosis**.

The Health SO also has synergies with the EG Strategic Objective for expanded economic opportunities in rural areas. These two SO teams are currently designing an operations research project to examine the impact of food aid on nutritional status and on "overall well-being" of PLWHA, as part of an evaluation of the LIFE project with PL-480 food support. This will inform future joint activities linking PLWHA, OVC, and other vulnerable populations to agricultural outreach services in order to improve food security and nutritional status. The two teams are currently co-funding a project to encourage groups receiving micro-credit loans to support community response to HIV/AIDS.

### 8. Donor Coordination

At the Third Annual Development Partners Conference in November 2002, the GOR encouraged the donor community to coordinate support through "donor clusters." USAID now chairs the HIV/AIDS cluster and is an integral member of the Health Sector cluster. A detailed description of HIV/AIDS donor coordination efforts and specific support by other donors is outlined in Table 2 (Section F) of the HIV/AIDS Strategy document (see Annex C attached).

Overall health coordination efforts are still nascent, due largely to the breadth of activities within the sector. Key bilateral partners for USAID in the specific technical areas of the new strategy are noted below:

- **Decentralization:** Swiss Cooperation and Dutch Government, each partner is supporting decentralized health service delivery in one province.
- **Malaria:** Belgian Technical Cooperation is the lead donor providing comprehensive support to the National Malaria program. The Swiss Government and USAID contribute mosquito nets.
- **Reproductive Health:** UNFPA provides comprehensive technical assistance to central-level MOH and in three provinces. In partnership with USAID they are strengthening contraceptive logistics systems and procuring selected methods. The German Cooperation supports condom social marketing and provides clinical technical assistance in two provinces.

Multilateral partners include WHO and UNICEF who provide central level support to the MOH and targeted support in selected districts. Both UN Agencies are active members in the Health Sector cluster along with the above mentioned bilateral partners.

### 9. Global Development Alliance

A potential new partner for HIV/AIDS interventions in Rwanda is the William J. Clinton Presidential Foundation, which has established a Memorandum of Understanding (MOU) with the GOR to introduce a large-scale, comprehensive program of clinical care for AIDS patients, including provision of ARVs. The Mission may enter into a GDA with the Clinton Foundation to partner in areas such as procurement and logistics for medical supplies and drugs, reinforcing the School of Public Health, and systems-strengthening/institutional capacity-building.

### 10. Implementation Modalities

The new strategy marks a significant turning point in USAID's health programming in Rwanda. Currently, the portfolio of activities is implemented primarily through Field Support, with each partner working principally in its own technical domain (HIV/AIDS, RH/FP, etc.) and in different geographic areas. Under the new strategy, USAID seeks to implement a thoroughly integrated approach. To achieve this objective, the Mission envisions three major bilateral procurements: (1) a Decentralization policy/systems management contract (co-financed and co-managed by the DG and Health teams), (2) an Integrated Service Delivery and Training contract, and (3) a series of grants through an Annual Program Statement (ASP) to support Community Action for Health activities. Additional, highly specialized technical assistance will be provided through a limited number of Field Support services. Over the life of the strategy, the Health SO activities will reach 50% of Rwanda's Health Districts (~ 20 out of 39). A more detailed description of planned procurements can be found in the HIV/AIDS Strategy (see Annex C attached).

**Table 7. Illustrative Performance Monitoring Plan for Rwanda Health SO 6**

| Level | Indicator and Definition | Data Source and Method of Collection | Data Acquisition by Mission | | Results | | |
|---|---|---|---|---|---|---|---|
| | | | Frequency | Responsible | Year | Baseline | Target (2009) |
| Global Indicator | Reduction in HIV prevalence rates among those 15 to 24 years of age by 50 percent – (In collaboration with host country and international partners and assuming funding levels stated in strategy are received in a timely fashion) | UNAIDS<br><br>Sentinel surveillance system | Annual | B. Sow | 2002 | 8.9% | 4.5% |
| SO 6 – Increased use of community health services, including HIV/AIDS | Contraceptive Prevalence Rate (Women in union, modern method) | DHS | Every 2-3 yrs | C. Connolly | 2000 | 4.3% (F) | 15% |
| SO6 | Condom use with last non-regular partner | DHS | Every 2-3 yrs | B. Sow | 2000 | 14.7% (F)<br>50.3% (M) | 30% (F)<br>65% (M) |
| SO6 | Number of HIV-positive women attending antenatal clinics receiving a complete course of ARV therapy to prevent mother-to-child transmission (PMTC) (In collaboration with host country and international partners and assuming funding levels stated in strategy are received in a timely fashion)<br>(USAID funded/Total National) | Project Reports (USAID Funds) / National Total MOH/TRAC | Annual | B. Sow | FY 2002 | 304 / 1,176 | Annual<br>6,000 / 12,0 |
| SO6 | Number of HIV-infected persons receiving ARV treatment<br>(USAID funded/Total National) | TRAC | Annual | B. Sow | 2003 | 85 / 2,500 | Annual<br>25,000 / 60,0( |
| SO6 | Percentage of those at risk for malaria benefiting from protective measures such as insecticide treated mosquito nets | DHS | Every 2-3 yrs | J. Mihigo | 2000 | 6.6 % | 20% |

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## C. SO7: Expanded Economic Opportunities in Rural Areas

### 1. Statement of the Strategic Objective

USAID/Rwanda's Economic Growth and Agriculture (including food security) Strategic Objective is **Expanded Economic Opportunities in Rural Areas**. Three Intermediate Results (IRs) are incorporated in the SO framework to facilitate achievement of this objective:

- IR 7.1: Expanded adoption of improved agricultural and business practices
- IR 7.2: More accessible rural finance
- IR 7.3: Improved rural infrastructure

This SO will expand economic opportunities in selected locations through strategic partnerships and increased incomes from both on-farm and off-farm employment. USAID's focus on economic opportunities in rural areas is completely aligned with the GOR's PRS that calls for the transformation of agriculture and the expansion of off-farm employment in the rural sector.

### 2. The Development Context

Poverty reduction within the PRS is based on transforming the rural sector, where an estimated 90% of the population lives, including 60% below the poverty line. Rwanda's economy is heavily dependent on agriculture, which supports over 90% of the population and contributes more than 40% of the GDP. Although agricultural productivity and yields of many food crops are below pre-genocide levels, targeted improvements are occurring. Due in large part to favorable climatic conditions, the agricultural growth rate increased from 7.7% in 2001 to 14.4% in 2002. Historically, coffee has been among the key cash crops and production levels are slowly recovering to pre-genocide levels. Tea is the country's leading agricultural export-earner, and is rebounding as well.

**Soil fertility and seed variety:** Increasing access to improved technologies and productivity-increasing inputs – especially fertilizers and seed varieties – is critical to raising performance in the agricultural sector. As characterized by the GOR's PRSP Progress Report: "Currently growth in agriculture is at the mercy of good weather." Soil fertility has been compromised by the loss of manure from livestock destroyed during the civil war, and only minimal use of agricultural inputs (organic, chemical and lime). On average, only 7% of farm households report using purchased inputs, either due to lack of knowledge about their effective use or lack of funds. Chemical fertilizers are only used by an estimated 5% of Rwandan farmers. In 2001, fertilizer imports were approximately 8,600 tons compared to 6,400 tons in 2000. With World Bank support, the GOR has put in place a fertilizer credit program and established approximately 3,200 fertilizer demonstration plots in order to educate farmers on the proper use of fertilizers. In addition, the National Seed Service has been established to produce and distribute improved seeds for multiplication in the country and to inspect those that are produced by the private sector.

**Land availability:** Land is regarded as the most important economic asset for the majority of Rwandans; however, with a population density rate of 322 persons/km$^2$, the availability of land is among the country's chief constraints. Approximately 11.5% of Rwandan households are without land. Of those who do own land, there is great variability in level of land ownership. About 55% of agricultural holdings are on less than 0.5 of a hectare. An estimated 21% of rural households hold between 0.5 and one hectare, and 12% of rural households hold between one and 1.5 hectares. Only 6.5% of rural households hold more than two hectares of land. For households who own as much as one hectare, plots are generally scattered and not contiguous. With a population growth rate of 3%, the pressure on small, degraded, and fragmented plots will be exacerbated. By 2020, the present population of 8.1 million is projected to double to 16 million; this could reduce by half the already tiny plot sizes that average 0.6 hectare per household, as well as increase the number of households which hold no land at all. Continuing to increase agricultural productivity is important, but clearly there are limits on what can be expected in terms of continued increases in production and yields. Therefore,

expanded and diversified economic opportunities in rural areas are imperative for maintaining the high economic growth rates Rwanda needs to develop as a nation.

**Land reform:** The implementation of land reform is central to the GOR's vision to transform the rural economy. The current draft of the law is unclear about implementation arrangements and there is concern that, under certain scenarios, the reform process could become a conflict flashpoint or result in an increase in internally displaced people. Particular concern centers on the lack of definition of what is involved in "professionalizing" farmers and the intent to consolidate farm holdings to a minimum size of one hectare. *Imidugudu* – Rwanda's "villagization" policy – is attempting to cluster families and the land they cultivate into more manageable units. Although there is a need for higher agricultural productivity of both food and cash crops on plots of all sizes, there must also be opportunities for employment in off-farm enterprise if the GOR's transformation vision is to be realized. High population density rates and population growth levels render the implementation of pending GOR policy and legislation regarding land use and ownership probably the most critical determinant of whether a peaceful and productive agricultural transformation can take place.

**Urbanization:** Demographic shifts associated with growing urbanization highlight the need to generate and diversify economic opportunity in the rural and peri-rural sector. While the level of urbanization in Rwanda was estimated to be 6.2% in 2000, it is projected to increase to 10.5% by 2020. Underlining the importance of diversifying the economic resource base in the context of demographic patterns, the GOR's Vision 2020 aims to reduce the population working in agriculture from 90% to 50% in two decades, by 2020. Expanding the base of rural livelihoods is needed to mitigate the negative implications associated with premature urban migration to the capital city of Kigali. Infrastructure assets of towns hold important socio-economic implications as well, and can help to mitigate urban-rural disparities by providing needed off-farm employment opportunities, processing centers for agricultural products, health and social services, access to markets, farm inputs, and facilities for credit and banking. In this context, improving the linkages from rural areas to towns and cities is a prerequisite to expanding economic opportunities for rural populations.

**Malaria and HIV/AIDS**, which result in high mortality and morbidity rates for children and adults, impact strongly on agricultural households as rural Rwandans seek to maintain production levels with fewer healthy people. Therefore, the development and transfer of labor-saving and productivity-enhancing technologies is an urgent need to help these families cope.

**Gender:** Much of the agricultural sector is fueled by the productive capacity of women; however, gender discrimination is still pervasive. To achieve economic growth, therefore, gender discrimination must be addressed. Imbalances in traditional gender relations make it more difficult for women to have access and control over such assets as fertilizer, seed, pesticides, credit, and extension services. Thirty-four percent of all Rwandan households are headed by women. Of these households, 80% are headed by widows. Female-headed households are the first hit when incomes decline. On average, female-headed households have access to 30% less land than male-headed households and own 50% less livestock. Legislation to enable women to inherit land is an important step toward recognizing women's role in agricultural productivity. In addition, the Economic Growth SO interventions will carefully review gender-based approaches to ensure that they do not negatively impact on social roles and trigger conflict.

