

EVALUATION OF DFID COUNTRY PROGRAMMES COUNTRY STUDY: RWANDA 2000-2005

Sam Kanyarukiga, Esther van der Meer,
Maria Paalman, Derek Poate, Ted Schrader

Rwanda has achieved impressive progress since the genocide of 1994 and has put in place crucial policies for pro-poor growth. DFID has been a significant contributor to the recovery and development process.

Executive Summary

1 This is the report of an evaluation of the Department for International Development (DFID) country programme in Rwanda from 2000 to 2005. Bilateral expenditure over this period, when DFID has been the largest bilateral donor amounted to around £168 million, some 5 percent of all British aid to Africa.

2 The evaluation had two main objectives: to provide an account of the performance of the programme over this period; and to derive lessons for DFID in Rwanda and elsewhere.

Context

3 The civil war and the genocide devastated Rwanda. Within three months, the genocide left Rwanda with an unprecedented death toll of close to one million people and hundreds of thousands of widows, orphans and disabled people. There is a general consensus that the results obtained during the decade after the genocide have been remarkable. Rwanda has achieved impressive progress and has put in place crucial policies for pro-poor-growth. Perhaps more than any other country programme of recent years, DFID's involvement in Rwanda was driven by a strong political commitment.

Findings

4 This evaluation has used two main criteria for assessing the performance of the Rwanda programme: internal quality (strategy; relationships; portfolio); and external effectiveness (project results; influence; contribution to outcomes).

5 The **internal quality** of the programme has been quite good. Two thirds of funds were allocated to budget support. The main thrust of other programmes was based on a rationale that government's constraints to implementing the poverty reduction strategy were with central government processes: the MTEF, sector strategies and budget management. Neither the 1999 CSP nor 2004 CAP contained clear programme objectives, and performance indicators were only adopted with the Change Impact Monitoring Tables. The office remedied this with a log frame planning exercise in 2004. The programme would have benefited from an analysis of the complementarity of the non-budget support activities to budget support

6 Programmes were developed to improve public financial management, develop the Rwanda Revenue Authority, contribute to civil service reform and provide sectoral support to education (at the request of government). A number of smaller projects were developed linked to national statistics, demobilisation, HIV/AIDS and gender. Support to land policy followed later and will lead into a land reform programme. The aim was a few large programmes and several smaller projects with more intensive management requirements. The programmes were coherent and followed the CAP. The focus on sector strategy and expenditure management led to a programme that was state-centred and with the exception of education, had few linkages with the challenges of implementing service delivery towards poverty reduction.

7 Britain's strong political commitment to Rwanda underpins the programme. The decision to work with

government and through government's systems for budget support is highly regarded. Relationships have been very good, though concentrated on a thin layer of top management in government. DFID has had good access to decision-makers and is regarded as an influential and trusted partner. Contacts and relationships with civil society and the private sector are much less well developed and present a major challenge to DFID Rwanda if government proceeds with its policy of decentralised service delivery.

8 DFID has played a leading role in donor harmonisation, working through the government-led cluster system and supporting an aid coordination unit. A series of initiatives, supported by some secondment of staff to other development partners has brought significant influence in the areas of budget support, financial management and agriculture strategy.

9 The programme displays a number of clear strengths: a stable political commitment enshrined in a ten-year Memorandum of Understanding between the two countries; the commitment to budget support that has helped bring predictability to government finances; flexibility in response especially during development of the poverty reduction strategy and in the area of public financial management; and a commitment to core government processes.

10 Inevitably, a narrow focus means some areas have received less attention. The programme is very strongly oriented at central government but it is distant from and insufficiently informed about implementation realities on the ground. Within the area of public financial management, more attention should have been given earlier to budget execution and expenditure tracking. This would have fostered greater accountability and contributed directly to ambitions for good governance.

11 The arrangements for disbursement of budget support worked well until 2004 when disbursement was delayed twice, once linked to the macroeconomic situation, the other to a threatened deterioration in regional security. Both disruptions were short-lived and have had little lasting effect on predictability of funding.

12 Not much independent evaluation has taken place. Despite DFID's concern for participatory and evidence-based policy making, the programme has not matched its support for a poverty observatory and establishment of a National Institute of Statistics with evaluation capacity development.

13 A low prioritisation of language as a communication issue and poor language skills amongst advisers and TA have contributed to the distancing of DFID from middle management and

rural settings. This is partly mitigated by a focus on national frameworks. But in the absence of the networks that exist in neighbouring Anglophone countries in the region, this strategic choice has left DFID less well informed.

