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United States Agency

for

International Development:

**DEVELOPMENT ASSISTANCE**

**PROGRAM**

**TO**

**RWANDA**

December 1993

## ACRONYMS

<b>AEPRP</b>	Africa Economic Policy Reform Program
<b>ARDI</b>	Association Rwandaise pour le Developpement Integre
<b>BACC</b>	Bureau d Appui aux Cooperatives de Commercialisation
<b>BR</b>	Budget Reform Program Assistance
<b>DAI</b>	Development Alternatives, Inc
<b>DIG</b>	Democratic Initiatives and Governance Project
<b>DSA</b>	Direction des Statistiques Agricoles, Ministry of Agriculture
<b>GOR</b>	Government of Rwanda
<b>ISAR</b>	Institut des Sciences Agronomiques du Rwanda, the National Agricultural Research Institution
<b>KAP</b>	Knowledge, Attitudes and Practices
<b>OFDA</b>	Office of Foreign Disaster Assistance
<b>PMPR</b>	Production and Marketing Policy Reform
<b>PRIME</b>	Policy Reforms in Manufacturing and Employment
<b>RIM</b>	Rwanda Integrated Maternal Child Health/Family Planning
<b>SER</b>	Support for Economic Reforms
<b>SGF</b>	Special Guarantee Fund
<b>SMSE</b>	Small and Medium-Scale Enterprises
<b>UNR</b>	Universite Nationale du Rwanda
<b>USAID</b>	United States Agency for International Development
<b>WLI</b>	World Learning International formerly Experiment in International Living

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# I OVERVIEW

## The Development Problem

Rwanda is unique in Africa with its small size and its dense population. Nevertheless, Rwanda grew steadily and rapidly from independence in 1962 to the mid-1980s when it slipped into a steadily worsening economic and financial crisis. During the first 25 years of independence, Rwanda experienced uneven economic growth which is expected of a country that continues to be dominated by the agricultural sector. Yet, in spite of the peaks and troughs associated with agro-climatic conditions and the world prices for coffee and tea, Rwanda is found to have experienced economic growth at rates above those observed throughout much of Africa. More importantly, until the mid-1980s, there was sufficient economic growth to overcome population pressures and permit real, although modest, increases in per capita income.

With limited natural resources, Rwanda grew on the back of agricultural productivity. Her primarily subsistence farmers adapted to the growing needs by initially bringing increased land under cultivation, and later by cultivating more intensively and shifting their production and consumption patterns to maximize household welfare. The country earned its hard currency through coffee and tea exports. Given the relative political and economic stability vis-a-vis its neighbors, Rwanda also began to diversify into regional, largely informal, trade and services.

The economic downturn of the mid-1980s, continually increasing population pressure - and most recently - security problems have placed considerable stress on Rwandans. Per Capita incomes for 1991-93 are below the levels of the early 1980s. Farmers are already cultivating nearly 90% of the total cultivable area which is reducing fallow seasons and encouraging the depletion of the agricultural resource base. Furthermore, a growing percentage of farms have become too small to produce enough food and/or income to meet the household's needs. This is encouraging more and more Rwandan agricultural household members to seek employment in the off-farm sector. This trend is especially pronounced among the youth who recognize that many will be forced to seek employment off the farm to meet their needs.

In November of 1990, the government launched a comprehensive structural adjustment program to confront the economic crises. However, the armed incursions in the north and related domestic security problems have lowered economic confidence to the point that the benefits of structural adjustment have not yet been realized. Domestic pressures led the government to initiate a political reform process which has continued despite the war. The free press and significant political activism pushed the government into a multi party coalition which will incorporate the RPF in early 1994. Indeed, Rwanda today is in full transition to the twenty-first century. All of these changes have been dramatic departures from practices followed during the

32 years since independence. Not surprisingly, there are a number of implementation problems and unintended consequences, both positive and negative. The Peace Accords between the Government and the Rwanda Patriotic Front were signed on August 4, 1993. These Accords include clearly articulated actions to be taken leading to a permanent coalition and presidential and parliamentary elections, now tentatively scheduled for the end of 1995. The discussions between the GOR (including the RPF) and the BIRD/IMF, as well as the UN led Round Table and individual donor efforts, including those of USAID, are intended to develop confidence in the principles of democracy and good governance with a view to enhancing the private's sector's capacity to generate economic growth with equity.

### **The USAID Response**

AID began a small regional and centrally funded program in Rwanda in 1962. The first bilaterally funded project designed and funded by the USAID Mission here in Rwanda, began in 1975. Between 1962 when the USAID program began, and 1993 a total of \$212 million has been granted to the Government of Rwanda (GOR) for development activities.

During 1980s, USAID became an important donor in several areas: maternal and child health/family planning, agricultural statistics and sector analysis, cooperative development (e.g., storage and credit), private sector development, and economic policy reform supporting small and medium-scale enterprises.

### **The USAID Goal and Strategy**

The USAID program goal approved in the 1992 Country Program Strategy Paper is to increase participatory economic growth. The three sub-goals are: decrease the population growth rate, increase participation in and transparency of the government and the political system, increase real income in the private sector.

Analyses show that real economic growth is not possible without slowing the rapid rate of population growth. The USAID population program will be directly focussed on family planning and reproductive health activities and will build upon our successes in this sector over the past 10 years. The objective of this portion of the strategy is to increase the use of modern contraceptive methods.

Popular participation in the political process and the increased transparency this brings to government are essential for economic growth. The Mission has chosen to focus on accountability of the government, both in a financial sense and in a political sense. The objective of this component of the strategy is to increase the accountability of government.

4 4

Growth in the private sector is a key component of the strategy, which includes a heavy emphasis on medium and small scale enterprises, many of which are in the informal sector. Special emphasis will be placed on agro-processing and marketing which have extensive linkages to the 90 percent of the population living in rural areas.

In addition, the Mission chose two targets of opportunity to pursue during the strategy period: conserving biodiversity, and reducing the rate of HIV/AIDS transmission. The Mission has several years of experience with biodiversity through the high-profile gorilla protection and high altitude rainforest programs that we believe should continue. HIV/AIDS infections rates in Rwanda are among the highest in the world and the United States has a distinct comparative advantage in assisting with a prevention program.

### The Program in FY 1993

In U.S. Fiscal Year (FY) 1993, (October 1, 1992 through September 30, 1993), the USAID bilateral assistance program totalled \$9.3 million. In addition to USAID's Operating Year Budget (OYB) obligation, more than \$30 million in emergency relief supplies and transportation were provided through OFDA and the WFP. The food, blankets, and plastic sheeting benefitted over 250,000 Rwandans displaced by the war.

During FY 1993, USAID/Rwanda also initiated the \$2.7 million Assistance to Displaced Persons (ADP) Project. Under the ADP Project, two grants are being made to PVOs for assistance to individuals returning to their farms in northern Rwanda as well as the provision of appropriate technology skills useful in the long-term (improved cookstoves, environmentally sound wood harvesting techniques, etc.) to persons still in displaced-persons camps.

### The Planned Program for FY 1994

In U.S. FY 1994, USAID plans to obligate some 15 million, depending on how the Government of Rwanda implements its projects, and structural adjustment and democratization programs as well as on opportunities which may present themselves. It is anticipated that USAID/Rwanda major new activities in FY 1994 will include the Support to Economic Reform (SER) Project (\$10.5 million over five years) and a Budgetary Reform non-project assistance program (\$25 million over four years).

It is also likely that USAID/Rwanda may be requested by the Government of Rwanda to provide special assistance for persons displaced by the war, for demobilizing the troops, and for rehabilitating infrastructure damaged by the war. The current Mission practice has been to grant funds to PVOs to minimize the management burden on

existing USAID programs and projects. This practice will be continued to the extent possible. A continuing issue for AID/W will be how to respond to possible GOR requests and, if required, which budget to tap for the needed funds.

### **The Staffing Pattern**

USAID/Rwanda is currently fully staffed. The staff consists of ten (10) U.S. Foreign Service Officers (USDH), one TAACS (USDH) and 51 locally recruited staff. USAID/Rwanda Organization Charts are included as an Annex to this document. As shown in this Annex, to respond to the challenge articulated above USAID/Rwanda has organized itself to have two (2) technical offices -- Agriculture (the Rural Economy) and Health/Population, a Program Office which addresses macroeconomic and private sector issues as well as USAID programming functions, a Project Development Office which also focuses on human resources and capacity building programs, a Controller's Office and an Executive Office.

One of the lessons of the 1980s, and early 1990s, is that to increase our impact, USAID must work cross-sectorally to adequately address the underlying development problems facing Rwandan development. Due to the inter-related nature of the constraints to Rwandan development, as well as the USAID/Rwanda response to these constraints, the Mission has adopted a collegial and collaborative cross-sectoral approach in which offices work closely together to address the developmental problem. An example of this approach is the current Budget Reform Program design effort which, while managed by the Program Office, is drawing upon resources from both the Controller's Office and the Health/Population Office. A second example is the Food Security II Project which is managed by the Agricultural Office with economic input from the Program Office. It is expected that such cross-sectoral fertilization will continue in the years to come.

## II USAID/RWANDA FISCAL YEAR 1993 BUDGET

Project No	Project Title	Actual Obligations (in \$ 000)
696-0128	Maternal Child Health/Family Planning	258
696-0130	Program Development and Support	642
696-0148	Assistance to Displaced People	2,700
696-AIDS	Rwanda AIDSCAP (Buy-In)	4,200
696-FSII	Food Security II (Buy In)	1,500
OFDA/FFP	Emergency Assistance to Displaced	32,810
	Total U S Assistance in FY 1993	42,110

### III ON-GOING BILATERAL PROJECTS

#### MATERNAL CHILD HEALTH/FAMILY PLANNING II PROJECT, 696-0128

PURPOSE To expand and improve the delivery and use of population and family planning (FP) information and services in Rwanda through both the public and private sectors. The project builds on the successful elements of the MCH/FP I project (1981-1989). It aims to increase the number of acceptors of FP services by providing information and a broad range of contraceptive methods at health facilities nationwide.

