

## 1. Program Rationale:

### a. Relevance to U.S. Strategic and Foreign Policy Interest and USAID Priorities

Rwanda is a relatively stable country in an unstable region. Destabilizing elements in the neighborhood include potential electoral outcomes in DRC, continuing but seemingly improved situation in Burundi and the presence of several active rebel groups next door in the DRC. With its internal stability and strong disciplined military, Rwanda is a key ally of the U.S. for promotion of peace in the Great Lakes Region. Rwanda has strongly supported the U.S.-led War on Terror and has supported U.S. strategic interests in Africa by providing peacekeeping troops under the auspices of the United Nations and the African Union to the troubled Darfur region of Sudan and Khartoum. The U.S. is committed to addressing the root causes of poverty and underdevelopment in Rwanda and the Great Lakes region so as to eliminate the internal and regional instability which led to the genocide and can contribute to war in the region. In Rwanda, USAID contributes to two strategic objectives in the State-USAID Strategic Plan; (1) achieving peace and security through the goal of increased regional stability, and (2) advancing sustainable development and global interests through the goals in democracy and human rights, economic prosperity and security, social and environmental issues and humanitarian response. Increasing regional stability in the Great Lakes region is a top priority of the USG. The U.S. has been a key leader in the establishment of the Tripartite Process, a forum for the governments of the DRC, Uganda, Rwanda and Burundi to communicate and solve problems peacefully.

### b. Responsiveness to country context and linkage with Strategic Framework for Africa

In Rwanda, USAID concentrates on promoting transformational development in health, economic growth and democracy and governance. Rwanda remains fragile due to instability in the eastern DRC, lack of a sufficiently open internal political process, access to land, and the management of post genocide issues (case load and reconciliation). Addressing these fragility factors will be key to making sure that Rwanda continues to progress in reaching its long term development goals. In Rwanda, USAID is also a primary force in addressing the transnational issue of HIV/AIDS through the Emergency Plan.

**Challenges:** USAID recognizes the major development constraints that Rwanda and its citizens are working to overcome. Recovering from the 1994 Genocide when over one million Tutsis and moderate Hutus were killed continues to be a strong motivating factor for the Government of Rwanda (GOR) and its assistance partners. To that end, the GOR pursues well-focused development priorities. These are outlined in the Vision 2020 document and the Poverty Reduction Strategy Paper (PRSP) that define the country's priority actions for reducing poverty and increasing economic growth. These policies are endorsed by all donors and USAID's programs in Rwanda contribute directly to their achievement. Leading causes of rural poverty are low productivity of the agriculture sector, limited access and low levels of education, lack of economic opportunities outside of subsistence agriculture, high maternal and under-five mortality rates and the devastating impact of HIV/AIDS. This is reflected in a per capita income of \$220 per year and a ranking 159 of 177 in the United Nations Development Program's (UNDP's) 2005 Human Development Index. Rwanda already has the highest population density in Africa, and the current population of 8.2 million is growing rapidly. With 67% of the Rwandan population below the age of 25, attention to this area is critical, and 30% of that population is orphans. With a high fertility rate (6.1 children/family), population is growing at an annual rate of 2.9%.

Given Rwanda's population pressures, 55% of farms are less than one half hectare (about one acre) in size and competition for land is an underlying source of conflict. Preserving conservation areas to support tourism is becoming more difficult. The GOR is conscious of the problem and is seeking to reduce agriculture's share of employment from 90% to 50% by 2020. The creation of off-farm employment will require an enormous human resource investment. In a positive light, Rwanda is a member of the Common Market of Eastern and Southern Africa (COMESA) since

1994 and in 2004 attained free trade and zero tariff status within the region. It has attained HIPC completion status and will join the Economic Commission for Africa in April 2006.

**Strategic Framework for Africa: USAID programs will help to address some of the challenges facing Rwanda.** USAID/Rwanda contributes to both operational goals under transformational development: (1) foster a healthier, better educated and more productive population and (2) increase the effectiveness of African institutions in promoting a vibrant private sector and democratic governance. Due to the risk for internal and regional instability and conflict, USAID's program in Rwanda also fits the fragile states strategic framework and contributes to the goals of (1) averting and resolving conflict and (2) managing crises and promoting stability, recovery and democratic reform.

**Sources of fragility:** Rwanda remains a society in post-traumatic convalescence. Peace, stability, and long-term national reconciliation are issues that are of great national importance. Effective structures allowing for the peaceful expression of dissent (such as a free media or political parties) or redress of grievances are lacking and could lead individuals or groups to seek violent means of expression. The GOR's new efforts in enacting land policy can be a potential flashpoint and fuels controversy over land tenure. Involuntary relocation of individuals and communities and consolidation of land holdings, for example, could lead to much larger numbers of landless and jobless poor, and few off-farm activities currently exist to employ these people. The government's ambitious Gacaca (traditional courts) program to address perpetrators of the genocide is strong on justice but weak on reconciliation and could have destabilizing consequences if it does not handle the potential 700,000 cases successfully. Since late 2005, implementation of the program has picked up speed and is moving ahead on schedule. Gacaca does not include any crimes that may have been committed by the ruling RPF forces which could be seen as inequitable justice by certain segments of the population.

**Initiatives and earmarks:** Rwanda benefits from the President's **Africa Education Initiative** (AEI) which is providing 1,961 scholarships for girls to attend and complete primary and secondary school. The AEI contributes to progress on a key millennium challenge progress indicator: girls' education rates. The Administrator's **Last Mile Initiative** provides email capabilities to nine of the country's eleven coffee cooperatives to enable them to directly manage and strengthen their growing relationships with international customers and suppliers. This capability is critical to sustain the cooperatives' recent dramatic success in reaching new, much higher paying "relationship coffee" markets. Under the Africa Bureau **Anti-corruption initiative**, USAID increases public accountability and local level oversight preventing the mismanagement of the increased resources that flow to local district governments under decentralization. Under the **Biodiversity earmark**, USAID conducts eco-tourism and income-generating conservation activities as part of its expanding economic opportunities in rural areas strategy.

