

Department for International Development

The Department for International Development (DFID) is the UK Government department responsible for promoting sustainable development and reducing poverty. The central focus of the Government's policy, based on the 1997 and 2000 White Papers on International Development, is a commitment to the internationally agreed Millennium Development Goals, to be achieved by 2015. These seek to:

- Eradicate extreme poverty and hunger
- Achieve universal primary education
- Promote gender equality and empower women
- Reduce child mortality
- Improve maternal health
- Combat HIV/AIDS, malaria and other diseases
- Ensure environmental sustainability
- Develop a global partnership for development

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DFID works in partnership with governments committed to the Millennium Development Goals, with civil society, the private sector and the research community. It also works with multilateral institutions, including the World Bank, United Nations agencies, and the European Commission.

DFID has headquarters in London and East Kilbride, offices in many developing countries, and staff based in British embassies and high commissions around the world.

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Country Assistance Plans set out how DFID aims to contribute to the achievement of the Millennium Development Goals in various countries. Country Assistance Plans start from the basis of our partner country's poverty reduction strategy and set out in detail how DFID will work as part of the international development effort to support a country's strategy for reducing poverty. They include a framework for annual assessment of DFID's performance in implementing the plan. These annual updates of CAPs will be available electronically at www.dfid.gov.uk. Major reviews of Country Assistance Plans leading to new printed documents are expected to be undertaken every three to four years.

Rwanda: Country Assistance Plan 2003–2006

Contents	Page
Part 1: Context	2
A. Summary	2
B. The challenge	5
C. The risks	12
D. What we have learnt	14
Part 2: DFID's plans over the poverty strategy period	15
Part 3: Annual Plan *	
G. Monitoring the impact of DFID activities on poverty strategy outcomes	
H. Implementing the Country Assistance Plan	
Annexes	
Annex 1 Risk analysis	19
Annex 2 Country Plan expenditure profile	22
Annex 3 Statistical annex	23
*Annex 4	
*Annex 5	
*Annex 6	

**Part 3 and Annexes 4 - 6 are to be made available electronically on the DFID website, www.dfid.gov.uk. These are subject to change from time to time. Enquiries can be sent by e-mail to enquiry@dfid.gov.uk*

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Part 1 – Context

A. Summary

- 1.1 The challenge that confronted Rwanda in December 1994 was truly extraordinary. Thirty-two years of state divisionism, eight years of economic collapse, four years of conflict and three months of savage genocide had left one million people dead, a collapsed state and economy, infrastructure destroyed and nearly three million refugees in exile.
- 1.2 Nine years later, Rwanda's needs remain acute. The violent legacy of genocide, civil war and of an authoritarian state has been compounded by continuing regional instability, a highly vulnerable rural majority, political and social fragility, extreme environmental degradation, the highest population density in Africa, high levels of inequality, an emerging HIV/AIDS epidemic, severe skills shortages and severely limited market and trade links. 60% of Rwandans currently live below the national poverty line, 40% in extreme poverty. The United Nations Development Programme's 2003 Human Development Report ranks Rwanda 158th (out of 175) on its Human Development Index.
- 1.3 And yet there is no doubt that the Government has made great progress in national reconstruction since taking power in 1994. The country is at peace, the economy is stable and growing (real GDP growth averaged almost 8% per year from 1998 to 2002), and the incidence of poverty is declining (although statistics are extremely poor, from around 70% in 1994 to 60% in 2002). The Government has developed a long-term vision of Rwanda's development and an internationally endorsed Poverty Reduction Strategy (PRS) designed to deliver this. An ambitious decentralization programme is underway, which should allow citizens a say in policy-making and resource allocation and which, the Government intend, will provide a foundation for a new grassroots democracy. Government policy has been marked by the degree to which it promotes participation and popular consultation, for example, in the development of a new constitution and in the plans for decentralization. There is a clear Government focus on service delivery.
- 1.4 Key challenges for the period covered by this Country Assistance Plan (CAP) are to implement the PRS, translating policy into service delivery, and to establish an environment which supports free expression. PRS implementation will require the development of robust sector strategies, the further alignment of the budget to strategic priorities, the effective control and direction of donor activity by Government, further improvements in financial management, and significant increases in the capacity of centralised and decentralised Government structures to deliver services. In opening up space for legitimate political debate, the Government will need to balance its own and its citizens' aspirations with the reality of continuing political and social fragility and the risk that moving too quickly could allow a genocide ideology to re-establish itself.
- 1.5 The major risks over this period arise from continued regional instability, the possible disengagement of the international community from Rwanda (triggered by concern over the Government's alleged involvement in human rights violations, its alleged involvement in natural resource exploitation in the Democratic Republic of Congo (DRC), or the constraints on freedom of expression), and a possible breakdown in internal stability.
- 1.6 The work described below has been agreed with Government and our other major development partners, most directly in the context of the Annual UK/Rwanda Development Partnership Talks and during the consultation on the draft of this document. It reflects our analysis of the drivers of change for Rwanda, our risk analysis, and an analysis of our comparative advantage. It responds to the analysis and priorities expressed in the PRS and to our obligation to respect Government strategy, policy, and structure.
- 1.7 Over the next three years we will:
 - continue to support international and regional initiatives aimed at **securing peace and stability** in central Africa, working closely with other UK Government departments including the Foreign and Commonwealth Office (FCO);

- increase our engagement on **economic and social policy issues** affecting Rwanda, working closely with the UK's Treasury;
- promote **aid co-ordination, harmonisation, and alignment**. As requested by Government, we will continue to act as facilitating donor for the education sector and to co-chair the gender working-group. As co-chair of the harmonisation and alignment working group, we will work with Government and other current and potential providers of budgetary support to produce a harmonised framework for budgetary support, and explore opportunities for harmonising projectised assistance. We will also support lesson-learning between Rwandan development partners and other developing countries;
- provide support for the **basic processes of government**, which are crucial for the successful implementation of the PRS. These processes are: **economic management** (through assistance to the Government on macro-economic management, debt administration, trade policy, and financial sector reform, and through assistance to increase domestic revenue flows); **strategic planning and policy making which reflects the voices of the poor** (through continued support to the government's Strategic Planning Department around the implementation and monitoring of the PRS, assistance for civil service reform, and to the government's statistics function); **budget execution and financial management** (through assistance to the Medium Term Expenditure Framework process, the financial management sector, and for the implementation of the Government's Financial Accountability Plan); and promoting an **accountable, effective and democratic system of governance** (through support for decentralisation, democratisation, constitutional reform, and election processes). We will over this CAP period move from an essentially project-based approach, to provide coherent support for the Government's PRS Implementation and Review Cycle and its Strategic Plan for Public Sector Reform;
- provide support for the development and implementation of a small number of sectoral or thematic strategies which are a high priority in the PRS and where DFID has a real comparative advantage. Such support will, again, focus on strengthening core businesses processes. We will continue our significant support to **education and gender equity**, acknowledging the Government's request that we act as facilitating donor in these areas. Our support for education will continue to focus on the development of a sector-wide approach to policy and planning, capacity building, improved quality, access and equity, and addressing HIV/AIDS and peace and reconciliation through the education system. Our support for gender equity will focus on supporting the Ministry for Gender and the Promotion of Women and its partners to mount an effective and coherent policy and monitoring response to the high levels of gender inequality and female poverty that exist in Rwanda. In response to Government's requests, we will seek strategic engagement in **rural transformation** (the highest priority for Government action to reduce poverty in the PRS) and **security sector reform**. The exact focus of our engagement will be determined by the Governments Rural Economy Strategy, due late 2003, and the Strategic Defence Review. We will continue to help combat **HIV/AIDS** through the Rwanda component of the DFID-supported International Partnership Against Aids in Africa programme;
- embark on a long-term initiative to enable Rwanda citizens to progressively realize their **human rights**, through engagement with Government, development partners, and civil society. The initiative will aim to improve the performance of Rwandan institutions in facilitating the progressive realisation of human rights. We will seek to apply learning from this programme to all other aspects of our support to Rwanda.