**Rural infrastructure:** Improved agricultural productivity requires improved rural infrastructure. The national road system is generally in good shape compared to those of Rwanda's neighbors. But Rwanda's farm-to-market road system is extremely inadequate and needs to be upgraded in order to improve market integration. Energy infrastructure issues must also be addressed, as energy costs for Rwandan consumers are among the highest in Africa. Methane gas in Lake Kivu – currently the only potential domestic source of energy – may be able to alleviate this problem locally, and the GOR and the private sector are mobilizing resources to tap the potential of methane.

**Human resources:** The critical shortage of trained human resources continues to be a problem for Rwanda. Both the government and the private sector lost large numbers of trained people during the genocide, and rebuilding this capacity at all levels will take time. Low levels of education also result in large numbers of unskilled people and significant unemployment in rural areas. A bourgeoning youth population, demobilized soldiers, and released prisoners will all be seeking employment or income-

generating opportunities in the near term. Investments in the rural sector must take these needs into account. At the same time, improvements in the education system are needed to modernize the agricultural system and develop the skills needed for alternative economic opportunities in rural areas.

**Small business development:** There are few mechanisms in place to support rural small business development in Rwanda. Even people with the initiative to engage in small business development hardly know where to start. Small business development in rural areas requires training as well as access to financial services and credit. Currently only 2% of all credit allocations are for agriculture. The prospect of obtaining a legal title for one's land is one way farmers may be able to finally access credit.

Despite these challenges, the PRSP upholds that Rwanda's path to economic growth and poverty reduction lies in tapping the potential of its rural population and the natural resource base that exists. USAID agrees, and recognizes that increased trade coupled with sustained donor assistance will be needed to help Rwanda rebuild from the devastating impact of genocide in 1994. The Rwandan government is taking major steps to create an environment conducive for investment – both local and international. Liberalized policies are being adopted in nearly every sector. There is an active investment promotion agency and a privatization secretariat that are supporting private sector development. Rwanda is a member of the Common Market for East and Southern Africa (COMESA). Although Rwanda has not yet joined the Free Trade Area where zero tariffs apply, that milestone is under consideration and may be achieved by 2004. The donor community is widely supportive of the PRSP, in which the GOR lays out ambitious plans for further political and economic reforms.

### 3. USAID's Engagement in the Rural Sector

For the past eight years, USAID has been assisting Rwanda to increase its rural productivity and to address agricultural and food security challenges using innovative and sustainable development approaches. What began as a set of emergency relief and food distribution activities has evolved into transition programs that use monetized food commodities and food-for-work (FFW) activities to fund long-term development objectives. Through its food assistance programming, USAID has played an important role in revitalizing agriculture and providing a safety net for vulnerable populations. Food aid supported farmers as they terraced their fields, multiplied seeds, re-started pyrethrum production, introduced and improved livestock, and revitalized fishing activities. In this context, and consistent with the Food for Peace sectoral orientation, food assistance in Rwanda has supported targeted gains in agricultural productivity. These achievements formed an important base for future USAID-supported activities.

In recent years, agribusiness has been an important focus of the USAID/Rwanda program. Rural economic development has resulted in increased production and yields. If Rwanda is to reach its development goals, the rural sector must also offer off-farm employment opportunities. Therefore, USAID has established an agribusiness center that serves a growing clientele of traders, processors, and exporters. USAID has also helped to revive the export sector by focusing on competitive products. Results have included exporting pyrethrum extract to the U.S., passion fruit to Europe, and specialty coffee to the U.S. and the U.K.

USAID's success in the specialty coffee sector is a model for replication with other agricultural products, and it has already resulted in the GOR's adoption of a national coffee strategy and significant private sector investment. Both DA and FFP partners cooperated to ensure success of this new venture. In this case, a USAID-supported, largely female coffee cooperative was assisted by OCIR/Café (the national coffee board), Texas A&M, Michigan State University, and ACDI-VOCA, to adopt coffee growing techniques that improved productivity and quality. An outcome was the pioneering, landmark export of Rwanda's specialty coffee to the UK and the USA in 2002.

Building local capacity is central to the USAID program. USAID has helped to revitalize Rwanda's National Agricultural Research Institute (ISAR); once a model for the region, ISAR is again playing an active national role. USAID worked to improve the systems capacity of the country's leading credit union and to develop the Rwanda Microfinance Forum (RMF) in order to support the development of micro-credit programs using accepted best practices. In partnership with the Rwanda Women's Network, USAID supported eleven rural enterprises through sub-grants; these sub-grantees have

implemented a diverse host of income-generating activities, ranging from the extraction of essential oils from eucalyptus and geranium for medicinal and cosmetic purposes, to solar drying for pyrethrum processing, and improved fish production and processing technologies on Lake Kivu. USAID envisions increasing its local partnerships in order to build local capacity, ownership, and sustainability.

**Strategic Choices**: The selection of commodities that would be included under the new SO was based on informed market and production assessments, including: an agricultural analysis and feasibility study that served as the basis for USAID's on-going agribusiness activity; sectoral assessments of the Rwanda National Innovation and Competitiveness Project; the GOR agricultural policy presented in the PRSP; and, on-going market intelligence efforts collected by USAID partners aimed at identifying emerging opportunities.

Prior to establishment of the Agribusiness Development Assistance Project in Rwanda (ADAR), USAID funded an eight-month analysis and feasibility study aimed at identifying commodity constraints, opportunities, and strategic choices. The analysis highlighted potential local constraints including transportation, agricultural supplies, packing material, cold chain, and market considerations. The study recommended that USAID focus on a targeted number of high-potential agribusinesses and a limited set of commodities that could best serve as catalysts for growth, and on products that demonstrated a proven ability to be produced in sufficient quantity and quality. Based on these recommendations, the ADAR activity began support for specialty coffee, pyrethrum and passion fruit.

Coffee is among Rwanda's key export earners. While Rwanda cannot compete with the large coffee producers in the production of regular, bulk coffee, research has shown that Rwanda has a competitive advantage in the production of specialty coffee. The country possesses favorable growing conditions that foster the production of high quality specialty coffee. USAID's funding to build coffee washing stations and to provide technical assistance has already begun to bear fruit. In 2002, Rwanda exported pioneering, high quality specialty coffee for the first time to US and UK markets. USAID-funded construction and establishment of the Abahuzamugambi Cooperative's coffee washing station in Maraba District, Butare Province served as a model that could be replicated and modified around the country. In 2002, Abahuzamugambi exported 18 metric tons of fully-washed Grade A coffee to Community Coffee of Baton Rouge, Louisiana, USA, at a price more than double the international market price. Abahuzamugambi also exported 13 metric tons to of fully-washed Grade A to Union Roasters in London, UK, that was marketed in approximately 350 Sainsbury supermarkets. Also in 2002, Maraba received fair trade certification that guaranteed an even higher floor price of approximately US $1.26/pound, or nearly two-and-a-half-times the prevailing world market price at the time. As a direct result of these combined efforts, the Abahuzamugambi Cooperative realized a net profit of US $35,000. Profits were shared among the growers who received US $0.745 per kilo (approximately 390 RwF/kg at the time) for their parchment coffee, a premium price nearly three times that received by other Rwanda coffee growers. In 2003, Maraba will again sell to Union Roasters and Community Coffee, and plans to diversify its market outlets in the specialty sector.

Pyrethrum, a member of the chrysanthemum family of flowers, is grown in parts of East Africa. It contains the active ingredient pyrethin which is extracted for use as a natural insecticide by companies such as S K Johnson of Wisconsin, the makers of RAID. Over 23,000 rural families in northwest Rwanda supply SOPYRWA, the processing factory, with raw material which is extracted into a semi-refined state. The ADAR Project targeted pyrethrum as a priority crop for three main reasons: improvements in factory performance would raise demand for raw materials and translate into increased revenues for 23,000 local farmers; renovation of the dormant refining unit of the factory would allow SOPYRWA to complete the refining process and, in so doing, capture significant additional value added; introducing solar dryers to dry flowers would eliminate the need for harvesting fuel wood to fire the ovens, thus contributing to improved and sustainable environmental management. During the past three years, ADAR assisted the SOPYRWA factory by: providing technical assistance to reorganize and renovate the quality control laboratory in order to monitor product purity and training the laboratory staff in appropriate analytical procedures; training SOPYRWA staff and producer representatives in solar drying that resulted in the construction of 12,000 solar dryers, replacing scarce fuel wood; and, carrying out an extensive diagnostic study of the damaged refining unit in order to identify and cost required repairs to render the unit operational which will allow SOPYRWA to greatly increase margins and revenues by capturing additional value-added.

The type of passion fruit grown in Rwanda, *Passifora edulis*, is the most highly prized as a fresh fruit by European consumers. A combination of pest and disease problems in Kenya and disruption of farming operations in Zimbabwe, the two biggest suppliers of passion fruit to Europe, resulted in an opportunity for Rwanda to introduce its product to European importers. ADAR worked with passion fruit producers and Rwandan exporters to increase production of export quality fruit and develop appropriate post harvest handling and export strategies. Lead-farmers were trained in improved passion fruit production techniques, including soil conservation and integrated pest management, which enable them to grow the crop in an environmentally and economically sustainable manner. With assistance from ADAR, the exporters learned how to grade, package and ship the fruit as well as the requirements for becoming competitive players in the European fresh produce arena. Since passion fruit is a crop for which even the best growers never achieve 100% export quality, ADAR also worked with Rwandan fruit processors to develop new or improved passion fruit products such as jam and juice, thereby providing the producers a market for fruit which does not make the export grade. With guidance on how to set up hygienic processing facilities, as well as market research, ADAR's clients are working towards launching exports of Rwandan passion fruit products into regional markets, and perhaps eventually to specialty markets in Europe.

### 4. Development Hypothesis and Critical Assumptions

The PRSP states that Rwanda's path out of poverty to economic growth lies in tapping the potential of its rural population and the existing natural resource base. Along these lines, the main objective of the Ministry of Agriculture is to transform agriculture from subsistence into a viable and profitable market-oriented business so as to improve the welfare of the population. Therefore, USAID's new Rural Economic Growth Strategic Objective (SO7) will be **Expanded Economic Opportunity in Rural Areas**. Working with GOR partners and the private sector, the Rural Economic Growth SO will both diversify and expand economic opportunity in the rural sector. Our working hypothesis is that **if** agricultural and business practices improve, rural finance is more available, and rural infrastructure links farm products to markets, **then** economic opportunities in rural areas will be expanded. When a favorable physical environment is linked with an enabling policy environment, there will be improvement in the rural on- and off-farm economy that will have an alleviating impact on the urban areas as well.

- Informed by numerous studies and analyses conducted under the precursor SO and by various institutions (summarized in Annex A, pages 78-134), several **critical assumptions** underlie the achievement of this SO:
- The GOR continues to support for an agriculturally-based economic growth strategy that balances food and commercial crop production;
- Equitable land reform does not destabilize the rural areas or exacerbate political and social tensions;
- The GOR, private sector, and donors continue to invest in infrastructure such as markets, roads, energy, and telecommunications, that are prerequisites to enhanced economic growth in rural areas;
- Rwanda benefits from adequate PL-480 commodities to complement proposed DA resources so that the program can achieve projected impact.