PROJECT DESCRIPTION The project consists of four mutually-supportive elements:

- (1) Research and Policy Development
- (2) Family Planning Service Delivery
- (3) Information, Education and Communication
- (4) Improvements in Management Capabilities

#### (1) Research and Policy Development

The project supports policy development, which includes research, data collection and analyses that will be used to evaluate the impact of FP activities, identify and target high risk groups, and identify obstacles which limit the effective delivery of FP services.

#### (2) Family Planning Service Delivery

This component supports family planning service delivery and attempts to strengthen the integrated MCH/FP services of the Ministry of Health by providing FP clinical training, supervision of MCH/FP health workers, a more efficient and effective contraceptive delivery system, supplies, equipment and training to increase the quantity and quality of FP methods available in health facilities. PVOs are to provide FP services financed by sub-grants under the project. Also, a contraceptive social marketing program has been initiated through a local NGO.

#### (3) Information, Education and Communication (IEC)

The project supports the information, education and communication (IEC) program which produces and disseminates information on specific methods of family planning and targets messages to the groups most at need. Work with the Ministry of Primary and Secondary Education on the development of population and FP school curricula and the training of teachers will continue with project support, as will the village-level

family planning promoter program, which is being carried out with the community development and training committees of the Ministry of the Interior

(4) Improvements in Management Capabilities

The project supports improvements in the management capabilities of public and private agencies that deliver FP services through the provision of technical assistance in program planning and management of project activities and finances

Planned Total Cost of Project	\$10,893,000
Initial Funding Date	July, 1989
Project Assistance	
Completion Date	September, 1995
Implementing Agency	ONAPO/MINISANTE
USAID Project Officer	William Martin
USAID Project Manager	Patrice Nzahabwanamungu

## NATURAL RESOURCES MANAGEMENT PROJECT (NRMP), 696-0129

PURPOSE To define sustainable natural forest and parks management practices and to diffuse these principles to local populations and GOR officials, implement an enforceable environmental code, reduce erosion on hillsides, and increase GOR capacity for promoting environmentally sound wetland management

PROJECT DESCRIPTION The project has the following five components

- (1) Support for the conservation and management of Rwanda's remaining afromontane forests This component supports efforts by the Office Rwandais du Tourisme et des Parcs Nationaux (ORTPN) and the Forestry Directorate of the Ministry of Agriculture (MINAGRI) to better manage and protect the Volcanoes National Park and the Nyungwe Forest Reserve. The program includes (a) support for conservation education efforts of the Dian Fossey Gorilla Fund, (b) support for research on the ecology of the afromontane forests at the Karisoke Research Center, (c) support for research and conservation education activities under the Conservation of Nyungwe Forest Project, (d) training of technical and managerial staff for an improved and sustainable management of both the Volcanoes National Park and the Nyungwe Forest Reserve, and (e) operational support and facility construction and equipment in the Volcanoes National Park and the Nyungwe Forest Reserve.
- (2) Environmental Planning and Policy Assistance This component has provided funding to assist in the development of an environmental strategy for Rwanda, in the establishment of a national environmental action plan, and in the promotion of the preparation and revision of enabling legislation for environmental protection. Future activities to be promoted by the Environmental Unit, with USAID assistance, will focus on further development of environmental legislation and mechanisms of enforcement.
- (3) Support for agroforestry and soil conservation in Ruhengeri Prefecture Ruhengeri Prefecture is an area with serious soil erosion problems and high population density. Component activities are funded to apply soil conservation and agroforestry techniques in the region and to provide support for communal forestry efforts.
- (4) Integrated fish culture in the marais Funding for applied research, an expanded fish culture extension program and for fish pond construction activities undertaken by the National Fish Culture Service will not be continued beyond the end of 1993. However, funding may be made available to study the possibility and means by which the Kigembe station could be prioritized. The cessation of funding for its prior activities is in part due to the duplication of efforts with the strong program of the National University of Rwanda and the

structuring of the Agricultural Extension Service supported by the World Bank funding

Future project support for the development of integrated fish culture in the marais will also be concentrated on the completion of one combined M S /Ph D program and one M S degree in fish culture, already on-going in the U S

- (5) Training and research in marais (wetland) management The objectives of this component are (a) the training of 30 Rwandan technicians in rural engineering and marais development, (b) research on a model small marais in order to increase our knowledge and understanding of the dynamics of marais and the issues involved in marais development, and (c) institutional support to the MINAGRI unit charged with monitoring marais development activities in Rwanda

Twenty two technicians have completed training in rural engineering and marais development but fewer than half have found relevant employment. Reports on research in the marais have been completed but the GOR counterpart agency is no longer operational. USAID intervention in the marais will therefore terminate in December 1993 unless MINAGRI can clearly show that current and planned marais development projects have funds for and need additional trained technicians

Planned Total Cost of the Project	\$12,245,000
Initial Funding Date	June, 1989
Project Assistance	
Completion Date	December 31 1996
Implementing Agency	MINETO and MINAGRI
USAID Project Officer	Kurt Fuller
USAID Project Manager	Antoine Ruzigamanzi

## DEMOCRATIC INITIATIVES AND GOVERNANCE (DIG) PROJECT, 696-0133

PURPOSE To facilitate and broaden popular participation in shaping the terms of the new social contract and the institutions through which that contract will be carried out

PROJECT DESCRIPTION The DIG project will concentrate on building Rwanda's civil society through support for a broad array of private associations engaged in social, economic and political development as well as the free press. The project will also address a process of institutional change at two levels of governance—the commune and the National Assembly.

The project consists of five components, four of which will be managed by World Learning, Inc., the Cooperative Agreement Recipient, and one of which will be managed directly by AID, in consultation with the Government of Rwanda. They are:

- (1) Center for Civil Action and Democratic Initiatives (CCADI),
- (2) Strengthening Local Democratic Governance
- (3) Strengthening the National Assembly
- (4) Enhancing the Capacity of a Free and Responsible Press
- (5) Democratic Initiatives Support Fund

### (1) Center for Civil Action and Democratic Initiatives (CCADI)

The project will support the establishment of a Center for Civil Action and Democratic Initiatives (CCADI) made up of and serving Rwandan Non-Governmental Organizations (NGOs). The CCADI will have three primary functions—it will bring together diverse groups with common interests to work toward common goals and to benefit from the exchange of ideas and experiences; it will provide small grants to NGOs to undertake civic education/action programs throughout the country, and, it will provide technical assistance and training to strengthen newly formed organizations, administrative and logistical support services to members, and a central locus for the exchange of information.

### (2) Strengthening Local Democratic Governance

Through the Ministry of Interior, the project will provide support related to commune government development and decentralization. This assistance might include support for training of local officials; development of a Burgomaster's Association, and possible funding of pilot commune development projects through the Fonds de Solidarite Communal.

### (3) Strengthening the National Assembly

Following up on the A I D funded observation and training program in the United States for the five senior members of the National Assembly staff the project will provide technical and material assistance to the Assembly. Working with the present Assembly leaders and the permanent staff, and later with the elected National Assembly's leaders, the assistance would improve the full range of legislative support services. The Assembly staff has already identified many of these needs in modern information systems, reference and research resources and administrative support requirements for a modern, multiparty, representational legislature.

### (4) Enhancing the Capacity of a Free and Responsible Press

The project will support the establishment of a Rwandan Press Center (RPC) being formed by a group of journalists and newspaper publishers to provide all journalists in the private and public sectors equal access to a shared pool of resources and a center for continuing education. These resources will include typewriters and word-processing equipment, desk-top publishing and printing services, FAX and wire services, and a reference center with journals, newspapers, data files, reports, etc.

### (5) Democratic Initiatives Support Fund

The Democratic Initiatives Support Fund will be managed directly by USAID, in collaboration with the GOR, for three purposes: short-term technical assistance, selective training programs both in-country and abroad, and for project evaluations and audits.

The Support Fund will be drawn upon for special targets of opportunity, providing training and technical assistance as special needs are identified in areas which may include, but are not limited to, any of the following: the justice sector, fiscal management and public auditing and public administration reform.

The Support Fund will fund annual independent audits of the CAR. It will also fund progress evaluations after eighteen and thirty six months of the four-year program managed by the CAR and the counterpart agencies. To establish project impact, a joint initial base-line study undertaken during the project's first year will be used in a project close-out evaluation of impact during the project's fifth and final year.

Planned Total Cost of Project	\$9,000,000
Initial Funding Date	September, 1992
Project Assistance Completion Date	September, 1997
Implementing Agency	MINIPLAN
USAID Project Officer	Dirk W. Dijkerman
USAID Project Manager	Bernadette Joergensen

**RWANDA INTEGRATED MATERNAL CHILD HEALTH/FAMILY PLANNING (RIM)  
PROJECT (696 0134)**

PURPOSE To increase the capacity of the Ministry of Health to provide reproductive health care to Rwandan women and men

PROJECT DESCRIPTION Although the demand for FP services is steadily increasing (from a 4.2 percent contraceptive prevalence rate in mid-1989 to approximately 11.5 percent in November 1993), the A I D objective of reducing the total fertility rate will not be met until much higher rates of modern contraceptive use are attained. This project, which complements the MCH/FP II project being implemented through the National Population Office (ONAPO), addresses several of the major constraints which presently limit the MOH's ability to provide FP services, by providing medical equipment, supplies, management and clinical training and technical assistance to increase the availability and quality of reproductive health services--primarily at the periphery.

The project will facilitate the integration of priority reproductive health services into the overall health delivery system by strengthening the detection and treatment of, and by supporting health education activities to prevent, sexually transmitted diseases. In essence, the project seeks to reach a segment of the population, heretofore unreached in any systematic manner, by integrating family planning services more closely with maternal and child health activities at the grassroots level.