- 1.8 In order to fully realise this engagement, and recognising the scale and nature of poverty in Rwanda and the opportunities for the UK Government to effectively promote poverty reduction and stability in Rwanda and the wider Great Lakes region, we plan to increase the Rwanda country programme from £37 million in UK financial year 2003/04 to £46 million in 2005/06.
- 1.9 Two-thirds of our programme will continue to be delivered as direct budgetary support (DBS). DFID believes that where adequate structures and systems are in place, such support can have the greatest impact on poverty. In Rwanda, we take our assurance from Government's commitment to reducing poverty, from progress in aligning the budget with PRS priorities, and from improvements in certain aspects of public expenditure management. Our budgetary support will continue to be complemented by technical support to increase capacity in budget execution and financial management and shared studies with the World Bank aimed at continued assessment and monitoring of fiduciary risk.
- 1.10 The Rwandan Government is subject to continuing international and national criticism over alleged abuses of human rights, in particular during the Rwanda's interventions in Eastern Congo and in the run-up to the 2003 national elections, and the pace of democratic reform. Our engagement with the Government is based upon the joint commitments set down in the UK/Rwanda Memorandum of Understanding. The Memorandum of Understanding details the commitments of the Rwandan Government, including the commitments to progressively securing all human rights for its citizens and to establishing a democratic and inclusive state. The Memorandum of Understanding also provides for the amendment or suspension of our programme if, after consultation with the Government, we believe that these commitments are not being honoured. Paragraph 6.9 below provides more detail on the Memorandum of Understanding.
- 1.11 This approach with Rwanda is fully consistent with DFID's Public Service Agreement targets for the achievement of the Millennium Development Goals. The Rwanda programme will in particular continue to work towards improving the effectiveness of government-led education plans; make a significant contribution to better economic and political governance; and assist Government to improve participation of the poor in market activity.

B The challenge

- 2.1 From independence in 1962 Rwanda achieved year on year economic growth for 25 years. This remains unprecedented in the region. From 1975, Rwanda was a one-party state with strong military control, fostering deep ethnic division and marked by a record of ethnic massacres and human rights abuses. From the mid-1980s onwards, this growth went into reverse due to declining agricultural productivity and falls in the world prices for tea and coffee. At the same time the circle of those in power, the akazu, became smaller and the divisionist ideology underpinning the First and Second Republics became more apparent. Incidences of discrimination increased. By 1993 nearly one million Rwandans were living in exile. In 1987 the Rwandan Patriotic Front (RPF) was formed in exile and in 1990, frustrated by their inability to achieve power sharing by peaceful means, launched a military campaign against the Rwandan government of President Juvenal Habyalimana.
- 2.2 It was against this background that the Rwandan civil war and the 1994 genocide took place, devastating the country and leaving huge socio-economic problems and challenges in its wake. The most significant of these are the continuing threat from armed groups in the DRC, deep mistrust and structural divisions within society, the creation of large numbers of female-headed and child-headed families, chronic poverty, the destruction of human and social capital with the decimation of professional and other groups, and the wholesale destruction of infrastructure and livestock in the rural sector.
- 2.3 The current Government of National Unity was formed in 1994 under the Arusha Accord, following the forcible re-entry into Rwanda of the Rwandan Patriotic Front (RPF). The RPF brought with them skills and international experience developed in exile and their early years in power were marked by high resource flows into the country, enabling their agenda for national transformation to be unrolled at an extraordinary pace.

The champions for change in the new regime, by virtue of the path they had to take to gain power, have a characteristic zeal and drive for achieving the country's goals. Their desire to progress and embed an agenda of national transformation tacitly acknowledges the price of failure – the likely recurrence of civil conflict. In parallel the Government aims to achieve national and international credibility through promoting good governance, accountability and adherence to human rights principles, while continuing to protect Rwanda's people from external and internal threat.

The Government's political ideology

- 2.4 This history informs the RPF's political ideology. The Government's ultimate goal is to achieve national stability, unity and reconciliation through the creation of a Rwandan identity which has no recourse to ethnicity.
- 2.5 This motivation is the driving force behind some significant and substantive steps towards strengthening democratic governance, in particular the policy of decentralizing Government power. The Government aims to build democracy from the bottom, by empowering local communities to engage with local government structures and by delivering real improvements in basic services. It believes that democracy built in this way, with its emphasis on social participation and inclusion, will act as a counter-balance to political divisionism and extremism. Decentralization policies are being rolled out at a rapid rate, and central Government plans to channel considerable financial resources to local administrations.
- 2.6 However, the same motivation also impels the Government to move cautiously in opening up space for political debate – whether through empowered political opposition, the independent media, or civil society. Some in Government feel that, given the fragility of the country in these the early stages of reconstruction and state building, the opening up of any political space presents an unacceptable risk and jeopardizes progress already made.

- 2.7 We recognize the continuing social fragility in Rwanda, the commitment of the Government to reconciliation and nation building, the concern within Government that rapid change could risk derailing what has so far been achieved, and the demands of the international community that the Government reforms more quickly and more completely. We have a critical but supportive dialogue with the Government on its vision, policy and programming, within the context of the Rwanda/UK Memorandum of Understanding. We believe that the Government as a whole is committed to establishing a democratic and inclusive state, and endorse the key RPF policy of democratization through decentralization. But we have shared with the Government our analysis there are a number of influential Rwandans who do not fully share this vision. This became very starkly apparent in the run-up to the Presidential elections. The UK position is to support those policies, espoused by particular champions of change within the government, which reflect an appreciation of the need to continue to move towards a democratic state, at the pace that the social environment dictates.
- 2.8 As expected, the elections for the Legislature in October 2003 did not result in any significant change in government's policy direction. The RPF remain firmly in control (although, in accordance with Rwanda's Constitution, it has only received half the cabinet positions). The challenge for DFID in-country will not be getting to grips with new policy thinking, but rather forging new relationships. Many of our trusted interlocutors have moved to different positions and new figures (some from other parties) occupy key posts. We will need to continue our political analysis, to enable us to maintain existing relationships and forge new ones.