14 Very little quantitative or independently verified data are available about **external effectiveness** and outcomes. Such evidence as there is suggests broadly positive outcomes in a number of areas. Taking budget support first: budget allocation appears to be aligned with PRS priorities; joint reviews of the poverty reduction strategy have little hard evidence but are positive in their findings; macroeconomic performance is mixed, partly owing to exogenous factors, but the country is considered to be on track by the IMF since 2004.

15 The MTEF was well supported by DFID as part of a wider programme of public financial management and is in operation, but progress has been slow in linking to sector strategies and PRS spending priorities. Support to the Rwanda Revenue Authority has been very effective with revenue as a percentage of GDP, and costs of collection both exceeding targets. Assistance to civil service reform has been slower and less well coordinated with other programmes. Good progress has been made in the education sector, especially with development of a sector plan, and DFID has played a major role in developing a new land policy.

Lessons and recommendations for DFID

Strong and interactive political support was the foundation of a successful development programme

16 The clarity of political support made the technical work of the programme easier and accelerated the pace at which government grew confident at working with DFID. The MOU and the monitoring arrangement brought security to the commitment and transparency to the process. Recommendation: for DFID Palace Street (PS), to make wider use of independent monitoring of MOUs.

Programmes built around budget support need a strategy for the non-budget support components

17 Neither the CSP nor the CAP provided much strategic thinking about how the non-budget support part of the programme should be structured and managed. An analysis of the interactions between these components would have helped the programme develop objectives and indicators. Recommendations: for DFID Rwanda to develop the intervention logic to support a non-budget support strategy in the next CAP; and for DFID PS to develop improved guidelines about strategy to support

linkages between budget support and service delivery.

Effective support for poverty reduction requires an understanding of constraints and opportunities facing national implementation, including service delivery

18 Government faces substantial challenges to meet poverty reduction targets, many of which hinge on the ability of the state and other actors to deliver services. Development organisations need to engage at operational and decentralised levels to understand how central government processes are being transformed into effective programmes. DFID can meet this challenge by bringing in advisers and programme staff with language skills to communicate effectively at middle management levels and in rural areas. Recommendations: DFID Rwanda to use future recruitment to appoint some advisors who are fluent in French; DFID PS to create an incentive policy for language skills and permit selective recruitment to language sensitive posts.

Core processes of government include responding to demand and monitoring effectiveness of aid programmes (not just MTEF, PFM and sector strategies)

19 The CAP strategy focuses on financial and planning processes at the centre. Empowerment of the demand side of government services has not received the attention it deserves. Good governance requires downward oriented accountability systems and needs the empowerment of citizens, who are the clients of government services. Recommendations: DFID Rwanda to work with other donors to plan for support to evaluation capacity development; DFID PS to provide policy support to M&E initiatives in country programmes.

Joint sector reviews provide a powerful tool to empower government leadership, and have the potential to foster accountability and transparency, but must follow expenditure management all the way to service delivery

20 Joint sector reviews, such as those introduced in the education sector have high potential. But they should complement work on budget management and sector strategy. A critical element is for reviews to take place in the field and to trace both the flow of resources and the corresponding educational performance. A start has been made, but lessons can be learned from DFID programmes in other countries, such as India, where government-led reviews are structured in this way. Recommendation: for DFID Rwanda to lead in education, with other donors, to consolidate joint sector reviews, PETS and sector PERs into a coherent process; DFID PS to draw

lessons from country experience and disseminate widely throughout DFID.

Management response

Africa Division welcomes this evaluation, and broadly endorses the key conclusions as summarised in the preface from Evaluation Department. We have a number of general comments:

(i) We agree that it is valuable to look at both the internal quality and coherence of the programme as well as its external effectiveness: i.e. the results achieved. Within this framework, we would however place greater emphasis on external effectiveness and development progress. Despite the devastation wreaked by the genocide of 1994, and the decades of poor governance which preceded it, Rwanda has made a remarkable recovery over the past decade. The average economic growth rate has exceeded 10% (the second highest in Africa over this period). Poverty has been reduced significantly (by about 10%), and Rwanda recently achieved its highest rating on the UN's Human Development Index since reporting on this began in the 1970's. Development assistance has played a significant role in this recovery, with aid currently funding some 69% of government expenditure. We look forward to seeing a comprehensive analysis of Rwanda's approach and the role of aid from the separate ongoing evaluation of Rwanda's Poverty Reduction Strategy. DFID has been Rwanda's major partner since 1999. Despite the difficulties of attribution common to any programme involving multi-donor budget support, we believe it is nonetheless clear that DFID's programme over this period has made a significant contribution to Rwanda's recovery, not only in financial terms but also through its technical assistance for rebuilding the institutions of government. This is confirmed by preliminary findings from the DAC joint evaluation of general budget support, which included a Rwanda case study;