### 5. Consultative Process

The development of the Economic Growth Strategy has been an intensely collaborative effort, guided by extensive and sustained consultations with a wide range of stakeholders, including government ministries, NGO implementing partners, other donors, private sector representatives, civil society organizations, and beneficiaries of USAID assistance. At a Strategy Consultation Meeting on April 25, 2002, chaired by the Minister of Finance, both partners and stakeholders endorsed the need for an economic growth strategy encompassing rural enterprise, food security, agricultural development, and rural financing. Representatives at the meeting particularly encouraged USAID to support the transformation of the rural economy through on-farm and off-farm enterprise development. GOR representatives affirmed the Economic Growth Strategy at a follow-up meeting May 27, 2003. Subsequent meetings were held, and the Minister of Finance has formally signaled his approval.

**Figure 3. USAID/Rwanda Results Framework for Rural Economic Growth**

**SO7: Expanded economic opportunities in rural areas**
**Overall indicators:**
- Increased income
- Increased employment
- Diversified sources of income

**Critical Assumptions:**
- GOR supports agriculture-based economic growth
- GOR –Donors invest in rural infrastructure

**I.R. 7.1**
Expanded adoption of improved agricultural and business practices
**Key Indicators:**
- Number of enterprises adopting improved practices
- Yields of selected crops
- Quality of on- and off-farm products
- Volume of value-added products marketed

*I.R. 7.1.1*
Improved access to production and processing practices

*I.R. 7.1.2*
Improved access to business development services

*I.R. 7.1.3*
Improved market information/intelligence

*I.R. 7.1.4*
Improved institutional capacity of service providers

*I.R. 7.1.5*
Improved ag. and business policy

**I.R. 7.2**
Rural finance more accessible
**Key Indicators:**
- Number of borrowers accessing financial services
- Number of women accessing financial services

*I.R. 7.2.1*
Improved institutional capacity of service providers

*I.R. 7.2.2*
Improved capacity of borrowers to access and manage financial services

*I.R. 7.2.3*
New financial products developed

*I.R. 7.2.4*
Improved financial services policy development

**I.R. 7.3**
Rural infrastructure improved
**Key indicators**:
- Kilometers of farm-to-market roads improved
- Number of farm-to-market rural bridges rehabilitated
- Energy costs, extended telecommunications, improved trunk roads (to be monitored using available data from other projects/ partners)

*IR 7.3.1*
Improved farm-to-market roads and bridges in selected sites

*IR 7.3.2.*
Improved energy infrastructure

*IR 7.3.3.*
Improved trunk roads

*IR 7.3.4*
Improved telecommunications

***Key: I.R. information in shaded areas is beyond USAID's manageable interest***

## 6. Results Framework

### SO 7: Expanded Economic Opportunities in Rural Areas

*Key indicators:*

- Increased income
- Increased employment
- Diversified sources of income

This Strategic Objective builds on the previous work of the Food Security/Economic Growth SO3 that focused on the production and availability dimensions of food security, mainly through on-farm interventions. When the new Rural Economic Growth SO is achieved at the end of the five-year strategy period, there will be increased off-farm productive enterprises, increased agricultural productivity, increased household level incomes, increased employment, a greater diversity of income-earning options, and corresponding rural financial services for targeted communities. The private sector is an essential partner in this strategy, and USAID will incorporate private sector entities both as partners and participants. Once the models are established, they can be replicated in other areas to further increase economic impact.

This strategy can make a difference in selected geographic locations through strategic partnerships. Initially, USAID will target activities in three or four geographic regions; region selection will be based on specific criteria, such as: agricultural impact potential, business potential, financial services capacity, food insecurity, vulnerability and risk, market infrastructure, and land reform piloting. In this way, models will help to inform the kind of foundational work that needs to be done in other areas so that interventions can be replicated and expanded.

Achievement of Economic Growth Strategy depends on the integration and leveraging of Development Assistance (DA) and Food for Peace (FFP) resources. With respect to FFP, a new cycle of Development Assistance Programs (DAP) will begin implementation in 2005. The envisioned DAPs will integrate ***both*** direct food assistance and monetization activities to generating results under REG SO7. Among vulnerable populations including HIV/AIDS affected households, orphans, the elderly and the disabled, direct food assistance in institutional and community settings will provide an essential safety net. Food-for-Work activities will comprise a vital form of direct food distribution that will generate strategic results in the areas of rural public works and facilitate increases in agricultural productivity and food security. This includes the rehabilitation of seasonal marshlands and the conservation of soil fertility on the hillsides. Food-for-Work is critical to raising agricultural productivity. Monetization, another critical component of the new strategy, will provide the resources necessary to stimulate market development through the rehabilitation of farm-to-market feeder roads and bridges. Monetization directly facilitates achievement of IR7.3: Improved rural infrastructure and monetization proceeds will provide cost-sharing resources to support agro-enterprise development. Evaluations of Rwanda's FFP program showed that monetization activities generated some of the most significant and strategically integrated results. Recognizing that monetization levels under Title II programs could decline, USAID will accordingly adjust the results under IR7.3 to proportionately reduced the targets.

**Vulnerable populations** will continue to be among the primary beneficiaries of USAID-supported activities. The SO will continue direct distribution of food to targeted vulnerable populations, including families affected by HIV/AIDS. The World Food Program (WFP) will further leverage the SO efforts with food distribution among vulnerable populations around the country, as well as emergency food distribution. In collaboration with the Economic Growth SO, the Health SO will support the monitoring of nutrition status and general well-being under direct food distribution to people living with HIV/AIDS. Within targeted provinces, and accounting for recommendations in the Mission's ETOA for promoting environmental and economic sustainability, the Economic Growth SO will use FFW to improve rural public infrastructure that will increase market access and provide work opportunities for the most vulnerable populations.

In seeking to address the food security dimensions of "availability", "access", and "utilization", the REG S07 team recognizes the complimentary importance and imperative of supporting both improved food crops and cash crops. USAID recognizes that farmers will make rational choices that serve their food security needs based on their resources (i.e., land and capital) and requirements (i.e., income,

food). The new strategy seeks to diversify the opportunities available to growers and increase the value of their efforts by targeting both food and cash crops and promoting improved access to domestic, regional and international markets. The REG SO team will also continue to work with FEWSNET and its partners to monitor the impact of the new SO activities on nutrition and to ensure that food security objectives are being met.

USAID will implement activities to help **reduce potential conflict** during implementation of land reform in Rwanda. The focus of these activities will be twofold: to ensure ongoing consultation and sensitization on the implementation of the law and policy, and to strengthen the mechanisms for constructive feedback during implementation. To these ends, the Economic Growth SO proposes three key interventions: 1) Technical assistance that links policy analysis to stakeholders to implementation on the ground with respect to land reform; 2) Assistance to the Ministry of Lands, Resettlement and Environment through centrally-funded USAID programs that offer a comparative technical advantage, such as the land tenure collaborative research support project (CRSP); and 3) Program activities in at least one of the provinces where cadastral surveys and land titling will be piloted, which will allow USAID to monitor firsthand the implementation of the land reform program and to work with the GOR to address problems and concerns. (This monitoring will illustrate, for example, the extent to which possession of title deeds impacts access to rural finance.)

### IR 7.1: Expanded Adoption of Improved Agricultural and Business Practices

*Key indicators*:

- Numbers of enterprises adopting improved practices
- Yields of selected crops
- Quality of on- and off-farm products
- Volume of value-added products marketed

The Economic Growth Strategy will implement activities aimed at three key results: First, increasing the productivity or yields of a targeted set of two to three agricultural commodities for domestic and regional markets will **increase productivity and rural income levels**. Second, adoption of soil and water conservation practices in target locations will **improve soil fertility**. Third, the development of sustainable and competitive agribusinesses that provide products for national, regional or global markets will **expand employment opportunities in rural areas**. This approach will increase rural incomes and have the greatest impact on the largest number of households.

USAID will expand successful efforts in commodities with a high potential for increasing rural employment through both production and processing. To increase productivity of commodities for domestic and regional markets, we will focus on increasing yields, increasing effective demand for inputs, enhancing nutritional value, and increasing competitiveness. We will develop innovative partnerships among the national agricultural research institution, *Institut des Sciences Agronomiques du Rwanda* (ISAR), potential private sector input suppliers such as stockists, local traders, cooperatives or farmer associations, non-governmental organizations, and Cooperating Sponsors (CS), as well as with regional commodity networks and international agricultural research centers (IARC). Through extension and ICT, the Economic Growth SO will facilitate access to technologies that result in improved production and enhance access to relevant market information.

The Economic Growth SO will strengthen its "business incubator" model in order to multiply successful enterprises and achieve the maximum benefit within the rural economy. We will expand our agribusiness approach, focusing on the development and diversification of competitive commodities and products. Successful models will be available to other donors and potential private sector investors for replication and adaptation. With regard to the promotion of trade and export of value-added agricultural products, the Mission has conducted an analysis of the potential impact of its coffee-related activities on U.S. products and is, therefore, in compliance with Policy Determinant (PD) 15. The Mission will undertake further analysis if future activities are aimed at promoting Rwandan exports of other products that are produced in the US.

The Rural Economic Growth SO interventions reflect the GOR's orientation that priority should be given

to crops on the basis of their marketability and contribution towards national food security and increased incomes. In addition to technology development relating to traditional food crops including bananas, beans, sweet potato, and cassava, USAID and other donors have undertaken numerous commodity and market feasibility studies in efforts to identify areas of competitiveness among traditional and non-traditional agricultural exports. Coffee, for example, is one of the country's leading cash crops for about 470,000 households. The Rural Economic Growth SO's pioneering approach in promotion of Maraba bourbon, a high quality Arabica coffee, will be adopted and expanded. Specialty coffee represents just one of the strategic commodities to be developed and promoted under the Economic Growth SO. A whole range of other commodities, including pyrethrum, Irish potatoes, pepper, and horticultural products such as passion fruit, are also well-suited for domestic, regional and international markets.

A strategic approach based on competitiveness and innovation will be replicated with a range of commodities for which demand-driven international, regional, or domestic markets will be identified. Very importantly, food aid assistance will help to expand this model by extending a successful DAP which currently monetizes food and uses the proceeds for agribusiness development through a food security grant mechanism. Beneficiaries of these grants are farmer cooperatives. This planned expansion underscores the importance of sustaining and increasing monetization resources from FFP, and FFP's premium on "food access" that depends on income available to the household.

Soil and water conservation through public infrastructure improvements such as terracing will use FFP funds from the next round of DAPs. As called for in the ETOA, interventions will account for cost/benefit analysis. Integrated pest management practices will be promoted that will be further informed by the Mission's Pesticide Evaluation Report and Safer Use Action Plan (PERSUAP). Appropriate dialogue on environmental concerns and policies will be undertaken. Business and production innovations will account for environmental best practices to be adapted to local conditions so that the natural resource base is preserved.

In order to promote economic growth countrywide, the GOR is in the process of creating an enabling environment for an economic transformation in the agricultural sector. Accordingly, the Rural Economic Growth SO will support local policy analysis and options dissemination with key stakeholders with a focus on issues that have direct impact on the success of the overall program (i.e. land reform, business enabling environment, taxation, financial sector, trade liberalization).