Human rights

- 2.9 Our engagement with the Government is based upon the commitments set down in the UK/Rwanda Memorandum of Understanding (MoU). Within the MoU, the Government commits itself to continue to promote and protect economic, social, cultural, civil and political rights as enshrined in all African and international human rights instruments. The MoU

provides for the amendment or suspension of our engagement should this commitment not be honoured. Whilst we believe that the Government remains committed to progressively securing all human rights for its people, we share the concerns of the international community over alleged abuses of human rights, in particular during the Rwanda's interventions in Eastern Congo and in the run-up to the 2003 national elections. We have urged the Government to investigate all allegations of human rights abuses, publish the findings, and take action against those responsible. The creation of the National Judicial Commission is a welcome step forward.

Implications for our programme

- 2.10 The driving vision of national transformation now requires more subtle political skills and management than in the early years. We recognise that the progressive champions of change are relatively small in number. Sustained progress, driven as it is by some key individuals, can only be assured if the positive vision they carry can be more fully embedded in the longer-term. We will support those policies and individuals which champion the Government's commitment to delivering real improvements in basic services and to building a democratic and inclusive state.

The PRS analysis of poverty

- 2.11 The poverty analysis in the PRS is built on a comprehensive and ambitious series of surveys undertaken by the Government over the previous two years, including a Household Living Conditions Survey, a National Participatory Poverty Assessment (NPPA) and a Core Welfare Indicators Questionnaire (2001). The PRS draws out a number of key observations and judgments on poverty in Rwanda.
- 2.12 **Poverty is rural.** Over 65% of rural residents fall below the consumption poverty line, of RwFr 64,000 per equivalent adult, making a total of 98% of all those living below the poverty line in Rwanda. The overwhelming majority of these households are solely reliant on agricultural labour or their own farming. At

national level, 60% of people fall below this poverty line.

- 2.13 **Poverty is chronic and exacerbated by extreme inequality.** 46% of the rural population fall under the extreme poverty line of RwFr 45,000 (a level at which one's entire budget must be allocated to food). Due to contextual and historical reasons, Rwanda presently experiences a high level of inequality at 0.451 in Gini-coefficient terms. The poorest 50% of Rwandans account for only 15% of total national consumption while the richest 5% consume 40%. Inequality is highly significant between rural and urban areas but also between and within predominantly rural provinces.
- 2.14 The NPPA assessment identified land owned and its fertility, household size and characteristics of the head of household as the key criteria identifying households in poverty. At community level, a shortage of economic and social infrastructure, of agricultural inputs and of natural resources are identified as key impediments. The average holding of the 85% of rural households who own land is 0.71 hectares. Households headed by widows (80% of all female-headed households), children, the elderly and disabled people were deemed most likely to be poor. On average, female-headed households (30% of all households in Rwanda) have access to 30% less land than male-headed households and own 50% less livestock. 26% of children in Rwanda are orphans as a consequence of genocide, war, and increasingly of HIV/AIDS. This is predicted to rise to 32% by 2005. Currently 40,000 children are born to HIV-infected mothers per year.
- 2.15 Structural impoverishment, vulnerability to shocks and highly limited social and economic coping strategies characterise rural poverty. This is marked by a combination of small or non-existent land holdings, lack of livestock and therefore lack of manure, lack of opportunities for diversification of livelihood strategies, and consequent under-employment, despite the shortage of labour experienced by female and child headed households. A climate of fear and mistrust

impacts upon networks of social exchange and reciprocity, limiting coping strategies for the poor.

- 2.16 The poor report progress out of poverty in three main ways: securing paid employment; becoming a member of an association (and thereby gaining access to agricultural inputs and social support); or obtaining bank credit. For the majority of the extreme poor and marginalised these are unlikely to be realistic options in the near term.
- 2.17 Poor health and poor educational levels are identified by the poor as key constraints to poverty reduction at household level. Cost, quality and distance to services are key. 70% of all operational costs of health centres are paid by individuals, and the costs of school attendance are borne by households in 90% of cases. At secondary level education-related costs to the poorest are equivalent to the average level of total adult consumption expenditure. However education is highly valued by the poor as a means to move out of poverty. Poorer groups suffer disproportionate exclusion from access to and benefits of all services. The introduction of fee free primary education in 2003 is an important milestone and DFID will be supporting Government to effectively implement this measure and consider how other barriers to the poorest can be reduced.
- 2.18 The poor feel powerless and excluded from decisions that affect them, citing a lack of consultation by those in power. Security is highly important to the poor in Rwanda. Avoiding factors that cause insecurity is ranked by communities as a priority for poverty reduction, behind only provision of agriculture-related credit and water and above education or health provision. War, ill-health and insecurity are cited as the primary drivers of impoverishment by poor people.

The PRS strategy for growth and poverty reduction

- 2.19 The strategy for growth that emerges from these considerations calls for a fundamental transformation of the rural economy, from predominately subsistence

agriculture to one characterised by small commercial farms serving local and regional communities. Such a transformation will require the consolidation and controlled sale of plots and the monetisation of the rural economy. This process carries real risks for many farmers. The Government proposes a massive labour-intensive rural public works programme, aimed at recapitalising the rural economy, providing infrastructure for small commercial farmers, and ensuring employment through the transition period. The Government also proposes national implementation of *ubudehe*, a cellule-level approach promoting collective action on poverty through participatory planning and resource delivery, and significant support for agricultural extension, major transport infrastructure, and rural electrification. The detail of this strategy will be set out in the Government's Rural Economy Strategy, due Autumn 2003.

- 2.20 This focus is complemented by an export diversification strategy, which identifies six prospective areas: agro-processing, garment exports, ICT services, tourism, mining, and export of skills within the region. Many of these activities will take time to impact on the economy.
- 2.21 The strategy is translated into six broad areas for priority action. Ranked by importance, these are:

Rural development and agricultural transformation

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

Human development

This encompasses a range of services and activities which directly influence the quality of life of the poor. It includes health, family planning, skills development, education, water and settlement;

Economic infrastructure

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

Governance

This includes security, constitutional reform, the justice system and *gacaca* (traditional community courts), decentralisation, sectoral strategies, accountability and transparency, and civil service reform;

Private sector development

This includes the promotion of investment, the reduction of the costs and risks of doing business, and the promotion of exports;

Institutional capacity-building

This is a cross-cutting issue which affects all sectors. It includes the development of institutional structures and incentives to encourage the strengthening and retention of relevant skills in the public and private sectors.