Planned Total Cost of Project	\$13,150,000
Initial Funding Date	August, 1992
Project Assistance	
Completion Date	September, 1998
Implementing Agency	MINISANTE
USAID Project Officer	Chris Grundmann
USAID Project Manager	Sosthene Bucyana

## PVO SUPPORT PROJECT (696-0136)

### PURPOSE

- (1) To expand the number and increase the impact of PVO/NGO enterprise, cooperative, and association development programs undertaking income generating activities in the key non-farm sectors, such as manufacturing, commerce, services and transport with a special emphasis on agricultural processing and marketing, and,
- (2) to strengthen the institutional capacity of Rwandan NGOs to work more effectively with medium and smaller-scale enterprises, associations and cooperatives in the delivery of business and financial services and entrepreneurial training in these key sectors

PROJECT DESCRIPTION The PVO Support project will strengthen the capacity of private voluntary organizations/non governmental organizations (PVOs/NGOs) to provide Rwandan small businesses, cooperatives, and associations with financial and business services

The project will expand the overall number of PVOs/NGOs working in enterprise, cooperative and association development programs undertaking income generating activities and help increase the impact of their programs. The institutional strengthening for Rwandan NGOs is to be accomplished through a combination of technical assistance and training, and funds to finance specific activities proposed by the NGOs/PVOs

World Learning, Inc. has been awarded to serve as the Institutional Project Manager. WLI will provide day-to-day management of the project and the resources made available to it by USAID. It will be directly responsible for these resources and assume fiduciary responsibility for funds subgranted to PVOs and NGOs.

Planned Total Cost of Project	\$10,000,000
Initial Funding Date	August, 1992
Project Assistance	
Completion Date	August 31, 1998
Implementing Agency	MINIPLAN
USAID Project Officer	Kurt Fuller
USAID Project Manager	Damascene Ngaboyimanazi

## **ASSISTANCE TO DISPLACED PERSONS (ADP) (696 0148)**

**PURPOSE** To contribute to the well being of displaced Rwandans in camps and those returning home in ways that will enhance their long term productivity and welfare at home

This Project focuses on those interventions that can lead to a dual impact, both short-term humanitarian and long-term developmental. The displaced Rwandans' needs created by their displaced status could lead to greater receptivity to, and thus impact from, the technologies introduced. and the concentration of the displaced in a few places can lead to more efficient delivery of assistance.

Resources provided through the Project would supplement a PVO's existing development projects, and would enable them to extend their development experience to the displaced. A number of the U.S. PVOs currently operating in Rwanda (e.g., CARE, Africare, CRS) have experience implementing development activities that can also be of direct benefit to the displaced.

**DESCRIPTION** The Assistance to the Displaced Project (ADP) provides through grants, a vehicle for PVOs and UN agencies currently operating in Rwanda so that they may extend their development experience to the displaced camps. The purpose of the grants is to finance some eligible Private Voluntary Organizations' (PVOs) costs related to their contribution to the well being of displaced Rwandans in camps and those returning home in ways that will enhance their long-term productivity and welfare at home.

Planned Total Cost of Project*	\$1,285,860
Initial Funding Date	1993
Project Assistance	
Completion Date	September, 30, 1995-1997
Implementing Agency	Various NGOs (CARE, AFRICARE, CRS, etc.)
USAID Project Officer	Dirk W. Dijkerman
USAID Project Manager	Daniel Mivumbi

## IV AFRICA ECONOMIC POLICY REFORM PROGRAMS (AEPRPs)

### POLICY REFORM INITIATIVES IN MANUFACTURING AND EMPLOYMENT (PRIME), 696-0127

PURPOSE To assist the Government of Rwanda to undertake policy reforms, to stimulate production and employment in the manufacturing sector, and to promote growth among Small and Medium Enterprises (SMEs)

PROGRAM DESCRIPTION In FY 1985, Rwanda was one of five African countries to obligate Economic Support Funds (ESF) under the Africa Economic Policy Reform Program. This program has provided \$10.0 million in the form of a cash grant and \$2.0 million for technical assistance and studies. The GOR used PRIME local currency to promote the private sector by enhancing the operational structure of the Special Guarantee Fund, granting a line of credit to the Rwandan Development Bank (BRD) for the SMEs and providing support to artisans through the Ministry of Artisans (MINIMART), and by financing a number of rural development centers.

USAID and the Government of Rwanda are promoting private investment through the construction of rural infrastructure, training, and study trips so as to introduce new or improved technologies to increase off-farm job opportunities.

The PRIME Program has devoted considerable effort to exploring how to (a) create an investment fund to improve access to credit for small and medium-sized enterprises (SMEs), (b) increase SMEs' share of government procurement, and (c) streamline Government of Rwanda administrative procedures. The Program is also financing various economic policy studies, as well as investment studies for use by entrepreneurs, government policy makers, and aid donors.

In FY 91, an additional \$493,831 under the Development Fund for Africa (DFA) was provided under the PRIME Technical Assistance Component for short and long-term assistance in implementing the newly signed (September 1991) Policy Reform Production and Marketing Program (696-0135) to support the implementation of GOR Structural Adjustment Program.

Total Cost of Program	\$10,000,000
Total Cost of Project	\$ 2,493,831
Initial Funding Date	September 1985
Project Assistance	
Completion Date	March 31, 1994
Implementing Agency	MINIPLAN
USAID Project Officer	Dirk W. Dijkerman
USAID Project Manager	Bonaventure Niyibizi

## PRODUCTION AND MARKETING POLICY REFORM (PMPR) 696-0135

**PURPOSE** To increase competition in the short run, and subsequently production and employment in manufacturing and related sectors (e.g., commerce and services)

**PROGRAM DESCRIPTION** A I D has identified reforms addressing three critical areas affecting the manufacturing and commerce sectors: the foreign exchange allocation and import system, the restrictive trade regime, and the number of prices under government control. Those reforms support the GOR's own structural reform agenda and form the core of policies which support the change to market-driven signals in Rwanda's non-farm sectors. The Government of Rwanda has undertaken various measures of economic structural adjustments in accordance with the identified reforms. Since late 1990 and before IBRD and IMF approval of the PFP, the GOR instituted a 40 percent devaluation of the Rwandan franc to correct for the overvaluation, an adjustment in interest rates by raising the minimum (one-year) deposit rate to 12 percent, maximum lending rate to 19 percent, freeing all other rates on deposits, and introducing a unified rediscount rate of 14 percent, an increase in petroleum prices by 75 percent on average, a doubling of water and electricity rates, the elimination of price/profit controls for most goods and services, the replacement of quotas with a system of tariffs, and the elimination of tax exemptions on imports.

The PMPR program provides a \$25 million cash transfer to the GOR in support of the economic structural adjustment program. The local currency generated by this activity will be used to help reduce the government's arrears to private sector manufacturers, commercial concerns (e.g., transporters) and other private suppliers of goods and services. The Program will assist in developing the GOR's analytical capability to determine the impact of actions required in the structural adjustment program and address resources to mitigate negative effects. The first tranche of \$15 million was released in December, 1992.

The use of the local currency has been limited, with only four percent of the funds available disbursed to date. The GOR has requested that the conditions governing the use of these resources (i.e., time period during which arrears were accumulated, types of arrears, etc.) be modified. USAID agrees with the intent of this request and the final date for requesting the second tranche has been extended from June 1992 to November 1992 in order to accommodate the necessary review process.

Total cost of the Project*	\$25,000,000
Initial Funding Date	September 1991
Project Assistance	
Completion Date	June, 1993
Implementation Agency	MINIPLAN
USAID Project Officer	Dirk W. Dijkerman
USAID Project Manager	Bonaventure Niyibizi

## V PROGRAM FOR EMERGENCY ASSISTANCE TO DISPLACED

PURPOSE To provide emergency assistance to displaced persons in Byumba, Ruhengeri and Kigali Prefectures

PROGRAM DESCRIPTION The disaster program originated from the fighting, which took place in the north of Rwanda beginning in late in 1990. On October 1, 1990, the region was invaded by Rwandan exiles under the name of Rwandan Patriotic Front (RPF). In 1992, about 350,000 people were displaced. On February 8, 1993, the RPF occupied the major part of Byumba, Ruhengeri and Kigali prefectures (total population of about 2,500,000) and as a consequence more than 1,000,000 people ran away toward the south to save their lives.

On February 18, 1993, Ambassador Flaten declared a state of disaster. As a result, the U.S.G. responded by providing food and non-food items to displaced through PVOs and UN agencies. The relief assistance program comprised ten major activities which follow:

### 1 Airlift Material Distribution Project (\$1,850,000)

From March 4-8, 1993, five flights carrying 220 MT of plastic sheeting and blankets arrived from Baltimore. The airlift contained a total of 1830 rolls of plastics and 50,000 blankets. MINITRASO, MAGERWA, assisted the Mission in the reception of the goods, handling and transportation to the Africare and CRS warehouses. From March 8, to May, 1993, CRS and Africare contributed in the distribution of the goods to 40,000 families (about 200,000 persons). This activity cost about \$1,850,000. This activity was highly appreciated by the GOR and the donor community as both parties continued to plea the Mission to provide more plastic sheeting and blankets. The Mission repeatedly responded that no additional relief goods were available in OFDA stock.

### 2 Blanket Distribution Project by CRS (\$107,000)

In addition to the distribution of airlift material, CRS signed a Grant with USAID on April 1993, to purchase 25,000 units of blankets from Kenya. In collaboration with CARITAS, CRS distributed the blankets to about 125,000 displaced persons located in Muhura, Gikomero, Bidudu, and Busogo camps of Ruhengeri, Byumba, and Kigali prefectures. The cost of this activity amounts to \$107,448.