**Addressing Cross-Cutting Themes:**

In post-genocide Rwanda, where there exists a high proportion of female-headed households, **gender** roles are changing as women are taking on new and different productive roles in the economy. The Economic Growth Strategy will actively promote women's participation the activities of this IR. Where appropriate, project implementers will be required to collect data that is disaggregated by gender. USAID will develop special programs that target women, bearing in mind that targeting may be necessary and advantageous in some activities, but counterproductive and disruptive in others. The SO will also encourage new businesses developed under our programs to adopt gender-sensitive policies.

Because of the devastating impact of **HIV/AIDS** on the productive capacity of Rwanda, prevention and mitigation messages will be disseminated through program partners. We will also seek to support HIV/AIDS-sensitive policies and encourage the development of labor-saving technologies, income generating activities and nutritive-added food crops that can improve the lives of people and families living with HIV/AIDS. Very importantly, direct food distribution under the Economic Growth SO and FFP resources will re-enforce coping mechanisms of HIV/AIDS-affected individuals.

With respect to market intelligence, **ICT** will be an integral part of project design. Market information will be available through existing internet centers and outreach centers that provide ongoing information via list-serve and desktop programs. Private sector expansion of rural telecenters will help program participants access the internet in order to identify markets and link with buyers.

### IR 7.2: Rural Finance More Accessible

*Key Indicators:*

- Number of households accessing financial services
- Number of firms accessing financial services
- Gross turnover in rural areas

At the end of the ISP, a number of significant changes will have occurred in the area of rural finance. Financial institutions, including micro-finance institutions (MFIs) and the leading credit union, will have improved institutional capacity to maintain and manage new accounting and tracking systems. This will result in best practices that not only improve repayment rates, but also: increase the number of financial products available; increase the number of individuals, groups and firms accessing rural financing; diversify loan portfolios, particularly in the traditionally high-risk sectors such as agriculture; and expand access to finance among underserved borrowers such as women.

In the absence of the penetration commercial banking systems in the rural sector, the *Union des Banques Populaires de Rwanda* (UBPR), the country's leading credit union, together with a number of MFIs, continue to provide financial services in the rural area. The planned increase in sound and relevant lending programs will increase the availability and accessibility of financing that is so fundamental to economic opportunity and enterprise development in rural areas. USAID will extend its current program of assistance to the UBPR from the headquarters operation out to a targeted set of branches located in the geographic zones selected for Economic Growth SO activities. UBPR has almost 150 branches nationwide, and USAID activities will strengthen the internal systems of these branches by computerizing and networking them so that they become financially sustainable by the end of the SO. We will assist the UBPR to develop new financial products for savings and lending including agricultural credit. These products will include credit products for coffee production, housing, off-farm business, as well as lines of credit for small and medium enterprises (SMEs). In the process, efforts will be undertaken to track and encourage increased measurable access to credit among women. USAID investments to improve the capacity of rural branches will be complemented by similar improvements in other branches supported directly by UBPR.

The Economic Growth SO will strengthen savings mobilization and enhance the ability of MFIs and local credit unions to make credit available to established and nascent enterprises and other borrowers, including women's solidarity groups and village banking structures. Through its critical support to the Rwanda Microfinance Forum (RMF), the Economic Growth SO has already assisted the National Bank of Rwanda (BNR) in drafting guidelines for the micro-finance sector. For MFIs, applying guidance will require skilled human resources and capital for registration purposes and interactions with the BNR. Where required, USAID will engage in policy analysis, dialogue, and advocacy on issues affecting the financial sector, especially where it can engage the sector to address the needs of rural communities.

A new micro-finance activity that will build the capacity of MFIs to serve women's groups formerly served under the precursor strategy is a direct outgrowth of the successful Women in Transition (WIT) program. This activity will improve the internal systems of these MFIs and increase the capacity of prospective borrowers to organize and seek financing for "bankable" projects. Activities will link MFIs and the clients they service. Further, with funds provided by the Health Team, activities will integrate HIV/AIDS awareness training in services extended to micro-finance solidarity groups.

To further stimulate access to rural finance, the Economic Growth SO will seek to establish a loan guarantee facility with a rural finance institution through the USAID/W Development Credit Authority (DCA). This undertaking will aim to encourage the financing of traditionally high-risk sectors, especially agribusiness.

### IR 7.3: Improved Rural Infrastructure

*Key indicators:*

- Kilometers of farm-to-market roads improved
- Number of farm-to-market bridges rehabilitated
- Energy costs, extended telecommunications, improved trunk roads (to be monitored using available data from other projects/partners

In order to achieve this Strategic Objective, substantial investments in rural infrastructure are required. The scope of these investments is beyond the manageable interests of the Rural Economic Growth SO; however, the European Union, the Canadians, the Dutch and the World Bank are either engaged in or committed to improving trunk roads, telecommunications, and energy development alternatives. Energy is particularly critical to facilitating economic growth, and Rwanda has among the highest energy costs in the region. The Rural Economic Growth SO will monitor large-scale infrastructure investments by other partners and will aim to ensure that our smaller-scale work complements the larger program as envisioned under the PRS. In this context, the Rural Economic Growth SO has supported the establishment of Rwanda's nascent Multi-sectoral Regulatory Agency and will seek to reinforce its capacity through the centrally-funded and managed energy program of USAID/Washington.

Priority will be given to infrastructure activities that promote farm-to-market access, productivity, and conservation. FFW activities in project areas will be carefully designed and defined with respect to the domain of rural public works and associated public benefits. FFW activities will seek to improve the conservation of communal marshland and communal land husbandry through a variety of soil conservation strategies, including terracing to improve productivity and reduce soil erosion. Under FFP funding, a main input under this IR will be to rehabilitate farm-to-market feeder roads and rural bridges in targeted project areas. Importantly, all activities will be implemented in accordance with USAID Reg. 216 environmental compliance procedures.

### 7. Linkage to USAID Global and Regional Objectives, USAID/Rwanda SOs for Democracy and Governance and Health, and U.S. Embassy Performance Goals

The Economic Growth SO comes under the Agency Pillar for **Economic Growth, Agriculture and Trade (EGAT)**, and addresses the EGAT Program Goal 1: **to encourage economic growth through improved business climates, strengthened markets, agricultural development, and microenterprise support**, and Objective 1.2: **Enhance agricultural development and encourage food security**. While Rwanda is not slated at this time to receive funding from the Presidential Initiative to End Hunger in Africa (IEHA), successful activities under this SO will contribute to its objectives. Rwanda is an AGOA-eligible country and a member of COMESA; as such, Rwanda stands to contribute to and benefit from the President's Initiative: Trade for African Development and Enterprise (TRADE). The Economic Growth SO orientation is firmly aligned with that of the New Partnership for Africa's Development (NEPAD), especially in its efforts to accentuate local ownership of the development process.

The Rural Economic Growth SO benefits from regional programs undertaken by the USAID Regional Economic Development Services Office for East and Southern Africa (REDSO). Since Rwanda is a member of the Association for Strengthening Agricultural Research in East and Central Africa (ASARECA), the Economic Growth SO partners will benefit from the innovations developed, tested and disseminated as a result of regional priority-setting for agriculture. Capacity-building under the East and Central African Trade Competitiveness Hub will enhance Rwanda's ability to interact with COMESA and negotiate in global trade fora such as the WTO. The Economic Growth SO will engage REDSO's Regional Agricultural Trade Expansion Support Program (RATES) with respect to competitive commodities, such as specialty coffee and marketing by East African Fine Coffee Association. As well, the Economic Growth SO remains fully engaged with REDSO's Food for Peace Office and its innovative regional approaches to address food security issues. The Economic Growth SO will benefit from harmonized agricultural and trade policies that REDSO is promoting through its work with COMESA, African Union/Inter-African Bureau of Animal Resources (AU/IBAR), and the East African Community (EAC).

The Rural Economic Growth SO will seek to add value through synergies with both the Gorilla Directive and the Central Africa Regional Program for the Environment (CARPE). With respect to the former and in connection to observations contained in the Mission's ETOA, USAID/Rwanda will encourage coordination among implementing partners in collaboration with the Rwanda Office of Tourism and National Parks (ORTPN), and promote the optimization of economic incentives and other socio-economic benefits for the communities they serve. In connection to CARPE, although Rwanda is not among the eleven landscapes under the Congo Basin Forest Partnership, it does stand to benefit under the $3 million pot of CARPE resources not tied to those landscapes. The Rural Economic Growth SO will encourage competition among CARPE implementing partners for this funding, where it can strengthen and leverage other USAID activities, specifically in the Nyungwe Forest Reserve.[9]

In collaboration with the U.S. Embassy Economic/Commercial Officer, the USAID Rural Economic Growth Strategy directly supports the Performance Goal #3 of the U.S. Embassy Mission Performance Plan (MPP): **Economic institutions, laws, and policies foster private sector economic growth, sustainable development, and poverty reduction**.

The SO Team will capture vital, value-added synergies with Mission investments in health, democracy and governance, and Food-for-Peace. In collaboration with the National Agricultural Research Institute and producer groups, the Rural Economic Growth and Health SO teams will seek to produce nutritionally fortified crops for processing and consumption by HIV-AIDS affected individuals. REG will integrate community-based HIV-AIDS training among women's solidarity groups and village banking structures as part of its microfinance program. In collaboration with the DG Team, the REG team will support decentralization of agricultural extension services in consultation with central and district-levels and will also support policy development work to address constraints and opportunities for the achievement of the two SOs. Illustrative areas of policy work include: land reform, biotechnology, microfinance, and import of agricultural inputs, such as fertilizer. Finally, Food for Peace resources, including both direct feeding and monetization, will continue to be fully integrated into the Rural Economic Growth SO.

### 8. Global Development Alliance and Public-Private Partnerships

Now that Rwanda has proven that it can produce high-value coffee, the next step is to encourage potential buyers abroad to invest in production or processing in order to ensure a larger volume of reliable supplies. Building on success stories in specialty coffee, USAID will work with the private sector and prospective investors to strengthen the capacity of producers and the supply chain in Rwanda, as well as to develop markets in Europe and the US. The success of the pyrethrum activities will hopefully entice private investors to build the processing facilities needed to add value to this product. Essential oils, herbs, and spices also offer promising possibilities, and USAID will pursue public-private sector alliances to expand business opportunities in their production and processing. USAID will encourage private sector traders, including those bidding on monetized commodities, to use their networks to expand the commercialization of agricultural inputs and promote related extension efforts, such as fertilizer demonstrations, that can increase agricultural commodities to sell through their networks.

Several GDA partnerships may be helpful in these efforts:

Through the Regional Agricultural Trade Expansion Support Program (RATES), USAID Rwanda contributed to a proposal that secured GDA funding for support to the East African Fine Coffee Association for marketing Rwanda's high-quality coffee in specialty markets. The Economic Growth SO's linkage with the RATES Program will broaden the reach of EAFCA into Rwanda and provide Rwanda with international market intelligence and access to specific business transactions.

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[9] Nyungwe, the largest conservation area in the country, is a 970 square-kilometer tract of rainforest with unusually high biodiversity, and is globally and nationally important for the conservation of several restricted-range species found only in the Albertine Rift eco-region in Africa. Nyungwe's socio-economic important is as significant as its biological importance, and the reserve is the watershed for over 70% of Rwanda, with streams that feed both the Congo and Nile basins.