- 2.22 The Joint Staff Assessment (JSA) carried out by the World Bank and the International Monetary Fund in August 2002 fully endorsed the PRS. The JSA confirms that the PRS was developed through a participative process engaging communities, civil society, the private sector and international partners. It states that the PRS presents a comprehensive analysis of poverty in Rwanda, offers a reasonable and transparent strategy for economic growth and poverty reduction, and sets out a prioritised list of policies and links these to planning processes and outcomes through the Medium Term Expenditure Framework. It confirms that the PRS acknowledges and addresses the risks to its successful implementation, including the weak institutional capacity of the Government and the private sector and the need to mobilise additional domestic and external revenue. But reference is also made to the need for political commitment to the PRS at the highest levels and the risk of an uneven adoption across Government.

- 2.23 The JSA recognises that the target average real growth rate contained in the PRS of 6.4% is achievable, representing a real per capita growth rate of just under 4%. This figure has been derived from detailed work on the potential for agricultural sector growth, funded by USAID. We can endorse that view for the medium term outlook. However, we also endorse the JSA's observations on the risks to achieving this growth. Rwanda is landlocked and located in a region where the risks of political stability remain significant. Its agricultural producers are at present poorly integrated with markets at both domestic and international levels. Added to this, the cost of energy and other utilities is high, which is a disincentive to potential investors.
- 2.24 Per capita growth at this level implies a 50% increase in per capita income in 11 years, and a doubling in 18 years.
- 2.25 Into the medium term, high growth can be expected as the predominately agricultural economy bounces back from a period of instability and decline. If that growth is to persist beyond the medium term, the enabling environment for investment and private sector development will need to improve. The PRS recognises this, hence its broad implementation will be crucial.

Implementing the PRS strategy

- 2.26 The challenge for the Government now is to implement the PRS. The main vehicles for this are the sector strategy process, the budget process and in particular the Medium-Term Expenditure Framework, and the National Investment Strategy.
- 2.27 The Government has tasked Ministries to produce sector strategies by December 2003 – although not all will be completed by this date. The sector strategies will develop and cost the priorities set down in the PRS, and provide the basis for bids against the budget through the Medium Term Expenditure Framework (MTEF). Although the MTEF has been adopted by Government as the vehicle for securing and monitoring budget allocations, there are concerns that whilst its format

is adhered to, its purpose and ideology is not yet well understood. Links between the strategic planning tools (PRS, Sector Strategies and the budget/MTEF) need to be robust; work is still needed in this area.

- 2.28 The PRS contains well-defined plans for monitoring progress against targets linked to achievement of the Millennium Development Goals within Rwanda. The newly created Central Office of Statistics will require support but is increasingly competent and good working relationships have been developed with the Poverty Observatoire, the overall coordinator of the PRS monitoring system. DFID is helping the Government to integrate the proposed poverty monitoring system with the existing national statistical system and a strong central regulatory framework focused on coherence with PRS intentions and goals. The Strategic Planning and Poverty Monitoring Directorate (SPPMD) in the Ministry of Finance and Economic Planning has the mandate to make coherent, facilitate and monitor the implementation of the PRS across government and civil society. DFID is complementing this through support to the Ministry of Finance & Economic Planning in planning its role in overseeing PRS implementation. Its task will be to promote a planning process that is coherent and consistent with the PRS; facilitate clear links between planning and the allocation of resources; and promote greater national ownership of national poverty reduction goals.
- 2.29 Given the low capacity within Government, implementation will not be an easy or quick process. Systems of budget execution and financial management on the ground are improving but remain weak, and the public service, especially at sub-national level, is riven with capacity constraints. Moreover, the translation of PRS priorities into action will require strong political support and concerted action from all parts of Government, a willingness by central and local Government and civil society to identify shared agendas and incentives, and far greater accountability of the Government to its people. However, despite weaknesses in financial management, the country does

not seem to be blighted by corruption. It is certainly not an endemic problem, as it is in neighbouring countries, and a number of public institutions (including the Rwanda Revenue Authority) have taken a strong public stance against corruption and adopted anti-corruption policies, and a code of conduct for the public service will shortly be put in place which will further underline the government's position on the issue.

Harmonisation

2.30 The Government intends that these sector strategies should become the basis for donor co-ordination, harmonisation and alignment. Government and donors have not moved far on the harmonisation agenda. Rwanda does not have a long history of receiving long-term development assistance (most assistance until 1997 was humanitarian). Some major donors and the new Government have sometimes been unwilling to engage, and there has been a lack of capacity in Government and within donor agencies in-country to drive forward the harmonization agenda.

2.31 But the situation is changing. The PRS, the emerging PRS Implementation and Review Cycle and the sector strategies, linked to the budget through the MTEF, will provide the foundation for co-ordination and harmonization. In part inspired by a Strategic Partnership for Africa (SPA) Mission in October 2002, the government has begun to seek to direct donor activity. DFID and the European Commission have invested in-country capacity to promote the harmonization agenda. Awareness of and commitment to this agenda is growing with Government and the donor community. Government and donors have initiated discussions on a PRS Implementation and Review Cycle underpinned by a regulatory framework linking budgetary, planning, monitoring and evaluation processes and responding to institutional structures and incentives, which would meet Government management information system needs and provide a robust basis for donor interventions.

2.32 The achievement of PRS goals will be substantially challenged by the ongoing decentralisation of central government's responsibilities and functions, which is a central part of Government's agenda for transformation. However, we support the vision that decentralisation, if well executed, is the most realistic vehicle for embedding progress towards a more inclusive, accountable, responsive and representative state, able to effectively deliver services to the people.

2.33 The emerging HIV/AIDS epidemic will also threaten the achievement of PRS goals. Latest figures indicate a prevalence rate of around 7% through the country and 10% in Kigali. The Government has developed a comprehensive and credible Strategic HIV/AIDS Plan 2002 –2006, and on this basis has attracted very significant donor commitments including from MAP, the Global Fund, the Clinton Foundation, and USAID (although the Plan is not fully funded). Responsibility for implementing the Plan is shared between the Commission Nationale de Lutte Contre le SIDA (CNLS) and the Ministry of Health (MINISANTE), with the former mandated to develop policy and the latter to implement and monitor it. There are several risks to effective implementation of the Plan: that donor interventions will not be co-ordinated; that donors will insist on discrete management and implementation structures at the centre and in the field, stretching Government's already weak capacity and undermining existing health service delivery systems, and; that other health priorities – such as Malaria, which remains Rwanda's biggest killer – receive insufficient funding and attention. We have concluded that DFID cannot add value to the Government's fight against HIV/AIDS by making a core contribution to the HIV/AIDS Plan. But we can support the Government's capacity to co-ordinate and manage interventions. We will help build the capacity of CLNS through the Rwanda component of the International Partnership Against Aids in Africa programme. We will work with the HIV/AIDS cluster, to build expertise on co-ordination and harmonisation. We will keep under close review the opportunity to do more.