**Relevance to National Development Plans:** The Government of Rwanda's long-term development goals are presented in their Vision 2020 approved by Parliament in 2002. The pillars of the vision: reconstruction of the nation; an efficient state capable of uniting and mobilizing its population; human resources development; town and country planning and development of basic infrastructures; development of entrepreneurship and the private sector and the modernization of agriculture link closely with USAID's strategy elements in democracy/governance, health and expanded economic opportunities in rural areas. The USAID strategy directly supports priority Poverty Reduction Strategy Paper (PRSP) focus areas: good governance, human development (health, youth and vulnerable groups like orphans), rural development, agricultural transformation and private sector development. USAID participates in annual multi-donor reviews and provides feedback on PRS progress. The GOR recently launched the development of the next PRSP which will have a special focus on economic growth. A USAID remains engaged in this process, and leads the private sector working group.

The GOR is committed to Rwanda's development and is addressing many issues of importance to the Rwandan population. The GOR's land policy reform is a high priority. The current land law

was in Parliament for five years and was just passed in 2005. USAID, in partnership with other donors, is assisting the GOR with drafting of implementation decrees to operationalize the law. Lack of participation in Rwandan society is being addressed through the GOR's support for decentralization, increased authority and financing to the local level, and reconciliation efforts at the community level. The GOR is supporting the development of the justice sector which is making strides towards independence in line with the 2003 Constitution. USAID has helped in this endeavor by meeting the demand to provide training to court administrators. Gacaca, innovative and somewhat successful, is the best realistic option to address the backlog of genocide cases and help the country move on.

USAID's close partnership with the Ministry of Health is making significant strides in the health sector by helping to mitigate the negative impact of HIV/AIDS and a large OVC population largely due to the genocide and HIV/AIDS. Since an estimated 90 percent of the Rwandan population derives its livelihood through agriculture, USAID is identifying market-oriented opportunities that add value and increase impact among growers, processors, and traders, and with Banque de Kigali is providing credit and financing for the agribusiness sector. At the same time, the GOR and the Mission agree the key to further economic growth in Rwanda is by providing off-farm opportunities through value-added agricultural processing and the identification of other sustainable means, such as biodiversity conservation activities, support of private enterprises, tourism, and ICT.

**Energy:** Currently, Rwanda meets less than half the energy needs of the country. Over the past few years, USAID/EGAT has provided technical assistance to RURA, Rwanda's utility regulatory agency, to assess the implementation of the agency's regulatory role, personnel needs, and structure of its Communications Section. Further assistance helped RURA qualify for the World Bank's Emergency Electricity Credit. Energy is vital to Rwanda's progress. Energy can be used to support off-farm alternatives; increased use of agricultural technologies can help Rwandan farmers increase crop yields, engage in pre-planting and post-harvest processing to add value to their products and cultivate specialty crops that command a high market value. Energy can support a livable environment and lead to the adoption of new technology, while promoting local enterprises. Development of enterprises to enhance income generation and employment opportunities in the rural off-farm sector include marketing, servicing and even operating the renewable energy technologies and all other attendant technologies (agricultural machinery pumps, vehicles, power components, refrigerators, etc). Development of decentralized and reliable power sources can create opportunities for other service businesses not related directly to the agricultural sector. These service businesses may include retail stores, restaurants, rural inns, community communication centers (phones) and offices (computers), rural health service facilities, eco-tourism centers, rural educational and training centers and other service providers. Such services would employ landless Rwandans in rural areas as well as farmers wishing to supplement their incomes. With support from the African Global Competitiveness Initiative (AGCI) which was announced by President Bush in July 2005, USAID will strengthen the regulatory bodies for ICT and utilities, (principally energy and water) and will build upon the successes of the work financed by USAID Washington (EGAT/EE team) and the Last Mile Initiative (LMI).

#### **Africa Bureau Strategic Issues:**

**Implication for Extractive Industries:** This is not currently a bilateral issue although there is some unconfirmed evidence that amounts of cassiterite (tin), and tantalum (coltan) exported from Rwanda actually originated in the DRC. These extractive industry revenues affect regional peace prospects by providing resources to corrupt local governments and independent militias in the eastern DRC even though handling of the processing, transit and final exportation of these products appears to be legitimate in Rwanda. The Mission views the Rwanda-DRC extractive industries as a trans-border issue best handled regionally. USAID/Rwanda SO5 and SO 7 teams participate in monthly meetings with expert industry group representatives and the GOR to assess the scale of illegal transshipments. The SO7 team has engaged in discussions with On the Frontier (OTF) and is interested in joining the REDSO extractive industry initiative.

**Counter-terrorism:** Is not an issue in U.S.-Rwanda dialogue. The GOR supports the U.S.-led War on Terror and contributes troops to African peace-keeping missions such as the current action in the Darfur region of Sudan. Rwanda has a moderate Muslim minority that has positive relations with GOR and the U.S. Mission.

**Millennium Challenge Account:** Rwanda remains on the cusp for threshold status and scores well above the median on most indicators, except in governance and girls' primary education. Within governance, Rwanda rates as one of the highest achievers in controlling corruption, well above African and other least-developed countries, however other governance indicators need to improve. The judicial system and new legislature are being reestablished with greater independence. In education, Rwanda made recent gains by instituting fee-free universal primary education. Rates are climbing but current education system statistics are not up to date and do not reflect actual enrollment or completion rates. Threshold status would mobilize resources for priority governance objectives shared by the GOR and USAID, and would provide additional opportunities for assistance to girls' basic education.