### **3 Emergency Operation Program by CRS (\$10 917,000)**

On July 20, 1993, CRS received a Grant of 12,600 MT of title II food to distribute to 83,000 displaced persons in Ruhengeri, Byumba, and Kigali prefectures. The food comprises 2,988 MT of sorghum, 5,777 MT of cornmeal, 3,286 MT of beans, and 548 MT of vegetable oil. The beneficiaries of food will also receive soap in order to combat the outbreak of infectious diseases, seeds and tools for their participation in the planting cycle. The project PACD is June 8, 1993. The cost of the distribution activity amounts to \$707,342 and the cost of food is estimated at \$10,210,121. The total cost for this activity amounts to \$10,917,463.

### **4 Water Supply and Sanitation Project by CARE (\$500,000)**

On September 7, 1993, CARE received a grant to provide fuel wood, promote energy saving techniques, improve water supply and sanitation and undertake a hygiene education program in displaced persons camps.

The project prior to its completion date of February 28, 1994 will benefit to about 225,000 displaced persons in camps of Byumba prefecture. The Grant will be used for procurement and distribution of cooking pots and training material (\$158,122), for water supply and sanitation (\$126,307) and for logistics (\$215,571). The total USAID contribution to this program is \$500,000.

### **5 Seeds Procurement and Distribution Project by CARE (\$914,000)**

On September 15, 1993 CARE received a grant to provide immediate and key agricultural seeds to 53,061 returned households in the DMZ of Byumba in order to reduce their dependency on food aid and other external assistance.

The project prior to its completion date of July 15, 1994 will accomplish the following: a total of 814 MT of bean seeds received and planted by 53,061 households in the DMZ; a total of 431 MT of corn seeds received and planted by 53,061 households in the DMZ and, a total of 311 MT of sorghum seeds received and planted by 53,061 in the DMZ. The total cost of the project is \$914,140.

### **6 Medical/Health Assistance Project by MSF/B (\$656,000)**

On September 16, 1993, Medecins Sans Frontieres Belges (MSF/B) received a grant to provide medical care, measles immunizations, water supply and shelter to approximately 300,000 displaced persons in Ruhengeri prefecture.

The project prior to its completion date of March 15, 1994 will set up 2 new dispensaries, fifty health posts, improve operation of the general hospital in Ruhengeri, vaccinate 130,000 children against measles, install 2000-liter water bladders near dispensaries and, install 15,000-liter water tanks in communities of more than 3000 persons. The total cost of the project is \$655,515.

#### **7 Title II and Section 416 by WFP (estimated at \$15,000,000)**

In FY 93, the WFP received 31,100 MT of food from FFP, to contribute to WFP program to provide food requirements to the displaced persons of Ruhengeri and Byumba prefectures from March 1993 through February 1994. In conjunction with other donors' contribution, the food from FFP will be distributed to 900,000 displaced persons to meet the requirement of the food ration of 2,100 Kcal per person/day. The food donated by FFP comprises 27,670 MT of cereals, 630 MT of CSB, 1,500 MT of beans and 1,310 MT of vegetable oil. The cost of this activity is estimated at more than \$15,000,000.

#### **8 Supplemental Feeding Project: Biscuits Procurement and Distribution by UNICEF (\$1,200,000)**

On May 11, 1993, UNICEF received a grant to respond to caloric needs of the displaced vulnerable groups as identified by UNICEF. According to the grant, from May 11, to December 31, 1993, UNICEF will provide special high energy biscuits to vulnerable groups. The target population of 61,500 displaced people will receive 500 Kcals of biscuits per person day during six months.

Prior to the project assistance completion date of December 31, 1993, UNICEF will use the U.S. Government contribution to this special high energy biscuits activity as follows: \$984,000 for the purchase of 615 MT of high energy biscuits, \$206,640 for international transportation, \$4,308 for salaries, and \$5,052 for in-country travel. The total cost of the project is \$1,200,000.

#### **9 Emergency Management Project by UNDP/DHA (\$380,000)**

On September 27, 1993, UNDP received a grant to assist UNDP in carrying out the crucial function of producing periodic reports and maintaining a data bank on the needs of the displaced and the assistance provided.

The project prior to its completion date of December 31, 1994 will collect and disseminate information on the situation of those displaced by the war, facilitate and strengthen the role of the UNDP Resident Representative in the execution of UN emergency programs in Rwanda, prepare the Humanitarian Round

Table for Rwanda and assess the needs of the displaced during the resettlement period

UNDP/DHA will use the grant total of \$380,000 as follows \$134,600 for salaries and \$245,400 for benefits, travel, equipment, transportation and other direct costs

#### 10 Assistance to Displaced Persons Project by PVOs in 1994, LSGA (\$1,286,000)

The project purpose is to contribute to the well-being of displaced Rwandans in camps as well as those returning home in ways that will enhance their long-term productivity and welfare at home. The project will do this by funding unsolicited proposals submitted by NGO/PVOs currently operating in Rwanda. Specifically, the project focuses upon activities that will impart technologies to the displaced for

- 1 the construction and maintenance of potable water supplies,
- 2 the construction and maintenance of latrines,
- 3 the provision of hygiene education campaigns, and
- 4 the organization of wood harvesting, provision of fuel wood and promotion of energy saving techniques and technologies
- 5 reinstallation activities, such as provision of agricultural inputs (seeds tools, etc )

The planned total cost of project is \$2.7 million. \$1.414 has been granted to CARE (See Nos 4 and 5 above) \$1,285,860 remains to be made available

Planned Total Cost of Program	\$32,810,000
Initial Funding Date	March 3, 1993
Program Assistance	
Completion Date	September 30 1995
Implementing Agencies	CARE, Africare, CRS, MSF/B, UNDP, WFP
USAID Program Officer	Dirk W. Dijkerman
USAID Program Manager	Daniel Mivumbi

## VI REGIONAL AND CENTRALLY-FUNDED PROJECTS

Regional and/or centrally funded projects receive some funds directly from A I D /Washington annual budgets. Additional funds for the Rwanda portion of the projects are provided from the USAID Rwanda bilateral program. The projects are managed from Washington with field monitoring by USAID project officers.

### HUMAN RESOURCES DEVELOPMENT ASSISTANCE (HRDA), 696-0463 96

PURPOSE To assist the Government of Rwanda in meeting critical human resource requirements by providing financial assistance for training programs, agreed upon on an annual basis, between the Government of Rwanda and the U S Agency for International Development.

DESCRIPTION This project, which is a follow-on to the African Manpower Development Project, continues to provide training to Rwandans in various fields. To date, 239 Rwandans have received training under HRDA.

The major objective of the project is to build the capacities in the public and private sectors through development of a critical mass of trained personnel in key ministries, banks, public institutions and the private entrepreneurial sector with skills in management and financial analysis. This is being accomplished through in-country training for 162 trainees (67 percent of total project trainees), work/study tours, short-term (27 percent of total participants) and long-term training, seminars and workshops. Women have accounted for 32 percent of the 239 participants, primarily through short-term training and English language in-country training.

The project finances approximately two graduate degrees at the Master's level per U S fiscal year over the five year life of the project in targeted areas such as computer science and management, public sector management and administration, banking and finance, crop and livestock research, and disciplines related to food production and animal husbandry including nutrition, food technology and agro-industry, mother and child health and family planning, and so forth. Short-term training is conducted in Rwanda, third countries, particularly in Africa, and the U S as appropriate. Long-term training is provided primarily in the U S and Africa.

Total Cost of Project	\$3,000,000
Initial Funding Date	August, 1988
Project Assistance Completion Date	September 95
Implementing Agency	MINIPLAN
USAID Project Officer	Claudia Cantell
USAID Project Manager	Eugenie Mujawamariya

## RWANDA FOOD SECURITY II PROJECT RWANDA ADD-ON (936-5459)

PURPOSE To assist Rwanda in formulating policies, institutional reforms, investment plans and management processes that will help assure food security, including the strengthening of local analytic capacity

PROJECT DESCRIPTION The FS II Project is a centrally-funded project and is a follow-on project to the Agricultural Statistics and Policy (ASPAP) Project. The objective of the FS II Research Project is to contribute to an improved understanding of strategies, policies and actions which can move Rwanda from an economy with large numbers of people trapped in poverty subsistence farming to an economy with opportunities for higher real incomes and food security while protecting resources for future generations.

Michigan State University (MSU) has been awarded a Cooperative Agreement to monitor the FS II Research program for Rwanda with Development Alternatives Inc (DAI) as MSU's sub-contractor. In collaboration with the Division des Statistiques Agricoles (DSA) within the Ministry of Agriculture and Livestock, the project will be providing reliable data about the Rwandan economy and at the same use the data to diagnose food security related problems, identify alternative strategies, policies and actions, and provide analysis of the probable consequences of alternative policies.

Planned Total Cost of Project	\$3 106 000 (30 months)
Initial Funding Date	October 1, 1992
Project Assistance	
Completion Date	April 30, 1995
Implementation Agency	MINAGRI
USAID Project Officer	Kurt Fuller
USAID Project Manager	Damascene Ngaboyimana

## RWANDA/AIDSCAP - HIV/AIDS PREVENTION AND CONTROL PROJECT, 936-5972

PURPOSE To decrease the rate of transmission of HIV virus by providing increased access to condoms, by decreasing rates of sexually transmitted diseases and by making positive changes in sexual behavior by providing appropriate information based on up-to-date behavioral research.

PROJECT DESCRIPTION The proposed project will be a comprehensive AIDS prevention and control program that will be nationwide in scope and implemented as a bilateral activity through the National AIDS Control Program with linkages with other donor programs, NGOs and PVOs.

The project includes the following main interventions:

- (1) Expanded Condom Social Marketing
- (2) STD Prevention and Control
- (3) Targeted IEC Aimed at Changing Behavior

There will also be a pilot project to test the effectiveness and comparative cost-effectiveness of voluntary testing and counselling.