Financing the PRS

- 2.34 Agreement was reached between the International Monetary Fund (IMF) and the Rwandan Government on a new IMF Poverty Reduction and Growth Facility (PRGF) for Rwanda in July 2002, after nine months of difficult negotiations. The Government argued that the PRGF, and particularly the allowable level of fiscal deficit, should be based upon an analysis of expenditure needs (as set out in the PRS) and revenue flows. The IMF approached the construction of the PRGF through an analysis of acceptable levels of deficit and debt, which led them to argue for lower levels of debt. The IMF's position prevailed, although they did accept some increase in the financial targets. Agreement on the PRGF necessitated a significant mid-year revision of the 2002 budget, undermining, in the Government's opinion, the value of the PRS as a management tool.
- 2.35 Within the constraints agreed in the PRGF, future budgets will be constructed around the priorities set out in the PRS. The Government has conducted a poverty and social impact analysis (PSIA) of increases in the fiscal deficit, funded by DFID. The study argues that most proposed PRS expenditures would be poverty reducing and should allow greater government expenditure if financed by grants or highly concessional loans. The IMF has committed to discuss the findings of the study with the Government. The Government spends at present over 76% of its recurrent budget on wages and other fixed expenditures, an amount greater than total domestic revenue. This leaves little scope for supporting running costs resulting from new PRS-related development programmes.

Beyond the PRS

- 2.36 The PRS does not fully cover a number of important issues, specifically the role of civil society in promoting and advocating the interests of their constituents, enhancing political accountability, establishing an effective and independent justice system, and the development of a professional and independent media. Some of these issues have been elaborated in the Government's "Governance Framework Paper" and subsequent action plan, but the speed with which governance reform in these areas will be pushed forward is not yet clear.
- 2.37. Given the need for our dialogue with the Government to include issues of political governance, and also issues of regional security and stability, the argument for a UK/Rwanda Memorandum of Understanding (MoU) reflecting mutual commitments in these broader areas remains. DFID will also advocate a greater recognition of the links between poverty, political governance, security issues and accountability within the PRS and will review the MoU in this light over time.

C. The risks

- 3.1 We perceive three main areas of risk that might compromise the Government's ability to deliver its PRS. The first relates to a failure to resolve the Great Lakes conflict, including the failure to improve relations with Uganda, resulting in continued regional instability. The withdrawal of the Rwandan and Ugandan armies from the DRC in 2002 and 2003 respectively may, at least in the longer term, significantly reduce this risk.
- 3.2. The second area of risk relates to a disengagement of the international community from Rwanda and an associated decline in the level of concessional loans and grants available to the Government. Disengagement could be triggered by concern over the Government's alleged involvement in human rights violations, their alleged involvement in natural resource exploitation in the DRC, and their willingness to open up space for legitimate political debate through and beyond the elections. With external assistance running at over 8% of GDP, disengagement could devastate the economy and cripple government operations. It is encouraging that the new draft Constitution promulgated in June 2003 gives prominence to the need to protect and enhance a number of fundamental rights.
- 3.3. The UK will continue to argue that the international community should take action only on the basis of hard evidence, not on rumour and speculation. We have urged the Government to investigate all allegations of human rights abuses and illegal exploitation of natural resources, publish the findings, and take action against those responsible. The creation of the National Judicial Commission to investigate allegations of illegal resource exploitation is very welcome. We believe that the Government as a whole remains committed to progressively opening up space for legitimate political debate and freedom of expression. However, we recognize that the degree of commitment depends on continuing progress towards securing Rwanda's external security and managing internal political risk, and that it will therefore be vital to support those individuals and parts of government which are most directly responsible for, and committed to, delivering this change. With all our development partners including government, we will continue to support the introduction of processes which establish the full political accountability of the Government to its citizens.
- 3.4. The third area of risk relates to a possible breakdown in internal stability. Social, economic, cultural and political networks in this already highly fragile and divided society may come under particular pressure in 2003 and 2004, arising from:
- a combination of the return to local communities of those found guilty of genocide and related crimes under the gacaca process;
 - continuing perceptions of social and economic inequality;
 - the return to communities of up to 80,000 ex-combatants and their families from the DRC under the demobilisation and repatriation (DDR) process;
 - an unmet demand for political expression through the electoral process; and
 - the process and outcome of those elections. In particular, the return of large numbers of people to their communities is likely to exacerbate existing significant tensions around access to land and other resources and around the perception of high inequality between regions and between individuals.
- 3.5 Within the agenda of national transformation, the Government is pursuing an ambitious and progressive reconciliation and democratisation programme. It also sees decentralisation as an important mechanism for embedding positive change and for managing tensions at the community level. This is a high-risk political agenda but we believe that there is real commitment to fostering change and that we should seek to support fully those who are promoting it.
- 3.6 Our assessment is that the level of risk, already high, is increasing as Rwanda completes the transition period and moves to establish a new Government, as the

short and medium-term consequences of Rwanda's withdrawal from the DRC emerge, as expectations rise and as the gacaca trials progress, and as young men who have been fighting with the ex-FAR and Interahamwe are demobilised and returned to Rwanda. The Risk Matrix attached at Annex 1 considers individual risks in more detail.

D. What we have learnt

4.1 Key lessons learnt to date from our programme with Rwanda have been:

- The value of political analysis. We have worked hard to understand the Government's agenda and the range of challenges it faces. The UK Government enjoys excellent access to government ministers and officials, due to our supportive policy stance and our in-country capacity to maintain constructive dialogue. Our political analysis supports our work to translate this access and dialogue into influence. We recognise we have less influence on issues which are more politically sensitive, for example, the treatment of the independent media, the reform of the justice system or the operation of political parties. But we have still engaged in these areas, and enjoyed some successes. Our political analysis will be continually updated, focusing on the annual review of our change forecasts;
- The importance of utilising effectively the entire UK Government machine, to achieve UK policy aims of regional peace and stability and poverty reduction in central Africa. We have developed close relationships with colleagues in the Treasury and the FCO, including those attached to international financial institutions and the European Union. DFID Rwanda works very closely with the British Embassy, in particular to develop shared analysis of political and social change. We recognise the value of the DFID Secretary of State's engagement with Central Africa;
- The need to maintain the smallest possible number of projects, whilst maintaining sufficient opportunity for lesson-learning and insight into change through Rwandan society, to ensure that DFID Rwanda colleagues have the time to engage on policy issues with government and other development partners. As the largest bilateral donor and one close to government, we are under pressure to take on a large number of sectors, programmes, projects and initiatives. We will continue to engage only where we have a real comparative advantage;
- The value of sharing staff resources with other donors. Such arrangements reduce the burden on DFID Rwanda and allow excellent lesson-learning between organisations. The DFID Rwanda economic adviser is co-funded with the Dutch Embassy, and works in that office one day a week. We will explore the possibility of buying in advice on the rural transformation and justice sectors from other donors. We have seconded an economist to work in the EC Delegation, and have agreed to second a Rural Specialist to the World Bank office;
- The usefulness of the UK/Rwanda Memorandum of Understanding (MoU) and the annual independent reviews. The MoU sets out the expectations that each side has of the other, provides indicators of progress to guide the annual independent reviews, and offers a process for resolving any concerns. The MoU has proved an excellent framework for discussion of the most sensitive and difficult issues. The annual independent review of each government's progress against its commitments forms a useful basis for the UK/Rwanda Partnership Talks, supplementing and focusing the regular, high-level dialogue between our two governments. In time, as the relationship between our governments matures, it might be that this independent review will be replaced by peer review. There are clear synergies between this MoU review process, the annual CAP review process, and the New Partnership for Africa's Development (NEPAD) Peer Review Mechanism, which we will develop over this CAP period.