USAID has also developed linkages with the USAID Africa Bureau Agribusiness in Sustainable Natural African Plant Product (A-SNAPP) activity to leverage its investment in geranium and eucalyptus oil extraction. A-SNAPP will provide international market intelligence including quality control/quality assurance to ensure that the Rwandan products meet international standards.

### 9. Donor Coordination

The Rural Economic Growth SO is actively engaged in donor coordination efforts in-country. For instance, at the request of the GOR, the Economic Growth SO team has assumed coordination of the Private Sector Cluster endorsed by the GOR Framework for Aid Coordination in Rwanda. In this capacity, the Economic Growth SO coordinates donors in addressing and advancing PRSP private sector priorities in partnership with the Ministry of Commerce, Industry, and Tourism. Working with the GOR's new Strategic Planning and Poverty Monitoring Department within the Ministry of Finance and Economic Planning, the Economic Growth SO will be a key link between the GOR's Private Sector Cluster and the Rural Development Cluster led by the World Bank and EU in partnership with the Ministry of Agriculture.

In agriculture and private sector development, the Economic Growth SO team is working closely with leading donors and partners including the World Bank, the UNDP, the EU, the Embassy of the Netherlands, FAO, GTZ, CIDA, WFP, the International Fund for Agricultural Development (IFAD), and ontheFRONTIER, a team directly associated with Michael Fairbanks and Michael Porter's pioneering work on competitiveness and innovation that is based out of the Office of the President. On the issue of land reform, the Rural Economic Growth SO is in close consultation with donors of the Ministry of Lands, Human Resettlement, and the Environment – such as DFID – that provide technical assistance to the Ministry with respect to land reform, and the Rwanda Chapter of LandNET. The Economic Growth SO also consults with land experts at USAID/W and their associates, such as the Rural Development Institute, in efforts to further inform the work of MINITERE and its stakeholders.

### 10. Implementation Modalities

The Economic Growth SO is already underway with implementation of several activities and procurement of others that will figure prominently under the new strategy. The precursor SO maintains a set of ongoing and envisioned activities that figure front and center under the new proposed results framework. In the interest of optimizing efficiency and impact, the Economic Growth SO will aim to reduce the instruments that it is presently managing. Under IR 7.1, activities include the Agribusiness Development Assistance in Rwanda (ADAR) implemented by Chemonics International, the Partnership for Enhancing Agriculture in Rwanda though Linkages (PEARL) implemented in partnership with Michigan State University and Texas A&M, and the Agricultural Technology Development and Transfer Project (ATDT) implemented by the Center for Tropical Agriculture in collaboration with the International Agricultural Research Centers (IARCs) and the Association for Strengthening Agricultural Research in Eastern and Central Africa (ASARECA). Under IR 7.2, existing and envisioned interventions include the Rural Credit Union Strengthening Program implemented by the World Council of Credit Unions (WOCCU); ongoing support to the Rwanda Microfinance Forum; and a WIT follow-on activity aimed at strengthening the capacity of women's solidarity groups, community banks, and targeted microfinance institutions implemented by World Relief. USAID will also seek to establish a loan guarantee program under the DCA mechanism to further stimulate rural financing. Under IR 7.3, forthcoming proposals by Cooperating Sponsors under the FFP program will comprise the major investment; resources permitting, the Economic Growth SO will continue to leverage the integration and impact of these interventions with DA funding.

A cross-cutting set of ongoing investments, including those in dairy development (with Heifer Project International) and small and medium enterprise development (in partnership with the International Executive Service Corps, and possibly, the Emerging Markets Development Advisors Program) will be further considered based on performance, results, and alignment with the proposed strategic objective.

**Table 9. REG SO 7 Illustrative Performance Monitoring Plan**

| Level | Indicator and Definition | Data Source and Method of Collection | Data Acquisition by Mission | | Results | | |
|---|---|---|---|---|---|---|---|
| | | | Frequency | Responsible | Year | Baseline | Target (2009) |
| SO7 – Expanded economic opportunities in rural areas | ***Increased incomes***<br><br>Annual revenue generated by a representative sample of USAID-assisted cooperatives, associations and firms will be calculated based on the annual volume of marketed goods or services multiplied by the market price for that volume. The sample of USAID-assisted enterprises to be tracked over the life of the strategy includes those producing, processing and marketing specialty coffee, dairy, passion fruit, pyrethrum, and fisheries in order to account for a cross-section of sub-sector investments. Income for handicraft producers and tourism firms will be tracked starting in year 2 of the strategy as SO7 expands support to those areas. | USAID implementing partners, EU, GOR and World Bank statistics. | Annually | Andy Karas and Venant Safali | 2003 | Maraba Coffee Cooperative: $36,330; COOPAC Coffee Cooperative: $35,779; SOPYRWA Pyrethrum Growers Cooperative: $577,981; Giramata Dairy Cooperative: $309,747; COOPILAK Fish Cooperative: $41,100; Sina Passion Fruit Growers: $14,064 Baseline figures represent 2003 revenue calculations. Handicraft and ecotourism will likely be tracked starting in year two subject to funds availability for support in those sub-sectors that allow for attribution. | 5% increase in revenue each year of SO. Or 25% over the 5-year strategy.<br>For contextual purposes, targets to be compared with available per capita income statistics. Quality of life indicators to be tracked in USAID-assisted areas using participatory rural appraisal methodology to further assess income impact. Results to be compared to available national data tracking quality of life improvements (i.e. malnutrition, poverty, school enrollment.) |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| SO7 – Expanded economic opportunities in rural areas | ***Increased employment***<br><br>Number of people employed by a representative sample of USAID-assisted cooperatives, associations and firms. The sample of USAID-assisted enterprises to be tracked over the life of the strategy include those producing, processing and marketing specialty coffee, dairy, pyrethrum, fisheries and passion fruit in order to capture a cross-section of sub-sector investments. Number of employees to be disaggregated by gender. Income for handicraft producers and tourism firms will likely be tracked starting in year 2 of the strategy as SO7 expands support to those areas. Cooperatives, associations and, to a lesser extent, firms are the most appropriate and illustrative principle entry of measurement as cooperatives and associations comprise the primary employment generator in the rural sector. | USAID implementing partners | Annually | Andy Karas, Serge Rwamasirabo and Julianne Kayonga | 2003 | Maraba Coffee Cooperative: 1,500 members; COOPAC Coffee Cooperative: 590 members; SOPYRWA Pyrethrum Growers Cooperative: 15,000; COOPILAK Fish Cooperative: 384 members; Giramata Dairy Cooperative: 249 members; Sina Passion Fruit Firm: 220 growers. The number of individuals employed by a representative sample of USAID-assisted cooperatives, associations, and firms will be tracked during the 5-year strategy. Handicraft and ecotourism employment measures will likely be tracked starting in year two subject to funds availability. | 5% increase in employment each year in the number of individuals employed by a representative sample of USAID-assisted cooperatives, associations and firms. Or 25% over the 5-year strategy. |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| SO7 – Expanded economic opportunities in rural areas | ***Diversified sources of income***<br><br>Number of different types of improved, value-added products and services generated by USAID-assisted enterprises. | USAID implementing partners, GOR, and World Bank data. | Annually | Andy Karas and Tim Muzira | 2003 | Three products: specialty coffee, passion fruit, pyrethrum<br><br>Baseline is comprised of principle commodities that have been produced, processed and marketed with support of the precursor strategic objective. | Five additional improved, value-added products and services marketed each year. Or 25 improved products/services over the 5-year strategy<br><br>Improved product types will include commodities (i.e. crops, handicrafts) and services (i.e. ecotourism.) to be supported by SO7. For contextual purposes, numbers will be compared with available national data demonstrating the diversification in the source of income. |

# V. SCENARIO-BASED PLANNING

Scenario-Based Planning

USAID/Rwanda developed the scenario-based planning described in this section as a tool to help the Mission respond flexibly to unforeseen occurrences that may arise in Rwanda during the five-year strategy period. The three scenarios categorize the operating environment as: steady pace, rapid progress; and breakdown. The scenarios are not intended to be predictive, rather they were developed as possible or potential points on a continuum that will help the Mission analyze changes objectively and plan appropriate responses. A detailed description of the three scenarios, the critical assumptions employed in each scenario, the triggers that will cause movement among them and the indicators that will be used to monitor changes as they develop are described below.

The decision to trigger a change in scenario will be done in consultation with the GOR, U.S. Country Team, USAID offices (AFR, DCHA/OFDA, EGAT, Global Health) and other involved agencies (e.g., DOS, DOD). This consultation would be required if it was determined that Rwanda was sliding toward a breakdown scenario. The steady pace and rapid progress scenarios are characterized by favorable economic growth and positive political and social developments. Under these scenarios, the Mission will report annually, and as often as required.

### A. Assumptions

USAID/Rwanda scenario planning is based upon the following assumptions:

- USAID/Rwanda receives the resources requested to implement the strategy outlined in the ISP;
- The steady pace scenario, characterized by relatively stability and internal security, will prevail over the 5-year strategy period. Mission will, however, monitor general trends and "trigger events" to assess the changes and take appropriate action;
- USAID/Rwanda, country team, government, donors and partners will develop plans to strategically respond to shifts in scenarios and focus on new priorities as they develop;
- USAID/Rwanda and its partners are prepared to adjust activities and budget line items under approved strategic objectives in support of new priorities;
- Changes in the scenarios may not result in modification of all SOs. For example, rebel incursions on the borders may affect only those activities in border provinces in the initial stages. While the Health and D/G SOs may be affected, the Economic Growth SO may not be affected.
- Operational capacities will be reviewed and adjusted as necessary (i.e., staff availability and staffing implications, restrictions on movements and/or program activities, or funding restrictions, etc.);
- Rwanda occasionally suffers from food insecurity, particularly during periods of shortage of rainfall. The Mission, through its FFP program and with additional resources from DCHA/OFDA and WFP, will continue to meet food needs where it exists;
- In the event of a humanitarian crisis, USAID/Rwanda will use obligated Development Assistance funds, within the scope for which the funds were notified and obligated, and will continue to strengthen their linkage to developmental relief.
- USAID/Rwanda will continue to use DA funds for development assistance purposes, not for disaster assistance purposes; and
- There are possibly gender-based differences for each scenario.

This scenario-based planning analysis draws heavily on the Conflict and Vulnerability Assessment (CVA) (RWA ISP Volume II) source of information. The CVA concludes that prospects for internal insurrection or significant internal violent conflict within Rwanda are slim. That assessment would change radically, however, were a sustained, credible cross-border challenge to be mounted by "negative forces" operating within the DRC. The CVA further notes that the RPF monopoly of lethal force is so overwhelming that it is hard to conceive how internal violent conflict could be ignited on any scale, except in conjunction with a sustained, credible cross-border attack.

However, there is a potential for internal tension resulting from:

- Demobilized soldiers (approximately 40,000), both FAR and RPF – individuals who may find no effective outlet or economic prospects following their return to civilian life;

- Local Defense Forces. Military observers in Kigali state that there are perhaps 20,000 local militias funded by the RPF in every region of the country who could potentially become involved if widespread violence occurred;
- Students and other former attendees at "solidarity camps" could get caught up in the chaos of insurgencies and one or the other party may make the mistake of arming them;
- Released prisoners emerging from the Gacaca process, may feeling aggrieved by the length and conditions of their imprisonment; and
- Landless paupers, especially if there is a dramatic increase in their numbers.