### (1) Expanded Condom Social Marketing

The project will build on the lessons learned from the existing social marketing project (implemented through the Maternal and Child Health Family Planning II Project) and extend it further into the private sector, capitalizing on the increasing demand for condoms while further segmenting the market and adding greater brand-name recognition to an already popular condom. This product will be sold, thus achieving a measure of cost recovery, and will be marketed in bars, hotels, kiosks and whatever other outlets may be deemed appropriate at the time to reach the ever-changing "high risk" segments of the population.

### (2) STD Prevention and Control

This element will focus on bolstering the capacity of the Ministry of Health and the National AIDS Control Program to recognize, treat and follow up on STD cases, particularly ulcerative STDs.

### (3) Targeted IEC Aimed at Changing Behavior

The traditional "high risk" groups are evolving as the epidemic matures. Rwandans, especially those in urban areas, already have very high levels of knowledge on how HIV is transmitted and how it can be prevented. Therefore, standard messages being prepared by other national programs in Africa will not be appropriate in Rwanda. The

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epidemic has moved beyond prostitutes and their clients to the general population. While seroprevalence rates among these traditionally high risk groups remain very high, in Kigali where the epidemic is the most serious, three-fourths of new seroconversions are occurring in married, child bearing women. The project will be flexible in targeting its messages to whatever group is perceived as requiring information as the epidemic evolves. Messages will be tailored to fit those groups' needs. Behavioral research will be required so that the project implementation team can better understand the dynamics of the behavioral aspects of the epidemic. This research would then feed into the development of the IEC program and further refinement of IEC messages.

Planned Total Cost of Project	\$6,000,000 *
Initial Funding Date	1993
Project Assistance	
Completion Date	September, 1997
Implementing Agency	National AIDS Control Program (PNLS)
USAID Project Officer	William B. Martin
USAID Project Manager	Sosthene Bucyana

\* The \$6 million in Mission bilateral funds will be matched by \$2,477,000 in AID W funds.

## VII PROPOSED PROGRAMS

### SUPPORT FOR ECONOMIC REFORMS (SER) 696-0141

**PURPOSE** To increase the transparency of government accounting systems and public decision-making processes related to budget and structural adjustment programs

**PRELIMINARY DESCRIPTION** In combination with the cash transfer to be provided under the Budget Reform Program, and with the complementary programs and projects of other donors, the SER project will provide the technical skills, analyses, and training necessary to implement the broad budget reform program. The project will collaborate with GOR and other donor staff to define and implement an acceptable accounting system with adequate internal controls and external audit capability, and then guide its installation as the government accounting system. It will also provide analysis of the on-going structural adjustment program and other specific emerging policy/investment issues that are expected to have major implications for the GOR budget. These analyses will be conducted in a manner that augments the Rwandan capacity to participate in and to disseminate the results both to decision-makers and the general public. The methodology has been well-established by the Mission and GOR under previous activities, e.g., the PRIME program, Food Security II project, and the PMPR program.

With a solid internal control system the GOR will be able to assure that funds are allocated to meet the needs of their development plan. The experience of the two years has been that the social services ministries were affected most negatively by the lack of controls as they received a decreasing share of government outlays because other ministries wildly overspent their budgets. Mission experience under the PRIME and PMPR programs also show the private sector has also suffered from the lack of budgetary discipline. Therefore, the clients of the social ministries and private sector businesses, will be among the primary beneficiaries. Project design efforts will define the absolute magnitude of these direct beneficiaries. Other beneficiaries of the Program will be the members of the National Assembly and the general public who will use the accountable budget process and analyses to monitor the performance of the bureaucracy in the execution of projects and programs. The need for this accountable budget process has become even more pressing since the new national assembly members, comprised of representatives of all the major political parties and the RPF, are to take office in early January 1994.

This project, along with the Budget Reform program constitute the Mission's final and key set of major interventions in the Democracy/Governance area. The other two Mission interventions (DIG 696-0133, PVO Support 696-0135) address directly the capabilities and financial means of public interest groups (associations, cooperatives,

Rwanda NGOs), legislators, and media representatives to influence the operations of government bureaucracy so that they may have their interests represented and, when agreed upon, faithfully executed. Those two projects work with stakeholders outside the bureaucracy. The Support for Economic Reform Project (and the Budget Reform Program) complete the circle by focusing on the budget process all have to use to manage their government. Thus, from the strategic perspective, SER deals directly with the needs of stakeholders within the bureaucracy and government to initiate and sustain the process of making major structural reforms to make a budget process that is accountable, transparent, accessible to government bodies, legislators, private interest groups, local government officials, and others.

The primary outputs of this project will be the creation of an acceptable accounting system for the GOR and the development of published documents providing accurate data and timely analysis of government actions having major implications on the state of government finances. Specific outputs include:

- design an adequate standardized accounting system for government operations,
- install the approved new standardized accounting system for government operations,
- develop an internationally-acceptable audit system utilizing both internal government audit capacity and private sector audit firms for independent audits,
- publish on a timely basis both regular and special reports on the progress, impacts and results of the government policies and programs having a major impact on government operations.

The project seeks to result in:

- reducing new unauthorized commitments from an estimated \$20 million in 1992 to less than \$5 million by 1995, and
- decision-makers and a general public which is informed about the use of public funds and about the progress of major government programs, such as health care, education, and structural adjustment.

It is clear from the above the SER project will support both institutional and policy reforms. The complementary program, Budget Reform, will provide financial resources to support crucial programs and help allay the concerns of certain stakeholders. Other donors programs are expected, for example, to reduce the outstanding stock of arrears, improve tax collection and customs operations (see next section).

A prime contractor will be responsible for implementing this project, as well as monitoring the progress and impact of the complementary Budget Reform program. The analyses and work of the project will also aid the Mission's analytical agenda and collection of data for its annual Assessment of Program Impact.

The subject of the project is complex. However, what is important from the Mission's perspective is that A I D does not stand alone. The World Bank and IMF have provided specific ideas. The French and the Belgians and EEC have all committed to providing technical assistance and are currently determining how much NPA to provide. The project also builds on the Mission's comparative advantages. Within the Rwandan donor community, the U S is viewed as having the reputation and capability in accounting, auditing and internal financial controls. By comparison, the EEC has taken the lead in addressing budget automation constraints within and between ministries and the coordination of local currency programming between the government and donors, the IMF has focused on taxation, the Belgians on customs, the Germans on macro-economic indicators and models, and UNDP on statistics and data gathering. Finally, the French are willing to provide technical assistance to advise the Minister of Finance on daily matters. Much of this assistance, however, is predicated on the donors and GOR agreeing to a joint plan of action on how to improve budget processes. The French and Belgians have been ready to provide technical assistance since early 1992, but have not done so due to the absence of an integrated donor-government approach.

Planned Total Cost of Project	\$10,500,000
Initial Funding Date	1994
Project Assistance	
Completion Date	1998
Implementing Agency	MINIFIN/MINIPLAN
USAID Project Officer	Dwight A. Smith
USAID Project Manager	Bonaventure Niyibizi

## **BUDGET REFORM PROGRAM ASSISTANCE (BR) 696-0143**

**PURPOSE** To encourage adoption of budget expenditure control and accountability systems to assure that funds are expended for approved programs

**PRELIMINARY DESCRIPTION** In combination with the technical assistance under the Support for Economic Reform Project and with the complementary programs and projects of other donors, the program is to implement key policy and regulatory changes required to install a rigorous internal control system for the Government of Rwanda. With a solid internal control system the government will be able to assure that funds are allocated to meet the needs of their development plan. The experience of the two years has been that the social services ministries were affected most negatively by the lack of controls as they received a decreasing share of government outlays because other ministries wildly overspent their budgets. For example, in 1992, the social ministries only received a quarter of what was programmed. Therefore, the clients of the social ministries (e.g., health and education), virtually the entire population, will be among the primary beneficiaries. Program design efforts will define the absolute magnitude of these direct beneficiaries. Other beneficiaries of the Program will be the members of the National Assembly and the general public who will use the accountable budget process to monitor the performance of the bureaucracy in the execution of projects and programs. The need for this accountable budget process has become even more pressing since the new national assembly members, comprised of representatives of all the major political parties and the RPF, are to take office in early January, 1994. Among the stakeholders of the current budget process are those able to spend government funds with little regard for or full understanding of the resulting financial and economic implications. This group includes ministries as well as individuals. The proposed cash transfer has three elements of interest to stakeholders -- policy reform, local currency, and dollars.

As stated in the June 1992 CPSP, this program is key to the Mission's central strategic objective of "increased accountability in government on economic and social policies." This program, and the complementary Support for Economic Reform Project, constitute the Mission's final and key set of major interventions in the Democracy/Governance area. The other two Mission interventions (DIG, 696-0133, PVO Support, 696-0135) address directly the capabilities and financial means of public interest groups (associations, cooperatives, Rwanda NGOs), legislators, and media representatives to influence the operations of government bureaucracy so that they may have their interests represented and, when agreed upon, faithfully executed. Budget Reform Program (and the Support for Economic Reform Project [SER]) complete the circle by improving the budget process all can use to manage government affairs. The SER project works with GOR organizations to augment their capacity to implement a rigorous budget system, including planning, accounting, and auditing/evaluation. Thus, from the strategic perspective, Budget Reform and the supporting SER project deal directly with the need for the stakeholders within the

bureaucracy and government to initiate and sustain the process of making major structural reforms to make a budget process that is accountable, transparent, accessible to government bodies, legislators, private interest groups, local government officials, and others. Together, they constitute the remaining half of the Mission's major programmatic effort in Democracy and Governance.

This program will be a cash grant disbursement spread over three years conditional upon progress in initiating and then implementing a rigorous budget control system with adequate internal controls. The following provide indicative conditionality, subject to modification as the analysis and design are completed.