## **2. Program Structure**

USAID/Rwanda's goal is to support transformational development and to address the issues contributing to fragility by increasing economic growth and improving well-being in Rwanda. The program supports the transformational development operational goal 1: Foster a healthier, better educated and more productive population and goal 2: Increase the effectiveness of African institutions in promoting a vibrant private sector and democratic governance. It supports sectoral objectives in democracy/governance, education, economic growth agriculture, environment and health. Specifically, Strategic Objective 5, Improved governance through increased citizen participation, and Strategic Objective 7, Expanded economic opportunities in rural areas, both link to transformational development goal 2 mentioned above. SO6, Increased use of community health services including HIV/AIDS, links to transformational development goal 1 mentioned above. Additionally, due to the risk for internal and regional instability and conflict, USAID/Rwanda also contributes to the Fragile States Framework. Within this framework, the program supports operational goals 1: Avert and resolve conflict and 2: Manage crises and promote stability, recovery and democratic reform. Specifically, the program contributes to objective 2.3, Advance inclusive governance, focusing on democratic concepts issues and institutions and will strengthen efforts by civil society to promote peaceful and legitimate alternatives. It also contributes to Objective 2.2, Increase access to essential services provided by local and national institutions. Addressing these fragility factors is key to making sure that Rwanda remains on track to achieve full transformational development. Food for Peace (FFP) resources are critical and contribute to overall program coherence by advancing the objectives of SO6 and SO7 and addressing food insecurity, a major contributor to fragility.

The strategy provides for flexible planning and quick program adjustments as circumstances may require. Programs are able to adapt to changes on the ground quickly and effectively in partnership with the GOR. One example is the joint SO5 and SO6, decentralization and health program (DHP) which recently adjusted to GOR territorial reforms and includes a district incentive fund which can be refocused as needed.

### **SO 5: Improved governance through increased citizen participation**

**Start date: 2004; End date: 2008**

Specifically, the DG program links with the Transformational Development Framework for Africa goal statement (2) Increase the effectiveness of African institutions in promoting a vibrant private sector and democratic governance and the sectoral D/G objectives: Increase society's effectiveness in advancing reforms and Strengthen institutions of democratic governance and rule of law. Program components contributing to these objectives are: Support democratic local government and decentralization, and Strengthen civil society. The educational sector objective: Promote equitable access to quality based education is supported by the girls' scholarship program and the radio education program aimed at youth. The DG program is also directly linked

to the Fragile States Framework and contributes to goal (1) avert and resolve conflict, under the sub-goal (1.2) reinforce African conflict-mitigation capacity. Program component Mitigate conflict and support peace contributes to this goal. The program elements that address the political openness and media freedom also contribute to the Fragile States Goal (2) Manage crises and promote stability, recovery, and democratic reform.

SO5 programs address some, but not all, of the challenges which contribute to fragility, due to budget constraints, and interest by other donors. Activities seek to enhance the GOR's decentralization efforts, strengthen civil society organizations, support the development of ordinary court system and judicial independence to lessen pressure on Gacaca, support other community-based reconciliation activities that are showing promise and support the GOR's implementation of Rwanda's land policy reform. Increased decentralization should lead to greater authority of local governments and greater freedom of expression in terms of an increased willingness of citizens to speak out, and a loosening of restrictions on NGOs and civil society organizations (CSOs).

Increase society's effectiveness in advancing reforms and Strengthen institutions of democratic governance and rule of law. USAID supports Rwanda's groundbreaking decentralization program by assisting new legislative bodies to carry out their mandates, increasing dialogue with citizens, and helping CSOs increase citizen and gender equitable participation in local and national governmental decision-making. The decentralization program will strengthen local government structures in the districts and devolve decision making and authority for development to the local level through district incentive funds. Decentralization presents a unique opportunity for USAID to strengthen civil society organizations (CSOs) while helping to build the capacity of district level governments and is supported by a joint venture between the DG and Health SOs. USAID promotes civil society engagement at each level of local government, using health services issues as an entry point. USAID supports both men and women's equal access to health services and to participation in government, with a special focus at the local and community level. USAID increases the public accountability and local level oversight preventing the mismanagement of the increased resources that will flow to local district governments under decentralization, thereby directly decreasing opportunities for corruption. The SO helps to build the capacity of the National Unity and Reconciliation Commission (NURC) to conduct opinion polls on citizens' satisfaction with their government. Assistance to the Gacaca Secretariat to establish a database system is helping to insure that the traditional courts operate nationally and promote access to the justice system. USAID provides assistance to the central level Ministries of Local Government and Health to increase their capacity to implement decentralization.

**Strengthening Civil Society.** Given the general weakness of CSOs, they are important targets for strengthening democratic processes, delivering social services, and fostering economic growth. National CSOs have begun to inform lawmakers, advocate on behalf of their constituents, and question government actions that run counter to the public good. These CSOs need the skills to be an effective link between citizens and national government to help open dialogue, increase opportunity for dissent, and increase participation in national politics. USAID will support the gradual development of CSOs with sound internal structures, and the ability to provide services or to advocate policy positions. 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.

Surveys show that women play a vital role in post-conflict society in Rwanda and their participation is recognized as critical to the country (NURC Opinion Survey: Gacaca Project. USAID and IRC 2002). Even though women are well represented at the national level, they are still marginalized in Rwandan society. Cultural norms, lack of work experience, and schooling keeps them from playing an active role in public life at the local level. USAID's civil society program will actively promote the participation of women by funding a minimum of 50% of projects that are either implemented by women CSOs, or that have a substantial component addressing specific women's needs in the areas of poverty alleviation, peace and reconciliation, and leadership.