**B. <u>Operating Scenarios</u>**

Scenario 1**: Steady Pace.** The program outlined in this ISP assumes that the evolution of Rwandan political, social and economic life will continue at its current pace, and will be characterized by stability and internal security. This is the Mission's operating scenario. Although no path can ever be completely smooth, the working assumption is that the magnitude of any problem that might arise will not seriously disrupt the positive direction of Rwanda's development. Under this scenario, moderate economic growth will provide increased employment opportunities for Rwandans. The steady pace scenario will be further characterized by one or more of the following conditions:

- Gradual, if uneven, improvement in regional security with only limited clashes, if any;
- A growing confidence in the GORs ability to manage the economy and to account for resources in a transparent manner;
- Gradual improvement in service delivery at the local level, transfer of funds and taxation authority from national to local levels, and a growing sense of responsibility by local citizens for the administration of their districts;
- Increasing momentum with gacaca trials with mechanisms to defuse tensions that may arise;
- A growing belief that economic opportunities beyond subsistence agriculture are available in rural areas; and
- Land use policy is a net plus and contributes to commercialization of agriculture.

Scenario 2. **Rapid Progress**: Under this scenario, the pace of positive social and political change increases and economic growth improves markedly, perhaps as a result of an improved global economy and/or the result of economic reforms the GOR has put in place. Such an environment would enable Rwanda to absorb additional financial resources more effectively and put it on the path to eventual qualification for resources under the Millennium Challenge Account. Rapid growth would also make Rwanda attractive to foreign investors and may result in increased direct foreign investment. This scenario is further characterized by one or more of the following conditions:

- A marked improvement in the political situation, with a stable national government in the Congo that can effectively control negative forces threatening Rwanda's security;
- Rapid economic growth that provides increasing employment opportunities for Rwandans;
- Increased political confidence that results in a gradual opening of the political process and greater opportunities for debate and dissent within responsible fora; and
- The gacaca process is relatively problem-free, and local communities feel that is positively contributes to reconciliation.

Scenario 3. **Breakdown:** Under the breakdown scenario, the Mission assumes that the fragile nature of the region gives way to a gradual deterioration in Rwanda and or the region. Although no single event could destabilize Rwanda, a series of events, such as successful rebel incursions or violent repression of dissent, could have a very strong negative impact and plunge Rwanda back into a very chaotic situation. Many of these events are themselves triggers for other events which could create a disastrous snowballing effect. In such an event, the Mission would reorient its programs to respond to the evolving situation on the ground. The breakdown scenario would be characterized by one or more of the following situations:

- Increased tensions on Rwanda's borders leading to more frequent and larger Rwanda military interventions;
- Increasingly successful rebel incursions into Rwanda;
- Violent repression of dissent, demonstrations and protests;
- Economic deteriorations and increased marginalization, particularly in rural areas;
- Possible reduction in donor assistance due to an increasingly poor human rights record;
- An increase of internally displaced persons because of instability;
- A return to tight centralization and a breakdown in the decentralization process; and

- A natural or man made disaster so pervasive that it overwhelms existing coping mechanisms.

### C. Movement between Scenarios; Trigger Events and Indicators

The table below summarizes trigger events and indicators for each scenario. USAID/Rwanda intends to refine and update the indicators, as necessary, and incorporate them into the Mission's monitoring plan. The Mission will assess the status of each scenario at the annual portfolio review and report the status annually to USAID. Were Rwanda to achieve the rapid progress scenario, the Mission would review its portfolio to ensure that the strategy was still relevant and consistent with the positive changes taking place in the country. The outcome of such a review would be communicated to USAID/W and shared with the members of the Country Team, the GOR and our partners. The Mission plans to monitor the indicators closely to determine the probability of a breakdown occurring in Rwanda. The decision to trigger a change in scenario will be done in consultation with the Country Team, USAID offices and other involved agencies. As such, any modifications to the program would also ensure the close collaboration of these relevant actors.

| Scenario | | Trigger Event | Indicators |
|---|---|---|---|
| Steady Pace | Political | Gradual improvement in regional security. | Peace treaty signed in Congo and peace gradually returns to the region. |
| | Economic | Gradual improvement in economic indicators. | GOR continues to record improvement in economic growth employment, and school enrollment. |
| | Social | • Gradual improvement in social indicators;<br>• Increasing momentum with gacaca trials with mechanisms to defuse tensions that may arise; and<br>• Land use policy is a net plus and contributes to commercialization of agriculture. | • Number of cases resolved under Gacaca continue to increase and<br>• Land use policy is perceived as equitable by Rwandans. |
| Rapid Progress | Economic | Economic growth increases significantly increasing economic opportunities for Rwandans. | • Economic growth increases by 10% per year; and<br>• CSOs actively engaged in working with district and national authorities, and parliament to influence policy. |
| | Political | Increased political confidence results in opening up of political process and greater opportunities for debate. | • Parliament holding open debates on national issues; |
| | Social | • Land use policy promotes economic growth and<br>• Health care and AIDS treatment expanded to rural areas. | • Rwandans are free to grow crops of their choosing<br>• 5000 ARVs patients in 25 health centers. |

| Scenario | | Trigger Event | Indicators |
|---|---|---|---|
| Break-down | Political | **Competition over access to political power**<br>• Further repression of political expression;<br>• Conspiracies and purges of those in power;<br>• Present regime fails to expand political base and continue to rely on coercion to regain control; and<br>• Sustained cross-border attacks | • Conflict in DRC continues to fester with no solution sight;<br>• Increasing resort to arrests of civil society members and others for political activity;<br>• Arrests, allegations of political murders and other violence; and<br>• Better organization and effectiveness of the Congolese resistance. |
| | Economic | **Competition over land resources**<br>• Perception that land use policy issues will led to widespread, more or less coercive land alienation; and<br>• Large increases in social suffering as a result of a deterioration of social services. | • Promulgation of land policy that seeks to reduce the number of landholders;<br>• Sudden increase of people moving into urban areas;<br>• Sudden large scale displacement of as a result of persons moving into towns; and<br>• Urban or rural protests that start turning violent. |
| | Social | **Perceived failure of justice for the events of 1994**<br>• Discontent over perceived partiality of Gacaca;<br>• Failure to grant compensation to survivors; and<br>• Widespread vendetta-style violence between victims and persons released after acquittal, confession | • Widespread report of local protests against Gacaca;<br>• Serious recurrent patterns of misconduct by the tribunals; and<br>• A pattern of individual revenge attacks or killings |

### D. Program Modification

The proposed activities and results to be achieved over the life of the strategy are clearly described in Section III ***Strategic Objections*** of Volume I of the ISP. While program modifications are likely to occur under the rapid progress scenario, the primary concern for USAID/Rwanda would be a determination that Rwanda was sliding towards a breakdown scenario. Should this scenario occur, it would necessitate an important refocusing of the resources and activities detailed in the ISP. Shifts in activities could range from a complete shutdown, depending on the severity of the situation, to a change in program priorities and target groups, to shifts in funding between activities, to delays, to the development of new initiatives and intermediate results to respond to new opportunities, and to re negotiations of programs with the GOR. The decision to trigger the breakdown scenario would be done in consultation with the GOR, the U.S. Country Team, USAID offices, and other involved agencies.

### E. If-Then Analysis

USAID/Rwanda requests authorization to adjust programs in accordance with the following in-then analysis without prior approval from Washington.

| Scenario<br>If… | Overall Program Implications<br>Then… |
|---|---|
| Steady Pace | • USAID continues with existing activities as planned in ISP. |
| Rapid Progress | • Mission would reassess overall program for its continued relevance and adjust accordingly;<br>• Mission would seek to scale up agricultural and private sector activities;<br>• Increase D/G activities that promotes openness of the political system, including rule of law and ethnic tolerance;<br>• Scale up health activities at a faster pace and expand geographic coverage beyond the target 20 districts;<br>• Increase health activities such as HIV/AIDS, family health and malaria programs. |
| Breakdown | • Work closely with the Country Team, relevant USAID/W offices, the GOR, donors to formulate a response to the evolving situation;<br>• If the disruption results in significant numbers of internally displaced people, collaborate with REDSO/FFP, DCHA/OFDA, DCHA/FFP, WFP and other donors to formulate response;<br>• Reprogram funds as required to meet the impending crisis, fully respecting the Congressional mandates, directives and authorized uses of those funds;<br>• Terminate or suspend programs that can no longer meet their objectives. |

**Strategic Objective 5.** **Improved Governance through Increased Citizen Participation**

| Scenario<br>If… | Program Implications<br>Then… |
|---|---|
| Steady Pace<br>Rapid Progress | • Implement D/G program as set out in ISP<br>• Scale up implementation of the decentralization program that would increase geographic coverage and exceed current planned targets;<br>• Assuming funds are available, USAID/Rwanda would increase D/G activities that promote openness of the political system, rule of law and ethnic tolerance;<br>• Support training to increase professionalism of independent media, including private radio stations;<br>• Increase advocacy training for national and local level CSOs;<br>• Scale up capacity building for political parties, CSOs, legislators including elected women, and district council staffs. |
| Breakdown | • The type of activities undertaken will be determined by the level of internal displacement and Mission's and partners' assessment of the most appropriate interventions. Activities to promote peace and reconciliation would receive high priority;<br>• Sponsor national and local level conferences to bring warring parties to the table;<br>• Support local and international media to promote messages on peace and reconciliation;<br>• Train CSOs at the grassroots to promote low threat freedom of expression and advocacy;<br>• Train local media how to report objectively on human rights abuses; and<br>• Support an independent judiciary. |

**Strategic Objective 6:** **Increase Use of Community Health Services, including HIV/AIDS**

| Scenarios<br>**If…** | Program Implications<br>**Then…** |
|---|---|
| Steady Pace<br><br>Rapid Progress | • Implement Health program as outlined in the ISP. No unprogrammed changes expected.<br>• Scale up health activities at a faster pace and expand geographic coverage beyond the target of 20 districts;<br>• Increase health activities such HIV/AIDS, family health and malaria programs. |
| Breakdown | • Health programming would be restricted to districts where travel is feasible and where local government and health services are still functioning;<br>• Health program would shift from a decentralized to a more centralized approach with a focus on immunization, diarrhea control, nutritional surveillance and MCH activities;<br>• All efforts would be made to maintain support for people who had already started anti-retroviral treatment. However under this scenario, it would be impossible to expand ART services. |

**Strategic Objective 7.** **Expanded Economic Opportunities in Rural Areas**

| Scenario<br>If… | Program Implications<br>Then… |
|---|---|
| Steady Pace | • Implement economic growth activities as out lined in the strategy. No unprogrammed changes expected. |
| Rapid Progress | • Diversify and scale up activities beyond agriculture at a faster pace because of the rapid economic progress that would be sparked by increasing commercialization and domestic, regional and international trade and investment;<br>• Take greater advantage of international trade opportunities such as those presented under AGOA;<br>• Seek to increase program impact through GDA partnerships and closer collaboration with donors. |
| Breakdown | • Program would be refocused to address the emergency needs of the internally displaced and vulnerable populations, with a focus on humanitarian activities;<br>• To the extent possible, agricultural and private sector activities would continue in unaffected areas;<br>• Food for Peace resources would be accorded a greater profile in the economic growth portfolio as gains in off-farm diversification revert to subsistence patterns.<br>• Reprogram DA assistance to meet changing priorities. |