#### **First Tranche (\$3-6 million)**

- Issuance of a decree which defines sanctions for incurring unauthorized commitments and establishes an appropriate enforcement process,
- Establishment of a commission to define audit principles, responsibilities, and authorities for various levels of government audit agents, to define an independent audit function, and to define the human resources and training needed to implement an appropriate audit system,
- Initiation of an analysis of government and private audit capabilities and assess why current structures are ineffective, and
- Initiation of a review of the government accounting system to determine its adequacy and suitability in terms of internal controls.

#### **Second tranche (\$7-12 million)**

- Issuance of the appropriate legal document modifying the audit responsibilities and authorities of government audit agencies per the results of reviews,
- Adaption of appropriate staffing pattern for government audit agencies, and
- Initiation of program to define accounting and audit standards to be used by all government agencies.

#### **Third Tranche (\$3-7 million)**

- Audit agencies operational with 75% of required staff, adequate budget resources, and a proactive audit plan being implemented,

- Accounting system accepted and implementation begun, and
- Internationally acceptable audit standards accepted

It is clear from the above the program will support both institutional and policy reforms (such a possibility was foreseen and is allowed under the new non-project assistance guidelines approved by the Africa Bureau in 1992)

The three tranches would be planned for release on an annual basis beginning in late 1994. The program is planned as a cash transfer with the cash to be used for general imports, subject to the eligibility criteria under AID Reg. 1. Since the GOR devalued its currency by over 40% in 1990, the differential between the black market rates and official rate of exchange has decreased to 10 to 15% and the supply of foreign exchange for imports has been adequate to meet all demands for imports from the private sector. Prior experience shows that the additional cost of following USAID regulations for CIP programs is in excess of 30% of CIF costs to the importer and so there would be no demand for USAID-run CIP program. In addition, this small mission does not have the staff resources needed to operate a large CIP program.

The local currency proceeds from the budget reform program are to be programmed for general budget support to assure that the development ministries maintain their budgetary levels and offset the costs of establishing a proper accounting and audit system. However, given that the new transitional government has many new programs that need to be funded (e.g., education for demobilized soldiers, reconstruction, resupply, and restaffing of health centers and other facilities damaged during the three year war) to stay the course on its transition to elections in late 1995 or early 1996, the local currency can be expected to be allocated those ministries implementing those crucial programs. Indeed, the local currency can help keep the democratic transition on track.

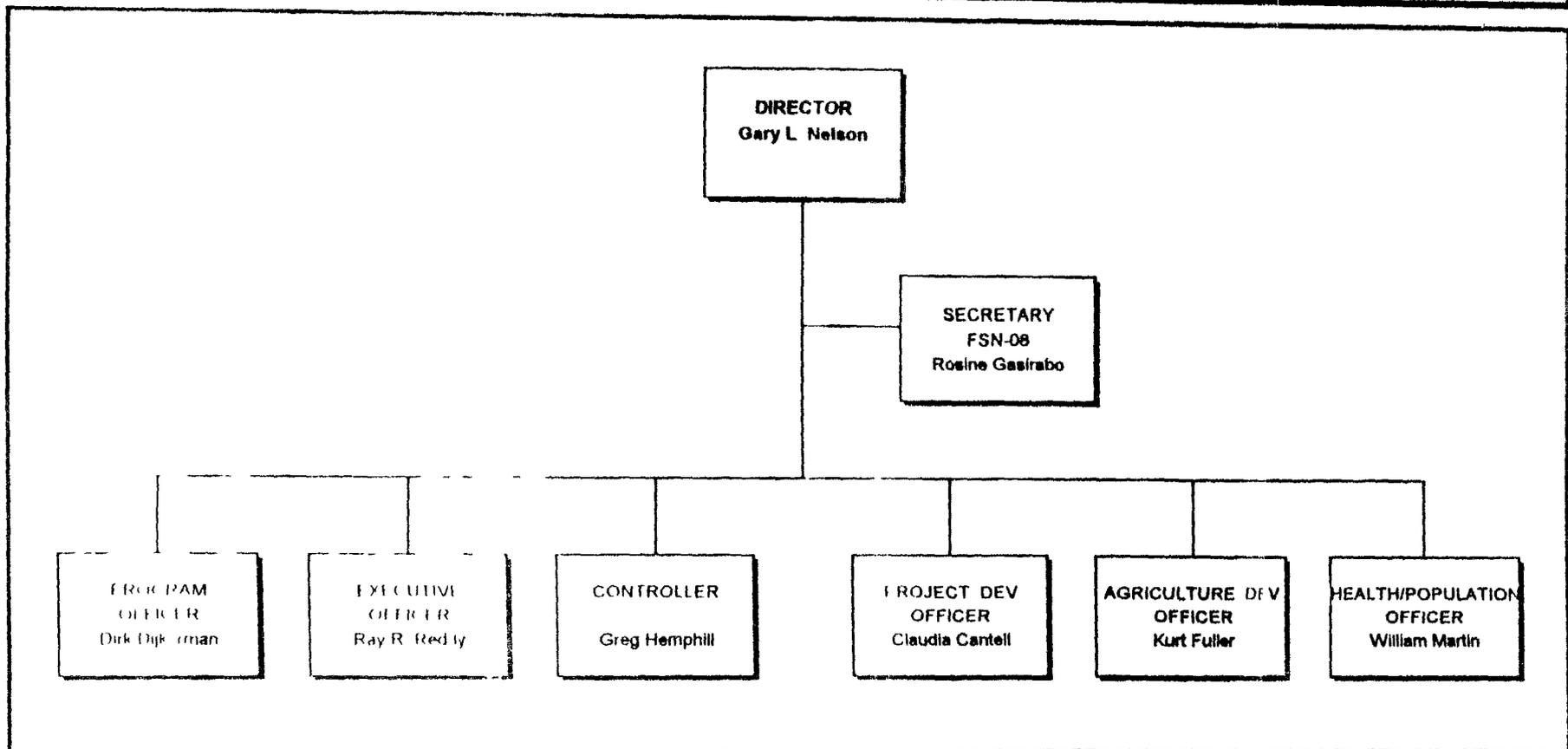
The complementary project, the Support for Economic Reforms, will provide the technical resources to guide the process, conduct the critical analyses, provide the necessary commodities, and train the necessary staff. Monitoring of the Budget Reform program will be incorporated into the scope of work for the prime contractor of the Support for Economic Reforms project so that a continuous data and information flow will be assured.

Planned Total Cost of Project	\$20,000,000
Initial Funding Date	1994
Project Assistance	
Completion Date	1997
Implementing Agency	MINIFIN
USAID Project Officer	Dwight A. Smith
USAID Project Manager	Bonaventure Niyibizi

**ATTACHMENT USAID/RWANDA ORGANIZATION CHARTS**

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# USAID/Rwanda Organization Chart