**Reinforce African conflict-mitigation capacity.** Support for the National Unity and Reconciliation Commission (NURC) will focus on documentation and research on the reconciliation process. USAID will continue to work with local and international NGOs on activities that support reconciliation and conflict mitigation. USAID will continue to promote further reconciliation within Rwanda. Efforts to bring justice through the informal mediation systems (Gacaca) or the formal justice system will be coupled with civil society efforts to ease the trauma fresh and pervasive in society. A joint SO 5 and SO 7 activity unifies and trains poor rural women solidarity groups on promoting peace, unity and reconciliation, gender equity and empowerment, and HIV/AIDS prevention and mitigation. Women whose husbands are or were in prison and widows of the genocide are encouraged to join together in the same solidarity groups. Women are provided with training in life skills, savings, and income generating activities. Given that the link between land and conflict is well established, with particular reference to issues of scarcity, tenure, unequal distribution, and uncertain ownership, USAID will continue to provide active support along with other donors to the GOR's efforts to modify draft legislation of Rwanda's land policy reform. USAID will also assist with implementation decrees which will operationalize the law, and ensure that the law's implementation is gender neutral. With Washington-based conflict grants, USAID will support conflict mitigation through a wide consultation on land policy and regulation which includes all interested parties and stakeholders.

SO5 education activities are largely community-based activities that seek to promote stability, peace, and reconciliation which address causes of fragility and mitigate gender inequalities. Education activities include promoting equitable access to quality basic education with the Ambassador's Girls' Scholarship Program, the conflict mitigation radio-based basic education program aimed at youth, outdoor therapy and conflict mitigation skills training program for youth, and a co-funded SO 7 activity supporting women's solidarity groups through microfinance loans.

**Anticipated results:** By the completion of the objective in 2008, USAID expects that district and sector level local governments in target areas will be capable of raising and managing a substantial portion of the revenues needed to provide high quality, locally run health care and other services. Members of the public will have the opportunity to engage meaningfully with local government officials in developing services and budgets. Nationally, the Ministry of Local Government and other line ministries will pursue a continuing, harmonized policy of administrative and fiscal decentralization across the country. Levels of tension among citizens will be decreased through improved economic status (income generating opportunities in target areas), community reconciliation programs engaging CSOs, and by the ability of the government to assess the success of its policies (based on annual surveys of social cohesion.) The GOR land policy reform will continue to be a high priority. Sound implementation decrees and clear communication by the government to the public on policy changes concerning land should avoid large-scale conflict or crisis in the short term.

**Dealing with Fragility Issues to prevent backsliding:** While peace, reconciliation and national unity remain high GOR priorities, these have to some extent come at the expense of civil and political rights. Consequently, effective structures allowing for the peaceful expression of dissent through political party and media freedom and development are needed to redress grievances. The government's dauntingly ambitious Gacaca program, with an estimated 700,000 cases to try nationwide, offers the potential for justice and reconciliation in Rwanda. It could also have destabilizing consequences if not handled successfully. Both the Rural Economic Growth SO and the DG SO will collaborate in assisting the GOR implement the new land law which is a potential flashpoint, as land is scarce and there is already significant conflict over land tenure. Involuntary relocation of individuals and communities and consolidation of land holdings could lead to much larger numbers of landless and jobless poor, and few off-farm activities currently exist to employ these people.

**SO 6: Increased use of community health services including HIV/AIDS**  
**Start date: 2004, End date: 2008**

The Health program directly supports the transformational goal of fostering a healthier, better educated and more productive population. It contributes directly to all of the Africa Strategic Framework health sectoral objectives: Reduce transmission and impact of HIV/AIDS, Prevent and control infectious diseases of major importance, Reduce child mortality, Improve child survival, health and nutrition, Reduce maternal and newborn mortality, Improve maternal health and nutrition, and Improve reproductive health supported. Policy analysis skills and program management for decision-makers who set health priorities are a critical part of service delivery improvement across all program components. The program addresses critical urban health problems through community-based approaches (Urbanization objective) in Kigali City, the largest urban area. Youth outreach activities contribute to the Youth objective: Increase access and use of basic health services (including HIV) for youth. The entire health program contributes to the Fragility objective 2.2: Increase access to essential services provided by local and national institutions. SO6 activities support community input and engagement which are central to all health activities. Increased use of community health services supports rebuilding social cohesion that heals and addresses the causes of fragility.

**Reduce transmission and impact of HIV/AIDS.** Rwanda is one of 16 focus countries for the President's Emergency Plan for AIDS Relief. The USG team (including CDC, DOD and State) works in partnership with HIV/AIDS programs including the Global Fund and MAP. Prevention, care and treatment activities are implemented by multiple partners, and administered by State's Office of the Global AIDS Coordinator (OGAC). USAID currently administers approximately 75% of the entire USG program. A significant program for orphans and vulnerable children (OVC) is included in the HIV/AIDS program. What is unique to the Rwandan OVCs is that the large population is a result of the both the genocide and HIV/AIDS. The Emergency Plan is making a greater effort to link OVCs and people living with HIV/AIDS (PLWA) services to clinical services. This will ensure the continuum of care from the clinic to the community, to improve basic HIV and symptom management for adults and children. USAID is actively working to sustainably address the nutritional needs of people living with HIV/AIDS by integrating the distribution programs under Food for Peace with the anti-retrovirals (ARV) supplied by the Emergency Plan.

**Prevent and control infectious diseases of major importance.** USAID will expand malaria prevention and treatment through the decentralized health system. If Rwanda is selected as a focus country under the President's new Malaria Initiative, it will help Rwanda address a main source of mortality and morbidity. The program will continue building skills at the central, district and local levels for improved advocacy, planning, implementation and evaluation of malaria prevention and control activities. USAID will incorporate a malaria prevention component into pre-natal care programs and community-based health insurance outreach to increase knowledge about the risk of malaria and means of prevention, and will support the distribution of price-subsidized insecticide-treated bed nets (ITNs).

**Reduce child mortality.** USAID provides training to improve maternal, child and newborn nutrition in eleven districts. Nutritional training and Vitamin A supplementation complements other training efforts. USAID includes **micronutrients** in its child survival/maternal health programs.

**Reduce maternal and newborn mortality.** USAID will use a community-based approach that includes community input, mobilization, outreach and connectedness to reduce maternal mortality working with and through local NGOs, private associations, faith-based groups and community leaders.