Part 2 – DFID's plans over the poverty strategy period

5.1 The UK Government established a development programme in Rwanda in 1997. We recognised at that time that Rwanda needed wide-ranging, substantial and predictable support if it was to recover from the massive human and economic destruction wrought by the genocide and the civil war. We also recognized the commitment of the new Government to national reconciliation and to reducing poverty for all Rwandans. The country's traditional donors and the new Government were unwilling to re-engage. The UK, through DFID, therefore committed itself to becoming Rwanda's major bilateral development partner. In April 1999 our two governments signed a Memorandum of Understanding (MoU) setting out the basis of our development partnership. The MoU committed the UK Government to providing predictable support in a flexible form to Rwanda for a period of at least 10 years, while the Rwandan Government committed itself to achieving specific progress in six core areas consistent with its Vision 2020 National Development Plan: National Unity and Reconciliation, Conflict Resolution, Good Governance, Poverty Reduction, Sustainable Macro-Economic Stability and Human Resource Development. The MoU requires that progress against the commitments made by both governments be independently reviewed each year. These reviews form the basis of annual UK/Rwanda Development Partnership Talks.

5.2 Our partnership since 1997 has been characterized by an open and honest dialogue on the issues highlighted in the Memorandum of Understanding. Acting as a critical friend of Rwanda and the central Africa region, through the UK's membership of the UN Security Council, the European Union and the wider international community, we have sought to promote a greater understanding of the political and social dynamics of the region. We have used our presence on the Boards of the IMF and World Bank to argue for support for Rwanda's macro-economic and institutional reforms. And we have provided significant amounts of budgetary support and technical assistance in support of the Government's work to develop and implement

strategy, to stabilize the economy, to deliver services, to promote reconciliation and democratisation.

Government as major development partner

5.3 We believe that we can make the greatest impact on poverty by working predominately through government. The PRS lies at the centre of government policy-making, and the Government remains committed to poverty reduction, to macro-economic stability and to social inclusion. Implementation of the PRS and service delivery will be achieved through government structures.

5.4 Although our main partnership will continue to be with the Rwandan Government, we are committed to developing a closer relationship with organizations outside of government and to promoting greater government accountability and more effective dialogue between government and civil society. We believe that this is critical to achieving and sustaining national and social transformation in Rwanda, providing checks and counterweights to authoritarian governance, creating incentives for reform and enabling greater plurality in decision-making. To this end we will embark on a major, long term initiative aimed at improving the performance of Rwandan institutions in facilitating the progressive realisation of human rights¹.

DFID's programme 2003 – 2006

6.1 The work described below has been agreed with government and our other major development partners, most directly in the context of the Annual UK/Rwanda Development Partnership Talks and during the consultation on the draft of this document. It reflects our analysis of the drivers of political and social change in Rwanda, our risk analysis, and an analysis of our comparative advantage. It responds to the priorities expressed in the PRS and to our obligation to respect government strategy, policy, and structure.

6.2 Over the next three years we will:

- Continue to support international and regional initiatives aimed at **securing peace and stability**

in central Africa, working closely with other UK Government departments including the Foreign and Commonwealth Office (FCO);

- increase our engagement on **economic and social policy issues** affecting Rwanda, working closely with the UK's Treasury. This will include engagement on PRGF, HIPC and PSIA issues;
- promote **aid co-ordination, harmonisation, and alignment**. As requested by government, we will continue to act as facilitating donor for the education sector and to chair the gender working-group. As co-chair of the harmonisation and alignment working-group, we will work with government and other current and potential providers of budgetary support to produce a harmonised framework for budgetary support. We will also support lesson-learning between Rwandan development partners and other developing countries;
- provide support for the **basic processes of government**, which are crucial for the successful implementation of the PRS. These processes are: **economic management** (through assistance to the Ministry of Finance on macro-economic management, debt administration, trade policy, and financial sector reform, and through assistance to increase domestic revenue flows); **strategic planning and policy making which reflects the voices of the poor** (through continued support to the Government's Strategic Planning Department around the implementation and monitoring of the PRS, assistance for civil service reform, and to the Government's statistics function); **budget execution and financial management** (through assistance to the MTEF process, the financial management sector, and for the implementation of the FARAP); and promoting an **accountable, effective and democratic system of governance** (through support for decentralisation, democratisation, constitutional reform, and election processes). We will over this CAP period

move from this project approach, to provide coherent support for the Government's Strategic Plans for PRS Implementation and Review and Public Sector Reform;

- provide support for the development and implementation of a small number of sectoral or thematic strategies which are a high priority in the PRS and where DFID has a real comparative advantage. Such support will, again, focus on strengthening core business processes. We will continue our significant support to **education and gender equity**, acknowledging the Government's request that we act as facilitating donor in these areas. Our support for education will continue to focus on the development of a sector-wide approach to policy and planning, capacity building, improved quality, access and equity, and addressing HIV/AIDS and peace and reconciliation through the education system. Our support for gender equity will focus on supporting MIGEPROFE and its partners to mount an effective and coherent policy and monitoring response to the high levels of gender inequality and female poverty that exist in Rwanda. In response to Government's requests, we will seek strategic engagement in **rural development and agricultural transformation** (the highest priority for government action to reduce poverty in the PRS) and security sector reform. The exact focus of our engagement will be determined by the Government's Rural Economic Strategy, due Autumn 2003, and the Strategic Defence Review. We will continue to help combat **HIV/AIDS** through the Rwanda component of the DFID-supported International Partnership Against Aids in Africa programme;
- embark on a long-term initiative to enable Rwanda citizens to contest and realize their **rights**, through engagement with government, development partners, and civil society. The initiative will aim to improve the performance of Rwandan institutions in facilitating the progressive realization of human

rights. We will seek to apply learning from this programme to all other aspects of our support to Rwanda.