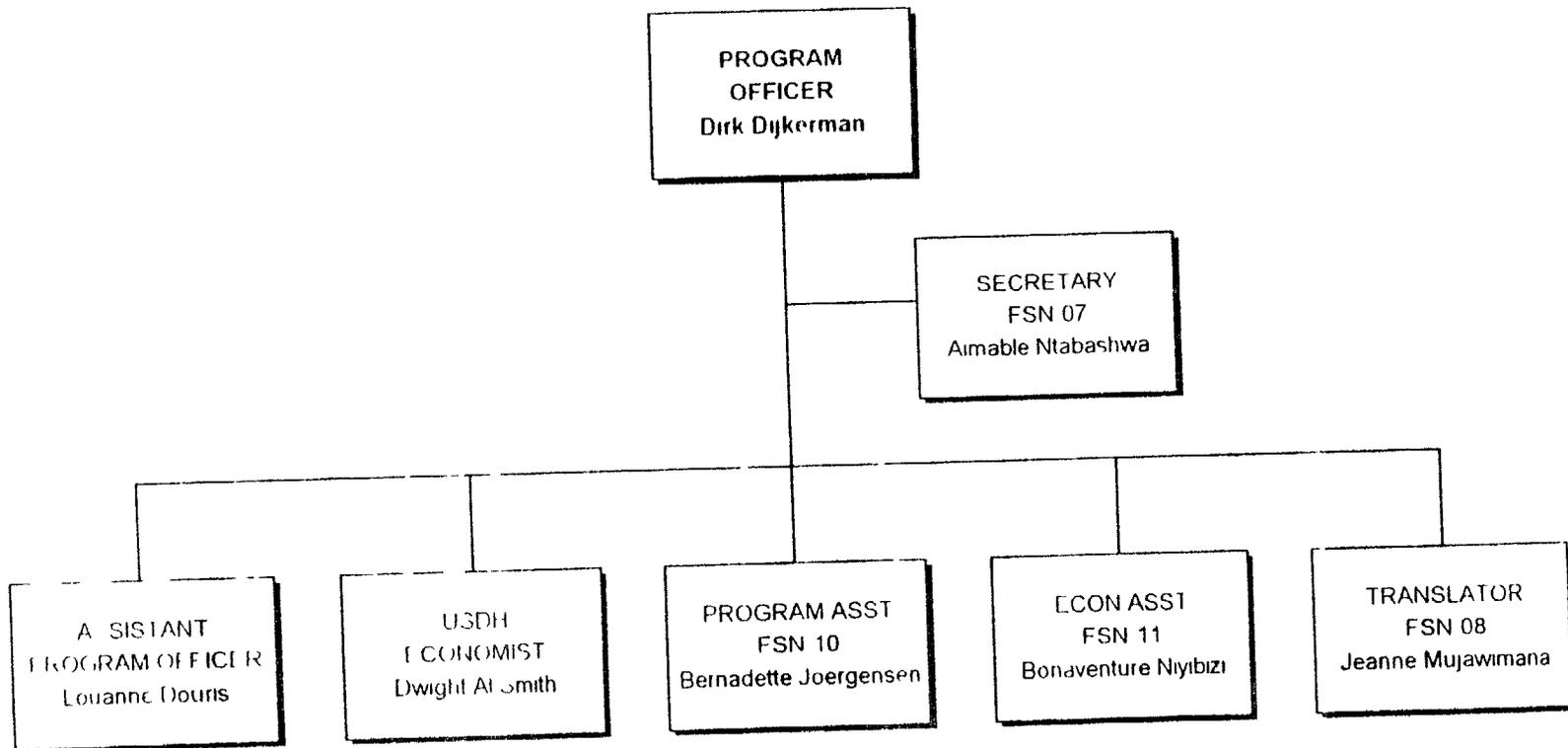


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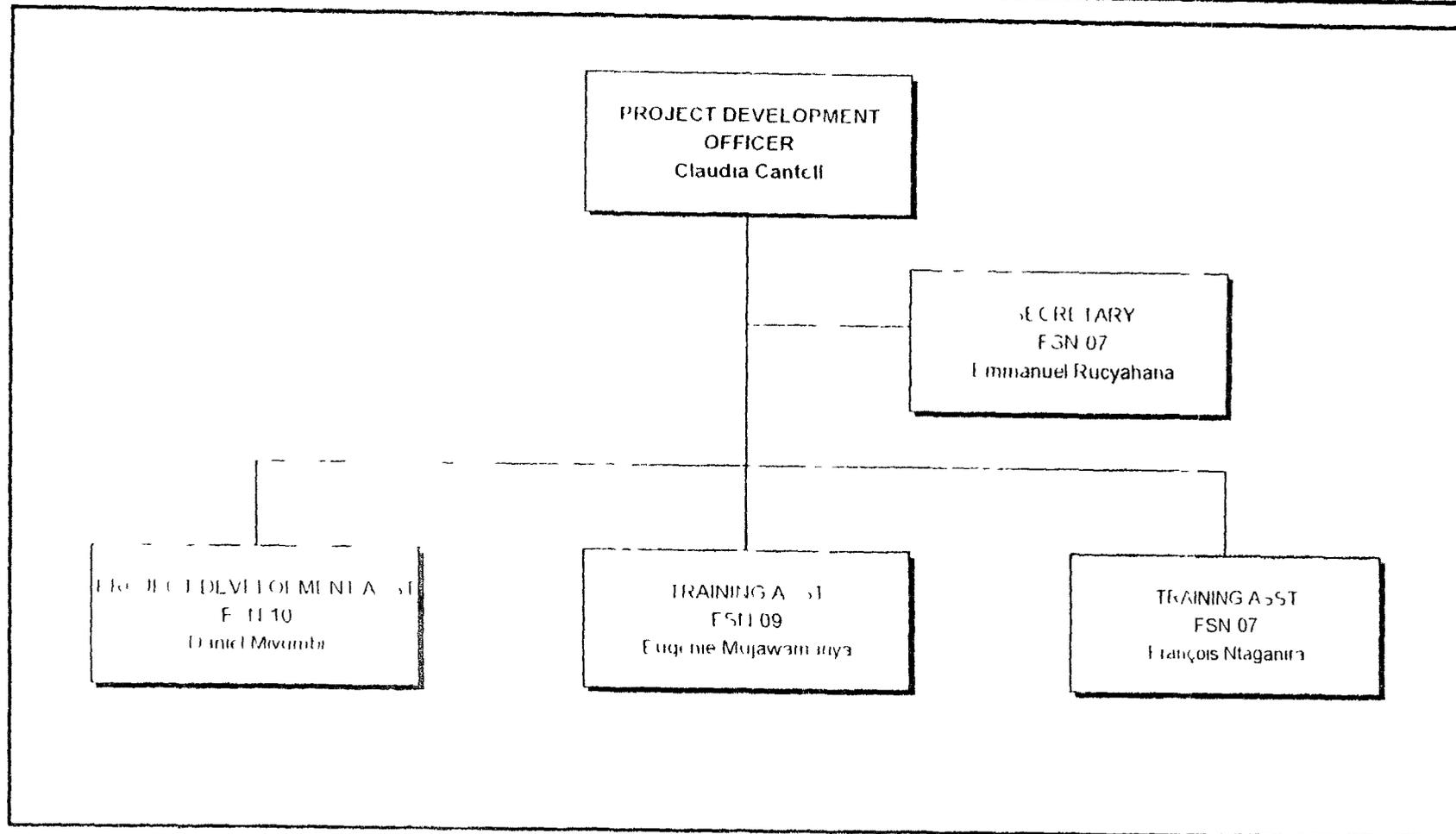
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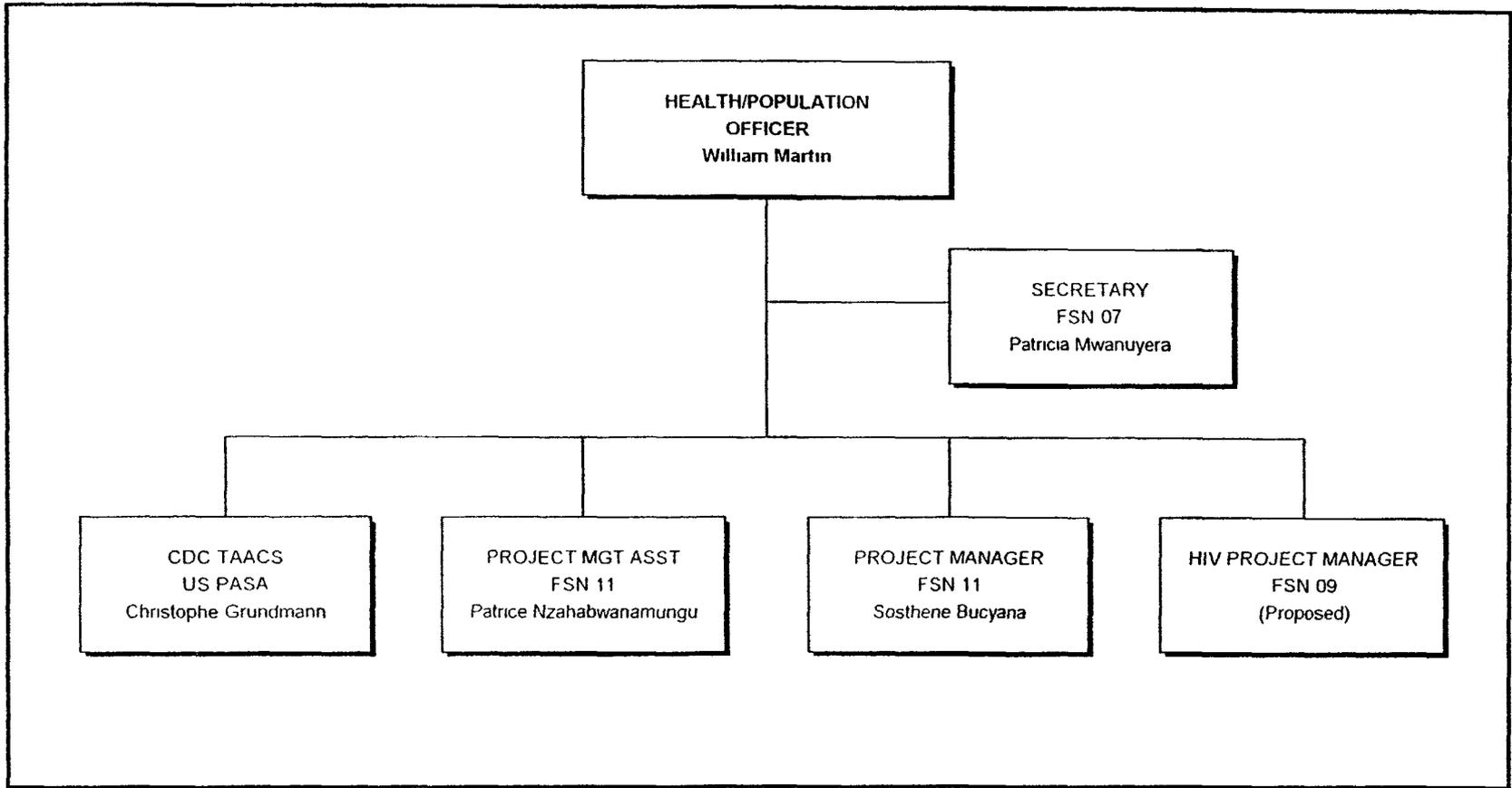