Community mobilization activities focus on setting up emergency obstetric and neonatal care committees, pooling emergency funds and establishing transportation plans to ensure women and newborns reach referral facilities quickly in the event of an emergency. USAID will also work in collaboration with the Global Fund to build and strengthen community-based health insurance. USAID links safe motherhood programs with HIV/AIDS prevention by working with prevention of maternal to child transmission (PMTCT) and voluntary counseling and testing programs funded

through the Emergency Plan.

**Improve reproductive health.** USAID will increase demand, access to and quality of family planning and reproductive health (FP/RH) interventions. It will assist the GOR and its partners to expand the range of FP/RH services available, and to assure the quality of those services nationally. All services provided are in compliance with Mexico City and Thiar requirements. USAID will transfer skills in contraceptive logistics management to central and district levels and procure contraceptives to increase overall availability. It will work with local institutions to increase overall demand for modern contraceptive methods.

Current programming in SO6 is actively mitigating the negative impacts of the human resources crisis in the health sector. USAID has assisted the Ministry of Education which recently consolidated nursing schools to strengthen the nursing school curricula and the quality of nurse training. USAID is also working with the GOR on a nursing certification program so that trained nurses can administer ARVs. Currently, only doctors can dispense the life saving drugs, constraining the national distribution of ARVs. Low salaries contribute significantly to the challenge of retaining qualified personnel and trained professionals. Under strong GOR leadership USAID is rapidly moving all programs to the Performance-Based Financing (PBF) approach which provides financial incentives to health facilities that offer high quality and expanded services to clients. Finally, the SO6 program has partnered with the School of Public Health at the National University of Rwanda (NUR) to create the first Masters of Public Health program in Rwanda. USAID is also helping the school to strengthen in-service training through the Family Medical Initiative. Developing local capacity to manage Rwanda's health system remains a top priority of USAID.

**Anticipated results:** At the conclusion of the Health program in 2009, it is anticipated that the SO will have increased the national contraceptive prevalence rate to 20 % and increased DPT3 immunization coverage in target districts to 90 %. CPR moved from 4% to 10% in five years (from 2000 to 2005) which is greater than a two-fold increase. We expect a similar increase given the high unmet demand for family planning (36.5% in 2002; Ministry of Health) and that 42% of women want to limit births (DHS 2005). Maternal mortality in target districts will be reduced to 550 per 100,000 births. Community-based health insurance will cover 70 % of the country. 50 % of pregnant women and children under-five will be using ITNs and 100 % of districts will have plans and budgets that reflect citizen input and health service priorities. Community-based approaches implemented in our program will contribute to improved governance, alleviate human resource problems, and lead to improved health outcomes and mitigate destabilizing factors. The overall USG Emergency Plan goals for HIV/AIDS in partnership with Rwanda are to: (1) prevent 157,000 HIV infections, (2) provide care and support to 250,000 people including 62,000 orphans and vulnerable children, and (3) provide antiretroviral treatment (ART) to 50,000 individuals.

These ambitious results are due to a variety of factors, however one stands out. While in the past there was lukewarm commitment to family planning due to the aftermath of the genocide, today thanks in part to USAID's advocacy on the issue, there is a high level commitment within the GOR all the way up to the President. Family planning is the highest priority for the Ministry of Health and the President personally endorses the Family Planning Policy and Strategy. Finally, USAID is working with a number of other donors on this issue in a concerted effort. These partners include GTZ, KfW, DED and UNFPA.

**Dealing with fragility issues to prevent backsliding:** High birth rates contribute to a population density of 390 persons per square kilometer, which rises to over 600 per kilometer in some areas, and is the highest in Africa. Any declines in fertility will diminish the land pressure caused by this high density. Population growth was cited consistently as one of three primary causes of potential conflict along with scarcity of land and uncertainty of land ownership during the recent fragility assessment.

**SO 7: Expanded economic opportunities in rural areas**

**Start date: 2004, End date: 2008**

The Rural Economic Growth program contributes mainly to the Africa Strategic Framework transformational goal 2: Increased effectiveness of African institutions in promoting a vibrant private sector through assistance to agri-business, farmer cooperatives and increasing access to rural finance and capital. Specifically the SO contributes to Africa Strategic Framework economic growth sectoral objectives: Increase integration of African economies into regional and global markets. Program components to improve private sector competitiveness, and strengthen financial services contribute to this objective. Additionally SO7 contributes to agricultural sector objectives: Enhance productivity of Agriculture. In addition this SO supports the environmental sector objective: Increase sustainable production, marketing and trade of natural resource-based products and services through the Biodiversity earmark. Rwanda rates high on government transparency therefore this SO is not addressing this issue. USAID's economic growth program expands opportunities in rural areas and increases the diversity of off-farm productive enterprises, agricultural productivity, household level incomes, employment, and corresponding rural financial services for targeted communities. Rural infrastructure improvements contribute to increased productivity and lower transport costs of goods. This program is designed with the strong contribution and leveraging of Food for Peace (FFP) resources which are critical to the success of the SO. Even in years with good harvests, Rwanda does not produce enough food to feed the population, and must rely on imports and donations. Much of the country survives on subsistence agriculture.

The SO7 program focuses on value-added agriculture, increasing the private sector competitiveness and access to capital to assist the GOR's efforts in economic and agricultural diversification and to address some of the causes of fragility. SO7 biodiversity activities support the GOR's sound environmental management of scarce land resources to prevent further degradation and loss of environmental and economic value and also serve to provide off-farm employment by promoting tourism. Through a loan guarantee, USAID is encouraging the financial sector to invest in agribusiness, an area they are unfamiliar with. PL 480 resources are fully integrated into the program to improve rural infrastructure and to raise agricultural competitiveness, to lower transportation costs and address food insecurity, a major fragility element. A joint activity between SO5 and SO7 supporting microfinance loans to women's solidarity groups helps to foster community-based reconciliation.