Aid instruments

- 6.3 Two-thirds of our programme will continue to be delivered as direct budgetary support (DBS). DFID believes that where adequate structures and systems are in place, such support can have the greatest impact on poverty. In Rwanda, we take our assurance from government's commitment to reducing poverty, from progress in aligning the budget with PRS priorities, and from improvements in certain aspects of public expenditure management. This budgetary support will continue to be complemented by technical support to increase capacity in budget execution and shared studies with the World Bank aimed at continued assessment and monitoring of fiduciary risk. We will additionally fund certain on-budget but un-funded government activities, such as the Referendum on the Constitution and the 2003 National Elections. Such funding will wherever possible be channelled through appropriate multi-donor vehicles.
- 6.4 In line with the analysis set out above, we will fund a small number of large, long-term projects, delivering technical assistance to support the core businesses processes of selected ministries or agencies. Such technical assistance will in all cases be offered within Government's own Strategic Plans.
- 6.5 Our work in support of securing peace and stability, macro-economic and social policy issues and harmonisation will generally involve a number of small but management intensive interventions. We will make space for such interventions by maintaining a very small number of projects, and where possible by contracting out the management of those that we have.

Financial resources

- 6.6 We are planning that the size of our programme in Rwanda increase over the period of this CAP from its present level of £37 million in UK financial year

2003/04, to £42 million in 2004/2005 and £46 million in 2005/2006. These additional resources would enable us to increase our support for the Government's work to implement and monitor the PRS, in particular through supporting the reform of the civil service, and the implementation of the Government's Rural Economic Strategy and Strategic Defence Review.

- 6.7 These figures are higher than Rwanda's population and level of poverty might suggest. Our engagement with Rwanda acknowledges the country's traumatic past, its continuing severe needs, the potential for instability in Rwanda to spread beyond its borders, and the Government's strong commitment to poverty reduction and democratic governance. We must also remember that the UK is now Rwanda's major bilateral development partner and its most consistent ally in international negotiations. We will continue to review the administrative capacity of the Government to spend additional resources, and also of its current heavy dependence on external support.
- 6.8 Our envisaged annual allocations, and indicative sub-allocations, are summarised in Annex 2.

The UK/Rwanda Memorandum of Understanding

- 6.9 Our engagement with the Rwandan Government is based on the commitments set down in the UK/Rwanda Memorandum of Understanding. Within the MoU, the Government commits itself to:
- play a full part in international and regional initiatives to prevent and reduce intra and inter-country conflicts and establish peace in central Africa;
 - continue to place poverty reduction and social inclusion at the centre of policy-making and resource allocation;
 - continue to promote national unity, justice and reconciliation;
 - continue to promote and protect economic, social, cultural, civil and political rights as enshrined

in all African and international human rights instruments;

- continue to build a democratic and inclusive state, ensuring space for the operation of parliamentary opposition, civil society and the independent media, at the pace that social fragility allows;
- continue to promote macro-economic policies that support sustainable development;
- continue to improve institutional effectiveness and systems for budget execution, financial management and financial accountability.

The MoU also includes annual indicators of progress against each of these commitments."

6.10 Progress against these commitments is reviewed each year by a team of independent consultants. That review forms the basis of the annual UK/Rwanda Partnership Talks. Any concerns arising from the independent review or from the UK's routine assessment of government policy and practice will be discussed with the Government. Should we believe that the Government is not honouring the commitments made in the Memorandum of Understanding, and where the consultation process provided for within the Memorandum of Understanding fails to satisfy our concern, then the UK Government reserves the right to amend or suspend our engagement with the Rwandan Government. During this process, we will continue our close dialogue with the Government, setting out our concerns, clarifying what action would be necessary to assuage them, and offering practical support for such actions.

Monitoring and evaluation

6.11 Over the period of this CAP, we expect that the Government will fully establish a robust PRS Review Cycle, which will capture conclusions from the annual reviews of sector strategies and information on budget allocation and execution. This process will serve as the basis for the monitoring and evaluation of our budgetary support. We will also open up our (limited) project portfolio for review by CEPEX, the government agency charged with assessing the performance of donor activities.

Annex 1

Risk Analysis

Risks are assessed to be clearly significant, possibly significant or probably insignificant with regard to their impact on the Government's ability to deliver the PRS. Risks are assessed as having a High, Medium or Low Likelihood of occurring over the anticipated lifetime of this CAP.

This Risk Analysis aims to capture all risks which are clearly or possibly significant or have a High or Medium Likelihood of occurring.

	Risk	Impact	Significance	Likelihood	Risk Management Mitigation
1	Increase in external security threat	<p>A: Direct deterioration in security and living conditions for Rwandans;</p> <p>B: Increase in % of budget allocated to military expenditure, consequent decrease in % of budget to PRS priorities;</p> <p>C: Macroeconomic instability, including through diversion of funds from productive purposes, reduced flows of FDI, disruption of regional trade etc.</p>	<p>A: Clearly Significant;</p> <p>B: Possibly Significant;</p> <p>C: Clearly Significant.</p>	<p>Low</p> <p>Low</p> <p>Low</p>	The UK Government will continue to support regional peace initiatives. External security is the Rwandan Government's priority. It is likely that social sector expenditures would be reduced to allow for increased military expenditure, should this be judged necessary. If appropriate, DFID should lobby IMF to ensure flexibility under the PRGF.
2	An actual or perceived failure by the Government to honor its commitments under the Lusaka Agreement and other regional peace agreements.	<p>A: Decrease in donor funds available to the Government;</p> <p>B: Increase in internal instability;</p>	<p>A: Clearly significant</p> <p>B: Possibly significant</p>	<p>Low</p> <p>Low</p>	A withdrawal of PRGF cover would be catastrophic. DFID should continue to encourage the Government to play its full part in regional peace initiatives, and be ready to provide all practical support to those initiatives. DFID will continue to encourage the Government to increase transparency in respect of its policy and activity in the DRC.
3	An actual or perceived failure by the Government to address reports of human rights violations in Rwanda and the DRC .	<p>A: Decrease in donor funds available to the Government;</p> <p>B: Increase in internal instability;</p>	<p>A: Clearly significant</p> <p>B: Possibly significant</p>	<p>Medium</p> <p>Medium</p>	Some donors have indicated that support in the IMF and bilaterally will be dependent on action to address alleged human rights abuses. DFID will continue to encourage the Government to increase transparency in respect of its policy and activity, to investigate all alleged abuses, to publish the findings, and to take action against those found responsible.