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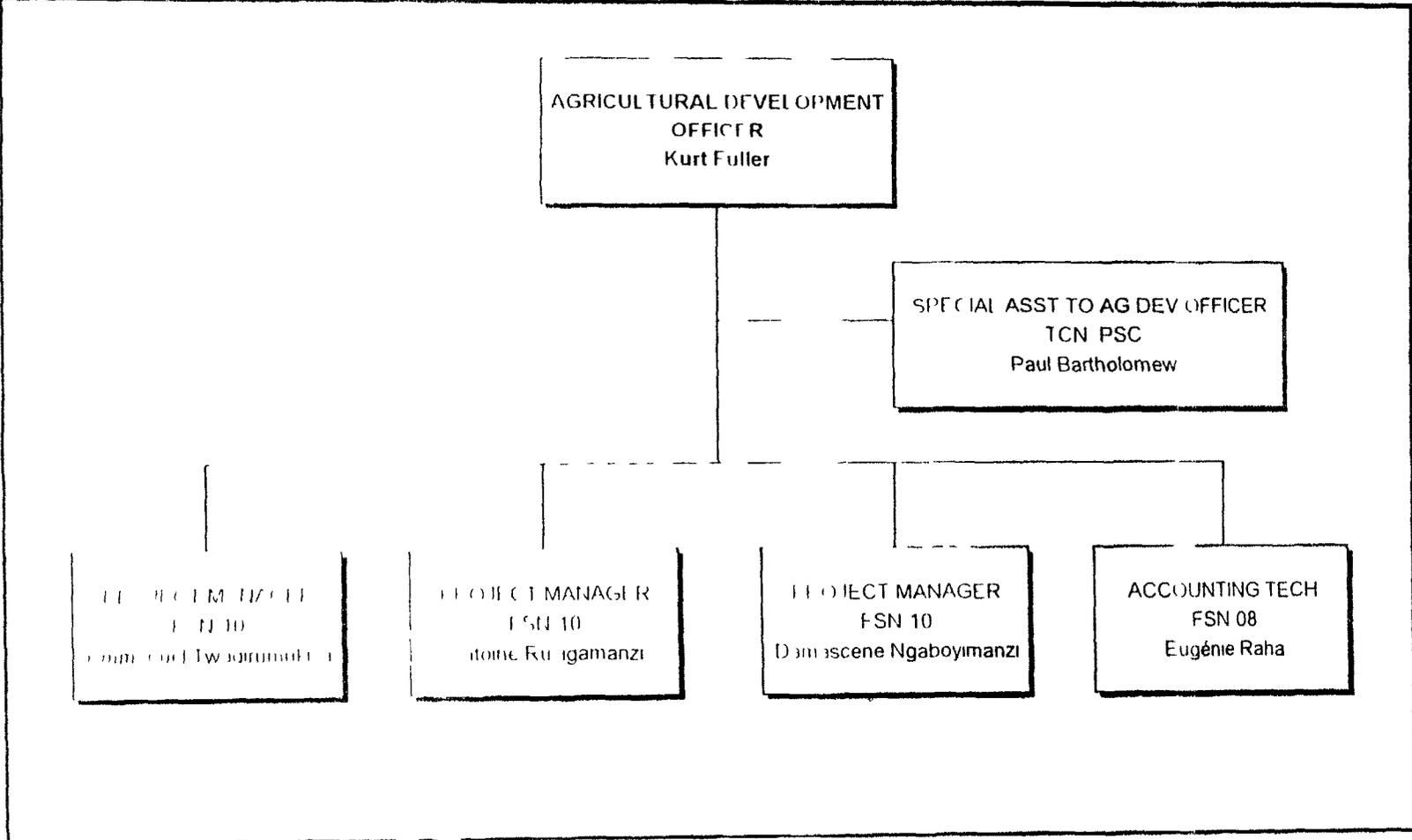
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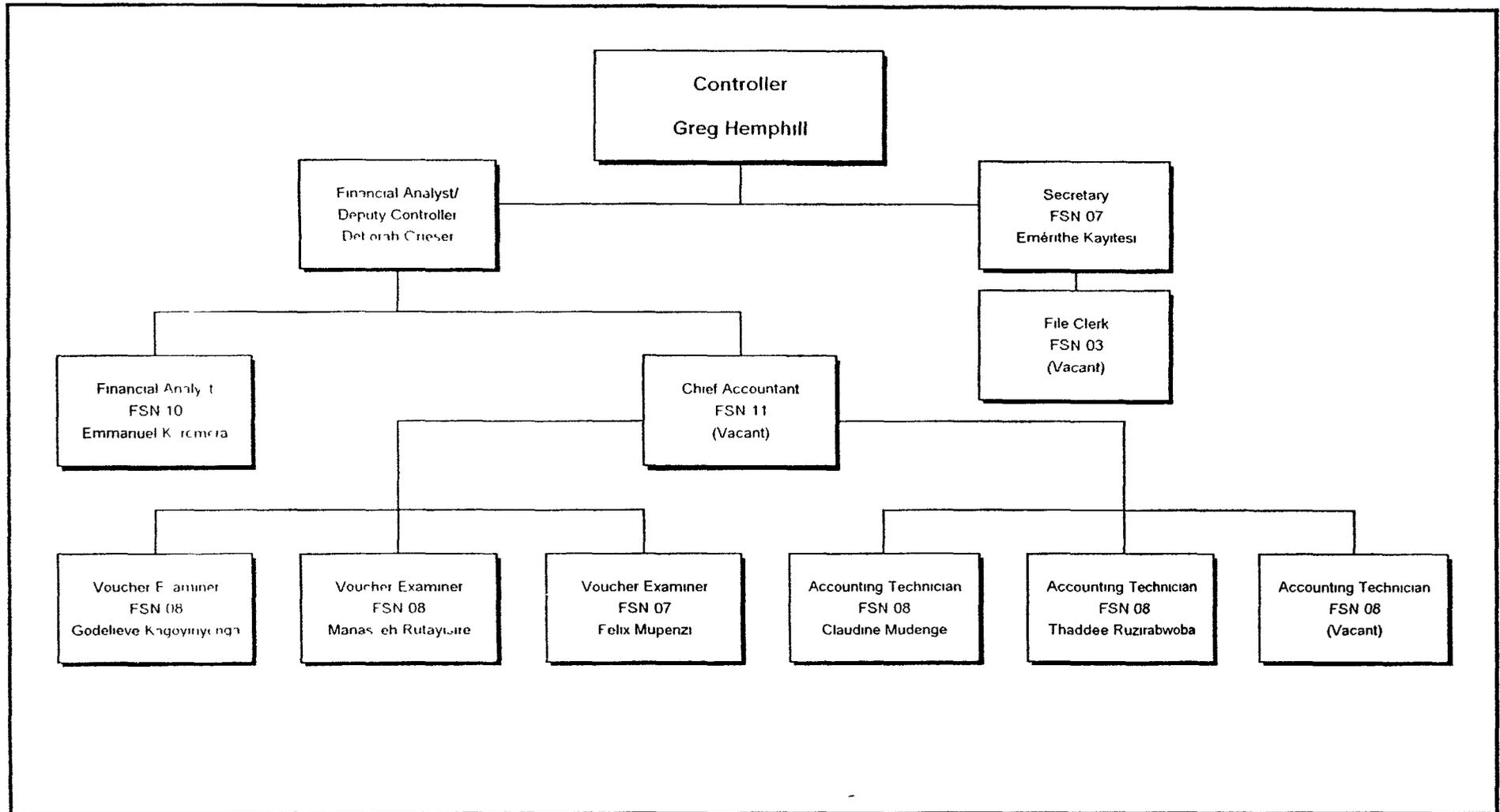
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10 Oct 1993

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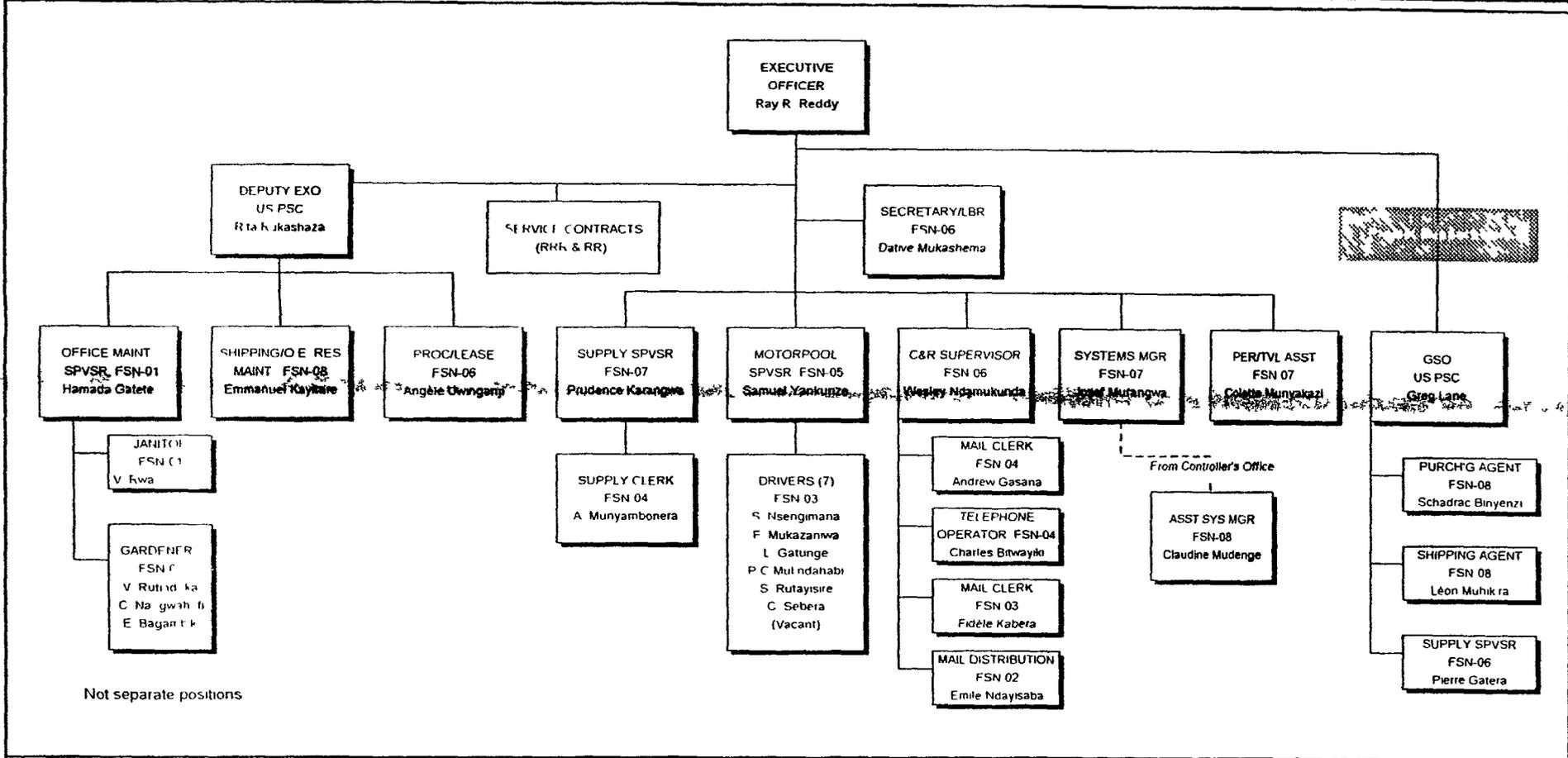
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