## VIII. PARAMETER SETTING CABLE

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ADM AID KIGALI FOR: HPATRICK, JLAROSA;

E.O. 12958: N/A
TAGS: PREL, PROV, EAID, BY
SUBJECT: RWANDA INTEGRATED STRATEGIC PLAN PARAMETERS
GUIDANCE

FOR REDSO/ESA

1. SUMMARY. ISSUES COMPILED FROM USAID/RWANDA'S BACKGROUND PAPERS FOR DEVELOPMENT OF ITS 2004-2009 INTEGRATED STRATEGIC PLAN (ISP) WERE REVIEWED AND DISCUSSED IN AID/W ON AUGUST 8, 2002. THE MISSION WAS CONGRATULATED FOR THEIR DEDICATED WORK AND RESULTS ACHIEVED TO DATE. THE FOLLOWING PARAMETERS WERE ESTABLISHED DURING THE MEETING: A) A SUSTAINABLE DEVELOPMENT INTEGRATED STRATEGIC PLAN (FY04-09) WILL BE DEVELOPED, B) SCENARIO-BASED PLANNING AND TRIGGER POINTS WILL BE INCORPORATED UNDER THE ISP, C) CONFLICT PREVENTION AND DEMOCRACY AND GOVERNANCE, HEALTH (INCLUDING HIV/AIDS), AGRICULTURE (INCLUDING FOOD SECURITY), AND ECONOMIC GROWTH WILL BE DEVELOPED AS STRATEGIC AREAS, AND D) DA PROGRAM AND OPERATING EXPENSE (OE) FUNDING LEVELS, AS WELL AS USDH STAFFING, WILL BE STRAIGHTLINED UNDER THE NEW ISP. END SUMMARY.

2. BACKGROUND. THE MEETING WAS CHAIRED BY DEPUTY

DIRECTOR AFR/EA JOHN SCHNEIDER AND USAID/RWANDA WAS REPRESENTED BY MISSION DIRECTOR DESIGNATE HENDERSON PATRICK AND SUPERVISORY PROGRAM OFFICER JOAN LAROSA.

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REPRESENTATIVES FROM AFR/EA, AFR/DP, AFR/SD, PPC, DCHA, EGAT, GH AND GC ATTENDED.

3. OVERVIEW FROM USAID/RWANDA. MISSION DIRECTOR DESIGNATE HENDERSON PATRICK GAVE A BRIEF OVERVIEW OF THE PROGRESS MADE UNDER USAID/RWANDA'S EXISTING ISP, (EXTENDED TWICE SINCE INITIATED IN 1997) AND THE REASONING BEHIND THE MISSION'S REQUEST TO DEVELOP A NEW COUNTRY STRATEGIC PLAN. SUPERVISORY PROGRAM

OFFICER JOAN LAROSA COMPLEMENTED THIS OVERVIEW WITH ADDITIONAL INFORMATION ON THE SOCIO-ECONOMIC AND POLITICAL ENVIRONMENT IN RWANDA, CITING SUBSTANTIAL PROGRESS MADE SINCE THE 1994 GENOCIDE, AS WELL AS THE NUMEROUS CHALLENGES STILL REMAINING.

4. PROGRAM PARAMETERS. PURSUANT TO AID/W REVIEW AND CONSIDERATION OF THE ISSUES PRESENTED AT THE MEETING, AND THE AUTOMATED DIRECTIVES SYSTEM (ADS) SERIES 201.3.3.5, THE FOLLOWING PARAMETERS HAVE BEEN ESTABLISHED TO GUIDE THE DEVELOPMENT OF A NEW USAID/RWANDA ISP:

5. STRATEGY PERIOD AND TYPE. THE MISSION IS AUTHORIZED TO PREPARE A FIVE YEAR INTEGRATED STRATEGIC PLAN REFLECTING A SCENARIO-BASED SUSTAINABLE DEVELOPMENT STRATEGY FOR THE PERIOD FY 2004 - 2009. A PROGRAM REVIEW WILL BE CONDUCTED AT YEAR THREE TO ASCERTAIN WHETHER THE ISP IS STILL ADDRESSING THE PREVAILING CONDITIONS IN THE COUNTRY.

6. SCENARIO-BASED PLAN. IT WAS AGREED THAT A



SCENARIO-BASED SUSTAINABLE DEVELOPMENT STRATEGY IS APPLICABLE TO RWANDA AND THUS USAID/RWANDA SHOULD DEVELOP A SCENARIO-BASED PLAN IN THE NEW ISP THAT INCORPORATES TRIGGER POINTS FOR OPTIMISTIC AND PESSIMISTIC CIRCUMSTANCES FOR PROGRAM IMPLEMENTATION. THE ISP SHOULD EXPLAIN THE KIND OF EVENT THAT WOULD TRIGGER A CHANGE FROM ONE SCENARIO AND BUDGET LEVEL TO ANOTHER. THE ISP'S NARRATIVE AND BUDGET PRESENTATION MUST BE PROVIDED FOR EACH SCENARIO DEFINED.

7. PLAN INTEGRATION. THE ADS REQUIRES THAT PARTNERS AND STAKEHOLDERS BE CONSULTED AND, WHERE FEASIBLE, BE ACTIVELY ENGAGED IN THE DEVELOPMENT, UPDATING, AND MONITORING OF STRATEGIC PLANS. THE ISP SHOULD BE PREPARED IN CLOSE CONSULTATION WITH RELEVENT USAID

OFFICES, INCLUDING BOTH FIELD AND WASHINGTON STAFF, AND SHOULD COMPLEMENT THE MISSION PERFORMANCE PLAN (MPP) PROCESS WHICH ENGAGES ALL RELEVENT USG AGENCIES. THE MISSION IS ALSO ENCOURAGED TO ARTICULATE HOW THE ISP RESPONDS TO THE GOR'S POVERTY REDUCTION STRATEGY PAPER (PRSP). THE ISP SHOULD PROVIDE A COHERENT, INTEGRATED USAID ASSISTANCE PACKAGE FOR RWANDA, REFLECTING MUTUALLY AGREED UPON STRATEGIC OBJECTIVES AND PROGRAM OUTCOMES AS WELL AS A PLAN FOR MEASURING RESULTS. THE ISP SHOULD ALSO ADDRESS HOW THE MISSION IS OR IS NOT PARTICIPATING IN THE FOUR AFR/BUREAU INITIATIVES (TRADE, AGRICULTURE, EDUCATION, AND ANTI-CORRUPTION). USAID/RWANDA IS COMMENDED FOR ITS

CONSISTENT CONSULTATION WITH THE US EMBASSY IN KIGALI,
THE GOVERNMENT OF RWANDA (GOR), AND ITS PARTNERS AND
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STAKEHOLDERS, AND IS URGED TO CONTINUE CONSULTATIONS
DURING ISP DEVELOPMENT.

8. AGENCY GOAL AREAS/PRIORITY INTERVENTION AREAS. THE
MISSION IS COMMENDED FOR BUILDING ON PAST INVESTMENTS
AND MOVING FROM AN INTERIM TO A SUSTAINABLE
DEVELOPMENT STRATEGY. AGENCY GOAL AREAS FOR WHICH
STRATEGIC OBJECTIVES'S (S0'S) MAY BE PROPOSED IN THE
ISP INCLUDE:

- CONFLICT PREVENTION, DEMOCRACY AND GOVERNANCE
- HEALTH (INCLUDING HIV/AIDS)
- AGRICULTURE (INCLUDING FOOD SECURITY), AND
- ECONOMIC GROWTH

9. CROSS-CUTTING THEMES. THE MISSION HAS PRESENTED A
PRELIMINARY FRAMEWORK WITH SEVERAL CROSS-CUTTING
THEMES, INCLUDING EDUCATION, HIV/AIDS, INFORMATION AND
COMMUNICATIONS TECHNOLOGIES (ICT), GENDER, HUMAN
CAPACITY DEVELOPMENT (HCD) AND THE ENVIRONMENT. THESE
THEMES WILL BE FURTHER REFINED AND DEVELOPED AS THE
MISSION MOVES FROM ANALYSIS TO STRATEGIC CHOICE.
SPECIFIC CONSIDERATIONS FOR THE MISSION TO TAKE INTO
ACCOUNT INCLUDE:

- CONFLICT. IN THE ISP, THE MISSION SHOULD ARTICULATE
HOW CONFLICT VULNERABILITY ISSUES IN RWANDA GUIDED
THEIR SELECTION OF PRIORITY INTERVENTIONS.
- EDUCATION. THE MISSION WILL ADDRESS EDUCATION AS A
CROSS-CUTTING THEME IN ITS STRATEGY, FOCUSING ON
GENDER AND YOUTH AND BUILDING ON PAST PROGRESS IN THIS
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SECTOR.
- HIV/AIDS. GH/HIV-AIDS CONCURRED WITH THE MISSION'S
PROPOSAL TO INCORPORATE HIVS/AIDS INTO ITS HEALTH

OBJECTIVE (OR OTHER STRATEGIC OBJECTIVES). HIV/AIDS
MAY ALSO BE TREATED AS A CROSS-CUTTING THEME IN THE
ISP. FOLLOWING AGENCY GUIDANCE, THE MISSION WILL NEED
TO ATTACH AN INDEPENDENT ANNEX TO THE ISP THAT
DESCRIBES THE OVERALL HIV/AIDS STRATEGY AND PROGRAM.
THE MISSION IS ENCOURAGED TO CONTINUE TO MONITOR
HIV/AIDS INDICATORS AS REQUIRED BY THE AGENCY AND TO
INCLUDE THESE IN ITS PERFORMANCE MONITORING PLAN
(PMP). THE MISSION SHOULD ADHERE TO GH GUIDANCE ON

HIV/AIDS AND CONSULT CLOSELY WITH GH/HIV-AIDS.

10. SECTOR PROGRAM ASSISTANCE (SPA). USAID/AFR ENCOURAGES THE MISSION TO EXAMINE THE POSSIBLE USE OF SPA WHERE BENEFITS APPEAR TO OUTWEIGH MORE TRADITIONAL PROJECT ASSISTANCE, AS LONG AS IT IS APPROPRIATE IN THE CURRENT POLITICAL ENVIRONMENT. IF THE MISSION PLANS TO USE SPA, IT SHOULD DESCRIBE IN THE ISP HOW IT WILL BE USED AND HOW IT IS CONSISTENT WITH AGENCY POLICY AND STRATEGY REQUIREMENTS.

11. PUBLIC/PRIVATE ALLIANCES. THE AGENCY WILL CONTINUE ITS EFFORTS TO MAINSTREAM PUBLIC/PRIVATE ALLIANCES, AND BEGINNING NEXT FY MISSIONS WILL BE ASKED TO SPECIFICALLY ADDRESS HOW SUCH ALLIANCES WILL BE INCORPORATED INTO THEIR OYB BEFORE DA FUNDING IS ALLOWED. THE MISSION WILL THUS NEED TO CLEARLY ARTICULATE ITS PLANS FOR PUBLIC-PRIVATE ALLIANCES IN

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THE ISP.