**To improve private sector competitiveness,** USAID will increase incomes, employment and enterprise development on-farm and off-farm, through the agribusiness sector. Interventions focus on the development of sustainable and competitive agribusinesses that provide value-added products for national, regional or global markets. Clients include producer cooperatives, processors and exporters. Agricultural products to be marketed include specialty coffee, pyrethrum, horticulture and essential oils, while off-farm product and market development will produce handicrafts for the African Growth and Opportunities Act (AGOA) market. Value-added processing through off-farm employment provides the first source of cash income for many rural women. Efforts are supplemented with regional programs such as the East and Central Africa (ECA) Trade Competitiveness Hub, Regional Agricultural Trade Expansion Services (RATES), Regional Agricultural Trade Information Network (RATIN.) FFP monetization proceeds expand diversification of agribusiness enterprises in the sub-sectors of fisheries, chili pepper, wheat and honey. The limited number of commodities is directly related to available budget resources.

USAID supports improved biodiversity conservation and rural livelihoods in Rwanda. This program supports sustainable rural enterprises that improve biodiversity conservation of rural communities in and around Nyungwe Forest National Park. Pine plantations along the edges of Nyungwe's boundaries, planted in the 1980s by the GOR with Swiss development assistance, still serve as a buffer zone and offers distinct economic opportunities for communities related to forest products. Through ecotourism, the park's biodiversity will be preserved while making a significant contribution to the national economy and the enhancement of off-farm employment. This program will work closely with local communities in its planning, development and operation, contributing to their economic empowerment and will coordinate closely with the SO5 Civil Society,

Governance and Reconciliation activity, which anticipates working with civil society actors in Gikongoro province. Efforts to build local capacities in biodiversity conservation, community organization and business development, and other related skills will be implemented. Building the capacity of Rwandese both in income generation as well as programmatic management is considered critical. USAID will continue work on a biodiversity activity around Nyungwe Forest National Park that contributes to both economic growth as well as biological conservation by focusing on the tea, honey and tourism sectors.

The most important impact of internet connectivity for rural coffee cooperatives will be sustainability of USAID's investment in the blossoming specialty coffee sector. Currently, coffee producers use USAID projects as intermediaries in communication with international buyers, for price/contract negotiation, production updates, and identifying buyer preferences. After a year or two of project intermediation (in most cases) buyers are anxious to have direct and frequent communication with their supplying cooperatives. The Last Mile ICT Initiative will enable USAID to slowly withdraw its support and leave a vibrant, sustainable rural industry.

USAID realized substantial results under a previous **dairy** program and is awaiting word from USAID/W on adding a dairy element to this component. This will enhance a priority GOR initiative as well.

**Enhance productivity of Agriculture.** Efforts to increase agricultural productivity focus on the dissemination of improved varieties that increase yields and provide better nutrition. The national agricultural research center is a key partner in this effort. Integrated food assistance interventions will help to transfer productivity improving technologies from the research station to growers including the dissemination of improved seed and soil and water conservation techniques. The REDSO-managed Famine Fund combats two diseases that have been decimating critical food staples, Cassava Mosaic Virus Disease and Banana Bacterial Wilt. P.L. 480 funding contributes to soil conservation methods, such as water harvesting and terracing of steep hills to combat the number one constraint to Rwandan agriculture - poor soil fertility. The Regional Famine Early Warning System is providing food security and rainfall monitoring information that helps local producers and authorities accurately predict crop yields and potential rainfall shortages.

P.L. 480 resources promote food security and income through enterprises that produce wheat, honey, rice, chili pepper, and dairy for local sale and consumption. PL 480 resources provide limited support to agricultural processors to increase revenues in key agribusiness sub-sectors by furnishing hands-on technical assistance to dynamic private sector operators, and providing information and training to the agribusiness community. Agricultural cooperatives will continue to acquire highly specialized technical assistance that enables them to choose, at critical points, to invest in new technologies that will raise the quality and value of their products.

**Strengthening Financial Services and** better banking practices and management will increase repayment rates, enlarge the number of financial products available, increase the number of individuals, groups and firms accessing rural financing, diversify loan portfolios, to include traditionally high-risk sectors such as agriculture. Improved banking practices will also help to expand access to finance potential borrowers not currently served such as women. In the absence of the availability of commercial banking systems in the rural sector, Rwanda's leading credit union network, together with a number of microfinance institutions (MFIs), continue to provide financial services in the rural area. Through USAID's loan guarantee program with the Bank of Kigali using the Development Credit Authority (DCA), USAID is unleashing capital for the typically underserved agricultural sector and opening a new sector of lending for the Bank. This will encourage the financing of traditionally high-risk sectors, especially agribusiness. The health program provides funds for microfinance activities that integrate HIV/AIDS awareness training.

**Anticipated results:** By the completion of the objective, businesses producing products and services in the targeted areas will increase by 40%. Small agro-businesses and underserved business groups including women will have received \$2 million in credit that was not available

before. Cooperatives will expand credit availability to thousands of new groups and customers. Local communities near target conservation areas will increase revenue through sustainable rural enterprises. Savings accounts nationwide will have increased 34% to more than 165,000 in rural areas. Significant increases in rural incomes will be measurable in all the target areas. Selected goods such as specialty coffee, chili products and pyrethrum will have increased in market value as much as 50% due to the quality improvements and improved market links available. These export crops will contribute not only to rural incomes but to Rwanda's overall plan to increase exports and market share of Rwandan products in Africa and international markets. P.L. 480 resources will have reduced food insecurity in vulnerable populations in Rwanda. Rural infrastructure will be improved and agricultural competitiveness through lower transportation costs will have been raised.

**Dealing with fragility issues to prevent backsliding:** Increasing on-farm and off-farm employment, agricultural productivity and trade directly assists Rwanda in expanding its income-producing base beyond its limited land resources. High value crops, conservation related technologies, and value-added processing improves family income in the short and long term. Food assistance and monetization funds used to support agricultural productivity decrease food insecurity. Access to credit and regional markets help businesses grow. All of these positive factors help Rwanda realize its Vision 2020 objectives of using its limited land base and human resources more productively. As increases in rural income promote stability and reduce poverty at its base, conflict over scarcity in resources will become increasingly less likely.