(ii) On internal quality, and specifically on the linkages between budget support and service delivery, we would maintain (as in the current Country Assistance Plan) that effective service delivery is predicated on the development of pro-poor policies and the establishment of effective systems and processes in central government. We remain convinced that this has been the right strategic focus for the programme over this period. But we would also draw out more clearly some of the other important DFID-funded activities in what we believe has been a coherent programme linking budget support and non budget support components. Support to education has had a central place in the programme and DFID has had conspicuous success

in mobilising well focused and harmonised support for the implementation of a coherent sector plan and MTEF. In particular, DFID support for fee-free primary education has already helped to raise enrolment rates to 94%, exceeding pre-genocide levels. Support for governance programmes, including significant support to NGOs, was also important in the run up to the elections of 2003. More broadly, we would emphasise that whilst it is always possible to identify areas not covered by a programme, the issue of programme coverage should be judged against the need for prioritisation and focus, and against the backcloth of other donor activity. There is otherwise a risk of looking at an individual bilateral programme in isolation from wider donor efforts.

(iii) We accept the specific lessons and recommendations in the report and aim to strengthen our approach accordingly, for example in improving competence in French (which we are also addressing as a key issue in the DRC office). But we believe there are also a number of wider strategic lessons relevant to DFID's work in post-conflict environments:

- The first is the need for significant, sustained and predictable levels of financial support from the donor community, in order both to help finance recovery, and also to consolidate political stability (in the case of Rwanda, assurances of future financing were underpinned by a long - term Memorandum of

Understanding, and linked to wider joint commitments including on regional security);

- The second is the need for DFID to be ready to accept a degree of risk, both fiduciary and political, in the early post-conflict phases. In Rwanda, public financial systems were relatively undeveloped at the point when DFID started to provide budget support, and there were also significant concerns about regional security;

- The third is the need for a sustained and intensive political and diplomatic effort, complementing the programme itself, in order to address continuing domestic and/or regional issues (in this case, there was a major political effort to address tensions in the relationship between Rwanda and Uganda, which were putting at risk the development gains which the programme was designed to secure);

- The fourth is the need for strong government leadership with a clear and inclusive political programme in order to minimise the risk of a return to conflict, address poverty and drive the development agenda forward: without this the efforts of donors are unlikely to be effective.

A future evaluation exercise looking at interventions in post-conflict environments might usefully test how far these strategic lessons from Rwanda apply more widely.



DEPARTMENT FOR INTERNATIONAL DEVELOPMENT

The Department for International Development (DFID) is the UK government department responsible for promoting development and the reduction of poverty. The government first elected in 1997 has increased its commitment to development by strengthening the department and increasing its budget.

The central focus of the government's policy, set out in the 1997 White Paper on International Development, is a commitment to the internationally agreed target to halve the proportion of people living in extreme poverty by 2015, together with the associated targets including basic health care provision and universal access to primary education by the same date. The second White Paper on International Development, published in December 2000, reaffirmed this commitment, while focusing specifically on how to manage the process of globalisation to benefit poor people.

DFID seeks to work in partnership with governments which are committed to the international targets, and seeks to work with business, civil society and the research community to this end. We also work with multilateral institutions including the World Bank, United Nations agencies and the European Community.

The bulk of our assistance is concentrated on the poorest countries in Asia and sub-Saharan Africa. We are also contributing to poverty elimination and sustainable development in middle income countries in Latin America, the Caribbean and elsewhere. DFID is also helping the transition countries in central and eastern Europe to try to ensure that the process of change brings benefits to all people and particularly to the poorest.

As well as its headquarters in London and East Kilbride, DFID has offices in many developing countries. In others, DFID works through staff based in British embassies and high commissions.

DFID's headquarters are located at: 1 Palace Street, London SW1E 5HE, UK and at: DFID, Abercrombie House, Eaglesham Road, East Kilbride, Glasgow G75 8EA, UK

Switchboard: 020 7023 0000 Fax: 020 7023 0016

Website: www.dfid.gov.uk

Email: enquiry@dfid.gov.uk

Public Enquiry Point: 0845 3004100

From overseas: +44 1355 84 3132

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