	Risk	Impact	Significance	Likelihood	Risk Management Mitigation
4	An actual or perceived failure by the Government to progressively open up space for legitimate political debate in line with expectations of the international community.	A: Decrease in donor funds available to the Government; B: Consequent increase in internal instability	A: Clearly significant B: Possibly significant	Medium Medium	Failure could be due to a lack of capacity and/or willingness at the centre or lower levels of Government to implement policies and programmes desired by the international community, including: opening up space for political parties; opening up space for an independent media, reinforcing the effectiveness and the independence of the justice system, and managing elections in a transparent and equitable manner. DFID will continue to work with others to improve the Government's institutional capacity. DFID will continue its dialogue with the Government over the need to progressively open up space for legitimate political debate. We will communicate the outcomes of this dialogue to other development partners.
5	An actual or perceived failure by the Government to progressively open up space for legitimate political debate in line with domestic expectations.	A: An increase in opposition to the Government manifested either externally or internally. B: Increase in internal instability	A: Possibly significant B: Possibly significant	Medium Medium	Reasons for failure as for "3" above.
6	PRS is not effectively operationalised.	A: Domestic and Donor funds used inefficiently; B: The Government's arguments for increased budgetary support undermined;	A: Possibly Significant B: Probably Insignificant	High Medium	Partial implementation might be caused by a lack of capacity (see 3 above), or because the PRS is not accepted by all parts of the Government as the overarching policy framework. DFID will continue to encourage all government agencies and all development partners to work within the PRS and will continue to work with the Strategy Planning Unit to strengthen the regulatory framework around the PRS. Interventions will be designed to maximize co-ordination and co-operation.

	Risk	Impact	Significance	Likelihood	Risk Management Mitigation
7	Increased levels of Fiduciary Risk	<p>A: Domestic and Donor funds used inappropriately and ineffectively ;</p> <p>B: The Government's arguments for increased budgetary support undermined;</p> <p>C: Level of budgetary support decreases.</p>	<p>A: Probably Insignificant</p> <p>B: Probably Insignificant</p> <p>C: Clearly significant</p>	<p>Medium</p> <p>Medium</p> <p>Medium</p>	The Government's financial management capacity is not strong. The decentralization of government functions and finances will stretch government resources and increase the risk of financial mismanagement. DFID will work with others, including the World Bank, to assess and strengthen FMIS systems, and will encourage the implementation of the Financial Accountability Review's Action Plan.
8	Further macro-economic external shocks.	<p>A: Non-priority programmes receive reduced funding.</p> <p>B: PRGF goes off-track</p>	<p>A: Clearly Significant</p> <p>B: Possibly significant</p>	<p>Low</p> <p>Low</p>	Shocks may be induced by, e.g. misalignment of the real exchange rate (REER), or a fall in export earnings. DFID should be ready to participate in negotiations on any revision of PRGF.
9	HIV/AIDS continues to spread	<p>A: Economic growth reduced by 1%-2% per annum</p> <p>B: Numbers of poor increase as wage earners die</p>	<p>A: Probably significant</p> <p>B: Clearly significant</p>	<p>Medium</p> <p>Medium</p>	The Government Strategic HIV/AIDS Plan 2002 –2006 is a credible framework for action. DFID support for Government will help ensure that major donor interventions are co-ordinated and managed within this framework.
10	Community coping mechanisms overwhelmed.	<p>A: Increased social instability,</p>	<p>A: Possibly significant</p>	<p>Medium</p>	Communities may be unable to cope with concurrent social and economic stresses, generated by the interaction between: continuing pressure on land and other resources; land reform measures; the return to communities of those found guilty of genocide and related crimes under the gacaca process; the return to communities of ex-combatants under the DDR process, high inequality between regions and; the activities of political parties and the media. The Government see decentralization and rural development as key risk management tools.

Annex 2

Country Plan Expenditure Profile

£ Million	2003/4	2004/5	2005/6
Direct Budgetary Support	25	28	31
Effective PRS Implementation ¹	1.6	2	2
Education	3.8	4.5	4
Rural Transformation	0.2	1.5	4
Accountable & Democratic Systems of Governance	1	2	2
Social Stability and Reconciliation ²	3	0.5	0
Support for the Rwanda Revenue Authority	1.6	1	0.5
HIV/AIDS	1.0	0.4	0
Gender Equity	0.3	1.2	1.2
Other	0.3	0.3	0.3
TOTAL PLANNED EXPENDITURE	37.8	41.4	45
TOTAL BUDGET	37.8	42.5	46

1 This includes support for: strategic planning, monitoring and evaluation including the statistics function throughout Government, harmonisation, budgeting, and financial management.

2 Our work in this area has historically been reactive. Through 2003 we have mainstreaming issues around reconciliation through our programme. We will continue to engage fully in the important dialogues on these issues, but we do not plan to embark on any major, discrete initiatives.

Annex 3

Millennium Development Goals

RWANDA COUNTRY ASSISTANCE PLAN STATISTICAL ANNEX					REGION
	1990	1995	2001	2002	Sub-Saharan Africa
1 Eradicate extreme poverty and hunger	<i>2015 target = halve 1990 \$1 a day poverty and malnutrition rates</i>				
Population below \$1 a day (%)	..	..	..	..	49.0 ²⁰⁰¹
2 Achieve universal primary education	<i>2015 target = net enrolment to 100</i>				
Net primary enrolment ratio (% of relevant age group) ⁽¹⁾	65.9	..	97.3	..	..
3 Promote gender equality	<i>2005 target = education ratio to 100</i>				
Ratio of girls to boys in primary and secondary education (%)	97.6	..	97.1	..	78.6 ¹⁹⁹⁰
4 Reduce child mortality	<i>2015 target = reduce 1990 under 5 mortality by two-thirds</i>				
Under 5 mortality rate (per 1,000) ⁽²⁾	178.0	210.0	183.0	191.0	164.2 ²⁰⁰²
5 Improve maternal health					
Births attended by skilled health staff (% of total)	25.8	..	30.8	..	..
6 Combat HIV/AIDS, malaria and other diseases	<i>2015 target = halt, and begin to reverse, AIDS, etc</i>				
Prevalence of HIV, female (% ages 15-24)	..	..	11.2	..	9.3 ²⁰⁰¹
7 Ensure environmental sustainability	<i>2015 target = various (see notes)</i>				
Access to an improved water source (% of population)	..	..	41.0	..	58.1 ²⁰⁰¹
Aid Need and Resources					
UK bilateral aid (£m)			25.5		
UK share of total bilateral aid (%)			25		
Total aid from all sources (£m)			98.2		
Total aid per poor person (£)			..		
Number of DFID staff directly involved			..		
Poor people per DFID staff member (thousands)			..		
General Indicators					
Population (millions)	6.9	5.7	7.9	8.2	6880 ²⁰⁰²
GNI per capita (\$)	370.0	220.0	240.0	230.0	450.0 ²⁰⁰²
Life expectancy at birth (years)	40.2	38.2	39.9	39.8	45.8 ²⁰⁰²

Source: World Development Indicators Database, April 2003, Statistics on International Development

(1) Ministry of Education (MINEDUC) reports NER as 72.2% in 1999/2000 and 73.3% in 2000/01.

(2) Under 5 mortality rates from national surveys are 203 (Socio-demographic survey 1996, UNFPA) and 196 (Demographic and Health Survey 2000, ONAPO).