### **3. Cross-cutting Themes**

**HIV/AIDS:** An estimated 5.1% of the adult population is infected with HIV. 230,000 Rwandan adults and 22,000 children are living with HIV/AIDS out of a total population of 8.2 million people. The repercussions of the HIV epidemic combined with the ongoing effects of the genocide have resulted in more than 810,000 orphans. An estimated 22,000 persons die from AIDS each year. Ongoing capacity building of critical institutions and systems will assure steady progress and facilitate the continuation of essential HIV services beyond 2008. Rwanda's capacity to respond to the HIV/AIDS challenge has been significantly boosted by recent funding from the Emergency Plan, Global Fund rounds 1, 3, 4 and 5, and the World Bank MAP. The USG plays a pivotal role in helping GOR coordinate these resources at the central level. USG activities are tightly linked to the five-year Emergency Plan (EP) goals for Rwanda and grouped in terms of prevention, care and treatment of HIV/AIDS activities.

**Gender:** The GOR encourages active participation of women in elected and other governmental positions. Rwanda is the country with the highest representation of women in legislature (49%) due in large part to the GOR's very progressive policies and commitment to gender equality. In spite of this great accomplishment, the lack of qualified candidates and applicants for locally elected office remains a major constraint to achieving the GOR gender targets. The DG SO supports local CSOs 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 is available only when local leaders demonstrate that women are proportionately represented.

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. The Health SO will work on behavior change communication (BCC) interventions targeted at men to empower them to break the cultural norm of male domination over women. Through the Emergency Plan program USAID is implementing 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 SO 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.

Gender constraints identified by the Rural Economic Growth SO include women's limited access to finance, control over resources, and decision-making. Women are traditionally burdened with producing for the household. There is a prevalence of female headed households resulting from past conflict. The Rural Economic Growth SO will target interventions where women can benefit such as: targeting coffee 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 for 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.

**Youth:** The census data finalized in 2004 reveals that 67% of the Rwandan population is less than 25 years of age. Secondary education is still relatively underdeveloped, as only 54.2% currently make the transition into secondary school. It is estimated that over 100,000 young people enter the labor market every year and just over 1 % of these youth are able to find gainful and sustainable employment. It is evident that the economy cannot absorb the ever-increasing youth population. This issue is not only a concern for the economy, but has implications for security and the ongoing efforts of reconciliation and sustainable peace building. When youth do find jobs, pay is low with poor working conditions for most. Jobs are unpredictable and insecure; the few available opportunities often do not match skills; and opportunities for young people to reach their potential are very limited. In particular, uneducated, female and rural youth are more disadvantaged than their educated, male and urban counterparts.

USAID includes youth programs in its efforts to prevent HIV/AIDS transmission, and in its work to assist orphans and vulnerable children (25,000 in 2005). A new radio education program in the Lake Kivu region is getting underway to provide basic education and conflict mitigation instruction to youth and has the potential of adding other topics such as HIV/AIDS prevention methods and cross-border reconciliation. A large number of young people obtain gainful employment under the coffee cooperatives activities. USAID conducted "outdoor adventure therapy" activities for youth who show signs of trauma or who are on the street. USAID will continue to seek support from regional programs and earmarks, such as those in education, supporting victims of torture, and conflict management to support and expand youth-focused programs.

**Urbanization:** Census Data finalized in 2004, reported that 16.9% of Rwandans live in urban areas or towns and 7.4% live in the capital city, Kigali. Rural exodus 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. Rwanda has gone from 7% urban in 1990 to 15% in 2003 and a 60% urban population is projected for 2020. HIV/AIDS infection is dramatically higher in urban areas (8.6% versus 2.6% rural). Homeless children and unemployed youth are also increasingly visible on urban streets. Targeting resources to Kigali and other urban areas is necessary, given the higher prevalence of HIV/AIDS, the role cities play in the growth of the country, and one of the highest urbanization rates in Africa.

The GOR's Vision 2020 aims to reduce the population working in agriculture from 90% to 50% in fifteen years, 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 and can provide needed off-farm employment, processing centers for agricultural products, health and social services, access to markets, farm inputs, and facilities for credit and banking. Until rural economic growth is fully realized, USAID/Rwanda brings resources to the urban sector through its governance and health programs. Investments in local organizations provide sanitation and water to poor sections of Kigali as part of a slum upgrading effort supported by international and donor groups including USAID. Nearly one million Rwandans are served by the urban and peri-urban health facilities of Kigali supported by USAID. Although access to and use of health facilities and services is higher

in these areas, financial access remains a significant barrier to the city's poorest. To overcome these obstacles, USAID has assisted the GOR to design and promote community-based health insurance programs, reducing the overall costs to individuals through a cross-subsidy fee structure. USAID's health program is also supporting the City of Kigali to develop an urban strategy for community health workers. Finally, USAID is a partner in the *City Alliance Initiative* with Kigali, a project that will improve municipal waste water evacuation.

**Governance:** USAID addresses governance directly under SO 5 and SO 6 by combining democracy and health resources to promote decentralization of resources at the district level and ensuring that local governments have the capacity to address planning and service delivery focused on health. SO 7 contributes to governance through its support to the establishment and capacity building of farmers cooperatives especially in the specialty coffee sector.

#### **4. Regional Aspects**

Regional issues and opportunities emerge from Rwanda's geographical placement, stopping the HIV/AIDS pandemic, appreciating recent historical legacies and protecting the environment. Transportation costs to bring things from the nearest port in Mombassa, Kenya are high. Rwanda is economically and culturally linked to the larger Great Lakes region and its future is inextricably tied to regional peace and stability first, and trade next. There are substantial areas of development which can only be addressed regionally. A Great Lakes Regional Initiative is necessary now in order to support the U.S.-led Tripartite Agreements and regional peace and stability. The more regional ties are built between the Great Lakes Countries in terms of energy, customs, telecommunications, health, etc. the less likely they are to go to war. There are refugees from neighboring countries in each of the Great Lake Countries. Looking at their needs and their affect on conflict and security is a regional issue. The possible return of the FDLR from DRC, is particularly sensitive for Rwanda. Treating their claims to land will be a challenge for Land Law implementation.