12. ANTICIPATED PROGRAM AND OE FUNDING LEVELS. USAID CORE FUNDING PROGRAM SOURCES INCLUDE DA, CSH, AND PL 480. A REASONABLE EXPECTATION IS THAT THE MISSION WILL RECEIVE STRAIGHTLINED PROGRAM AND OE LEVELS AT 2004 LEVELS AND SHOULD PLAN ACCORDINGLY. HOWEVER, DUE TO THE FLUID BUDGET ENVIRONMENT THIS YEAR, THE MISSION IS ENCOURAGED TO DEVELOP BUDGET PLANNING SCENARIOS AT STRAIGHTLINED, AND AT MODERATELY INCREASED AND DECREASED LEVELS.

13. ECONOMIC SUPPORT FUNDS (ESF). IN THE PAST, USAID/RWANDA HAS RELIED ON ESF TO FUND KEY DEMOCRACY AND GOVERNANCE (D/G) PROGRAMS, INCLUDING SUPPORT TO THE GACACA PROCESS, AND TO STRENGTHEN RULE OF LAW AND TRANSPARENCY IN GOVERNANCE. SINCE THE AVAILABILITY OF ESF FOR D/G ACTIVITIES IS UNCERTAIN BEYOND FY02, STATE AND USAID HAVE AGREED TO ENGAGE IN JOINT PLANNING TO SUPPORT THE CONTINUATION OF THESE IMPORTANT ACTIVITIES. THE MISSION IS ENCOURAGED TO CONTINUE TO WORK VERY CLOSELY WITH THE EMBASSY IN DEVELOPING ESF

PROGRAMS AND IN MAKING THE CASE FOR THESE TO BE FUNDED.

14. STAFFING RESOURCES. NO CHANGES ARE ANTICIPATED IN USDH STAFFING LEVELS AND THE MISSION SHOULD PROCEED WITH THE DEVELOPMENT OF THE ISP AT CURRENT STAFFING LEVELS. THE MISSION IS ALSO REMINDED THAT ALTHOUGH THERE ARE NO FORMAL CONSTRAINTS ON THE NUMBER OF

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PROGRAM FUNDED STAFF, IT SHOULD CLOSELY ANALYZE PROGRAM FUNDING LEVELS ACCORDED TO STAFFING VERSUS THE PROGRAMS THEMSELVES.

15. EARMARKS AND DIRECTIVES. WHEN DEVELOPING THE STRATEGY, THE MISSION SHOULD TAKE INTO CONSIDERATION ALL EARMARKS AND DIRECTIVES WHICH IMPACT RWANDA, INCLUDING BUT NOT LIMITED TO THE GORILLA DIRECTIVE, BIODIVERSITY, HIV/AIDS, INFECTIOUS DISEASES (ID), DISPLACED AND ORPHANED CHILDREN (DCOF), OTHER VULNERABLE CHILDREN (OVC), AND OTHERS, AS APPROPRIATE.

16. GC REVIEW. AFR/GC ADVISES THE MISSION TO KEEP FIVE LEGAL ISSUES IN MIND AS IT DEVELOPS THE ISP:

A) FAA SECTS. 118 AND 119 REQUIRE THAT COUNTRY STRATEGIES CONTAIN AN ANALYSIS OF THE ACTIONS NEEDED IN THAT COUNTRY TO CONSERVE BIODIVERSITY AND TROPICAL FORESTS, AND IDENTIFY THE EXTENT TO WHICH USAID'S STRATEGY DOES OR DOES NOT ADDRESS THOSE NEEDS. THIS DIFFERS FROM INITIAL ENVIRONMENTAL EXAMINATIONS (IEE) FOR SPECIFIC SOS OR ACTIVITIES. THE MISSION IS ADVISED TO CONSULT WITH THE BUREAU ENVIRONMENTAL OFFICER ON THIS REQUIREMENT PRIOR TO CONDUCTING THE ANALYSIS.

B) DEMOBILIZATION. CARE SHOULD BE TAKEN TO ENSURE THAT ANY DEMOBILIZATION ACTIVITIES UNDER THE ISP ARE STRUCTURED SO THAT THEY CONSTITUTE ECONOMIC RATHER THAN MILITARY ASSISTANCE. FUNDS MAY NOT BE USED TO ASSIST THOSE STILL IN THE FIGHTING FORCES (I.E. THOSE WHO ARE IN THE PROCES OF DEMOBILIZING ARE NOT YET


FULLY DEMOBILIZED) UNLESS VERY STRICT TESTS ARE MET. THIS IS A LEGAL, NOT INTUITIVE, LINE THAT DEPENDS HEAVILY UPON THE FACTS OF THE SITUATION, AND MISSION IS URGED TO CONSULT WITH THE RLA AT AN EARLY POINT ON THIS. TO THE EXTENT THAT PROPOSED ASSISTANCE IN THIS AREA ORIGINATES WITH STATE/WASHINGTON, THERE SHOULD BE A MECHANISM TO ENGAGE LEGAL INPUT AT THE EARLIEST POINT IN THE PROCESS. ADDITIONALLY, USAID'S ASSISTANCE MAY NOT BE COMMINGLED WITH FUNDS TO BE USED FOR ACTIVITIES THAT ARE CONSIDERED TO BE MILITARY

ASSISTANCE. GC UNDERSTANDS THAT ACTIVITIES CURRENTLY CONTEMPLATED BY THE MISSION- BILATERALLY PROVIDED SUPPORT FOR REINTEGRATION ACTIVITIES- WOULD CONSTITUTE (ACCEPTABLE) ECONOMIC ASSISTANCE.

C) AGRICULTURE EXPORTS. IN ACCORDANCE WITH THE BUMPERS

AMENDMENT AND USAID POLICY DIRECTIVE (PD) 15, THE
MISSION NEEDS TO ENSURE THAT ANY AGRICULTURE
COMMODITIES IT SUPPORTS FOR EXPORT ARE NOT LIKELY TO
HAVE A SIGNIFICANT IMPACT ON COMPETING U.S. EXPORTS.
THIS IS NORMALLY DOCUMENTED THROUGH APPROPRIATE
ANALYSIS.

D) SECTOR PROGRAM ASSISTANCE. COMPLEMENTING PARA 10,
THE AGENCY'S ACCEPTED DEFINITION OF SPA (FOR WHICH DA
FUNDS MAY BE USED) IS THE PROVISION OF GENERALIZED
RESOURCES, AFTER THE ACCOMPLISHMENT OF AGREED-UPON
POLICY, INSTITUTIONAL OR ADMINISTRATIVE REFORMS,
RATHER THAN THE PROVISION OF FINANCIAL RESOURCES IN
ORDER TO UNDERTAKE PARTICULAR ACTIONS WITH THOSE FUNDS


(PROJECT ASSISTANCE). THE FOCUS IS UPON THE COMPLETED
REFORM ACTION, RATHER THAN ON THE PROVISION OF BUDGET
SUPPORT. THE MISSION NEEDS TO CAREFULLY FOLLOW THE
AGENCY GUIDANCE IN ITS USE OF SPA IF IT PROPOSES TO DO
SO IN ITS STRATEGY SUBMISSION.

E) PD 20. PROPOSALS FOR STUDIES OR OTHER ASSISTANCE
FOR DUTY FREE AREAS IN RWANDA NEED TO BE CAREFULLY
REVIEWED IN LIGHT OF PD 20, REGARDING LOSS OF U.S.
JOBS.

17. ANALYTICAL AGENDA. THE MISSION IS COMMENDED FOR
HAVING ALREADY CONDUCTED NUMEROUS ANALYSES, AND IS
ENCOURAGED TO ARTICULATE IN THE ISP WHAT ANALYSES HAVE
BEEN DONE AND THE STEPS TAKEN TO PRIORITIZE CHOICES
AND ENSURE THE GREATEST OPPORTUNITY FOR SUCCESS. THE
ISP SHOULD ALSO SUMMARIZE ALL STUDIES TO BE CONDUCTED
TO MAKE SURE THE STRATEGY IS WELL FOCUSED. IT IS ALSO
RECOMMENDED THAT THE MISSION INVITE AFR/SD TO THE
MISSION'S "ANALYSIS TO CHOICE" WORKSHOP, GIVEN THEIR
INTEREST IN THE PROGRAM AND THEIR EXTENSIVE COMMENTS
FOR MISSION CONSIDERATION.

THE REMAINING ADS-MANDATED TECHNICAL ANALYSIS
(201.3.4.11) TO BE CONDUCTED BY THE MISSION IS THE
ENVIRONMENTAL ANALYSIS. THE MISSION SHOULD WORK
CLOSELY WITH THE AFR BUREAU ENVIRONMENTAL OFFICER.

18. PL 480 TITLE II. FFP STRONGLY ADVOCATES THE

INTEGRATION OF MISSION RESOURCES WITH TITLE II


RESOURCES AND SEES TREMENDOUS OPPORTUNITY WITH RESPECT

TO AGRICULTURE AND HIV/AIDS PROGRAMMING. THE MISSION IS ALSO ENCOURAGED TO REMAIN OPEN TO PVO PROPOSALS TO USE TITLE II FOOD AID IN THE CONTEXT OF NUTRITION AND MATERNAL/CHILD HEALTH ACTIVITIES.

OMB HAS REQUESTED THAT FFP REDUCE MONETIZATION OVER TIME AS OLD PROGRAMS END AND NEW PROGRAMS BEGIN. AS A RESULT, THE AMOUNT OF FUNDING PROVIDED BY FFP FOR RWANDA MAY HAVE TO BE SCALED BACK AFTER THE THREE EXISTING TITLE II PROGRAMS EXPIRE IN 2005. FFP WILL LOOK FAVORABLY ON NEW PROPOSALS THAT INCORPORATE MISSION FUNDING AND A FOOD DISTRIBUTION COMPONENT.

TO ENSURE THAT P.L. 480, REGULATION 11, AND FFP POLICIES ARE FOLLOWED AT ALL TIMES, FFP/W REQUESTS THAT THE MISSION REMAIN IN REGULAR CONTACT WITH FFP/W.

19. CONSISTENCY WITH THE ADS. THE MISSION IS ADVISED THAT THE ISP SHOULD BE DEVELOPED IN ACCORDANCE WITH THE ADS, AND THAT AT A MINIMUM IT MUST ADEQUATELY ADDRESS THE FOLLOWING SIX CONTENT AREAS (SEE ADS 201.3.4):

A) OVERALL ASSISTANCE ENVIRONMENT.
B) RATIONALE FOR CHOICE OF SO'S AND TIME FRAME.
C) RESULTS FRAMEWORK AND ILLUSTRATIVE ACTIVITIES, INCLUDING A PERFORMANCE MONITORING PLAN (PMP). AFR REQUESTS THAT THE MISSION INCLUDE INDICATORS AND TARGETS FOR EACH SO AND IF POSSIBLE FOR EACH IR.
D) PROGRAM MANAGEMENT.



E) ESTIMATE OF RESOURCES NEEDED.
F) REQUIRED ANNEXES (ADS 201.3.4.11).

20. TIMEFRAME FOR THE DEVELOPMENT AND SUBMITTAL OF THE ISP. THE MISSION IS REQUESTED TO SUBMIT A TIMETABLE FOR DEVELOPMENT AND SUBMITTAL OF THE STRATEGY TO AID/W WITHIN ONE MONTH OF CABLE RECEIPT.

POWELL

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