Building on the current work of REDSO's ECA Trade Hub program, assisting in the development of transport/trade corridors is paramount to increasing competitiveness of Rwanda's exports, reducing poverty and increasing stability. Because of geography, trade from eastern DRC necessarily goes through Rwanda or Uganda. Working on customs, logistics and policy issues among the three countries is needed. It would be advisable to begin "corridors" projects for the transport corridors along the Goma/Gisenyi and Bukavu/Cyangugu borders similar to the Northern Corridor project underway in REDSO. Corridors projects should continue to address HIV/AIDS transmission among high risk populations such as truck drivers and commercial sex workers along the highways and at the rest stops. Rwanda participates in the regional Transport Corridor Initiative Safe T Stop campaign to reduce HIV/AIDS transmission.

Current regional programs working with COMESA are timely and necessary. The East and Central African Trade Competitiveness Hub enhances Rwanda's ability to interact with the COMESA. The Regional Agricultural Trade Expansion Services (RATES) managed by REDSO in Nairobi expands regional agricultural trade flows through strengthened human and institutional capacities. The Regional Agriculture Trade Intelligence Network (RATIN) website, launched in four target countries: Kenya, Tanzania, Uganda, and Rwanda has postings of regulatory requirements, market news items, trade directory, and regular policy harmonization updates. USAID uses this information to increase market access for its cooperative and business partners.

The Congo Basin Initiative (CARPE) is rightly identified as a regional issue and should continue to be. The mountain gorillas and Virunga/Volcanoes/Bwindi forests are located on border areas. The protection of the forests and animals requires a regional approach.

Access to energy is an enormous problem in Rwanda and is severely affecting economic growth. The GOR is taking steps to address this with the development of methane gas in Lake Kivu which lies on a border with the DRC who is also laying claim to the gas in the lake. Beyond the gas in Lake Kivu issue, there needs to be a regional approach to energy so that the Great Lakes

countries can trade energy supplies like the countries of ECOWAS are doing.

USAID/Rwanda has identified telecommunications networks as a possible area for regional involvement. Rwanda has placed a very high priority on IT development and infrastructure (fiber optic network nationally). It is all too clear that eastern DRC and possibly Burundi could benefit by tying to the Rwandan network.

##### **5. Indigenous Expertise, Donor Harmonization, and Public-Private Partnerships**

Local expertise is heavily used in program formulation and implementation for USAID/Rwanda. All SO teams include Rwandan professional staff in key positions. The USAID staff includes a Rwandan senior policy advisor who provides information and analysis of political and economic issues. Local organizations play a large role in both the civil society and decentralization programs. Over 417 grants are planned to local organizations in four regions and include activities to build livelihoods, advocacy, poverty alleviation, reconciliation and citizen communication with local and national government.

Since 2002, Rwanda follows a "Framework for Aid Coordination in Rwanda" a plan which created the conditions necessary to improve the efficiency, effectiveness, and impact of aid resources. This plan assigns a lead donor agency with the lead GOR ministry to support development of sectoral strategies based on Poverty Reduction Strategy Paper (PRSP) priorities. Overall donor coordination is led by the Ministry of Finance and Economic Planning and the UN Resident Representative. USAID leads the HIV/AIDS and Private Sector Clusters, and plays a prominent role in the Health Cluster. Including Emergency Plan funds, the USG is the largest bilateral donor to Rwanda and third in overall development assistance behind the multilateral EU and World Bank. Donor coordination in Rwanda is particularly strong and government-led.

The GOR strongly advocates budget support and organizes donors into budget support and program support donors. The GOR has prepared a draft Aid Policy Document which will provide the GOR's vision for donor coordination and support. Given USAID's support of the Paris Declaration on AID Effectiveness, USAID will need to advocate strongly that aid effectiveness does not mean one type of assistance (budget support) but rather coordination across the different types of assistance. USAID seeks out collaborative implementation arrangements with other donors to reduce transaction costs and increase impact of funds. As the lead donor in HIV/AIDS, USAID works closely with the World Bank and the Global Fund for HIV/AIDS, Malaria and Tuberculosis.

The GOR has placed a high priority on the development of ICT in Rwanda which is a sector conducive to alliances with the private sector. USAID will forge new alliances in this sector to address key ICT issues in line with GOR priorities. USAID Rwanda is a partner in a key alliance to establish micro-entrepreneur village phone operators. It also partners with an international NGO to promote the processing and marketing of essential oils which can improve rural incomes. USAID Rwanda will continue fostering and looking for alliances which can further the GOR's development priorities, especially in ICT, while leveraging USAID and other partners' technical expertise and funding.

The Mission is involved in regional and Rwanda-based public-private alliances and seeks to forge new alliances in the future that benefit all SOs. This includes the regional Africa Network Academy Program which builds the IT skills base in Rwanda and seven other African countries; Linking African Youth to the Job Market which targets Rwandan youth and provides them with life and vocational skills; East Africa Alliance for Agricultural Market Information which provides better access to market information to farmers and small traders; the Central Africa Regional Program for the Environment (CARPE) that applies and implements sustainable natural resources management practices in the field with an added emphasis on the U.S. contribution to the Congo Basin Forest Partnership; the Coffee Corps project that provides free technical assistance to small producers and cooperatives struggling to compete in a highly competitive coffee market in Rwanda and eight other countries; and the East African Fine Coffees Alliance (EAFCA) which

promotes the production, processing, and export of high quality Eastern African coffee in Rwanda and five other African countries. Rwanda-based alliances include the village phone project which supports micro-enterprise business development; and the Rwanda knitting alliance which helps to establish sustainable women's economic development groups. An anticipated new alliance will help to develop the essential oil industry in Rwanda.